



# CASTROVILLE COMMUNITY SERVICES DISTRICT

P.O. BOX 1065

OFFICE: 11499 GEIL STREET

CASTROVILLE, CA 95012

FAX (831) 633-3103

President – Ron Stefani

Vice President – Silvestre Montejano

Director – Adriana Melgoza

Director – Betty MacMillan

Director – James R. Cochran

24-HOUR TELEPHONE: (831) 633-2560

General Manager – Eric Tynan

Board Secretary – Lidia Santos

Website: [CastrovilleCSD.org](http://CastrovilleCSD.org)

## AGENDA REGULAR MEETING OF THE BOARD OF DIRECTORS TUESDAY, NOVEMBER 15, 2016 – 4:30 P.M. DISTRICT BOARD ROOM – 11499 GEIL STREET

*In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board meeting, please contact Lidia Santos, Board Secretary during regular business hours at (831) 633-2560. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.*

### CALL MEETING TO ORDER

### ROLL CALL

### PLEDGE OF ALLEGIANCE

**PUBLIC COMMENTS** – (Limited to three minutes per speaker within the jurisdiction of items not on the agenda. Public will have the opportunity to ask questions or make statements as the Board addresses each agenda item.)

### CONSENT CALENDAR:

1. Approve the Draft Minutes of the Regular Board Meeting of October 18, 2016 – **motion item**

### CORRESPONDENCE:

1. Letter from ACWA JPIA to Castroville CSD regarding Defensive Driver Training class held at the District.

### INFORMATIONAL ITEMS:

1. *ACWA News* - Legislative Update: Six New California Laws Impacting Water
2. *The Desert Sun* – Editorial Board: California Must Recommit to Water Conservation
3. *Monterey County Weekly* – Denial of Controversial Oil Refinery Project is Appealed in SLO County
4. *Monterey Herald* – Pure Water Project Launches with Historic Agreement

### PRESENTATION:

1. Hinricher, Douglas & Porter LLP, Certified Public Accountants to present audit report for fiscal year ended June 30, 2016 – Gary Porter and Brian J. Cousino, CPA's

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**UNFINISHED BUSINESS:**

1. Update on levels for Well #2, #3 and #4 – Eric Tynan, General Manager
2. Update on Castroville CSD's conservation measures put in place for District customers both residential and commercial – Eric Tynan, General Manager
3. Update on the local groundwater sustainability agency (GSA) representation and formation – Eric Tynan, General Manager
4. Update on tax measure for North County Recreation and Park District (NCRPD) – Eric Tynan, General Manager
5. Update on Prop 84: Well 5 (formerly Well 2B) Arsenic Treatment project – Eric Tynan, General Manager
6. Update on the Castroville CSD Medium Household Income study (MHI) to certify status as a "Disadvantaged Community (DAC)" to facilitate grant applications for water and sewer capital improvements for Castroville – Eric Tynan, General Manager
7. Update on Request for Proposal on purchase of a "Sewer Jetter Cleaner Replacement" for fiscal year 2016/2017 – Eric Tynan, General Manager

**NEW BUSINESS:**

1. Resolution No. 16-10, A Resolution of the Board of Directors of the Castroville Community Services District to Accept Audit Report for Fiscal Year Ended June 30, 2016, as Prepared by Hinricher, Douglas & Porter, Certified Public Accountants – **motion item**
2. Proposal for Audit Services Agreement 2017-2019 from Hinricher, Douglas & Porter LLP, Certified Public Accountants, – **motion item**
3. Change the regular order of business of the Board per the Board Procedure Manual, Section 25 – **motion item**

**BOARD OF DIRECTORS COMMUNICATION:** When needed, this time is reserved for the Board of Directors to communicate activity, educational classes, and/or Committee reports.

1. Update on MRWPCA board meeting – Ron Stefani, President
2. Update on other meetings/educational classes attended by the Directors

**GENERAL OPERATIONS:**

1. **General Manager's Report** – Compliance Update, Current Projects Update, Seminars Update, Staff Update, Suggestive Projects Discussions
2. **Operation's Report**
  - a) Water – Pumpage & Usage Update, Water Testing Update, Current Installation
  - b) Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
  - c) Sewer & Storm Drain – Jetting, Current Installation Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
3. **Customer/Billing Reports** – A/R Update, Water Sales, Water Usage
4. **Financial Reports** – Treasures Report-L.A.I.F., Quarterly Financial Statements\*\*Internal Report\*\* and Administration Update

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**CHECK REGISTER** – Receive and file the Check Register for the month of October 2016 – motion item

**ITEMS FOR NEXT MONTHS AGENDA: Tuesday, December 20, 2016 at 4:30 p.m.**

**CLOSE:**

Adjournment to the next regular scheduled Board Meeting – **motion item**

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 11499 Geil Street, Castroville, California.

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**Certification of Posting**

I certify that on November 11, 2016, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of the Castroville Community Services District, said time being at least 72 hours in advance of the meeting of the Board of Directors (Government Code Section 54954.2).

Executed at Castroville, California, on November 11, 2016.

  
\_\_\_\_\_  
Lidia Santos, Board Secretary

THE OFFICIAL MINUTES OF THE REGULAR BOARD MEETING OF  
CASTROVILLE COMMUNITY SERVICES DISTRICT  
October 18, 2016

President Ron Stefani called the meeting to order at 4:30 p.m.

**ROLL CALL:**

**Directors Present:** President Ron Stefani, Vice President Silvestre Montejano, Director Adriana Melgoza, Director Betty MacMillan and Director James Cochran

**Absent:** None

**General Manager:** Eric Tynan

**Secretary to the Board:** Lidia Santos

**Staff Present:** None

**Guest:** Dr. Eugene J. Guglielmo and NCRPD Director Grant T. Leonard

**PLEDGE OF ALLEGIANCE**

Director Betty MacMillan led the Pledge of Allegiance.

**PUBLIC COMMENTS**

1. None

**CONSENT CALENDAR**

1. A motion was made by Betty MacMillan and seconded by Adriana Melgoza to approve the minutes of the September 20, 2016 Scheduled Board Meeting. The motion carried by the following vote:

AYES:	5	Directors:	Stefani, Montejano, Melgoza, MacMillan and Cochran
NOES:	0	Directors:	None
ABSENT/NOT			
PARTICIPATING:	0	Directors:	None

*Consent Calendar accepted as presented*

**CORRESPONDENCE:**

1. Letter from Marina Coast Water District (MCWD) to Castroville CSD regarding a public hearing conducted on September 6, 2016 where the MCWD Board of Directors voted unanimously to move forward with the formation of one or two Exclusive Groundwater Sustainability Agencies for the Seaside Area and Corral de Tierra Subbasins in their service area.
2. Letter from Special District Risk Management Authority (SDRMA) formally acknowledging the dedicated efforts of the Castroville Community Services District's Governing Body, management and staff towards proactive loss prevention and workplace safety. No Paid Workers' Compensation Claims in 2015-16.

*Correspondence Calendar accepted as presented*

**INFORMATIONAL ITEMS:**

1. *BC Water News* – Why California May Ban New Small Water Agencies
2. *ACWA News* – Desalination Contracts Voided by Corruption
3. *Santa Cruz Sentinel* – Santa Cruz County Water Agencies Grappling with Carcinogen

*Informational items accepted as presented*

**PRESENTATIONS:**

Before the presentation began, President Ron Stefani announced that he has a financial interest that gives rise to the conflict of interest or potential conflict of interest and stated he has been doing work for Dr. Guglielmo who is also his friend and therefore he will need to recuse himself from discussing and voting on this matter. President Stefani turned the board meeting over to Vice President Silvestre Montejano and left the room at 4:48 p.m.

1. Dr. Eugene J. Guglielmo to present three options to Castroville CSD Board of Directors in order to prepare for the California and USDA loan and grant applications for the Bayview Road area – Dr. Guglielmo began his presentation and presented the Board with three options in order to prepare for the California USDA loan and grant application for the Bayview Road area. These options can be viewed on pages 21 of the board packet. Out of the three options, he stated that option 1 and 2 would be of strategic value to CCSD in opening the possibility of using federal and state funding in the future to serve the CCSD. **The Board skipped down to New Business.**

**UNFINISHED BUSINESS:**

1. Update on levels for Well #2, #3 and #4 – General Manager Eric Tynan informed the Board on the current well levels as of October 1, 2016 were as follows: Well #2 is currently at -6.1 feet below sea level and on September 1, 2016 was -9.1 feet below sea level. Well #3 is at -45.1 feet below sea level and on September 1, 2016 it was -53.5 feet below sea level, and Well #4 is at -57.7 feet below sea level and on September 1, 2016 it was -72.5 feet below sea level. A graph of the well trends for the months March 2015 through October 2016 can be viewed on page 22 of the board packet. General Manager Eric Tynan stated that the well levels continue to rise, which is good news.
2. Update on Castroville CSD's conservation measures put in place for District customers both residential and commercial – General Manager Eric Tynan reported to the Board that conservation efforts 2013 vs. 2016 graph can be viewed on page 23 of the board packet. There is a decline in water usage from 2013 versus 2016. For the month of September 2013 water usage was 26.4 million gallons and September 2016 it is 23.6 million gallons.
3. Update on the local groundwater sustainability agency (GSA) and representation – General Manager Eric Tynan reported to the Board that on pages 24-25 of the board packet shows information on the two paths to complying with the Sustainable Groundwater Management Act. Both he and President Ron Stefani continue to attend the GSA stakeholder forum.
4. Update on tax measure for North County Recreation and Park District (NCRPD) – General Manager Eric Tynan had Director Grant T. Leonard from NCRPD provide the update since he was present at the board meeting. Per Mr. Leonard they have finalized the naming policies for the NCRPD in regards to the capital campaign. They are hoping to place the tax measure on the April ballot. NCRPD has a meeting with David Armanasco with Armanasco Public Relations Inc (AMR), the consultant hired to assist the NCRPD with program funding for the tax measure to see what the next step should be. The NCRPD is not getting a response as quickly as they thought from the capital campaign. Also, on pages 58-62 of the board packet the first quarter report on extended recreation services activities along with NCRPD's quarterly Actual vs. Budget FY 2016/2017 reports.
5. Update on Prop 84: Well 5 (formerly; Well 2B) Arsenic Treatment project – General Manager Eric Tynan reported to the Board that he has proceeded with converting the treatment of PH content from Co2 to acid. State Water Resources Control Board agreed to reduce arsenic testing of treated Well 5 water from weekly to monthly, which reduce the cost of testing fees.
6. Update on Castroville CSD Bicycle/Pedestrian and Railroad Crossing Bridge: Project No. 8622 concerning the sewer relocation – General Manager Eric Tynan reported to the Board that this project should be going out to bid in November. The County relocated the Castroville CSD's sewer force main successfully. As mentioned at last month's board meeting, the only cost to the District were the new plans that were drawn for \$15k that would address the conflict and relocation of the sewer lines for this project. The original plans per an engineers estimate would have cost the Castroville CSD for the Moro Cojo Zone 2 service area \$149K to relocate the conflicting sewer lines.
7. Update on the Castroville CSD Medium Household Income study (MHI) to certify status as a "Disadvantaged Community" (DAC) to facilitate grant applications for water and sewer capital improvements for Castroville – General Manager Eric Tynan reported to the Board that Rural Community Assistance Corporation (RCAC) will be helping Castroville CSD to conduct a MHI study. The District has provided them with the data needed such as water service addresses to conduct the study and was informed that Prop 1 would pay for this study and not the District if all the protocols are met. Director Adriana Melgoza would like to know before the study begins what steps are involved.

8. Update on Castroville CSD grant funding for Castroville (Sewer-Zone 1) and Moss Landing (Sewer-Zone 3) for system upgrades and improvements – General Manager Eric Tynan informed the Board that Moss Landing is already certified as a “Severe Disadvantage Community” and therefore is applying for grants for Moss Landing sewer system (Zone 3) to replace the motor control centers, repair twelve manholes and the force main across Highway 1 bridge over the Elkhorn Slough. There is also an issue with the pipeline on the Island that requires maintenance. Castroville (Sewer-Zone1) is on hold from applying for grants until it is certified as a “Disadvantage Community”.

**NEW BUSINESS:**

**The Board skipped down from the Presentation to New Business, Item 1 on the agenda.**

1. Consider options for Bayview Road area – General Manager Eric Tynan informed the Board that he did not support any of the three options presented by Dr. Eugene J. Guglielmo for the Bayview Road area for several reasons and had made Dr. Guglielmo aware of his concerns by email, which can be viewed on page 34 of this board packet. Mainly, the District does not have the resources to take on any project that is outside of the District boundaries. Dr. Guglielmo requested a letter from Castroville CSD if his options presented were declined. After some discussion, a motion is made by Betty MacMillan and seconded by James Cochran in favor of not supporting any of the three options presented for the Bayview Road area as recommended by General Manager Eric Tynan. The motion carried by the following vote:

AYES:	5	Directors:	Stefani, Montejano, Melgoza, MacMillan and Cochran
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

**The Board returned to the regular order of business, Unfinished Business, item 1 and President Ron Stefani returned to the meeting at 5:02 and chaired the board meeting from this point on.**

2. Approve putting out to bid, purchase of a new Jetter truck for fiscal year 2016/2017– General Manager Eric Tynan informed the Board at last month’s meeting that the 1982 Jetter truck was starting to blow a gasket and mostly likely will not last another year. A motion is made by Betty MacMillan and seconded by Silvestre Montejano to approve the General Manager putting out to bid the purchase of a new Jetter truck for fiscal year 2016/2017. The motion carried by the following vote.

AYES:	5	Directors:	Stefani, Montejano, Melgoza, MacMillan and Cochran
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

3. Establish a policy for adopting positions on legislation (select Model Policy One, Two, Three or Four) – General Manager Eric Tynan suggested the Board establish a policy for adopting positions on legislation. The four model policies can be viewed on page 35 of the board packet. After some discussion, a motion is made by Adriana Melgoza and seconded by Betty MacMillan to adopt Model Policy Two: The General Manager along with the Board President Adopt Bill Positions. The motion carried by the following vote:

AYES:	5	Directors:	Stefani, Montejano, Melgoza, MacMillan and Cochran
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

**BOARD OF DIRECTORS COMMUNICATION:** When needed, this time is reserved for the Board of Directors to communicate activity, educational classes, and/or Committee reports.

1. Update on MRWPCA board meeting – President Ron Stefani stated that the water purchase agreement was signed. The PUC approved the project for the Recycle Project, which benefits Monterey.

2. Update on meetings/educational classes attended by the Directors – Directors Stefani and Melgoza along with General Manager Eric Tynan and Office Manager Lidia Santos all attended the CSDA Annual Fall Conference. President Stefani partially attended the conference for the reason that he fell ill and had to go to the emergency room and is feeling much better now. Director Melgoza, General Manager Tynan and Office Manger Santos all provided an update on the classes attended at this conference and found it to be informative.

**GENERAL OPERATIONS**

1. General Manager's Report – Compliance update, current projects update, meetings/seminars update, staff update, suggestive projects discussions
2. Operation's Report
  - a) Water – Pumpage & Usage Update, Water Testing Update, Current Installation
  - b) Water -Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
  - c) Sewer & Storm Drain – Jetting, Current Installation Status Update, Current Contractor Work Update, Maintenance/Repair Update, Customer Service Update, Safety Issues
3. Customer /Billing Reports – Water Sales, Water Usage, A/R Update, Customer Service Update
4. Financial Reports – Treasures L.A.I.F. Report, Internal Report, Administration Update

*General Operations Reports were accepted as presented*

**CHECK LIST** – September 2016. A motion was made by Adriana Melgoza and seconded by Betty MacMillan to pay all bills presented. The motion carried by the following vote:

AYES:	5	Directors:	Stefani, Montejano, Melgoza, MacMillan and Cochran
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

**CLOSE:**

There being no further business, a motion was made by Betty MacMillan and seconded by Adriana Melgoza to adjourn to the next scheduled Board meeting; the motion carried by the following vote:

AYES:	5	Directors:	Stefani, Montejano, Melgoza, MacMillan and Cochran
NOES:	0	Directors:	None
ABSENT/NOT PARTICIPATING:	0	Directors:	None

The meeting adjourned at 5:24 p.m. until the next scheduled meeting

Respectfully submitted by,

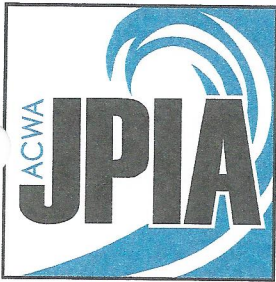
Approved by,

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Lidia Santos  
Secretary to the Board

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Ron Stefani  
President



October 18, 2016

Mr. Eric Tynan, General Manager  
Castroville Community Services District  
P.O. Box 1065  
Castroville, California 95012-1065

## ACWA JPIA

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**President**  
E.G. "Jerry" Gladbach

**Vice President**  
Tom Cuquet

**Chief Executive Officer**  
Walter "Andy" Sells

**Executive Committee**  
Tom Cuquet  
David Drake  
E.G. "Jerry" Gladbach  
Brent Hastey  
David T. Hodgins  
W.D. "Bill" Knutson  
Melody A. McDonald  
Charles W. Muse  
J. Bruce Rupp

**Re: Defensive Driver Training**

Dear Eric:

It was a pleasure seeing you on September 21, 2016. The purpose was to provide Defensive Driver Training at your District. I thank you for scheduling the class and setting up the facility.

Ten individuals from three JPIA member agencies attended the training. Attendees were reminded to observe traffic laws and practice defensive driving, both on and off the job. Techniques covered to avoid accidents included:

- Taking extra caution at intersections
- Staying out of the other driver's blind spots (especially large vehicles)
- Thinking and looking ahead
- Avoid backing whenever possible
- Being prepared to stop or swerve suddenly, and leaving yourself an "out"

Drivers were informed that California has increased fines related to both cell phone use and texting while driving. These two behaviors are the biggest causes of distracted driving and vehicle accidents.

Defensive Driver training is a key element to reducing loss-inducing exposures. A "best practice" that builds on the four-year DDC training requirement would be increasing the frequency of training, including the use of the JPIA's Lending Library, online training via TargetSolutions, and bringing in outside presenters (e.g., CHP's Commercial Industry Education Program -- <http://www.chp.ca.gov/programs/ciep.html>).

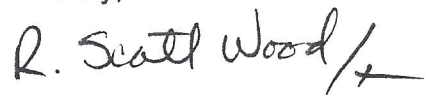
Your District may want to consider developing a "Safe Driver Recognition Program." This is a recommended C2E best practice that could help encourage a safe driver program. A resource is available through the JPIA's website at the following link:  
[http://www.acwajpia.com/filecabinet/rmnpow/Vehicle Operations/Safe D river Award Recognition/Safe Driver Award Recog.pdf](http://www.acwajpia.com/filecabinet/rmnpow/Vehicle%20Operations/Safe%20Driver%20Award%20Recognition/Safe%20Driver%20Award%20Recog.pdf).



Mr. Eric Tynan, General Manager  
Castroville Community Services District  
October 18, 2016  
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Thank you for the opportunity to provide risk control and training services. If you have any questions or comments, I can be reached at (916) 786-5742, or [swood@acwajpia.com](mailto:swood@acwajpia.com).

Sincerely,



R. Scott Wood, CSP  
Senior Risk Management Advisor

1018:tl

c: JPIA Member Services  
JPIA Risk Management Committee  
Adriana Melgoza, JPIA Board Member

# Legislative Update: Six New California Laws Impacting Water

Gov. Jerry Brown recently signed several news bills into law that impact California water. We take a look at six of these, which include measures aimed at providing help for failing water agencies, cutting down on excessive water use and making the most of stormwater.

The end of September meant both the end of the 2016 water year and a deadline for signing new legislation. In the past few weeks California Gov. Jerry Brown has signed a bevy of new bills into law, many of them addressing drought or water issues in the state.

Some affect water indirectly. [Senate Bill \(SB\) 859](#), which establishes a Healthy Soils Program, is written to help build quality agricultural soil to increase carbon sequestration, but healthy soils also help [retain more water](#). [SB 1414](#) aims to help increase [energy efficiency](#), which can also help save water.

Below are six other bills that address drought and water issues head on:

## Senate Bill 552: Help for Failing Water Agencies

The vast majority of California's water agencies deliver a safe and reliable supply of water, but some are failing to make the grade. [SB 552](#), written by Sen. Lois Wolk, allows the State Water Resources Control Board to bring in an outside contractor to help struggling water agencies meet water standards.

"This bill will allow the Board to order a water system which is consistently failing to provide safe, clean and affordable drinking water to accept a contract administrator who will be able to immediately implement a number of measures to help ratepayers, and also to create a long-term sustainability plan for the system," [said](#) attorney Deborah Ores of the Community Water Center.

## **Senate Bill 1263: Banning Small Water Agencies**

This [bill](#) by Sen. Bob Wieckowski is another intended to protect drinking water. But it takes a different approach. Smaller water agencies tend to be more likely, because of limited resources, not to meet reliability or quality regulations, so to protect public health SB 1263 would ban the creation of new, small water districts.

“It aims to guarantee the safety and reliability of drinking water statewide by encouraging new developments to tie into existing water districts rather than create their own,” Michael Levitin [wrote for Water Deeply](#). “The measure would especially help low-income communities that cannot afford to pay for improved water quality, and could specifically impact Central Valley cities such as Merced, Bakersfield, Fresno and the rural regions around them that have seen innumerable small water agencies sprout up in recent decades to keep pace with population growth.”

## **Senate Bill 814: Curbing Excessive Water Use**

Water guzzlers beware. [SB 814](#), written by Sen. Jerry Hill, would require urban water agencies to define and discourage excessive water use during state-designated drought emergencies that require water restrictions. Agencies could use a rate structure or an excessive-use ordinance that would come with fines and possible drought-shaming.

“This legislation ensures that every urban retail water supplier has a tool to curb excessive water use by customers,” [said](#) Hill. “Households that guzzle water – while their neighbors and most other Californians abide by mandatory reductions – will no longer be able to hide and persist in their excess.”

## **Assembly Bill 1755: Water Data**

One of the biggest things to come out of California’s ongoing drought is a focus on better collection and sharing of water data. Assembly member Bill Dodd’s Assembly Bill 1755 takes a step in that direction with the creation of a platform to share water data.

According to the [bill’s text](#), it would “create, operate and maintain a statewide integrated water data platform that, among other things, would integrate existing water and ecological data information from multiple databases and provide data on completed water transfers and exchanges.”

The integration of data would include information from the State Water Project and federal Central Valley project; streamflow conditions from the United States Geological Survey; fish abundance from California’s Department of Fish and Wildlife, as well as the U.S. Fish and Wildlife Service, the Forest Service and the National Oceanic and Atmospheric Administration; and information on water transfers and exchanges.

## **Assembly Bill 935: Irrigation Water for Users Friant-Kern Canal**

Assembly member Rudy Salas' bill, [AB 935](#), may help move 15,000–30,000 acre-feet (18.5–37 million cubic meters) of water a year to nine irrigation districts that compose the South Valley Water Association in the San Joaquin Valley.

The bill “authorizes \$7 million in state money to build pumps to move water north to about Terra Bella via reverse flow pump-back facilities still to be built,” the [Fresno Bee reported](#). “Water would be pumped out of the lower San Joaquin River and into the California Aqueduct on the west side of the San Joaquin Valley, transported south to the Cross Valley Canal, then east to the Friant-Kern Canal.”

It's not a done deal yet as money would need to be appropriated in next year's budget.

## **Assembly B 2594: Capturing Stormwater**

Assembly member Rich Gordon's [AB 2594](#) helps move stormwater from nuisance to resource. The new law lets water agencies collect stormwater and then make the most of it – including reusing it, recharging groundwater with it, selling it or using it to boost water quality.

“For too long, clean, crisp storm water has been viewed as a problem. In reality, stormwater is a gift – a solution to drought,” [said](#) Gordon in a statement about his bill. “AB 2594 allows those that capture stormwater to use it.”

# Californians must recommit to water conservation

The Desert Sun Editorial Board 12:04 p.m. PDT October 29, 2016  
Buy Photo

(Photo: Jay Calderon/The Desert Sun)

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Recent news items raise concerns about California's ongoing struggle to deal with the punishing drought.

The Desert Sun's Ian James reported this month that Coachella Valley water agencies have logged a huge drop in conservation compared to the great efforts seen during 2015 and the first half of this year.

Coachella Valley Water District customers used just 4.3 percent less water in September than they did in September 2013, the benchmark year the state has been using to measure conservation. In August, the cut was measured at 15 percent. For reference, in July CVWD reported that its customers had cut use by 28.6 percent from the 2013 baseline.

The trend seems similar at Desert Water Agency, the other large Coachella Valley provider. DWA reported an 18.5 percent cut in August, and that fell to an 8 percent cut last month.

In the past two months it looks like we've started to tank when it comes to saving water.

## [Water ways: We're saving less](#)

This should be alarming to everyone in the desert, but we're not the only ones who appear to be returning to our old ways.

Statewide, urban water use was down 17.7 percent from the 2013 baseline, officials reported. Last August, when a conservation mandate was in effect, Californians reduced their consumption by 27 percent.

Though it should be a shocking wake-up call, what we're seeing isn't too much of a surprise.

The State Water Resources Board – following Gov. Jerry Brown's order in the wake of a somewhat "normal" rain and snow season last winter – eased the state's conservation rules.

The board decided that local water agencies could decide what conservation efforts their customers should follow in order to guarantee supplies in case the drought continued for three more years.

All six desert-area agencies, which have long argued that our region is well-positioned to handle such shortages, quickly proclaimed that a “zero percent” conservation target was OK under the state formula.

And today we see CVWD and DWA customers – and residents across the state – are quickly falling back to usage levels they had before all of the effort was made to cut our collective thirst for the precious resource.

This is more than just disappointing. We in California, and especially in the arid Coachella Valley, must renew our efforts to cut water use in order to ensure that the Golden State can continue to thrive. The progress we’ve seen in cutting our collective use, such as replacing thirsty turf with more appropriate drought-resistant landscaping, must continue. What cannot continue indefinitely is our drawing of more water from our aquifer than is being returned.

Indeed, the state water board has warned that mandatory drought restrictions could be reimposed if it becomes clear users have shifted back to wasteful ways and the drought continues unabated into a sixth straight year.

#### [Getting more: Desalination is costliest method, study reports](#)

The other news item mentioned above was a report by the Pacific Institute that put a price on the various methods the state could use to ensure it has the water it needs in the future. For those looking to the vast, salty Pacific Ocean, the study indicates desalination is the most expensive way by far to boost our water supply.

Researchers suggested that while different communities should study all options, including desalination in coastal areas, conservation remains the most cost-effective way to increase the water that is available.

For us in the desert, conservation means taking steps like shifting to water-saving plumbing fixtures and low-use plants in an overall strategy that allows us to keep more of our water in the ground now, banking it for when we truly need it the most.

# Denial of controversial oil refinery project is appealed in SLO County.

David Schmalz

Oct 24, 2016

The proposed rail spur project at an oil refinery in San Luis Obispo County isn't dead yet, and the specter of three trains per week carrying crude oil through the heart of Monterey County remains a real possibility.

On Oct. 19, Phillips 66, the oil company proposing the project, appealed the San Luis Obispo Planning Commission's Oct. 5 denial of the company's proposal. The purpose of the spur is to allow for rail deliveries of crude that would travel from Phillips 66's refinery in Rodeo—a community in the eastern reaches of the San Francisco Bay Area—to a refinery in Nipomo, a community in southern San Luis Obispo County.

Numerous public entities opposed the proposal—including Monterey County—and after an almost yearlong process of public hearings, the planning commission denied it 3-2.

The appeal hearing before the San Luis Obispo County Board of Supervisors has not yet been scheduled.

Meanwhile, Phillips 66 has also been making the news lately due to a September oil spill in San Pablo Bay—a northern extension of the San Francisco Bay—near the marine terminal of company's refinery there.

According to a report from KQED, a Coast Guard investigation was unable to determine if Phillips 66 was responsible for the spill, or if it came from the ship delivering oil to the refinery at the time.

## Pure Water Monterey Project Launches with Historic Agreement

An historic water purchase agreement was signed Oct. 17 that will allow for the delivery of 3,500 acre-feet of safe, highly-purified drinking water to the Monterey Peninsula from the Pure Water Monterey Project. The purchase agreement is a partnership among the Monterey Regional Water Pollution Control Agency, the Monterey Peninsula Water Management District and California American Water.

A signing ceremony to commemorate the agreement took place at the Pure Water Monterey Advanced Water Purification Demonstration Facility in Marina.

"For over 25 years, the Monterey Peninsula has been actively working to-

wards developing a new and sustainable water supply to comply with the State Water Resources Control Board's Cease and Desist order," said David Stoldt, the general manager of the MPWMD. "To have reached that goal is exciting and while there are still some regulatory approvals to receive, we are on track to deliver water in 2018."

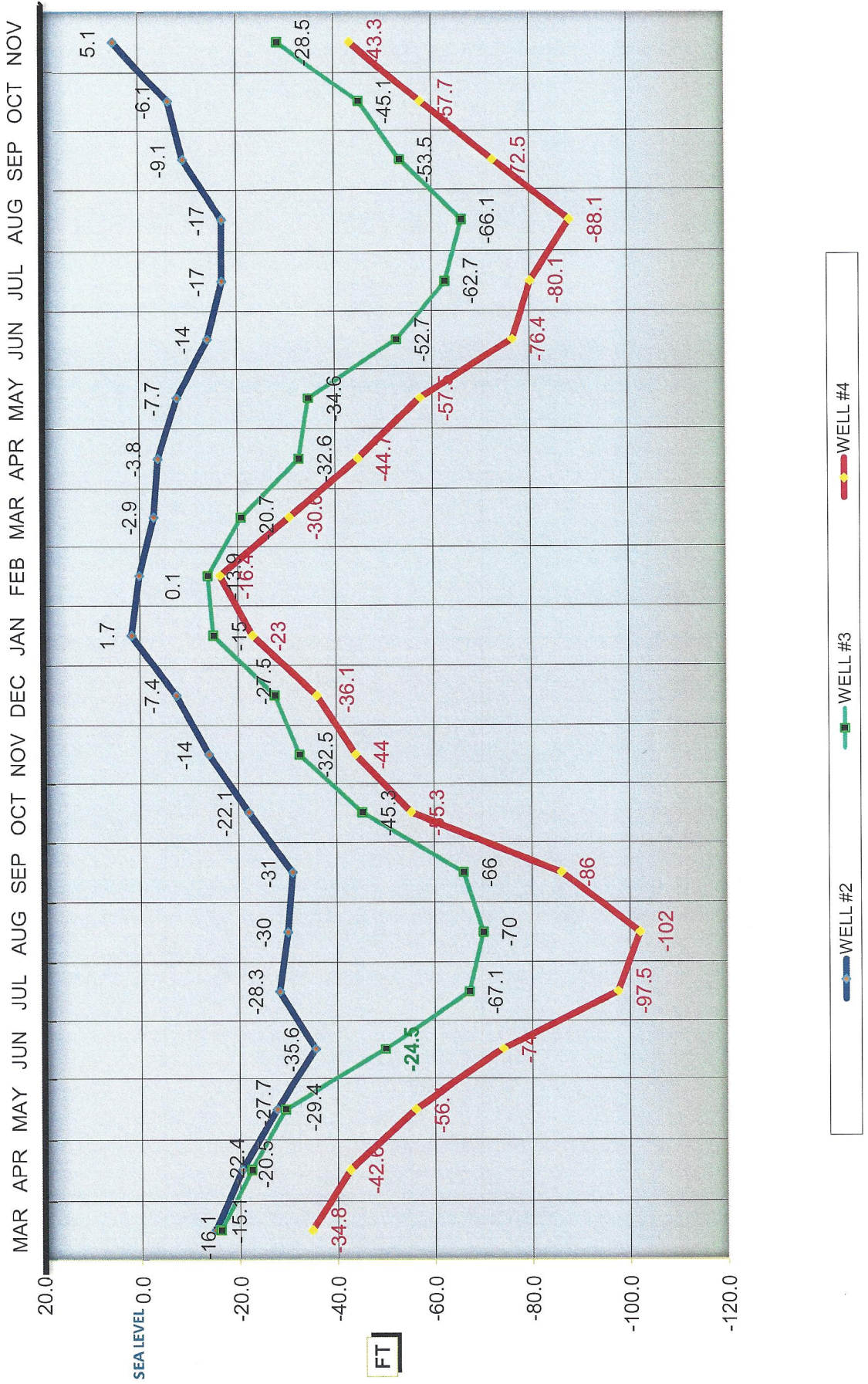
Pure Water Monterey is an advanced water recycling project, jointly developed by Monterey Peninsula Water Management District and the Monterey Regional Water Pollution Control Agency. The project is a multi-benefit, integrated, regional solution that is viewed by many as a water recycling model for other regions in California.

The project provides both purified potable water for domestic use, as well as a supply for irrigation. The project will be the first of its kind to utilize not just wastewater, but stormwater, food industry processing water, and impaired surface waters of the state to create an environmentally sustainable solution for our area's water supply problem.

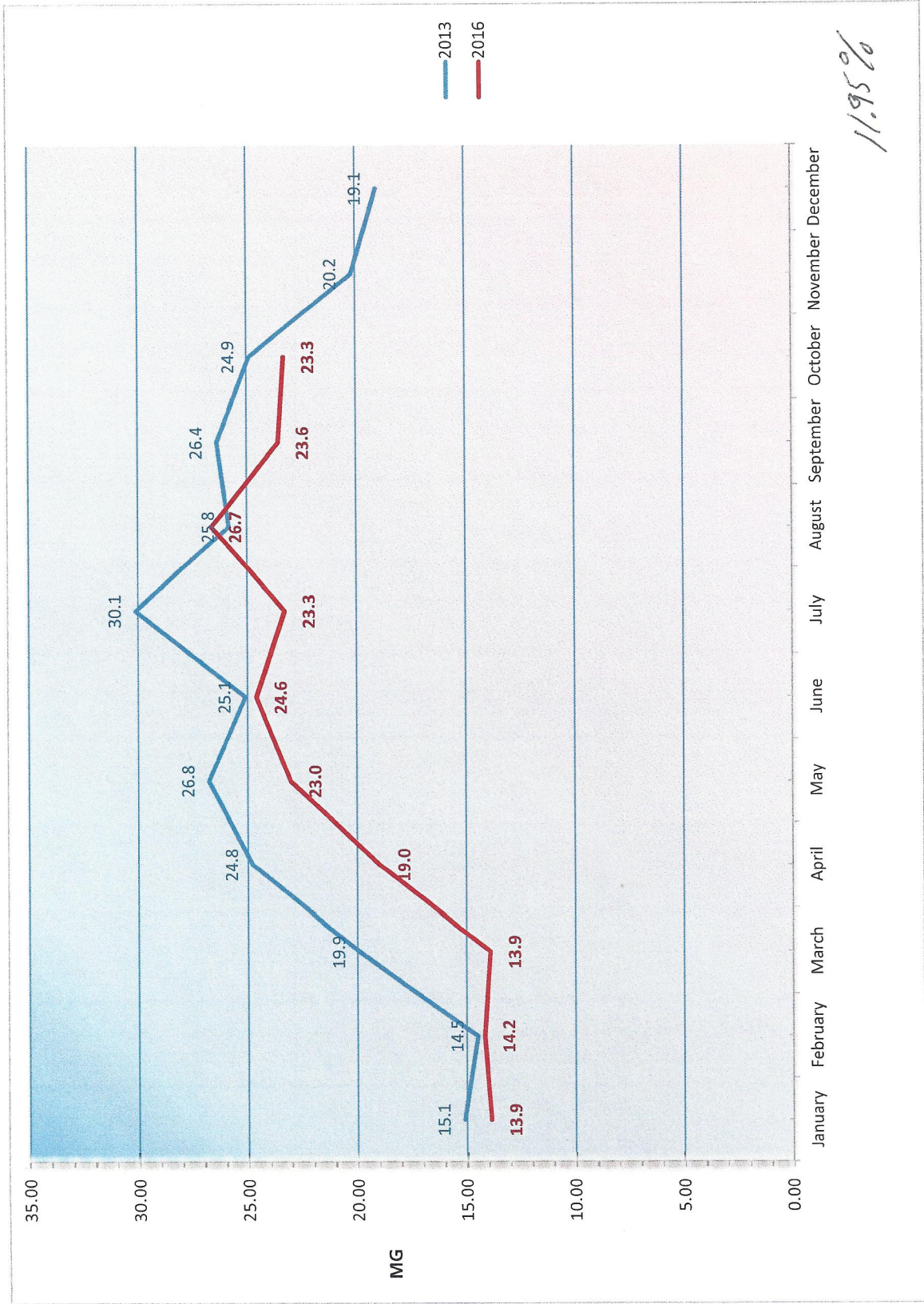
"Pure Water Monterey truly is the future of water," commented Paul Sciuto, the general manager of the MRWPCA. "The regional cooperation between our nine public agency partners has been tremendous and we hope that Pure Water Monterey will serve as a model for other cities across the country." ♦



# CASTROVILLE WELL LEVELS 2015-2016



# CONSERVATION EFFORTS 2013 vs 2016



RESOLUTION NO. 16-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
CASTROVILLE COMMUNITY SERVICES DISTRICT  
TO ACCEPT AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016

NOW, THEREFORE, the board of Directors ("Board") of the Castroville Community Services District ("District") resolves as follows:

Hereby resolves to accept the District's audit report for the fiscal year ended June 30, 2016, as prepared by Hinricher, Douglas, & Porter, LLP, Certified Public Accountants.

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly passed and adopted by the Board of Directors of the Castroville Community Services District, Monterey County, California, at a meeting thereof held on the 15th day of November, 2016, by the following vote:

AYES: Directors: \_\_\_\_\_

NOES: Directors: \_\_\_\_\_

ABSENT: Directors: \_\_\_\_\_

ATTEST:

APPROVED:

\_\_\_\_\_  
Lidia Santos, Secretary to the Board

\_\_\_\_\_  
Board Designee

## Hinricher, Douglas & Porter LLP

Certified Public Accountants

3275 Old Conejo Road

Thousand Oaks, Ca 91320

(805) 496-1883 Fax (805) 496-5602

www.HD-CPAs.Com

Ventura Office  
199 Figueroa Street  
Ventura, Ca 93001

Encino Office  
16055 Ventura Boulevard, Suite 1215  
Encino, Ca 91436

November 10, 2016

Castroville Community Services District  
11499 Geil Street  
Castroville, CA 95012

### Audit Services Agreement 2017-2019

We are pleased to serve as independent accountants for Castroville Community Services District for the year ended June 30, 2017. Auditing and reporting on your annual financial statements is to be our recurring basic assignment.

We will audit the Castroville Community Services District's balance sheet as of June 30, 2017, and the related statements of revenues, expenses, and changes in fund balance and cash flows for Year then ended.

#### Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Therefore our auditing procedures will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

#### Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected creditors and financial institutions. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We will also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention.

and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any other violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

### **Management's Responsibilities**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have the following responsibilities:

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for the selection and application of accounting principles and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As part of our engagement we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

You are responsible for providing us with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation, and other matters as well as any additional information that we may request for the purpose of the audit and for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. You are also responsible for giving us unrestricted access to the persons within the entity from whom we determine it necessary to obtain audit evidence and to designating a qualified management-level individual to be responsible and accountable for overseeing these services.

You are responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error and for informing us about all known or suspected fraud affecting the District involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulators, or others. In addition, you are also responsible for identifying and ensuring that the District complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. The District agrees to indemnify Hinricher, Douglas & Porter, LLP for any damages, including attorney fees, caused in whole or part, by the District's failure to fulfill the above described responsibilities.

Gary Porter is the engagement partner and is responsible for supervising the engagement and signing the report.

Our fixed fee for audit services for Castroville Community Services District for the year ended June 30, 2017 will be \$14,950. Preparation of State Controller's Report of Financial Transactions is included as a part of the overall audit engagement. Our fee will be \$15,450 for 2018 and \$15,950 for 2019. This fee is subject to change if there are significant required changes in procedures, or if we encounter any significant unanticipated problems. Hinricher Douglas & Porter is also to be reimbursed by the District for any costs or time charges incurred in connection with this engagement related to any actions by third parties.

If a single audit or grant specific audit procedures are required in any year under the terms of this agreement, our fee will increase by \$3,000 to cover the costs of the additional required procedures.

Disputes arising under this agreement (including the scope, nature and quality of services to be performed by us, our fees and other terms of the engagement) shall be submitted to mediation. A competent and impartial third-party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

If the foregoing is in accordance with your understanding, please sign and return this Contract to us.

Sincerely,

*Gary Porter*

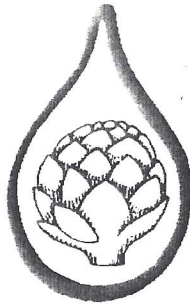
Hinricher, Douglas & Porter CPAs, LLP

ACCEPTED: **Castroville Community Services District**

\_\_\_\_\_  
*Board Member / Representative*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Name / Title*



# **Castroville Community Services District**

**11499 Geil Street  
CASTROVILLE, CA 95012  
PHONE (831) 633-2560**

## **BOARD PROCEDURES MANUAL**

Amended March 2014

## **22. Adjourned Meetings.**

The Board of Directors may adjourn any regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may adjourn a meeting. If all members are absent, the General Manager may declare the meeting adjourned to a stated time and place, and he shall cause a written notice of the adjournment to be given in the same manner provided herein for special meetings. A copy of the notice of adjournment shall be conspicuously posted on or near the front door of the place where the meeting was held within twenty-four (24) hours after the time of adjournment. When a regular or adjourned regular meeting is adjourned, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment fails to state the hour at which the adjourned meeting is to be held, it shall be held at 4:00 p.m.

## **23. Special Meetings.**

An emergency or special meeting may be called at any time by the President of the Board, or by a majority of the members of the Board, by following the notice and agenda requirements set forth by California Government Code sections 54956 or 54956.5. No other business shall be considered at such meetings by the Board other than the item(s) requiring the special meeting.

## **24. Parliamentary Procedure.**

A. Rules of Order. The presiding officer shall preserve order and decorum and shall decide on questions of order subject to appeal to the Board. District Legal Counsel shall advise the President as Parliamentarian, guided but not bound by Robert's Rules of Order and this procedures manual.

B. Call for Question. The "call for question" shall be deemed a non-binding request that the presiding officer close debate and bring an issue to an immediate vote. The presiding officer may choose to continue discussion of the issue irrespective of a "call for question."

C. Motion to Close Debate. The "motion to close debate," if seconded, shall be a non-debatable motion, and shall have precedence over any other motion except for a parliamentary inquiry, or a motion to adjourn. Should the "motion to close debate" pass by a majority vote, the presiding officer shall thereafter immediately call the question on the principal motion.

D. Non-Roll Call Votes. Following any non-roll call vote, the President shall announce the results of the vote.

E. Roll Call Votes. After a motion has been made and duly seconded, any Board member may call for a roll call vote. Additionally, action on all District resolutions and ordinances and items that expend District funds shall be taken by a roll call vote.

## **25. Order of Business.**



The regular order of business of the Board shall be:

Call Meeting To Order  
Roll Call  
Pledge Of Allegiance  
Public Comments  
Consent Calendar  
Informational Items  
Presentations  
Unfinished Business  
New Business  
Staff Presentations  
Closed Session Items  
Adjournment

The regular order of business may be changed by the President subject to the Board determining otherwise.

## **26. Board Actions.**

All actions of the Board shall be in the form of an ordinance, resolution or motion.

A. Ordinances. The Board shall enact as ordinances any items of business presented to the Board and approved by the Board which: 1) are required by law to be enacted as ordinances, 2) repeal, supersede or amend an existing ordinance, 3) govern the provision of water service to customers and the rates, charges, fees or assessments related to such services, 4) adopt a policy, rule or regulation to be enforced as an ordinance, 5) relate to any other item of business which could be adopted as a resolution or motion which the Board determines to enact as an ordinance. Each ordinance shall state whether it amends the District Code and, if so, which part or parts of the District Code the ordinance amends.

B. Resolutions. The Board shall adopt as resolutions, any items of business presented to the Board and approved by the Board which: 1) are required by law to be adopted by resolution, 2) supersede or amend an item previously adopted by resolution, 3) interpret any ordinance, 4) establish or change a policy, rule or regulation which does not need to be enforced as an ordinance, 5) adopt procedures for the Board, Officers or Staff to use in implementing any ordinance, 6) make a determination (Determination of Exemption, Negative Declaration or Environmental Impact Report) under the California Environmental Quality Act are approved by the Board based on such a determination, 7) adopt or amend a budget, 8) approve any written contract, 9) approve the acquisition or disposition of real property, 10) approve the acquisition of personal property with a value of \$10,000 or more, 11) approve the disposition of personal property, 12) adopt or amend any plan for the District, 13) adopt or amend a schedule of authorized positions for the District, and 14) relate to any other item of business which could be adopted as a motion and which the Board determines to adopt as a resolution. All resolutions shall state whether the contents of the resolution will become a policy, rule or regulation of the Castroville Community Services District.



# CASTROVILLE COMMUNITY SERVICES DISTRICT

## GENERAL MANAGER'S REPORT

October 2016

### ❖ Regulatory Compliance

- ❑ No coliform violations (all routine samples negative) for October 2016
- ❑ Completed and submitted annual Water system report to MCWRA
- ❑ Submitted water quality reports to 9 large Water system customers
- ❑ Regulatory documentation for CCSD sewer jetting activities Submitted
- ❑ Moro Cojo and Moss Landing systems had no spills for October 2016
- ❑ SWRCB-DDW agreed to reduce Arsenic testing of treated Well 5 water from weekly to monthly
- ❑ Regulatory documentation for MLCSD sewer jetting activities
- ❑ SWRCB-DDW agreed to reduce VOC, Uranium and Gross Alpha to Tri-annually
- ❑ Regulatory documentation for CCSD sewer jetting activities

### ❖ Current Projects

- ❑ Convert Well #5 Arsenic treatment from Co2 to Acid for Ph adjustment
- ❑ Certify Disadvantaged Community status (DAC) to facilitate grants and reduced SWRCB-DDW fees
- ❑ Design Washington sewer bypass line
- ❑ Prepare grant proposal for Moss Landing-Zone 3 for 2.7 million dollars
- ❑ Prepare grant proposal for Castroville water for 2.9 million dollars
- ❑ Collaborate on Hydraulic study of Castroville water system with Cal Am to facilitate tie-in with Desal line
- ❑ Moss Landing Operations, see report in Board packet
- ❑ Moro Cojo Operations, see report in Board packet
- ❑ Castroville Operations, see report in Board packet
- ❑ Update sewer ordinances for CCSD and Moss Landing
- ❑ Sewer cleaning, repair, video and maintenance program for CCSD
- ❑ Assist NCP&RD with proposed tax measure

### ❖ **Completed Projects**

- ❑ Town swept by Accent Sweeping- next sweep in November 2016
- ❑ Realign sewer force main on Collins Rd for pedestrian bike path over railroad tracks
- ❑ Repaired faulty VFD @Sea Garden Lift Station
- ❑ 90% of Backflow devices tested to date

### ❖ **Upcoming Projects**

- ❑ 183 Multimodal Caltrans project-\$14,000,000 for Merritt St upgrades
- ❑ RCAC to apply for Prop 1 funding for T/A study for future water systems improvements such as a new 600,000 gallon storage tank, hydraulic study and ability to fill tank 4 from distribution system
- ❑ Meet with NMR&PD Committee re: tax measure for NCR&PD
- ❑ Upgrade Moss Landing Lift station Motor control centers
- ❑ Design Washington sewer bypass line

### ❖ **Meetings/Seminars (attended)**

- ❑ Meet with RCAC to help with MHI study- Eric & Paul
- ❑ Design –Build Conference in Las Vegas- Eric to speak at Owners Forum
- ❑ GSA Stakeholder forum
- ❑ GSA Collaborative Working Group
- ❑ GSA Working Group- Ron
- ❑ IRWMG meeting in District Board Room
- ❑ IRWMG tour of Arsenic Treatment system
- ❑ ACWA-JPIA Defensive Driving @ CCSD Office
- ❑ Special District Water Managers meeting
- ❑ MCOES water system disaster preparedness exercise
- ❑ MCRWPCA Board meeting- Ron & James
- ❑ Completed Defensive Driver training-Eric Roberto and Miguel
- ❑ Met with MC Supervisor John Phillips and MCRMA to discuss Moss Landing Sewer Allocation-MLSAP

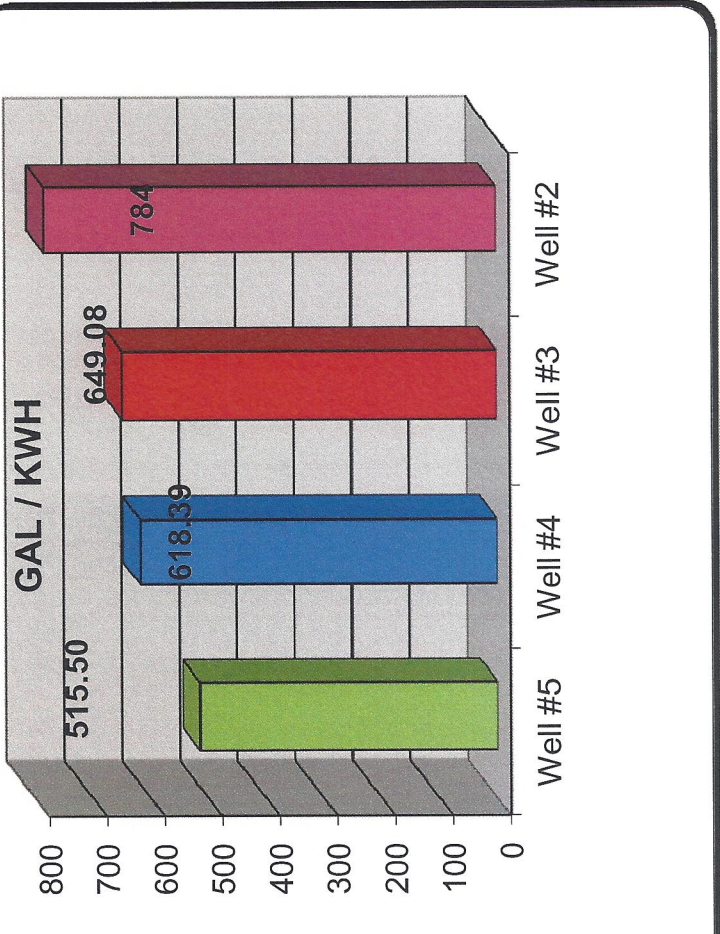
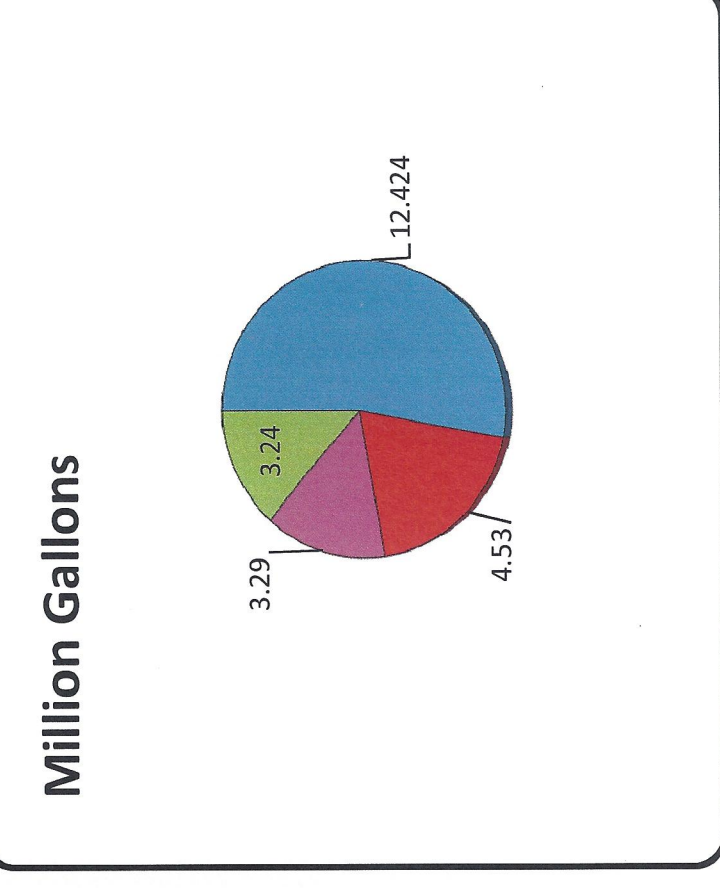
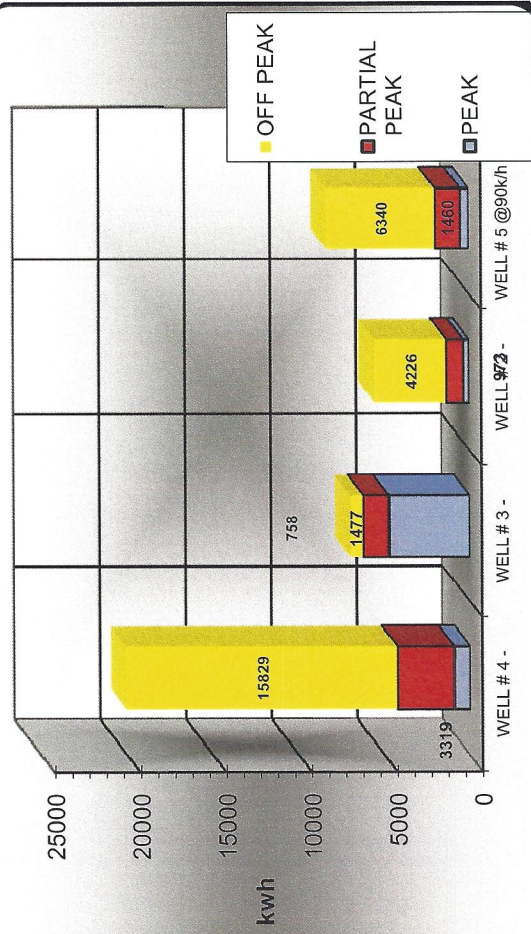
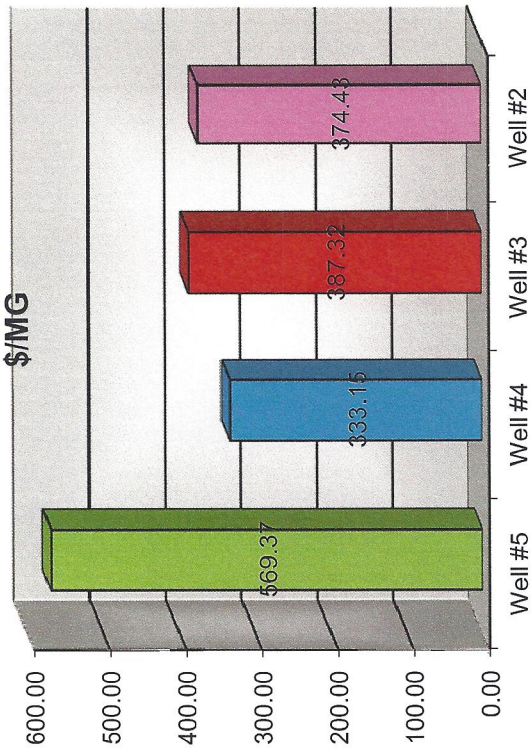
### ❖ **Meetings/Seminars (upcoming)**

- ❑ Redevelopment Oversight Committee- Ron
- ❑ Moss Landing Community Plan update
- ❑ GSA Stakeholder forum Ron & Eric
- ❑ Neighborhood Watch
- ❑ Meet with MCWRA & MCRMA to discuss joint Prop1 application
- ❑ Monterey County Sherriff's Citizens Advisory Group-Adriana & Eric
- ❑ NMR&PD Ballot Committee re: tax measure for NCR&PD
- ❑ Special District Managers meeting
- ❑ Meeting with Moss Landing Chamber
- ❑ MRWPCA meetings – Ron& James
- ❑ TAMC HWY 156 Citizens Advisory Group (CAG)

### ❖ **Improvements/Ideas/Suggestions**

- ❑ Consider installing backup generator for Office
- ❑ Consider replacing all of Moss Landing motor control centers
- ❑ Select areas for Saddle and lateral replacement program
- ❑ Select Water Main valves for replacement

# October-16







**Castroville**  
October 2016 JETTING

OCTOBER 31, 2016





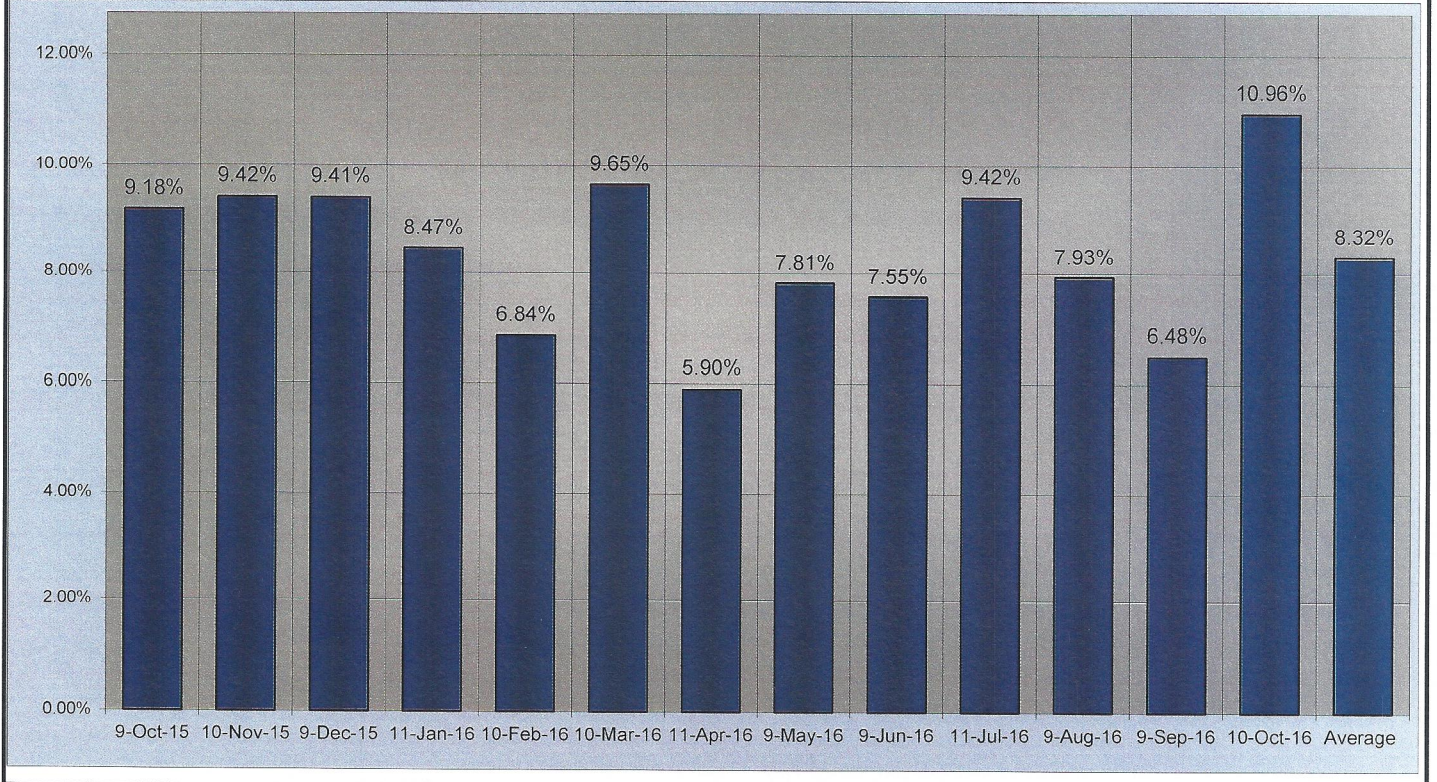
# Castroville Community Services District



## Percent Water Loss Monthly & Yearly

Month	Well #5 Gal.	Site 2 Well Gal.	Site 3 Well Gal.	Site 4 Well Gal.	Totals	Totals	miscellaneous	Unaccounted
					Water Pumped	Water Sold		Water %
9-Oct-15		6714000	4749000	12437000	23900000	21473516	Hydrant meters 231558. Jetting & Flushing 11.5k gal. Leaks 0k. FD 4000	9.18%
10-Nov-15		8134000	4632000	10941000	23707000	21378438	Hydrant meters 45179. Jetting & Flushing 12.5k gal. Leaks 20k. FD 4000	9.42%
9-Dec-15		4936000	3774000	7611000	16321000	14582402	Hydrant meters 57895. Jetting & Flushing 15.5k gal. Leaks 0k. FD 4000	9.41%
11-Jan-16		4974000	3684000	7959000	16617000	14763418	Hydrant meters 354949. Jetting & Flushing 14k gal. Leaks 25k. FD 9000	8.47%
10-Feb-16	1253816	7227000	2431000	3271000	14182816	12983739	Hydrant meters 125300. Jetting & Flushing 12k Leaks 76k. FD 10k. R.O. & Softner 4K	6.84%
10-Mar-16	3304659	5402000	2789000	3219000	14714659	13180081	Hydrant meters 84075. Jetting & Flushing 15k Leaks 10k. FD 10k. R.O. & Softner 4K	9.65%
11-Apr-16	5355214	5028000	4055000	3201000	17639214	16367392	Hydrant meters 210412. Jetting & Flushing 12k Leaks 0k. FD 5k. R.O. & Softner 4K	5.90%
9-May-16	2282356	2135000	3936000	10477000	18830356	17071769	Hydrant meters 262249. Jetting & Flushing 10k Leaks 6k. FD 5k. R.O. & Softner 4K	7.81%
9-Jun-16	2960372	3346000	4853000	11744000	22903372	20632937	Hydrant meters 350214. Jetting & Flushing 9k Leaks 133k. FD 5k. R.O. & Softner 4K	7.55%
11-Jul-16	4709675	6225000	2245000	12122000	25301675	22550315	Hydrant meters 318872. Jetting & Flushing 10k Leaks 30k. FD 5k. R.O. & Softner 4K	9.42%
9-Aug-16	3090805	3728000	3923000	12614000	23355805	20933378	Hydrant meters 414092. Jetting & Flushing 12k Leaks 100k. FD 40k. R.O. & Softner 4K	7.93%
9-Sep-16	4078732	3188000	4804000	12845000	24915732	22861880	Hydrant meters 390505. Jetting & Flushing 10k Leaks 30k. FD 4k. R.O. & Softner 4K	6.48%
10-Oct-16	3337985	3807000	4607000	13139000	24890985	21880735	Hydrant meters 267485. Jetting & Flushing 6k Leaks 0k. FD 4k. R.O. & Softner 4K	10.96%

Average 8.32%



# CASTROVILLE COMMUNITY SERVICES DISTRICT



## MORO COJO - ZONE 2 MONTHLY O&M REPORT OCTOBER 2016

### ❖ LIFT STATION @ CASTROVILLE BLVD

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/6/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/13/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/20/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/26/2016

### ❖ LIFT STATION @ COMPO DE CASA

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/6/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/13/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/20/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/26/2016

### ❖ JETTING ACTIVITIES

- ❑ Jetted sewer lines btwn MH #82 to-MH #82.4
  - ❑ Jetted sewer lines btwn MH #82 to-MH #82.2
  - ❑ Jetted sewer lines btwn MH #80 to-MH #80.1
  - ❑ Jetted sewer lines btwn MH #82 to-MH #82.3
  - ❑ Jetted sewer lines btwn MH #82 to-MH #83.4
  - ❑ Jetted sewer lines btwn MH #81 to-MH #82
  - ❑ Jetted sewer lines btwn MH #82 to-MH #82.1
- ❑ Total jetted approx. 817 feet



❖ **OTHER MATTERS**

- ❑ Responded to 4 Under ground Alert marking requests
- ❑ Rerouted sewer force main in preparation for new pedestrian overpass
- ❑ Replaced all street lights with LED fixtures
- ❑ Performed inspection of all storm drains in September 2016
- ❑ Coordinated open space maintenance of field area mowing in May 2016

❖ **Improvements/CIP/Suggestions**

- ❑ Need to confirm that stormdrain interceptors are clear and detention ponds are clean & fence secured
- ❑ Need schedule street sweeping before rains begin



# MORO COJO

## OCTOBER 2016 JETTING

10/31/2016



ID	Type	Activity	When Ended	Who	Why	Downstream Manhole ID	Upstream Manhole ID	Feet Jetted
Apts 5	SDR35 6"	Jetted	10/4/2016	RG/Mg	Routine	MH 82.1	CO 82.4	50.00 ft
Apts 2	SDR35 6"	Jetted	10/4/2016	RG/Mg	Routine	MH 82	CO 82.2	77.00 ft
Eperanza/1	PSM	Jetted	10/4/2016	RG/Mg	Routine	MH 80	CO 80.1	200.00 ft
Apts 3	SDR35 6"	Jetted	10/4/2016	RG/Mg	Routine	MH 82	CO 82.3	113.00 ft
Apts 1	8" PVC	Jetted	10/4/2016	RG/Mg	Routine	MH 81	MH 82	200.00 ft
Apts 4	SDR35 6" SDR35 8"	Jetted	10/4/2016	RG/Mg	Routine Maintenance	MH 82	MH 82.1	177.00 ft
<b>Total Events</b>								<b>Feet Jetted 817</b>

# CASTROVILLE COMMUNITY SERVICES DISTRICT



## MOSS LANDING (ZONE 3) MONTHLY O&M REPORT OCTOBER 2016

### ❖ LIFT STATION # 1 (Struve Rd)

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/6/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/13/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/20/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/26/2016

### ❖ LIFT STATION #2 (Hwy 1 @ Pottery barn)

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/6/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/13/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/20/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/26/2016

❖ **LIFT STATION #3 (in front of Phil's fish market)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/6/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/13/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/20/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/26/2016

❖ **LIFT STATION #4 (Potrero Rd)**

- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/6/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/13/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/20/2016
- ❑ Did pump-down, alarm check, and general inspection of Lift Station 10/26/2016

❖ **JETTING ACTIVITIES**

- ❑ Jetted sewer lines btwn MH #32 to-MH #33
- ❑ Jetted sewer lines btwn LS #3 to-MH #31
- ❑ Jetted sewer lines btwn MH #31 to-MH #37
- ❑ Jetted sewer lines btwn MH #32to-LS #3
  
- ❑ Total jetted approx. 805 feet

❖ **OTHER MATTERS**

- ❑ Responded to 5 Under ground Alert marking requests
- ❑ Responded to backup on Moss Landing Rd.- no spill
- ❑ Working on grant application for \$2.7 Million for upgrades, replacements and repair of sewer system
- ❑ Perform Bi-annual inspection of grease traps @ various facilities in March and November
- ❑ Received new portable generator

❖ **Improvements/CIP/Suggestions**

- ❑ Need to recoat or replace 12-15 manholes that internal walls are failing
- ❑ Plan for replacement of all Motor Control Centers-MCC



# Accounts Receivable Summary

From 10/01/2016 Through 10/31/2016

Balance  
41,092.14

<b>OPEN BALANCE</b>			
	41,092.14		
<b>MONTHLY-Change</b>	<b>Minimum</b>	<b>Overage</b>	<b>Usage</b>
WATER	31,508.39	40,934.01	2,923,858.00
IRELINE	3,498.84	1.57	115.00
URCHARGE	9,013.80	0.00	0.00
WATER CMPND	0.00	17.62	1,259.00
**Total Charge	44,021.03	40,953.20	2,925,232.00

	<b>Bills</b>		<b>Total</b>
	1,392		72,442.40
	67		3,500.41
	131		9,013.80
	2		17.62
	1,592		84,974.23

**MONTHLY-Miscellaneous**

WATER Miscellaneous			126,906.37
**Total Miscellaneous			

**MONTHLY-Payment**

WATER	-73,654.50		
WATER Miscellaneous	-687.80		53,251.87
IRELINE	-3,700.36		52,564.07
SURCHARGE	-11,214.28		48,863.71
WATER CMPND	-17.62		37,649.43
**Total Payments	-89,274.56		37,631.81

**MONTHLY-Return Check**

WATER	30.00		37,661.81
***Total Return Check	30.00		

**MONTHLY-Write-Off**

WATER	-9.61		37,652.20
***Total Write-Off	-9.61		

**MONTHLY-Deposit Applied**

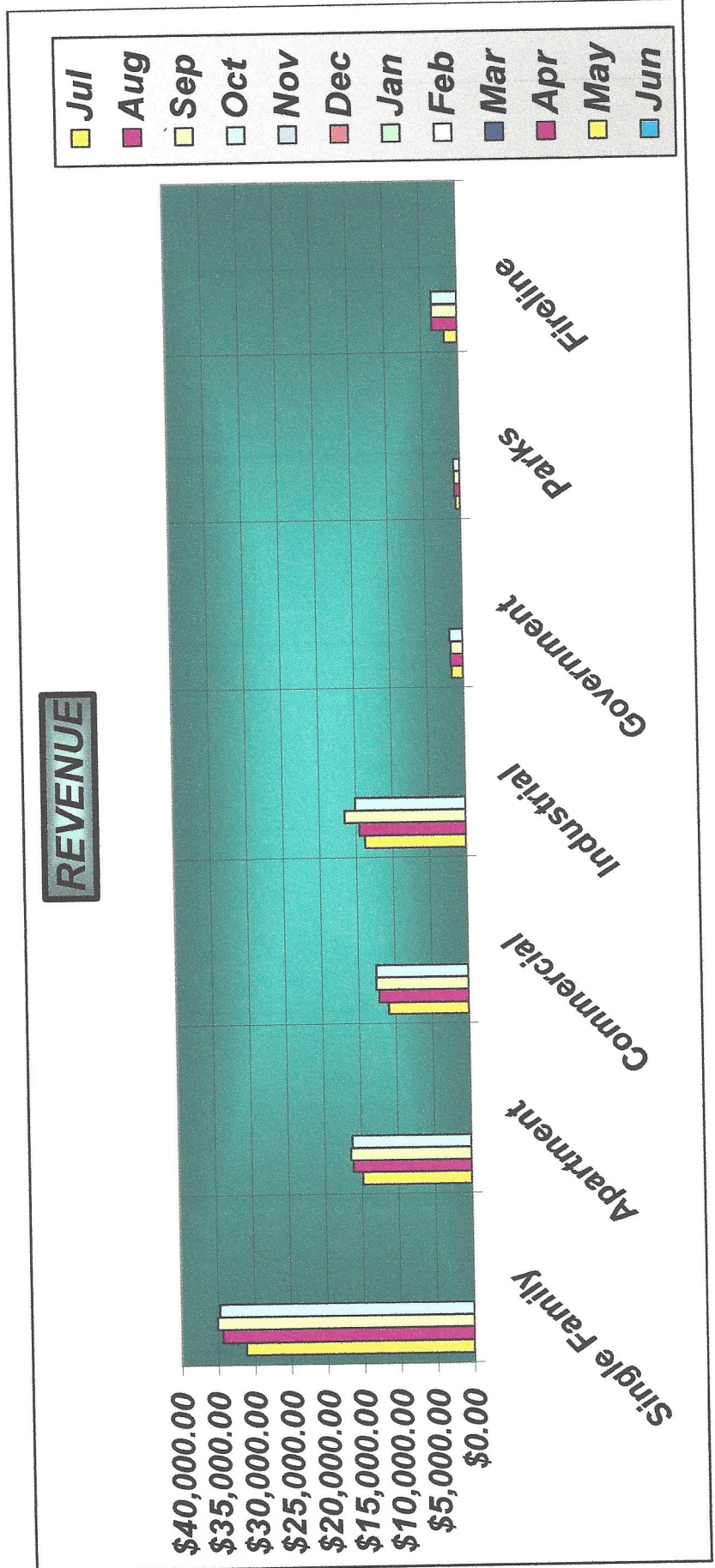
WATER	-349.70		37,302.50
WATER Miscellaneous	-0.30		37,302.20
***Total Deposit Applied	-350.00		

**MONTHLY-Refund**

WATER	80.20		Balance
***Total Refund	80.20		37,382.40

**Annual Water Revenue By Classification 2016-2017**

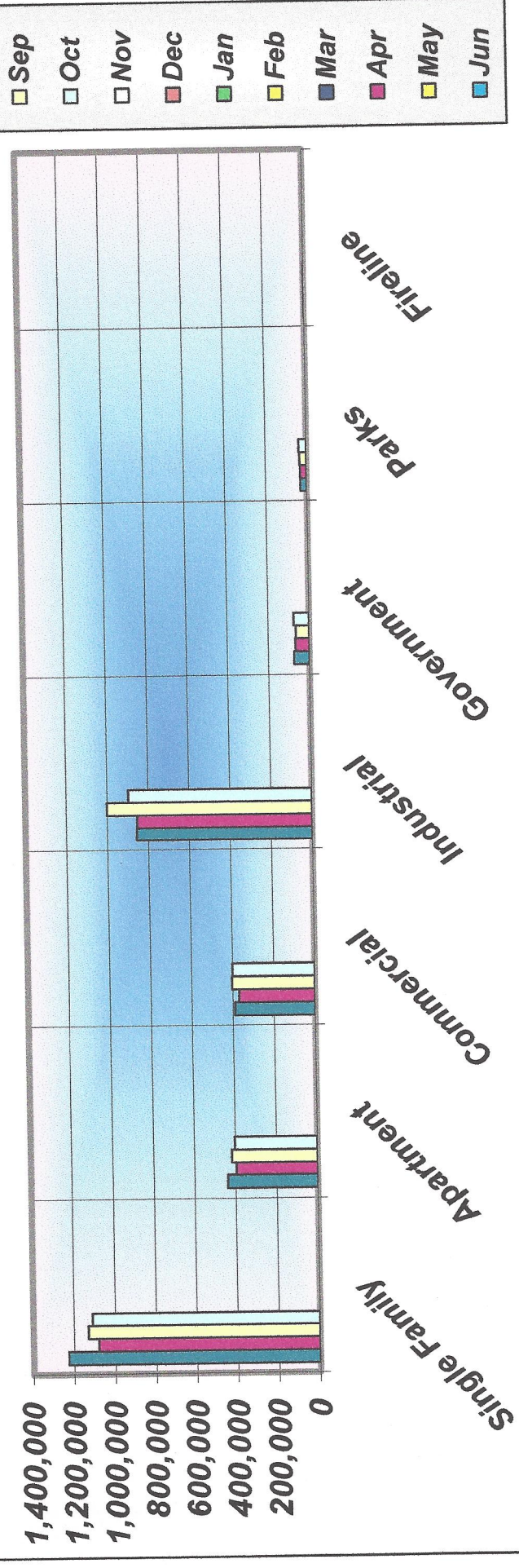
	Single Family	Apartment	Commercial	Industrial	Government	Parks	Fireline	Totals
Jul	\$31,206.95	\$14,887.64	\$10,935.22	\$13,784.54	\$1,557.85	\$635.85	\$1,781.41	\$74,789.46
Aug	\$34,429.58	\$16,169.14	\$12,212.53	\$14,536.72	\$1,689.78	\$772.76	\$3,501.57	\$83,312.08
Sep	\$35,111.96	\$16,508.45	\$12,635.23	\$16,583.70	\$1,652.40	\$800.81	\$3,500.79	\$86,793.34
Oct	\$34,793.51	\$16,287.70	\$12,594.82	\$15,126.21	\$1,808.71	\$862.87	\$3,500.41	\$84,974.23
Nov								
Dec								
Jan								
Feb								
Mar								
Apr								
May								
Jun								
<b>Totals</b>	<b>\$135,542.00</b>	<b>\$63,852.93</b>	<b>\$48,377.80</b>	<b>\$60,031.17</b>	<b>\$6,708.74</b>	<b>\$3,072.29</b>	<b>\$12,284.18</b>	<b>\$329,869.11</b>



Annual Water Usage By Classification 2016-2017

	Single Family	Apartment	Commercial	Industrial	Government	Parks	Fireline	Totals
Jul	1,226,786	438,449	390,561	855,996	74,075	28,822	59	3,014,748
Aug	1,079,928	395,858	370,268	854,142	67,146	31,041	197	2,798,580
Sep	1,130,675	419,032	403,999	1,000,354	64,476	33,044	141	3,051,721
Oct	1,110,188	403,305	402,256	896,249	75,642	37,477	115	2,925,232
Nov								
Dec								
Jan								
Feb								
Mar								
Apr								
May								
Jun								
<b>Totals</b>	<b>4,547,577</b>	<b>1,656,644</b>	<b>1,567,084</b>	<b>3,606,741</b>	<b>281,339</b>	<b>130,384</b>	<b>512</b>	<b>11,790,281</b>

**CUBIC USAGE**







**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/09/16	0.65	0.65	171
10/10/16	0.65	0.65	168
10/11/16	0.65	0.65	169
10/12/16	0.65	0.65	168
10/13/16	0.65	0.65	170
10/14/16	0.66	0.65	171
10/15/16	0.66	0.65	171
10/16/16	0.66	0.65	171
10/17/16	0.65	0.65	168
10/18/16	0.65	0.65	167
10/19/16	0.65	0.65	166
10/20/16	0.65	0.65	164
10/21/16	0.66	0.65	165
10/22/16	0.66	0.65	165
10/23/16	0.66	0.65	165
10/24/16	0.66	0.65	164
10/25/16	0.66	0.65	168
10/26/16	0.66	0.65	167
10/27/16	0.66	0.65	171
10/28/16	0.66	0.65	172
10/29/16	0.66	0.65	172
10/30/16	0.66	0.65	172
10/31/16	0.67	0.65	163
11/01/16	0.66	0.66	170
11/02/16	0.67	0.66	173
11/03/16	0.67	0.66	174
11/04/16	0.67	0.66	173
11/05/16	0.67	0.66	173
11/06/16	0.67	0.66	173
11/07/16	0.67	0.66	173
11/08/16	0.67	0.66	176

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

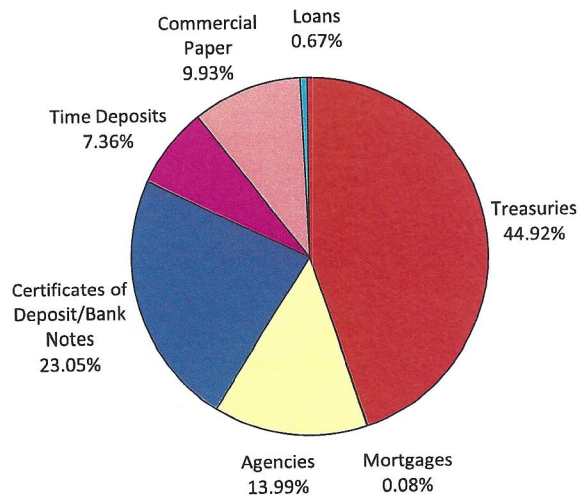
**Quarter Ending 09/30/16**

Apportionment Rate: 0.60%  
 Earnings Ratio: .00001651908048883  
 Fair Value Factor: 1.000306032  
 Daily: 0.65%  
 Quarter to Date: 0.61%  
 Average Life: 165

**PMIA Average Monthly Effective Yields**

**Oct 2016 0.654%**  
 Sep 2016 0.634%  
 Aug 2016 0.614%

**Pooled Money Investment Account  
Portfolio Composition  
09/30/16  
\$68.3 billion**



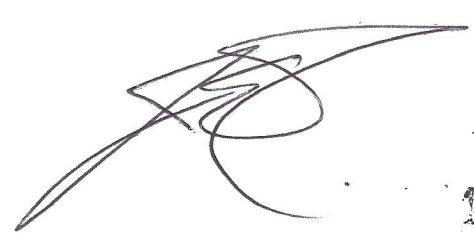
Based on data available as of 11/8/2016

**CASTROVILLE COMMUNITY SERVICES DISTRICT  
INTERNAL REPORT**

Receipts, Disbursements, and Bank Balances as of October 31, 2016

Ending balance as of September 30, 2016    \$10,076,684.19

<b>RABOBANK, GENERAL FUND - Revenue and Expenses</b>	
Beginning Balance	148,077.78
Water Receipts	89,464.11
Water-Miscellaneous Receipts	21,205.25
M.R.W.P.C.A. Sanittion Fees Collected for Sewer-ML	9,244.33
Interest Earned	2.29
Expenses (Checks Written)	(159,941.23)
Misc Revenue Over or Short	(9.91)
NSF Check & Bank Fees	(77.00)
Credit Card Fees	(109.97)
Ending Balance for General Fund	<u>107,855.65</u>
 <b>RABOBANK, CUSTOMER DEPOSIT FUND</b>	
Beginning Balance	59,976.47
New Deposits (opened accounts)	360.00
Interest Earned	1.04
Deposits Returned or Applied to Accounts	(350.00)
Ending Balance for Customer Deposit Fund	<u>59,987.51</u>
 <b>LAIF FUND</b>	
Beginnin Balance	7,208,921.66
Quarterly Interest	<u>10,722.51</u>
Ending Balance for LAIF	<u>7,219,644.17</u>
 <b>CAMP FUND</b>	
Beginning Balance Sewer (Zone 1) Capital Improv Account	113,246.81
Monthly Interest Earned	63.25
Ending Balance Camp Federal Security Account	<u>113,310.06</u>
 Beginning Balance Sewer (Zone 1) Reserves Account	 224,040.88
Monthly Interest Earned	125.13
Ending Balance CAMP Federal Security Account	<u>224,166.01</u>
 <b>Cal TRUST-INVESTMENT</b>	
Beginning Balance Sewer (Zone 1) Medium-Term Account	2,322,420.59
Income Distribution	1,926.07
Unrealized GAIN (Loss)	(4,602.66)
Ending Balance Cal TRUST	<u>2,319,744.00</u>
 <b>New Balance as of October 31, 2016</b>	 <b><u>10,044,707.40</u></b>



# Castroville Community Services District

## List of Checks for October 2016

Date	Number	Name	Memo	Amount
10/3/2016	23741	CalPERS-Health	Employees Health Benefits	\$ 9,542.96
10/3/2016	23743	Lidia Santos	CSDA Per Diem for Meals	\$ 140.00
10/3/2016	23744	NCRPD	Extended Recreation Services	\$ 27,087.25
		continued	Tax Measure: July, Aug, Sept 216	\$ 22,500.00
10/3/2016	23745	Cardmember Service-Eric	Breaker for Well #3	\$ 716.13
10/4/2016	23746	Castroville Auto Parts	Battery for Crane Truck	\$ 132.52
10/4/2016	23747	Exxon Mobile	Fuel for Trucks	\$ 450.59
10/4/2016	23748	GreatAmerica Financial Svcs	Lease of Sorter & Postage Machine	\$ 461.72
10/4/2016	23749	Principal Life Insurance	Employees Life Insurance	\$ 89.55
10/13/2016	23750	California Water Service Company	Water Service at Moro Cojo	\$ 78.72
10/13/2016	23751	Carmel Marina Corporation	Garbage Disposal Fees	\$ 30.21
10/13/2016	23752	Green Line	Lift Station Maintenance-Sea Garden	\$ 740.00
10/13/2016	23753	HD Supply Waterworks	Registers and some Meters	\$ 5,295.04
10/13/2016	23754	Lidia Santos	CSDA Travel Reimbursement	\$ 256.09
10/13/2016	23755	Life Support Controls	Well 5 & Sea Garden-SCADA	\$ 2,194.00
10/13/2016	23756	PERS-Employer Contribution	Bi-Weekly Retirement Benefits	\$ 1,292.82
10/13/2016	23757	Praxair Distribution Inc.	Well Site Supplies	\$ 82.50
10/13/2016	23758	Xerox Corporation	Quarterly Fee for Copies Made	\$ 57.50
10/13/2016	23759	Redshift Internet Service	Monthly Internet Service	\$ 69.99
10/13/2016	23760	Visa-Eric	Office Supplies & Misc.	\$ 116.24
10/13/2016	23761	Visa-Lidia	Operator Cellular Phones	\$ 76.86
			Monthly Web Net Service	\$ 124.95
10/13/2016	23762	Visa-Roberto	Well Site Supplies	\$ 146.29
	23763-			
10/13/2016	23767	District Employees'	Bi-Weekly Net Payroll	\$ 9,642.34
10/13/2016	23768	EDD	Bi-Weekly Payroll Taxes	\$ 769.91
10/13/2016	23769	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,088.58
10/13/2016	23770	VALIC	Bi-Weekly Deferred Comp	\$ 1,265.00
10/14/2016	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 4,614.18
10/10/2016	23771	My Chevrolet, Inc.	Repair 2006 Chevrolet	\$ 787.76
10/18/2016	23772	ACWA/JPIA	Employees Life Insurance	\$ 958.49
10/18/2016	23773	Adriana Melgoza	CSDA Hotel Reimbursement	\$ 605.19
10/18/2016	23774	Monterey Bay Air Resources Dist	Annual Permit Fees for Generators	\$ 334.00
10/18/2016	23775	Monterey County Sherriff's Dept.	Alarm Response Fee	\$ 50.00
10/18/2016	23776	Noland, Hamerly, Etienne, Hoss	Legal Fees	\$ 92.75
10/18/2016	23777	Pacific Gas & Electric	Steel Garage	\$ 15.04
		continued	Lift Stations Zone 1 & 2	\$ 1,165.59
		continued	Lift Stations-Zone 3	\$ 885.01
10/18/2016	23778	Ronald J. Stefani	CSDA Hotel/Mileage Reimbursement	\$ 666.75
10/27/2016	23779	ACWA/JPIA	Annual Auto & General Liability Pyt	\$ 16,783.00
10/27/2016	23780	Adriana Melgoza	10/18/2016 Board Meeting	\$ 100.00
10/27/2016	23781	Agee Electric, Inc.	Repair Breaker at Well Site #3	\$ 450.00
10/27/2016	23782	All Safe Security Alarm	Quarterly Alarm Monitoring Services	\$ 168.00
10/27/2016	23783	Aramark	Operator Uniforms and Mats	\$ 342.96
10/27/2016	23784	Betty MacMillan	10/18/2016 Board Meeting	\$ 100.00
10/27/2016	23785	Castroville Hardware	Parts & Supplies	\$ 508.85
10/27/2016	23786	Community Tree Services, Inc.	Remove Tree at Well Site	\$ 950.00
10/27/2016	23787	GreatAmerica Financial Svcs	Postage for Billing	\$ 923.44
10/27/2016	23788	HD Supply Waterworks	Registers for Meters	\$ 3,867.77
10/27/2016	23789	James R. Cochran Jr.	10/18/2016 Board Meeting	\$ 100.00
10/27/2016	23790	M.R.W.P.C.A.	Bi-Monthly Sanitation Fees	\$ 21.50
10/27/2016	23791	Miguel Garcia-Expense	Monthly Cell Phone Reimbursement	\$ 25.00

76/93

Date	Number	Name	Memo	Amount
10/27/2016	23792	MNS Engineers	Engineer Fees for Various Tasks	\$ 6,622.50
10/27/2016	23793	Monterey County Tax Collector	Annual Property Taxes Bills	\$ 686.72
10/27/2016	23794	Pacific Gas & Electric	Well Sites	\$ 8,966.99
		continued	Office	\$ 185.65
		continued	Street Lights Zone 1 & 2	\$ 3,994.66
10/27/2016	23795	PERS-Employer Contribution	Bi-Weekly Retirement Benefits	\$ 1,292.82
10/27/2016	23796	Praxair Distribution Inc.	Well Site Supplies	\$ 187.61
10/27/2016	23797	Ronald J. Stefani	10/18/2016 Board Meeting	\$ 100.00
10/27/2016	23798	Silvestre Montejano	10/18/2016 Board Meeting	\$ 100.00
10/27/2016	23799	Sprint	Long Distance Telephone Service	\$ 43.25
10/27/2016	23800	Tokay Software	Annual Maintenance Agreement	\$ 270.00
10/27/2016	23801	Willdan Financial Services	Assessment & User Admin Fees	\$ 1,111.78
	23802-			
10/27/2016	23806	District Employees'	Bi-Weekly Net Payroll	\$ 9,720.38
10/27/2016	23807	EDD	Bi-Weekly Payroll Taxes	\$ 774.71
10/27/2016	23808	PERS -Employees' Contribution	Bi-Weekly Retirement Benefits	\$ 1,088.58
10/27/2016	23809	VALIC	Bi-Weekly Deferred Comp	\$ 1,265.00
10/28/2016	1	Electronic Federal Tax Payment	Bi-Weekly Payroll Taxes	\$ 4,567.54
<b>Total General Fund-Checking</b>				<b>\$ 159,941.23</b>
Customer Deposit Fund				
10/31/2016	3709	Martin Morales	Deposit Refund	\$ 25.56
10/31/2016	3710	Pat Melo	Deposit Refund	\$ 18.46
10/31/2016	3711	Leslie Garcia	Deposit Refund	\$ 36.18
10/31/2016	3712	Castroville CSD	October Closures	\$ 269.80
<b>Total Customer Deposit Fund</b>				<b>\$ 350.00</b>

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# Calendar for Year 2016 (United States)

<p><b>January</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2</p> <p>3 4 5 6 7 8 9</p> <p>10 11 12 13 14 15 16</p> <p>17 18 19 20 21 22 23</p> <p>24 25 26 27 28 29 30</p> <p>31</p> <p>2:● 9:● 16:○ 23:○ 31:○</p>	<p><b>February</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3 4 5 6</p> <p>7 8 9 10 11 12 13</p> <p>14 15 16 17 18 19 20</p> <p>21 22 23 24 25 26 27</p> <p>28 29</p> <p>8:● 15:○ 22:○</p>	<p><b>March</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3 4 5</p> <p>6 7 8 9 10 11 12</p> <p>13 14 15 16 17 18 19</p> <p>20 21 22 23 24 25 26</p> <p>27 28 29 30 31</p> <p>1:○ 8:● 15:○ 23:○ 31:○</p>
<p><b>April</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2</p> <p>3 4 5 6 7 8 9</p> <p>10 11 12 13 14 15 16</p> <p>17 18 19 20 21 22 23</p> <p>24 25 26 27 28 29 30</p> <p>7:● 14:○ 22:○ 29:○</p>	<p><b>May</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3 4 5 6 7</p> <p>8 9 10 11 12 13 14</p> <p>15 16 17 18 19 20 21</p> <p>22 23 24 25 26 27 28</p> <p>29 30 31</p> <p>6:● 13:○ 21:○ 29:○</p>	<p><b>June</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3 4</p> <p>5 6 7 8 9 10 11</p> <p>12 13 14 15 16 17 18</p> <p>19 20 21 22 23 24 25</p> <p>26 27 28 29 30</p> <p>4:● 12:○ 20:○ 27:○</p>
<p><b>July</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2</p> <p>3 4 5 6 7 8 9</p> <p>10 11 12 13 14 15 16</p> <p>17 18 19 20 21 22 23</p> <p>24 25 26 27 28 29 30</p> <p>31</p> <p>4:● 11:○ 19:○ 26:○</p>	<p><b>August</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3 4 5 6</p> <p>7 8 9 10 11 12 13</p> <p>14 15 16 17 18 19 20</p> <p>21 22 23 24 25 26 27</p> <p>28 29 30 31</p> <p>2:● 10:○ 18:○ 24:○</p>	<p><b>September</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3</p> <p>4 5 6 7 8 9 10</p> <p>11 12 13 14 15 16 17</p> <p>18 19 20 21 22 23 24</p> <p>25 26 27 28 29 30</p> <p>1:● 9:○ 16:○ 23:○ 30:●</p>
<p><b>October</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1</p> <p>2 3 4 5 6 7 8</p> <p>9 10 11 12 13 14 15</p> <p>16 17 18 19 20 21 22</p> <p>23 24 25 26 27 28 29</p> <p>30 31</p> <p>9:○ 16:○ 22:○ 30:●</p>	<p><b>November</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3 4 5</p> <p>6 7 8 9 10 11 12</p> <p>13 14 15 16 17 18 19</p> <p>20 21 22 23 24 25 26</p> <p>27 28 29 30</p> <p>7:○ 14:○ 21:○ 29:●</p>	<p><b>December</b></p> <p>Su Mo Tu We Th Fr Sa</p> <p>1 2 3</p> <p>4 5 6 7 8 9 10</p> <p>11 12 13 14 15 16 17</p> <p>18 19 20 21 22 23 24</p> <p>25 26 27 28 29 30 31</p> <p>7:○ 13:○ 20:○ 29:●</p>

Holidays:					
Jan 1	New Year's Day	Jul 4	Independence Day	Nov 24	Thanksgiving Day
Jan 18	Martin Luther King Day	Sep 5	Labor Day	Dec 25	Christmas Day
Feb 15	Presidents' Day	Oct 10	Columbus Day (Most regions)	Dec 26	'Christmas Day' observed
May 30	Memorial Day	Nov 11	Veterans Day		

Calendar generated on [www.timeanddate.com/calendar](http://www.timeanddate.com/calendar)

**CASTROVILLE COMMUNITY  
SERVICES DISTRICT**

**Auditors' Reports  
Financial Statements  
And  
Supplemental Information**

*For the Year Ended  
June 30, 2016*



**HINRICHER, DOUGLAS & PORTER, LLP**  
*Certified Public Accountants*

**Castroville Community Services District**  
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June 30, 2016

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**Castroville Community Services District**  
**ORGANIZATION**  
June 30, 2016

**GOVERNING BOARD OF DIRECTORS**

<u>Name</u>	<u>Office</u>
Ron Stefani	President
Silvestre Montejano	Vice-President
Adriana Melgoza	Director
James R. Cochran	Director
Betty MacMillan	Director

**ADMINISTRATION**

Eric Tynan	General Manager
Lidia Santos	Board Secretary/Office Manager



# Castroville Community Services District



11499 Geil Street  
CASTROVILLE, CA 95012

## Management's Discussion and Analysis

As management of the Castroville Community Services District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Castroville Community Services District for the fiscal year ended June 30, 2016. The Castroville Community Services District's financial management is responsible for preparing the Management's Discussion and Analysis section.

The Castroville Community Services District was formerly the Castroville Water District, a special district formed in 1952 under the County Water District Act for the purpose of installing, operating, and distributing a water supply for the community of Castroville. In May of 2006 the District assumed the assets and liabilities for the sewer and storm drain from CSA 14. In February of 2008 the Castroville Water District and CSA 14 were merged to create the Castroville Community Services District that resulted in acquiring additional services such as street lighting, recreational funding, open space, and street maintenance.

At this time, Monterey County and the community of Castroville are following the Castroville Community Plan, a plan that guides development in Castroville for the next twenty years. This plan would more than double the size of Castroville, adding an additional 1,655 residential units, 40 new light industrial facilities, 50,000 square feet of commercial development, and a new light rail commuter train station.

In summary, the District with all the new services acts much like a small city government, which was in response to the community wanting more local control and accountability. With this merger, the District has tripled its area, and quadrupled its reserves.

### ENTERPRISE-WATER OPERATIONS

Presently, the District serves more than 7,250 customers through 2,145 water connections in the community of Castroville, which is located in the northern Salinas Valley in Monterey County. The District provides approximately 820 acre-feet of water annually to government, commercial, and residential customers. The District operates four domestic water production wells and the estimated capacity of all four wells is approximately 5 million gallons per day. The water system encompasses approximately 13 miles of pipeline and includes two water storage tanks with a capacity of 1.1 million gallons. Monitoring wells are strategically placed along the coast to monitor water quality and groundwater levels in the aquifers that make up our water supply. All wells are sampled for over 180 constituents including but not limited to: chlorides, nitrates, total dissolved solids, static water level, and sodium. At this time, the District receives 75 percent of its water from the 400-foot aquifer but has drilled a new well, Well #5 at Well Site #2 that supplies 25 percent of our water from the 900-foot or "deep" aquifer. Unfortunately, this well has arsenic at 23 ppb, and the limit is 10 ppb per the State Water Resource Control Board. A filtration unit has been installed to meet the lower standard by Conco West, Inc and overseen by MNS Engineers. The District's cost for the arsenic treatment system was approximately \$1,250,000 and this treated water is being blended with the existing Well #2 at this site to bring the blended water below the 10 ppb level. The District has been awarded a grant for \$581,000 from the California Department of Water Resources from Prop 84 measure to facilitate treatment of this source which has been finalized as of April 2016. The District completed a 218 measure to raise fees over the next 5 years to guarantee funding of current needs and future projects.

Historically, the District has been wary of salt-water intrusion of its source aquifers. There has been little or no movement in the Castroville area of the salt-water contour since 1997. We believe this is due at least in part to the Castroville Seawater Intrusion Project (CSIP). Wells #2 and well #3 were starting to show signs of seawater intrusion and have been modified to seal off the upper perforations that allowed chlorides to exceed the 500 mg/l limit. The wells now have chlorides of 63 mg/l and 435 mg/L respectively both which are below the secondary standard of 500 mg/L. Unfortunately, the current drought has drawn down our wells to historic levels which exacerbates salt water intrusion. Additionally, the District is keeping an eye on the Salinas River Diversion Facility (SRDF), which started up in 2013, but due to the drought, was shut down last year. When the SRDF is up and running it is expected that up to 15 supplemental wells will be retired around Castroville. When the SRDF is again operational the results could be twofold: reduced pumping could help restore the aquifer and some of the supplemental agriculture wells may be available for urban usage in the future.

Due to the drought the SRDF has not been able to produce water and the results are that the supplemental wells have continued to draw down the aquifer that Castroville depends on. It is conceivable that the District could lose Well #3 to salt water intrusion in the coming year. In addition, the District is looking at Desalination options. In 2014 the District signed a Memorandum of Intent with Deepwater Desal. The District is also considering a water purchase agreement that would access Desal water from the California American Desal Project. The District would purchase the Desal water from CalAm at a price based on the cost of pumping from its current wells. This purchased water would be used in lieu of pumping our wells in the hope it would help preserve the local aquifers and help halt seawater intrusion. The Castroville Community Services District has passed a 218 measure to increase water rates in anticipation of more expensive source water supplies. Finally, the District is applying for Proposition 1 funding with the California Department of Water Resources for a grant to help get technical and advisory funds to facilitate a system hydraulic study for improving system performance and identify need improvements and upgrades such as a new pipeline to the Marina Desal Plant and need tie-ins for tank filling through the distribution system and additional storage from a new 600,000 gallon storage tank.

#### **ENTERPRISE-SEWER OPERATIONS**

The District assumed the responsibilities and assets for sewer and storm drain activities on May 1, 2006 from County Service Area 14 (CSA 14). The sewer system incorporates 18 miles of main lines and five lift stations, two located in Castroville (Zone 1) and the other two located in Zone 2. Along with these systems the District acquired a jetter truck, utility truck with a crane, and cash reserves. The District has a large reserve fund balance as a result of the sale of a wastewater treatment facility a number of years ago by Castroville Sanitation District to the Monterey Regional Water Pollution Control Agency (MRWPCA); this fund itself generates additional income in the form of interest on principal. The proceeds and interest earned from the sale of the wastewater treatment facility are used to maintain, operate, repair, and construct sewer facilities in Zone 1 necessary to connect to the MRWPCA treatment facilities. For this reason, no sewer user fees are assessed for Castroville (Zone 1) at this time. Also, a new lift station was installed in the new Sea Garden apartments and came on-line in September 2013.

Moro Cojo (Zone 2) is assessed user fees for sewer. Monte Del Lago Mobile Home Park and North Monterey County High School are also assessed user fees for sewer. In 2016 the District proceeded with a 218 measure to increase user fees starting in 2017 for the next five years.

In 2011 the District contracted with the County to provide operation and emergency response services to the Moss Landing County Sanitation District. In July of 2014 the District consolidated with the Moss Landing County Sanitation District creating Zone 3. Since acquiring the Moss Landing system the District has installed a state of the art remote control and monitoring system, replaced 3 damaged manholes and plugged the stormdrain inlets of 7 residences on Struve Road that caused a cross connection with the sewer system. Sewer fees for Moss Landing (Zone 3) are collected by the Monterey Regional Water Pollution Control Agency and then sent to Castroville Community Services District.

Furthermore, throughout the three sewer service areas broken or damaged sewer mains and manholes were repaired or replaced, which has resulted in a much more efficient and less costly operation and maintenance program. In addition, a SCADA system control was installed that greatly increased the District's ability to monitor and respond to all lift station trending, alarms or other concerns. Finally, the force mains in Zone 1 were all "pigged" in 2008 to clear them of debris. The lift pumps were also repaired or replaced at all the lift stations.

#### **ENTERPRISE-STORM DRAIN OPERATIONS**

Storm Drain user fees are assessed for both Castroville (Zone 1) and Moro Cojo (Zone 2). The storm drain system includes approximately 16 miles of main lines, four Vortec units, and one hundred seventy-eight catch basins. All basins were labeled with "Don't Dump, Flows to Bay." Currently, the District cleans the storm drain basins as needed as well as contracting with a private company for street sweeping as needed to help keep debris from plugging the storm drain system. In September of 2013, the Union Street Storm Drain Project was completed in coordination with Monterey County Public Works. The District installed the basins and pipe and Monterey County Public Works put in the street, curb and gutter. Finally, the Union alley storm drain and Rico Street storm drains were also installed.

#### **GOVERNMENTAL-STREET LIGHTS**

Street light user fees are assessed for both Castroville (Zone 1) and Moro Cojo (Zone 2). The District is responsible for the electrical cost of these street lights to PG&E. Street lights are not metered and instead charged a flat rate fee, therefore, it is important that the District notify PG&E when a street light needs to be repaired. This fiscal year, all but 26 street lights were upgraded by PG&E to LED's. The resulting saving of approximately 60% will be used over the next few years to pay back the retrofit by PG&E. The District has also replaced the lights, ballasts, and hardware on the crossover walkway in Zone 1. A few years ago, a bulb-out was installed at the Castroville overhead sign to protect it from truck damage.

## GOVERNMENTAL-OPEN SPACE

Only Moro Cojo (Zone 2) is assessed user fees for open space. The District is only responsible for open space maintenance on approximately 3 acres fronting the Moro Cojo subdivision (Zone 2). This maintenance is performed twice a year and contracted out to the North County Recreation and Park District.

## GOVERNMENTAL-STREET MAINTENANCE

Only Moro Cojo (Zone 2) is assessed user fees for street maintenance. All streets were resurfaced and stop lines and limit lines stenciled for the streets in Moro Cojo during fiscal year 2013-14. For fiscal year 2015-2016, damaged street signs were replaced and graffiti was painted over.

## GOVERNMENTAL-RECREATIONAL SERVICES

Recreational Services are extended services authorized to be provided by the District. The District can either provide services to its residents directly or may contract with another public agency to provide such services. Recreational funding is routed through the North County Recreation and Park District (NCRPD). Funds for NCRPD had been paid by CSA 14 before it was dissolved. Recreational funding is provided by ad valorem property tax revenues collected for Castroville (Zone 1). For fiscal year ended June 30, 2015, \$101,325 was provided to NCRPD for recreational funding of which \$1,325 was applied towards the tax measure. Currently, the CCSD is helping the NCRPD with a tax measure to get them more fully funded. Armanasco Public Relations was contracted with to help facilitate outreach for the tax measure by the NCRPD. For clarification, revenues taxes used to pay NCRPD comes from ad valorem property taxes and may be used for any purpose the District is authorized to perform including Recreational funding.

## CAPITAL IMPROVEMENTS

This fiscal year the District completed the following capital improvement projects:

- Installed new Arsenic treatment system on Well#5 at Well Site #2
- Installed new security camera system
- Purchased a new generator for Moss Landing-Sewer Zone 3

**Overview of the Financial Statements.** This discussion and analysis are intended to serve as an introduction to the Castroville Community Services District's basic financial statements. The Castroville Community Services District's basic financial statements comprise four components:

- 1) government-wide financial statements,
- 2) governmental fund financial statements
- 3) proprietary fund financial statements, and
- 4) Notes to the financial statements.

The financial statements presented here include all the activities of the Castroville Community Services District. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the financial report present the District together with any component units that it has. The District has no component units as described in the GASB Statement.

This report also contains other supplementary information in addition to the basic financial statements themselves. In addition, there are several different types of financial statements within the first three groups identified above.

### ***Government-wide financial statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the Castroville Community Services District finances, in a manner similar to a private-sector business. These government-wide financial statements can be found on pages 11-12 of this report. This statement presents a measure of all assets, liabilities, revenues, expenses, gains, and losses using the economic resources measurement focus using the accrual basis of accounting.

The *statement of net assets* presents information on all of the Castroville Community Services District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Castroville Community Services District is improving or deteriorating.

The *statement of activities* presents information showing how the entity's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows (inflows and outflows of cash) in future fiscal periods (e.g., earned but unused vacation leave).

The activities of the Castroville Community Services District are conducted by the District; governed by its own five-person board of directors who are responsible for policy decisions, which govern the operations of the District.

### ***Governmental fund financial statements***

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Castroville Community Services District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Castroville Community Services District uses enterprise fund types of proprietary funds for its business type activities. The Castroville Community Services District uses governmental funds types for its governmental type activities. The Castroville Community Services District uses governmental funds to account for its street light, open space, and street maintenance operations. Ad valorem property taxes are used for recreational services. In addition, as mentioned earlier, revenue from ad valorem property taxes may be used for any purpose the Castroville Community Services District is authorized to perform.

Governmental funds are used to report the same functions presented as governmental-type activities in the government-wide financial statements. The Castroville Community Services District uses governmental funds to account for its general government and recreation activities. Governmental funds financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Governmental funds provide the same type of information as the government-wide financial statements, only in more detail. The governmental fund financial statements provide separate information for the general government and recreation activities of the Castroville Community Services District.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

### ***Proprietary fund financial statements***

Enterprise funds are used to report the same functions presented as business-type activities. The Castroville Community Services District uses enterprise funds to account for its water, sewer and storm drain operations.

The proprietary fund financial statements provide separate information for the water, sewer, and storm drain operations, which are considered to be the major funds of the Castroville Community Services District. Proprietary funds financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The basic proprietary fund financial statements can be found on pages 15-18 of this report.

### ***Notes to the financial statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements can be found on pages 19-33 of this report.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Castroville Community Services District's progress in funding its obligations. Required supplementary information can be found on pages 34-39 of this report.

### ***Government-wide Financial Analysis -- Overall Financial Position***

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Castroville Community Services District, assets exceeded liabilities by \$16,251,625 at the close of the most recent fiscal year.

By far the largest portion of the Castroville Community Services District's net assets \$9,185,152 (60 percent) reflects unrestricted net assets may be used to meet the District's ongoing obligations to citizens and creditors. An additional portion of the Castroville Community Services District's net assets \$6,439,169 (35 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. The Castroville Community Services District uses these capital assets to provide services to citizens of Castroville. Consequently, these assets are not available for future spending. Although the Castroville Community Services District's investment in its capital assets is reported net of related debt, it is not a spendable resource. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net assets of \$627,304 (5 percent), are restricted for special revenue projects and for the Monterey County Assessment Bond.

**Castroville Community Services District**  
**Table 1**  
**Net Assets**

Description	Governmental -Type Activities		Enterprise - Type Activities	
	2016	2015	2016	2015
Cash and other assets	\$ 558,740	\$ 654,370	\$ 9,973,713	\$ 10,040,681
Capital assets	-	-	6,545,169	5,425,101
Deferred Outflows	-	-	48,192	18,884
Total assets	\$ 558,740	\$ 654,370	\$ 16,567,074	\$ 15,484,666
Other liabilities	\$ 10,538	\$ 1,665	\$ 602,621	\$ 628,307
Long-term liabilities outstanding	-	-	85,000	106,000
Deferred Inflows	-	-	176,030	132,943
Total liabilities	\$ 10,538	\$ 1,665	\$ 863,651	\$867,250
Net assets:				
Investment in Capital Assets	\$ -	\$ -	\$ 6,439,169	\$ 5,299,101
Restricted	548,202	652,705	79,102	77,212
Unrestricted	-	-	9,185,152	9,241,103
Total net assets	548,202	652,705	15,703,423	14,617,416
Total Liabilities and Net Assets	\$ 558,740	\$ 654,370	\$ 16,567,074	\$ 15,484,666

At the end of the current fiscal year, the Castroville Community Services District is able to report positive balances in its net assets. The same situation held true for the prior fiscal year.

**Castroville Community Services District**  
**Table 2**  
**Changes in Net assets**

Description	Governmental -Type Activities		Enterprise-Type Activities	
	2016	2015	2016	2015
Program revenues:				
Fines, fees and charges for services	\$ 68,214	\$ 67,231	\$ 1,151,833	\$ 1,179,601
Operating grants	2,122	1,246	-	-
Other general revenues	-	-	1,382,573	724,168
Total Revenues	70,336	68,477	2,534,406	1,903,769
Expenses	( 174,839)	(146,761)	(1,448,399)	(1,351,196)
Transfers in (out)	-	-	-	-
Change in net assets	( 104,503)	( 78,284)	1,086,007	552,573
Net Assets, beginning, as restated	652,705	730,989	14,617,416	14,064,843
Net Assets, Ending	\$ 548,202	\$ 652,705	\$ 15,703,423	\$ 14,617,416

The District's Governmental-type activities net assets decreased in 2016 as they also did in 2015. The primary reason is that funds were provided to North County Recreation and Park District to provide extended recreation and park services. The Business-type activity reflects an increase in net assets in 2016 as compared to 2015. The primary reason for this difference is that in 2015 higher than anticipated general revenue were received due to the dissolution of redevelopment agencies.

*Proprietary funds.* The Castroville Community Services District's proprietary funds provide the same type of information found in the government wide financial statements, but in a classified format. The reason they are similar is that business type activities in the government-wide financial statements are presented on the economic resources measurement same as the Proprietary funds presented in the fund level financial statements.

**Financial Highlights**

The assets of the Castroville Community Services District exceeded its liabilities at the close of the most recent fiscal year by \$15,703,423 (*net assets*) in its business-type activities and \$548,202 for the governmental-type activities.

The Castroville Community Services District's total liabilities decreased primarily due to the \$21,000 reduction in long-term obligations.

**Analysis of balances and transactions of funds**

The District is a multi-purpose, proprietary entity, and as such, maintains multiple fund types and thus there are interfund balances. The analysis of balances is shown in tables one and two of this report, and in the section labeled "Financial Highlights." For further detailed information refer to "Statement of Activities" on page 12, which reflects changes in net assets as well Zone 2, Governmental Fund remains in good shape.

**Analysis of variations between original and final budget amounts**

The District adopts its budget in accordance with California law. It is District policy to not modify the budget in total, although certain reallocations of expenditures may occasionally be made. The budget is adopted on a projected cash flow basis. It reflects items such as repayment of debt principal and projected capital expenditures as cash outflows that are not recognized as expenses under Generally Accepted Accounting Principles.

Budget variances are reviewed by District management on an ongoing basis as part of the financial management of the District. Budget variances during the year ended June 30, 2016 for Governmental activity consisted of:

Account	Budget	Actual	Variance	Explanation
Revenues:				
Investment Earnings	\$ -	\$ 2,122	\$ 2,122	Interest earned with LAIF
Charges for Services	67,000	68,214	1,214	Slightly over budgeted amount
<b>Total Revenues:</b>	<b>67,000</b>	<b>70,336</b>	<b>3,336</b>	
Expenditures:				
Street, St Lights & Open Space	66,750	64,579	2,171	Cost under budget for these services
Recreation	120,000	110,260	9,740	Certain funds allocated for tax measure
<b>Total Expenditures:</b>	<b>186,750</b>	<b>174,839</b>	<b>11,911</b>	
Excess (Deficiency) of Revenues Over Expenditures	\$(119,750)	\$(104,503)	\$ 15,247	

**Capital Asset and Debt Administration**

**Capital assets.** The Castroville Community Services District's investment in capital assets for its business type activities as of June 30, 2016, amounts to \$6,287,269 (net of accumulated depreciation). Investment in capital assets includes, water equipment, pumping equipment, lift station improvements, system improvements to storm drains and building improvements. The development of the new well, Well 5 (formerly Well 2b) is still in progress. Additionally, the District also acquired the Moss Landing sanitation system as of July 1, 2014. Still, the District had a slightly greater investment in capital assets this year in comparison to last fiscal year.

**Castroville Community Services District  
Table 3  
Capital Assets  
(Net of depreciation)**

Major capital asset events during the current fiscal year included the following:

	2016	2015
Construction in progress	\$ -	\$ 1,396,921
Sewer Equipment and Vehicles	889,964	820,358
Buildings and Improvements	659,082	659,082
Project, Wells, and Pipes	10,099,288	7,359,940
	\$ 11,648,334	\$ 10,236,301

Additional information on the Castroville Community Services District's capital assets can be found in Note 3 on page 26.

**Long-term debt.** At the end of the current fiscal year, the Castroville Community Services District had total debt outstanding of \$106,000 comprised of improvement bonds. The Sewer Revenue Bond of 1983 for Moss Landing (Zone 3) has been paid in full.

**Castroville Community Services District  
Table 4  
Outstanding Debt  
General Obligation and Revenue Bonds**

Description	2016	2015
Castroville Water Project Assessment District	\$ 106,000	\$ 126,000
Totals	\$ 106,000	\$ 126,000

Additional information on the Castroville Community Services District's long-term debt can be found in Note 6 on page 27.

**Infrastructure Assets**

The District has adopted the recommended approach of GASB Statement No. 34 with regard to infrastructure assets. All identifiable infrastructure assets have been capitalized at their purchase cost, estimated value for contributed or donated assets, or estimated cost for those items expensed in prior years and not previously capitalized.

**Economic Factors and Next Year's Rates:**

- The unemployment rate for Monterey County in which Castroville Community Services District is located is currently 6.3 percent, which is a decrease of 0.7 percent from a rate of 7.0 percent a year ago. This is comparable to the state's average unemployment rate at 6.2 percent but higher than the national average rate of 5.3 percent
- The District is raising water rates in 2017.

All of these factors were considered in preparing the Castroville Community Services District's budget for the 2015/2016 fiscal year.

The District is required to adopt a budget by California law. Before the Districts adopts its budget, notice is hereby given that the preliminary budgets of the Castroville Community Services District of Monterey County for the fiscal year will be considered for adoption by the Board of Directors and are available at the following time and place within the District for inspection by interested taxpayers.

**Requests for Information**

This financial report is designed to provide a general overview of the Castroville Community Services District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Castroville CSD, 11499 Geil Street, Castroville, CA 95012.

**Board of Directors**  
Castroville Community Services District  
Castroville, CA

### **Independent Auditors' Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Castroville Community Services District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Castroville Community Services District, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.



### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2-8 and 36-39 and the Required Supplemental Information on pages 34-35 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November \_\_, 2016, on our consideration of the District's internal control over financial reporting, compliance with laws and regulation and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November \_\_, 2016

# Castroville Community Services District

## Statement of Net Position

June 30, 2016

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	\$ 558,039	\$ 6,793,503	\$ 7,351,542
Restricted Cash	-	79,102	79,102
Investments	-	2,323,462	2,323,462
Accounts Receivable	-	68,318	68,318
Interest Receivable	701	9,928	10,629
Grant Receivable	-	579,512	579,512
Supplies Inventory	-	27,687	27,687
Prepaid Expenses	-	9,120	9,120
Organizational Costs	-	83,081	83,081
	<u>558,740</u>	<u>9,973,713</u>	<u>10,532,453</u>
Capital Assets			
Nondepreciable,	-	205,610	205,610
Depreciable, <i>Net</i>	-	6,339,559	6,339,559
Total Capital Assets	-	<u>6,545,169</u>	<u>6,545,169</u>
Deferred Outflows of Resources	-	48,192	48,192
<b>Total Assets</b>	<u>\$ 558,740</u>	<u>\$ 16,567,074</u>	<u>\$ 17,125,814</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 10,538	\$ 57,973	\$ 68,511
Accrued Payroll	-	86,134	86,134
Refundable Deposits	-	63,096	63,096
Net Pension Liability	-	325,423	325,423
OPEB Liability	-	48,995	48,995
Long-term Debt			
Due within one year	-	21,000	21,000
Due in more than one year	-	85,000	85,000
Deferred Inflows of Resources	-	176,030	176,030
<b>Total Liabilities</b>	<u>10,538</u>	<u>863,651</u>	<u>874,189</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	-	6,439,169	6,439,169
Restricted for:			
Monterey County Assessment Bond	-	79,102	79,102
Special Revenue Projects	548,202	-	548,202
Total Restricted Net Assets	<u>548,202</u>	<u>79,102</u>	<u>627,304</u>
Unrestricted Net Assets	-	9,185,152	9,185,152
Total Net Assets	<u>\$ 548,202</u>	<u>\$ 15,703,423</u>	<u>\$ 16,251,625</u>
<b>Total Liabilities and Net Assets (memo only)</b>	<u>\$ 558,740</u>	<u>\$ 16,567,074</u>	<u>\$ 17,125,814</u>

See Auditors' Report

The Notes to Financial Statements Are An Integral Part of This Statement

# Castroville Community Services District

## Statement of Activities

For the year ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Operating Expenses	Fines, Fees and Charges for Services	Operating Grants	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>						
Streets, Street Lights and Open Space	\$ 64,579	\$ 68,214	\$ -	\$ 3,635	\$ -	\$ 3,635
Public Works	-	-	2,122	2,122	-	2,122
Recreation	110,260	-	-	(110,260)	-	(110,260)
<i>Total Governmental Activities</i>	<u>174,839</u>	<u>68,214</u>	<u>2,122</u>	<u>(104,503)</u>	<u>-</u>	<u>(104,503)</u>
<b>Business-type Activities:</b>						
Water	857,896	812,885	-	-	(45,011)	(45,011)
Sewer	470,969	158,996	-	-	(311,973)	(311,973)
Moss Landing	119,534	179,952	-	-	60,418	60,418
<i>Total Business-type Activities</i>	<u>1,448,399</u>	<u>1,151,833</u>	<u>-</u>	<u>-</u>	<u>(296,566)</u>	<u>(296,566)</u>
<b>Total Primary Government</b>	<u>1,623,238</u>	<u>1,220,047</u>	<u>2,122</u>	<u>(104,503)</u>	<u>(296,566)</u>	<u>(401,069)</u>
<b>General Revenues:</b>						
Property Taxes				-	205,244	205,244
Investment Earnings				-	74,427	74,427
Miscellaneous				-	1,102,902	1,102,902
<b>Total General Revenues</b>				<u>-</u>	<u>1,382,573</u>	<u>1,382,573</u>
<b>Change in Net Assets</b>				(104,503)	1,086,007	981,504
<b>Net Assets-Beginning</b>				<u>652,705</u>	<u>14,617,416</u>	<u>15,270,121</u>
<b>Net Assets-Ending</b>				<u>\$ 548,202</u>	<u>\$ 15,703,423</u>	<u>\$ 16,251,625</u>

See Auditors Report

The Notes to Financial Statements Are An Integral Part of This Statement

**Castroville Community Services District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2016**

	<u>Zone 1</u> <u>Castroville</u>	<u>Zone 2</u> <u>Moro Cojo</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 389,477	\$ 168,562	\$ 558,039
Interest Receivable	511	190	701
Total Assets	<u>\$ 389,988</u>	<u>\$ 168,752</u>	<u>\$ 558,740</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 9,374	\$ 1,164	\$ 10,538
Total Liabilities	<u>9,374</u>	<u>1,164</u>	<u>10,538</u>
<b>FUND BALANCES</b>			
Special Revenue Fund	380,614	167,588	548,202
Total Fund Balances	<u>380,614</u>	<u>167,588</u>	<u>548,202</u>
Total Liabilities and Fund Balances	<u>\$ 389,988</u>	<u>\$ 168,752</u>	<u>\$ 558,740</u>

**Castroville Community Services District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

	Zone 1 Castroville	Zone 2 Moro Cojo	Total Governmental Funds
<b>REVENUES</b>			
User Fees	\$ 33,880	\$ 34,334	\$ 68,214
Interest Income	2,122	-	2,122
Total Revenues	<u>36,002</u>	<u>34,334</u>	<u>70,336</u>
<b>EXPENDITURES</b>			
Current:			
Streets, Street Lights and Open Space	43,288	21,291	64,579
Recreation	110,260	-	110,260
Total Expenditures	<u>153,548</u>	<u>21,291</u>	<u>174,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(117,546)</u>	<u>13,043</u>	<u>(104,503)</u>
OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(117,546)	13,043	(104,503)
BEGINNING FUND BALANCES	498,160	154,545	652,705
ENDING FUND BALANCES	<u>\$ 380,614</u>	<u>\$ 167,588</u>	<u>\$ 548,202</u>

## Castroville Community Services District

### Statement of Net Position - Proprietary Funds

June 30, 2016 with Comparative 2015 Totals

#### ASSETS

	6/30/2016				6/30/2015
	Water Castroville	Sewer Castroville & Moro Cojo	Sewer Moss Landing	Total	
<b><u>CURRENT ASSETS</u></b>					
Cash and Cash Equivalents	\$ 2,019,108	\$ 376,868	\$ 39,576	\$ 2,435,552	\$ 2,758,949
Cash and Cash Equivalents, Designated for Capital Additions	110,751	3,782,052	401,151	4,293,954	4,636,026
Investments	-	2,323,462	-	2,323,462	2,286,493
Cash - Designated for Customer Deposits	62,096	1,901	-	63,997	63,874
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$1,200	38,971	-	29,347	68,318	85,791
Interest Receivable	2,760	6,616	552	9,928	6,373
Grant Receivable	579,512	-	-	579,512	-
Due From Other Fund	-	191,000	-	191,000	213,000
Supplies Inventory	24,694	2,993	-	27,687	30,591
Prepaid Expenses	4,104	4,104	912	9,120	8,169
<b>Total Current Assets</b>	<b>2,841,996</b>	<b>6,688,996</b>	<b>471,538</b>	<b>10,002,530</b>	<b>10,089,266</b>
<b><u>NON-CURRENT ASSETS</u></b>					
Property Plant and Equipment, Net of Accumulated Depreciation, Note 3	4,822,209	1,357,591	365,369	6,545,169	4,028,180
Construction in Progress	-	-	-	-	1,396,921
<b>Total Property, Plant and Equipment</b>	<b>4,822,209</b>	<b>1,357,591</b>	<b>365,369</b>	<b>6,545,169</b>	<b>5,425,101</b>
<b><u>RESTRICTED ASSETS</u></b>					
Cash and Cash Equivalents (Restricted)	79,102	-	-	79,102	77,212
<b>Total Restricted Assets</b>	<b>79,102</b>	<b>-</b>	<b>-</b>	<b>79,102</b>	<b>77,212</b>
<b><u>OTHER ASSETS</u></b>					
Organizational Costs, Net of Accumulated Amortization of \$40,588	-	83,081	-	83,081	87,203
<b>Total Other Assets</b>	<b>-</b>	<b>83,081</b>	<b>-</b>	<b>83,081</b>	<b>87,203</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred Outflows of Resources	21,687	21,686	4,819	48,192	18,884
<b>Total Deferred Outflows of Resources</b>	<b>21,687</b>	<b>21,686</b>	<b>4,819</b>	<b>48,192</b>	<b>18,884</b>
<b>Total Assets</b>	<b>\$ 7,764,994</b>	<b>\$ 8,151,354</b>	<b>\$ 841,726</b>	<b>\$ 16,758,074</b>	<b>\$ 15,697,666</b>
Adjustment for elimination of interfund loan between Sewer and Moss Landing funds for consolidation purposes				(191,000)	
<b>Net Position of Business-Type Activities</b>				<b>\$ 16,567,074</b>	

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financials Statements

**Castroville Community Services District**  
**Statement of Net Position - Proprietary Funds (continued)**  
 June 30, 2016 with Comparative 2015 Totals

**LIABILITIES AND NET ASSETS**

	6/30/2016				6/30/2015
	Water Castroville	Sewer Castroville & Moro Cojo	Sewer Moss Landing	Total	
<b><u>CURRENT LIABILITIES</u></b>					
Accounts Payable	\$ 21,334	\$ 3,826	\$ 32,813	\$ 57,973	\$ 37,934
Accrued Payroll	39,536	38,495	8,103	86,134	82,168
Due to Other Fund	-	-	191,000	191,000	213,000
Customer Deposits	61,195	1,901	-	63,096	62,976
Current Note Payable	21,000	-	-	21,000	20,000
Other Post Employment Benefits	32,503	16,492	-	48,995	48,995
Total Current Liabilities	<u>175,568</u>	<u>60,714</u>	<u>231,916</u>	<u>468,198</u>	<u>465,073</u>
<b><u>LONG-TERM LIABILITIES</u></b>					
Bonds Payable	85,000	-	-	85,000	106,000
Net Pension Liability	146,440	146,440	32,543	325,423	376,234
Total Long-Term Liabilities	<u>231,440</u>	<u>146,440</u>	<u>32,543</u>	<u>410,423</u>	<u>482,234</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred Inflows of Resources	79,213	79,214	17,603	176,030	132,943
Total Deferred Inflows of Resources	<u>79,213</u>	<u>79,214</u>	<u>17,603</u>	<u>176,030</u>	<u>132,943</u>
Total Liabilities	<u>486,221</u>	<u>286,368</u>	<u>282,062</u>	<u>1,054,651</u>	<u>1,080,250</u>
<b><u>NET ASSETS</u></b>					
Invested in Capital Assets, Net of Related Debt	4,716,209	1,357,591	365,369	6,439,169	5,299,101
Restricted for Monterey County Assessment Bond	79,102	-	-	79,102	77,212
Unrestricted	2,483,462	6,507,395	194,295	9,185,152	9,241,103
Total Net Assets	<u>\$ 7,278,773</u>	<u>\$ 7,864,986</u>	<u>\$ 559,664</u>	<u>\$ 15,703,423</u>	<u>\$ 14,617,416</u>
Total Liabilities and Net Assets	<u>\$ 7,764,994</u>	<u>\$ 8,151,354</u>	<u>\$ 841,726</u>	<u>\$ 16,758,074</u>	<u>\$ 15,697,666</u>
Adjustment for elimination of interfund loan between Sewer and Moss Landing funds for consolidation purposes Net Position of Business-Type Activities				(191,000)	
				<u>\$ 16,567,074</u>	

**Castroville Community Services District**  
**Statement of Activities - Proprietary Funds**  
For the Year Ended June 30, 2016 with Comparative 2015 Totals

	6/30/2016				6/30/2015
	Water Castroville	Sewer Castroville & Moro Cojo	Sewer Moss Landing	Total	
<b><u>OPERATING REVENUES</u></b>					
Water Sales	\$ 810,834	\$ -	\$ -	\$ 810,834	\$ 831,348
Property Tax and User Fees	-	273,164	267,860	541,024	516,600
New Service and Connection Fees	2,051	3,168	-	5,219	4,697
ROPS Pass-Through Income	-	453,290	-	453,290	464,051
Other Revenues	633,573	16,039	-	649,612	77,072
Total Operating Revenues	<u>1,446,458</u>	<u>745,661</u>	<u>267,860</u>	<u>2,459,979</u>	<u>1,893,768</u>
<b><u>OPERATING EXPENSES</u></b>					
General Operation Expenses					
Depreciation Expense	217,702	76,775	23,872	318,349	298,373
Payroll and Related Expenses	74,447	73,003	18,075	165,525	173,325
Utility Expense	87,480	-	-	87,480	85,735
Water and Sewer Line Expenses	14,270	21,525	-	35,795	24,944
General Operations	33,370	3,378	1,010	37,758	20,934
Meter Expenses	15,510	-	-	15,510	6,538
Automobile Expenses	2,178	5,670	1,712	9,560	13,722
Lift Station Expenses	-	15,439	11,696	27,135	30,238
Well Site Expenses	15,768	-	-	15,768	15,476
Storm drain Expenses	-	7,715	-	7,715	7,124
Hydrant Expenses	325	-	-	325	866
Administrative Expenses					
Payroll and Related Expenses	215,031	203,672	42,489	461,192	453,953
Consulting Expenses	93,814	19,419	14,407	127,640	44,944
Office Expenses	24,220	13,360	3,000	40,580	46,261
Retirement Plan Contributions	14,162	11,227	-	25,389	64,727
Billing Expenses	23,948	-	-	23,948	13,317
Insurance Expense	10,812	10,812	2,403	24,027	23,210
Utility Expenses	3,895	4,082	870	8,847	7,910
Bond, Loan and Certificate Expense	-	770	-	770	1,592
Bad Debts	1,981	-	-	1,981	555
Total Operating Expenses	<u>848,913</u>	<u>466,847</u>	<u>119,534</u>	<u>1,435,294</u>	<u>1,333,744</u>
<b><u>NON-OPERATING REVENUES and (EXPENSES)</u></b>					
Interest Revenue	36,531	36,618	1,278	74,427	10,001
Amortization of Investment Discount	-	(4,122)	-	(4,122)	(4,122)
Bond Issue Cost Amortization	-	-	-	-	(311)
Interest on Long-Term Debt	(6,300)	-	-	(6,300)	(7,250)
Debt Administration Costs	(2,683)	-	-	(2,683)	(5,769)
Total Non-operating Revenues (Expenses)	<u>27,548</u>	<u>32,496</u>	<u>1,278</u>	<u>61,322</u>	<u>(7,451)</u>
Net Income Before Transfers	<u>625,093</u>	<u>311,310</u>	<u>149,604</u>	<u>1,086,007</u>	<u>552,573</u>
<b><u>TRANSFERS</u></b>					
	<u>625,093</u>	<u>311,310</u>	<u>149,604</u>	<u>1,086,007</u>	<u>552,573</u>
<b><u>CHANGE IN NET ASSETS</u></b>					
<b><u>NET ASSETS</u></b>					
Net Assets, Beginning of Year	6,653,680	7,553,676	410,060	14,617,416	14,064,843
Net Assets, End of Year	<u>\$ 7,278,773</u>	<u>\$ 7,864,986</u>	<u>\$ 559,664</u>	<u>\$ 15,703,423</u>	<u>\$ 14,617,416</u>

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financial Statements



**Castroville Community Services District**  
**Statement of Cash Flows - Proprietary Funds**  
For the Year Ended June 30, 2016 with Comparative 2015 Totals

	6/30/2016				6/30/15
	Water Castroville	Sewer Castroville & Moro Cojo	Sewer Moss Landing	Total	
<b><u>Cash Flows From Operating Activities:</u></b>					
Cash Received from Customers	\$ 823,155	\$ 276,332	\$ 275,063	\$ 1,374,550	\$ 1,320,916
Other Cash Receipts	54,061	491,329	-	545,390	328,123
Cash Paid to Suppliers for Services and Inventories	(367,025)	(129,762)	(7,361)	(504,148)	(373,991)
Cash Paid to Employees for Services	(287,700)	(274,895)	(60,156)	(622,751)	(620,382)
Net Cash Provided By Operations	<u>222,491</u>	<u>363,004</u>	<u>207,546</u>	<u>793,041</u>	<u>654,666</u>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>					
Debt Administration Costs	(2,683)	-	-	(2,683)	(5,769)
Interest on Long Term Debt	(6,300)	-	-	(6,300)	(7,250)
Payment and Current maturities of Long-Term Debt	(21,000)	-	(22,000)	(43,000)	(41,000)
Net Cash (Used) By Non-Capital Financing Activities	<u>(29,983)</u>	<u>-</u>	<u>(22,000)</u>	<u>(51,983)</u>	<u>(54,019)</u>
<b><u>Cash Flows from Capital Financing Activities:</u></b>					
Purchase of Property and Equipment	(1,389,478)	(17,316)	(31,623)	(1,438,417)	(118,384)
Additions to Construction in Progress	-	-	-	-	(100,892)
Net Cash (Used) By Non-Capital Financing Activities	<u>(1,389,478)</u>	<u>(17,316)</u>	<u>(31,623)</u>	<u>(1,438,417)</u>	<u>(219,276)</u>
<b><u>Cash Flows Provided (Used) by Investing Activities:</u></b>					
Purchase of Investments	-	(36,969)	-	(36,969)	(12,515)
Interest Earned on Operating Funds	36,053	34,002	817	70,872	34,753
Net Cash Flows Provided (Used) by Investing Activities	<u>36,053</u>	<u>(2,967)</u>	<u>817</u>	<u>33,903</u>	<u>22,238</u>
Net Increase (Decrease) in Cash	(1,160,917)	342,721	154,740	(663,456)	403,609
Cash and Cash Equivalents at Beginning of Year	3,431,974	3,818,100	285,987	7,536,061	7,132,452
Cash and Cash Equivalents at End of Year	<u>\$ 2,271,057</u>	<u>\$ 4,160,821</u>	<u>\$ 440,727</u>	<u>\$ 6,872,605</u>	<u>\$ 7,536,061</u>
<b><u>Cash at End of Year is Composed of:</u></b>					
Cash, <i>Restricted</i>	\$ 79,102	\$ -	\$ -	\$ 79,102	\$ 77,212
Cash, <i>Unrestricted</i>	2,191,955	4,160,821	440,727	6,793,503	7,458,849
Total Cash	<u>\$ 2,271,057</u>	<u>\$ 4,160,821</u>	<u>\$ 440,727</u>	<u>\$ 6,872,605</u>	<u>\$ 7,536,061</u>
<b><u>Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities</u></b>					
Operating Income (loss)	\$ 597,545	\$ 278,814	\$ 148,326	\$ 1,024,685	\$ 560,024
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	217,702	76,775	23,872	318,349	298,373
Changes in assets and liabilities:					
Accounts Receivable	10,270	22,000	7,203	39,473	(244,729)
Grant Receivable	(579,512)	-	-	(579,512)	-
Prepaid Expenses	(428)	(428)	(95)	(951)	966
Supplies Inventory	2,834	70	-	2,904	1,824
Deferred Outflows	(13,189)	(13,188)	(2,931)	(29,308)	(18,884)
Accrued Payroll and Related Items	1,778	1,780	408	3,966	6,896
Deposits	120	-	-	120	(355)
Accounts Payable	(12,153)	656	31,536	20,039	23,057
Net Pension Liability	(22,865)	(22,865)	(5,081)	(50,811)	(106,449)
Deferred Inflows	19,389	19,390	4,308	43,087	132,943
Note Payable	1,000	-	-	1,000	1,000
Net Cash Provided (Used) by Operating Activities	<u>\$ 222,491</u>	<u>\$ 363,004</u>	<u>\$ 207,546</u>	<u>\$ 793,041</u>	<u>\$ 654,666</u>

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financial Statements

**Castroville Community Services District**  
Notes to Financial Statements  
For the Year Ended June 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Description of Operations:**

Castroville Community Services District (the "District") is authorized by California Government Code Sections 6100 et seq. The District provides water, sewer, storm drain, street lights, open space, street maintenance and recreational services to residential and commercial customers in and around the Township of Castroville, California and sewer services for Moss Landing, California.

The District has defined its reporting entity in accordance with GASB Statement No. 14, "The Financial Reporting Entity," which provides guidance for determining which governmental activities, organizations, and functions should be included in its reporting entity. The District's reporting entity includes all significant operation and revenue sources which the District Board of Directors exercises oversight responsibility. Oversight responsibility is determined on the basis of selection of the governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service.

**Basis of Presentation:**

The Castroville Community Services District's financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Government-wide Statements:** The *Statement of Net Assets* and the *Statement of Activities* display information about the primary government (the District). These statements include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities*, which are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which are financed, in whole or in part, by fees charged to external parties.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds. Separate statements for fund categories – *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Financial reporting is based upon all Governmental Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements. The District reported the following major funds in the accompanying financial statements:

Zone 1 Water Fund (Proprietary) – This fund accounts for all of the District's water resources.

Zone 1 and 2 Sewer Fund (Proprietary) – This Fund accounts for all of the District's sewer operations.

Zone 3 Sewer Fund Moss Landing (Proprietary) – This Fund accounts for all of the Moss Landing sewer operations.

Zone 1 Castroville (Governmental) – This fund accounts for the income and expenditures related to street lighting and recreation activities in Zone 1.

Zone 2 (Governmental) – This fund accounts for the income and expenditures related to the open space, street lighting, and Streets activities in Zone 2.

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):***

#### **Basis of Accounting:**

The Castroville Community Services District uses the accrual method of accounting for financial statement reporting purposes. Under the accrual method revenues are recognized when they are earned, and expenses are recognized when they are incurred.

#### **Reporting Entity:**

The District's reporting entity includes all significant operation and revenue sources for which the District Board of Directors exercises oversight responsibility as determined under the criteria established by the National Council on Governmental Accounting Statement No. 3, as adopted by FASB. Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. The financial statements of Castroville Water District include the financial activities of the District as well as transactions made by the fiscal agent under authority granted by the District in various resolutions authorizing the issuance of improvement bonds and water certificates. The District is exempt from federal income and state franchise taxes.

As of July 1, 2014, the District has consolidated with the Moss Landing County Sanitation District and as a result all financial assets of the Moss Landing County Sanitation District have been transferred to the District. Also as a result of the consolidation the District paid off the Moss Landing Sewer Bond in the amount of \$234,946.

#### **Cash and Cash Equivalents:**

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. The District maintains bank accounts at financial institutions located within the Counties of Monterey and San Francisco.

Cash and cash equivalents are summarized as follows:

	<u>2016</u>
FDIC Insured Accounts	\$ 313,766
Funds in County Treasury	79,102
Funds in CAMP	336,773
Funds in LAIF	6,700,203
Petty Cash	800
Total Cash	<u>\$ 7,430,644</u>

It is the District's policy to maintain all investments in insured accounts in the District's name. Assessments in excess of estimated current bond requirements of the District are deposited in the Local Agency Investment Fund. Said cash earns interest based on the fund's prorata share of the cash in the fund. In accordance with the Governmental Accounting Standards Board Statement 3 (i.e., Deposits with Financial Institutions, GASB 3), the cash is to be categorized to indicate the level of credit risk assumed by the Fund at year end. Substantially, all investments are insured or registered and held by the Fund or its agent in the agent's nominee name, with subsidiary records listing the Fund as the legal owner. Accordingly, said cash investment would be included in "Category 1" as defined by GASB 3. See Note 2 for further discussion of Cash & Cash Equivalents.

#### **Investments**

In December 2012, the District entered into an agreement with the CalTrust Joint Powers Authority to invest in the CalTrust Money Market Fund. The fair market value of the District's investment in the CalTrust Medium Term Fund at June 30, 2016 was \$2,323,462. The District's investment policy is based upon the provisions of the California Government Code commencing with Section 53600 governing the investments of local agency funds and deposits of public monies.

#### **Accounts Receivable:**

Accounts receivable as reflected in the financial statements are from customers whose property is located within the County of Monterey. Accounts receivable consists of amounts due from customers for water and sewer charges.

#### **Supplies Inventories**

Inventories are valued at cost, which approximates market. The District's inventory consists of parts and components for wells, lift stations and other infrastructure kept onsite.

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):***

#### **Interfund Transfers:**

Expenses are allocated between the Water Fund (45%), Sewer Fund (45%) and Moss Landing Sewer fund (10%). All expenses are paid out of the Water Fund's checking account. These expenses are shown as Interfund Transfers on the Statement of Net Activities.

#### **Interfund Balances:**

On the fund financial statements, interfund loans are classified as "due to/from other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position.

#### **Capital Assets:**

Minor expenditures for renewals and betterments are charged to expense. Major expenditures for renewals and betterments are capitalized. In cases where assets are donated to the District, construction costs or estimated market values are recorded. Costs of assets sold, retired or otherwise disposed of have been eliminated from the accounts, and gains or losses on disposition are included in operations.

The cost of property and equipment is depreciated over the estimated lives of the assets from date of acquisition based on the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Lives</u>
Buildings and Improvements	5-35 years
Water Equipment, and Vehicles	3-30 years
Sewer Equipment, and Vehicles	3-50 years
Hydrants	10-45 years
Meters	5-30 years
Projects, Wells, and Pipes	10-40 years
SCADA System	5 years
Telemetry System	5-7 years

#### **Compensated Absences:**

The District has recorded an accrual for compensated absences in accordance with the District's policy of paying for unused vacation time of employees. Sick leave is not included in the accrual as the District does not pay for unused sick time upon employee termination.

Employees earn vacation leave after six months of continuous employment as follows:

<u>Time of Employment</u>	<u>Accrual of Vacation Leave</u>
Six months to one year	40.00 hours earned
One to five years	6.67 hours per month
Five to ten years	10.00 hours per month
Ten or more years	13.33 hours per month

#### **Customer Deposits:**

New customers are required to provide deposits for service. The customer deposits held by the District are refunded upon termination of service or on written request after one year.

#### **Restricted and Designated Assets:**

Certain cash and investments of the District are classified as restricted because their uses are limited by commitments to customers for service deposits and to bondholders in accordance with bond covenants. Also, certain assets are classified as designated due to the Board of Directors designation for capital additions.

#### **Capital Asset Contributions**

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed. There were no assets donated to the District during the year.

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):***

#### **Long-Term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the Proprietary Fund Type Statement of Net Assets. Debt principal payments are reported as decreases in the balance of the liability on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

#### **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Net Assets/Fund Equity**

The financial statements are presented using the net asset method. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Assets – This category presents external restrictions on net assets imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – This category represents net assets of the District not restricted for any project or other purpose.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred on debt issued to finance construction is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

#### **Fund Balances – Governmental Funds**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances of the governmental funds are classified as follows:

***Non-spendable*** – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

***Committed*** – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

***Assigned*** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the district's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

***Unassigned*** – contains all other spendable amounts.

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Fund Balances – Governmental Funds (continued)**

The District applies restricted resources first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the district considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**Revenues – Operating:**

Revenues, such as charges for services, result from exchange transactions, in which each party gives and receives essentially equal value. On an accrual basis, revenue from charges for service is recognized in the period in which the service has been completed. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

**Revenues – Non-operating:**

Revenues that result from non-exchange transactions or ancillary activities in which the District receives value without directly giving equal value in return, include investment earnings, subsidies, property taxes and ROPS revenues. On an accrual basis, non-exchange transactions is recognized in the period in which the ancillary activity takes place.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Significant items in the District’s financial statements subject to such estimates and assumptions include the valuations of the Net Pension Liability. The Net Pension Liability is reported to the District by CalPERS and as of the date of the financial statements the report is not completed. However a preliminary estimate was provided by CalPERS in September 2015 and management believes this estimate will not materially change in the future.

**NOTE 2 – CASH AND INVESTMENTS:**

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposits or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all public agency deposits. Under California law this collateral remains with the institution but is held in the District’s name and places the District ahead of general creditors of the institution.

Cash and Investments at June 30, 2016 are classified on the Financial Statements as follows:

Statement of Net Assets	Water Fund	Sewer Fund	Moss Landing Fund	Governmental Funds	Total
Cash and Investments	\$ 2,191,955	\$ 6,484,283	\$ 440,727	\$ 558,039	\$ 9,675,004
Restricted Cash and Investments	79,102	-	-	-	79,102
Total Cash and Investments	<u>\$ 2,271,057</u>	<u>\$ 6,484,283</u>	<u>\$ 440,727</u>	<u>\$ 558,039</u>	<u>\$ 9,754,106</u>

The District’s Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District. The following also identifies certain provisions of the District and California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

**NOTE 2 – CASH AND INVESTMENTS, continued:**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligation	5 years	N/A	100%	No Limit
U.S. Agency Securities	5 years	N/A	100%	No Limit
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A-I	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Repurchase Agreements	1 year	N/A	100%	No Limit
Reverse Repurchase Agreements	92 days	N/A	20%	No Limit
Demand Deposits	N/A	Highest Category	20%	10%
Medium Term Notes	5 years	A	30%	No Limit
Money Market Mutual Funds	N/A	Highest Category	20%	10%
Asset-Backed Securities	5 years	AA	20%	No Limit
State of California Obligations	5 years	N/A	100%	No Limit
Local Agency Investment Fund	N/A	N/A	\$50 million account	No Limit

The District must maintain required amounts of cash and investments with trustees or fiscal agents based on the terms of their debt agreements. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under the debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes.

The table below identifies the investment types that are authorized for investments held by fiscal agents.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>
Local District Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State of California Obligations	5 years	None	100%
California Local District Obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Bankers Acceptances	180 days	None	40%
Commercial Paper	270 days	A1/P1/F1	25%
Negotiable Certificates of Deposit	5 years	None	30%
Repurchase Agreements	1 year	Various	None
Reverse Repurchase Agreements	92 days	A	20% of Base
Medium Term Notes	5 years	Various	30%
Money Market Mutual Funds	N/A	None	20%
Collateralized Bank Deposits	5 years	AA	None
Mortgage Pass-Through Securities	5 years	None	20%
Time Deposits	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Country Pooled Investment Funds	N/A	None	None
Non-Negotiable Certificates of Deposit	1 year	None	100%

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity the more sensitive the investment is to market fluctuations.

## Castroville Community Services District

### Notes to Financial Statements

For the Year Ended June 30, 2016

**NOTE 2 – CASH AND INVESTMENTS (continued):**

The sensitivity of the District's investments is summarized by the following table. This table shows the maturity terms of the District's investments.

Investment Type	12 Months or Less	13 to 24 Months	Total
LAIF	\$ 6,700,203	\$ -	\$ 6,700,203
CAMP	336,773	-	336,773
Monterey County Investment Pool	79,102	-	79,102
CalTrust	-	2,323,462	2,323,462
Total Cash Equivalents and Investments	\$ 7,116,078	\$ 2,323,462	9,439,540
Cash in Bank and on Hand			314,566
Total Cash and Investments			\$ 9,754,106

**Local Agency Investment Fund (LAIF)**

The Local Agency Investment Fund was created by statute and began in 1977. The Local Agency Investment Fund is a voluntary program for California local governments and special districts. The Fund is administered by the California State Treasurer, and is enabled by Section 16429.1 et seq. of the California Government Code.

All securities purchased within LAIF are purchased under the authority of Government Code Section 16430 and 16480.4. All investments are purchased at market and a market valuation is conducted monthly. All District deposits with LAIF are available on demand.

**California Asset Management Program (CAMP)**

The California Asset Management Program is a Joint Powers Authority formed in 1989 by treasurers and finance directors of several local government agencies to provide professional investment services to California public agencies at a reasonable cost. CAMP offers investors the option of investing in either the CAMP money market portfolio, which is rated AAAM by Standard & Poor's, or other individually managed portfolios.

**CalTrust Medium Term Fund**

CalTrust is a Joint Powers Authority formed by the CSAC Finance Corporation and the League of California Cities to provide a convenient method for local agencies to pool their assets for investment. CalTrust offers local agencies the option of investing in either the Money Market, Short-Term or Medium-Term accounts, which are rated AAA by Standard & Poor's.

**Credit Risk**

Credit risk is measured by nationally recognized statistical agencies such as Standard & Poor's. Credit risk is simply the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The below table shows the credit ratings of the Districts Cash and Investments.



# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

**NOTE 2 – CASH AND INVESTMENTS (continued):**

Investment Type	Rating as of Year-End		Total	% of Total
	AAA	AAAm		
Monterey County Pool	\$ 79,102	\$ -	\$ 79,102	1%
CAMP Money Market Fund	-	336,773	336,773	3%
CalTrust Medium-Term Fund	2,323,462	-	2,323,462	24%
Total Cash Equivalents	<u>\$ 2,402,564</u>	<u>\$ 336,773</u>	<u>2,739,337</u>	
<b>Not Rated:</b>				
LAIF			6,700,203	69%
Cash in Bank and on Hand			<u>314,566</u>	3%
Total Cash and Investments			<u>\$ 9,754,106</u>	

**NOTE 3 – CAPITAL ASSETS:**

**Capital assets at June 30, 2016 comprise:**

	June 30, 2015	Additions	Dispositions	June 30, 2016
<i>Capital assets not being depreciated:</i>				
Land	\$ 205,610	\$ -	\$ -	\$ 205,610
Construction in Progress	1,396,921	-	(1,396,921)	-
Total Capital Assets not being Depreciated	<u>1,602,531</u>	<u>-</u>	<u>(1,396,921)</u>	<u>205,610</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	659,082	-	-	659,082
Water Equipment, and Vehicles	448,640	13,050	-	461,690
Sewer Equipment and Vehicles	820,358	17,316	-	837,674
Hydrants	37,292	-	-	37,292
Meters	353,862	4,604	-	358,466
Projects, Wells, and Pipes	7,359,940	2,739,348	-	10,099,288
Telemetry System	173,095	61,020	-	234,115
Total Capital Assets being Depreciated	<u>9,852,269</u>	<u>2,835,338</u>	<u>-</u>	<u>12,687,607</u>
<i>Less: Accumulated Depreciation:</i>				
Buildings and Improvements	(281,004)	(13,212)	-	(294,216)
Water Equipment, and Vehicles	(383,339)	(10,162)	-	(393,501)
Sewer Equipment and Vehicles	(520,385)	(100,644)	-	(621,029)
Hydrants	(23,839)	(894)	-	(24,733)
Meters	(154,403)	(11,897)	-	(166,300)
Projects, Wells, and Pipes	(4,493,634)	(181,436)	-	(4,675,070)
Telemetry System	(173,095)	(104)	-	(173,199)
Total Accumulated Depreciation	<u>(6,029,699)</u>	<u>(318,349)</u>	<u>-</u>	<u>(6,348,048)</u>
Net Capital Assets being Depreciated	<u>3,822,570</u>	<u>2,516,989</u>	<u>-</u>	<u>6,339,559</u>
Business-Type Activity Capital Assets, Net	<u>\$ 5,425,101</u>	<u>\$2,516,989</u>	<u>\$(1,396,921)</u>	<u>\$ 6,545,169</u>

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

**NOTE 4 – GRANT RECEIVABLE:**

The District has been awarded a grant for \$581,000 from the California Department of Water Resources from the Proposition 84 Measure to facilitate treatment of arsenic at Well Site #2.

**NOTE 5 – DUE TO/FROM OTHER FUND:**

As a result of the consolidation with the Moss Landing Sanitation District in July 2014, the District’s sewer fund has paid the USDA Bond obligation of the Moss Landing Sanitation District in the amount of \$234,000. Therefore the total amount of the bond or \$234,000 was due from the Moss Landing Sewer Fund to the Zone 1 Sewer Fund. As of June 30, 2016, \$191,000 was due from the Moss Landing Sewer fund to the Zone 1 Sewer fund.

**NOTE 6 - LONG-TERM DEBT:**

Long-term debt and related current maturities as of June 30, 2016, were as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Current</u> <u>Portion</u>
Castroville Water Project					
Assessment District Bonds	\$ 126,000	\$ -	\$ 20,000	\$ 106,000	\$ 21,000
Total Business-Type Activity Debt	<u>\$ 126,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 106,000</u>	<u>\$ 21,000</u>

**Castroville Water Project Assessment District Bonds**

On March 10, 1982 the District issued Water Project Assessment District Bonds, Series 1982-1 in the amount of \$465,000 at 5%, payable in semi-annual installments every January and July, maturing in 2021.

**Debt Service Requirements**

The annual requirements to amortize the principal and interest of the above long-term debt as of June 30, 2016 are outlined below.

<b>Years Ending June 30,</b>	<b>Total Debt Service</b>		
	<u>Prinicpal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 21,000	\$ 5,300	\$ 26,300
2017	22,000	4,250	26,250
2018	23,000	3,150	26,150
2019	24,000	2,000	26,000
2020	16,000	800	16,800
	<u>\$ 106,000</u>	<u>\$ 15,500</u>	<u>\$ 121,500</u>

**NOTE 7 - DEFINED BENEFIT PENSION PLAN:**

**Plan Description**

The District contributes to the California Public Employee's Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. PERS acts as a common investment and administrative agent for all participating public entities within the State of California. Benefit Provisions and other requirements are established by state statute. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The District's plan is of the "Miscellaneous 2% at 60 Risk Pool" and "2% at 62 Risk Pool". Those employees who first established CalPERS membership prior to January 1, 2013 without a break in service greater than six months participate in the "Miscellaneous 2% at 60 Risk Pool". Employees hired on or after January 1, 2013 who participate in CalPERS for the first time and also those employees not eligible for reciprocity with another California public retirement system participate in the "Miscellaneous 2% at 62 Risk Pool". The employer contribution rate for those participating in the Miscellaneous 2% at 60 Risk Pool is 7% and the employer contribution rate for those employees participating in the Miscellaneous 2% at 62 Risk Pool is 6.5%.

**Castroville Community Services District**  
Notes to Financial Statements  
For the Year Ended June 30, 2016

**NOTE 7 - DEFINED BENEFIT PENSION PLAN, (continued):**

**Benefits Provided**

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the one of the following: the Basic Death Benefit, the Post-Retirement Survivor Allowance or the Optional Settlement 2W Death Benefit.

**Employees Covered**

Active	5
Transferred	2
Retired	3

**Funding Policy**

All full-time District employees must participate in PERS, based on state statute. The Plan requires participants to contribute an amount of 7% or 6.5% of their annual covered salary determined by actuarial valuation and which plan applies to employees as described in the paragraph above. The contribution rate for the 2013-14 fiscal year was 8.181% for those employees hired prior to January 1, 2013 and 6.70% for those employees hired on or after January 1, 2013 of annual covered payroll. For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan was \$8,937, respectively.

**Pension Liability, Pension Expense and Deferred Outflow/Inflows of Resources Related to Pension**

The District's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2014 was \$376,234 and June 30, 2015 was \$325,423. For the year ended June 30, 2016, the District recognized pension expense of \$8,937. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

Deferred Outflows/Inflows of Resources Summary at June 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 45,969	\$ -
Differences between actual and expected experience	2,224	-
Changes in assumptions	-	21,038
Net differences between projected and actual earnings on pension plan investments	-	10,547
Changes in employer's proportion	-	105,103
Adjustment due to Differences in Proportions	-	39,342
<b>Total</b>	<b>\$ 48,193</b>	<b>\$ 176,030</b>

**Castroville Community Services District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN, (continued):**

A total of \$45,969 and \$34,697 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016, respectively. The schedule of future pension expense is as follows:

Year Ended	Total
June 30	Total
2017	\$ (68,750)
2018	(67,387)
2019	(51,151)
2020	13,482
	\$ (173,806)

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	Miscellaneous
Measurement Date	June 30, 2014
Actuarial Cost Method	June 30, 2015
Actuarial Assumptions:	Entry Age Normal
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	(1)
Payroll Growth	3%
Investment Rate of Return	7.5% (2)
Retirement Age	(3)
Mortality	(4)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment and administrative expense
- (3) The probabilities of Retirement are based upon the 2010 CalPERS Experience Study for the period from 1997 to 2007.
- (4) The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**Castroville Community Services District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN, (continued):**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:**

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Proportionate Share of Pension Liability Summary				
Rate Plan	Proportionate Share of Net Pension Liability (Asset)	% of PERF-C	% of Miscellaneous Pool	
1221	\$ 325,608	0.00474%	0.01187%	
26787	(184)	0.00000%	-0.00001%	
0	-	0.00000%	0.00000%	
0	-	0.00000%	0.00000%	
Total	<u>\$ 325,424</u>	<u>0.00474%</u>	<u>0.01186%</u>	

	Discount Rate - 1% (6.65%)	Current Discount Rate	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/(Asset)	\$ 662,248	\$ 325,424	\$ 47,337

**Pension Plan Fiduciary Net Position:**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

**NOTE 7 - DEFINED BENEFIT PENSION PLAN, (continued):**

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period

**NOTE 8 - SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:**

The District maintains bank accounts at various financial institutions. The balances of these accounts may occasionally exceed the FDIC insured amount of \$250,000.

**NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN:**

The District has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The annual required contribution (ARC) was \$16,011 for the year ended June 30, 2016. The District has established an irrevocable trust in CalPERS California Employees Retiree Benefit Trust fund. The ARC was paid in full. Therefore, there is no increase to the OPEB Obligation during this year. The accumulated obligation at June 30, 2016 was \$48,995.

**Plan Description**

The post-employment benefit plan (the plan) is a multi-employer defined benefit healthcare plan administered by California Public Employees Retirement System (CalPERS). The plan offers lifetime medical benefits to certain eligible participants. Employees hired before January 1, 2013, that are at least 50 years of age upon retirement and have a total of 20 years of services with the District shall be eligible for 100% retiree health benefits for themselves and their qualified dependents upon retirement. Employee's hired on or after January 1, 2013, are at least 52 years of age upon retirement will receive the minimum employer contribution for health benefits upon retirement with CalPERS.

# Castroville Community Services District

## Notes to Financial Statements

For the Year Ended June 30, 2016

**NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN (continued):**

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the District’s Board of Directors. The Employer’s Contribution for each employee shall be the amount necessary to pay the full cost of his/her enrollment including the enrollment of family members in a health benefits plan or plans up to a maximum of total premium per month. The District is required to contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover a period not to exceed thirty years.

**Annual OPEB Cost and Net OPEB Obligation**

For fiscal year ended on June 30, 2016, the District’s annual OPEB cost (expense) is calculated based on ARC of the employer, an amount actuarially determined in accordance with GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover *normal* cost and to *amortize* the unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed and changes to the Districts’ net OPEB Obligation to the Plan.

	<b>For the year ended June 30, 2016</b>
Annual required contributions	\$ 16,011
Contributions made	16,011
Increase in net OPEB obligation	-
Net OPEB Obligation, beginning of the year	48,995
Net OPEB Obligation, end of the year	\$ 48,995

The District’s annual OPEB expense, contribution, percentage of annual OPEB expense contributed to the plans, and the net OPEB obligation for fiscal years 2014 through 2016 were as follows:

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2014	\$ 24,626	\$ 24,626	100%	\$ 48,995
6/30/2015	\$ 16,012	\$ 16,011	100%	\$ 48,995
6/30/2016	\$ 16,012	\$ 16,011	100%	\$ 48,995

**Funded Status and Funding Progress**

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality and health care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan are increasing or decreasing over time relative to the accrued liabilities for benefits.

**Actuarial Method and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefit provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

**Castroville Community Services District**  
Notes to Financial Statements  
For the Year Ended June 30, 2016

**NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN (continued):**

For the year ended on June 30, 2016, the most recent actuarial valuation, the entry age actuarial cost method was used in the actuarial valuation. The District has seven eligible participants in total and six active employees that are eligible for the plan. Since the Plan includes fewer than 100 employees, GASB Statement No. 45 provides an alternate allowable method.

Actuarial Cost Method	Entry Age Normal
Valuation Date	7/1/2015
Inflation Rate	2.75% per year
Discount Rate	7.20%
Trend Rate	4.00%
Payroll Growth Rate	2.75%
Retirement Rates	CalPERS retirement rates for the 2%@60 Rates for Miscellaneous Employees
Turnover Assumptions	CalPERS turnover for Miscellaneous employees for all employees

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November \_\_, 2016, the date which the financial statements were available for issue, and has determined that there are no additional adjustments and/or disclosures required.



# Castroville Community Services District

## Required Supplemental Information

For the Year Ended June 30, 2016

Last 10 Years \*

### *SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE*

Fiscal Year		2015-16
Measurement Period		2014-15
Entity's proportion of net pension liability (asset)		0.00474%
Entity's proportionate share of net pension liability (asset)	\$	325,424
Entity's covered-employee payroll (Measurement Year)	\$	457,015
Entity's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		71.21%
Plan's fiduciary net position as a percentage of the Plan's total pension liability		78.40%
Proportionate share of the aggregate employer contributions	\$	74,295

\*-Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

### *SCHEDULE OF PLAN CONTRIBUTIONS*

Fiscal Year Ended	2016	2015	2014
Contractually required contributions (actuarially determined) (CRC)	\$ 45,969	\$ 34,697	\$ 32,063
Contributions in relation to CRC	(45,969)	(34,697)	(32,063)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 454,888	\$ 457,015	\$ 420,797
Contributions as a percentage of covered-employee payroll	10.11%	7.59%	7.62%

#### Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

\*-Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

# Castroville Community Services District

## Required Supplemental Information

For the Year Ended June 30, 2016

### *SCHEDULE OF FUNDING PROGRESS Of Other Post Employment Healthcare Plan*

#### *SCHEDULE OF FUNDING PROGRESS*

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL(UAAL) (B-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2014	6/30/2013	\$ 54,614	\$ 280,722	\$ 226,108	19%	\$ 458,354	49%
6/30/2015	7/1/2015	\$ 116,340	\$ 329,827	\$ 213,487	35%	\$ 457,015	47%
6/30/2016	7/1/2015	\$ 133,946	\$ 329,827	\$ 195,881	41%	\$ 454,888	43%

**Castroville Community Services District**  
**Required Supplemental Information**  
**Detailed Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Governmental Funds**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES:</b>				
Investment Earnings	\$ -	\$ -	\$ 2,122	\$ 2,122
Charges for Services and Other	67,000	67,000	68,214	1,214
Total Revenues	<u>67,000</u>	<u>67,000</u>	<u>70,336</u>	<u>3,336</u>
<b>EXPENDITURES:</b>				
Current:				
Streets, Street Lights and Open Space	66,750	66,750	64,579	2,171
Recreation	120,000	120,000	110,260	9,740
Total Expenditures	<u>186,750</u>	<u>186,750</u>	<u>174,839</u>	<u>11,911</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(119,750)</u>	<u>(119,750)</u>	<u>(104,503)</u>	<u>15,247</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (119,750)</u>	<u>\$ (119,750)</u>	<u>\$ (104,503)</u>	<u>\$ 15,247</u>

# Castroville Community Services District

## Required Supplemental Information

### Statement of Activities

#### Budget and Actual - Water Fund

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b><u>OPERATING REVENUES</u></b>				
Water Sales	\$ 831,500	\$ 831,500	\$ 810,834	\$ (20,666)
New Service and Connection Fees	4,000	4,000	2,051	(1,949)
Other Revenues	630,750	630,750	633,573	2,823
Total Operating Revenues	1,466,250	1,466,250	1,446,458	(19,792)
<b><u>OPERATING EXPENSES</u></b>				
General Operation Expenses				
Payroll and Related Expenses	74,447	74,447	74,447	-
Utility Expense	87,000	87,000	87,480	(480)
Water and Sewer Line Expenses	12,600	12,600	14,270	(1,670)
General Operations	25,100	25,100	33,370	(8,270)
Meter Expenses	16,700	16,700	15,510	1,190
Automobile Expenses	4,900	4,900	2,178	2,722
Well Site Expenses	17,661	17,661	15,768	1,893
Hydrant Expenses	2,000	2,000	325	1,675
Administrative Expenses				
Payroll and Related Expenses	210,709	210,709	215,031	(4,322)
Consulting Expenses	85,200	85,200	93,814	(8,614)
Office Expenses	36,750	36,750	24,220	12,530
Retirement Plan Contributions	31,430	31,430	14,162	17,268
Billing Expenses	25,350	25,350	23,948	1,402
Insurance Expense	11,538	11,538	10,812	726
Utility Expenses	3,630	3,630	3,895	(265)
Bad Debts	1,400	1,400	1,981	(581)
Total Operating Expenses	646,415	646,415	631,211	15,204
<b><u>NON-OPERATING REVENUES and (EXPENSES)</u></b>				
Interest Revenue	7,000	7,000	36,531	29,531
Interest on Long-Term Debt	(6,300)	(6,300)	(6,300)	-
Debt Administration Costs	(6,261)	(6,261)	(2,683)	3,578
Total Non-operating Revenues (Expenses)	(5,561)	(5,561)	27,548	33,109
Net Income Before Depreciation (Budgetary Basis)	814,274	814,274	842,795	28,521
<b><u>GAAP RECONCILING ITEMS</u></b>				
Depreciation	(202,760)	(202,760)	(217,702)	(14,942)
Total GAAP Reconciling Items	(202,760)	(202,760)	(217,702)	(14,942)
Net Income Before Transfers (GAAP Basis)	611,514	611,514	625,093	13,579
<b><u>TRANSFERS</u></b>				
Transfers In/(Out)	-	-	-	-
<b><u>CHANGE IN NET ASSETS</u></b>				
	\$ 611,514	\$ 611,514	\$ 625,093	\$ 13,579

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financial Statements

**Castroville Community Services District**

Required Supplemental Information

Statement of Activities

Budget and Actual - Sewer Fund

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>OPERATING REVENUES</u></b>				
Property Tax and User Fees	\$ 253,801	\$ 253,801	\$ 273,164	\$ 19,363
Connection Fees	3,168	3,168	3,168	-
Other Revenues	53,482	53,482	469,329	415,847
Total Operating Revenues	<u>310,451</u>	<u>310,451</u>	<u>745,661</u>	<u>435,210</u>
<b><u>OPERATING EXPENSES</u></b>				
General Operation Expenses				
Payroll and Related Expenses	271,894	271,894	276,675	(4,781)
General Operations	6,400	6,400	3,378	3,022
Lift Station Expense	22,650	22,650	15,439	7,211
Sewer Line	12,000	12,000	21,525	(9,525)
Storm drain Expense	14,700	14,700	7,715	6,985
Utility Expense	3,875	3,875	4,082	(207)
Retirement Plan Contributions	28,760	28,760	11,227	17,533
Insurance Expense	11,538	11,538	10,812	726
Office Expense	25,150	25,150	13,360	11,790
Consulting Expense	20,900	20,900	19,419	1,481
Automobile Expense	10,200	10,200	5,670	4,530
Bond, Loan and Certificate Expense	1,650	1,650	770	880
Total Operating Expenses	<u>429,717</u>	<u>429,717</u>	<u>390,072</u>	<u>39,645</u>
<b><u>NON-OPERATING REVENUES and (EXPENSES)</u></b>				
Interest Revenue	36,618	36,618	36,618	-
Amortization of Organizational Cost	(4,122)	(4,122)	(4,122)	-
Total Non-operating Revenues	<u>32,496</u>	<u>32,496</u>	<u>32,496</u>	<u>-</u>
Net Income Before Depreciation (Budgetary Basis)	<u>(86,770)</u>	<u>(86,770)</u>	<u>388,085</u>	<u>474,855</u>
<b><u>GAAP RECONCILING ITEMS</u></b>				
Depreciation	(69,352)	(69,352)	(76,775)	(7,423)
Total GAAP Reconciling Items	<u>(69,352)</u>	<u>(69,352)</u>	<u>(76,775)</u>	<u>(7,423)</u>
Net Income Before Transfers (GAAP Basis)	<u>(156,122)</u>	<u>(156,122)</u>	<u>311,310</u>	<u>467,432</u>
<b><u>TRANSFERS</u></b>				
Transfers In/(Out)	-	-	-	-
<b><u>CHANGE IN NET ASSETS</u></b>	<u>\$ (156,122)</u>	<u>\$ (156,122)</u>	<u>\$ 311,310</u>	<u>\$ 467,432</u>

See Auditors' Report

The Accompanying Notes Are An Integral Part of These Financial Statements

**Castroville Community Service District**  
**Required Supplemental Information**  
**Statement of Activities**  
**Budget and Actual - Moss Landing Fund**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>OPERATING REVENUES</u></b>				
Property Tax and User Fees	\$ 256,000	\$ 256,000	\$ 267,860	\$ 11,860
Total Operating Revenues	<u>256,000</u>	<u>256,000</u>	<u>267,860</u>	<u>11,860</u>
<b><u>OPERATING EXPENSES</u></b>				
General Operation Expenses				
Payroll and Related Expenses	61,590	61,590	60,564	(1,026)
General Operations	1,279	1,279	1,010	(269)
Lift Station Expense	13,900	13,900	11,696	(2,204)
Sewer Line	3,000	3,000	-	(3,000)
Utility Expense	841	841	870	29
Insurance Expense	2,564	2,564	2,403	(161)
Office Expense	4,050	4,050	3,000	(1,050)
Consulting Expense	21,700	21,700	14,407	(7,293)
Automobile Expense	3,200	3,200	1,712	(1,488)
Total Operating Expenses	<u>112,124</u>	<u>112,124</u>	<u>95,662</u>	<u>(16,462)</u>
<b><u>NON-OPERATING REVENUES and (EXPENSES)</u></b>				
Interest Revenue	1,000	1,000	1,278	278
Total Non-operating Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,278</u>	<u>278</u>
Net Income Before Depreciation (Budgetary Basis)	<u>144,876</u>	<u>144,876</u>	<u>173,476</u>	<u>28,600</u>
<b><u>GAAP RECONCILING ITEMS</u></b>				
Depreciation	(19,859)	(19,859)	(23,872)	(4,013)
Total GAAP Reconciling Items	<u>(19,859)</u>	<u>(19,859)</u>	<u>(23,872)</u>	<u>(4,013)</u>
Net Income Before Transfers (GAAP Basis)	<u>125,017</u>	<u>125,017</u>	<u>149,604</u>	<u>24,587</u>
<b><u>TRANSFERS</u></b>				
Transfers In/(Out)	-	-	-	-
<b><u>CHANGE IN NET ASSETS</u></b>	<u>\$ 125,017</u>	<u>\$ 125,017</u>	<u>\$ 149,604</u>	<u>\$ 24,587</u>

Board of Directors and Members  
Castroville Community Services District  
Castroville, California

**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards.**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comp Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Castroville Community Services District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Castroville Community Services District's basic financial statements, and have issued our report thereon dated November \_\_, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Castroville Community Services District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Castroville Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of Castroville Community Services District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Castroville Community Services District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Other Reporting Required by Government Auditing Standards**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November \_\_, 2016