

HEBER PUBLIC UTILITY DISTRICT
REPORT TO BOARD OF DIRECTORS

MEETING DATE: April 21, 2016

FROM: Laura Fischer, General Manager

SUBJECT: Information Only Imperial County Community Benefit Program

INFORMATION ONLY:

The Heber Public Utility District application to the County of Imperial Community Benefit Program was submitted on April 8th. This application was prepared by Justina Arce with The Holt Group and HPUD staff.

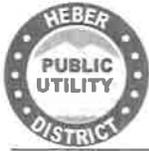
We anticipate that the review process will take a couple of months. We will watch the County Board of Supervisor's Board agenda to see if there is any action taken in open session.

I have attached a copy of the full application to this report for your consideration.

Respectfully Submitted,

Laura Fischer,
General Manager

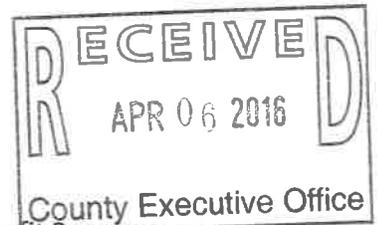
Attachment: Community Benefit Grant Application



Transmittal

To: County Executive Office
c/o Rosa Solis Lopez
County of Imperial
940 W. Main Street, Suite 208
El Centro, CA. 92243

Project No: 744.066



Cc: Laura Fischer
General Manager
Heber Public Utility District

Project Name: Community Benefit Program Application

From: Justina Arce
The Holt Group, Inc.
1601 N. Imperial Avenue
El Centro, CA 92243

Date: April 6, 2016

Via: Hand-Delivery

We are sending you:

- | | | | | |
|---|--|----------------------------------|--|--|
| <input type="checkbox"/> Shop Drawings | <input type="checkbox"/> Prints | <input type="checkbox"/> Samples | <input type="checkbox"/> Specifications | <input type="checkbox"/> Payment Application |
| <input type="checkbox"/> Copy of Letter | <input checked="" type="checkbox"/> Original | <input type="checkbox"/> Budget | <input type="checkbox"/> Color Schedules | <input type="checkbox"/> Change Order |
| <input type="checkbox"/> Copies | <input type="checkbox"/> Maps | <input type="checkbox"/> Plans | <input type="checkbox"/> Purchase Order | |

Rosa,

Please find enclosed one (1) **original** hard copy of the documents below for the Heber Public Utility District's Community Benefit Program Application for Margarito "Tito" Huerta Jr. Park Field Lights for review and consideration:

1. Application Form

- Community Benefit Program Application

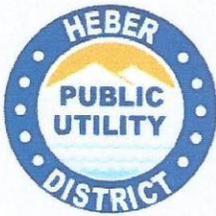
2. Attachments

- Attachment A:** Management Table
- Attachment B:** Project Narrative
- Attachment C:** Statement of Qualifications
- Attachment D:** Financial Data

If you have any question please contact me at 760.337.3883.

Received By: Gracela Alvarez

Date: 04-06-16



Heber Public Utility District

1078 Dogwood Rd. Suite, 103 · P.O. Box H
Heber, CA 92249
TEL. (760) 482-2440 · FAX (760) 353-9951
www.heber.ca.gov

April 4, 2016

County Executive Office
c/o Rosa Solis Lopez
County of Imperial
940 W. Main Street, Suite 208
El Centro, CA 92243

RE: Community Benefit Program Application Submittal
Heber Public Utility District – Margarito “Tito” Huerta Jr. Park Field Lights

Dear Ms. Lopez,

Please accept this project proposal in response to the County’s Community Benefit Program project solicitation that is scheduled to begin accepting applications on April 8, 2016. The Heber Public Utility District has completed the Community Benefit Program Application for Margarito “Tito” Huerta Park Field Lights for your review and consideration. We are requesting assistance in the amount of \$100,000.

Please find attached a checklist of our submittal consistent with the Community Benefit Program Checklist. The enclosures include one (1) executed **original** hardcopy of the complete application with all attachments per checklist.

We look forward to a favorable review of our submittal. Should you have any questions regarding the application submitted, please feel free to contact me at (760) 482-2440 or lfischer@heber.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Laura Fischer".

Laura Fischer
General Manager

Attachments: Submittal Checklist
Original Application Form
Application Enclosures

cc: Graciela Lopez, Finance Manager
Justina G. Arce, The Holt Group, Inc.



Heber Public Utility District

1078 Dogwood Rd. Suite, 103 · P.O. Box H
Heber, CA 92249
TEL. (760) 482-2440 · FAX (760) 353-9951
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Transmittal Checklist

1. Application Form

- Community Benefit Program Application

2. Attachments

- Attachment A:** Management Table
 - Attachment B:** Project Narrative
 - Attachment C:** Statement of Qualifications
 - Attachment D:** Financial Data
-



COMMUNITY BENEFIT PROGRAM APPLICATION

940 West Main Street
Suite 208
El Centro, CA 92243
(442) 265-1001 TEL
(442) 265-1010 FAX
Attn: Rosa Solis-Lopez
rosalopez@co.imperial.ca.us

1. APPLICANT INFORMATION

Name Laura Fischer for The Heber Public Utility District Date 04-08-16
 Address 1078 Dogwood Road, Suite 103 City Heber State CA Zip Code 92249
 Social Security/TIN 95-6001-552 Home Phone () Work Phone (760) 482-2440

2. ORGANIZATION INFORMATION

Organization Name The Heber Public Utility District Date established 1931
 Organization Address 1078 Dogwood Rd #103 City Heber State CA Zip Code 92249
 Type of entity (check one): Government Non-Profit Partnership Corporation
 Type of Organization Special District Organization I.D. #: 95-6001-552

3. MANAGEMENT (BOARD OF DIRECTORS, CEO, STAFF MEMBERS, ETC)

| NAME | ADDRESS | TITLE | EMAIL |
|------------------|---------|-------|-------|
| See Attachment A | | | |
| | | | |
| | | | |

4. PROJECT INFORMATION

Program/Project Total Estimated Cost \$ 194,000 Matching Contribution \$ 94,000 (Trash Funds)
 Amount of funding requested \$ \$100,000 Other Financing \$ NA
 Name of financing sources (if any)

5. USE OF FUNDS (ENTER GROSS DOLLAR AMOUNTS)

| | AMOUNT REQUESTED | OTHER FUNDS (MATCHING) | TOTAL |
|---|-------------------|------------------------|----------------------|
| Program/Project Cost | \$ 100,000 | \$ 94,000 | \$ 194,000 |
| Equipment | \$ | \$ | \$ |
| Other (no Administration costs allowed) | \$ | \$ | \$ 4,600 (annual) |
| Total Amount Requested | \$ 100,000 | \$ | \$ |

6. PROJECT INFORMATION

Please select one or more categories for your application.

| | |
|----------------------------------|-------------------------------------|
| Community Services | <input checked="" type="checkbox"/> |
| Community & Economic Development | <input checked="" type="checkbox"/> |
| Wildlife & Habitat Conservation | <input type="checkbox"/> |

Please provide in a separate sheet a project narrative with the following information: Attachment B

- a) Program/Project description.
- b) Brief description of your specific experience as relevant to the request.
- c) Describe how Public Benefit funds will be utilized.
- d) Describe how these funds will benefit the community? How many individuals will be impacted?
- e) Explain how this project will address the criteria stated in the Guidelines.

7. PERSONAL INFORMATION

- a) Have you or your organization ever filed bankruptcy? No Yes - Date _____
- b) Are you or your organization currently involved in any pending lawsuit? No Yes
If yes, please provide details.
- c) Are you involved full time in the operation and management of this organization? No Yes
If no, who oversees the operation and management? _____

8. STATEMENT OF QUALIFICATIONS Attachment C-Experience & Qualifications

Relevant Experience: All services shall be performed by qualified personnel in the State of California. Minimum two years experience. Include the names, addresses and phone numbers of contact persons for several contracts for which you have performed services as solicited in this application. Applicant (and any of its employees) shall make every reasonable effort to keep itself fully informed of all applicable federal, state and local laws, ordinances, regulations, orders and decrees regarding loans and mortgages.

Relevant Education: Applicant’s demonstration of certification and training required to perform services in the State of California, including licensing requirements and provide document(s) to that effect.

Responsiveness to Project Requirements: Applicant’s demonstrated success in completing projects on time and responsiveness to meeting changing requirements. Attentiveness to and compliance with instructions, interview requirements, and other aspects of the selection process will be considered as an indication of responsiveness.

Other factors: Since the Community Benefit Program has limited funding, selected applications may not receive full awards. Please provide an explanation of how would you implement a program or project if you were not to receive all funds requested. Unable to implement with partial funding.

9. PROJECT PERSONNEL AND THEIR AVAILABILITY Attachment C -Management & Qualifications

Provide resume(s) of the key personnel who would be assigned to perform the services as described. Indicate status of each person's relationship to your agency, whether an employee, partner, subcontractor, or other contractual agreement. The statement should also identify for each member of the project team, their area of expertise, role in the project, and experience with similar or related projects.

Qualified personnel shall perform all services and shall maintain all necessary certificates and licenses required to perform such services.

10. PROJECT INFORMATION Attachment D -Financial Data

- a) Please provide any and all relevant business and /or personal financial information which will assist the county in the review process regarding the application for financing of the proposed project. This information may include but not be limited to:
 - a. Current business financial statement to include:
 - 1. Balance Sheet
 - 2. Profit/Loss Statement
 - 3. Statement of Cash Flow
 - 4. Summary of Aging of Accounts Receivables & Accounts Payables for the interim period (last three months)
 - 5. Interim financial statement to be dated within 60 days of application.
- b) Community Services See Attachment B
 - a. Number of County residents and areas within the County receiving services or benefits from the project
 - b. Project addresses a demonstrated need in Imperial County
 - c. Qualifications and experience of organization providing services
 - d. Use of Matching Funds
 - e. Consistency with goals and objectives of the Community Benefit Program
- c) Community and Economic Development See Attachment B
 - a. Job Creation or other benefits to the county and its residents
 - b. Areas of the County to be served by the project
 - c. Project addresses a demonstrated need in Imperial County
 - d. Use of Matching Funds
 - e. Consistency with goals and objectives of the Community Benefit Program

11. SUBMISSION OF APPLICATION:

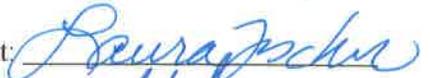
Applicant must completely fill out this application and submit one hard copy only to the County Executive Office. The County will provide a date stamped copy of the application for Applicant's records.

12. ACKNOWLEDGEMENTS

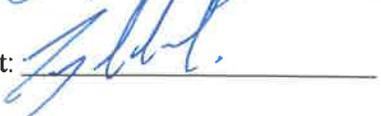
I acknowledge that I have authority to submit this application.

I hereby certify that the enclosed information, including any attachments or exhibits provided is valid and correct to the best of my knowledge. I have read the entire application and Community Benefit Program Guidelines and acknowledge all notices, terms and conditions.

Name of applicant: Laura Fischer,
District Manager

Signature of applicant: 

Name of applicant: Tony Sandoval,
Board President

Signature of applicant: 

Application Date: 4-5-2016

Attachment A
Management

Attachment A

Management (BOARD OF DIRECTORS, CEO, STAFF MEMBERS, ETC)

| NAME | ADDRESS | TITLE/PROJECT ROLE | EMAIL |
|-----------------------------|---|---|--|
| Laura Fischer | 1078 Dogwood Rd., Ste.103 Heber, CA 92249 | HPUD District Manager Project Management & Administration (See Resume) | lfischer@heber.ca.gov |
| Graciela Lopez | 1078 Dogwood Rd., Ste.103 Heber, CA 92249 | HPUD Finance Manager Account Payable | gracelopez@heber.ca.gov |
| Jack Holt, P.E. | 1601 N. Imperial Ave. El Centro, CA. 92243 | District Engineer Design, Bidding & Construction Management (See The Holt Group SOQ) | jack@theholtgroup.net |
| Jose Antony Sandoval | 57 Third Street Heber, CA 92249 | HPUD Board President Project Oversight | tsandoval@heber.ca.gov |
| Diahna Garcia-Ruiz | 23 E. Main Street Heber, CA 92249 | HPUD Board Vice-President Project Oversight | dgarcia@heber.ca.gov |
| Sergio Escobedo | 1136 Valley Blvd. Heber, CA 92249 | HPUD Board Director Project Oversight | sescobedo@heber.ca.gov |
| Martin Nolasco, Jr. | 1132 Valley Blvd. Heber, CA 92249 | HPUD Board Director Project Oversight | mnolasco@heber.ca.gov |
| Pompeyo Tabarez, Jr. | 57 W. Pheasant Street Heber, CA 92249 | HPUD Board Director Project Oversight | ptabarez@heber.ca.gov |

Attachment B

Project Narrative

PROJECT INFORMATION

TITO HUERTA PARK FIELD LIGHTS

a) Project Description & Need

Project Description-The proposed project consists of Parks and Recreation Improvements under the Community Services component of the Public Benefit Program. The project entails the installation of field lights at Margarito "Tito" Huerta Jr. Park. Tito Park is a 10.38 acre site and is the largest recreational open space in the Heber community. The Park's size facilitates recreational facilities that are in high demand, and thus contains a little league field, a soccer field, restrooms, and a snack bar. The grounds have limited lighting and leagues are only able to play during daylight hours. The park is in need of Soccer Field Lights to extend the hours of use.

The grant funds would be used to install/construct lighting facilities to illuminate the soccer field and little league area. Construction will consist of two (2) new event lighting poles (with multiple fixtures per pole), corresponding conduit with underground pull boxes, above ground outlet and junction boxes, a lighting panel, and time clocks.

Project Need-The project is needed because parks are limited in the Heber community, exasperating the demand to the available parkland from an already restricted service due to the lighting deficiencies. Park services are currently not meeting the performance standard established by the County of Imperial of providing 5 acres of parkland/recreation areas per 1,000 in population. Including retention basins used and/or improved as parkland, the HPUD has 21.53 acres of parkland to serve a population of 6,000+. The current park deficiency ratio is -8.47 acres of parkland.

The Heber community is an economically disadvantaged community. Without allocation from the Renewable Energy Community Benefit Program the community's park and recreation need would continue to remain unmet. Heber residents have an extremely low per capita income of \$11,565 (compared to the States \$29,906 per the 2010-2014 American Community Survey). The first non-essential service that is impacted by the Imperial County budget or local resources, including private dollars from residents, is recreation, thus affecting the most vulnerable population - young children. The Heber Public Utility District (HPUD) is furthermore not able to directly apply, on behalf of the community, for grant subsidies through many agencies and thus has had to rely on Imperial County as the jurisdictional authority to invest in these capital improvements. In turn, there is a mutual understanding that the HPUD will continue to maintain and operate any park and recreational facilities that come into fruition.

b) Experience & Qualifications in Related Projects

The Heber Public Utility District is the entity that will carry out the proposed project. The HPUD was formed in 1931 for the specific purpose of providing wastewater and water services to the Heber community. The District was later authorized by the Local Agency Formation Commission

to provide public services to the Heber community in the areas of parks and recreation services and has been doing so for decades.

The Heber Public Utility District has the management capacity to successfully implement the proposed Tito Park Project, through a combination of experienced and highly qualified City staff personnel and a retained Engineering Firm (The Holt Group, Inc.). The District's tenured staff has vast grant administration and implementation experience both at the State and Federal level. The District Manager has successfully secured and implemented several park related grants during her tenure as City Manager for the City of Holtville. The District Manager has vast experience in the administration of public funds that span over a twenty year period. The District's Finance Manager has been employed with the HPUD for over eleven years and has successfully budgeted and managed numerous capital improvements including revenues for parks and recreation services. The District currently operates with 13 employees and had a 2014/2015 fiscal year budget of approximately \$2.9 million of which \$326,500 is restricted for parks operation and maintenance. Within the last five years, current management has completed over \$15 million in capital improvement projects funded under grant programs and is currently implementing a \$10 million capital improvement project at the Water Plant also subsidized with \$6 million in grant funding.

The District's retained engineering firm is highly qualified for delivery of the proposed project. The firm has designed and bid out numerous parks and recreation projects in Imperial County. Inclusive, a similar sports field lighting project developed at the local level, was designed, bid and construction managed by The Holt Group for the City of Westmorland in 2006. The firm would be able to provide the District with technical assistance as needed.

Once operation begins, the District has a proven track record of excellent operation and maintenance service delivery. The maintenance staff for parks is also tenured and committed to local service delivery. Two of the staff members are solely dedicated to operating and maintaining the Heber Parks in safe and working condition for public use.

c) Use of Public Benefit Funds and Matching Funds

Public Benefit Funds-The Public Benefit funds will be used solely for construction activities associated with the Tito Huerta Park Lighting Project. Construction activities include Contractor Costs and Construction Management Costs and utility costs as required by the Imperial Irrigation District. The following Table breaks down the applicable project costs and separate Grant funds from Local match funds.

Project Cost

| | COST ESTIMATE | GRANT FUNDS | LOCAL MATCH |
|---|-------------------------|-------------------------|------------------------|
| Design (10%) | \$16,000 | \$0 | \$16,000 |
| Bidding (1%) | \$2,000 | \$0 | \$2,000 |
| Construction <ul style="list-style-type: none"> • Provide/install "Distribution Panel" • Provide/install facilities for high voltage power service • Provide/install poles • Provide/install conduits and conductors | \$160,000 | \$100,000 | \$60,000 |
| Construction Management (10%) | \$16,000 | \$0 | \$16,000 |
| Total | <u>\$194,000</u> | <u>\$100,000</u> | <u>\$94,000</u> |

HPUD Matching Funds-The matching funds committed by the HPUD will be used for professional services associated with design and bidding required for the Tito Huerta Park Lighting Project. Additionally, the District commits in-kind services related to overall project management and budget administration.

d) Beneficiaries and Consistency with Community Benefit Program Goals

Heber Community Beneficiaries - The community has a relatively young population in comparison to the State. The 2014 American Community Survey (5 year surveys) reported the percentage of youth under the age of 18 was 31.7%, higher than the County's 28.8% and substantially higher than the Nation's 23.5%. Heber's average household size of 4.05 persons per household is notably larger than the County's 3.56 persons per household or the State's average at 2.99 persons per household (ACS 2014- 5 year survey). These statistics demonstrate that the project beneficiaries will be larger families with young children.

The project will primarily serve large families within the Heber Community and a population of over 6,000. More specifically, the project will serve a school enrolled youth population of over **1,205 elementary students** (Source: Ed Data 13/14 FY), **500 children** under the age of five (ACS 2014-5 year survey) and still another group of **305 teen aged youth** over the age of fourteen.

Regional Beneficiaries-Project Beneficiaries are not just limited to Heber residents but will encompass a number of little league and soccer teams throughout the Imperial Valley. Based on current use and interest, it is estimated that dozens of teams benefit from use of Tito Park. The Heber Little League Baseball has 10 teams, ages 5-14 years, and they have games with multiple outside teams Monday thru Friday during the season which begins in January and ends July 1st.

The Heber Adult Soccer League has games Thursdays and Fridays and attracts different leagues from throughout the Imperial Valley. The Soccer field has the highest demand and is restricted by the poor lighting conditions, thus youth soccer only uses the park for practices. The Youth Soccer

League has four teams that practice Monday thru Thursdays and they would need to travel to other communities for games due to the poor lighting conditions that don't support evening games.

The Tito park also supports numerous events that attract families from all over the Imperial Valley included but not limited to the following: The Winter Heberland Walk, which is held in the evenings; Movies at the Park, held Friday evenings; Proyecto Heber Car Show Spring Event; Easter Egg Hunt; Summer Ice Cream Social; the Zombie 5K Mud Run and Mile Mud held in the Fall; Santa at Tito Park; and others as sponsored by the community.

e) **RFP Criteria Summary**

1. ***Job Creation or Other Economic Benefits***- As previously noted, the Heber Community is a severely economically disadvantaged community with large families that have limited resources and means of transportation. According to the 2014 ACS Community Survey **only 22.4 percent** of the Heber community households are one car households compared to 59.6 percent of County households owning more than one car. Having a fully functional park in the local community will provide wide economic benefits to very needy families by eliminating travel costs and expenses. Additionally, the proposed Tito Park improvements will be able to attract outside teams to play locally, which generates local sales revenues within the Heber Community and results in increased sales tax to Imperial County. Moreover, the construction of the project will support local business enterprises and will prioritize contracts with local firms and contractors.
2. ***Areas of the County to be Served***-As previously noted this project will primarily serve the unincorporated community of Heber but will provide a regional benefit to youth and young adults county-wide.
3. ***Project Addresses a Demonstrated Need***-As previously noted this project will address a demand that exists due to a deficiency in parkland.
4. ***Consistency With Goals and Objective of the Community Benefit Program***- The proposed project embraces and meets the Goals and Objectives of the Program as follows:
 - a) Community Development/Services within Solar Project Affected Community
 - b) Enhancement of Quality of Life
 - c) Sustainable Infrastructure Improvement

Heber's residents have been largely depended on agricultural operations with over 15% of the population employed in an agricultural related field in 2000. The increase in fallowed land and agricultural land converted to uses that accommodate renewable energy projects indirectly, yet significantly, has affected Heber. The limited skills of Heber residents has restricted the employment and or benefit opportunities that may be directly provided by any renewable energy industries thus resulting in an adverse effect to the community. According to the ACS, only 9.6% of the population is now employed in agricultural labor and a significant jump from households receiving government assistance was made from 13.4% to 31.2% between 2000 and 2013.

The Heber community is uniquely situated between two larger metropolitan areas, under the jurisdiction of the County of Imperial but serviced by the Heber Public Utility District (HPUD) for wastewater, water and other incidental services assigned/assumed by the HPUD. The incidental services are determined on a case by case basis and include stormwater, parks and lighting as the need arises. Until they are assumed by HPUD, these additional incidental services are largely the responsibility of Imperial County. The community benefit project proposal by HPUD is to improve the quality of life of this unincorporated community that is in dire need of parkland investment and rehabilitation assistance.

The proposed improvements will provide a long-term benefit as it is a capital investment that can be operationally maintained and supported by the HPUD for perpetuity once the project is constructed. The event lighting project is a sustainable long term investment in the community.

5. ***Qualifications and Experience of Organization***-The Heber Public Utility District is one of the most functional and financially viable utility districts in the Imperial County. As previously noted, the District has a proven track record of financial responsibility and efficient implementation of large capital projects.
6. ***Use of Matching Funds***-The HPUD is committed to match the Community Benefit Funds on a ratio of almost dollar for dollar. The HPUD has set aside \$94,000 to bring this project into fruition.
7. ***Provide Long Term Benefits***- As previously noted, the proposed improvements are a long-term capital investment that can be operationally maintained and supported by the HPUD for perpetuity once the project is constructed. The ongoing operation and maintenance of the two new event lighting poles is marginal and will only demand an annual reserve of \$4,600 that the District is committed to fund for perpetuity. This amount is based on the lights being used a minimum of 20 hours a week on average throughout the entire year. The proposed project will benefit the community and County residents for decades.

Attachment C

Statement of Qualification

Laura Fischer

HPUD General Manager

EDUCATION

Master of Science Business Administration - 2002
San Diego State University

Bachelor of Business Administration - 2000
National University

PROFESSIONAL PRACTICES

HEBER PUBLIC UTILITY DISTRICT (HPUD)

General Manager
Heber, California
2012 – present

CITY OF HOLTVILLE

City Manager
Holtville, California
2005 – 2011

IMPERIAL IRRIGATION DISTRICT (IID)

Utility Rate Analyst
Imperial, California
2004 – 2005

CITY OF EL CENTRO

Public Works Analyst
El Centro, California
1998 – 2004

SUMMARY OF QUALIFICATIONS

Mrs. Laura Fischer graduated from San Diego State University, California in 2002 with a Master of Science Business Administration. Mrs. Fischer has three years of experience as the General Manager of the Heber Public Utility District, five years serving as the City Manager and Redevelopment Executive Director for the City of Holtville, and six years of analytical and management experience with the City of El Centro Public Works Department.

PROFESSIONAL EXPERIENCE

GENERAL MANAGER

The Heber Public Utility District (HPUD) provides water, wastewater, solid waste, parks and recreation services to the community of about 6,500 people. The HPUD is a Special District within the County of Imperial.

HPUD 2012-Present:

- Appointed by a five member elected Board of Directors as General Manager I have direct management of all departments including Finance, Water, Sewer, Park and Recreation as well as Administration.
- Completed a \$12 M wastewater treatment plant project increasing capacity, which enabled future development of the community.
- Secured funding and began construction of a \$10M water treatment plant improvement project to improve water quality and double water treatment capacity.

CITY MANAGER

The City of Holtville is located in the southeastern corner of California and has a population of 6,000. The City has an operating budget of \$7.2 MM and 27 FTE employees.

City of Holtville 2005-2011:

- Appointed by a five member Council as City Manager, Executive Director of the Holtville Redevelopment Agency, Public Works Manager, Economic Development Manager, and Personnel Officer. Direct management of all departments including Finance, Water, Sewer, Planning, Public Safety, Transportation, and City Clerk.
- Provide direction and general management to the overall efforts of the business and functional operations the City. Develop and implement sound public policy and programs that fit within Council's adopted goals and objectives.

Finance

- Develop annual budgets for all City funds analyzing revenue trends, long-term operation and maintenance projections, and capital needs. Improved the financial stability of the city increasing the General Fund and Enterprise Utility Fund balances over the past five years.

- Ensure audits are completed and submitted on time to the State Controller, and accurately reflect the overall financial standing of the City and Redevelopment Agency.
- Prepare and implement a comprehensive plan to fund water and wastewater infrastructure projects that included grant awards and bond issuance.
- Successful grant awards over the past five years that benefited all areas of City government such as water and sewer infrastructure improvements, strategic planning and environmental reviews, property purchase for economic development, recreational opportunities, green energy projects.

Water and Wastewater Utilities

- Provide general control over public owned and operated water and wastewater utilities including water treatment and distribution; and sewer collection, treatment and discharge.
- Completion of a \$5MM water plant expansion project, and the engineering design of a multimillion dollar wastewater system improvement project.
- Coordinate with the Regional Water Quality Control Board to secure a cease and desist order, time extension, and compliance project approval to further the goal to meet the City's National Pollutant Discharge Permit and other State regulations.

Personnel Officer

- Appoint all department managers and employees, and have general supervision and control over 37 employees. Negotiate employment contracts keeping salaries and benefits within the City's financial capabilities.
- Negotiate City service contracts including a fair and cost neutral agreement between the City and Imperial County Sheriff Office for law enforcement and dispatch services. Managed the process to eliminate the City's Police Department and dispatch center including employee termination, property and equipment ownership transfer. Oversaw the transition from City Police Department to the Imperial County Sheriff Department, which increased the number of officers on the street by a third, thus improving the health and safety of the community.

Public Safety

- Director of the City's Emergency Operations Center which was activated during the 7.2 earthquake on April 4, 2010. Orchestrated the emergency response to the threat to public health and safety as the City's only treated water supply storage tank was damaged beyond repair, successfully bringing online an alternative water storage facility. Developed an emergency plan of operation protecting the City's water supply distribution system, which was threatened with cross contamination from illegal connections to City water system, resulting in a Boil Water Order from the Department of Health Services.

UTILITY RATE ANALYST

Imperial Irrigation District 2004-2005:

The Imperial Irrigation District is a publicly owned and water and power company whose mission is to provide reliable, efficient and affordably priced water and energy services to customers in the Imperial and Coachella Valley areas.

- Prepared a Cost of Service Study for Customer Service Proposals for Imperial Irrigation District Energy Department.
- Prepared and presented to Board of Directors and public a Time of Use rate working closely with consultant and District staff.

PUBLIC WORKS ANALYST

City of El Centro, California 1998-2004:

The City of El Centro is located in southeastern California with a population over 50,000.

- Served as the Managing Analyst in the Public Works Department supervising administrative staff, preparing operating budgets, fiscal management of various public work projects, and grant management including water and wastewater infrastructure bonds.

**STATEMENTS OF QUALIFICATIONS
FOR ON-CALL
PROFESSIONAL SERVICE**

Attachment C

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 - A. Civil Engineering Design
 - B. Construction Management and Inspection
 - C. Cost Estimating
 - D. Drainage Analysis
 - E. Environmental Planning and CEQA Compliance
 - F. Grant Writing
 - G. Land Surveying
 - H. Planning and Permitting
 - I. Stormwater SWPPP Services
 - J. Utility Coordination Services and Permitting
 - K. Wastewater Resource Engineering
 - L. Water Resources Engineering
 - M. Water Quality Regulatory Services
 - III. Staff's Experience Under Proposed Disciplines**
 - IV. Firms Availability and Workload Capacity**
 - V. Firm's DBE Statement**
 - VI. Organization Chart**
 - VII. Reference List**
 - VIII. Project List**
-

I. FIRM'S BACKGROUND AND QUALIFICATIONS

The Holt Group, Inc. History & Background

The Holt Group is a multi-disciplined professional consulting firm providing Civil Engineering, Construction Management, Urban Planning, and Surveying to public and private sector clients. Since our inception in 1984, our firm has grown into a team of twenty-eight (28) employees: three (3) Urban Planners, six (6) registered Professional Civil Engineers, one (1) registered Professional Land Surveyors, four (4) Engineers-in-Training, one (1) Labor Standards Specialist, and numerous support staff. Currently, The Holt Group maintains on call consulting agreements for planning and/or engineering services for the City of Holtville, City of El Centro, Heber Public Utility District, County of Imperial, City of Calexico, City of Brawley, City of Calipatria and the Imperial Irrigation District. Our location in Imperial County will further enable us to be more responsive and available to our client and any particular project's target base.



Specifically pertaining to municipal capital improvement projects, The Holt Group has assisted the City of Holtville, Heber Public Utility District, County of Imperial and the City of Calipatria with the acquisition of various public agency grant and loan funds to be utilized towards capital improvement projects. In addition, The Holt Group's Engineering Department has completed various types of engineering services for various capital improvement projects including but not limited to Water and Wastewater Treatment Plants, Roadway Improvements and Water, Stormwater and Wastewater System Improvements. The majority of all capital improvement projects involved; initial planning and grant administration, utility and public agency coordination and permitting, surveying, design, cost estimation, preparation of SWPPP documents and construction management and inspection.

It is important to note that The Holt Group has operated in the capacity of the City Engineer and City Planner for the City of Holtville for the last 30 years. The Holt Group has extensive institutional knowledge pertaining to the City of Holtville's water, sewer, street and storm water infrastructure. In addition, The Holt Group has assisted the City of Holtville with the acquisition of millions of dollars in infrastructure improvement grants and loans with various funding agencies including USDA, SRF, FHWA, California Department of Parks and Recreations, CDBG, HOME and various other agencies.

Engineering and Surveying Department

The Holt Group, Inc. Engineering and Surveying Department would be the lead on a variety of engineering related services for the City of Holtville with the primary contact being James G. "Jack" Holt. The Engineering Department is comprised of a dynamic group of engineering and surveying professionals that focus on Civil Engineering Design, Construction Management and Inspection, Cost Estimation, Water, Stormwater and Wastewater Engineering, Permitting, Land Surveying and Construction Surveying for private and public sector clients. In addition, The Holt Group Engineering Department has extensive experience with working with various permitting agencies including but not limited to Caltrans, SWRCB, the County of Imperial, Imperial Irrigation District and various other agencies. The Holt Group's Engineering and Surveying Staff is highly experienced, qualified and committed to providing the City of Holtville with the best possible work product ensuring that all infrastructure improvements designed, surveyed and construction managed by The Holt Group are built correctly and economically.

Planning Department

The Holt Group Inc. Planning Department would be the lead on the proposed services for the Heber Public Utility District with the primary contact being Ms. Justina G. Arce. The Planning Department is comprised of a dynamic group of planning professionals that focus on Land Use Planning and Community and Economic Development services to public sector clients. Planning services go beyond urban and regional planning and include research analysis, grant writing, grant implementation, monitoring and reporting and field expertise. Our planning staff makes itself available for community outreach, public presentations, meetings and regional representation. Our staff is committed to the convenience and satisfaction of our clients through innovation, flexibility, and efficiency. We strongly believe in the principle that each project must be technically sound, economically feasible, and that it meets or exceeds our client's expectations.

Although our key personnel under the planning services team is comprised of four degreed professionals, we rely on a much larger support system within The Holt Group to offer quality and tailored services to our clients. The diversity of our firm enables us to quickly access engineering expertise and construction expertise on an "as needed" basis for reliable cost estimates and technical feasibility analysis as well as the provision of professional services during project implementation where we can offer our client with design, bidding, and construction management services. The Planning Staff's experience, combined with the individual qualifications, experience, and availability of The Holt Group staff as a whole, offers unsurpassed service to our clients.

II. FIRM'S EXPERIENCE UNDER PROPOSED DISCIPLINES

Civil Engineering Design

Civil Engineering Design is a core element to the variety of services that The Holt Group provides and we take great pride in providing our clients with comprehensive engineering designs. The Holt Group has completed civil engineering design for various types of public works capital improvement infrastructure projects such as roadways (includes sidewalk, curb and gutter, cross gutters and similar items), retention basins, water and wastewater treatment plants, water, wastewater and stormwater infrastructure (includes pump stations, pipelines and other related items), park improvement projects, City Entrance sign projects, Beautification Projects, swimming pools, grading plans, site plans and similar public works projects. Development of design engineering improvement plans also requires coordination with public agencies and utility purveyors, field surveys, the preparation of project specific specifications and the preparation of quantity and cost estimates.

Within the last five (5) years, The Holt Group has prepared civil engineering design documents for the following clients: Lake Avenue Roadway Improvements for the City of Calipatria, contact RJ Medina, City Manager; 5th Street/Highway 115 Improvement project for the City of Holtville, contact Nick Wells, City Manager; Detention Facility Water Pipeline Extension for the County of Imperial, contact William Brunet, Director of Public Works; Imperial Avenue Extension from Interstate 8 to McCabe Road for the City of El Centro, contact Abraham Campos, City Manager, Water and Sewer Pipeline Improvements for the City of Brawley, contact Steve Sullivan, Associate Civil Engineer and Water Treatment Plant Expansion Project for the Heber Public Utility District, contact Laura Fischer, General Manager. Project construction costs have ranged from \$200,000 to \$4,000,000.

Construction Management and Inspection

Construction Management and Inspection is another focal point of the engineering department within The Holt Group. The Holt Group Engineering Department has completed construction management and inspection services for a variety of public works infrastructure projects including but not limited to water and wastewater treatment plants, water, stormwater and wastewater infrastructure (including pipelines, pump stations, and similar items), roadways (including sidewalk, curb and gutter, cross gutters and similar items), retention basins and park and recreation projects. Construction Management and Inspection Services generally require utility purveyor and local agency coordination, monitoring construction activities to ensure that the Contractor adheres to the project plans and specifications, monitoring material consumption, coordinating and chairing construction progress meetings, completing applicable funding agency documentation, reviewing and responding to Request for Information and Submittals, reviewing and processing of payment request and possible change orders, providing labor standards compliance services, prepare as-built improvement plans and assisting with project close out activities.

Within the last five (5) years, The Holt Group has completed or is in the process of completing the Construction Management and Inspection Services for the following clients: Lake Avenue Roadway Improvements for the City of Calipatria, contact RJ Medina, City Manager; 4th Street between Cedar and Walnut Avenues Sidewalk Improvement project for the City of Holtville contact Nick Wells, City Manager; LTA Phase III Roadway Improvement Project for the County of Imperial, contact William Brunet, Director of Public Works; Nicholas Wells County Administration Building Parking Lot Improvements for the County of Imperial, contact William Brunet, Director of Public Works; and Water Treatment Plant Expansion Project for the Heber Public Utility District, contact Laura Fischer, General Manager. Project construction costs have ranged from \$200,000 to \$12,000,000.

Cost Estimating

The Holt Group Engineering Department has prepared numerous preliminary cost estimates and preliminary project schedules for various types of public works infrastructure projects. Preparing accurate cost estimates requires that you have an excellent understanding of the project and an excellent understanding of the material and construction marketplace. The Holt Group accurately reviews the overall projects and develops a detailed quantity estimate for the materials required. The Holt Group proceeds to contact various material suppliers to obtain cost figures for the materials required. The Holt Group also analyzes the types of laborers required for the project and factors in the labor cost within the cost estimates. In addition, preliminary construction schedules are developed to determine the cost of the time required to complete the project. Please note that quantity and cost estimates are prepared for all infrastructure design projects.

Within the last five (5) years, The Holt Group has completed Cost Estimating Services for the following clients: Nicholas Wells City of Holtville, City of Calipatria, City of El Centro, City of Imperial, City of Brawley and the County of Imperial. All of the projects that are designed by our firm are accompanied by a project quantity and cost estimate. Project construction costs have ranged from \$200,000 to \$12,000,000.

Drainage Analysis

The Holt Group Engineering Department has prepared numerous drainage analyses and drainage related reports for various clients in the Imperial County. The Engineering Department has prepared Hydrology Studies for various roadway projects, pipeline projects and new building construction projects. The preparation of drainage studies allows the client to determine the methodology to achieve proper site drainage whether it will be utilized to adhere to existing infrastructure or the establishment of new infrastructure. The engineering department has

prepared numerous drainage reports often consisting of a schematic drawing of proposed improvements, hydraulic calculations, the project scope of work and quantity and cost estimates. Project reports are often reviewed with the client prior to implementation to obtain client feedback and complete modifications to the scope of work and review the projects associated cost. Please see Civil Engineering Design for information pertaining to stormwater drainage design, cost estimates and specifications as these services are typically performed with all infrastructure designs.

Within the last five (5) years, The Holt Group has completed Drainage Analysis Services for the following clients: Main Street Improvement Project for the City of Calipatria, contact RJ Medina, City Manager; 4th Street Junction Improvement Project for the City of Holtville contact Nicholas Wells, City Manager; Bonita Avenue Improvement Project for the City of Calipatria, contact RJ Medina, City Manager; Imperial Avenue Extension from Interstate 8 to McCabe Road Improvement Project for the City of El Centro, contact Abraham Campos, District Manager and the Earthquake Damaged Roadway Improvement Project for the County of Imperial, contact William Brunet, Director of Public Works. Project construction costs have ranged from \$200,000 to \$4,000,000.

Environmental Planning and CEQA Compliance

The Planning Department, since its establishment in 1990, has been providing environmental assessment services per local, State, and Federal requirements. The Holt Group has practical and working knowledge of the requirements set forth by the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). The Holt Group files dozens of CEQA documents annually and prepares dozens of initial studies for NEPA compliance for submission and review by federal agencies as required for all federally funded projects. The Holt Group experience includes filing of Exemptions, Negative Declarations, Mitigated Negative Declarations, Environmental Impact Reports for CEQA and Initial Studies for Categorical Exclusions and full assessments for Environmental Information Documents.

Within the last five (5) years, The Holt Group has prepared environmental documents for compliance with CEQA to the following clients: EIR for General Plan and Zoning Ordinance for City of Calipatria, contact RJ Medina, City Manager; MND for the expansion of the Heber Public Utility District's Water Treatment Plant and Wastewater Treatment Plant for Heber Public Utility District, contact Laura Fischer, District Manager; CEQA MND and NEPA Environmental Information Document for Holtville's 3.2-Mile Outfall Main Pipeline, contact Nick Wells, City Manager; MND for Cross Roads Elementary School for City of Imperial, contact Jorge Galvan, Planning Director; MND for new development Family Dollar in City of Calipatria, contact RJ Medina, City Manager. Project construction costs have ranged from \$1 Million to \$12 Million.

Grant Writing

Our Planning staff has extensive experience in researching and planning for grant resource allocations for our municipal clients and our team has a keen understanding of the statistics and data required for successful grant applications. We understand our clients' needs and challenges in regards to resource limitations and provide creative ways of presenting a need to not only qualify but prioritize local projects for new grant opportunities. The Holt Group, Inc. is familiar with the overreaching goals and criteria prioritization of a number of different State and Federal agencies and their Programs including those from the State Department of Housing and Community Development, Environmental Protection Agency, USDA Rural Assistance, California Department of Transportation, California Department of Parks and Recreation, Southern California Association of Governments, and many others.

It is further our firm belief that the quality of the content and presentation of the material are key factors for a successful award. We strive for our data content to be clear, pertinent, accurate and concise. Our focus is on quality and not quantity as it may become overwhelming for reviewing agencies to sift through the multitude of presented material. Our commitment to our

work-quality is evident through the recognizable success rate of our grant applications. The Holt Group Planning Department has obtained millions of dollars in competitive grant funds for our clients.

Within the last five (5) years The Holt Group has helped secure the following grant resources for our clients: \$6 Million in Grant funds for a Wastewater Treatment Plant Project through the Clean Water State Revolving fund for Heber Public Utility District, contact Graciela Lopez, Finance Manager; \$865,000 in Grant funds for a Sewer Pump Station Project through CDBG ARRA for City of Calipatria, contact RJ Medina, City Manager; \$175,000 in Grant funds for a General Plan Update through the California Strategic Growth Council for City of Calipatria, contact RJ Medina. The project costs, including grant subsidies, range from \$50,000 to \$12 Million.

Land Surveying

The Holt Group Engineering Department has provided land surveying services and prepared land surveying documents for various private and public clients. Such services generally entail the completion of topographical surveys, construction staking, grade checking, field mapping research, record map research and review, setting of aerial targets, monumentation establishment, and the preparation of Parcel Maps, ALTA Surveys, Record of Surveys, Tentative Maps, Boundary Surveys, Encumbrance Maps, Lot Line Adjustments, Lot Mergers, Plats and Legal Descriptions. As a similar service, The Holt Group Engineering and Planning Departments have also prepared numerous Grant Deeds, Easements, Quitclaims and various other similar documents. The Holt Group Engineering Department also completes various map document reviews for the County of Imperial, the City of Holtville, the City of Calipatria and the Heber Public Utility District. It is important to note that The Holt Group Surveying staff often completes the construction staking and grade checking for projects that The Holt Group Engineering Department has prepared. The Holt Group Surveying Staff has also completed a number of large survey mapping documents for various solar and farming entities in the City of Blythe and County of Imperial.

Within the last five (5) years The Holt Group has prepared the following Land Surveying Services for our clients: Record of Survey for the City of Holtville, contact Nick Wells, City Manager; Grape Avenue Improvement Project for the City of Holtville, contact Nick Wells, City Manager; Wastewater Treatment Plant Expansion for the Heber Public Utility District, contact Laura Fischer, General Manager and a number of Parcel Map, Lot Line Adjustments and Records of Survey documents for the County of Imperial, contact William Brunet, Director of Public Works. The project costs have ranged from \$2,000 to \$30,000.

Planning and Permitting

The Planning Department has extensive experience in the preparation of short and long range plans and understands the benefits and advantages of preparing a practical and comprehensive document that can be used in every day decisions as well as in securing future resource allocation. Certain plans are further coupled with engineering expertise and may be teamed with or led by the engineering department. The firm as a whole has extensive experience in preparation of service area plans, recreational plans, specific plans, water master plans, sewer master plans, general plans and/or elements, as well as other implementation plans. Our planning staff recognizes the importance of linking proposed projects to existing plans for consistency and support. As planning professionals we seek opportunities to incorporate into plans a balance on all four elements critical to the overall quality of life of our community: housing, transportation, environment and economic development.

Additionally the Planning Department has practical experience in policy development and application. Our planning staff recognizes the importance of linking proposed projects to existing policies and ordinances and every effort is made to ensure that our services are thorough and per our clients established codes. Our team recognizes that time is of essence and thus we

provide responsive and comprehensive services during the application review and permit processing. We also recognize that some restrictions may impose a financial burden on certain projects and in such cases we will actively seek innovative solutions within the given constraints. Our output is in the form of formal correspondence or staff reports that provide recommendations.

Within the last five years The Holt Group has prepared the following long range plans for our clients: Service Area Plan for Heber Public Utility District, contact Laura Fischer, City Manager; Victoria Ranch Specific Plan for City of Imperial, contact Jorge Galvan, Planning Director; Land Use Plan Update for City of Holtville, contact Nick Wells, City Manager. On call land use review and permit processing services are provided to the City of Calipatria and the City of Holtville. Project construction values of private permits range from \$0 to multi-millions of dollars.

Stormwater SWPPP

Stormwater Pollution Prevention Plans are a common aspect of every engineering project. The Holt Group Engineering Department has a tremendous amount of experience with respect to the preparation of SWPPP and WPCP, in addition to implementing and monitoring the services related to the SWPPP and WPCP. The Holt Group Engineering Department has three (3) certified Qualified SWPPP Developers and Practitioners (QSD and QSP) on staff. The Holt Group Engineering Department has prepared numerous SWPPP documents that are compliant with the California Regional Water Quality Control Board in addition to WPCP for Caltrans. SWPPP's and WPCP's require a great deal of monitoring, which is why it is important to have staff with the experience required to complete the required administration from the commencement and the filing of the Notice of Intent to the completion of the project and the filing of the Notice of Termination. SWPPP and WPCP documents are commonly documents that are prepared alongside design documents. The Holt Group has prepared standalone SWPPP and WPCP documents for various private clients.

Within the last five (5) years, The Holt Group has completed Stormwater SWPPP Services for the following clients: 1.5 Million Gallon Reservoir and UV Disinfection System Improvement Project for the City of Holtville, contact Nick Wells, City Manager; Water Treatment Plant Improvement Project for the Heber Public Utility District, contact Laura Fischer, General Manager; Wastewater Treatment Plant Expansion Improvement Project for the Heber Public Utility District, contact Laura Fischer, District Manager; 5th Street/Highway 115 Improvement Project, contact Nick Wells, City Manager and the Highway 115/Alamo River Bridge Improvement Project, City of Holtville, contact Nick Wells, City Manager. Project construction costs have ranged from \$200,000 to \$4,000,000.

Utility Coordinator Services and Permitting

Utility coordination services are delivered during the design and implementation phase of a project. For projects funded by the Department of Transportation, utility coordination services and permitting is a collaborative effort between the planning department and the engineering department. Our team has vast experience with working with all local utility agencies including Imperial Irrigation District Water, Imperial Irrigation District Power, AT&T, Caltrans, Imperial County Public Works, Time Warner Cable, Holtville City Water and Wastewater Public Works Department, Southern California Gas, and other utility purveyors as applicable. Our team is not only experience in the utility permits and work orders required, but also in the concurrent reporting required for those projects funded by the Department of Transportation.

Within the last five years, The Holt Group has assisted clients in the following utility relocations and or installation of utility services: relocation of various IID power poles for the City of Holtville Grape Avenue Improvement Project, contact Nick Wells, City Manager; installation of a Raw Water Transmission Pipeline from the IID Central Main Canal for the Heber Public Utility District, contact Laura Fischer, City Manager; potable water line by the Coachella Valley Water District for

the SR 86 Signalization in Salton City project, for Imperial County, contact Bill Brunet, Public Works Manager; Sanitary Sewer Outfall Main relocation by the City of Holtville, contact Nick Wells, City Manager; in addition to coordinating multiple miscellaneous power, gas, and communication service lines. The project costs for utility extensions or relocations ranges from a couple of thousand dollars up to \$7 Million.

Wastewater and Water Resource Engineering

The Holt Group Engineering and Planning Staff have assisted with the development of various wastewater and water resource related projects. The Holt Group Engineering Department has assisted the City of Holtville, City of Calipatria, City of Westmorland, City of El Centro and Heber Public Utility District with the development of Preliminary Engineering Reports and Feasibility Studies, Improvement Plans, Specifications, Quantity and Cost Estimates, Operations and Maintenance Manuals and similar items for Wastewater and Water Treatment Plants, Wastewater and Water Pipelines and Pump Stations and other Wastewater and Water Infrastructure. The Holt Group Engineering Staff has also completed the review of improvement plans, specifications, quantity and cost estimates and similar items for similar improvement projects.

Within the last five years, The Holt Group has assisted various public clients with Wastewater and Water Resource Engineering Services: Water and Wastewater Treatment Improvement Projects for the Heber Public Utility District, contact Laura Fischer, General Manager; 1.5 Million Gallon Reservoir and UV Disinfection System Improvement Project for the City of Holtville, contact Nick Wells, City Manager; 2.4 Million Gallon Reservoir and Raw Water Pond Lining System Improvement Project for the City of Holtville, contact Nick Wells, City Manager; Delta Street Pump Station Rehabilitation Project, contact RJ Medina, City Manager; Gateways to the Americas Reservoir Improvement Project for the County of Imperial, contact William Brunet, Director of Public Works and 5.0 Million Gallon Reservoir Rehabilitation Project for the City of El Centro, contact Terry Hagen, Director of Public Works. The project costs for utility extensions or relocations ranges from a million dollars up to \$12 Million dollars.

Water Quality Regulatory Permitting

The Holt Group Engineering Department has coordinated with and has an excellent working relationship with several members the State of California Water Resources and Control Board (SWRCB). The Holt Group Engineering Staff has an excellent understanding of the requirements of the SWRCB and has worked with the SWRCB on numerous projects. The Holt Group Engineering Department has assisted multiple public agencies with the preparation of compliance documents, preparation of discharge permits and extension requests and completion of various testing per SWRCB requirements.

Within the last five years, The Holt Group has assisted various public clients with Water Quality Regulatory Permitting Services: Water Treatment Improvement Project for the Heber Public Utility District, contact Laura Fischer, General Manager; 1.5 Million Gallon Reservoir and UV Disinfection System Improvement Project for the City of Holtville, contact Nick Wells, City Manager; 2.7 Million Gallon Reservoir and Raw Water Pond Water System Improvement Project for the City of Holtville, contact Nick Wells, City Manager; Gateways to the Americas Reservoir Improvement Project for the County of Imperial, contact William Brunet, Director of Public Works and 5.0 Million Gallon Reservoir Rehabilitation Project for the City of El Centro, contact Terry Hagen, Director of Public Works. The project costs for utility extensions or relocations ranges from a million dollars up to \$6 Million dollars.

III. STAFF'S EXPERIENCE UNDER PROPOSED DISCIPLINES

Engineering and Surveying Division Staff Experience

The Holt Group, Inc. Engineering and Surveying Department would be the lead for the following disciplines: Civil Engineering Design, Construction Management and Inspection, Cost Estimating, Drainage Analysis, Land Surveying, Stormwater SWPPP Services, Surveying, Utility Coordination Services and Permitting, Wastewater and Water Resource Engineering and Water Quality Regulatory Permitting Services. The primary contact for the Engineering and Surveying Departments is James G. "Jack" Holt, P.E., our Principal Engineer, who has over 37 years of experience in civil engineering design, construction management and surveying. Other tenured engineering and surveying staff include Jesus "Juny" Marmolejo, P.E., who holds over 10 years of engineering experience and is our lead Construction Manager, Fumi H. Galvan, P.E., PLS, who holds over 10 years of experience in civil engineering and is responsible for various types of hydraulic related projects, traffic design and other civil engineering design, Sameer K. Patel, P.E., who holds over 10 years of experience in the civil engineering field, Pavani Gudipati, P.E., who holds over 10 years of civil engineering experience, and Tung Hsieh, P.E., PLS, who holds over 10 years of civil engineering and surveying experience and serves as our survey project manager. Our Engineering and Surveying Departments have well diversified and experienced staff that can assist the Heber Public Utility District with a variety of different projects. Our engineering staff has completed virtually every type of civil engineering project included but not limited to Water and Wastewater Treatment Plants, Roadways and adjoining infrastructure, pipelines, site plans, retention basins, pump stations, park and recreation projects and various other pieces of infrastructure. In addition, our surveying staff has completed construction surveying activities for numerous types of infrastructure improvements and has completed virtually every type of land surveying document from Records of Survey, Tract Maps ALTA Surveys, Parcel Maps to Lot Line Adjustments. Our Staff focuses on providing high quality engineering and surveying services for every single project. We work diligently to ensure that we accurately design infrastructure improvements and that infrastructure improvements are constructed as designed. The Holt Group's Engineering and Surveying Departments have completed projects ranging from \$10,000 to \$12,000,000. For a more detailed evaluation of our staff, please review the attached resumes summarizing each staff member's experience.

**James G. "Jack" Holt,
PE, QSD/QSP**

PRINCIPAL ENGINEER/PROJECT
MANAGER/QA/QC

EDUCATION

B.S., Civil Engineering, 1977
University of Michigan,
Ann Arbor, Michigan

REGISTRATIONS

Registered Civil Engineer,
R.C.E. # 31773, California

Registered Civil Engineer,
R.C.E. # 25315, Arizona

California QSP & QSD SWPPP
Certification # 20198

**PROFESSIONAL
ORGANIZATIONS**

American Society of Civil Engineers

PROFESSIONAL PRACTICE

THE HOLT GROUP, INC.
El Centro, California
1983 – present

**MAINIERO, SMITH &
ASSOCIATES**
Palm Springs, California
1979 – 1983

PERLA STOUT ASSOCIATES, INC.
Traverse City, Michigan
1977 – 1979

JOHN C. LINTON & ASSOCIATES
Traverse City, Michigan
1974 – 1977

GENERAL QUALIFICATIONS

James G. "Jack" Holt is a Registered Civil Engineer in the State of California with thirty four years of civil engineering and construction management experience. Mr. Holt has specialized in Municipal Engineering and has been the City of Holtville City Engineer for the last 26 years and the City of Calipatria City Engineer for the last 28 years. Mr. Holt has been involved as the design engineer or review engineer for all the infrastructure improvement projects in the City of Holtville for the last 26 years. Mr. Holt obtained his Qualified SWPPP Developer/Practitioner Certification and may act in the capacity as the City of Holtville QSD/QSP as required. Mr. Holt has extensive experience in both municipal and private engineering projects and has worked on street improvement projects, water system and sewer system expansion projects, retention basins, water pipeline, sewer pipeline, and stormwater pipeline projects, and park improvement projects for the Cities of El Centro, Westmorland, Calipatria, Imperial, Brawley, Holtville, Calexico and Blythe, the County of Imperial, and the Heber Public Utility District. Mr. Holt has extensive experience performing Civil Engineering Design, Construction Management and Inspection, Cost Estimation, Drainage Analyses, Land Surveying, Stormwater SWPPP and WPCP, Surveying, Utility Coordination and Permitting, Wastewater and Water Environmental Engineering and Water Quality Regulatory Engineering.

RELEVANT EXPERIENCE

Mr. Holt has completed the design, bidding and construction management/resident engineering services for hundreds of projects in the Imperial Valley and Riverside Counties. Mr. Holt has completed plan checks, design, reports, analyses, surveying, specifications, calculations and quantity and cost estimates for various civil infrastructure improvements. Mr. Holt completes the Quality Assurance/ Quality Control services for engineering projects completed by The Holt Group and is responsible for the overall project management services at The Holt Group.

Fumi Galvan, PE, PLS, QSD/QSP

PROJECT MANAGER

EDUCATION

B.S., Civil Engineering, 2000
Oregon Institute of Technology
Klamath Falls, Oregon

B.S., Civil Engineering, 2002
Muroran Institute of Technology
Hokkaido, Japan

REGISTRATIONS

Registered Civil Engineer,
R.C.E. # 68390, California

California QSP and QSD
Certification # 20331

PROFESSIONAL ORGANIZATIONS

American Society of Civil Engineers

PROFESSIONAL PRACTICE

THE HOLT GROUP, INC.
El Centro, California
2000 – Present

GENERAL QUALIFICATIONS

Ms. Galvan has been with The Holt Group, Inc. for the last ten years. Since joining The Holt Group, Inc. Ms. Galvan has completed the design engineering and construction management of numerous roadway projects, sanitary sewer, water and stormwater facility improvement projects and residential and commercial subdivisions. Ms. Galvan has obtained her Qualified SWPPP Developer/Practitioner Certification and may act in the capacity as the City of Holtville QSD/QSP as required. Ms. Galvan has also completed various SWPPP documents for various types of civil infrastructure projects in addition to grading plans, hydrology studies and drainage plans. Ms. Galvan has extensive experience performing Civil Engineering Design, Construction Management and Inspection, Cost Estimation, Drainage Analyses, Land Surveying, Stormwater SWPPP and WPCP, Surveying, Utility Coordination and Permitting, Wastewater and Water Resource Engineering and Water Quality Regulatory Engineering. Ms. Galvan specializes in preparing Traffic Control Plans and Traffic Engineering. Ms. Galvan has project managed various types of civil engineering projects.

RELEVANT EXPERIENCE

County of Imperial – McCabe Road and Highway 111 Signalization Project – Project Manager

County of Imperial – South Marina Drive/Salton Seaway Intersection Improvements – Project Manager

Heber Public Utility District – 36" Raw Water Pipeline Improvement Project – Project Manager

Jesus "Juny" Marmolejo, PE

PROJECT ENGINEER -
CONSTRUCTION MANAGER

EDUCATION

B.S., Civil Engineering, June 2002
California State University at
Long Beach
Long Beach, California

CERTIFICATIONS

Registered Civil Engineer (RCE)
No. 80410, California

PROFESSIONAL PRACTICE

THE HOLT GROUP, INC.
El Centro, California
August 2002 - Present

KPFF CONSULTING ENGINEERS
Long Beach, California
June 2001 – August 2002

GRANITE CONSTRUCTION
El Centro, California
June 1998 – August 1998

RANSDALL'S CONSTRUCTION
El Centro, California
June 1993 – January 1998

GENERAL QUALIFICATIONS

Mr. Jesus Marmolejo obtained a Bachelor of Science degree in Civil Engineering from California State University at Long Beach. Mr. Marmolejo has over ten years of civil engineering experience and has project managed the design and construction of several engineering projects over the past ten years. During Mr. Marmolejo's tenure at The Holt Group he has completed surveying activities, prepared multiple engineering studies, improvement plans and specifications and has provided construction management services for various types of civil infrastructure projects including water and wastewater treatment facilities, pumping stations, retention basins, water, sewer and stormwater pipelines and street infrastructure. Mr. Marmolejo has completed project coordination efforts with various public agencies including the County of Imperial, IID, Caltrans, SWRCB and the California Department of Public Health. Mr. Marmolejo is involved in every construction related project that The Holt Group is providing Construction Management for and is The Holt Group, Inc.'s Construction Manager. Mr. Marmolejo has extensive experience performing Civil Engineering Design, Construction Management and Inspection, Cost Estimation, Drainage Analyses, Land Surveying, Stormwater SWPPP and WPCP, Surveying, Utility Coordination and Permitting, Wastewater and Water Resource Engineering and Water Quality Regulatory Engineering.

RELEVANT EXPERIENCE

Heber Public Utility District – Water Treatment Plant Expansion –
Project Manager

Heber Public Utility District – Wastewater Treatment Plant Expansion –
Project Manager

City of Holtville – Water Systems Improvement Project – Project
Manager

City of Holtville – Fourth Street Junction Improvement Project –
Project Manager

Sameer Patel, PE

ASSISTANT PROJECT ENGINEER

EDUCATION

B.S., Civil Engineering, 1991
University of Pune at
Pune, India

M.S., Civil Engineering, May 2007
Wayne State University at Detroit,
Michigan

CERTIFICATIONS

Registered Civil Engineer (RCE)
No. 81443, California

PROFESSIONAL PRACTICE

THE HOLT GROUP, INC.
El Centro, California
August 2007 - Present

SUGAM CONSTRUCTION, LTD
Gurjarat, India

GENERAL QUALIFICATIONS

Mr. Sameer Patel obtained a Bachelor of Engineering degree in Civil Engineering from the University of Pune in India and a Master of Science Degree in Civil Engineering from Wayne State University in Michigan. Mr. Patel has over fifteen years of experience in the civil engineering and construction management field. Mr. Patel has performed duties including Surveying, Design and Construction Management Services, Cost Estimation, Utility Coordination and Permitting, Wastewater and Water Resource Engineering and Water Quality Regulatory Engineering for various infrastructure improvement projects. Mr. Patel has assisted with the preparation of various SWPPP documents, grading plans, drainage analyses, specifications and improvement plans.

RELEVANT EXPERIENCE

Heber Public Utility District – Wastewater Treatment Plant
Expansion – Resident Engineer

City of Holtville – Walnut Improvement Project – Resident Engineer

City of Holtville – 4th Street Junction Improvement Project –
Resident Engineer

City of Holtville – Holt Avenue Improvement Project – Resident
Engineer

City of Holtville – 9th Street Improvement Project – Resident
Engineer

Victor Garcia

ASSISTANT PROJECT ENGINEER

EDUCATION

B.S., Civil Engineering, 2000
California State Polytechnic
University, Pomona

PROFESSIONAL PRACTICE

THE HOLT GROUP, INC.
El Centro, California
2000– present

NICKLAUS ENGINEERING
Yuma, Arizona
1998-2000

GENERAL QUALIFICATIONS

Mr. Victor Garcia graduated from California State Polytechnic University with a degree in Civil Engineering. Mr. Garcia has extensive experience designing civil infrastructure improvement projects. Mr. Garcia has completed civil design services for roadway, water, sewer and stormwater pipelines, water and wastewater treatment plants and water and sewer pump stations for The Holt Group for the last thirteen (13) years.

Mr. Garcia has completed plan checking services for various civil infrastructure improvements including roadways, grading plans, stormwater, water and sanitary system improvements. Mr. Garcia is responsible for reviewing geotechnical reports as related to subgrade analysis, subsurface soils, and water table conditions for the design of streets, water pipeline and sanitary sewer pipeline projects. Mr. Garcia has assisted with the preparation of several key documents including but not limited to: Specifications, Engineer's Quantity and Cost Estimates, Hydrology Studies, and Survey Mapping Documents.

RELEVANT EXPERIENCE

City of Calipatria – Lake Avenue Improvement Project – Project Designer

City of Holtville – 4th Street Junction Improvement Project – Project Designer

City of Calipatria – Bonita Avenue Improvement Project – Project Designer

City of Holtville – 4th Street Junction Improvement Project – Project Designer

City of Holtville – Holt Avenue Improvement Project – Project Designer

City of Holtville – 9th Street Improvement Project – Project Designer

City of Holtville – Walnut Avenue Improvement Project – Project Designer

Javier Luna, EIT

ASSISTANT PROJECT ENGINEER

EDUCATION

M.S., Engineering Management, 2011
California State University, Northridge

B.S., Civil Engineering, 2005 California State University, Northridge

CERTIFICATIONS

Registered Engineer In Training (EIT)
California, Certificate No. 121265

PROFESSIONAL ORGANIZATIONS

Society of Hispanic Professional Engineers

American Society of Civil Engineers

PROFESSIONAL PRACTICE

The Holt Group, Inc.
Project Engineer/Surveyor
2009- present

Ryback Geotechnical, Inc.
Van Nuys, California
August 2005 – February 2010

Geotechnics, Inc.
El Centro, California
June 2005 – August 2005

GENERAL QUALIFICATIONS

Mr. Luna graduated in 2005 from California State University, Northridge with a Bachelor of Science degree in Civil Engineering. Mr. Luna also recently obtained a Master of Science Degree in Engineering Management from California State University, Northridge.

Mr. Luna has over four years of experience in the civil engineering and geotechnical consulting fields which includes providing project management, surveying, design, and construction management services for various infrastructure improvement projects. Mr. Luna has professional experience relating to geotechnical consulting services, including but not limited to field explorations, compaction testing, preparation of geotechnical reports and analyses, soils investigations, foundation design and analyzing soils and various materials.

Mr. Luna has also assisted with the design and construction management of numerous residential and commercial subdivisions, roadway projects, and wastewater, water and stormwater facility improvement projects. Mr. Luna has assisted with surveying services and has obtained elevations and completed grade checks for various infrastructure improvements. Mr. Luna has also assisted with providing Cost Estimation, Land Surveying, Utility Coordination and Permitting, Wastewater and Water Resource Engineering and Water Quality Regulatory Engineering.

RELEVANT EXPERIENCE

County of Imperial – Cole and Kloke Road Improvement Project – Resident Engineer

County of Imperial – Desert Shores Street Assessment Project – Project Designer

Imperial Irrigation District – Moorhead Lateral Improvements – Resident Engineer

City of Holtville – Wastewater Treatment Plant Improvement Project – Plan Review

Tung-Ju Hsieh, PE, PLS

SURVEY PROJECT MANAGER

EDUCATION

M.S., Civil Engineering, 2001
California State University, Fresno

B.S., Civil Engineering, 1995
National Taiwan University of
Science and Technology

PROFESSIONAL ORGANIZATIONS

California Land Surveyor Association

Arizona Professional Land Surveyor
Association

CERTIFICATIONS

Professional Land Surveyor,
No. 8722, California
No. 51012, Arizona

Registered Civil Engineer,
No. 70278, California

PROFESSIONAL PRACTICE

The Holt Group, Inc.
Survey Project Manager
2009- present

Stantec Consulting
Senior Designer
2004-2009

The Holt Group, Inc.
Assistant Engineer/Surveyor
2001-2004

GENERAL QUALIFICATIONS

Mr. Tung-Ju Hsieh graduated from California State University, Fresno with a Master of Science degree in Civil Engineering. Mr. Hsieh offers over twelve (12) years of engineering, surveying and mapping experience including boundary analysis and establishment. Mr. Hsieh has prepared various ALTA/ACSM Surveys, legal descriptions and plats, easement documents, right-of-way dedications, tentative maps, subdivision maps, records of survey, corner records, encumbrance maps and street, water and sewer improvement projects. Mr. Hsieh also supervises all field surveying activities and completes all applicable survey calculations.

RELEVANT EXPERIENCE

City of Holtville – 5th Street Record of Survey – Survey Project Manager

NextERA Energy – ALTA Survey for Multiple Solar Facilities – Survey Project Manager

County of Imperial – Various Map Checking Services – Survey Project Manager

International Farming – Encumbrance Maps for multiple farm locations – Survey Project Manager

Planning Division Staff Experience

The Holt Group Inc. Planning Department would be the lead for the following disciplines: Environmental Planning and CEQA Compliance; Grant Writing; and Planning and Permitting. The primary contact being Ms. Justina G. Arce, our Senior Planner and Project Manager, who has over 17 year experience in urban planning, environmental assessments, and community development services inclusive of grant related services. Other tenured planners include Ms. Adriana Nava, AICP who holds over six years experience in land use planning and environmental services and Ms. Blanca Magaña who has a degree in Business Administration and has over five years of successful grant writing and grant management experience. The Planning Department is comprised of a dynamic group of planning professionals that focus on services to public sector clients. Our planning staff makes itself available for community outreach, public presentations, meetings and regional representation. Our staff is committed to the convenience and satisfaction of our clients through innovation, flexibility, and efficiency. We strongly believe in the principle that each project must be technically sound, economically feasible, and that it meets or exceeds our client's expectations. The diversity of our team enables successful and effective service delivery. The Planning Staff's experience, combined with the individual qualifications, experience, and availability, offers unsurpassed service to our clients. Please see proceeding resumes for a more detailed background on individual experience.

JUSTINA GAMBOA ARCE

SENIOR PLANNER AND PROJECT MANAGER

EDUCATION

California Polytechnic University, Pomona
B.S., Urban and Regional Planning,
1996

PROFESSIONAL PRACTICE

The Holt Group, Inc.
Senior Planner/Principal
June 2005 - Present

Rabobank, Inc.
Community Reinvestment Act
Officer/Vice President
July 2000 – June 2005

The Holt Group, Inc.
Senior Planner
June 1996 – July 2000

SPECIALIZED TRAINING

Case Western Reserve University, Ohio
National Community Development
Lending School

The Risk Management Association
RMA Lending Academy

QUALIFICATIONS

Justina Gamboa-Arce is the lead principal of the Planning Department and has been with The Holt Group for over ten years. She is well versed in all aspects of community planning and economic development planning for both, public and private sector clients. Her experience includes preparation of needs assessments and economic analysis in support of short range or long range plan or for the specific purposes of grant funded or subsidized projects. Her experience includes successful grant writing, implementation, project management, policy development, and the delivery of community presentations. Her experience ranges from the grassroots level approach to effective networking with regional, state, and federal agency representatives. She also has vast experience on environmental document preparation for compliance under both CEQA and NEPA.

Ms. Arce is passionate about assisting rural communities. Her commitment to rural communities has been recognized at both, the local and regional level. In 2003, her work was recognized by the Federal Reserve Bank of San Francisco for whom Ms. Gamboa-Arce was a guest speaker at the 2004 Community Reinvestment Conference in Hollywood. Her work has also been featured in a national Compliance Newsletter and she was published in the Fall 2004 issue of the Federal Reserve's quarterly Community Investments Magazine. She is dedicated to her work and rigid on regulatory compliance, record keeping, reporting, and overall project delivery of a quality product.

CARLOS FLORES

Assistant Planner

EDUCATION

University of California, Los Angeles

B.A., Economics, 2014

PROFESSIONAL PRACTICE

The Holt Group, Inc.

Assistant Planner

September 2014 - present

New England Financial

Marketing Intern

January 2013 – June 2013

QUALIFICATIONS

Mr. Flores graduated from the University of California, Los Angeles where he majored in Economics. His studies emphasized the financial methods of government and non-government organizations and he also took courses in Public Policy which emphasized the practices and policies within government organizations.

Mr. Flores has an extensive experience working for organizations in a research capacity. His experience had him conduct research in the areas of environmental impacts, effectiveness of governmental and financial policies, economic development, and public transportation. Much of this research resulted in the production of informative documents for use by the general public, education, and the private sector.

As Assistant Planner, Mr. Flores has assisted with the administration of numerous projects including the preparation of environmental documents for CEQA and NEPA Compliance under the jurisdiction of the California Department of Transportation, and municipal governments within Imperial County.

Relative Experience

CEQA Environmental Documents IS/ND/MND's

NEPA Environmental Documents PES for CE

ERIKA GARCIA

Auto CAD Tech/ Planning Assistant

EDUCATION

Universidad Autonoma de Baja California

B.S. Mass Communications,
2002

PROFESSIONAL HISTORY

The Holt Group, Inc.

Planning Clerk
2007 - Present

QUALIFICATIONS

Ms. Garcia has been employed by The Holt Group since 2007 as the AutoCAD Technician and Planning Assistant for the Planning Department. Ms. Garcia has been assisting the planning department with the design, graphic exhibits as well as map research for various Planning projects. She has exceptional organizational and document presentation skills and maintains impeccable files critical for audit purposes.

Ms. Garcia has experience in agency processes and submittal requirements, noticing, and legal notifications. Her AutoCAD experience includes the preparation of exhibits, site plans, cross sections, elevation views, and various concept projects, in order to effectively deliver an idea, condition or situation across.

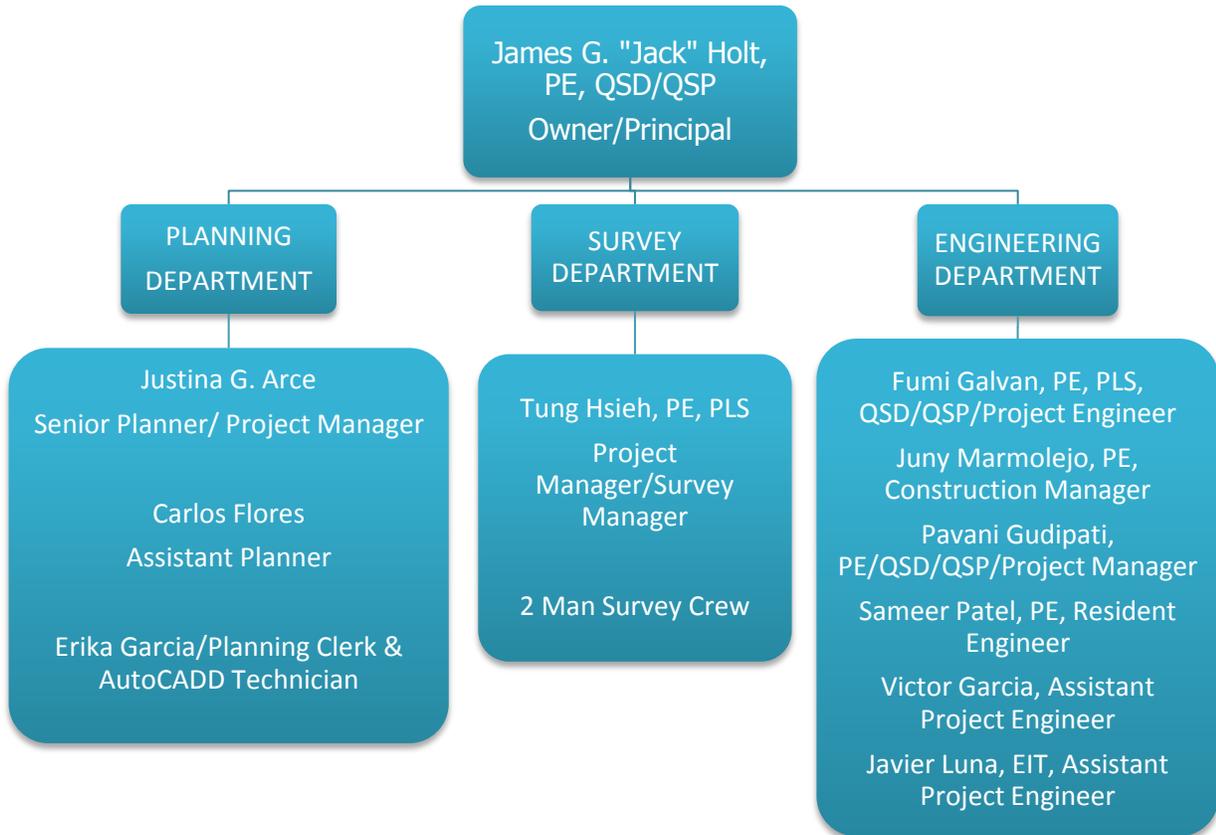
IV. FIRMS AVAILABILITY AND WORKLOAD CAPACITY

The Holt Group, Inc. has a substantial amount of qualified and experienced staff working in the Engineering Department, Planning Department and Surveying Department. Due to our abundance of qualified and experienced staff, The Holt Group is fully capable of assisting the Heber Public Utility District whenever assistance is required and in a timely manner. In addition, The Holt Group is fully capable of taking on a large amount of projects due to the size of our firm and the quantity of staff available to assist with a variety of projects. The individuals highlighted in this proposal are individuals we believe will be in communication with the Heber Public Utility District on a direct basis. The Holt Group, Inc. maintains additional staff, which will be utilized to complete any required projects.

V. FIRM'S DBE STATEMENT

The Holt Group, Inc. is not a DBE identified firm. For applicable projects, The Holt Group may acquire the services of a certified DBE firm.

VI. ORGANIZATION CHART



VII. REFERENCE LIST

County of Imperial

Mr. William S. Brunet
Public Works Department Director
155 South 11th Street
El Centro, CA 92243
Phone: (760)482-4462
Fax: (760)352-1272

City of Calipatria

Mr. Romualdo Medina
City Manager
125 North Park Avenue
P.O. Box 167
Calipatria, CA 92233
Phone: (760)348-4141
Fax: (760)348-7035

Heber Public Utility District

Ms. Laura Fischer
General Manager
1085 Ingram Avenue
P.O. Box H, Heber, CA 92249
Phone: (760)353-0323
Fax: (760)353-9951

City of Imperial

Mr. Jorge Galvan
Planning Director
420 South Imperial Avenue
Imperial, CA 92251
Phone: (760)355-3326
Fax: (760)355-4718

City of El Centro

Mr. Terry Hagen
Public Works Director/City Engineer
307 W. Brighton Avenue
El Centro, CA 92243
Phone: (760)337-4505
Fax: (760)337-3172

Other References Available Upon Request

VIII. PROJECT LIST

Please note the majority of the projects highlighted below involved the majority of the services requested within the City of Holtville Request for Qualifications. Those services include Civil Engineering Design, Construction Management and Inspection, Cost Estimation, Drainage Analysis, Environmental Planning and CEQA Compliance, Grant Writing, Land Surveying, Planning and Permitting, Stormwater SWPPP and WPCP, Surveying, Utility Coordination and Permitting, Wastewater and Water Resource Engineering and Water Quality Regulatory Permitting. The list below is not considered all inclusive of project completed by The Holt Group in the last five years.

| Client Name | Project Name | Construction Value |
|---------------------|--|---------------------------|
| City of Calipatria | Redevelopment Agency Park Projects | \$932,186 |
| City of Holtville | Alamo River Recreational Trail Project | \$685,800 |
| City of Holtville | Alamo River Habitat Conservation Fund | \$252,172 |
| City of Holtville | SAFETEA-LU Demo Project | \$1,000,000 |
| City of Holtville | McDougal "Mack" Park Improvements | \$1,119,498 |
| City of Holtville | West Entrance Sign Landscaping/Lighting | \$150,000 |
| City of Holtville | EPA/Border 2012-Storm Water Pollution Prevention Plan & Clean-Up Project | \$92,000 |
| City of Holtville | Samaha Park Restroom Rehabilitation | \$56,000 |
| City of Westmorland | Soccer Field Event Lighting | \$300,000 |

Attachment D

Financial Data

HEBER PUBLIC UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2015

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Heber Public Utility District
El Centro, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Heber Public Utility District, as of and for the year ended June 30, 2015, 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 opinions 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, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 auditors' 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 auditors consider internal control relevant to the District'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 District'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 opinions.

Opinions

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 the Heber Public Utility District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Emphasis of Matter

As discussed in Notes 1d and 10 to the financial statements, the District adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". The adoption of these standards required retrospective application resulting in a \$51,936 and \$348,391 reduction of previously reported net position in the governmental activities and business-type activities, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability and the schedule of contributions – defined benefit pension plans and the budgetary comparison schedules, identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

White Nelson Dick Evans LLP

Carlsbad, California
December 10, 2015

**Heber Public Utility District
Management's Discussion and Analysis
for the Year Ended June 30, 2015**

The discussion and analysis of the financial performance of Heber Public Utility District provides an overview of the District's financial activities for the year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Users of these financial statements should read this discussion and analysis and the District's basic financial statements following this section to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the 2014-2015 fiscal year by \$25,425,686 (*Net Position*). The net position is composed of \$22,724,431 invested in capital assets net of related debt, \$ 520,990 which is restricted for debt service, and \$2,180,265 which is unrestricted.
- As of June 30, 2015, the District's governmental funds reported total ending fund balances of \$515,339, an increase of \$268,891 in comparison with the prior year.
- At the end of the current fiscal year, the Business-Type Activities assets exceeded its liabilities by \$24,116,796, a decrease of \$231,958 from the prior year.
- The district adopted Governmental Accounting Standard Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions, and amendment of GASB Statement No. 27*", and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*".

The primary objective of GASB 68 is to address the accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The District has this type of pension plan for its employees. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures on the District's financial statements. In addition, GASB 68 requires that notes to financial statements include descriptive information, such as the types of benefits provided and the number and classes of employees covered by the benefit (See Note 7). The requirements of this Statement will improve the decision-usefulness of the information in the District's financial reports and will enhance its value for assessing accountability by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

For the District and most local governments, the recognition of the pension liability on the financial statements is a significant change that adds a new liability comparable to or even greater than the local government's long-term municipal bond obligations. In order to implement Statement No. 68, a prior period adjustment was made to decrease the July 1, 2014 net position of the governmental activities and the business type activities by \$51,936 and \$348,391, respectively.

**Heber Public Utility District
Management's Discussion and Analysis
for the Year Ended June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These statements are organized so that readers can understand the Heber Public Utility District as a financial whole or as an entire operating entity. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets, liabilities, deferred outflows, and deferred inflows, with the difference between the four reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event takes place regardless of when cash is received or paid. Thus, some revenues and expenses reported in this statement are for some items that will only result in cash inflows and outflows in future fiscal years. Both the Statement of Net Position and the Statement of Activities distinguish between activities that are primarily financed with taxes and intergovernmental revenues (governmental activities) and those that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The District's governmental activities include parks/retention basins. The business-type activities of the District include the operation of the Water, Wastewater plant and Solid Waste (Trash).

The government-wide financial statements are presented on pages 11, 12 and 13 of this report.

2. Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. A fund is a fiscal and accounting entity designated to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and agency funds.

Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of resources at the end of the fiscal year. Such information may be used in evaluating the District's near-term financing requirements and available resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to get a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements are presented on pages 14 through 17 of this report.

**Heber Public Utility District
Management's Discussion and Analysis
for the Year Ended June 30, 2015**

2. Fund Financial Statements (Continued)

Enterprise funds are reported as functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the Water, Sewer and Solid Waste (Trash) operations.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary financial statements are presented on pages 18, 19 and 20 of this report.

Agency funds are reported as fiduciary funds and are used to account for assets held on behalf of outside parties. Financial information for the fiduciary funds is not reported in the government-wide financial statements because the resources of these funds are not available to support the District's programs.

The basic agency fund statement of assets and liabilities is presented on page 21.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements.

The notes to the financial statements are presented on pages 22 to 40 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$25,425,686 (see Table 1) at the close of the current fiscal year.

The portion of the District's net position which is reflected as unrestricted is \$2,180,265 an increase of \$143,661. The amount of net position in capital assets (e.g., infrastructures, improvements, and construction in progress); less any related outstanding debt used to acquire those assets is \$22,724,431. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that 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.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used and amounts to \$520,990. The portion of the restricted net position is the aggregate amount for short lived assets, and debt service reserves.

At the end of the current fiscal year, the District as a whole and for its governmental and business-type activities reported positive balances in net position.

**Heber Public Utility District
Management's Discussion and Analysis
for the Year Ended June 30, 2015**

**Table 1 – Heber Public Utility District Net Position
June 30, 2015 and 2014**

| | 2015 | 2014 |
|---|----------------------------|----------------------------|
| Current Assets: | | |
| Cash and Investments | \$ 2,535,891 | \$ 2,028,135 |
| Restricted Cash & Cash Equivalents | 520,990 | 466,520 |
| Receivables | 435,561 | 379,807 |
| Notes Receivable | 13,255 | 13,255 |
| Capital Assets | <u>31,010,156</u> | <u>31,788,294</u> |
| Total Assets | <u><u>34,515,853</u></u> | <u><u>34,676,011</u></u> |
| Deferred Outflows of Resources | | |
| Deferred amounts from pension | <u>79,603</u> | <u>-</u> |
| Total Deferred Outflows of Resources | <u><u>79,603</u></u> | <u><u>-</u></u> |
| Current Liabilities | | |
| Current Liabilities | 202,377 | 171,023 |
| Customer Deposit Payable | 93,694 | 78,591 |
| Noncurrent Liabilities | | |
| Net Pension Liability | 313,558 | |
| Long-Term Liabilities | <u>8,405,786</u> | <u>8,641,814</u> |
| Total Liabilities | <u><u>9,015,415</u></u> | <u><u>8,891,428</u></u> |
| Deferred Inflows of Resources | | |
| Deferred amounts from pension | <u>154,355</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u><u>154,355</u></u> | <u><u>-</u></u> |
| Net Position: | | |
| Net investment in capital assets | 22,724,431 | 23,281,459 |
| Restricted for debt service | 520,990 | 466,520 |
| Unrestricted | <u>2,180,265</u> | <u>2,036,604</u> |
| Total Net Position | <u><u>\$25,425,686</u></u> | <u><u>\$25,784,583</u></u> |

**Heber Public Utility District
Management's Discussion and Analysis
for the Year Ended June 30, 2015**

**Table 2 - Heber Public Utility District Changes in Net Position for
the Years Ended June 30, 2015 and 2014**

| | 2015 | 2014 |
|-------------------------------------|------------------|-------------------|
| <i>Program revenues:</i> | | |
| Charge for services | \$ 3,165,156 | \$ 3,325,041 |
| Royalties and services | 81,381 | 77,686 |
| <i>General revenues:</i> | | |
| Property tax | 466,594 | 353,388 |
| Other revenue | 36,070 | 45,221 |
| <i>Total revenues</i> | 3,749,201 | 3,801,336 |
| <i>Program expenses:</i> | | |
| General government | 282,177 | 313,024 |
| Water | 1,582,375 | 1,538,150 |
| Wastewater | 1,378,881 | 1,360,158 |
| Solid waste | 464,338 | 464,750 |
| <i>Total expenses</i> | 3,707,771 | 3,676,082 |
| Changes in Net Position: | \$ 41,430 | \$ 125,254 |

**Heber Public Utility District
Management's Discussion and Analysis
for the Year Ended June 30, 2015**

Governmental Activities

Governmental activities increased the District's net position by \$273,388 for the year ended June 30, 2015.

Business-type Activities

The Business-type activities decreased the District's net position by \$231,958.

- a. Depreciation expense for business type activities amounted to \$861,358 for the fiscal year.
- b. Revenues for service charges amounted to \$3,165,156.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2015, The District's governmental funds reported total net fund balances of \$515,339. The unassigned fund balance, which is available to meet the District's future 2 capital projects and future obligations, is \$507,642.

The District's management may also designate unassigned fund balance to a particular function, project, or activity. However, unassigned fund balance is available for appropriations at any time.

Revenues for governmental functions totaled \$555,565 at June 30, 2015. Expenditures for government functions totaled \$286,674 at June 30, 2015.

Proprietary Funds

The proprietary fund provides similar information to the government-wide financial statements, but in more detail.

Agency Funds

The agency funds maintain assets held in an agent capacity for other governments, organizations and individuals. The district is acting as an agent for the Heber Public Utility District Community Facilities District No. 2005-1 by making the payments to the bondholders from the property taxes collected by the County of Imperial.

**Heber Public Utility District
Management's Discussion and Analysis
for the Year Ended June 30, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District's investment in capital assets for its governmental and business-type activities amounted to \$31,010,156 (net of accumulated depreciation). The investments in capital assets are comprised of land, infrastructure, structures and improvements, furniture and equipment, vehicles, and construction in progress. The District, according to GASB 34 guidelines, has elected retroactively to include all infrastructure assets.

Table 3 -The District's Capital Assets (Net of accumulated depreciation)

| | 2015 | 2014 |
|-------------------------------|----------------------|----------------------|
| Land | \$ 1,021,143 | \$ 1,021,143 |
| Infrastructure & Improvements | 29,050,616 | 29,872,460 |
| Furniture and Equipment | 175,039 | 174,271 |
| Construction In Process | <u>763,358</u> | <u>720,420</u> |
| Total | <u>\$ 31,010,156</u> | <u>\$ 31,788,294</u> |

Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$8,285,725 which is described in the table below.

Table 4 - The District's Outstanding Debt

| | 2015 | 2014 |
|--------------------|---------------------|---------------------|
| 2009 USDA Loan | \$ 3,155,000 | \$ 3,218,000 |
| 2012 SRF WWTP Loan | <u>5,130,725</u> | <u>5,288,835</u> |
| Total | <u>\$ 8,285,725</u> | <u>\$ 8,506,835</u> |

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Graciela Lopez, HPUD Finance Officer at (760) 482-2445.

BASIC FINANCIAL STATEMENTS

HEBER PUBLIC UTILITY DISTRICT

STATEMENT OF NET POSITION
June 30, 2015

| | Primary Government | | |
|--|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 453,688 | \$ 2,082,203 | \$ 2,535,891 |
| Restricted cash and cash equivalents | - | 520,990 | 520,990 |
| Accounts receivable | 76,404 | 359,157 | 435,561 |
| Note receivable | - | 13,255 | 13,255 |
| Total Current Assets | 530,092 | 2,975,605 | 3,505,697 |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Capital assets not being depreciated | 531,527 | 1,252,974 | 1,784,501 |
| Capital assets, net of depreciation | 315,243 | 28,910,412 | 29,225,655 |
| Total Capital Assets | 846,770 | 30,163,386 | 31,010,156 |
| Total Noncurrent Assets | 846,770 | 30,163,386 | 31,010,156 |
| TOTAL ASSETS | 1,376,862 | 33,138,991 | 34,515,853 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amounts from pension | 10,326 | 69,277 | 79,603 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 10,326 | 69,277 | 79,603 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 10,753 | 156,268 | 167,021 |
| Accrued interest payable | - | 12,653 | 12,653 |
| Accrued wages and benefits payable | 2,728 | 19,975 | 22,703 |
| Deposits | 1,272 | 92,422 | 93,694 |
| Long-term debt due within one year | - | 222,691 | 222,691 |
| Current portion of compensated absences | 2,841 | 57,220 | 60,061 |
| Total Current Liabilities | 17,594 | 561,229 | 578,823 |
| Noncurrent Liabilities: | | | |
| Net Pension Liability | 40,679 | 272,879 | 313,558 |
| Long-term debt due in more than one year | - | 8,063,034 | 8,063,034 |
| Compensated absences | - | 60,000 | 60,000 |
| Total Noncurrent Liabilities | 40,679 | 8,395,913 | 8,436,592 |
| TOTAL LIABILITIES | 58,273 | 8,957,142 | 9,015,415 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amounts from pension | 20,025 | 134,330 | 154,355 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 20,025 | 134,330 | 154,355 |
| NET POSITION | | | |
| Net investment in capital assets | 846,770 | 21,877,661 | 22,724,431 |
| Restricted for debt service | - | 520,990 | 520,990 |
| Unrestricted | 462,120 | 1,718,145 | 2,180,265 |
| TOTAL NET POSITION | \$ 1,308,890 | \$ 24,116,796 | \$ 25,425,686 |

See accompanying independent auditors' report and notes to financial statements.

HEBER PUBLIC UTILITY DISTRICT

STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| Parks and recreation | \$ 282,177 | \$ 81,381 | \$ - | \$ - |
| Other governmental activities | - | - | - | - |
| Total governmental activities | <u>282,177</u> | <u>81,381</u> | <u>-</u> | <u>-</u> |
| Business-Type Activities | | | | |
| Water | 1,582,375 | 1,458,526 | - | - |
| Wastewater | 1,378,881 | 1,224,352 | - | - |
| Solid waste | 464,338 | 482,278 | - | - |
| Total business-type activities | <u>3,425,594</u> | <u>3,165,156</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 3,707,771</u> | <u>\$ 3,246,537</u> | <u>\$ -</u> | <u>\$ -</u> |

GENERAL REVENUES

Property taxes
Investment earnings
Other revenues
Total General Revenues

CHANGES IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, AS RESTATED

NET POSITION AT END OF YEAR

| Net (Expense)/Revenue and Changes in Net Position Primary Government | | |
|--|-----------------------------|----------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (200,796) | \$ - | \$ (200,796) |
| <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(200,796)</u> | <u>-</u> | <u>(200,796)</u> |
| - | (123,849) | (123,849) |
| - | (154,529) | (154,529) |
| - | 17,940 | 17,940 |
| <u>-</u> | <u>(260,438)</u> | <u>(260,438)</u> |
| <u>(200,796)</u> | <u>(260,438)</u> | <u>(461,234)</u> |
| 466,594 | - | 466,594 |
| - | 1,068 | 1,068 |
| 7,590 | 27,412 | 35,002 |
| <u>474,184</u> | <u>28,480</u> | <u>502,664</u> |
| 273,388 | (231,958) | 41,430 |
| <u>1,035,502</u> | <u>24,348,754</u> | <u>25,384,256</u> |
| <u>\$ 1,308,890</u> | <u>\$ 24,116,796</u> | <u>\$ 25,425,686</u> |

HEBER PUBLIC UTILITY DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

| | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|-----------------------------|-----------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 448,883 | \$ 4,805 | \$ 453,688 |
| Accounts receivable | 73,512 | 2,892 | 76,404 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 522,395</u> | <u>\$ 7,697</u> | <u>\$ 530,092</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 10,753 | \$ - | \$ 10,753 |
| Deposits | 1,272 | - | 1,272 |
| Accrued expenses | 2,728 | - | 2,728 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>14,753</u> | <u>-</u> | <u>14,753</u> |
| FUND BALANCES | | | |
| Restricted | - | 7,697 | 7,697 |
| Unassigned | 507,642 | - | 507,642 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>507,642</u> | <u>7,697</u> | <u>515,339</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 522,395</u> | <u>\$ 7,697</u> | <u>\$ 530,092</u> |

HEBER PUBLIC UTILITY DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

| | <u>Amount</u> |
|---|---------------------------------------|
| Fund balances for governmental funds | \$ 515,339 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in governmental funds (net of accumulated depreciation). | 846,770 |
| Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position: Compensated absences | (2,841) |
| Pension related debt applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effect only the government-wide statements for governmental activities. Deferred outflows of resources Deferred inflows of resources Net pension liability | 10,326 (20,025) <u>(40,679)</u> |
| Net position of governmental activities | <u>\$ 1,308,890</u> |

HEBER PUBLIC UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2015

| | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|----------------------------|-------------------------|--------------------------------|
| REVENUES | | | |
| Property Taxes | \$ 466,594 | \$ - | \$ 466,594 |
| Interest | - | - | - |
| Charges for services | 81,381 | - | 81,381 |
| Other revenues | 7,590 | - | 7,590 |
| | <u>555,565</u> | <u>-</u> | <u>555,565</u> |
| Total Revenues | | | |
| EXPENDITURES | | | |
| Capital outlay | 23,492 | - | 23,492 |
| General government | 263,182 | - | 263,182 |
| | <u>286,674</u> | <u>-</u> | <u>286,674</u> |
| Total Expenditures | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>268,891</u> | <u>-</u> | <u>268,891</u> |
| NET CHANGES IN FUND BALANCES | 268,891 | - | 268,891 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>238,751</u> | <u>7,697</u> | <u>246,448</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 507,642</u> | <u>\$ 7,697</u> | <u>\$ 515,339</u> |

HEBER PUBLIC UTILITY DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

| | <u>Amount</u> |
|---|-------------------|
| Net changes in fund balances - total governmental funds | \$ 268,891 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlays | \$ 23,728 |
| Disposal of assets | (7,565) |
| Depreciation expense | <u>(19,612)</u> |
| | (3,449) |
| Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. | |
| | 1,558 |
| The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long- term liabilities consumes current financial resources of governmental funds. However these transactions have no effect on net position: | |
| Net increase in compensated absences payable | <u>6,388</u> |
| Changes in net position of governmental activities | <u>\$ 273,388</u> |

HEBER PUBLIC UTILITY DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2015

| | Water | Wastewater | Solid Waste | Total |
|---|----------------------|----------------------|-------------------|----------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 818,388 | \$ 1,023,636 | \$ 240,179 | \$ 2,082,203 |
| Restricted cash and cash equivalents | 309,990 | 211,000 | - | 520,990 |
| Accounts receivable | 198,182 | 115,653 | 45,322 | 359,157 |
| Note receivable | - | 13,255 | - | 13,255 |
| Due from other funds | - | 199,053 | - | 199,053 |
| Total Current Assets | 1,326,560 | 1,562,597 | 285,501 | 3,174,658 |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Capital assets not being depreciated | 726,858 | 526,116 | - | 1,252,974 |
| Capital assets, net of depreciation | 12,834,441 | 16,075,971 | - | 28,910,412 |
| Total Noncurrent Assets | 13,561,299 | 16,602,087 | - | 30,163,386 |
| TOTAL ASSETS | 14,887,859 | 18,164,684 | 285,501 | 33,338,044 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred amounts from pension | 35,445 | 32,458 | 1,374 | 69,277 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 35,445 | 32,458 | 1,374 | 69,277 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 44,970 | 37,564 | 73,734 | 156,268 |
| Accrued interest payable | 6,712 | 5,941 | - | 12,653 |
| Accrued wages and benefits payable | 10,273 | 9,316 | 386 | 19,975 |
| Deposits | 40,866 | 43,630 | 7,926 | 92,422 |
| Due to other funds | 199,053 | - | - | 199,053 |
| Long-term debt due within one year | 63,000 | 159,691 | - | 222,691 |
| Current portion of compensated absences | 25,847 | 31,373 | - | 57,220 |
| Total Current Liabilities | 390,721 | 287,515 | 82,046 | 760,282 |
| Noncurrent Liabilities: | | | | |
| Net pension liability | 139,618 | 127,850 | 5,411 | 272,879 |
| Long-term debt due in more than one year | 3,092,000 | 4,971,034 | - | 8,063,034 |
| Compensated absences | 30,000 | 30,000 | - | 60,000 |
| Total Noncurrent Liabilities | 3,261,618 | 5,128,884 | 5,411 | 8,395,913 |
| TOTAL LIABILITIES | 3,652,339 | 5,416,399 | 87,457 | 9,156,195 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred amounts from pension | 68,729 | 62,937 | 2,664 | 134,330 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 68,729 | 62,937 | 2,664 | 134,330 |
| NET POSITION | | | | |
| Net investment in capital assets | 10,406,299 | 11,471,362 | - | 21,877,661 |
| Restricted for debt service | 309,990 | 211,000 | - | 520,990 |
| Unrestricted | 485,947 | 1,035,444 | 196,754 | 1,718,145 |
| TOTAL NET POSITION | \$ 11,202,236 | \$ 12,717,806 | \$ 196,754 | \$ 24,116,796 |

See accompanying independent auditors' report and notes to financial statements.

HEBER PUBLIC UTILITY DISTRICTSTATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

| | <u>Water</u> | <u>Wastewater</u> | <u>Solid Waste</u> | <u>Total</u> |
|--|----------------------|----------------------|--------------------|----------------------|
| OPERATING REVENUES | | | | |
| Charges for services | <u>\$ 1,458,526</u> | <u>\$ 1,224,352</u> | <u>\$ 482,278</u> | <u>\$ 3,165,156</u> |
| Total Operating Revenues | <u>1,458,526</u> | <u>1,224,352</u> | <u>482,278</u> | <u>3,165,156</u> |
| OPERATING EXPENSES | | | | |
| Salaries and benefits | 578,183 | 566,773 | 20,312 | 1,165,268 |
| Materials and supplies | 241,533 | 140,891 | 2,504 | 384,928 |
| Contract and other services | 206,981 | 228,176 | 441,522 | 876,679 |
| Depreciation | <u>471,205</u> | <u>390,153</u> | <u>-</u> | <u>861,358</u> |
| Total Operating Expenses | <u>1,497,902</u> | <u>1,325,993</u> | <u>464,338</u> | <u>3,288,233</u> |
| OPERATING INCOME (LOSS) | <u>(39,376)</u> | <u>(101,641)</u> | <u>17,940</u> | <u>(123,077)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 506 | 562 | - | 1,068 |
| Other revenue | 16,952 | 8,583 | 1,877 | 27,412 |
| Interest expense | <u>(84,473)</u> | <u>(52,888)</u> | <u>-</u> | <u>(137,361)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(67,015)</u> | <u>(43,743)</u> | <u>1,877</u> | <u>(108,881)</u> |
| Changes In Net Position | (106,391) | (145,384) | 19,817 | (231,958) |
| Net Position at Beginning of Year, As Restated | <u>11,308,627</u> | <u>12,863,190</u> | <u>176,937</u> | <u>24,348,754</u> |
| Net Position at End of Year | <u>\$ 11,202,236</u> | <u>\$ 12,717,806</u> | <u>\$ 196,754</u> | <u>\$ 24,116,796</u> |

HEBER PUBLIC UTILITY DISTRICT

 STATEMENT OF CASH FLOWS
 For the year ended June 30, 2015

| | Water | Wastewater | Solid Waste | Total |
|--|---------------------|---------------------|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash receipts from customers | \$ 1,439,235 | \$ 1,283,942 | \$ 485,246 | \$ 3,208,423 |
| Cash paid to vendors and suppliers for materials and services | (410,580) | (375,268) | (443,693) | (1,229,541) |
| Cash paid for employee wages, benefits and related costs | (588,591) | (571,501) | (20,133) | (1,180,225) |
| Net cash provided (used) by operating activities | <u>440,064</u> | <u>337,173</u> | <u>21,420</u> | <u>798,657</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Proceeds from property taxes | - | - | - | - |
| Net cash provided (used) by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (51,083) | (35,587) | - | (86,670) |
| Principal paid on long-term debt | (63,000) | (158,110) | - | (221,110) |
| Interest paid on long-term debt | (84,473) | (52,888) | - | (137,361) |
| Net cash provided (used) by capital and related financing activities | <u>(198,556)</u> | <u>(246,585)</u> | <u>-</u> | <u>(445,141)</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | | | |
| Investment income received | 506 | 562 | - | 1,068 |
| Net cash provided (used) by investment activities | <u>506</u> | <u>562</u> | <u>-</u> | <u>1,068</u> |
| Net increase (decrease) in cash and cash equivalents | 242,014 | 91,150 | 21,420 | 354,584 |
| Cash and cash equivalents, beginning of year | <u>886,364</u> | <u>1,143,486</u> | <u>218,759</u> | <u>2,248,609</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,128,378</u> | <u>\$ 1,234,636</u> | <u>\$ 240,179</u> | <u>\$ 2,603,193</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ (39,376) | \$ (101,641) | \$ 17,940 | \$ (123,077) |
| Adjustments to reconcile operating income (loss) to Net cash provided by operating activities: | | | | |
| Depreciation | 471,205 | 390,153 | - | 861,358 |
| Other nonoperating revenues (expense), net | 16,952 | 8,583 | 1,877 | 27,412 |
| GASB 68 Adjustment to Pension Expense | (5,350) | (4,900) | (207) | (10,457) |
| Changes in operating assets and liabilities: | | | | |
| (Increase) decrease in assets: | | | | |
| Receivables | (13,319) | 14,230 | 1,114 | 2,025 |
| Due from other funds | - | 24,882 | - | 24,882 |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | 37,933 | (6,200) | 332 | 32,065 |
| Accrued payroll and compensated absences | (5,058) | 172 | 386 | (4,500) |
| Deposits | 1,959 | 11,894 | (22) | 13,831 |
| Due to other funds | (24,882) | - | - | (24,882) |
| Total Adjustments | <u>479,440</u> | <u>438,814</u> | <u>3,480</u> | <u>921,734</u> |
| Net cash provided (used) by operating activities | <u>\$ 440,064</u> | <u>\$ 337,173</u> | <u>\$ 21,420</u> | <u>\$ 798,657</u> |

HEBER PUBLIC UTILITY DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2015

| | <u>Agency Fund</u> |
|--|----------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$ 415,154 |
| Accounts receivable | <u>62,346</u> |
| Total Current Assets | <u>477,500</u> |
| Noncurrent Assets: | |
| Due from property owners | <u>1,508,277</u> |
| Total Noncurrent Assets | <u>1,508,277</u> |
| TOTAL ASSETS | <u><u>\$ 1,985,777</u></u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | \$ 31,077 |
| Long-term debt due within one year | <u>60,000</u> |
| Total Current Liabilities | <u>91,077</u> |
| Noncurrent Liabilities: | |
| Long-term debt due in more than one year | <u>1,894,700</u> |
| Total Noncurrent Liabilities | <u>1,894,700</u> |
| TOTAL LIABILITIES | <u><u>\$ 1,985,777</u></u> |

June 30, 2015

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity:

The reporting entity "Heber Public Utility District" includes the accounts of the District, and the Heber Public Utility Financing Corporation (HPUFC).

The Heber Public Utility District (HPUD) was formed in 1931 under the Public Utility Act of 1921. HPUD was given the authority to function as a legal entity with powers similar to those of a city administrative body.

Raw water used by HPUD is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District (IID). The water is drawn from the canal, treated, used by the community and then re-treated in HPUD sewage treatment plant, and finally disposed of via agricultural drainage canals to the Salton Sea. Prior to 1972, when the first water treatment plant was completed, raw canal water was chlorinated by HPUD as a major part of the potable treatment process. Currently the water treatment plant can now treat over 2,000,000 gallons of water per day.

Prior to 1968, sewage treatment needs in Heber were met through the use of septic tanks. Heber's first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day. In 1981, a new sewage treatment plant was built which more than doubled the previous treatment plant's operating capacity. The District completed an expansion project in 2013 which gave the District capacity of 1,200,000 gallons per day.

The Heber Public Utility District is the primary government unit. Component units are those entities which are financially accountable to the primary government. Since the District's Board of Directors serves as the governing board for HPUFC, it is considered a blended component unit. Blended component units although legally separate entities, are in substance, part of the District's operations and so data from these units are reported with the interfund data of the primary government.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

b. Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b. Government-Wide and Fund Financial Statements (continued):

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Net position of the District is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets– This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The fund balance reported on the fund statements consist of the following categories:

Restricted – This classification includes amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers or through enabling legislation.

Committed – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s board of directors.

Assigned – This classification includes amounts to be used by the government, authorized by the board of directors, for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – This classification includes the residual balance for the government’s general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b. Government-Wide and Fund Financial Statements (Continued):

In the government-wide statements, the District considers restricted funds to be spent first then unrestricted funds when expenditures are incurred for purposes for which both restricted and unrestricted net position is available. In the governmental funds, when both restricted and unrestricted resources are available for use, expenses are considered to be paid first from restricted resources, and then from unrestricted resources. When committed, assigned, or unassigned amounts are available for use, expenses are considered to be paid first from committed, then from assigned, and then unassigned.

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental funds are presented after the government-wide financial statements. The District elected to show all funds as major funds in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

In the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Proprietary fund equity is classified as net position.

All governmental funds are accounted for using the current financial resources measurement focus and the modified-accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period. Their revenues are recognized when they become measurable and available. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter (within 60 days) to be available to finance the expenditures accrued for the reporting period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However debt service payments (principal and interest) unpaid vacation, compensatory time and claims and judgments are recorded only when payment is due.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

The **Special Revenue Fund** is used to account for the proceeds of a specific revenue source that is legally restricted to expenditures for specified purposes. The District's Special Revenue Fund consists of the Parks and Recreation Fund.

The **Debt Service Fund** is used for the purpose of accumulating resources for the payment of interest and current principal on long-term general obligation debt of the governmental funds.

The **Agency Fund** is custodial in nature and does not involve measurement of results of operations. It accounts for assets held by the District as an agent for Heber Public Utility District Community Facilities District No. 2005-1 by making payments to bondholders from property taxes collected by the County of Imperial.

The District reports the following major proprietary funds:

The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private enterprises where the intent of the governing body is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through user charges. Individual enterprise funds are as follows:

Water Operations and Capital- To account for the operations, maintenance, and system construction of the District's water operations, which is funded by user charges and other fees.

Wastewater Operations and Capital- To account for the operations, maintenance, and system construction of the District's wastewater operations, which is funded by user charges and other fees.

Solid Waste Operations and Capital- To account for the operations, maintenance, and system construction of the District's solid waste operations, which is funded by user charges and other fees.

Amounts reported as program revenues include: (1) fees and charges to customers, applicants, and citizens; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes. Program revenues and expenditures are classified by function. Each function is defined as a major department with a department head and separate budget.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for water, wastewater, and solid waste services. Operating expenses for proprietary funds include the cost of sales and services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d. New Accounting Pronouncements

GASB Current Year Standards:

In fiscal year 2014-2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*" and GASB Statement No. 71 - "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the net position of the governmental activities and business-type activities at July 1, 2014 by \$51,936 and \$348,391, respectively. Within the business-type activities, the \$348,391 decrease in net position was allocated to water, wastewater and solid waste enterprise funds at July 1, 2014 by \$178,253, \$163,229 and \$6,909, respectively.

GASB Statement No. 69 - "*Government Combinations and Disposals of Government Operations*" was required to be implemented in the current fiscal year and did not impact the District.

GASB Pending Accounting Standards:

GASB has issued the following statements which may impact the District's financial reporting requirements in the future.

- GASB 72 - "*Fair Value Measurement and Application*", effective for periods beginning after June 15, 2015.
- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 76 - "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", effective for periods beginning after June 15, 2015.

e. Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents have been defined as demand deposits and highly liquid investments purchased with an original maturity of 90 days or less.

See accompanying independent auditors' report.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

f. Restricted Cash and Cash Equivalents:

Certain amounts of cash and cash equivalents are restricted in use by law or debt covenant, and accordingly, are shown as restricted on the Statement of Net Position. For the fiscal year ended June 30, 2015 the District had restricted cash and cash equivalents in the Water and Wastewater funds of \$255,520 and \$211,000, respectively.

g. Receivables and Payables:

Management estimates all receivables at June 30, 2015 to be collectable, as any receivables deemed uncollectable have been written off.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds".

h. Compensated Absences:

Vacation pay is payable to employees at the time used or upon termination of employment. In the government-wide financial statements the cost of vacation pay is recorded as a liability when incurred.

i. Claims and Judgments:

When it is probable that a claim liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2015, in the opinion of the District's Counsel, the District had no material claims which would require loss provision in the financial statements, including losses for claims which are Incurred But Not Reported (IBNR). Small dollar claims and judgments are recorded as expenditures when paid, if any.

j. Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments due on November 1 and delinquent if paid after December 10 and February 1 and delinquent if paid after April 10. Property taxes are collected by the County of Imperial and distributed to the District in installments during the fiscal year. District property tax revenues are recognized when received.

k. Capital Assets:

The District defines capital assets as assets with initial, individual costs of more than \$5,000 and an estimated useful life in excess of one year. The District's capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Construction in progress costs are capitalized and transferred to their respective fixed asset category upon completion of the project.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

k. Capital Assets (Continued):

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

| | |
|-------------------------|-------------|
| Computer Equipment | 3 years |
| Machinery and equipment | 5-15 years |
| Furniture and fixtures | 6-15 years |
| Buildings | 10-45 years |
| Infrastructure | 5-40 years |

l. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has only one item that qualifies for reporting in this category, which is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

The second item is a deferred inflow related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years.

m. Interest Expense:

The District incurs interest charges on long-term debt. For fiscal year ended June 30, 2015 the District expensed \$137,361 of interest incurred.

o. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

p. 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) plans (Plans) and additions to/deductinos from the Plan’s fiduciary net position have been determinded on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents at June 30, 2015, are reported in the accompanying financial statements as follows:

Statement of Net Position

Current Assets:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 2,590,361 |
| Restricted cash and cash equivalents | 466,520 |
| Cash and cash equivalents with fiscal agent* | 415,154 |
| Total Cash and Cash Equivalents | <u>\$ 3,472,035</u> |

Cash and cash equivalents at June 30, 2015 consisted of the following:

| | |
|--|---------------------|
| Deposits with financial institutions | \$ 3,056,782 |
| Cash on hand | 100 |
| Investments - money market mutual fund | 415,153 |
| Total Cash and Cash Equivalents | <u>\$ 3,472,035</u> |

*Reported on the Statement of Fiduciary Net Position.

The District has adopted an investment policy which authorizes it to invest in various investments.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. At June 30, 2015, District’s investments in money market mutual funds has a maturity of less than one year.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2015, the District’s investment in money market mutual fund is rated AAA by Standard and Poors.

2. CASH AND CASH EQUIVALENTS (Continued):

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

3. CAPITAL ASSETS:

Governmental capital asset activity for the year ended June 30, 2015 was as follows:

| | Balance June 30, 2014 | Additions | Deletions & Completed Construction | Balance June 30, 2015 |
|---------------------------------------|--------------------------|-----------|--|--------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Depreciated: | | | | |
| Land | \$ 508,867 | \$ - | \$ - | \$ 508,867 |
| Construction in process | 7,565 | 22,660 | (7,565) | 22,660 |
| Total Capital Assets, Not Depreciated | 516,432 | 22,660 | (7,565) | 531,527 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 511,074 | - | (117,500) | 393,574 |
| Machinery and equipment | 91,436 | - | (985) | 90,451 |
| Furniture and fixtures | 77,255 | 378 | (54,862) | 22,771 |
| Computer equipment | 35,846 | 690 | (35,846) | 690 |
| Subtotal | 715,611 | 1,068 | (209,193) | 507,486 |
| Less Accumulated Depreciation For: | | | | |
| Buildings | (240,179) | (9,319) | 117,500 | (131,998) |
| Machinery and equipment | (59,053) | (8,253) | 12,033 | (55,273) |
| Furniture and fixtures | (46,746) | (1,810) | 43,814 | (4,742) |
| Computer equipment | (35,846) | (230) | 35,846 | (230) |
| Total Accumulated Depreciation | (381,824) | (19,612) | 209,193 | (192,243) |
| Net Capital Assets, Being Depreciated | 333,787 | (18,544) | - | 315,243 |
| Net Capital Assets | \$ 850,219 | \$ 4,116 | \$ (7,565) | \$ 846,770 |

3. CAPITAL ASSETS (Continued):

Business-type capital asset activity for the year ended June 30, 2015 was as follows:

| | Balance June 30, 2014 | Additions | Deletions & Completed Construction | Balance June 30, 2015 |
|---------------------------------------|--------------------------|---------------------|--|--------------------------|
| Business-type activities: | | | | |
| Capital Assets, Not Depreciated: | | | | |
| Land | \$ 512,276 | \$ - | \$ - | \$ 512,276 |
| Construction in process | 712,855 | 53,236 | (25,393) | 740,698 |
| Total Capital Assets, Not Depreciated | <u>1,225,131</u> | <u>53,236</u> | <u>(25,393)</u> | <u>1,252,974</u> |
| Capital Assets, Being Depreciated: | | | | |
| Structures and improvements | 553,620 | 15,048 | (85,767) | 482,901 |
| Machinery and equipment | 347,048 | 29,877 | (92,375) | 284,550 |
| Infrastructure | 37,687,530 | - | - | 37,687,530 |
| Computer Equipment | 121,021 | 13,901 | (86,848) | 48,074 |
| Subtotal | <u>38,709,219</u> | <u>58,826</u> | <u>(264,990)</u> | <u>38,503,055</u> |
| Less Accumulated Depreciation For: | | | | |
| Structures and improvements | (254,174) | (45,937) | 85,767 | (214,344) |
| Machinery and equipment | (248,327) | (24,352) | 92,375 | (180,304) |
| Infrastructure | (8,385,411) | (781,592) | - | (9,167,003) |
| Computer Equipment | (108,363) | (9,477) | 86,848 | (30,992) |
| Total Accumulated Depreciation | <u>(8,996,275)</u> | <u>(861,358)</u> | <u>264,990</u> | <u>(9,592,643)</u> |
| Net Capital Assets, Being Depreciated | <u>29,712,944</u> | <u>(802,532)</u> | <u>-</u> | <u>28,910,412</u> |
| Net Capital Assets | <u>\$ 30,938,075</u> | <u>\$ (749,296)</u> | <u>\$ (25,393)</u> | <u>\$ 30,163,386</u> |

Depreciation expense was charged to functions/programs of the District as follows:

| | |
|---|-------------------|
| Governmental Activities: | |
| Parks and recreation | \$ 19,612 |
| Total depreciation expense – governmental activities | <u>\$ 19,612</u> |
| Business-type Activities: | |
| Water | \$ 471,205 |
| Wastewater | <u>390,153</u> |
| Total depreciation expense – business-type activities | <u>\$ 861,358</u> |

4. LONG-TERM DEBT

Changes in long-term debt for the year ending June 30, 2015 consist of the following:

| | Balance June 30, 2014 | Additions | Retirements | Balance June 30, 2015 | Due Within One Year |
|---|--------------------------|-----------|--------------|--------------------------|------------------------|
| Business-type activities: | | | | | |
| 2009 U.S.D.A. Certificates of Participation | \$ 3,218,000 | \$ - | \$ (63,000) | \$ 3,155,000 | \$ 63,000 |
| 2012 SRF Wastewater Treatment Expansion Loan | 5,288,835 | - | (158,110) | 5,130,725 | 159,691 |
| Totals | \$ 8,506,835 | \$ - | \$ (221,110) | \$ 8,285,725 | \$ 222,691 |

2009 U.S.D.A. Certificates of Participation

Certificates of Participation with a principal amount not to exceed \$3,533,000 were issued July 20, 2009, bear an interest rate of 2.63% and mature June 1, 2049. The Certificates of Participation were issued to secure the loan from the USDA RDA and to provide financing for the acquisition and installation of certain water system improvements. The principal amount outstanding at June 30, 2015 was \$3,155,000. Future debt service requirements for the Certificates of Participation are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 63,000 | \$ 83,046 | \$ 146,046 |
| 2017 | 64,000 | 81,165 | 145,165 |
| 2018 | 64,000 | 79,485 | 143,485 |
| 2019 | 64,000 | 77,805 | 141,805 |
| 2020 | 90,000 | 76,334 | 166,334 |
| 2021-2025 | 450,000 | 345,370 | 795,370 |
| 2026-2030 | 460,000 | 286,282 | 746,282 |
| 2031-2035 | 500,000 | 223,254 | 723,254 |
| 2036-2040 | 500,000 | 157,493 | 657,493 |
| 2041-2045 | 500,000 | 91,918 | 591,918 |
| 2046-2049 | 400,000 | 26,264 | 426,264 |
| | <u>\$ 3,155,000</u> | <u>\$ 1,528,416</u> | <u>\$ 4,683,416</u> |

2012 SRF Wastewater Treatment Expansion Loan

The obligation is with the California State Water Resources Control Board – State Revolving Fund with a principal amount not to exceed \$10,911,131. The net revenues of the Wastewater fund are pledged to secure this obligation. The obligation is for providing financing for the acquisition and installation of improvements to the wastewater treatment plant. The interest rate is 1.00% and matures on January 10, 2043. The principal amount outstanding at June 30, 2015 was \$5,130,725.

4. LONG-TERM DEBT (Continued):

Future debt service requirements for the above loan is as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------|---------------------|
| 2016 | \$ 159,691 | \$ 51,307 | \$ 210,998 |
| 2017 | 161,288 | 49,710 | 210,998 |
| 2018 | 162,901 | 48,097 | 210,998 |
| 2019 | 164,530 | 46,468 | 210,998 |
| 2020 | 166,175 | 44,823 | 210,998 |
| 2021-2025 | 856,136 | 198,855 | 1,054,991 |
| 2026-2030 | 899,808 | 155,183 | 1,054,991 |
| 2031-2035 | 945,707 | 109,284 | 1,054,991 |
| 2036-2040 | 993,947 | 61,044 | 1,054,991 |
| 2041-2043 | 620,542 | 12,452 | 632,994 |
| | <u>\$ 5,130,725</u> | <u>\$ 777,223</u> | <u>\$ 5,907,948</u> |

5. EQUIPMENT OPERATING LEASE COMMITMENT:

The District has an operating lease for office equipment rented from Oce Financial Services, Inc. The terms of the contract are 60 monthly payments of \$335 ending September 2015. The lease expense for the year ended June 30, 2015 totaled \$4,020. The following is the remaining future payments required for this lease:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|-----------------|
| 2016 | <u>\$ 1,005</u> |

6. SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY:

The District is a member of the Special District Risk Management Authority (SDRMA). Each member District pays for its proportionate share of its individually contracted insurance coverage. The District is insured against the following:

| | <u>Insurance Per Occurrence</u> |
|--------------------------------------|-------------------------------------|
| General Liability (including auto) | \$ 5,000,000 |
| Public Officials & Employee | \$ 5,000,000 |
| Personal Liability for Board Members | \$ 500,000 |
| Employment Practices Liability | \$ 5,000,000 |
| Employee Benefits Liability | \$ 5,000,000 |
| Employee Dishonesty | \$ 400,000 |
| Fire, Theft, and Flood | \$1,000,000,000 |
| Uninsured Motorists | \$ 750,000 |
| Boiler and Machinery | \$ 100,000,000 |
| Workers' Compensation | \$ 5,000,000 |

Settled claims have not exceeded any of the District's coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ended June 30, 2015.

7. PENSION PLANS:

a. General Information about the Pension Plans:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the District’s 2.0% at 55 (Tier I), 2.0% at 60 (Tier II), and 2.0% at 62 (Tier III PEPRA) Miscellaneous Employee Pension Plans, cost-sharing, multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. 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.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees 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 fifty (50) with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Miscellaneous | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or After January 1, 2013 |
| Benefit formula | 2%@55 | 2%@62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 67 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 1.426% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 7% | 6.25% |
| Required employer contribution rates | 12.137% | 6.25% |

Contributions:

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

7. PENSION PLANS (CONTINUED):

a. General Information about the Pension Plans (Continued):

Contributions (Continued):

For the year ended June 30, 2015, the contributions recognized as part of pension expense were as follows:

| | <u>Miscellaneous Plan</u> |
|---|-------------------------------|
| Contributions - employers | <u>\$ 80,895</u> |
| Contributions - employee (paid by employee) | <u>\$ 50,496</u> |

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

| | <u>Proportionate Share of Net Pension Liability</u> |
|---------------|---|
| Miscellaneous | <u>\$ 313,558</u> |

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability for all Plans as of June 30, 2013 and 2014 was as follows:

| | <u>Miscellaneous</u> |
|------------------------------|----------------------|
| Proportion - June 30, 2013 | 0.01469% |
| Proportion - June 30, 2014 | 0.01269% |
| Change - Increase (Decrease) | -0.00200% |

7. PENSION PLANS (CONTINUED):

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

For the year ended June 30, 2015, the District recognized pension expense of \$67,586. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 79,603 | \$ - |
| Differences between actual and expected experience | - | - |
| Change in assumptions | - | - |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | - | (7,001) |
| Net differences between projected and actual earnings on plan investments | - | (147,354) |
| Total | <u>\$ 79,603</u> | <u>\$ (154,355)</u> |

\$79,603 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-------------------------------------|---------------|
| 2016 | \$ (39,340) |
| 2017 | (39,340) |
| 2018 | (38,838) |
| 2019 | (36,837) |
| 2020 | - |
| Thereafter | - |

7. PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions:

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---------------------------|---------------------------------|
| | <u>Miscellaneous</u> |
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.50% |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Projected Salary Increase | 3.3% - 14.2% (1) |
| Investment Rate of Return | 7.5% (2) |
| Mortality | (3) |

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

Discount Rate:

The discount rate used to measure the total pension liability was 7.50% for each Plan. 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 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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% 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%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

7. PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate (Continued):

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) 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 a change in the methodology occurs.

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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 the 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 rates of return are net of administrative expenses.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10 (a) | Real Return Years 11+ (b) |
|-------------------------------|--------------------------|------------------------------|---------------------------|
| Global Equity | 47.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 12.00% | 6.83% | 6.95% |
| Real Estate | 11.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.00% | 4.50% | 5.09% |
| Liquidity | 2.00% | -0.55% | -1.05% |
| Total | 100.00% | | |

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

7. PENSION PLANS (CONTINUED):

- b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

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

The following presents the District’s proportionate share of the net pension liability for all Plans, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 1% Decrease | 6.50% |
| Net Pension Liability | \$ 639,749 |
| | |
| Current Discount Rate | 7.50% |
| Net Pension Liability | \$ 313,558 |
| | |
| 1% Increase | 8.50% |
| Net Pension Liability | \$ 42,850 |

Pension Plan Fiduciary Net Position:

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

- c. Payable to the Pension Plan:

At June 30, 2015, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

8. COMMITMENTS AND CONTINGENT LIABILITIES:

Grant Audit Contingencies:

Grant funds received by the District are subject to audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. District management believes disallowances, if any, will be immaterial.

Litigation:

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

9. INTERFUND TRANSACTIONS:

Individual interfund receivables and payables at June 30, 2015 were as follows:

| | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------|---------------------------------|-------------------------------|
| Water Fund | \$ - | \$ 199,053 |
| Wastewater Fund | <u>199,053</u> | <u>-</u> |
| Total All Funds | <u>\$ 199,053</u> | <u>\$ 199,053</u> |

The Wastewater fund loaned cash to the Water Fund to fund the completion of the 3MG water storage tank project.

10. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS:

Restatements of the Government-Wide Financial Statements' net position as of July 1, 2014 are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|----------------------|
| Net position at July 1, 2014, as originally reported | \$ 1,087,438 | \$ 24,697,145 | \$ 25,784,583 |
| Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year | <u>(51,936)</u> | <u>(348,391)</u> | <u>(400,327)</u> |
| Net position at July 1, 2014, as restated | <u>\$ 1,035,502</u> | <u>\$ 24,348,754</u> | <u>\$ 25,384,256</u> |

Restatements of the Enterprise Funds' net position as of July 1, 2014 are as follows:

| | <u>Water Fund</u> | <u>Wastewater Fund</u> | <u>Solid Waste Fund</u> |
|--|-----------------------|----------------------------|-----------------------------|
| Net position at July 1, 2014, as originally reported | \$ 11,486,880 | \$ 13,026,419 | \$ 183,846 |
| Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year | <u>(178,253)</u> | <u>(163,229)</u> | <u>(6,909)</u> |
| Net position at July 1, 2014, as restated | <u>\$ 11,308,627</u> | <u>\$ 12,863,190</u> | <u>\$ 176,937</u> |

11. SUBSEQUENT EVENTS:

Events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosures as of December 10, 2015 which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

HEBER PUBLIC UTILITY DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

| | <u>2015</u> |
|--|-------------|
| Plan's proportion of the net pension liability | 0.01269% |
| Plan's proportionate share of the net pension liability | \$ 313,558 |
| Plan's covered - employee payroll | \$ 745,373 |
| Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll | 42.07% |
| Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability | 87.25% |
| Plan's proportionate share of aggregate employer contributions | \$ 58,011 |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

HEBER PUBLIC UTILITY DISTRICT

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLANS

Last Ten Fiscal Years*

| | <u>2015</u> |
|---|---------------|
| Contractually required contribution (actuarially determined) | \$ 80,895 |
| Contributions in relation to the actuarially determined contributions | <u>80,895</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered - employee payroll | \$ 745,373 |
| Contributions as a percentage of covered - employee payroll | 10.85% |

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Cost-sharing employers | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 30 year fixed with 5 year ramp up at beginning and 5 year ramp down at the end of the amortization period. Changes in liability for plan amendments, changes in actuarial methodology and assumptions are amortized over a 20 year period. |
| Asset valuation method | Market |
| Inflation | 3.50% |
| Salary increases | 3.30% to 14.20% depending on age, service, and type of employment |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |
| Retirement age | 50 years (2%@55 and 2%@60), 52 years (2%@62) |
| Mortality | Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date. |

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 For the year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------|------------|-------------------------------|
| | Original | Final | | |
| FUND BALANCE, JULY 1 | \$ 238,751 | \$ 238,751 | \$ 238,751 | \$ - |
| RESOURCES (INFLOWS): | | | | |
| Property taxes | 350,000 | 350,000 | 466,594 | 116,594 |
| Interest | 100 | 100 | - | (100) |
| Charges for services | 76,000 | 76,000 | 81,381 | 5,381 |
| Other revenues | 8,100 | 8,100 | 7,590 | (510) |
| Amount Available for Appropriations | 434,200 | 434,200 | 555,565 | 121,365 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS): | | | | |
| Capital outlay | 55,600 | 55,600 | 23,492 | 32,108 |
| General government | 326,500 | 326,500 | 263,182 | 63,318 |
| Total Charges to Appropriations | 382,100 | 382,100 | 286,674 | 95,426 |
| NET CHANGES IN FUND BALANCE | 52,100 | 52,100 | 268,891 | 216,791 |
| FUND BALANCE, JUNE 30 | \$ 290,851 | \$ 290,851 | \$ 507,642 | \$ 216,791 |

1. BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriation budgets are adopted for the governmental funds. All annual appropriations lapse at fiscal-year end.