

STATE OF CALIFORNIA - THE RESOURCES AGENCY
DEPARTMENT OF FISH AND GAME
ENVIRONMENTAL FILING FEE CASH RECEIPT

Receipt # E201610000192

Lead Agency: FRESNO LOCAL AGENCY FORMATION COMMISSION Date: 06/08/2016

County Agency of Filing: FRESNO COUNTY Document No: E201610000192

Project Title: MUNICIPAL SERVICE REVIEW SPHERE OF INFLUENCE REVISION AND PINEDALE COU

Project Applicant Name: FRESNO LOCAL AGENCY FORMATION COMMISSION Phone Number: (559) 600-0604

Project Applicant Address: 2607 FRESNO STREET, SUITE B, FRESNO, CA 93721

Project Applicant: LOCAL PUBLIC AGENCY

ADMINISTRATION FEE	\$	50.00
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CATEGORICAL EXEMPTION	\$	0.00
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Total Received	\$	50.00
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Signature and title of person receiving payment: _____



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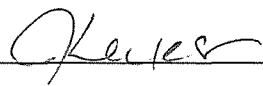
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CATEGORICAL EXEMPTION	\$	0.00
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Total Received	\$	50.00
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Signature and title of person receiving payment: 

NOTICE OF EXEMPTION

E201610000192

LEAD AGENCY: Fresno Local Agency Formation Commission, 2607 Fresno Street, Suite B, Fresno, CA 93721. 559-600-0604.

PROJECT TITLE: "Municipal Service Review," "Sphere of Influence Revision, and Pinedale County Water District Reorganization, 2014" for the Pinedale County Water District

LOCATION OF PROJECT: North of Fresno County within the City of Fresno's sphere of influence

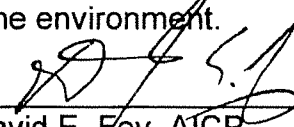
NAME OF AGENCY APPROVING PROJECT: Fresno Local Agency Formation Commission.

PROJECT DESCRIPTION: The project consists of review and adoption of a Municipal Service Review and Sphere of Influence Revision prepared in accordance with Government Code Sections 56425 and 56430 for the Pinedale County Water District. The project involves review and adoption of specific determinations identified in Government Code Sections 56430.

FINDINGS:

LAFCo has determined that the Commission's actions finds that the Municipal Service Review and Sphere of Influence Update prepared for the Pinedale County Water District is complete and satisfactory, find that the written determinations within the Municipal Service Review satisfies State Law, and adopted the determinations presented in the Municipal Service Review finding that the document is categorically exempt from CEQA per Section 15306 (Information Collection). The proposed Municipal Service Review and Sphere of Influence Revision are an administrative activity that will not bring about any physical changes in the environment.

CONTACT PERSON:



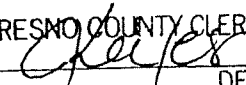
David E. Fey, AICP
LAFCo Executive Officer

Date: June 8, 2016

FILED

JUN 08 2016

4:00 PM

FRESNO COUNTY CLERK
By  DEPUTY

E201610000192

RESOLUTION NO. MSR-16-11 AND RSOI-162

**FRESNO LOCAL AGENCY FORMATION COMMISSION
FRESNO COUNTY, CALIFORNIA**

IN THE MATTER OF

LAFCO DETERMINATION

RESOLUTION MAKING DETERMINATIONS	)	MAKE DETERMINATIONS AND ADOPT
AND ADOPTING MUNICIPAL SERVICE	)	MUNICIPAL SERVICE REVIEW; AND
REVIEW; AND MAKING DETERMINATIONS	)	MAKE DETERMINATIONS AND
AND REVISING SPHERE OF INFLUENCE	)	REVISE SPHERE OF INFLUENCE FOR
FOR PINEDALE COUNTY WATER DISTRICT	)	PINEDALE COUNTY WATER DISTRICT

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56425 et. Seq.) the Fresno Local Agency Formation Commission is required to review and revise, as necessary, Spheres of Influence of local agencies not less than once every five years; and

WHEREAS, Government Code Section 56430 directs the Commission to conduct a review of municipal services not later than the time it considers an action to establish or revise a Sphere of Influence (SOI); and

WHEREAS, notice of this Commission's hearing of said request was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and at the time and in the form and manner provided by law; and

WHEREAS, the Executive Officer prepared a Municipal Service Review (MSR) and Sphere of Influence Review Report for the Pinedale County Water District; and

WHEREAS, the Commission has heard, discussed and considered all relevant evidence, including but not limited to the Executive Officer's *Municipal Service Review and Sphere of Influence Revision Report*, environmental documentation, applicable land use plans and all testimony, correspondence and exhibits received during the public hearing process, all of which are included herein by reference; and

WHEREAS, pursuant to Government Code Sections 56425 and 56430, the Commission considered the required determinations for the Municipal Service Review and the Sphere of Influence Revision as described within Exhibit "A."

NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of the County of Fresno does HEREBY STATE, FIND, RESOLVE, DETERMINE, AND ORDER as follows:

Section #1. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, this Commission finds that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and the general exemption from environmental review, CEQA Regulation Section 15061(b)(3), and find that the Sphere of Influence Update

qualifies for the same general exemption from environmental review based upon CEQA Section 15061(b)(3).

ADOPTED THIS 8th DAY OF JUNE, 2016, BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS PEREA, SANTOYO, PARRA, SILVA, PACHECO

NOES: NONE

ABSENT: NONE

Section #2. This Commission finds the Municipal Service Review and Sphere of Influence Revision prepared for the Pinedale County Water District are complete and satisfactory.

Section #3. This Commission finds that the written determinations within the Municipal Service Review and Sphere of Influence Revision satisfy State Law.

Section #4. This Commission, pursuant to Government Code Sections 56425 and 56430, makes the required determinations for the Municipal Service Review and Sphere of Influence Revision, adopts the Municipal Service Review prepared for the Pinedale County Water District, and revises the Sphere of Influence for said District.

Section #5. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Government Code Section 56882 and to file, as appropriate, in the Office of the Fresno County Clerk all environmental documents, if any, pertaining to the approval of this Proposal, as required by State law.

* * * * *

ADOPTED THIS 8th DAY OF JUNE 2016, BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS PEREA, SILVA, PARRA, SANTOYO, PACHECO

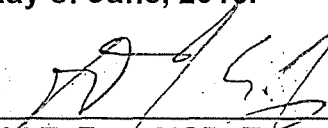
NOES: NONE

ABSENT: NONE

STATE OF CALIFORNIA)
COUNTY OF FRESNO)

CERTIFICATION

I, David E. Fey, Executive Officer of the Fresno Local Agency Formation Commission (LAFCo), Fresno County, State of California, hereby certify that the foregoing resolution was adopted by the Commission on the 8th day of June, 2016.

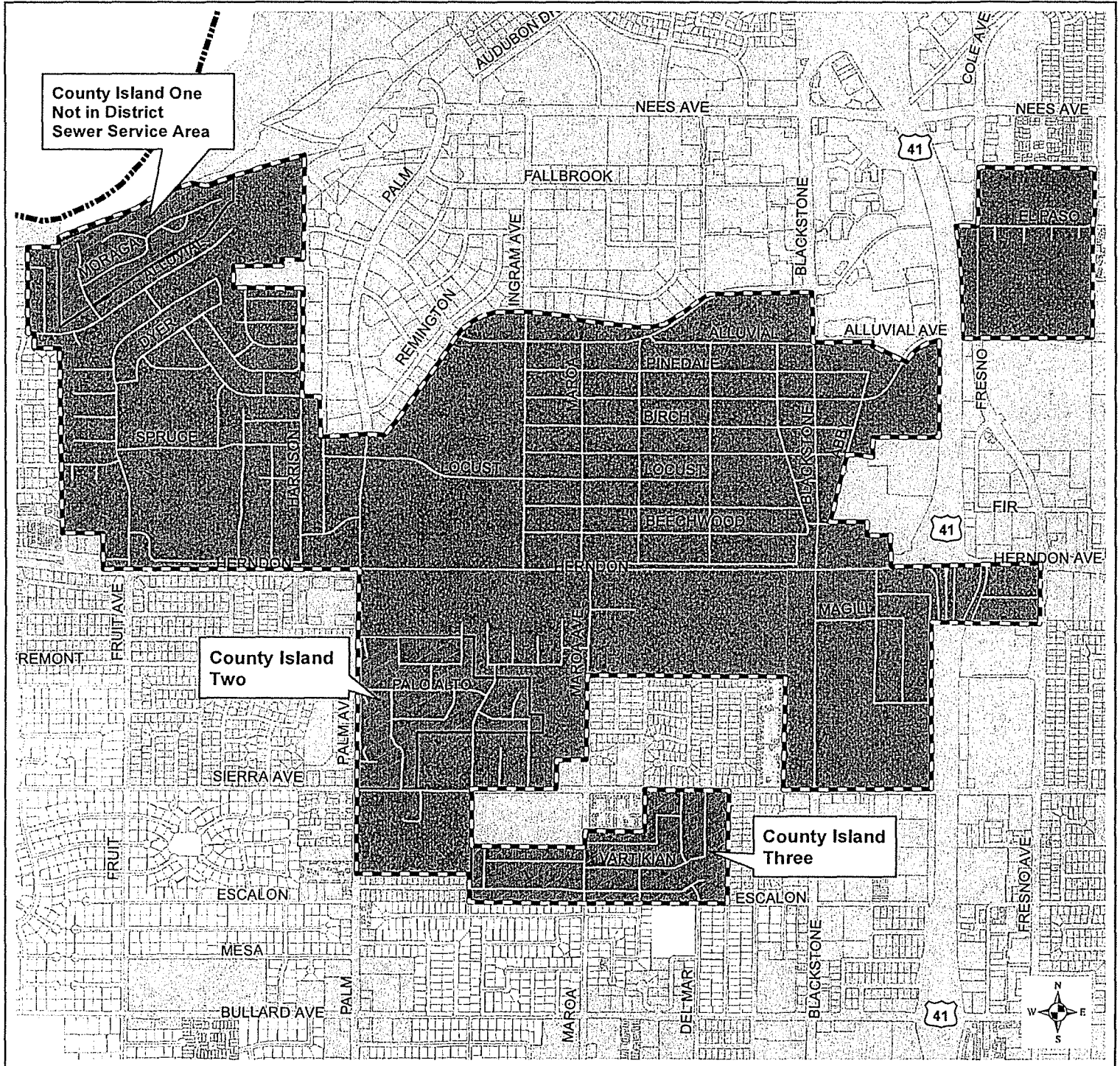


David E. Fey, AICP, Executive Officer

EXHIBIT A

Fresno Local Agency Formation Commission Pinedale County Water District

Note: District Water and Solid Waste Service Area
Shown in One SOI



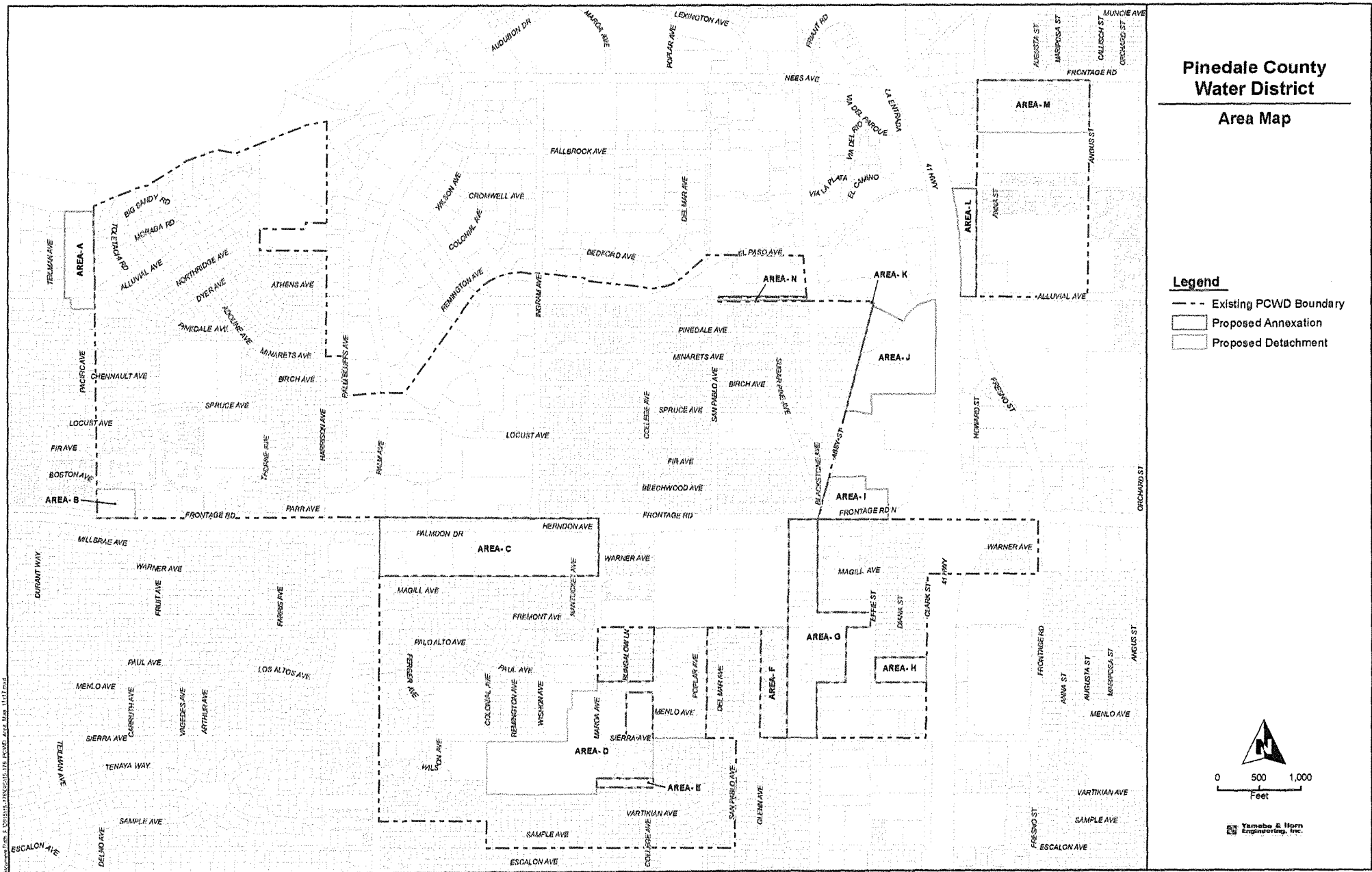
-  District, SOI
-  Incorporated, District Service Area
-  District, Solid Waste Service Area
-  Fresno SOI
-  District Water Service Area

District Formed: 1954
SOI Adopted: 03/14/1975
SOI Updated: 10/10/2007

Map Date: April 2016
District Service Areas
Water: 886 Acres
Solid Waste: 120 Acres

Sphere Area: 886 Acres,

Appendix A



PINEDALE COUNTY WATER DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

David E. Fey, AICP
Candie Fleming
George W. Uc
Juan Lara, Intern
2607 Fresno Street, Suite B
Fresno, CA 93721

May 11, 2016

PROFILE: PINEDALE COUNTY WATER DISTRICT

Water, Wastewater, and Solid Waste Collection

Contact Information

Manager: Jason Franklin, GM
Address: 480 W. Birch Avenue
Pinedale, CA 93650
Phone: (559) 439-2362
Website: http://pcwdonline.com/index.php?option=com_content&

Management Information

Governing Body: Five-member board of directors
Board Members: David Rodriguez Elected 2013 Expires 2018
Gloria DelaPena Elected 2011 Expires 2016
Eva Valdez Elected 2011 Expires 2016
Kent Baucher Elected 2013 Expires 2016
Brad Peranick Appointed 2014 Expires 2018
Board Meetings: First Tuesday of each month, 5:00 p.m., at the District office
Staffing: Six employees

Service Information

Principal Act: County Water District Law (Water Code Section 30000-33901)
Empowered Services: Prescribed under Water Code Section 31000-31016

Services Provided: Water, wastewater collection, and solid waste collection

General location: North central City of Fresno

Population Served: 16,000 residents, estimated

Water SOL:	886 acres	Water Service Area: 886 acres
Sewer SOL:	700 acres	Sewer Service Area: 604 acres
N/A:		Solid Waste Service Area: 120 acres

Infrastructure: Four wells, water mains, and sewer lines, district office facility

Fiscal Information

Budget: \$2,270,819

Sources of Funding: Utility rates, state and federal grants, and district special assessments

Rate Structure: \$23.90/month for flat rate water service (metered rate for water varies, depending on size of service lines), \$25.75/month for sewer service, \$27.08/month minimum for solid waste disposal service. (Rates revised January 2016)

Administrative Policies

Master Plan: Yes

District Rules/Regulation: Yes

SOI Updated: 2016

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Figure 1- Pinedale County Water District

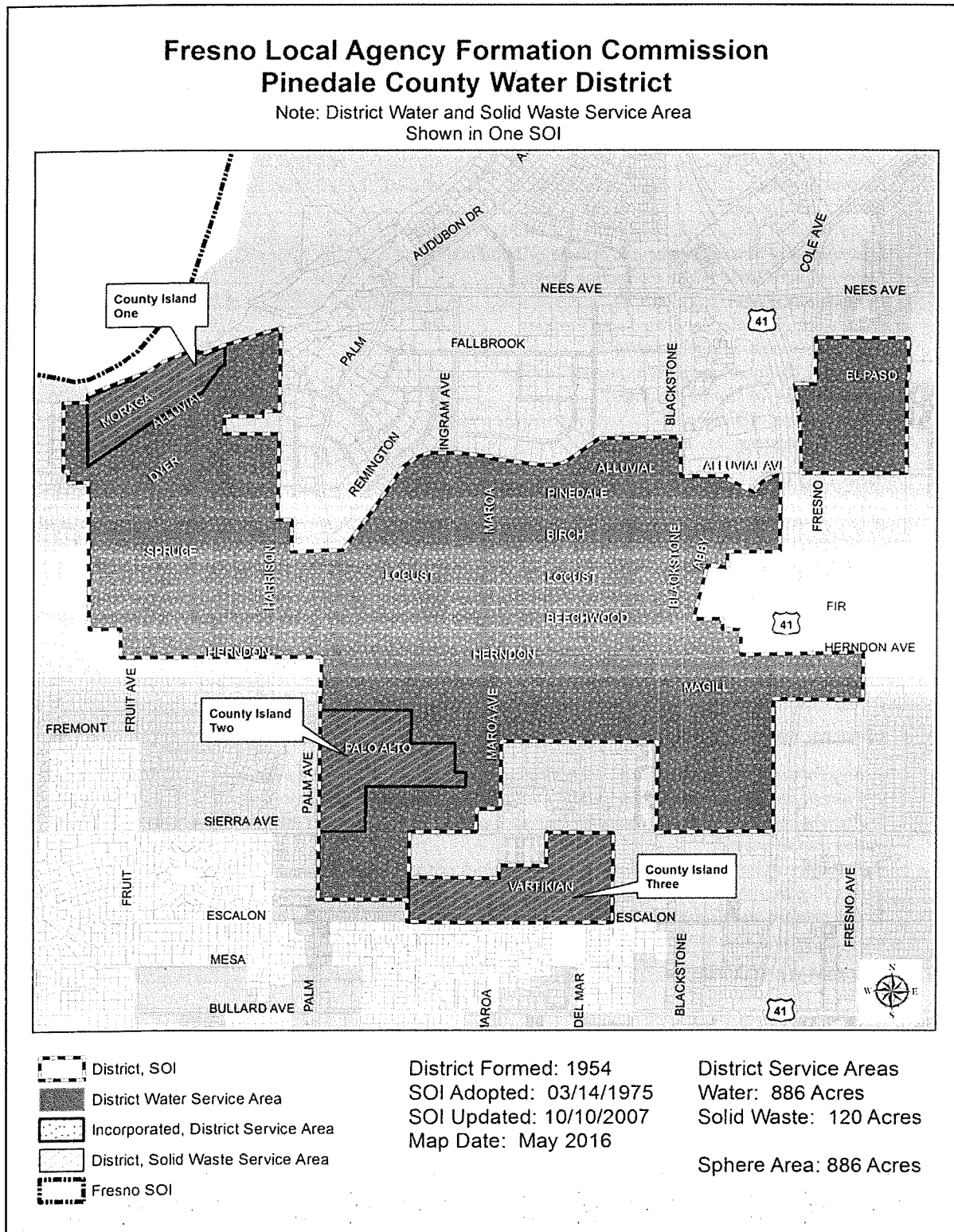
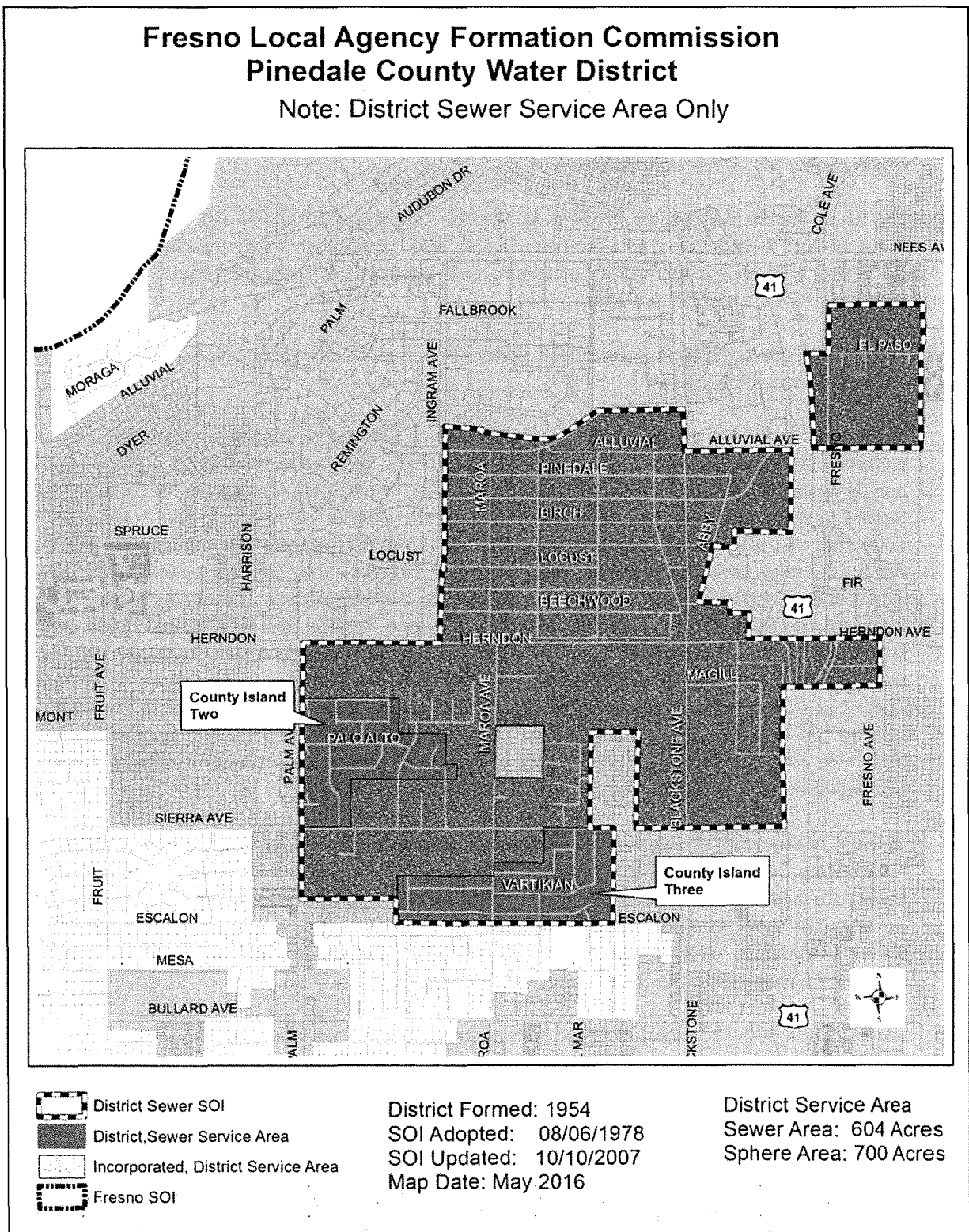


Figure 2- Pinedale County Water District – Sewer Service and SOI



1. MUNICIPAL SERVICE REVIEW

INTRODUCTION

The District has submitted a proposal in cooperation with the City of Fresno to correct mapping and service area discrepancies that have occurred over time between these two agencies. The proposed sphere of influence (SOI) and water service area revision will correct these agencies' respective water service boundaries.

This Municipal Service Review (MSR) evaluates the subject proposal as it will require a revision to the District's water SOI. The water service area revision proposes both detachments from the District to be annexed to the City of Fresno and detachments from the City of Fresno to be annexed to the District service area.

The Commission's determination of the water service areas of the two agencies will address service delivery efficiencies.

The District provides water, sewer, and solid waste collection. District services are not all uniformly provided within the District boundaries. LAFCo designates the District with two SOIs, one for water service and a second for sewer service. It was LAFCo's practice to illustrate the District's solid waste collection services area using the District's water SOI. Over time, LAFCo notes that this practice has the potential to result in misinterpretation or confusion about the District's service area and multiple SOIs. This MSR observes that LAFCo's 2007 District maps illustrate the District's sewer service area measuring the same size as the water service area. However, this MSR update notes that the District's sewer service area was incorrectly depicted in the 2007 maps. The District's sewer service area is substantially smaller than the District's water service area. The District's sewer service and SOI are illustrated on Figure Two of this MSR. During the MSR update process, LAFCo and the District worked together to adequately identify the District's sewer service area based on District records. LAFCo encourages the District to continue working with the City of Fresno to undertake a similar feasibility analysis that will formally identify the District's and City's sewer service areas.

Through preparation of this report, LAFCo observed that the District has reached its plan for service area. Opportunities to revise the District's SOI's are limited to proposals intended to correct the agencies' service area as it relates to water or sewer service areas. Maintaining the District's SOI is purely representative and recognizes the District as a service provider within its limited boundaries. This MSR considers several revisions to the District's water SOI boundary, and figuratively rectifies the District's sewer service area.

The District's 2007 boundaries cover approximately 915 acres; approximately 795 acres are within the Fresno City limit and approximately 120 acres are within the unincorporated areas of Fresno County, which is also within the City of Fresno's SOI.

Not all three District services are equally provided throughout the District boundaries meaning that properties within the District could receive services from a combination of service providers such as District water, City of Fresno solid waste collection, or Pinedale Public Utilities District wastewater collection.

The proposal requests detach approximately 90 acres from the District's water service area currently served by the City of Fresno's Water Department and at the same time, nine District boundary corrections will lead to the annexation of approximately 126 acres currently served by the District into its water service area. The revised District water SOI and water service area are coterminous and measure approximately 886 acres.

As previously noted, this MSR recognizes that the District's sewer service area may include similar boundary discrepancies identified in the water service boundaries and recommends that the District and City undertake a cooperative boundary assessment to officially identify its sewer service areas. The District and LAFCo estimate that the current District's sewer service area measures approximately 604 acres while the sewer SOI includes 700 acres. The sewer service area estimates rectify previous LAFCo maps; nevertheless, the District should program a sewer service assessment to confirm its sewer service boundaries and acreage. Besides resolving the District's sewer service area LAFCo maps, there are no proposed revisions to the District's sewer service boundaries at this time.

PRINCIPAL ACT

Pinedale Country Water District (PCWD, "District") was formed in 1954 to provide water to properties within a developed area north of the City of Fresno, in Fresno County. The District's formation was authorized pursuant to California's County District Law (Water Code Section 30000-33901). Currently, the District provides municipal water, wastewater collection ("sewer") service, and solid waste collection service. The District is an independent special district governed by a five-member board of directors. The District is not governed by other legislative bodies such as a city council or a county board of supervisors.

FRESNO LAFCO MSR POLICY DESIGNATION

Fresno LAFCo MSR policy designates the District as a "level two" special district that provides municipal services to its constituency. It is LAFCo's observation that level two municipal local agencies typically do not request or experience modifications to their district service area or request an update or revision to the Commission's adopted SOI for the agency. A level two municipal local agency designation means, in Fresno LAFCo's judgment, that services provided by the agency support, facilitate, or induce population growth.

The District is located within the City of Fresno's SOI and a majority of the land within the District has already been incorporated into the City with the exception of three county islands. As a matter of Commission policy, cities should be the provider of urban services within their SOI due to their higher visibility, their substantially broader sources of revenue, and their historical and legal right to provide services and controls to citizen within their incorporated boundaries, particularly in land use planning service and controls.¹ LAFCo notes that the District's growth has peaked primarily due to City growth substantially surrounding the District. Further analysis will be provided in this MSR update and Chapter 3, SOI determinations.

In accordance with Government Code section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating both SOIs for the District consistent with Government

¹ Fresno LAFCo Policies, Standards and Procedures Manual – Policy 102 (03), page 14

Code section 56425(g). In order to revise the water SOI, and update the sewer service SOI, Fresno LAFCo has prepared this service review in accordance with Government Code section 56430.

DISTRICT BOUNDARIES

The District's boundaries span approximately 1.5 square miles between both the City of Fresno and unincorporated residential islands in Fresno County. The District does not equally provide water, sewer, and solid waste services throughout its boundaries because historically there has been service areas overlap between the District, City of Fresno, and Pinedale Public Utilities District.

The District's water and sewer SOIs are situated within the City of Fresno's SOI which creates an overlap of agency boundaries. When the LAFCOs were created in 1963, the intent of the state legislature was to discourage certain problems from recurring, which include disorderly agency boundaries and proliferation of overlapping and competing local agencies. As previously noted, this proposal is the result of a joint effort between the District and City of Fresno to address service redundancies. The outcome of the water service SOI revision proposal will memorialize the District's and City's water service area boundaries.

The District service area boundaries generally overlap each other and are enclosed by Nees Avenue to the north, Fruit Avenue to the west, Escalon Avenue on the south, and Fresno Street to the east. The District's sewer service area and SOI are substantially smaller than the District water service area.

SPHERES OF INFLUENCE

The District is distinctive in that the Commission has determined a separate SOI for water and sewer services. The revised water SOI is approximately 886 acres, while the sewer SOI is approximately 700 acres. The District's solid waste service area is typically illustrated using the District's water SOI. This method was employed during the preparation of the District's 2007 MSR. However, it is Fresno LAFCo's observation that over time this mapping method creates confusion in that it appears the District also has a solid waste SOI. This is not the case; the District provides solid waste collection service to three unincorporated areas within the water SOI as depicted in Figure One – Pinedale County Water District. The City of Fresno provides solid waste collection within the incorporated areas of the District. The services provided by the District are summarized below.

DISTRICT SERVICES

Water Service

The water service area is approximately 850 acres and provides water service to 2,400 residential connections and 550 commercial accounts. The District's supply infrastructure consists mainly of four wells sunk at depths from 300 to 450 feet drawing from the Kings River Basin. The District sold a fifth well site (well #3) in 2015.² The District wells are located in an

² PCWD Independent Auditor's Report for years Ended on June 30, 2015 and 2014.

area bounded by Alluvial Avenue south to Sierra and Fruit Avenues east to Fresno Street near the community of Pinedale in the City of Fresno. The City of Fresno provides water to approximately 20 parcels located within the District's water SOI. The District's water distribution system includes 2,950 connections of which approximately 300 are metered commercial connections.

The District delivers water supply through a distribution system connected to wells dispersed across the District service area. The District utilizes direct liquid chlorine injection between the wellhead and the pressure tank using a metered pump that only operates when the pump is turned on for operation. The District switched to the water chlorination process circa 2010 as part of the Drinking Water Program, California Department of Public Health (CDPH) that required all districts maintain continuous chlorination of its deliverable water. As of July 1, 2014, the Drinking Water Program transferred from CDPH over to the State Water Resource Control Board which is tasked with the same responsibilities to monitor drinking water quality, however under the authority of the State Water Resource Control Board. The District is considered a T1 water treatment operation. The District informs that it employs two operators and a General Manager with T2 certifications that oversee the District's water distribution system. Current water demands require the District to run three wells from the four wells available to the District with the fourth well on standby.

The District informed LAFCo that aging water mains have been identified by the District and the District has begun to replace various water mains within its service area. The District has begun to install water meters on residential connections to track daily customer water usage. The District has an on-going improvement plan that addresses the agency's infrastructure maintenance program. The District notes that its on-going improvement plan assists the District to operate at adequate levels and to continue providing water service to its customers.

Sewer Service

LAFCo's 2007 District MSR depicts the District's sewer service area at approximately 699 acres. During the 2016 MSR update process, LAFCo and the District recognized that there are illustrative discrepancies on the District's sewer service area map. For example, LAFCo's 2007 maps illustrate the District's sewer service area to measure 850 acres, while the sewer SOI measures 699 acres. LAFCo notes that the District's sewer service area has historically been substantially smaller than the water service area; however, prior to the 2016 MSR update the District's sewer service area was mistakenly illustrated using the water service area. Over time, it had been LAFCo's practice to show the District's sewer service area using the sewer SOI imposed over the water service area.

During the preparation of this MSR, LAFCo reviewed records and worked with the District Manager to adequately provide a figurative representation of the District's sewer service area shown on Figure Two - District Sewer Service Area. LAFCo records indicate that the Commission determined the District's sewer SOI on September 6, 1978. This sewer SOI was substantially smaller than the water service area because sewer services were already being provided by the Pinedale Public Utilities District (PPUD) for the area generally west of Ingram Avenue, south of the Alluvial Avenue, east of Fruit Avenue, and north of Herndon Avenue.

On September 18, 2015, LAFCo met with the District's general manager to map the District's sewer service area using available District records to illustrate the District's sewer service area.

Based on the District's input and LAFCo's use of the Geographic Information Systems (GIS) software, staff shaped the District's sewer service area as illustrated on Figure Two of this MSR. Estimates show that the District sewer service area measures approximately 604 acres, and the sewer SOI measures approximately 700-acres. The District provides sewer service to approximately 3,000 connections within its sewer boundaries. The District does not treat wastewater but conveys it to the City of Fresno's sewer system for treatment at the Fresno-Clovis Regional Wastewater Treatment Facility.

As previously mentioned, the sewer service area illustration rectifies LAFCo's 2007 District's sewer service map. LAFCo encourages the District to continue working with the City of Fresno to conduct a similar analysis of its boundaries so it could officially identify the District's and City's sewer service areas. LAFCo anticipates that such an analysis could trigger a revision to the sewer SOI, and could also lead to the corrective reorganization of both agencies' sewer service areas.

Solid Waste Service

The District provides solid waste services to an area approximately 120 acres in size and serves approximately 438 county parcels. District solid waste customers are generally residential parcels located in three County islands. It is not anticipated that the District's solid waste service area will grow larger than its existing size. In 1994, the City of Fresno became the solid waste collection provider for the incorporated lands within the District. It is envisioned that the City will continue to serve the incorporated portions and the District will continue to provide solid waste collection to the three County islands until such time as the subject islands annex to the City.

DISTRICT BACKGROUND

The Community of Pinedale, California, was established as a company town for the Sugar Pine Lumber Company of Fresno March 24, 1923. At that time, the Sugar Pine Lumber Mill of Pinedale was the largest and most modern mill in operation in the San Joaquin Valley. As noted, the District was formed in 1954 to provide water to rural residents in and around Pinedale north of the City of Fresno in Fresno County. In 1963 the District also began providing sewer services. In 1976, the District began providing solid waste collection.

In 1978, in two separate actions the Commission determined two SOIs for District services due to area growth patterns that created service overlaps with neighboring agencies. The Commission determined the water service SOI first, then the smaller sewer service SOI. The sewer SOI was smaller than the water SOI because the Pinedale Public Utilities District (PPUD), located west of the District, was already providing sewer services west of Ingram Avenue, south of Alluvial Avenue, east of Fruit Avenue, and north of Herndon Avenue, but was not providing water service for this same area.³

In 1994, the City of Fresno assumed solid waste collection services for customers within the incorporated portions of the District. As previously noted, customers located in the three unincorporated islands are the only customers receiving solid waste services by the District. As

³ Fresno LAFCo Resolution No. RSOI-25-A, Making Determination and Approving Revised SOI for PCWD.

illustrated in Figure One, the District provides water and solid waste collection to County Island One, while Areas Two and Three receive water, sewer, and solid waste collection services.

Over time, the City of Fresno's growth enclosed the community of Pinedale and eventually developed around the community with commercial, office, and residential land uses. The District now has a notably fixed service area completely surrounded by the Fresno City limits with no probable growth of its service area. Several hundred acres of unincorporated developed land continue to exist within the District; however, it is LAFCo's observation that the City of Fresno is in the best position to become the principal municipal service provider in this area. Given the terms of the City/County Memorandum of Understanding, future land use changes within the District would require the City of Fresno's approval, but most likely will continue to be a District customer. District growth is limited by the City/County MOU Section 4.1, which states that the County shall refer any new development proposals within one-half mile of the City's boundary [SOI] to the City for its consideration for annexation.

The District service area is primarily classified as built-out, meaning that most of the land inside its service area is already developed with urban land uses.

The District does not have land use authority within its SOI boundaries; however, the District coordinates land use planning efforts with the City of Fresno. The City consults with the District on project proposals that affect the District's service provisions.

It is important to note that the 2007 Fresno MSR identified several governmental reorganizational structure options that included dissolution, merger, or creation of a subsidiary District within the city system. None of the 2007 MSR options were pursued by either agency since 2007 and as the 2016 MSR was prepared, neither agency expressed interest to pursue a governmental reorganization of the District.

DESCRIPTION OF WATER SPHERE OF INFLUENCE AND SERVICE AREA REVISION

The District's water service area and water SOI are irregular and generally bounded by North Fresno Street to the east, East Alluvial Avenue and slightly up to West El Paso to the north, Fruit Avenue to the west, and West Escalon Avenue to the south.

Currently, the City of Fresno serves a small portion of the District's water service area (about 20 to 28 service connections) west of State Route 41 along East Sierra Avenue. Per an inter-agency agreement, the City of Fresno delivers water directly to these customers located in the Pinedale service area through City water mains. The District bills the customers at the City of Fresno water rate and retains 40% of the revenue to cover its costs.⁴ Although, the agreement does not state a maximum amount of water to be provided to the District, in the event of a water shortage water deliveries to the District would be reduced in proportion to the reduction required for other City water customers. Potential reductions for water deliveries would be based on the City's Water Shortage Contingency Plan.⁵ In 2011, the District purchased from the

⁴ City of Fresno USBR Water Management Plan Final Report May 15, 2013.
http://www.usbr.gov/mp/watershare/wcplans/2013/City_of_Fresno.pdf

⁵ City of Fresno USBR Water Management Plan Final Report May 15, 2013.
http://www.usbr.gov/mp/watershare/wcplans/2013/City_of_Fresno.pdf

City of Fresno approximately 26 acre-feet of municipal and industrial water which is delivered via both agencies' water distribution system interties. Water purchased by the District is billed at a flat rate.

Areas served by the City of Fresno to be detached from the District water service area

In addition to this service by agreement, over time there have been extensions of water service by the District across the city limits. This report will first identify the areas currently served by the City of Fresno that are proposed to be detached from the District water service area. The District proposes to detach approximately 90 acres of land currently identified in the District's water service area and SOI but served by the City of Fresno. Because these properties are currently within the Fresno city limits it is not necessary to annex them to the City. Appendix A, Pinedale County Water District Reorganization Map illustrates these areas:

- Area B, approximately 3.3 acres: located north of the Herndon Avenue frontage road west of Fruit Avenue. The area to be detached from the District service area consists of three parcels. The water SOI will be reduced to align with the detachment.
- Area D, approximately 57 acres: located north and south of Sierra Avenue east of Wishon Avenue. Area D is enclosed by Del Mar Avenue on the west, Palo Alto on the north, Colonial Avenue to the east, and Ellery Avenue on the south. The area to be detached from the District service area consists of over 100 parcels proposed. The water SOI will be reduced to align with the detachment. Area D is immediately north of Area E, more details are provided under item Area E in the next section.
- Area F, approximately 9.8 acres: located north of Sierra Avenue and west of Blackstone Avenue. Area F contains condominiums located between N. San Pablo Avenue and backing on the west side of the Sierra View Plaza shopping center. Area F is located immediately west of Area G which will be described later in this section. Although Area F had been shown in the District service area, LAFCo maps did not depict Area F in the water SOI.
- Area K, approximately 0.032 acres: located near the intersection of E. Pinedale Avenue and N. Abby Street. Area K includes a minor portion of the right-of-way; the detachment will correct the District's service area. Area K will correct a portion of the District's boundary line along APN 303-650-39.
- Area M, approximately 19.8 acres: located along the south side of Nees Avenue, between Fresno Street and Angus Street. Area M consists of office and residential land uses. Although Area M had been shown in the District water service area, LAFCo maps did not depict Area M in the water SOI.

Areas served by the District to be annexed to the District Water Service Area and SOI

In addition, the District requests annexation to its service area and SOI of approximately 126.59 acres that are currently not shown in the District's water service area but are receiving District

water service. Appendix A, Pinedale County Water District Reorganization Map illustrates these areas:

- Area A, approximately 9.32 acres: located along Alluvial Avenue, between Carruth Avenue on the east and Teilman Avenue to the west. The area served by the District in Area A primarily includes residential parcels that are proposed to be annexed into the District service area.
- Area C, approximately 43.44 acres: located along the south side of Herndon Avenue, between Maroa Avenue on the east and Palm Avenue to the west. The area served consists of commercial parcels Area C is located within the existing water SOI.
- Area E, approximately 1.73 acres: located along the north side of Ellery Way, between Maroa Avenue on the west and Bergeron Avenue to the east. The area is not in the City of Fresno, and it is served by the District. Area E consists of residential parcels. Area E is located within the existing water SOI and is in size.
- Area G, approximately 29.5 acres: located along the west and portions of the east side of Blackstone Avenue, between Herndon Avenue on the north and Sierra Avenue to the south. Area G is served by the District; however, currently it only provides water service to commercial structures on the front of The Sierra View Plaza shopping center. The District informed LAFCo that Area G will include the entire Sierra View Plaza into the District. The water SOI will be revised by 10 acres to include the entire shopping center west of Blackstone Avenue and north of Sierra Avenue.

In addition, water service is provided by the District to seven parcels north of Sierra Avenue along the east side of Blackstone Avenue. Area G primarily includes Commercial parcels within the existing water SOI that are proposed to be annexed into the District service area.

- Area H, approximately 4.24 acres: one parcel located along the south side of Los Altos Avenue, between Effie Street on the west and State Route 41 to the east. The parcel is served by the District, Area H hosts a Derrel's Storage Facility proposed to be annexed into the District service area. Area H is located within the existing water SOI.
- Area I, approximately 7.56 acres: located along the north side of Herndon Avenue on the east side of Blackstone Avenue/Abby Street alignment. Consists of three commercial parcels. Area I is located within the existing SOI.
- Area J, approximately 22.28 acres: located along the east and west side of Abby Street (Blackstone Avenue) alignment south of Alluvial Avenue within the existing water SOI. Consists of five commercial parcels.
- Area L, approximately 7.30 acres: located along the west side of Fresno Street north of Alluvial Avenue within the existing water SOI. Consists of five commercial parcels.

- Area N, approximately 1.22 acres: located along the north side of Alluvial Avenue between Blackstone Avenue on the east and San Pablo Avenue to the west within the existing water SOI. Consists of three commercial frontage parcels.

DESCRIPTION OF SEWER SERVICE AND SPHERE OF INFLUENCE

The District's sewer service area generally coincides with the area within the water service area; however, the sewer service area and sewer SOI are smaller in size. The District's sewer SOI is approximately 700 acres and its sewer service area is estimated to measure 604 acres in size. The District sewer service area is located within the City of Fresno and immediately east of the Pinedale Public Utility District which also provides sewer collection service.

The District provides approximately 3,000 sewer connections. Wastewater collected within the District is discharged into the City's sanitary sewer system for transport to the Fresno-Clovis Regional Wastewater Treatment Facility. The District contracts through an existing service agreement with the City of Fresno to provide wastewater treatment. Wastewater collected within the District boundaries are discharged into the City's Herndon trunk sewer line for transport to the Regional Wastewater Reclamation Facility southeast of the City. The District informed LAFCo that its current sewer service capacities are adequate to handle collection requirements. The District invests on an on-going basis to procure grant funding to finance necessary infrastructure improvements. The District currently does not have scheduled plans for infrastructure or facilities upgrades. The District does not anticipate need for an expansion of the sewer system.

During the preparation of this MSR, the District expressed its interest in updating its sewer service area boundaries indicating the need to adequately assess all locations currently receiving District sewer services. The analysis would be similar to the effort currently being invested in its water distribution system. Although there is no scheduled timeline, LAFCo encourages the District and City to conduct the sewer service area analysis in order to assist both agencies to identify sewer service areas, customers base, service redundancies, and update agency map information.

DESCRIPTION OF SOLID WASTE COLLECTION SERVICE

The District provides solid waste collection within three unincorporated areas identified in Figure One. The District's solid waste service is not anticipated to grow. The three county islands combined total approximately 120 acres in size. The proposed water SOI revision will not affect the solid waste service area. The City of Fresno provides solid waste services within the incorporated territories of the District. The District provides solid waste collection through contract with Waste Management Incorporated, a private service provider.

The three county islands in the District receiving solid waste collection are:

- County Island One: includes 53 customers located north of W. Alluvial Avenue at N. Toletachi Road, residents along W. Moraga Road.

- County Island Two: includes 165 customers located north of W. Sierra Avenue and east of N. Palm Avenue, residents south of W. Magill Avenue, and west of N. Roosevelt Avenue.
- County Island Three: includes 220 customers located east of N. Colonial Avenue, south of W. Sierra Avenue, west of N. San Pablo Avenue, and north of W. Sample Avenue.

The probable growth of solid waste service is limited by the complete envelopment of the District's solid waste collection service area by the City of Fresno. In fact, the three solid waste service areas can be expected to be reduced over time if annexation of these County islands were to materialize. At that point the City of Fresno would be the only solid waste service provider within the District's boundaries.

During the preparation of this MSR, the District informed LAFCo that County Island Two and Three are the only locations within the entire District that receive all three District services (water, sewer, and solid waste).

POPULATION GROWTH

The City of Fresno is the land use authority for incorporated land located within the District's service area. The City of Fresno's General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial. Though once a developed unincorporated area, the greater Pinedale community has largely been annexed to the City of Fresno. The District service area is considered by LAFCo to be built-out which means the majority of the land within the District is substantially developed. Estimates show that approximately 8,495 residents reside within the District,⁶ though the District estimates a much higher population number at approximately 16,000 residents.

Considering the unincorporated areas within and around the District, some discussion of the County's land use authority is warranted. The County of Fresno is the land use authority for the unincorporated portions of the District. County General Plan Policy LU-G.7 states, "...The County shall establish and maintain land use controls on unincorporated land within the spheres of influence consistent with the policies of the County community plan...." The unincorporated portions of the District are within the County's Bullard Community Plan and are designated for residential uses. Staff notes that the last amendment to the County's Bullard Community Plan land use diagram was in 1991, and the policy document was in 1994.

The District area is identified in the City's general plan and land use is regulated by the City's adopted Pinedale Neighborhood Plan and its Bullard Community Plan.⁷ Both policy documents anticipate minimal growth and support existing land uses within the District's boundaries.⁸ The

⁶ City of Fresno, Metropolitan Water Resources Management Plan Update, Appendix A "Non-Fresno Water Demands" report prepared by WRIME. <http://www.fresno.gov/NR/rdonlyres/E1DC4121-EB84-46B5-812C-9351C60C246C/29042/ANonFresnoDemand.pdf>

⁷ Bullard Community Plan, <http://www.fresno.gov/NR/rdonlyres/2AFA54D2-7F75-419E-9EBD-DA3378D53EA3/0/BullardCommunityPlan.pdf>.

⁸ Pinedale Neighborhood Plan, <http://www.fresno.gov/NR/rdonlyres/F3BB2F7F-7FE6-4ABF-ACAA-DB4C31B50BE5/0/PinedaleNeighborhoodPlanMarch312009.pdf>

Pinedale Neighborhood Plan is consistent with the Bullard Community Plan and the City of Fresno's General Plan.

Using a 20-year planning horizon, the District expressed that it does not anticipate a future need to revise the water SOI. As noted previously, the District expressed the need to conduct a successive boundary assessment to adequately identify its sewer service area. Such a study could potentially revise the District's and City's sewer service areas. Such a study would assist both District and City to adequately identify sewer service areas. Overall, the District's boundaries are not anticipated to require substantial revisions.

LAFCo notes that as a matter of Commission policy, the cities should be the provider of urban services due to their high visibility, substantially broader resources of revenue, and their historical and legal right to provide services and controls to citizens within their boundaries, particularly land use planning services and controls.⁹ At the time this MSR was prepared the majority of the District was already in the City and receiving city services. District growth is virtually restricted by the City of Fresno. Population growth has been appropriated to the City of Fresno¹⁰ and it is anticipated that the District will experience minimal modifications to its existing service areas in the future.

DISADVANTAGED UNINCORPORATED COMMUNITIES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires LAFCo to make determinations regarding "disadvantaged unincorporated communities" ("DUCs") when considering a change of organization, reorganization, SOI expansion, and when conducting municipal service reviews.

For any SOI updates of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within of contiguous to the SOI of a city or special district.¹¹

Government Code sec. 56033.5 defines a DUC as: i) "inhabited territory" (12 or more registered voters), as defined by sec. 56046, or as determined by commission policy, that constitutes ii) all or a portion of a "disadvantaged community" as defined by sec. 79505.5 of the Water Code. Water Code sec. 79505.5 defines "disadvantaged" as a territory with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income. On January 9, 2013, Fresno LAFCo exercised its powers and adopted policy that refined the DUC definition to include, a DUC shall have at least 15 dwelling units at a density not less than one unit per acre.

⁹Fresno LAFCo Policies, Standards, and Procedures, Policy 102-03.

¹⁰County of Fresno and City of Fresno Memorandum of Understanding, Section 4.1; which states that the County shall refer any new development proposals within one-half mile of the City's boundary.

¹¹Government Codes section 56425(e) 5, Present and Probable need; disadvantaged unincorporated communities

This section of the report uses County of Fresno's Geographic Information System (GIS) parcel mapping information and U.S. Census data to quantify the economic composition of the census block groups within the vicinity of the District's boundaries. Geographic Information System (GIS) files were derived from the U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010 to identify the demographic composition within the District's service area. Although the ACS provides annual, three-year estimates, and five-year reports; the five-year demographic reports provide the most precise demographic data and census mapping information available for analyzing small populations. The five-year ACS reports are the most reliable form of available information generated by the U.S. Census.¹² California's statewide MHI reported for years 2006 through 2010 was \$60,883, the DUC threshold is any geographic unit with a MHI that is less than \$48,706.

The majority of the District's service area resides in the City of Fresno's incorporated boundaries. The exceptions are the three County islands; however, they are all served by District services. The census block group data for the three County islands indicate that all three islands had a MHI level higher than established for DUCs; the MHI threshold is \$48,706.¹³ As of April 22, 2016, no DUCs as defined by Fresno LAFCo Policy 106, Government Code Section 56046, and Water Code 79505.5 exist within the District's boundaries.

PLANNED CAPACITY OF PUBLIC FACILITIES

Water Service

The District maintains its water systems on an ongoing basis. The District informed LAFCo that many of its water mains are in need of replacement and that it has begun replacement of those systems. The District's infrastructure includes four groundwater wells located near the Pinedale Community. Current water demands require the District to run three wells available to the District. The District retains one well on standby. The District plans to activate the standby well in anticipation of future demands.

The District growth is constrained due to the City surrounding the entire District. Prior to the 2012 District rate reassessment, the District user rates were last increased in the 1990's. The District performed a rate study in 2012 that included the cost of installing meters and water main replacements. The rate study estimated the necessary rate increase to be paid by customers who receive District water services. Starting in 2013, user rates were increased by 20% and will continue to increase by 20% for the next five years, thereafter. The current water rate for Fiscal Year 2015-16 is \$23.90. Future maintenance and construction of wells, if necessary, will be financed through loan opportunities.

In the 2007 District MSR, LAFCo encouraged the District and other affected local agencies to:

- As required by State law, consider and mitigate groundwater overdraft during the mandated environmental review process for all "projects" as defined by CEQA, that would result in new or increased demands on water resources and/or intensification of urban uses; and

¹² US Census Bureau, http://www.census.gov/acs/www/guidance_for_data_users/estimates/

¹³ Pursuant to Water Code 79505.5

- Work together to collectively identify and implement feasible strategies to eliminate groundwater overdraft in the Fresno/Clovis Metropolitan Area, including territories that may be the subject of future applications to LAFCo for a change of organization and reorganization.

Water availability within the Central Valley will be one of the various issues Fresno LAFCo will carefully consider when reviewing sphere of influence updates. The District has adopted a summer watering schedule (starting March 2 and ending October 31) that limits outdoor watering to two specified days per week depending on property address number. A violation citation structure has been adopted by the District, and citation penalties are identified in the District's Master Fee schedule. The District encourages water conservation measures and provides watering saving strategies on the District website. According to the District, implementation of District's watering schedule and water conservation strategies would assist the District to reach the 36% water reduction goal for years 2016-2017.

Water is a vital, but finite resource for the entire Fresno region. With the recent passage of California's Sustainable Groundwater Management Act of 2014, Fresno LAFCo observes that the District's participation with groundwater management will be essential within the greater region. Inversely, it is also probable that the City of Fresno could ultimately assume responsibility for the District's service area. It is acknowledged that individual water agencies each have their own interests, which sometimes compete with the interests of others for water resources. As noted in the District's 2007 MSR, the County has further expressed concern that groundwater overdraft in the area may affect the ability of smaller service providers with limited resources and minimal surface water entitlements to continue to provide water service to its customers.

Sewer Service

Wastewater collected within the District is discharged into the City's Herndon trunk sewer line for transport to the City's regional wastewater plant for treatment. The City of Fresno provides wastewater treatment to the District through an existing service agreement. The District informed LAFCo that the existing sewer pipeline infrastructure adequately provides sewage transfers for existing and future demands. The District maintains sewer service lines on an ongoing basis, and replaces sewer lines as necessary. In the near term, sewer service is anticipated to remain unchanged. Fresno LAFCo recognizes that the District has limited opportunities for growth outside of its existing service area.

Solid Waste Collection

The City of Fresno provides solid waste collection services to the majority of the residents within the District's service area. The District provides solid waste collection to three county islands described earlier in this report, and as shown on Figure One. The District contracts solid waste collection services with a private waste hauler; service contracts with the hauler company are renewed on a five-year basis. It appears that the contract renewal process assists the District to maintain its solid waste services operation at an adequate service level.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICE

This section of the MSR includes financial information provided by the District. The District provided financial data to determine if the District has sufficient revenues and financial systems to continue its provision of services to its customers. The following information and analysis section is based on financial statements, annual budgets, and supportive documents provided by District management. The District's primary sources of financing are user rates charged to customers and special assessments. The District board of directors adopts an annual budget which projects operational and maintenance costs on an annual basis.

The primary source of revenue for the District is obtained through utility fees charged to customers for water, sewer, and solid waste disposal services. The District informed LAFCo that its adopted budget for FY 2013-14 identified a total income of \$2,219,174. The District states that total operating revenues were \$2,223,701, which is greater than the total operating expenses of \$1,693,058. General and administrative expenses of \$562,672 resulted in a decrease in net assets of \$30,734 for the same year. At the end of FY 2013-14, District assets appear to exceed its liabilities.

The District's total operating revenues were estimated at \$2,497,558 which was greater than its operating expenses of \$1,171,593. The District's total general and administrative expenses were \$628,519 which resulted in a decrease in net assets of \$157,446. The District anticipates net assets to exceed liabilities at the end of the year to approximately \$3,538,014. At the time this MSR update was prepared, the District indicated that it had no outstanding loans or debts.

Residential water user rates are \$23.90 per month for flat rate water service (metered water for water varies depending on size of service line). Commercial water users are billed a flat rate ranging from \$19.90 up to \$88.20. The District charges a sewer service flat rate for residential customers, \$25.75 per month. Seventy percent of the wastewater rates are paid to the City of Fresno for its sewer line and facility usage. Residential solid waste collection customers pay a flat rate of \$27.08 per month. District fees to commercial users are adjusted according to land uses.

LAFCo staff also was provided a copy of the District's most current independent auditor's report, financial report, and supplementary information for fiscal years ending June 30, 2014 and 2015. The auditor's report states that the District's total operating income for FY 2015 totaled \$2,472,421 which was greater than the total operating expenses of \$1,703,437 and general administrative expenses of \$701,610.¹⁴ The District generated the following revenues during FY 2015 from the following utilities fees:

- Water sales \$1,076,500
- Sewer usage \$1,209,226
- Disposal Sales and Services \$148,576
- Delinquency Changes and other income \$38,118

LAFCo observes that that District adequately maintains a steady stream of revenue for District services. Based on available financial information it appears that the District is able to meet its

¹⁴ PCWD Independent Auditor's Report for years Ended on June 30, 2015 and 2014

financial obligations as a service provider. The District utility user rates provide the main source of revenue for the District which finances operation and administrative expenses.

OPPORTUNITIES FOR SHARED FACILITIES

This section of the MSR considers the use of shared facilities, and their potential to offset costs or promote greater efficiency in provision of the municipal services within the region.

LAFCo's 2007 MSR included a determination to encourage the District and the City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to the area served by the District, including the possible dissolution of the District and transfer of agency services to the City. Similarly, the City of Fresno's 2016 MSR acknowledge that greater economies of scale and enhanced service efficiencies may be achieved by dissolving the District and transferring its assets and service obligations to the City of Fresno. During the preparation of the District and City of Fresno 2016 MSRs, LAFCo staff notes that this broad course of action currently lacks political support from either agency. LAFCo staff observes that this course of action requires both parties' support in order to ensure the successful transfer of services.

Nonetheless, the City of Fresno's MSR observes the need to review the long-range assumptions about unification of the urban area.

The District currently has an agreement with the City to discharge sewage collections into the City's sewer collection system. The mutual agreement enables the District to transport sewer discharges to the Fresno-Clovis Regional Wastewater Treatment Plant for treatment. The City of Fresno Solid Waste Division provides residential and commercial solid waste services to the majority of the parcels within the District.

The District provides solid waste services to three County islands, as shown on Figure One of this MSR. The District provides solid waste services to approximately 438 parcels through a contract with a private solid waste hauler company. The District periodically renews its contract with the waste hauler company to keep user cost rates low. The District informs customers of upcoming service and potential cost changes associated with solid waste. This allows the District to select offers from multiple haulers at a lower cost for its customers. The District bills its customers that receive solid waste services to cover the complete costs. The District indicated that there are no additional cost avoidance opportunities which could significantly reduce costs to the District. No additional opportunities for shared facilities have been identified by LAFCo.

The District is located in north central Fresno County, within the City of Fresno's SOI. The District is located within or immediately adjacent to the following local agencies:

- City of Fresno – enclosed by the City of Fresno
- Clovis Cemetery District and the Clovis Memorial District- portions of the District fall in these special districts
- Fresno Metropolitan Flood Control District
- Fresno Mosquito and Vector Control District
- West Fresno County Red Scale Protective District
- Pinedale Public Utilities District

Though there may be little support for shared facilities at the time this MSR was prepared, the District and City should be commended for seeking greater service delivery efficiencies as it relates to water services by cooperating on this proposal and encouraged to continue this positive communication.

GOVERNMENTAL STRUCTURE

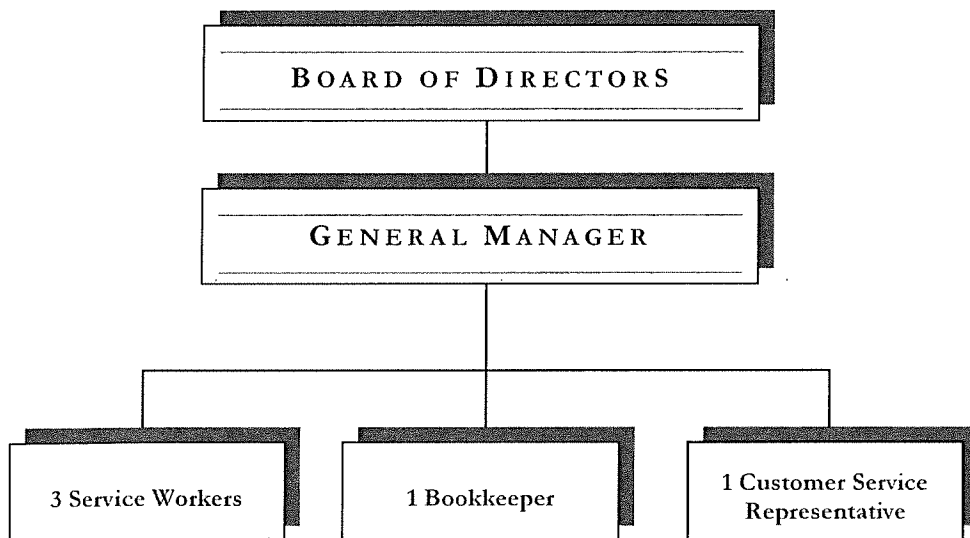
This section of the MSR considers the adequacy of the District's current boundaries, SOI, and governing structure under which the District was formed and operates. California Water Code section 30000-33900 enables the formation of County Water Districts to provide a variety of municipal services. However, the California Government Code offers very few government structure options for County Water Districts.

The District is an independent special district with its separate board of directors, not governed by other legislative bodies (either a city council or a county board of supervisors). A body of five elected officials serves as the governing body of the District. The five members of the board are elected by voters within the District boundaries. Citizen participation in the election of District board members is an essential component of local government accountability.

Three District board members' terms will expire in 2016, and the remaining two will expire in 2018. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code. During preparation of the MSR update, the District board of directors adopted a resolution to move the District's elections to coincide with the statewide general election to reduce the expense of off-year elections. The District shifted from a Uniform District Election Law (UDEL), odd-year election to even years at the same time as the statewide general elections conducted by the Fresno County Clerk/Registrar of Voters.¹⁵

The Board creates policies by adopting resolutions or District ordinances through duly-noticed public hearings. District meetings are held once a month, on the 1st Tuesdays at 5:00 p.m., at the District office located on 480 W. Birch Street in Pinedale. Meetings are noticed consistent with Brown Act requirements, which include postings in public places, such as the District office and the District website.

Figure 3 - Pinedale County Water District Organizational Chart



¹⁵ PCWD Board Resolution No. 2015-4, signed March 3, 2015

The District is managed by a General Manager and staffed with six District employees. The District's government structure is illustrated as Figure Three, and appears to be appropriate to ensure services are adequately provided and managed. The District and City of Fresno's partnership to implement the proposed water service reorganization and SOI revision represent the efficient collaboration of two local agencies working together to identify municipal service redundancies from occurring within their respective boundaries.

**ANY OTHER MATTERS RELATED TO EFFECTIVE OR
EFFICIENT SERVICE DELIVERY, AS REQUIRED BY
COMMISSION POLICY**

None at this time.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews and provides analysis in conformance with Government Code §56425 and Fresno LAFCo policy. Pursuant to Government Code §56430, the Commission prepares the following written determinations.

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

- The District provides domestic water, wastewater collection, and solid waste collection services. Not all properties in the District receive all three services; District customers may benefit from other service providers such as the City of Fresno solid waste collection, or Pinedale Public Utilities District wastewater collection.
- Fresno LAFCo MSR policy designates the District as a “level two” special district. It is LAFCo’s observation that level two municipal local agencies typically do not request modifications to their service area or the Commission’s adopted SOI for the agency. A level two municipal local agency designation means, in Fresno LAFCo’s judgment, that services provided by the agency may support, facilitate, or induce population growth.
- The City of Fresno is the land use authority for District land located within the city limit. The City of Fresno’s General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial.
- The District area is identified in the City’s general plan and augmented by the City adopted Pinedale Neighborhood Plan and the Bullard Community Plan. The County of Fresno is the land use authority for the unincorporated portions of the District. The County General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial.
- The District service area is considered as built-out which means the majority of the land within the District contains substantially developed parcels.
- District growth is limited and it is anticipated that the District will experience minimal modifications to its existing service areas. LAFCo estimates that approximately 8,495 residents reside within the District. However, the District estimates its population served to be near 16,000 residents.

2. THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE.

- Majority of the District service area resides within the City of Fresno’s incorporated boundaries. The exceptions are the three County islands; however, they are all served by at least one of the District services. As of August 28, 2015, no DUCs as defined by

Fresno LAFCo Policy 106, Government Code Section 56046, and Water Code 79505.5 exist within the District's boundaries.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND INFRASTRUCTURE NEEDS OR DEFICIENCIES.

- The water service area is approximately 886 acres and provides water service to approximately 2,400 residential connections and 550 commercial accounts. The District's water distribution system includes 2,950 connections of which approximately 300 are metered commercial connections.
- The District informed LAFCo that several of its water mains are in need of replacement. The District notes that aging water mains have been identified by the District and the District has begun to replace various water mains within its service area.
- The District's sewer service area is approximately 604 acres and provides sewer service to approximately 3,000 connections. The District does not treat wastewater but conveys it to the City of Fresno's sewer system for treatment at the Fresno-Clovis Regional Wastewater Treatment Facility. The City of Fresno provides wastewater treatment services with the District service area through an existing service agreement.
- The District informed LAFCo that its current sewer service capacities are adequate to handle collection requirements. The District invests on an on-going basis to procure grant funding to finance necessary infrastructure improvements.
- During the preparation of this MSR, the District expressed interest in updating the District's sewer service area boundaries. The District indicated there is need to adequately assess all locations currently receiving District sewer services.
- The District provides solid waste services to three noncontiguous County islands, which combined amounts to approximately 120 acres, for 438 county parcels.
- The District's solid waste customers are generally residential parcels. It is not anticipated that the District's solid waste service will grow larger than its existing size.
- The potential growth of the District is restricted by the City of Fresno. The City completely surrounds the District's boundaries.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES.

- The primary source of revenue for the District is obtained through utility fees charged to customers for water, sewer, and solid waste disposal services. The District informs LAFCo that its adopted budget for FY year 2013-14 identified a total income of \$2,219,174.
- Residential water user rates are \$23.90 per month for flat rate water service. Commercial water users are billed depending on the connection pipeline size; these flat rates range from \$19.90 up to \$88.20 for the largest connection.

- District sewer service customers are billed a flat rate of \$25.75 per month for residential connections. Seventy percent of the wastewater rates are paid to the City of Fresno for its sewer line and facility usage.
- Residential solid waste collection customers pay a flat rate of \$27.08 per month, depending on garbage container size. District fees charges to commercial users are adjusted according to land uses.
- The District appears to maintain an adequate revenue stream for District services. Based on available financial information it appears that the District is able to meet its financial obligations as a service provider.
- The District's financial statement used in preparation of this MSR conforms to accounting principles generally accepted in the United States of America and with policies and procedures of the office of the State Controller, State of California.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

- LAFCo's 2007 MSR included a determination to encourage the District and the City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to the area served by the District, including the possible dissolution of the District and transfer of agency services to the City. During the MSR update process LAFCo observed that this is a significant course of action that currently lacks political support from either agency.
- The District currently has an agreement with the City to discharge sewage collections into the City's sewer collection system. The mutual agreement enables the District to transport sewer discharges to the Fresno-Clovis Regional Wastewater Treatment Plant for treatment.
- LAFCo staff notes that while there may be little support for shared facilities at the time this MSR was prepared, the District and City are commended for seeking greater service delivery efficiencies related to water services.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES.

- California Water Code section 30000-33900 enables the formation of County Water Districts to provide a variety of municipal services. However, the California Government Code offers very few government structure options for these Districts.
- The District is an independent special district with its separate board of directors, not governed by other legislative bodies (either a city council or a county board of supervisors). A body of five elected officials serves as the governing body of the District. The five members of the board are elected by voters within the District boundaries.

- District meetings are held once a month, on the 1st Tuesday at 5:00 p.m., at the District office located on 480 W. Birch Street in Pinedale. Meetings are noticed consistent with Brown Act requirements, which include postings in public places, such as the District office and the District website.
- The District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area. The District and City of Fresno's partnership to implement the proposed water SOI revision represents the efficient collaboration of two local agencies working together to identify municipal service redundancies from occurring within their respective boundaries.

7. ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY.

- None at this time

3. SPHERE OF INFLUENCE REVIEW AND UPDATE

In order to carry out the Commission's purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to its jurisdiction, the Commission shall develop and determine the sphere of influence of each city and each special district within the County and enact policies designed to promote the logical and orderly development of areas within the sphere. A sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency;
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Government Code section 56425 (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In determining a sphere of influence, the Commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The Commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

When adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

Chapter one of this MSR provides the foundation for the SOI determinations. As previously noted, the Commission has adopted two SOIs for the District, one for Water and a second for Sewer. The District's boundaries span approximately 1.5 square miles between both the City of Fresno and the unincorporated residential areas in north Fresno. The District does not evenly provide all three services within its boundaries to each property, however; the City of Fresno and Pinedale Public Utilities District also provide overlapping municipal services. The District's

2007 water SOI is sized at approximately 915 acres. The MSR evaluates the District's water service area that leads to this water SOI revision that will reduce the District's size. The District/City evaluation of water services will amend the District's service area and SOI by approximately 29 acres, resulting in the 2016 new water SOI measuring approximately 886 acres.

As noted in Chapter One, this 2016 MSR update rectifies the District's sewer service area that was misrepresented in LAFCo's 2007 District sewer service area map. There are no revisions proposed to the District's sewer service area or sewer SOI. This report recognizes that the District's sewer service area may have similar boundary discrepancies identified in the water service boundaries. LAFCo recommends that the District and City undertake a cooperative boundary assessment study to officially identify its sewer service areas. The District and LAFCo estimate the District's sewer service area to measure approximately 604 acres while the sewer SOI includes approximately 700 acres.

The District expressed interest to partner with the City to conduct the sewer service area boundary assessment. Although no scheduled timeline was identified, LAFCo encourages such a boundary assessment to be conducted in cooperation with the City, District, and Pinedale Public Utilities District. Such a Study will assist the agencies to clearly identify sewer service customers, redundancies, and update map information.

In accordance with Government Code Section 56066, Fresno is the principal county and Fresno LAFCO is responsible for preparing the following determinations for the Sphere of Influence included in this Municipal Service Review.

When Fresno LAFCO updates a sphere of influence it must adopt specific determinations with respect to the following factors:

1. PRESENT AND PLANNED LAND USES, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS.

- The City of Fresno is the land use authority for land located within the District's service area. The City of Fresno's General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial.
- The County of Fresno is the land use authority for the unincorporated portions of the District.
- The Pinedale community has largely been annexed to the City of Fresno. The District service area is classified as built-out which means the majority of land within the District hosts substantially developed parcels.
- The District does not have land use authority; however, the District coordinates land use planning efforts with the City of Fresno. The City consults with the District on project proposals that affect the District.

2. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA.

- City of Fresno's growth encloses the Pinedale community. The District now has a fixed service area with boundaries completely enclosed by the Fresno City limits.
- Several hundred acres of unincorporated developed land exist within the District.
- The District informed Fresno LAFCo that its on-going improvement plans maintain the agency's infrastructure operating at adequate levels to continue providing water services to its customers.
- The District informed LAFCo that several of its water mains are in need of replacement. The District notes that aging water mains have been identified by the District and the District has begun to replace various water mains within its service area.
- The District does not treat wastewater but conveys it to the City of Fresno sewer system for treatment at the Fresno-Clovis Regional Wastewater Treatment Facility. The City of Fresno provides wastewater treatment services to the District service area through an existing service agreement. The District informed LAFCo that its current sewer service capacities are adequate to handle collection requirements. The District invests on an on-going basis to procure grant funding to finance necessary infrastructure improvements.
- During the preparation of this MSR/SOI update, the District expressed interest in updating the District's sewer service area boundaries.
- LAFCo observes that the District has reached its plan for service area. Opportunities to revise the District's SOIs are limited to proposals intended to correct the agencies' service area as it relates to water or sewer service areas. Maintaining the District's SOI is purely representative and recognizes the District as a service provider within its limited boundaries. This MSR/SOI update considers several revisions to the District's water SOI boundary, and figuratively rectifies the District's sewer service area.

3. PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE.

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo.

4. EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY.

- There are no relevant social or economic communities of interest relevant to the District's service provisions.

5. THE PRESENT AND PROBABLE NEED FOR THOSE PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE.

- The District is designated by LAFCo policy as a municipal local agency, meaning that the District is authorized to provide municipal services associated with municipal water and sewer treatments. However, the majority of the District's service area resides in the City of Fresno's incorporated boundaries. As of August 28, 2015, no DUCs as defined by Fresno LAFCo Policy 106, Government Code Section 56046, and Water Code 79505.5 exist within the District's boundaries.

4. RECOMMENDATIONS

In consideration of information gathered and evaluated during the 2016 Municipal Service Review, it is recommended the Commission:

1. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed Sphere of Influence Update.
2. Find that the Municipal Service Review is exempt from the California Environmental Quality Act pursuant to section 15306 (Information Collection).
3. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
4. Approve an update of the District's sphere of influence.
5. Recommend to the District that it conduct a similar boundary assessment with the City of Fresno for its sewer service area with the goal to adequately identify sewer service customers, redundancies, and update service area information.

5. ACKNOWLEDGEMENTS

This Municipal Service Review was prepared by Fresno LAFCo staff. The Pinedale County Water District provided substantial information included in this evaluation of the agency's service provisions. Supportive documentation and input was made available through an effective partnership between the District, City of Fresno, and LAFCo. This MSR is the result of a joint effort between the District and City of Fresno to address service redundancies. The outcome of the water service SOI revision memorializes the District's and City's water service area boundaries.

Staff extends its appreciation to Pinedale County Water District General Manager Jason Franklin, and City of Fresno Water Division Project Manager Martin Wendels for their assistance and constructive participation in the development of this service review.

This document and supportive information is available in the Fresno LAFCo office located at:

Fresno Local Agency Formation Commission
2607 Fresno Street, Suite B
Fresno, California 93721

The Municipal Service Review is available on Fresno LAFCo's website under documents open for public review and comment: <http://www.fresnolafco.org/Public%20Review.asp>

6. APPENDIX A - PINEDALE COUNTY WATER DISTRICT REORGANIZATION MAP

Responses to comments:

Comment [A1]: Under **Services Provided**, all areas that will be considered part of the District after the boundary realignment are currently being provided water service by the District. No changes regarding solid waste collection (contracted to Waste Management) and sewer service (depending on location, provided by the District or Pinedale Public Utilities District, which is a separate agency).

Comment [A2]: As stated, above no facilities will be expanded or changed. All services will remain unchanged with regard to provider except Ashjian Lighting at 7363 N. Ingram (currently provided water service by the City of Fresno) will be provided water service by the District.

Comment [A3]: Maps included

Comment [A4]: Maps included

Comment [A5]: The District has identified and begun replacing aging water mains, as well as started to install meters on residential services. We are also investigating to possibility of building a new well.

Comment [A6]: Sewer services will remain unchanged. We have not identified any problem areas that need to be replaced. Current capacity is more than adequate to handle collection requirements.

Comment [A7]: The District had a rate study performed in 2012 that correlated the cost of installing meters and main replacements with the needed increase in rates paid by customers who received water service. Starting in 2013 rates will be increased 20% each year for five years. The last rate increase occurred in the 1990s. The funds for building a new well would be on the form of a loan.

Comment [A8]: The District has adopted a summer watering schedule (starting March 2 and ending October 31) that limits outdoor watering to two specified days per week (depending on address number) and is only allowed between the hours of 7 p.m. and 6 a.m. No watering of sidewalks or pavement is allowed, reports of overwatering and/or runoff during these hours are investigated for mitigation, and outdoor car washing must have bucket and a hose equipped with a shut-off nozzle. From November 1 through March 1 no outdoor watering is allowed. A fine structure has been adopted as part of our master fee schedule and citations are issued to violators of our watering schedule. We have future plans for water saving tips to be available on our website. At the time of this writing water use by District customers is down 11% from this time last year. With no watering allowed during the winter months we should reach our 20% goal.

Comment [A9]: See attached documentation.

Comment [A10]: The District has applied unsuccessfully for grant money to pay for main replacement , however, increase in water service fees are adequate to cover these costs.

Comment [A11]: The City of Fresno provides solid waste collection to some areas of the District, other areas (county islands) are contracted out to Waste Management. The amount the District bills solid waste customers covers this cost completely.

Comment [A12]: While it was refreshing to work *with* the City on this, the District views the boundary realignment project as a way to reaffirm our separate and unique quality of service our customers enjoy. Our customers receive an extremely high level of personal service that isn't possible with a large agency and are delivered a quality product at lower costs than other local providers. With plans for replacing old mains and installing meters, the level of service will only improve.

Comment [A13]: The District plans to continue our current operations with regard to providing service to our customers.

Comment [A14]: No change.

Comment [A15]: n/a

Comment [A16]: Information is up to date and current.

end

RESOLUTION NO: **2015-4**

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PINEDALE COUNTY WATER DISTRICT
RELATION TO THE CONDUCT OF ELECTIONS**

WHEREAS, the Pinedale County WATER District (the "District") is a County Water District operating pursuant to §30000 et seq., of the California Water Code and;

WHEREAS, the District is governed by a Board of Directors consisting of five (5) members who are elected for a term of four (4) years; and

WHEREAS, the District currently holds its Board of Directors' elections pursuant to the UDEL (Uniform District Elections Law) in November of odd numbered years; and

WHEREAS, such elections are conducted by the Fresno County Clerk pursuant to Elections Code section 10517; and

WHEREAS, the costs of the UDEL election conducted by the Fresno County Clerk in odd numbered years is reimbursed to the County by those special districts including the Pinedale County Water District that have their Board of Directors elected during said odd numbered years; and

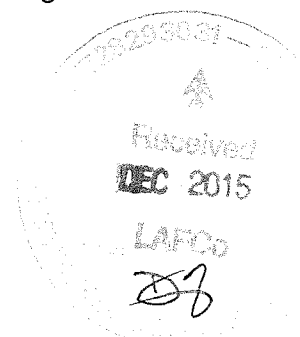
WHEREAS, the cost of said odd numbered year election is paid for by and creates a significant financial hardship for the District; and

WHEREAS, moving the District's elections to coincide with the statewide general elections will result in a significant cost savings to the District; and

WHEREAS, generally, voter participation is greater for statewide general elections than for special local elections including special district elections; and

WHEREAS, the Board seeks to enhance voter participation and specifically to increase the percentage of voters participating in the District's Board election; and

WHEREAS, the Board believes that rescheduling the District's Board election to coincide with the statewide election held in even numbered years, will enhance voter participation and increase the percentage of voters participating in the District's Board election;



WHEREAS, it is the opinion of the Board that starting with the 2015 Board elections, the public interest will be better served by election of its Board members pursuant to even-year elections in conjunction with the statewide general elections; and

WHEREAS, the District desires to conserve its financial resources and to advance the financial and logistical interests of the District and the citizens therein; and

WHEREAS, the District's Board of Directors desires their election to coincide, and be held in conjunction with, the statewide general election, which is held on the first Tuesday after the first Monday in November of each even numbered year; and

WHEREAS, California Elections Code section 10404, subdivision (b), authorizes the Board to adopt and submit such resolution to the board of supervisors not later than 240 days prior to the date of the currently scheduled election for Board members; and

WHEREAS, Elections Code Section 1303 authorizes the board of a special district to require that its elections of governing board members be held on the same day as the statewide general election, by submitting a resolution to the Fresno County Board of Supervisors; and

WHEREAS, the resolution becomes operative upon the approval of the Board of Supervisors pursuant to Elections Code Section 10404; and

WHEREAS, the current Board of Directors has two members whose term will expire in November 2015 and three members whose terms will expire in November 2017 as is more particularly described in Exhibit A, attached hereto; and

WHEREAS, while the Board recognizes the significant cost savings to the District resulting from aligning the District's election with the statewide general election, this factor is not the sole motivation for the Board's decision; but is an additional benefit that furthers the District's policy of fiscal responsibility and voter participation; and

WHEREAS, while the Board recognizes that the terms of its members would be extended as a result of aligning the District's elections with the statewide general elections, this is not the reason for the Board's decision; and

WHEREAS, pursuant to Elections Code Section 10404 (i), the Fresno County Board of Supervisors approves the change in election date, the Board members whose terms of office would have expired after the November 2015 election, shall continue in their offices until their successors are elected and qualified following the general election in November 2016; the Board members whose terms of office would have expired following the November 2017 election will continue in their offices until their successors are elected and qualified following the election in November 2018, as more

particularly set forth in Exhibit A attached hereto and incorporated herein by this reference; and

WHEREAS, if the change in election date is approved by the Fresno County Board of Supervisors, the specific dates for the filing of the nomination papers, notices, canvass of votes, certification of election results, and all other procedural requirements of the Elections Code pertaining to the general election of the Board members are as set forth in Exhibit B, attached hereto and incorporated herein by this reference.

Now, Therefore, Be It Resolved:

1. That the foregoing recitals are true and correct and incorporated herein by this reference as though fully set forth at this point.
2. The Board adopts this resolution to consolidate the election date for members of the Board with the California statewide general election in November in even numbered years at the same time and place as the statewide general election as conducted by the Fresno County Clerk/Registrar of Voters pursuant to Elections Code Section 10404.
3. This resolution consolidating the District election with the statewide general election shall first become operative with the general statewide elections held on November 8, 2016, and each subsequent Board member election shall be held two years thereafter in November of even years.
4. For those District Board members whose terms of office would have expired in November 2015, their terms of office will be extended until their successors are elected and qualified and for those Board members whose term would have expired in 2017, their terms of office will be extended until their successors are elected and qualified as is more particularly set forth in Exhibit A, attached hereto.
5. The District's President or designee will forward this resolution to the Fresno County Board of Supervisors explaining the rationale for the resolution and requesting formal approval of the change by the Board of Supervisors at a public meeting within 60 days after submission and after the resolution has been posted in accordance the law.
6. The District's President or designee will notify the Fresno County Elections Office that the District is prepared to pre-pay the estimated expenses of mailing notice of approval of the change in election date by the Fresno

County Board of Supervisors as required by Elections Code Section 10404(f).

7. The District's President or designee is authorized to take such additional and further actions and execute any instruments and documentation as may be required by the Fresno County Board of Supervisors or other County officials in order to effectuate the change of dates for the election of District members as required by this Resolution.
8. This resolution shall be submitted to the Fresno County Board of Supervisors for approval pursuant to Elections Code Section 10404 subdivision (b)(2) and shall become effective upon such approval.
9. The District, in accordance with Election Code Section 10520, shall reimburse the County for the actual costs incurred by the Fresno County Clerk/Registrar of Voters in conducting the District's election of Board members during the general election, within 45 days of being presented with an invoice.
10. The specific dates for the filing of nomination papers, notices, canvass of votes, certification of election results, and all other procedural requirements of the Elections Code pertaining to the general election of Board members are as set forth in Exhibit B, attached hereto and incorporated by this reference.

This resolution is approved and adopted this 3rd day of March, 2015, at the regular meeting of the Pinedale County Water District, by the following roll call vote, to wit:

AYES: 5

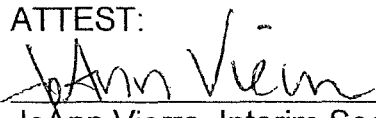
NOES: 0

ABSENT: 0



David Rodriguez, President of the Board
of Directors for the Pinedale County
Water District

ATTEST:



JoAnn Vierra, Interim Secretary to the Board of
Directors of the Pinedale County Water District

EXHIBIT A

Pinedale County Water District
Board of Directors

Board Member	Current Election Year	Proposed Election Year
Brad Peranick	2017	2018
Kent Baucher	2017	2018
David Rodriguez	2017	2018
Gloria de la Pena	2015	2016
Eva Valdez	2015	2016

7. Between the 57th and 14th day before the date of the general election, write-in candidates must file their Statement of Write-in Candidacy and Nomination Papers with the County elections official. (§ 8601)
8. Between the 2nd and 28th day after the date of the general election, the official canvass of the returns is to be completed. (§10547-10549, 15300 et seq.)
9. No later than the Monday before the first Friday in December the county elections official shall declare the elected candidate or candidates, the County elections official shall declare the elected candidates. The elections official shall make out and deliver to each person elected, a certificate of election signed and authenticated by the elections official. Elective officers take office at noon on the first Friday in December next following the general District election. Prior to taking office, each elective officer shall take the official oath and execute any bond required by the principal District. (§ 10551, 10554, 15401)

In the event of any future amendment to the foregoing Elections Code provisions, the amended provisions shall be applicable. Where the foregoing dates are inconsistent with those provided for in the Elections Code for the statewide general election, the dates provided for such statewide general elections shall be controlling.

Pinedale County Water District

INDEPENDENT AUDITOR'S REPORT,

FINANCIAL STATEMENTS,

AND

SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014



Pinedale County Water District

INDEPENDENT AUDITOR'S REPORT,

FINANCIAL STATEMENTS,

AND

SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

PINEDALE COUNTY WATER DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
JUNE 30, 2015 AND 2014

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GARY L. WOEHL

Certified Public Accountant

3439 Brookside Road, Suite 201 ▪ Stockton, CA 95219 ▪ Telephone (209) 951-9999 ▪ Fax (209) 951-9920
Member of AICPA ▪ California State Society ▪ Peer Review Program

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pinedale County Water District
Pinedale, California

Report on the Financial Statements

I have audited the accompanying financial statements of Pinedale County Water District as of and for the years ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pinedale County Water District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the years the ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

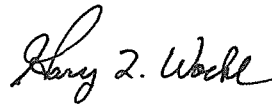
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental 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. I applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

2014 Financial Information

The Pinedale County Water District's basic financial statements for the year ended June 30, 2014, were audited by other auditors whose report thereon dated August 7, 2014, expressed an unmodified opinion on the respective financial statements of the District.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 23, 2015, on my consideration of the Pinedale County Water District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Pinedale County Water District's internal control over financial reporting and compliance.



Gary L. Woehl, CPA

September 23, 2015

PINEDALE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015



Pinedale County Water District

The following is a discussion of Pinedale County Water District's (the District) financial performance providing an overview of the activities for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements and related notes, which follow this section.

Basic Financial Statements:

The District's basic financial statements include four components:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements

The statements of net position include all of the District's assets and liabilities, with the difference between the two reported as net position.

The statements of net position provide the basis for evaluating the capital structure of the district and assessing its liquidity and financial flexibility.

The statements of revenues, expenses and changes in net position present information, which show how the District's net position changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statements of revenues, expenses and changes in net position measure the success of the District's operations during the year and determine whether the District has recovered its costs through user fees and other changes.

The statements of cash flows provide information regarding the District's cash receipts and cash disbursements during the year. These statements report cash activity in four categories:

- Operating
- Non-capital financing
- Capital financing and related financing
- Investing

PINEDALE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Basic Financial Statement: (Continued)

These statements differentiate from the statements of revenues, expenses and changes in net position by only accounting for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

District's Financial Statements:

The statements of net position include the entire District's assets and liabilities and provide information about the nature and amount of investments in resources and the obligation to creditors. These statements provide the basis for evaluating the capital structure and assessing the liquidity and the financial flexibility of the District.

A summary of the District's statements of net position is presented as follows:

Statements of Net Position

	June 30,		Percent
	2015	2014	Change
Current Assets	\$ 1,472,632	\$ 1,143,510	28.78%
Capital Assets	2,232,974	2,311,903	-3.41%
Restricted Cash	354,689	338,852	4.67%
 Total Assets	 \$ 4,060,295	 \$ 3,794,265	 7.01%
 Current Liabilities	 \$ 297,000	 \$ 256,251	 15.90%
Net Position:			
Invested in Capital Assets	2,232,974	2,311,903	-3.41%
Restricted for Future Capacity	354,689	338,852	4.67%
Unrestricted	1,175,632	887,259	32.50%
 Total Liabilities and Net Position	 \$ 4,060,295	 \$ 3,794,265	 7.01%

PINEDALE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

District Financial Statements: (Continued)

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position**

	<u>June 30,</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2014</u>	
Operating Income	\$ 2,472,421	\$ 2,497,558	-1.01%
Less Operating Expenses	(1,703,437)	(1,711,593)	-0.48%
Less Administrative Expenses	(701,610)	(628,519)	11.63%
Add Non-Operating Revenues	<u>157,907</u>	<u>1,432</u>	<u>10,927.03%</u>
Increase in Net Position	225,281	158,878	41.79%
Net Position - Beginning of year	<u>3,538,014</u>	<u>3,379,136</u>	<u>4.70%</u>
Net Position - End of year	<u>\$ 3,763,295</u>	<u>\$ 3,538,014</u>	<u>6.37%</u>

During the fiscal year ended June 30, 2015, the District's operating income decreased by 1.01%.

There was an increase in District's non-operating revenue of 10,927.03% due to increasing in investment earnings and gain on sale of assets.

The decrease in the District's capital assets was due primarily to the increase in accumulated depreciation.

Discussion of Operations:

The District's revenues are generated primarily through water, sewer and solid waste disposal services. The District provides water service to both commercial and residential customers. Residential customers are billed a flat rate for water charges while commercial accounts are primarily metered. Sewer services are provided in accordance with an agreement with the City of Fresno. For those properties that require processing by means of a connection with the City of Fresno's sewer processing facilities, the District pays to the City of Fresno a fee equal to 87% of the sewer service charge. Finally the District provides solid waste disposal service through a contract with an outside service agent. The District acts as a collection agent for fees according to a fixed rate schedule based on size and number of waste cans serviced. The District is permitted, according to the contract, to add an administrative fee to the charges to cover their cost of collections.

PINEDALE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Overview of Financial Statements:

The District utilizes the accrual method of accounting, the same method used by the private sector businesses to account for its water, sewer and solid waste operations. The results of these operations are reported through the following financial statements: statements of net position, which reflect the financial condition of the District at the end of the fiscal year; statements of revenues, expenses and changes in net position, which measure the results of operations during the fiscal year and reconcile the beginning and ending balances in net position; and statements of cash flows, which report the cash provided and used by operating, investing, and financing activities during fiscal year.

Capital Asset Administration:

Capital Assets

Description	Balance June 30, 2015	Balance June 30, 2014	Percent Change
Utility, Plant and Equipment:			
Land	\$ 92,205	\$ 92,205	0.00%
Office Equipment	51,946	51,946	0.00%
Transportation Equipment	108,655	101,843	6.69%
Tools and Water Equipment	90,295	90,295	0.00%
Water Well Equipment	3,900,227	3,909,693	-0.24%
Water Mains	178,958	178,959	0.00%
Sewer Lines	1,181,968	1,181,969	0.00%
Improvements	98,516	98,516	0.00%
Computer Equipment	79,949	79,949	0.00%
Shop	65,094	65,093	0.00%
Total Utility, Plant and Equipment	<u>\$ 5,847,813</u>	<u>\$ 5,850,468</u>	<u>-0.05%</u>

There was an increase in District's Transportation Equipment of 6.69% due to the buying of the new truck. The decrease in Water Well Equipment of 0.24% is due primarily to the selling of Well #3.

Capital Debt:

At June 30, 2015 the District had no bonds outstanding. The District has no expected need future capital debt.

Requests for Information:

The financial report is designed to provide an overview of the District's finances and demonstrate the District's commitment to public accountability for the monies it receives. If you have any questions about the report or would like to request additional information, please contact the Pinedale County Water District at 480 W. Birch Avenue, Pinedale, California 93650 – Telephone: (559) 439-2362.

**PINEDALE COUNTY WATER DISTRICT
STATEMENTS OF NET POSITION**

ASSETS

	June 30,	
	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 1,279,923	\$ 879,204
Accounts Receivable - Operating		
Less Allowance for Bad Debts of \$3,000	188,291	262,425
Prepaid Expenses	4,418	1,881
Total Current Assets	1,472,632	1,143,510
Property and Equipment		
At cost, less accumulated depreciation	2,232,974	2,311,903
Other Assets:		
Restricted Cash - Future Capacity	354,689	338,852
Total	\$ 4,060,295	\$ 3,794,265

LIABILITIES AND NET POSITION

Current Liabilities:		
Accounts Payable	\$ 45,770	\$ 23,089
Customer Deposits	33,812	26,165
Accrued Wages & FICA Payable	15,128	9,953
Accrued Vacation and Sick Leave	51,512	47,127
Accrued City Sewer Charges - Note 6	150,778	149,917
Total Current Liabilities	297,000	256,251
Net Position:		
Invested in Capital Assets, Net of Related Debt	2,232,974	2,311,903
Restricted for Future Capacity	354,689	338,852
Unrestricted	1,175,632	887,259
Total Net Position	3,763,295	3,538,014
Total	\$ 4,060,295	\$ 3,794,265

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	For the Years Ended June 30,	
	2015	2014
<u>OPERATING INCOME</u>		
Charges for Services:		
Water Sales	\$ 1,076,500	\$ 982,594
Sewer Usage	1,209,227	1,316,674
Disposal Sales and Service	148,576	142,993
Delinquency Changes and Other Income	38,118	53,807
Water Special Income	-	1,490
Total Operating Income	<u>2,472,421</u>	<u>2,497,558</u>
<u>OPERATING EXPENSES</u>		
Operating Expenses (<i>Schedule 1</i>)	<u>1,703,437</u>	<u>1,711,593</u>
Total Operating Expenses	<u>1,703,437</u>	<u>1,711,593</u>
<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>		
General and Administrative (<i>Schedule 2</i>)	<u>701,610</u>	<u>628,519</u>
Total General and Administrative Expenses	<u>701,610</u>	<u>628,519</u>
 Net Operating Income	 67,374	 157,446
<u>NON-OPERATING INCOME</u>		
Gain on Sale of Assets	156,414	-
Interest Income from Investments	<u>1,493</u>	<u>1,432</u>
Total Non-Operating Income	<u>157,907</u>	<u>1,432</u>
 <u>NET INCOME</u>	 225,281	 158,878
 <u>NET POSITION - BEGINNING OF YEAR</u>	 <u>3,538,014</u>	 <u>3,379,136</u>
 <u>NET POSITION - END OF YEAR</u>	 <u>\$ 3,763,295</u>	 <u>\$ 3,538,014</u>

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from Customers	\$ 2,544,017	\$ 2,447,993
Cash Payments to Suppliers	(1,604,530)	(1,610,504)
Cash Payments to Employees	(646,156)	(576,732)
Net Cash Provided by Operating Activities	293,331	260,757
<u>CASH FLOWS FROM NON-CAPITAL ACTIVITIES:</u>		
Net Cash Provided by Non-Capital Activities	-	-
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES:</u>		
Acquisitions of Water Lines, Equipment, and Property	(33,133)	-
Net Cash Used for Capital Related Financing Activities	(33,133)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Disposition from Sale of Assets	154,865	-
Interest Income from Investments	1,493	1,432
Net Cash Provided by Investing Activities	156,358	1,432
Net Increase in Cash and Cash Equivalents	416,556	262,189
Cash Balances - Beginning of the Year	1,218,056	955,867
Cash Balances - End of Year	\$ 1,634,612	\$ 1,218,056
<u>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Net Operating Income	\$ 67,374	\$ 157,446
Adjustments to Reconcile Net Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	113,611	113,218
Changes in Assets and Liabilities:		
Accounts Receivable	74,134	(36,762)
Prepaid Expenses	(2,537)	4,853
Accounts Payable	22,681	(9,566)
Customers Deposits	7,647	(12,803)
Accrued Expenses	10,421	44,371
Net Cash Provided by Operating Activities	\$ 293,331	\$ 260,757

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1: Summary of Activities and Significant Accounting Policies -

Introduction

The summary of activities and significant accounting policies of Pinedale County Water District is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for the financial statements' integrity and objectivity.

Basis of Accounting

The District accounts for its operations and activities and is substantially self-supporting from user charges. The financial statements of the District are prepared in conformity with generally accepted accounting principles applying all relevant Governmental Accounting Standards Board (GASB) pronouncements, and applicable Financial Accounting Standards Board (FASB) pronouncements unless they conflict with GASB pronouncements. The accounting system is that of accrual basis, whereby revenues are recorded at the time they are earned and expenses are recorded at the time the liabilities are incurred.

Bad Debts

The District provides an allowance for doubtful accounts for accounts deemed potentially uncollectable. Management estimated this to be \$ 3,000 for June 30, 2015 and 2014.

Cash and Cash Equivalents:

The District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Capital Assets

Property and equipment are capitalized at original cost and depreciated over the estimated useful lives of the assets on the straight-line basis. Donated property and equipment are stated at their fair value on the date donated. The estimated useful lives for depreciable assets are as follows:

Office Equipment	5-10 years
Transportation Equipment	5 years
Tools and Water Equipment	4-20 years
Water Main, Well Equipment and Sewer Lines	25-55 years
Water Meters	15 years
Improvements	10-20 years
Computer Equipment	5-10 years

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1: Summary of Activities and Significant Accounting Policies - (Continued) -

Insurance Coverage

The District participates in a public entity risk pool with transfer of risk for its insurance needs. Insurance coverage carried by the District is as follows:

Type of Coverage	Amount of Coverage
General Liability - Comprehensive, Contractual Liability, Products/Completed Operations, Personal Injury and Premises Medical Payments	\$ 500,000
Comprehensive Automobile Liability	\$ 500,000
Public Officials Liability - Errors and Omissions	\$ 500,000
Property Insurance - All Risk, Pooled Coverage	\$ 500,000
Fidelity - Dishonesty, Forgery or Alteration	\$ 100,000

The District treats all contributions to the risk pool as current period expenses. The amount of the contributions paid by the District was \$49,543 and \$39,155 for fiscal year ended June 30, 2015 and 2014. Management expects this will continue at a higher level for the District in subsequent years.

Contribution from Contractors

During the year ended June 30, 2015 based on information received from the District's engineer, there were no assets contributed to the District by contractors.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of 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.

Organization and Description

Pinedale County Water District was organized in October 1954, upon the approval of the Board of Supervisors of the County of Fresno. The District was organized to provide for the acquisition, construction, and operation of wells, pipelines, and various equipments to provide water, sewer and waste disposal service in the greater Pinedale area. Division 16 of the Water Code of the State of California governs the District. Effective January 1, 1994, the City of Fresno took over the garbage service for customers within the Pinedale County Water District that reside in the incorporated areas of the City of Fresno. All customers within the Pinedale County Water District that are in unincorporated areas continue to be serviced by the District.

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1: Summary of Activities and Significant Accounting Policies - (Continued) -

Liabilities for Compensated Absences

Full time employees of the District accrue vacation time two to four weeks per year (based on years of service) as well as one day per month of sick leave. Management caps sick leave accrual at twelve weeks. The District's liability for accrued vacation and sick leave as of June 30, 2015 and 2014 amounted to \$51,512 and \$47,127, respectively.

NOTE 2: Cash and Cash Equivalents -

Cash and cash equivalents consisted of the following:

	June 30,	
	2015	2014
Cash on Hand	\$ 500	\$ 500
Cash - General Water Account	233,709	128,005
Cash - Payroll Account	(6,309)	(588)
Investments - Union Bank of California	1,052,023	751,287
Total	<u>\$ 1,279,923</u>	<u>\$ 879,204</u>

NOTE 3: Defined Benefit Pension Plan -

A. Plan Description

The District's defined benefit pension plan, the Miscellaneous Plan of Pinedale County Water District provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan of Pinedale County Water District is part of the Miscellaneous 2% at 60 Risk Pool of the California Public Employees Retirement System (Cal-PERS), a cost-sharing multiple-employer defined benefit plan. The plan is administered by Cal-PERS which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Public Employees' Pension Reform Act of 2013 (PEPRA) took effect on January 1, 2013. The impact of most of the PEPRA changes relating to assumptions and benefit provisions will be reflected in the 2015-16 rates. The District selects optional benefit provisions from the benefit menu by contract with Cal-PERS and adopts those benefits through board of directors' approval. Cal-PERS issues a separate comprehensive annual financial report. Copies of the Cal-PERS' annual financial report may be obtained from the Cal-PERS Executive Office at 400 P Street, Sacramento, CA 95814.

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3: Defined Benefit Pension Plan - (Continued) -

B. Funding Policy

Active plan members are required to contribute 7% of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the Cal-PERS Board of Administration. The required employer contribution rate for fiscal year 2015 was 10.411% of the projected payroll for the contribution fiscal year. The contribution requirements of the plan members are established by State statute and the employer contribution rate established and may be amended by Cal-PERS.

C. Annual Pension Cost

For fiscal year 2015, Pinedale County Water District's annual pension cost was \$39,219. The required contribution for fiscal 2015 was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method with the contribution determined as a percent of pay. The actuarial assumption included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service, and (c) 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over two to five year period depending on the size of investment gains and/or losses. The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period on June 30, 2015 was indefinite.

Three-year Information for the Miscellaneous Plan of Pinedale County Water District

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/13	\$ 41,073	100%	-
06/30/14	\$ 33,107	100%	-
06/30/15	\$ 39,219	100%	-

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3: Defined Benefit Pension Plan - (Continued) -

C. Annual Pension Cost – (Continued) -

Required Employer Contribution

Actuarially Determined Employer Contributions:	June 30, 2015
Required Employer Contributions (in Projected Dollars)	
Risk Pool's Net Employer Normal Cost	\$ 23,046
Risk Pool's Payment on Amortization Bases	4,688
Surcharge for Class 1 Benefits	
a) FAC 1	1,490
b) PRSA	2,460
c) 75% IDR	2,844
Phase out of Normal Cost Difference	-
Amortization of Side Fund	1,543
Total Employer Contribution	\$ 36,071
 Projected Payroll for the Contribution Fiscal Year	 \$ 346,457
Required Employer Contributions (Percentage of Payroll)	
Risk Pool's Net Employer Normal Cost	6.652%
Risk Pool's Payment on Amortization Bases	1.353%
Surcharge for Class 1 Benefits	
a) FAC 1	0.430%
b) PRSA	0.710%
c) 75% IDR	0.821%
Phase out of Normal Cost Difference	0.000%
Amortization of Side Fund	0.445%
Total Employer Contribution	10.411%

Plan's Funded Status

	Per Actuarial Valuation Report
	June 30, 2012
1. Present Value of Projected Benefits	\$ 4,019,231
2. Entry Age Normal Accrued Liability	3,635,525
3. Plan's Actuarial Value of Assets	\$ 3,435,284
4. Unfunded Liability	\$ 200,241
5. Funded Ratio	94.5%
6. Plan's Market Value of Assets	\$ 2,890,251
7. Unfunded Liability	745,274
8. Funded Ratio	79.5%

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3: Defined Benefit Pension Plan - (Continued) -

C. Annual Pension Cost – (Continued) -

Participant Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2012
Projected Payroll for Contribution Purposes	\$ 346,457
Number of Members	
Active	6
Transferred	1
Separated	4
Retired	7

D. Actuarial methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	7 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending in Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 4: Deposits and Investment -

The District's bank accounts and investments are categorized to give an indication of the level of custodial credit risk assumed by the entity. **Insured**, denotes balances insured under the Federal Deposit Insurance Corporation (FDIC) and Letters of Credit of the Federal Home Loan Bank of San Francisco. **Uninsured** denotes deposits that are uninsured and for which securities have not been pledged by the depository bank or its trust department.

	Insured	Uninsured	Totals	Carrying Amount Fair Value
Local Banks (Gen, Pysl, MM)	\$ 227,900	\$ -	\$ 227,900	\$ 227,900
Investment - Union Bank of California	1,052,023	-	1,052,023	1,052,023
Restricted Cash Future Capacity	354,689	-	354,689	354,689
Totals	<u>\$ 1,634,612</u>	<u>\$ -</u>	<u>\$ 1,634,612</u>	<u>\$1,634,612</u>

As permitted by California Government Code Sections 53651.6 and 53651(p), the bank will incorporate Letters of Credit of the Federal Home Loan Bank of San Francisco as an eligible security category to collateralize California Local Agency bank deposits. The collateral and deposit pool balance is monitored by the Administrator of Local Agency Security Program of the State of California. The District has no uninsured balances as of June 30, 2015.

NOTE 5: Net Position -

GASB 34 requires that net position be classified into three components - invested in capital assets, net of related debt, restricted for future capacity, and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net position consists of capital assets net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction, or improvement of those assets.

Restricted for Future Capacity - This component of net position consists of constraints placed on net position use through external constraints imposed by laws or regulations through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net amount of assets that do not meet the definition of *restricted for future capacity* or *invested in capital assets, net of related debt*.

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 6: Property and Equipment -

Property and equipment consisted of the following:

	June 30,	
	2015	2014
Land	\$ 92,205	\$ 92,205
Office Equipment	51,946	51,946
Transportation Equipment	108,655	101,843
Tools and Water Equipment	90,295	90,295
Water Lines and Well Equipment	3,900,227	3,909,693
Water Mains	178,958	178,959
Sewer Lines	1,181,968	1,181,969
Improvements	98,516	98,516
Computer Equipment	79,949	79,949
Shop	65,094	65,093
Less: Accumulated depreciation	<u>(3,614,839)</u>	<u>(3,538,565)</u>
Total Utility, Plant and Equipment	<u>\$ 2,232,974</u>	<u>\$ 2,311,903</u>

Depreciation expense was \$113,611 and \$113,218 for the years ended June 30, 2015 and 2014, respectively.

NOTE 7: Reconciliation of State Controllers Report -

There were no differences in amounts reported on state controller report for this fiscal year.

NOTE 8: Subsequent Events -

In preparing these financial statements, the Pinedale County Water District has evaluated events and transactions for potential recognition or disclosure through September 23, 2015, the date the financial statements were available to be issued.

NOTE 9: Contingencies -

Certain areas of the Pinedale County Water District's operations are subject to regulations promulgated and administered by the Environmental Protection Agency as well as other federal and State of California government agencies. The complexity of these regulations results in many areas of uncertainty and requires interpretation. The Environmental Protection Agency and the State of California may question or challenge various District interpretations, but I am not aware of any circumstances at this time which would result in actions or penalties that could adversely affect the District's operations.

See the accompanying notes.

PINEDALE COUNTY WATER DISTRICT
NOTES TO THE FINACIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 10: Recent Accounting Pronouncements -

Governmental Accounting Standards Board Statement No. 68 -

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources, and expenses. For defined benefit pensions, this statement identifies 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. Disclosure and required supplementary information requirements about pensions also are addressed. The requirements of GASB 68 are effective for Pinedale County Water District for the year ended June 30, 2015. Management of Pinedale County Water District has evaluated the impact this statement will have on the District's financial statements and the net pension liability is substantial.

Governmental Accounting Standards Board Statement No. 69 -

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69). The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The District has assessed the impact of this statement, and since the District is not involved in any government combinations or disposals of operations, this statement had no impact to the District's financial statements.

Governmental Accounting Standards Board Statement No. 71 -

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB 71 amends paragraph 137 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflows of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of GASB 71 are effective for the District for the year ended June 30, 2015 and are to be applied simultaneously with the provisions of GASB 68. Management of the District has evaluated the impact this statement will have on the District's financial statements.

See the accompanying notes.

Required Supplementary Information

**PINEDALE COUNTY WATER DISTRICT
STATEMENT OF OPERATING EXPENSES**

	For the Years Ended June 30,	
	2015	2014
Operating Expenses:		
Wages	\$ 200,346	\$ 226,457
Payroll Taxes	18,163	32,712
Retirement Plan Contributions	23,532	19,864
City Sewer Charges	874,157	905,111
Contracted Service Fees	121,353	108,752
Pumping	236,391	217,216
Depreciation	113,611	113,218
Engineering Fees	4,560	2,407
Repairs and Maintenance	61,251	23,558
Supplies	9,737	18,771
Water Treatment	16,298	16,908
Transmission and Distribution	21,442	24,207
Small Tools	2,596	2,772
Total Operating Expenses	<u>\$ 1,703,437</u>	<u>\$ 1,711,593</u>

PINEDALE COUNTY WATER DISTRICT
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

	For the Years Ended June 30,	
	2015	2014
General and Administrative Expenses:		
Wages	\$ 225,660	\$ 157,098
Payroll Taxes	12,109	21,808
Retirement Plan Contributions	15,687	13,243
Directors Fees	8,500	5,547
Office Supplies	26,169	24,348
Other Supplies	997	978
Insurance - General	49,543	39,155
Insurance - Health	151,720	143,262
Professional Fees	47,824	59,711
Telephone and Utilities	18,522	15,725
Maintenance Contract	1,976	2,203
Travel and Entertainment	6,389	6,195
Bank Charges	4,679	6,049
Auto and Truck	16,980	15,387
Computer	670	677
Contract Labor	34,072	43,655
Miscellaneous	11,245	13,994
Safety Equipment and Testing	2,075	3,260
Dues and Subscriptions	33,520	9,904
Back Flow Test and Repair	22,186	34,201
Equipment Repair and Rental	1,694	2,895
Computer Expense	9,393	9,224
Total General and Administrative Expenses	<u>\$ 701,610</u>	<u>\$ 628,519</u>

GARY L. WOEHL

Certified Public Accountant

3439 Brookside Road, Suite 201 ▪ Stockton, CA 95219 ▪ Telephone (209) 951-9999 ▪ Fax (209) 951-9920
Member of AICPA ▪ California State Society ▪ Peer Review Program

**Independent Auditor's Report on Internal Controls over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Pinedale County Water District
Pinedale, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pinedale County Water District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued my report thereon dated September 23, 2015.

Internal Control over Financial Reporting

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

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

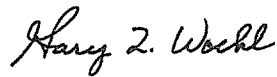
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, reading "Gary L. Woehl". The signature is written in a cursive, flowing style.

Gary L. Woehl, CPA

September 23, 2015