



STANISLAUS REGIONAL WATER AUTHORITY

156 S. Broadway, Ste. 270, Turlock, CA 95380
(209) 668-5490 (phone) (209) 668-5695 (fax)

Board Meeting Agenda

May 25, 2017 at 10:00 a.m.
156 S. Broadway, Turlock, CA
2nd Floor – Yosemite Conference Room

Chair Gary Soiseth	Vice Chair Chris Vierra	Director Ken Lane	Director Amy Bublak
Interim General Manager Michael Brinton	Board Secretary Tish Foley	Interim General Counsel Phaedra A. Norton	

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Stanislaus Regional Water Authority (SRWA) meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, contact the Board Secretary. The Board is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the Board to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Board on any item appearing on the agenda, including Consent Calendar and Scheduled items, before or during the Board's consideration of the item.

AGENDA PACKETS: Prior to the Stanislaus Regional Water Authority Board meeting, a complete Agenda Packet is available for review on the SRWA's website at www.stanrwa.org and in the Board Secretary's Office at 156 S. Broadway, Suite 270, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Board after distribution of the Agenda Packet are also available for public inspection in the Board Secretary's Office. Such documents may be available on the SRWA's website subject to staff's ability to post the documents before the meeting.

- 1. **A. CALL TO ORDER**
- B. SALUTE TO THE FLAG**
- 2. **RECOGNITIONS, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS:**
 - A. On May 3, 2017, Agenda Item 7B entitled "Request to concur with the TAC's recommendation to proceed with further evaluation of two treatment process alternatives..." was continued to May 25, 2017; however, the presenter has requested more time to develop their report, therefore, this item will be heard at a later date.
- 3. **A. SPECIAL BRIEFINGS:** None
- B. STAFF UPDATES**
 - 1. Interim General Manager Updates (*Brinton*)
 - 2. Finance Director Report (*Lorenzi*)
- C. CONSULTANT UPDATES:**
 - 1. West Yost Associates will provide the Board with a project status update. (*Nakano*)
- D. PUBLIC PARTICIPATION:** This time is set aside for members of the public to directly address the Board on any item of interest to the public that is within the subject matter jurisdiction of the SRWA and on any item on the agenda, including Consent Calendar items. You will be allowed five (5) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter. No action or discussion may be undertaken on any item not appearing on the posted agenda except that the Board may refer the matter to staff or request it be placed on a future agenda.

4. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS

5. CONSENT CALENDAR

Information concerning the consent items listed hereinbelow has been forwarded to each Board member prior to this meeting for study. Unless the Chair, a Board member or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the consent items is set forth in the explanation of the individual items.

A. Motion: Accepting minutes of Special Meeting of May 4, 2017

B. Motion: Accepting the Stanislaus Regional Water Authority's audited Financial Statements for the fiscal year ended June 30, 2016 and related reports

C. Resolution: Adopting a Retention Schedule for the Stanislaus Regional Water Authority Board

6. PUBLIC HEARINGS: None.

Challenges in court to any of the items listed below, may be limited to only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the Board at, or prior to, the public hearing.

7. SCHEDULED MATTERS

A. Accept the recommendation of the Executive TAC and TAC to officially adopt a new SRWA logo to replace the existing "water drop" logo (*Cooke*)

Recommended Action:

Motion: Accepting the recommendation of the Executive TAC and TAC to officially adopt a new SRWA logo to replace the existing "water drop" logo

B. Accept the report of projected expenses for the remainder of the fiscal year and provide direction to staff regarding cash reserve balances for the Stanislaus Regional Water Authority (*Lorenzi*)

Recommended Action:

Motion: Accepting the report of projected expenses for the remainder of the fiscal year and providing direction to staff regarding the cash reserve levels to be maintained by the Authority going forward

8. MATTERS TOO LATE FOR THE AGENDA: The Brown Act generally prohibits any action or discussion of items not on the posted agenda. However, there are three specific situations in which a legislative body can act on an item not on the agenda:

- 1) When a majority decides there is an "emergency situation" (as defined for emergency meetings).
- 2) When two-thirds of the members present (or all members if less than two-thirds are present) determine there is a need for immediate action and the need to take action "came to the attention of the local agency subsequent to the agenda being posted." This exception requires a degree of urgency. Further, an item cannot be considered under this provision if the legislative body or the staff knew about the need to take immediate action before the agenda was posted. A "new" need does not arise because staff forgot to put an item on the agenda or because an applicant missed a deadline.
- 3) When an item appeared on the agenda of and was continued from a meeting held not more than five days earlier. A legitimate immediate need can be acted upon even though not on the posted agenda by following a two-step process. First, make two determinations: (a) that there is an immediate need to take action, and (b) that the need arose after the posting of the agenda. The matter is then "placed on the agenda." Second, discuss and act on the added agenda item.

9. BOARD ITEMS FOR FUTURE CONSIDERATION

10. BOARD COMMENTS: Board members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.

11. NEXT MEETING DATE: June 22, 2017 – Regular Meeting.

12. CLOSED SESSION: None.

13. ADJOURNMENT

Item 3.B.1

May 25, 2017

To: SRWA Board

From: Michael Brinton, Interim General Manager

Subject: Interim General Manager Report

The members of the Technical Advisory Committee (TAC) have continued to meet with West Yost Associates and their sub-consultants on various items in preparation of the design of the raw water supply infrastructure, water treatment facility, treated water transmission mains and local distribution systems. The items covered since the last SRWA Board meeting includes the following:

- Completed staff report on treatment process decisions
- Completed internal QA/QC review of 90% documents for the Raw Water Wet Well
- Coordinated with Horizon regarding wet well constraints and fisheries analyses
- Presented updated wet well permitting matrix to the TAC
- Provided findings regarding existing ROW across Ben Hudelson property along John Fox Road
- Incorporated environmental schedule updates into overall schedule
- Provided TID with updated Project milestones for presentation to their Board
- Prepared and distributed meeting notes from coordination meeting between SRWA/TID representatives discussing how water rights would be addressed in the CEQA document
- Continued work on logo refresh sketches
- Developed updated O&M cost and expandability information for preferred treatment trains
- Continued preparation of wetland delineation and permit applications. Submitted scoping summary report for TAC review
- Completed permit application letter to DVFPB
- Finalized appraisal map for permanent pipeline easement through state property
- Reviewed revised design/build legislation
- Preparation of Streambed Alteration Agreement permit application
- Completed April Status Report
- Updated property acquisition portion of master project schedule
- Filled out tax questionnaire as initial piece of financial SRF application package
- Continued analysis of raw water samples
- Prepared NDA for easement through state property, sent to Department of Fish and Wildlife.
- Prepared updated cost estimate of 30 mgd WTP

Ms. Smith will provide a more in depth review of these items. I will be happy to answer any questions.

May 3, 2017 at 3:00 p.m.
Ceres Community Center
2701 Fourth Street, Ceres, CA

DRAFT Minutes
Special Meeting
SRWA Board

1. **A. CALL TO ORDER:** Vice Chair Vierra called the meeting to order at 3:04 p.m.
PRESENT: Vice Chair Vierra, Director Bublak, Director Lane
ABSENT: Chair Soiseth
- B. SALUTE TO THE FLAG**
2. **RECOGNITIONS, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS:** None
3. **A. SPECIAL BRIEFINGS:** None.
- B. STAFF UPDATES:**
 1. Interim General Manager Mike Brinton provided an update of items discussed at recent Technical Advisory Committee (TAC) meetings, including:
 - Attended meeting with SRF Staff on March 2nd
 - Provided overview of 50% design documents to TAC
 - Continued support of Horizon's CEQA documentation for both the EIR and IS/NMD for the Wet Well Project
 - Continued coordination with Associated ROW and GDR regarding appraisal maps, easement agreements and responded to a few questions from the public based on the treated water transmission main alignments shown in the NOP
 - Continued development of treatment train process alternatives and information for presentation to TAC in a Technical Memorandum
 - Prepared cost estimates for trench replacement versus County fees
 - NOP published with State Clearinghouse and County Clerk
 - Consulted with Gualco regarding potential use of AB 851 funds
 - Conducted workshop on water quality and treatment alternatives
 2. Acting Finance Director Marie Lorenzi provided a summary of actual revenue and expenditures for Fiscal Year 2016-17 as of May 3, 2017. Projections for the balance of the fiscal year will exceed anticipated revenue, therefore, Cities of Turlock and Ceres will be invoiced for their contributions. The projected amount estimated for Project Management Services was discussed and it was determined that the cost includes the services of subconsultants. West Yost will provide an itemization of those costs.
- C. CONSULTANT UPDATES:**
 1. Gerry Nakano of West Yost Associates provided a project status update including the following:
 - Project Delivery Methods and Recommended Treatment Trains.
 - Project Cost Estimates and associated impacts to monthly average residential customer billings.

- Funding activities, including initial meeting with SRF PM team, moving forward to attempt to expand Government Code 22160 which would allow this project to utilize DB as a project delivery method through Senator Cannella’s proposed Senate Bill 373.
- Horizon has issued the Notice of Preparation for the comment period and received six comment letters which will be included in the EIR when prepared.
- Prepared draft IS/MND for TAC review and comment.
- Initiated coordination with TID regarding water right modification to be discussed in the Project EIR.
- Completed 90 percent design of the Wet Well facility and comments are being gathered.
- Peer review being conducted by Cities of Turlock and Ceres professional engineers.

D. PUBLIC PARTICIPATION: None

4. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS: None

5. CONSENT CALENDAR:

Action: Motion by Director Bublak, seconded by Director Lane, to adopt the consent calendar and approve the minutes of the Regular Meeting of February 23, 2017. Motion carried 3/1 by the following vote:

Director Lane	Director Bublak	Vice Chair Vierra	Chair Soiseth
Yes	Yes	Yes	Absent

6. PUBLIC HEARINGS: None

7. SCHEDULED MATTERS:

A. Lindsay Smith of West Yost Associates presented the report on the recommendations of the Executive TAC and TAC to utilize lump sum design-build to deliver the regional intake pump station, raw water pipeline, and water treatment plant, with an additive bid item to include the design and construction of the finished water transmission mains to Ceres and Turlock.

Discussion: Reviewed past actions from the board and next steps. Executive TAC met with industry professionals on March 23, 2017. TAC met on March 30, 2017. Both groups concur with the project delivery method recommendation. Different methods were reviewed, including a Private Financing Option, also referred to as P3 or private partnerships. Advantages and disadvantages were considered. Recommending Lump Sum Design-Build, with a single entity responsible for the design and build, with the operations staffing component being separate. Public operation is recommended as the City of Turlock has a good track record of operating its wastewater facilities, public agency staff will have the customer’s best interest in mind, and decisions will be based on long-term operations efficiencies which could be perceived as more cost effective.

Vice Chair Vierra opened public participation. There being no public response, Vice Chair Vierra closed public participation.

Action: Motion by Director Lane, seconded by Director Bublak, to concur with the recommendations of the Executive TAC and TAC to utilize lump sum design-build to deliver the regional intake pump station, raw water pipeline, and water treatment

plant, with an additive bid item to include the design and construction of the finished water transmission mains to Ceres and Turlock. Motion carried 3/1 by the following vote:

Director Lane	Director Bublak	Vice Chair Vierra	Chair Soiseth
Yes	Yes	Yes	Absent

- B.** Request to concur with the TAC's recommendation to proceed with further evaluation of two treatment process alternatives, namely a conventional treatment process featuring pre-ozonation, and a membrane filtration process featuring ozone; and to allow consideration of either option by proposers for the future design and construction of the water treatment plant.

Discussion: Lindsay Smith of West Yost Associates requested this item be continued to the May 25th Regular Board Meeting as new information could modify TAC's recommendation.

Vice Chair Vierra opened public participation. There being no public response, Vice Chair Vierra closed public participation.

Action: Motion by Director Lane, seconded by Director Bublak, to continue this item to the May 25, 2017, Regular Meeting of the Board. Motion carried 3/1 by the following vote:

Director Lane	Director Bublak	Vice Chair Vierra	Chair Soiseth
Yes	Yes	Yes	Absent

- C.** Interim General Manager Michael Brinton presented the report requesting authorization to execute non-monetary agreements and sign documents related to obtaining permits, easements, right-of-way acquisitions on behalf of the SRWA and pay associated fees for processing these items up to an amount of \$5,000 per occurrence or up to the appraised value of the easements and right-of-way.

Discussion: None.

Vice Chair Vierra opened public participation. There being no public response, Vice Chair Vierra closed public participation.

Action: Motion by Director Lane, seconded by Director Bublak, authorizing the Interim General Manager to execute non-monetary agreements and sign documents related to obtaining permits, easements, and right-of-way acquisitions on behalf of the SRWA and pay associated fees for processing these items up to an amount of \$5,000 per occurrence or up to the appraised value of the easements and right-of-ways. Motion carried 3/1 by the following vote:

Director Lane	Director Bublak	Vice Chair Vierra	Chair Soiseth
Yes	Yes	Yes	Absent

Action: **Resolution 2017-003** appropriating \$50,000 to account number 950-53-552.43332 "Permitting" to provide funding for permitting fees related to the wet well project to be funded by contributions from the Cities of Ceres and Turlock and Turlock Irrigation District (TID), consistent with the TID/SRWA Water Sales Agreement, with the following percentages: Turlock: 53.3%, Ceres: 26.7%, TID: 20%. The amended Resolution was introduced by Director Bublak, seconded by Director Lane, and carried 3/1 by the following vote:

Director Lane	Director Bublak	Vice Chair Vierra	Chair Soiseth
Yes	Yes	Yes	Absent

Action: Resolution 2017-004 appropriating \$30,000 to account 950-53-552.51001 "Property Acquisitions" to provide funding for private appraisal reimbursements, and easements and right-of-way acquisitions related to the wet well project to be funded by contributions from the City of Ceres, City of Turlock, and Turlock Irrigation District (TID) consistent with the TID/SRWA Water Sales Agreement, with the following percentages: Turlock: 53.3%, Ceres: 26.7%, TID: 20.0%. The amended Resolution was introduced by Director Bublak, seconded by Director Lane, and carried by the following vote:

Director Lane	Director Bublak	Vice Chair Vierra	Chair Soiseth
Yes	Yes	Yes	Absent

D. Acting Finance Director Marie Lorenzi presented the report requesting approval of appropriations totaling \$2,975 to various administrative accounts as outlined in the Resolution to provide for proper accounting of the Authority's administrative costs during fiscal year 2016-17. Appropriations to be funded equally by contributions from the Cities of Ceres and Turlock.

Discussion: The majority of the expenses are related to the Notice of Preparation being sent certified mail to approximately 650 property owners and/or agencies.

Vice Chair Vierra opened public participation. There being no public response, Vice Chair Vierra closed public participation.

Action: Resolution 2017-005 appropriating \$2,975 to various administrative accounts to provide for proper accounting of the Authority's administrative costs during Fiscal Year 2016-17, to be funded via equal contributions from SRWA participating agencies was introduced by Director Bublak, seconded by Director Lane, and carried by the following vote:

Director Lane	Director Bublak	Vice Chair Vierra	Chair Soiseth
Yes	Yes	Yes	Absent

- 8. **MATTERS TOO LATE FOR THE AGENDA:** None
- 9. **BOARD ITEMS FOR FUTURE CONSIDERATION:** None
- 10. **BOARD COMMENTS:** None
- 11. **NEXT MEETING DATE:** May 25, 2017 – Regular Meeting
- 12. **CLOSED SESSION:** None
- 13. **ADJOURNMENT:** Motion by Director Bublak, seconded by Director Lane, to adjourn at 3:40 p.m. Motion carried 3/1.

RESPECTFULLY SUBMITTED

DRAFT

Tish Foley, Board Secretary

From: Marie Lorenzi, Senior Accountant

Prepared by: Marie Lorenzi, Senior Accountant

1. ACTION RECOMMENDED:

Motion: Accepting the Stanislaus Regional Water Authority's audited Financial Statements for the fiscal year ended June 30, 2016 and related reports

2. DISCUSSION OF ISSUE:

The Authority's independent external auditors, Maze & Associates, have completed the Authority's annual audit for the fiscal year ended June 30, 2016 and a copy of their audit report is attached to this Staff report (Appendix 1).

The financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) by Finance Staff from the City of Turlock who provide accounting assistance to the Authority. The external auditors have the responsibility to audit these statements in accordance with Generally Accepted Auditing Standards with the goal of determining whether the financial statements are free of material misstatement. If this goal can be supported with the results of their audit, the external auditor will issue an unqualified or "clean" opinion. The above listed financial statements contain an unqualified opinion.

Within the financial statements is a narrative section titled "Management's Discussion and Analysis (MD&A)" (see page 3 in the statements). The MD&A provides the reader with an introduction, overview, and analysis of the Authority's basic financial statements. It tells the "number's story" in words and helps explain the significance of the numbers in the financial statements which follow.

In addition to the financial statements, the Memorandum on Internal Controls and Required Communications is also attached to this Staff report (Appendix 2). This document provides information in two sections of which the auditors would like to Board to take note. The first section delineates area(s) of improvement in the Authority's financial systems for Board consideration. The second section provides the governing body with information regarding new accounting policies which may impact the Authority's financial statements in the future as well as various issues that the auditors are required, under professional auditing standards, to communicate with the governing body.

3. **FISCAL IMPACT / BUDGET AMENDMENT:** Funds are budgeted for the independent audit services required. There is no additional fiscal impact.
4. **INTERIM GENERAL MANAGER'S COMMENTS:** Recommend acceptance.
5. **ENVIRONMENTAL DETERMINATION:** N/A
6. **ALTERNATIVES:** None as Staff is only asking for acceptance of these reports.

STANISLAUS REGIONAL WATER AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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STANISLAUS REGIONAL WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

We have audited the accompanying financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. The financial statements of the Authority as of June 30, 2015 were audited by other auditors, whose report dated November 23, 2015 was unmodified.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016, and the change in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2017, on our consideration of the Authority's internal control over financial reporting and on our 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 our 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 the Authority's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
May 3, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative provides an overview and analysis of the financial activities of the Stanislaus Regional Water Authority (the Authority) for the year ended June 30, 2016 with comparative information for June 30, 2015. It is provided in order to enhance the information in the financial audit and should be reviewed together with that report.

THE PURPOSE OF THE AUTHORITY

The Authority was established by the Cities of Ceres, Modesto and Turlock (Participants) on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority and in December 2015 the Authority's Bylaws as well as the Joint Powers Authority Agreement were amended to reflect this change. Currently only the Cities of Ceres and Turlock are participating members of the Authority.

The Participants are interested in finding and evaluating surface water supply options and facilities to serve municipal and industrial water to the customers within their service areas. Each of the cities is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high quality surface water supply for the long-term drinking water needs of each participating City. The Participants have formed this Joint Powers Authority (JPA) for the purpose of making responsible decision related to the development and operation of the future RSWSP.

FINANCIAL HIGHLIGHTS

- At June 30, 2016 the Authority's assets exceed liabilities by \$236,126 (net position).
- Total net position increased by \$236,133 compared to a \$90 increase in the prior year.
- Total Authority revenues for 2015-16 were \$760,652 compared to expenses of \$524,519.

THE BASIC FINANCIAL STATEMENTS

The basic financial statements comprise the statement of net position and the statement of revenues, expenses and change in net position. The Statement of Net Position provides information about the financial position of the Authority as a whole, including all its capital assets and long-term liabilities. The Statement of Revenues, Expenses and Change in Net Position explains in detail the change in net position for the year.

The Statement of Net Position presents information on Authority's assets, liabilities and deferred outflows/inflows of resources; the difference between them representing Authority's net position. Net position includes the amount invested in capital assets.

The Statement of Revenues, Expenses and Change in Net Position presents information showing total revenues versus total expenses and shows how Authority's net position changed during the fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Authority's operations and significant accounting policies and clarify unique financial information.

**Stanislaus Regional Water Authority
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2016**

The following is a condensed Statement of Net Position for the Authority as of June 30:

Statements of Net Position

	<u>2016</u>	<u>2015</u>
Assets		
City of Turlock investment pool	\$ 493,146	
Interest receivable	319	
Due from other governments		<u>\$ 17,189</u>
Total assets	<u>493,465</u>	<u>17,189</u>
Liabilities		
Accounts payable	257,339	2,864
Due to the City of Modesto		<u>14,332</u>
Total liabilities	<u>257,339</u>	<u>17,196</u>
Net position:		
Unrestricted	<u>\$ 236,126</u>	<u>\$ (7)</u>

The following is a condensed Statement of Revenues, Expenses and Change in Net Position for the years ended June 30:

Statements of Revenues, Expenses and Changes in Net Position

	<u>2016</u>	<u>2015</u>
Operating Revenues	\$ 760,043	\$ 205,319
Operating Expenses	<u>524,519</u>	<u>205,331</u>
Net Operating Income	235,524	(12)
Non-Operating Revenues	<u>609</u>	<u>102</u>
Change in net position	236,133	90
Net position, July 1	<u>(7)</u>	<u>(97)</u>
Net Position, June 30	<u>\$ 236,126</u>	<u>\$ (7)</u>

**Stanislaus Regional Water Authority
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2016**

FINANCIAL ACTIVITIES OF THE AUTHORITY AS A WHOLE

This analysis focuses on the net position and changes in net position of the Authority's activities in the statement of net position and statement of revenues, expenses and change in net position.

As of June 30, 2016 total assets of \$493,465 were offset by liabilities of \$257,339. During 2015-16 the Authority's governing board approved requiring member agencies to periodically pay contributions to the Authority to provide a means to pay invoices as they come due. This was a change from past practice whereby member agencies were billed in arrears for expenses incurred. This change in policy was implemented to ensure there were sufficient funds on-hand to be able to pay expenses incurred in a timely manner.

As a result of this funding change, the Authority ended the 2015-16 fiscal year with a net position balance of \$236,126 as compared to a \$7 deficit for the prior year.

The Authority's expenses for 2015-16 primarily consist of contractual agreements for project management and environmental impact services. The tasks associated with the contracts will provide the Authority Board with the information and documents necessary to make decisions related to the scope of the project and the type of facilities that the Authority may decide to construct as well as the environmental documents necessary to proceed with the project.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

These Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this report should be directed to the City of Turlock, Finance Department, at 156 South Broadway, Suite 110, Turlock, CA 95380.

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STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Current Assets

City of Turlock Investment Pool (Note 2) \$493,146

Interest receivable 319

Total Assets 493,465

LIABILITIES

Current Liabilities

Accounts payable 257,339

NET POSITION

Unrestricted \$236,126

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES	
Participant operating contributions	<u>\$760,043</u>
OPERATING EXPENSES	
Administrative services	100,958
Contractual services	<u>423,561</u>
Total Operating Expenses	<u>524,519</u>
Operating Income	235,524
NON-OPERATING REVENUES	
Interest income	<u>609</u>
Change in Net Position	236,133
Net Position (Deficit), beginning of year	<u>(7)</u>
Net Position, end of year	<u>\$236,126</u>

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from participants	\$777,232
Payments for administrative services	(115,290)
Payments to suppliers	<u>(169,086)</u>
Net Cash Provided by Operating Activities	<u>492,856</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>290</u>
Net Program Revenue (Expense)	493,146
CASH AND INVESTMENTS AT BEGINNING OF YEAR	
	<u> </u>
CASH AND INVESTMENTS AT END OF YEAR	
	<u><u>\$493,146</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$235,524
Change in assets and liabilities:	
Due from participants	17,189
Due to City of Modesto	(14,332)
Accounts payable	<u>254,475</u>
Net Cash Provided by Operating Activities	<u><u>\$492,856</u></u>

See accompanying notes to the financial statements

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STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description and Reporting Entity

The Stanislaus Regional Water Authority (the Authority) was established by the Cities of Ceres, Modesto, and Turlock (Participants) on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority. In December 2015 the Joint Powers Authority Agreement and the Authority's Bylaws were amended to reflect that the Cities of Ceres and Turlock (Participants) were now the only participating members of the Authority. The amendments also updated administrative functional assignments to reflect the membership changes. Through December 31, 2015, the Authority was administered by a Board of Directors consisting of one member of each City Council of each City that was a Participant. Effective January 1, 2016, the Authority's Board of Directors consists of two members from each City Council of each City that is a Participant.

The Participants are interested in finding and evaluating surface water supply options and facilities to supply water to the municipal and industrial customers within their service areas. Each of the Participants is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high quality surface water supply for the long-term drinking water needs of each participating city. The Participants formed the Authority as a Joint Powers Authority (JPA) for the purpose of making responsible decisions related to the development and operation of the future RSWSP. Each Participant is responsible for 50% of the expenditures incurred by the Authority during a fiscal year.

All financial transactions initiated by the Authority were processed and accounted for by the City of Modesto's financial system through November 30, 2015. Subsequent to that date, transactions are processed and accounted for by the City of Turlock's financial system. The following is a summary of the more significant policies.

B. Basis of Presentation

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. Fund Accounting

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred, regardless of when cash changes hands. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as non-operating expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position sometimes reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

G. Use of Estimates

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

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 – CASH AND INVESTMENTS

The Authority participates in the City of Turlock’s cash and investment pool.

Cash and investments of the Authority are pooled with other City of Turlock funds. The Authority’s portion of this pooled amount was \$493,146 at June 30, 2016. At June 30, 2016, the City’s investment pool is unrated. The Authority can spend cash at any time without prior notice or penalty. Interest earned on pooled cash and investments is credited to each participant in the pool based on each participant’s average quarterly cash and investment balance. Detailed information concerning the City of Turlock’s pooled cash and investments, including information regarding the fair value of investments, may be found in the City of Turlock’s Basic Financial Statements as of June 30, 2016, the fair value of the Authority’s position in the pool is the same as the value of its pool shares.

Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The fair value of the Authority’s investment in the City’s investment pool, classified in level 2 of the fair value hierarchy, is valued using the Authority’s share of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period.

NOTE 3 – NET POSITION

A. Net Position

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter.

Unrestricted describes the portion of Net Position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 – RELATED PARTY TRANSACTIONS

The Authority reimburses the City of Modesto (through November 30, 2015) and the City of Turlock (subsequent to November 30, 2015) for administrative and other costs incurred by the City of Modesto or City of Turlock on the Authority's behalf. During the year ended June 30, 2016, contractual service expenditures of \$17,203 were allocated to the Authority from the City of Modesto and contractual service expenditures of \$23,165 were allocated to the Authority from the City of Turlock.

In addition, an employee of the City of Ceres' provided Interim General Manager services for the Authority during fiscal year 2016 and the cost of those services totaled \$32,074 for the fiscal year.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Program Management and Other Contracts

The Authority had the following outstanding commitments at June 30, 2016 related to the Regional Surface Water Supply Project:

Environmental Impact Review	\$586,747
Program Management	1,597,456
Legal Services	87,453

STANISLAUS REGIONAL WATER AUTHORITY
 BUDGETARY SCHEDULE OF REVENUES, EXPENSES
 AND CHANGE IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Participant operating contributions	\$92,730	\$1,343,288	\$760,043	(\$583,245)
OPERATING EXPENSES				
Administrative services	92,730	226,278	100,958	125,320
Contractual services		1,117,010	423,561	693,449
Total Operating Expenses	92,730	1,343,288	524,519	818,769
OPERATING INCOME			235,524	235,524
NON-OPERATING REVENUES				
Interest income			609	609
Change in Net Position			236,133	\$236,133
Net Position (Deficit), beginning of year			(7)	
Net Position, end of year			\$236,126	

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

We 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 basic financial statements of the Stanislaus Regional Water Authority (the Authority), as of and for the year ended June 30, 2016, and have issued our report thereon dated May 3, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mane & Associates

Pleasant Hill, California
May 3, 2017

APPENDIX 2

**STANISLAUS REGIONAL WATER AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

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STANISLAUS REGIONAL WATER AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For The Year Ended June 30, 2016

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

In planning and performing our audit of the basic financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Authority Board, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
May 3, 2017

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2016-01 Insurance/Bonds Provisions of the Joint Exercise of Powers Agreement

Article XIV, Insurance/Bonds, of the Authority's amended Joint Exercise of Powers Agreement includes the provision that the Authority "shall at all times maintain worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary...Such insurance may be maintained in whole or in part in the form of self-insurance." And, Article XX, Participant Employees, indicates that "Each Participant shall assume all liability related to its employees who provide services in connection with this Agreement...However, the Authority may, in its sole discretion, procure a policy or policies of insurance in the types and amounts it deems appropriate. In the event such policy or policies of insurance are procured by the Authority, such insurance coverage shall be primary over any obligation of the Participant under this section."

The Authority has not obtained worker's compensation, liability or property damage insurance policies to date or documented the manner in which it is self-insured.

The Authority should review the need for insurance coverage as contemplated by Articles XIV and XX of the Agreement and formally document what policies are in place, not in place, or in what manner the Authority is self-insured.

Management's Response:

The Authority's General Manager is in the process of reviewing the Authority's insurance needs and will bring recommended actions to the Authority Board of Directors. It is anticipated that this review process will be completed by July 1, 2017.

2016-02 Cash Reserve Provision of the Joint Exercise of Powers Agreement

Article XV(F), Financing, of the Authority's amended Joint Exercise of Powers Agreement includes the provision that the Authority "shall determine on an annual basis, prior to the beginning of each fiscal year, a level of reasonable cash reserves to be accumulated by the Authority. This reserve shall be accumulated from revenues collected in excess of all actual costs of the Authority. Once the targeted reserve level is reached, all additional revenues collected in excess of the actual costs of the Authority shall be considered excess revenue and, subject to any limitation in any bond or other financing agreement, carried forward as revenue for the next fiscal year and serve to reduce each Participant's respective assessment for such subsequent fiscal year."

The Authority Board did not establish a level of cash reserve for fiscal year 2016.

We understand that the Board discussed the cash reserve and determined that it was not necessary in fiscal year 2016 due to the changing in the funding method for participant contributions, but did not document that decision in a Board action or in another formal manner.

The Authority should set a cash reserve prior to the beginning of each fiscal year in compliance with the provisions of the Joint Powers Financing Authority Agreement, or formally document the Board decision related to Article XV(F), Financing, if it is determined that the reserve is not required.

Management's Response:

The establishment of a cash reserve for fiscal year 2017-18 will be considered as part of that year's budget adoption process.

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REQUIRED COMMUNICATIONS

To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

We have audited the basic financial statements of the Stanislaus Regional Water Authority for the year ended June 30, 2016. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards*.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB Statement No. 72 – Fair Value Measurement and Application

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

The pronouncement became effective and affected the notes to the financial statements, but did not have a material effect on the financial statements. See Notes 1 and 2 to the financial statements for current year disclosures.

The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

GASB Statement No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*

The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015.

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was:

Estimated Fair Value of Investments: As of June 30, 2016, the Authority held approximately \$493 thousand of cash and investments in the City of Turlock's investment pool as measured by fair value as disclosed in Note 2 to the Financial Statements. Fair value is essentially market pricing in effect as of June 30, 2016. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2016.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Authority Board.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated May 3, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. However, the Authority did obtain an Agreed Upon Procedures Report dated March 21, 2016 that was performed by other auditors to assist the Authority with transitioning the Authority's financial records as of November 30, 2015 from the City of Modesto (past Treasurer) to the new Treasurer of the Authority (City of Turlock).

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

This information is intended solely for the use of Authority Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, CA
May 3, 2017

From: Phaedra Norton, Interim General Counsel

Prepared by: Tish Foley, Board Secretary

1. ACTION RECOMMENDED:

Resolution: Adopting a Records Retention Schedule for the Stanislaus Regional Water Authority

2. DISCUSSION OF ISSUE:

SRWA Bylaws, Article VI.5.j Officers, states that the Secretary shall be responsible for record keeping for the SRWA, which will be housed with the current Secretary at his/her City office, until such time as the SRWA has its own office and corresponding staff.

As custodian of records, the Secretary must ensure that any legal paperwork generated by the Board is available for inspection and filed in an accurate records system. A records retention schedule is a policy that defines how long records must be kept and provides disposal guidelines for how those records should be discarded.

The City of Turlock has adopted a records retention schedule which establishes City-wide standards for records management pertaining to Boards, Commissions and Committees (Appendix 1). It is recommended that the SRWA Board follow those standards established by the City of Turlock.

3. FISCAL IMPACT / BUDGET AMENDMENT: N/A

4. STAFF COMMENTS: Staff recommends approval.

5. ENVIRONMENTAL DETERMINATION: N/A

6. ALTERNATIVES: None.



BEFORE THE BOARD OF THE STANISLAUS REGIONAL WATER AUTHORITY

**IN THE MATTER OF ADOPTING A
RECORDS RETENTION SCHEDULE FOR
THE STANISLAUS REGIONAL WATER
AUTHORITY BOARD**

RESOLUTION NO. 2017-xxx

WHEREAS, the Stanislaus Regional Water Authority Bylaws, Article VI.5.j Officers, states that the Secretary shall be responsible for record keeping for the SRWA, which will be housed with the current Secretary at his/her City office, until such time as the SRWA has its own office and corresponding staff; and

WHEREAS, as custodian of records, the Secretary must ensure that any legal paperwork generated by the Board is available for inspection and filed in an accurate records system; and

WHEREAS, a records retention schedule is a policy that defines how long records must be kept and provides disposal guidelines for how those records should be discarded; and

WHEREAS, the City of Turlock has adopted a records retention schedule which establishes City-wide standards for records management pertaining to Boards, Commissions and Committees.

NOW, THEREFORE, BE IT RESOLVED that the Board of the Stanislaus Regional Water Authority does hereby adopt the Records Retention Schedule attached as Appendix 1.

PASSED AND ADOPTED at a regular meeting of the Board of the Stanislaus Regional Water Authority this 25th day of May, 2017, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Tish Foley, Board Secretary

APPENDIX 1

STANISLAUS REGIONAL WATER AUTHORITY

RETENTION SCHEDULE

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition			Retention / Disposition			Comments / Reference	
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?	Media Options	Image: I=Import M=Mfr S=Scan		Destroy Paper after Imaged & QC'd?
<p><i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i></p> <p><i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i></p> <p><i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i></p>										
Municipal Services / Fleet		Accident, Injury and Property Damage Reports: CITY VEHICLES (except for Fire)	1 year		1 year		Mag, Ppr		Copies retained in Department that accident occurred for reference; GC §34090.7	
Personnel		Accident, Injury and Property Damage Reports: EMPLOYEES (medical and non-medical.)	1 year		1 year		Mag, Ppr		Copies retained in Department that accident occurred for reference; GC §34090.7	
City Attorney		Accident, Injury and Property Damage Reports: PUBLIC (medical and non-medical.)	1 year		1 year		Mag, Ppr		Copies retained in Department that accident occurred for reference; GC §34090.7	
Finance		Accounts Receivable (includes all copies of receipts, deposits, etc.)	2 years		2 years	Yes: Until Paid	Mag, Ppr		Copies retained in originating department for auditing purposes; GC §34090.7	
Lead Dept.		Administrative Policies	Until Superseded (minimum 2 years)		Until Superseded (minimum 2 years)	Yes: Until Superseded	Mag, Ppr		GC §34090	
City Clerk		Agreements & Contracts: ALL (Includes Change Orders, RFPs and Bids) <i>Ensure ALL original contracts and agreements, with a copy of the RFP and successful bid, are sent to the City Clerk</i>	When No Longer Required		When No Longer Required	Yes: Before Completion	Mag, Mfr, OD, Ppr	S	Yes: After Completion	Forward ALL original agreements & change orders to City Clerk; all infrastructure improvements are permanent. Statute of Limitations for contracts is 4 years; CCP §§337., 337.1(a), 337.15 GC §34090.7, Contractor has retention requirements in 48 CFR 4.703

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Destroy Paper after Imaged & QC'd?	Comments / Reference		
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?			Media Options	Image: I=Import M=Mfr S=Scan
<i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>										
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>										
<i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i>										
Lead Dept.		Agreements & Contracts: ADMINISTRATIVE RECORDS if FUNDED by a GRANT	Completion	5 years, or After Funding Agency Audit, if required, whichever is longer	Completion + 5 years, or After Funding Agency Audit, if required, whichever is longer	Yes: Before Completion	Mag, Mfr, OD, Ppr	S/I	Yes: Upon Completion	Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years, Wrongful Death=comp. + 5 years, Developers=comp. + 10 years; Statewide guidelines propose termination + 5 years; CCP §§336(a), 337 et. seq., GC §34090
Lead Dept.		Agreements & Contracts: ADMINISTRATIVE RECORDS - if NOT funded by a grant	Completion	5 years	Completion + 5 years	Yes: Before Completion	Mag, Mfr, OD, Ppr	S/I	Yes: Upon Completion	Published Audit Standards=4-7 years; Statute of Limitations: Contracts & Spec's=4 years, Wrongful Death=comp. + 5 years, Developers=comp. + 10 years; Statewide guidelines propose termination + 5 years; CCP §§336(a), 337 et. seq., GC §34090
Finance		Audits	When No Longer Required		When No Longer Required		Mag, Ppr			GC §34090.7
Staffing Dept.		Bids: See Contracts & Agreements Boards & Commissions: Citizens Advisory Formed by CITY COUNCIL (Agendas, Notices, Proof of Publications, etc.)	2 years		2 years		Mag, Ppr			Brown Act challenges must be filed within 30 or 90 days of action; GC §§34090, 54960.1(c)(1)

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition			Media Options	Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention				
<p><i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule. Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder. Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i></p>									
City Clerk		Boards & Commissions: Citizens Advisory Formed by CITY COUNCIL (MINUTES) Send all originals to the City Clerk for storage in the fire-proof vault	When No Longer Required	When No Longer Required	When No Longer Required	Mag, Mfr, OD, Ppr	S	Yes: After 2 years	Copies are kept in the department; Notes taken to facilitate the writing of the minutes can be destroyed after minutes have been adopted; GC §34090.7
		Boards & Commissions: External Organizations (e.g. County Board of Supervisors)	When No Longer Required	When No Longer Required	When No Longer Required	Mag, Ppr			Non-records
Staffing Dept.		Boards, Commissions, & Committees: AUDIO TAPES of Meetings	30 days or after Minutes Approved, whichever is longer	30 days or after Minutes Approved, whichever is longer	30 days or after Minutes Approved, whichever is longer	Tape (Mag)			GC §54953.5(b)
Staffing Dept.		Boards, Commissions, & Committees: VIDEO TAPES of meetings (ALL)	90 days	90 days	90 days	Tape (Mag)			Video tapes are only required for 90 days; GC §34090.7
City Clerk		Brochures: See Reference Manuals							
		Budgets - Finals	When No Longer Required	When No Longer Required	When No Longer Required	Mag, Mfr, OD, Ppr	S/I	Yes: After 5 years	City Clerk maintains originals; Final must be filed with County Auditor; GC §34090.7, 40802, 53901
City Attorney		City Attorney: Opinions	When No Longer Required	When No Longer Required	When No Longer Required	Mag, Mfr, OD, Ppr	S	No	Originals are maintained by City Attorney, copies by City Clerk Permanently; GC §34090
Staffing Depart.		City Council Subcommittees - Ad Hoc or Standing: (AGENDAS, ANNOTATED AGENDAS, MINUTES, NOTICES, CORRESPONDENCE, etc.)	2 years	2 years	2 years	Mag, Ppr			All recommendations are given to full Council for action; Brown Act challenges must be filed within 30 or 90 days of action; GC §§34090, 54960.1(c)(1)

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Destroy Paper after Imaged & QC'd?	Comments / Reference		
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?			Media Options	Image: I=Import M=Mfr S=Scan
<p><i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i></p> <p><i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i></p> <p><i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i></p>										
City Clerk		Claims	1 year		1 year	Yes: Before Settlement	Mag. Mfr, OD, Ppr	S/I	Yes: After Settlement	Copies retained in department for 1 year; Risk Management administrates claim; City Attorney maintains copies of lawsuits; GC §§34090.7, 34090.6
Lead Dept.		Committees: Internal attended by employees (e.g. Safety Committee)	2 years		2 years		Mag. Ppr			GC §34090
Lead Dept.		Complaints (against Personnel - e.g. misconduct, abuse, excessive force, etc.)	Final Disposition + 5 years		Final Disposition + 5 years	Yes: Before Disposition	Mag. Ppr			Statute of Limitations for public official misconduct is discovery of offense + 4 years ; State and Fed laws is until final disposition of formal complaint; State requires 2 years after action; EVC § 1045, GC §§12946, 34090; PC §§801.5, 803(c), VC §2547
Lead Dept.		Complaints / Service Orders (operational)	3 years		3 years		Mag Ppr			Statute of Limitations for personal property, fraud, etc. is 3 years; Claims must be filed in 6 months; CCP §§338 et seq., 340 et seq., 342, GC §§945.6, GC §34090
		Contracts: See Agreements	When No Longer Required		When No Longer Required					
		Copies or duplicates of any record	When No Longer Required		When No Longer Required		Mag Ppr			GC §34090.7

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Destroy Paper after Imaged & QC'd?	Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?		
<i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule. Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder. Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i>								
Lead Dept.		Correspondence - ROUTINE (e.g. Administrative, Chronological, General Files, Letters, Memorandums, Miscellaneous Reports, Reading, Working Files, etc.)	2 years		2 years			GC §34090
Lead Dept.		Correspondence - TRANSITORY, not retained in the ordinary course of business (e.g. e-mail, calendars, checklists, logs, mailing lists, supply inventories, transmittal letters, thank yous, meeting room registrations, voice mails, etc.)	When No Longer Required		When No Longer Required			If not mentioned here, consult the City Attorney to determine if a record is considered transitory. GC §34090, GC §6252
City Clerk		Council Resolutions (these are copies)	When No Longer Required		When No Longer Required	Yes: Depending upon Subject		Originals maintained by City Clerk Permanently; GC §34090.7
Lead Dept.		Drafts & Notes: Drafts that are revised (retain final version), Telephone messages, etc.	When No Longer Required		When No Longer Required			As long as the drafts and notes are not retained in the "Regular Course of Business", Consult the City Clerk to determine if a record is considered a draft. GC §34090, GC §6252

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record	Classification OR File Number	Records Description	Retention / Disposition				Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?			
<i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i> <i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i> <i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i>									
Lead Dept.		Grants (SUCCESSFUL Reports, and Financial Information)	2 years	After Funding Agency Audit, if Required - Minimum 4 years	After Funding Agency Audit, if required - Minimum 4 years		Mag, Mfr, OD, Ppr	S / I	Yes: When Inactive Uniform Admin. Requirements for Grants to Local Governments is 3 years from expenditure report; HUD requires 3 years; statewide guidelines propose 4 years; HUD 228.2 rev-3, 24 CFR 85.42 & 570.502(b), 29 CFR 97.42, GC §34090
Lead Dept.		Grants (UNSUCCESSFUL Applications, Correspondence)	2 years		2 years		Mag, Ppr		GC §34090 All State and Federal laws require retention until final disposition of formal complaint; State requires 2 years after action is taken; GC §§12946, 34090
Lead Dept.		Grievances - Resolved at the Department Level	Final Disposition + 2 years		Final Disposition + 2 years	Yes: Before Disposition	Mag, Ppr		Copies: CCP §§338 et seq., 340 et seq., 342, GC §§945.6, GC §34090
AS / Info. Tech.		Information Technology (IT) Help Requests	When No Longer Required		When No Longer Required		Mag Ppr		Finance Maintains Originals; GC §34090.7
Finance		Invoices	When No Longer Required		When No Longer Required	Yes: Before Payment	Mag, Ppr		City Attorney is OFR for lawsuits; Finance maintains originals of claim, denial letter and settlements; Risk Management administers claim; GC §§34090.7, 34090.6
City Attorney		Lawsuits, Litigation, Pending Litigation	When No Longer Required (Upon Settlement)		When No Longer Required (Upon Settlement)	Yes: Before Settlement	Mag, Mfr, OD, Ppr	S/I	

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	Comments / Reference
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<i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i>									
<i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i>									
<i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i>									
Police		Lost Articles (coats, etc.)	Transfer to the Police Department		Transfer to the Police Department				Law requires the City to turn the property over to the "Police Department", who retains for 90 days then sells the item at public auction; CCP §2080 et seq.
Lead Dept.		Master Plans (Trees, Parks, etc.)	P		P	Mag, Mfr, OD, Ppr	No	GC §34090	
		Minutes: See Boards and Commissions							
City Clerk		Municipal Code (these are copies)	When No Longer Required		When No Longer Required	Mag, Mfr, OD, Ppr	No	Originals maintained by City Clerk Permanently; GC §34090	
Lead Dept.		Newspaper Clippings	When No Longer Required		When No Longer Required	Ppr		Non-records - may be obtained from the newspaper company; GC §34090	
Lead Dept.		Notary Public Records	Expiration of Term + 10 years		Expiration of Term + 10 years	Mag, Mfr, OD, Ppr	No	Statute of Limitations for Errors and Omissions is 10 years; CCP §337 et seq.; GC §34090	
Staffing Depart.		Notices: Public Hearing Notices	2 years		2 years	Mag, Ppr		Statute of Limitations on Municipal Government actions is 3 - 6 months; CCP §337 et seq; GC §34090	
City Clerk		Ordinances (these are copies)	When No Longer Required		When No Longer Required	Mag, Mfr, OD, Ppr	No	Originals maintained by City Clerk Permanently; GC §34090	

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Destroy Paper after Imaged & QC'd?	Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?		
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Lead Dept.		Overtime Slips	5 years		5 years	Yes: Before Payment	Mag	Each Department uses a different format to meet their different requirements; Retained to meet auditing standards (audit + 4 years); IRS requires 4 years; Ca. requires 2 yr min.; FTB keeps 3 years; Published articles show 4 - 10 years; Other cities show 2 - 20 years; IRS Reg §31.6001-1(e)(2), R&T §19530; LC § 1174(d); GC §34090
Lead Dept.		Payroll Leave of Absence Reports	2 years	3 years	5 years	Yes: Until Paid	Mag, OD, Mfr, Ppr	Department Preference; GC §34090
Payroll		Payroll Leave of Absence Reports (signed by Supervisor)	When No Longer Required		When No Longer Required	Yes: Before Payment	Mag	Copies (Personnel is OFR); GC §34090.7
Lead Dept.		Payroll Worksheets	When No Longer Required		When No Longer Required		Mag, Ppr	Transitory record used to administer payroll; GC §34090
Personnel		Personnel Files (Department-level; Only the Supervisor's Folder should be maintained in the Department, Except Police, and Community Services Part-timers)	Transfer File to Personnel When Separated		Transfer File to Personnel When Separated	Before Separation	Mag, Ppr	Ensure records kept in Department files comply with City policy; Originals are maintained by Human Resources; State & Federal laws require 2 - 3 years; 29 CFR 1602.31 & 1627.3(b)(ii), B CCR §3204(d)(1) et seq., GC §§12946, 34090

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	Comments / Reference
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<p><i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i></p> <p><i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i></p> <p><i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i></p>									
Lead Dept.		Personnel Work Schedules	When No Longer Required	When No Longer Required	When No Longer Required			Transitory Records; GC §34090	
Lead Dept.		Press Releases	2 years	2 years	2 years			GC §34090	
MS / Support Services		Purchase Orders and Requisitions	When No Longer Required	When No Longer Required	When No Longer Required	Yes: Before Payment		Purchasing is OFR; Financial records are audited annually; GC §34090.7	
Finance		Receipts / Fees / Refund Slips or Logs (Department Copies)	2 years	2 years	2 years			Retained for auditing purposes; Finance is Office of Record; GC §34090.7	
Lead Dept.		Records Destruction Lists	2 years	P	P		S/I	Standard records management practice; GC §34090	
Lead Dept.		Reference Materials: Brochures, Manuals, Policies, Procedures & Reports: Produced by OTHER Departments	When Superseded	When Superseded	When Superseded			Copies; GC §34090.7	
		Reference Materials: Brochures, Manuals, Policies, Procedures & Reports: Produced by OUTSIDE ORGANIZATIONS (League of California Cities, Chamber of Commerce, etc.)	When No Longer Required	When No Longer Required	When No Longer Required			Non-Records	
Lead Dept.		Reference Materials: Brochures, Manuals, Policies, Procedures & Reports: Produced by YOUR Department	Minimum of 2 years	Minimum of 2 years	Minimum of 2 years			Statewide guidelines propose superseded + 2 or 5 years; GC §34090	
		Reference or Working Files: See Correspondence							

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition			Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	Comments / Reference
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<p><i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i></p> <p><i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i></p> <p><i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i></p>								
Lead Dept.		Reports and Studies (Historically significant)	10 years	P	P	S/I	Yes: After 10 years	Administratively and Historically significant, therefore retained permanently; GC §34090 Information is outdated after 10 years; statewide guidelines propose 2 years; if historically significant, retain permanently; GC §34090 Statute of Limitations for contracts is 4 years, personal property 3 years; CCP §337, 338; GC §34090
Lead Dept.		Reports and Studies (other than Historically significant reports - e.g. Annual Reports)	10 years		10 years			
Lead Dept.		Special Event Permits	4 years		4 years		Yes: Before Event	Mag. Ppr Mag. Ppr
Lead Dept.		Subpoenas	When No Longer Required		When No Longer Required			Non-records (Issuing Court is OFR); GC §34090
Lead Dept.		Surveys / Questionnaires Tapes: See Boards & Commissions	2 years		2 years			GC §34090
Lead Dept.		Telephone Messages	When No Longer Required		When No Longer Required			As long as they are not retained in the "Regular Course of Business". Consult the City Attorney to determine if a record is considered a draft. GC §34090, GC §6252

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	Comments / Reference
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<i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i> <i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i> <i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i>									
Lead Dept.		Time Sheets, Time Cards	5 years	5 years Yes: Before Payment	5 years	Mag		Each Department uses a different format to meet their different requirements; Retained to meet auditing standards (audit + 4 years); IRS requires 4 years; Ca. requires 2 yr min.; FTB keeps 3 years; Published articles show 4 -10 years; Other cities show 2 - 20 years; IRS Reg §31.6001-1(e)(2), R&T §19530; LC § 1174(d); GC §34090	
Lead Dept.		Training - Internal: Attendance Rosters, Outlines and Materials; includes safety training. (Certificates from outside organizations are maintained in the employee's personnel file)	2 years	3 years	5 years	Mag, Mfr, OD, Ppr	Yes: When Inactive	Statewide guidelines propose 7 years; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2 - 3 years; 29 CFR 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 34090	
Finance		Treasurer's Reports (Financial Reports)	When No Longer Required	When No Longer Required	When No Longer Required	Mag, Mfr, OD, Ppr	Yes: When Inactive	Finance is OFR; GC §34090.7	
Staffing Dept.		Undeliverable envelopes from various mailings Video Tapes: See Boards, Commissions & Committees	When No Longer Required	When No Longer Required	When No Longer Required	Mag, Ppr		Statute of Limitations on Municipal Government actions is 3 - 6 months; CCP§337 et seq; GC §34090	

RECORDS RETENTION SCHEDULE: CITY-WIDE STANDARDS

Office of Record (OFR)	Classification OR File Number	Records Description	Retention / Disposition				Image: I=Import M=Mfr S=Scan	Destroy Paper after Imaged & QC'd?	Comments / Reference
			Active (in office)	Inactive (Off-site, OD or Mfr)	Total Retention	Vital?			
<i>Retentions apply to the department that is NOT the Office of Record (OFR), or the "Lead Department". If you are the OFR, refer to your department retention schedule.</i> <i>Retentions begin when the act is completed, and imply a full file folder (e.g. last document + 2 years), since destruction is normally performed by file folder.</i> <i>Litigation, complaints and/or claims suspend normal retention periods (retention begins after settlement).</i>									
Lead Dept.		Volunteer Applications & Agreements - Successful Applicants	Separation + 3 years	Separation + 3 years	Separation + 3 years	Mag, Mfr, OD, Ppr	S	Yes: 1 year	Courts treat volunteers as employees; EEOC/FLSA/ADEA (Age) requires 3 years for promotion, demotion, transfer, selection, or discharge; State Law requires 2-3 years; retirement benefits is 6 years from last action; 29 CFR 1602.31 & 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 34090; 29 USC 1113 Consistent with employee personnel files (Courts treat volunteers as employees); 29 CFR 1602.31 & 1627.3(b)(ii), 8 CCR §3204(d)(1) et seq., GC §§12946, 34090
Lead Dept.		Volunteer Applications & Agreements - Unsuccessful Applicants	3 years		3 years	Ppr			
Lead Dept.		Volunteer Emergency Contact Forms	Inactive / Separation + 2 years		Inactive / Separation + 2 years	Mag, Ppr			GC §34090
Municipal Services		Work Orders / Complaint Forms / Service Requests (yellow or pink copies - White is the master / original)	When No Longer Required	When No Longer Required	When No Longer Required	Mag Ppr			Copies: CCP §§338 et seq., 340 et seq., 342, GC §§945.6, GC §34090

From: Michael Cooke, TAC Member

Prepared by: Gerry Nakano, Program Management Team

1. ACTION RECOMMENDED:

Motion: Accept the recommendation of the Executive TAC and TAC to officially adopt a new SRWA logo to replace the existing “water drop” logo

2. DISCUSSION OF ISSUE:

Although the existing SRWA water drop logo has served the Authority well, there was a feeling that the blue water drop logo was “over used” by water agencies and that its appearance was a little “outdated.”

Since its reformulation, the SRWA has shown increased energy and vitality. Therefore, the goal of updating the logo was to establish a new image for the Authority so that the public would more clearly understand who the SRWA is and what the SRWA’s mission entails.

A group including Chair Soiseth, Michael Cooke, Gerry Nakano and our outreach consultant Circlepoint, collected and evaluated dozens of existing logos from various water agencies to understand the messages that these logos conveyed. Circlepoint then developed a series of black and white concept logo sketches for review, consideration and discussion. The review group provided significant input on these sketches. From these discussions, two concept sketches emerged. The next step was to discuss and consider various color schemes which were then added to the logo sketches and reviewed by the team. Again, based on discussions and input provided by the group, the refreshed SRWA logo being recommended is the work product developed by the team.

The refreshed SRWA logo was brought to both the Executive TAC and TAC on May 16, 2017, for review and discussion. Both the Executive TAC and TAC members recommend that the Board approve the refreshed SRWA logo to replace the Authority’s existing logo.

3. FISCAL IMPACT / BUDGET AMENDMENT:

There may be some very minor costs associated with preparing new SRWA letterhead, envelopes, and/or other SRWA public outreach materials with the new logo.

4. INTERIM GENERAL MANAGER’S COMMENTS:

Recommend approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

If the Board chose to reject the new logo, the SRWA would just continue to use its existing “water drop” logo.

RECOMMENDED LOGO



SRWA
**STANISLAUS REGIONAL
WATER AUTHORITY**



SRWA
**STANISLAUS REGIONAL
WATER AUTHORITY**

From: Marie Lorenzi, Senior Accountant

Prepared by: Marie Lorenzi, Senior Accountant

1. ACTION RECOMMENDED:

Motion: Accepting the report of projected expenses for the remainder of the fiscal year and providing direction to staff regarding the cash reserve levels to be maintained by the Authority going forward

2. DISCUSSION OF ISSUE:

During the Finance Director Report at the May 3, 2017 Board meeting, the Board was provided projections related to likely Authority expenses for the remainder of the 2016-17 fiscal year. As a result of that update, the Project Manager was asked to provide the Board with more detail related to their estimated costs for the remainder of the fiscal year. Attached to this Staff report is an update of the estimated expenses for the balance of the fiscal year along with a summary of contributions to date and the amount needed from each City to provide resources to pay the expenses for the remainder of 2016-17. (Appendix 1)

Assuming there are no changes to the estimated expenses, the Cities of Ceres and Turlock will be presented with invoices for \$365,000 and \$475,000, respectively, for their share of the estimated expenses for the remainder of the year. In addition, the expenses incurred (and to be incurred) for the district delivery facilities (wet well project) will be analyzed, the amount payable by Turlock Irrigation District (TID) will be determined, and an invoice sent to TID.

In addition to providing the Board with information related to the projected Authority expenses for the remainder of the 2016-17 fiscal year, the following information is being brought to the Board's attention.

Article XV (F) in the JPA Agreement states:

The Governing Board shall determine on an annual basis, prior to the beginning of each fiscal year, a level of reasonable cash reserves to be accumulated by the Authority. This reserve shall be accumulated from revenues collected in excess of all actual costs of the Authority. Once the targeted reserve level is reached, all additional revenues collected in excess of the actual costs of the Authority shall be considered excess revenue and, subject to any limitation in any bond or other financing agreement, carried forward as revenue for the next fiscal year and serve to reduce each Participant's respective assessment for such subsequent fiscal year.

Staff will be bringing the 2017-18 budget to the Board for consideration and adoption in June. In conjunction with that agenda item, Staff is seeking Board direction as to the level of cash reserves the Authority will maintain. As this project continues to move forward it is important to have sufficient cash reserves on hand to pay invoices in a timely manner. Having direction from the Board as to reserve levels will also assist the Staff with the Cities of Ceres and Turlock in anticipating the receipt of an invoice from the SRWA requesting each City to deposit more funds with the SRWA. As part of the 2017-18 budget process, Staff will be asking the Board to formally adopt a cash reserve balance for the upcoming fiscal year.

3. FISCAL IMPACT / BUDGET AMENDMENT:

At this time there is no fiscal impact or budget amendment needed. Staff is currently presenting the Board with information related to the projected expenses for the Authority for the remainder of the fiscal year and seeking direction from the Board regarding the cash reserve levels to be maintained by the Authority going forward.

4. INTERIM GENERAL MANAGER'S COMMENTS: Recommend acceptance

5. ENVIRONMENTAL DETERMINATION: N/A

6. ALTERNATIVES:

None, as Staff is currently providing information to the Board as well as seeking direction regarding cash reserve levels in accordance with the JPA Agreement.

Stanislaus Regional Water Authority
 Updated as of 5-16-2017

	Ceres	Turlock	Total
Expenses			
Total Expenses for 2015-16	245,766.24	245,766.23	491,532.47
Expenses to date for 2016-17	784,778.01	784,778.01	1,569,556.02
Projected additional expenses for 2016-17	502,199.47	502,199.47	1,004,398.94
Total project to date expenses (since Dec 2015)	1,532,743.72	1,532,743.71	3,065,487.43
			2016-17 = 2,573,954.96
Contributions			
Contribution #1	347,847.50	347,487.50	695,335.00
Contribution #2	467,926.00	500,000.00	967,926.00
Contribution #3	200,000.00	200,000.00	400,000.00
			sent out week of May 8th
Credit for Interim General Manager			
For 2015-16	32,074.00		32,074.00
For July - Dec 2016	53,088.00		53,088.00
Projected for Jan - June 2017	53,000.00		53,000.00
Total Contributions	1,153,935.50	1,047,487.50	2,201,423.00
Contribution Currently Needed	378,808.22	485,256.21	864,064.43
TID Contribution for 20% of district delivery facilities (wet well)	(40,000.00)	(40,000.00)	(80,000.00)
Contributions Needed from Ceres and Turlock	338,808.22	445,256.21	784,064.43
Round to	365,000.00	475,000.00	840,000.00
assuming all expenses are incurred as projected above and all contributions received, approximately \$55,000 will be left to start FYE 2017-18			