ROOT CREEK Water District

MANAGING RESOURCES FOR A BETTER FUTURE

DIRECTORS
NICK BRUNO, PRESIDENT
JEFFREY D. COULTHARD, VICE PRESIDENT
AMBER MENDOZA, TREASURER
DANNY HOFFMAN
LYNN HOFFMAN
BRIAN PARTRIDGE
TONI SCARBOROUGH

JULIA D. BERRY, GENERAL MANAGER/SECRETARY
MIKE CUTTONE, ASSISTANT TREASURER
BRIAN EHLERS, DISTRICT ENGINEER
LAUREN D. LAYNE, LEGAL COUNSEL

REGULAR MEETING OF THE BOARD OF DIRECTORS
September 9, 2019 at 11:00 A.M.
The Lodge at Riverstone
370 Lodge Road South
Madera, California 93636

AGENDA

1. **CALL TO ORDER**

2. **ADDITIONS TO THE AGENDA**

   (The Board may add an item to the agenda if, upon a two-thirds vote, the Board finds that there is a need for immediate action on the matter and the need came to the attention of the District after the posting of this Agenda.)

3. **PUBLIC COMMENT**

   Members of the public may address the Board on any matter related to the District that is not included on the Agenda. Comments are limited to five (5) minutes per person.

4. **POTENTIAL CONFLICT(S) OF INTEREST**

   (Any Board member who has a potential conflict of interest may now identify the item and recuse himself or herself from discussing and voting on the matter.)

5. **CONSENT CALENDAR** – Review and Consider for Action

   a. Approval of Minutes of the Regular Board Meeting on August 12, 2019
   b. Acceptance of Monthly Financial Report
   c. Approval of payment of warrants and ratification of warrants paid since the prior meeting, if necessary.

6. **CORRESPONDENCE**

   (Members of the Board or Staff may provide comment on any timely matter related to the District that is not included on the agenda.)

7. **BOARD ACTION ITEMS** - The Board may take action on any of the following items

Continued Items:

a. **a. Independent Audit for Year** 2017 - Acceptance of the Independent Auditor's Report for the Year ending 2017

New Business:

b. **Lechowicz & Tseng Municipal Consultants Services** – Review and consider action to enter into an agreement for services with Lechowicz & Tseng Municipal Consultants in an amount not to exceed $18,000.00 to update the District's connection fee schedule.

c. **Provost & Pritchard Consulting Services** – Review and consider action to enter into an agreement for services in an amount not to exceed $10,000.00 to provide support services in the update to the District's connection fee schedule.

d. **Zim Industries**- Review and consider action to hire Zim Industries to repair RCWD Well #4 in the amount of $33,248.75.

e. **Policy Regarding Facilities Previously Installed** – Review and consider action to adopt a policy for planned local facilities and improvements constructed and dedicated to the District

f. **Public Hearing to Set Construction Inspection Fee Rate** – Review and consider taking action to schedule a public hearing to set construction inspection fee rate to include additional inspection activities

8. **COMMITTEE REPORTS -** The Board may take action on any of the following items

a. **Water Supply and Utilization – Ad Hoc Committee.** Report from the Ad Hoc Committee on water supply agreement discussions and potential special projects

   i. 2019 Water Supply Update

b. **Wastewater Treatment – Ad Hoc Committee.** Report from the Ad Hoc Committee on recent discussions and recommendations to the Board of Directors.

c. **Budget - Ad hoc Committee.** Report from the Ad Hoc Committee on recent discussions and recommendations to the Board of Directors.

   i. 2019 Budget adjustments

9. **DISTRICT ENGINEER'S REPORT -** The Board may take action on any of the following items

a. Operations Monthly Report
b. Wastewater Treatment Facility (WWTF) Status

c. Other District Matters

10. LEGAL COUNSEL REPORT – The Board may take action on any of the following items

a. Legislation
b. Legal matters affecting the District

11. GENERAL MANAGER'S REPORT – The Board may take action on any of the following items

a. 2019 Surface Water Costs
b. Monthly Operations
c. Ag Water Management Plan
d. Other District Matters

12. COMMUNITY FACILITIES DISTRICT (CFD) – The Board may take action on any of the following items

a. Report on CFD status – Update on the Acquisition Agreement timeline
b. Other items as needed

13. ADJOURN

▪ Items on the Agenda may be taken in any order.
▪ Action may be taken on any item listed on the Agenda.
▪ Writings relating to open session Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.
▪ ACCOMMODATIONS FOR PERSONS WITH DISABILITIES
A person with a qualifying disability under the Americans With Disabilities Act of 1990 may request the District to provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes appropriate alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for such assistance and for agendas and agenda packets shall be made in person, by telephone, or by written correspondence to the District at (559) 970-8778 or P.O. Box 27950, Fresno, California 93729, at least 48 hours before a District meeting.

ROOT CREEK WATER DISTRICT
Cash Account Activity For the Month
As of August 31, 2019

Type	Date	Num	Name	Memo	Clr	Debit	Credit	Balance
Premier Valley - Operating Acct								153,903.83
Deposit	08/01/2019			Builder Fees, Hydrant usage &	X	62,445.62		216,349.45
Transfer	08/02/2019			Funds Transfer	X	325,000.00		541,349.45
Transfer	08/08/2019			Funds Transfer	X	19,500.00		560,849.45
Deposit	08/05/2019			Riverstone Development LLC	X	106,500.00		667,349.45
Transfer	08/15/2019			Funds Transfer	X	9,500.00		676,849.45
Deposit	08/15/2019			Hyrant Meter Deposit & Usage	X	12,854.40		689,703.85
Transfer	08/19/2019			Funds Transfer	X	540,301.00		1,230,004.85
Transfer	08/21/2019			Funds Transfer	X	325,000.00		1,555,004.85
Deposit	08/22/2019			Hyrdrant Meter Usage	X	717.40		1,555,722.25
General Journal	08/01/2019	AJE-56	Madera Irrigation District	For CHK 3357 voided on 08/01/2019	X		135,000.00	1,420,722.25
General Journal	08/01/2019	AJE-5...	Madera Irrigation District	Reverse of GJE AJE-56 -- For CHK 3357 voided on 08/01/2019	X	135,000.00		1,555,722.25
Bill Pmt -Check	08/01/2019	3332	ACWA/JPIA		X		5,016.54	1,550,705.71
Bill Pmt -Check	08/01/2019	3333	Baker Manock & Jensen	012023	X		2,160.10	1,548,545.61
Bill Pmt -Check	08/01/2019	3334	Brian S. Partridge	Reimbursement for Meetings and Travel	X		220.88	1,548,324.73
Bill Pmt -Check	08/01/2019	3335	Bryant L. Jolley		X		7,500.00	1,540,824.73
Bill Pmt -Check	08/01/2019	3336	Cuttone & Mastro, CPA's		X		4,167.00	1,536,657.73
Bill Pmt -Check	08/01/2019	3337	Julia D. Berry		X		14,496.68	1,522,161.05
Bill Pmt -Check	08/01/2019	3338	Koppel & Gruber Public Fina...		X		1,443.78	1,520,717.27
Bill Pmt -Check	08/01/2019	3339	Nicholas Edward Bruno	Reimbursement for Meetings and Travel	X		416.82	1,520,300.45
Bill Pmt -Check	08/01/2019	3340	Provost & Pritchard		X		86,166.84	1,434,133.61
Bill Pmt -Check	08/01/2019	3341	RT Diversified, Inc.		X		48,928.93	1,385,204.68
Check	08/01/2019	3357	Madera Irrigation District	VOID: incorrect amount GJE, RGJE created on 08/01/2019	X	0.00		1,385,204.68
Check	08/02/2019	3358	Madera Irrigation District		X		325,000.00	1,060,204.68
Bill Pmt -Check	08/15/2019	3359	PG&E	2031120882-9	X		8,080.91	1,052,123.77
Bill Pmt -Check	08/15/2019	3360	PG&E	8486614124-9	X		10,576.53	1,041,547.24
Bill Pmt -Check	08/15/2019	3361	PG&E	6826243981-0	X		5,414.53	1,036,132.71
Bill Pmt -Check	08/15/2019	3362	PG&E	0305337496-7	X		1,603.91	1,034,528.80
Bill Pmt -Check	08/15/2019	3363	PG&E	4770989633-7	X		1,457.61	1,033,071.19
Check	08/15/2019	3364	Madera Irrigation District	July Permits	X		1,300.00	1,031,771.19
Bill Pmt -Check	08/15/2019	3365	Amber Mendoza	Board Meeting (8/12/19)			100.00	1,031,671.19
Bill Pmt -Check	08/15/2019	3366	Danny W. Hoffman	Board Meeting (8/12/19)			100.00	1,031,571.19
Bill Pmt -Check	08/15/2019	3367	Jeff Coulthard	Board Meeting (8/12/19)			100.00	1,031,471.19
Bill Pmt -Check	08/15/2019	3368	Lynn M. Hoffman	Board Meeting (8/12/19)			100.00	1,031,371.19
Bill Pmt -Check	08/15/2019	3369	Nicholas Edward Bruno	Board Meeting (8/12/19)			100.00	1,031,271.19
Bill Pmt -Check	08/15/2019	3370	Toni Scarborough	Board Meeting (8/12/19)			100.00	1,031,171.19
Bill Pmt -Check	08/19/2019	3378	Madera Irrigation District		X		218,042.00	813,129.19
Bill Pmt -Check	08/19/2019	3379	Madera Irrigation District		X		157,299.00	655,830.19
Bill Pmt -Check	08/19/2019	3380	Madera Irrigation District		X		164,960.00	490,870.19
Check	08/21/2019	3381	Madera Irrigation District		X		325,000.00	165,870.19
Total Premier Valley - Operating Acct						1,536,818.42	1,524,852.06	165,870.19
Premier Valley- Muni&Urban Acct								18,265.54
Deposit	08/01/2019			Utilities Deposit	X	692.38		18,957.92
Deposit	08/01/2019			Utilities Deposit	X	153.14		19,111.06
Deposit	08/02/2019			Utilities Deposit	X	676.94		19,788.00
Deposit	08/03/2019			Utilities Deposit	X	25.09		19,813.09
Deposit	08/04/2019			Utilities Deposit	X	117.14		19,930.23
Check	08/07/2019		Invoice Cloud	Invoice cloud fees	X		146.80	19,783.43
Deposit	08/01/2019			Utilities Deposit	X	118.34		19,901.77
Deposit	08/05/2019			Utilities Deposit	X	409.73		20,311.50
Deposit	08/06/2019			Utilities Deposit	X	349.90		20,661.40
Deposit	08/08/2019			Utilities Deposit	X	8,168.46		28,829.86
Transfer	08/08/2019			Funds Transfer	X		19,500.00	9,329.86
Deposit	08/08/2019			Utilities Deposit	X	149.67		9,479.53

ROOT CREEK WATER DISTRICT
Cash Account Activity For the Month
As of August 31, 2019

Type	Date	Num	Name	Memo	Clr	Debit	Credit	Balance
Deposit	08/09/2019			Utilities Deposit	X	603.25		10,082.78
Deposit	08/10/2019			Utilties Deposit	X	297.00		10,379.78
Deposit	08/11/2019			Utilities Deposit	X	367.91		10,747.69
Deposit	08/11/2019			Utilities Deposit	X	143.04		10,890.73
Deposit	08/12/2019			Utilites Deposit	X	248.27		11,139.00
Transfer	08/15/2019			Funds Transfer	X		9,500.00	1,639.00
Deposit	08/15/2019			Utilities Deposit	X	4,384.64		6,023.64
Deposit	08/15/2019			Utilities Deposit	X	89.83		6,113.47
Deposit	08/16/2019			Utilities Deposit	X	553.50		6,666.97
Deposit	08/17/2019			Utilities Deposit	X	141.13		6,808.10
Deposit	08/18/2019			Utilities Deposit	X	417.30		7,225.40
Deposit	08/19/2019			Utilities Deposit	X	2,965.14		10,190.54
Deposit	08/20/2019			Utilities Deposit	X	399.94		10,590.48
Deposit	08/22/2019			Deposit	X	2,383.50		12,973.98
Deposit	08/21/2019			Utilities Deposit	X	243.82		13,217.80
Deposit	08/22/2019			Utilities Deposit	X	245.14		13,462.94
Deposit	08/22/2019			Utiliteis Deposit	X	75.98		13,538.92
Deposit	08/26/2019			Utilities Deposit	X	250.30		13,789.22
Deposit	08/30/2019			Utility Deposit	X	5,906.98		19,696.20
Deposit	08/31/2019			Utilities Deposit		762.51		20,458.71
Check	08/15/2019		Premier Valley Bank	Service Charge	X		49.11	20,409.60
Deposit	08/31/2019			Interest	X	0.19		20,409.79
Total Premier Valley- Muni&Urban Acct						31,340.16	29,195.91	20,409.79
Premier Valley -Connection Fees								141,806.17
Deposit	08/22/2019			May - June 2019 - Property Tax Apportionment	X	1,143.36		142,949.53
Deposit	08/31/2019			Interest	X	2.41		142,951.94
Check	08/15/2019		Premier Valley Bank	Service Fee	X		27.87	142,924.07
Total Premier Valley -Connection Fees						1,145.77	27.87	142,924.07
Premier Valley - Ag Account								198,421.21
Deposit	08/01/2019			SJRR & RF	X	158,078.18		356,499.39
Transfer	08/02/2019			Funds Transfer	X		325,000.00	31,499.39
Deposit	08/19/2019			Riverstone Farms, SJRR,	X	509,801.61		541,301.00
Transfer	08/19/2019			Funds Transfer	X		540,301.00	1,000.00
Transfer	08/21/2019			Funds Transfer	X		325,000.00	-324,000.00
Deposit	08/21/2019			Surface Water Deposit, loan from Riverstone Dev. LLC	X	325,000.00		1,000.00
Check	08/15/2019		Premier Valley Bank	Service Charge	X		33.29	966.71
Deposit	08/15/2019			Interest	X	0.41		967.12
Total Premier Valley - Ag Account						992,880.20	1,190,334.29	967.12
TOTAL						**2,562,184.55**	**2,744,410.13**	**330,171.17**

ROOT CREEK WATER DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

ROOT CREEK WATER DISTRICT
BOARD OF DIRECTORS AND ADMINISTRATION
DECEMBER 31, 2017

Board of Directors

Nick Bruno	President
Jeffrey D. Coulthard	Vice President
Amber Mendoza	Director
Dan Hoffman	Director
Lynn Hoffman	Director
Brian Partridge	Director
Toni Scarborough	Director

Administration

Julia Berry	Manager
Brian Ehlers	District Engineer
Amber Mendoza	Treasurer
Lauren Layne	Attorney

ROOT CREEK WATER DISTRICT
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DECEMBER 31, 2017

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BRYANT L. JOLLEY
CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Jaribu Nelson C.P.A.
Lan T. Kimoto
Jeffrey M. Schill

Independent Auditor's Report

To the Board of Directors
Root Creek Water District
Madera, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Root Creek Water District (a special district), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Root Creek Water District, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4-6 and the budgetary comparison information on page 26 be presented to supplement the basic financial statements. Such information, although not a financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

June 13, 2019

ROOT CREEK WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Root Creek Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the year ended December 31, 2017. Please read in conjunction with the District's financial statements, which follow this section.

Report Layout

In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements and notes to the financial statements. The first statements are condensed and present a government-wide view of the Special District's finances. Within this view, all operations are categorized and reported as either governmental or business-type activities. Business-type activities include municipal water, sewer, storm drain and agriculture water services. Governmental activities include general services. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Special District.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Special District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. The governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the Special District's programs and the extent to which such programs rely upon general assessments and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. Statements for the Special District's proprietary funds follow the governmental funds and include Net Position, revenue, expenses and changes in Net Position and cash flow.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Special District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. Significant changes from the prior year are explained in the following paragraphs.

FINANCIAL HIGHLIGHTS FOR YEAR ENDED DECEMBER 31, 2017

Net Position at Year-End
December 31, 2017

	Governmental Activities	Business-Type Activities	Total Government	Prior Year Total Government
ASSETS				
Cash and Investments	$ -	$ 465,692	$ 465,692	$ 13,376
Receivables, Prepaids and Deposits	115,467	1,355,525	1,470,992	150,433
Internal Balances	(160,541)	160,541	-	-
Capital Assets	-	5,223,165	5,223,165	5,158,796
Prepaid Water Charges	-	5,687,470	5,687,470	4,830,095
Total Assets	(45,074)	12,892,393	12,847,319	10,152,700
LIABILITIES				
Accounts Payable	255,978	864,933	1,120,911	192,252
Other Payables	65,392	50,500	115,892	7,360,681
Short & Long Term Debt Outstanding	-	9,820,037	9,820,037	-
Total Liabilities	321,370	10,735,470	11,056,840	7,552,933
NET POSITION				
Invested In Capital Assets, Net of Related Debt	-	5,223,165	5,223,165	5,158,796
Unrestricted	(366,444)	(3,066,242)	(3,432,686)	(2,559,029)
Total Net Position	$ (366,444)	$ 2,156,923	$ 1,790,479	$ 2,599,767

During the year ended December 31, 2017, significant events that changed the balance of Net Position consisted of the following:

- The District memorialized and entered into an Agricultural Installment Agreement and an Urban Reimbursement Agreement that memorializes repayment of advances made by Castle & Cook as well as Riverstone Development. Much of these advances were made to Westside Mutual for prepayment of water supplies.

Governmental and Business-Type Activities
For the Year Ended December 31, 2017

	Governmental Activities	Business-Type Activities	Total Government	Prior Year Total Government
REVENUES				
Program Revenues				
Charges For Services	$ 24,000	$ 4,059,095	$ 4,083,095	$ 30,800
Grants and Contributions	25,530	-	25,530	13,755
Other Revenues	-	-	-	50,000
General Revenues				
Assessments	276,911	-	276,911	-
Total Revenues	326,441	4,059,095	4,385,536	94,555
EXPENSES				
General	692,885	-	692,885	-
Water Municipal	-	1,170,659	1,170,659	847,369
Sewer	-	184,845	184,845	-
Storm Drain	-	3,725	3,725	-
Water Agriculture	-	623,674	623,674	-
Total Expenses	692,885	1,982,903	2,675,788	847,369
Changes In Net Position	(366,444)	2,076,192	1,709,748	(752,814)
Beginning Net Position	-	80,731	80,731	3,352,581
Ending Net Position	$ (366,444)	$ 2,156,923	$ 1,790,479	$ 2,599,767

During the year ended December 31, 2017, significant events that affected the revenues and expenses consisted of the following:

- The District imported approximately 6,814-acre feet of surface water supplies at a cost of $1,058,172. This is the first year since the irrigation system was constructed that surface water supplies have been delivered other than the initial test in 2014 when 500 acre feet was delivered.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Surface water supplies will continue to dominate the costs in the budget.
- Acquisition of the M & I systems will add liabilities however will also include acquisition of assets.
- Costs will continue to be broken down into more discrete categories.

FINANCIAL CONTACT

The Special District's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact the Root Creek Water District, P.O. Box 27950, Fresno, CA 93729.

ROOT CREEK WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	$ -	$ 465,692	$ 465,692
Accounts Receivable	115,467	1,348,801	1,464,268
Internal Balances	(160,541)	160,541	-
Prepaids	-	6,724	6,724
Total Current Assets	(45,074)	1,981,758	1,936,684
Capital Assets (Net of Accumulated Depreciation)	-	5,223,165	5,223,165
Prepaid Water Charges	-	5,687,470	5,687,470
Total Assets	$ (45,074)	$ 12,892,393	$ 12,847,319
LIABILITIES			
Accounts Payable	255,978	864,933	1,120,911
Deposits	65,392	50,500	115,892
Non Current Liabilities:			
Due Within One Year	-	147,159	147,159
Due In More Than One Year	-	9,672,878	9,672,878
Total Liabilities	321,370	10,735,470	11,056,840
NET POSITION			
Net Investment in Capital Assets	-	5,223,165	5,223,165
Unrestricted	(366,444)	(3,066,242)	(3,432,686)
Total Net Position	$ (366,444)	$ 2,156,923	$ 1,790,479

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Net (Expense) Revenue and Change in Net Position: Total
Governmental Activities:							
General	692,885	24,000	25,530	-	(643,355)	-	(643,355)
Total Governmental Activities	692,885	24,000	25,530	-	(643,355)	-	(643,355)
Business-Type Activities:							
Water Municipal	1,170,659	1,008,765	-	-	-	(161,894)	(161,894)
Sewer	184,845	2,023,292	-	-	-	1,838,447	1,838,447
Storm Drain	3,725	223,390	-	-	-	219,665	219,665
Water Agriculture	623,674	803,648	-	-	-	179,974	179,974
Total Business-Type Activities	1,982,903	4,059,095	-	-	-	2,076,192	2,076,192
Total	$ 2,675,788	$ 4,083,095	$ 25,530	$ -			
General Revenues:							
Assessments					276,911	-	276,911
Total General Revenues					276,911	-	276,911
Change In Net Position					(366,444)	2,076,192	1,709,748
Net Position - Beginning, Restated					-	80,731	80,731
Net Position - Ending					$ (366,444)	$ 2,156,923	$ 1,790,479

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General Fund
ASSETS	
Cash	$ -
Receivables	115,467
Total Assets	$ 115,467
LIABILITIES	
Accounts Payable	$ 255,978
Due to Other Funds	160,541
Deposits	65,392
Total Liabilities	481,911
FUND BALANCE	
Unassigned	(366,444)
Total Liabilities and Net Fund Balance	$ 115,467

RECONCILIATION TO STATEMENT OF NET POSITION:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance per balance sheet	$ (366,444)
Total Adjustments	-
	$ (366,444)

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General Fund
Revenues	
Assessments	$ 276,911
Inspection Fees	24,000
Grant	25,530
Total Revenues	326,441
Expenditures	
Administration	22,242
Dues	10,879
Insurance	7,119
Miscellaneous	1,394
Permits	7,500
Professional Services	623,563
Repairs and Maintenance	2,354
System Management	17,834
Total Expenditures	692,885
Excess of Revenues Over (Under) Expenditures	(366,444)
Fund Balance at Beginning of Year	-
Fund Balance at End of Year	$ (366,444)

RECONCILIATION TO STATEMENT OF ACTIVITIES:

Net Changes in Fund Balance - Governmental Funds	$ (366,444)
Total Adjustments	-
Total Changes in Net Position - Governmental Activities	$ (366,444)

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
December 31, 2017

	Water Municipal Fund	Sewer Fund	Storm Drain Fund	Water Agriculture Fund	Total
ASSETS					
Current Assets:					
Cash	$ -	$ 246,027	$ 219,665	$ -	$ 465,692
Accounts Receivable	545,153	-	-	803,648	1,348,801
Due From Other Funds	-	1,613,439	-	-	1,613,439
Prepaids	6,724	-	-	-	6,724
Total Current Assets	551,877	1,859,466	219,665	803,648	3,434,656
Restricted Assets - Cash	-	-	-	-	-
Capital Assets (Net of Accumulated Depreciation)	2,690,629	25,904	-	2,506,632	5,223,165
Prepaid Water Charges	2,843,735	-	-	2,843,735	5,687,470
Total Assets	6,086,241	1,885,370	219,665	6,154,015	14,345,291
LIABILITIES					
Current Liabilities:					
Notes Payable, Current Portion	-	-	-	147,159	147,159
Accounts Payable	472,010	46,923	-	346,000	864,933
Due to Other Funds	756,896	-	-	696,002	1,452,898
Deposits Payable	50,500	-	-	-	50,500
Total Current Liabilities	1,279,406	46,923	-	1,189,161	2,515,490
Notes Payable, Less Current Portion	5,856,759	-	-	3,816,119	9,672,878
Total Liabilities	7,136,165	46,923	-	5,005,280	12,188,368
NET POSITION					
Net Investment in Capital Assets	2,690,629	25,904	-	2,506,632	5,223,165
Unrestricted	(3,740,553)	1,812,543	219,665	(1,357,897)	(3,066,242)
Total Net Position	$ (1,049,924)	$ 1,838,447	$ 219,665	$ 1,148,735	$ 2,156,923

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
December 31, 2017

	Water Municipal Fund	Sewer Fund	Storm Drain Fund	Water Agriculture Fund	Total
ASSETS					
Current Assets:					
Cash	$ -	$ 246,027	$ 219,665	$ -	$ 465,692
Accounts Receivable	545,153	-	-	803,648	1,348,801
Due From Other Funds	-	1,613,439	-	-	1,613,439
Prepaids	6,724	-	-	-	6,724
Total Current Assets	551,877	1,859,466	219,665	803,648	3,434,656
Restricted Assets - Cash	-	-	-	-	-
Capital Assets (Net of Accumulated Depreciation)	2,690,629	25,904	-	2,506,632	5,223,165
Prepaid Water Charges	2,843,735	-	-	2,843,735	5,687,470
Total Assets	6,086,241	1,885,370	219,665	6,154,015	14,345,291
LIABILITIES					
Current Liabilities:					
Notes Payable, Current Portion	-	-	-	147,159	147,159
Accounts Payable	472,010	46,923	-	346,000	864,933
Due to Other Funds	756,896	-	-	696,002	1,452,898
Deposits Payable	50,500	-	-	-	50,500
Total Current Liabilities	1,279,406	46,923	-	1,189,161	2,515,490
Notes Payable, Less Current Portion	5,856,759	-	-	3,816,119	9,672,878
Total Liabilities	7,136,165	46,923	-	5,005,280	12,188,368
NET POSITION					
Net Investment in Capital Assets	2,690,629	25,904	-	2,506,632	5,223,165
Unrestricted	(3,740,553)	1,812,543	219,665	(1,357,897)	(3,066,242)
Total Net Position	$ (1,049,924)	$ 1,838,447	$ 219,665	$ 1,148,735	$ 2,156,923

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
For the Year December 31, 2017

	Water Municipal Fund	Sewer Fund	Storm Drain Fund	Water Agriculture Fund	Total
OPERATING REVENUES					
Service Revenues	$ 31,543	$ 4,060	$ 534	$ 803,648	$ 839,785
Assessments	21,758	-	-	-	21,758
Builder Charges	955,464	2,019,232	222,856	-	3,197,552
Total Revenues	1,008,765	2,023,292	223,390	803,648	4,059,095
OPERATING EXPENSES					
Depreciation	55,748	565	-	54,747	111,060
Fees To MID	256,974	-	-		256,974
Miscellaneous	828	-	-		828
Permits	10,371	14,929	-	-	25,300
Professional Services	15,272	13,256	-	34,976	63,504
Repairs and Maintenance	106,123	26,159	-	1,563	133,845
Services	111,775	10,830	-		122,605
System Management	84,482	119,106	3,725	3,302	210,615
Water Costs	529,086	-	-	529,086	1,058,172
Total Expenditures	1,170,659	184,845	3,725	623,674	1,982,903
Operating Income (Loss)	(161,894)	1,838,447	219,665	179,974	2,076,192
NONOPERATING REVENUES (EXPENSES)					
Investment Income (Loss)	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-
Loss on Disposal of Equipment	-	-	-	-	-
Tax Revenues	-	-	-	-	-
Interest Expense	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-	-	-
Changes In Net Position	(161,894)	1,838,447	219,665	179,974	2,076,192
Net Position at Beginning of Year, Restated	(888,030)	-	-	968,761	80,731
Net Position at End of Year	$ (1,049,924)	$ 1,838,447	$ 219,665	$ 1,148,735	$ 2,156,923

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year December 31, 2017

	Water Municipal Fund	Sewer Fund	Storm Drain Fund	Water Agriculture Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received From Customers	$ 657,820	$ 2,023,292	$ 223,390	$ -	$ 2,904,502
Cash Payments to Suppliers					
For Goods and Services	(1,263,839)	(137,357)	(3,725)	(651,614)	(2,056,535)
Net Cash Provided By (Used For) Operating Activities	(606,019)	1,885,935	219,665	(651,614)	847,967
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
(Increase) Decrease in Due	-	-	-	-	-
From Other Funds	-	(1,613,439)	-	-	(1,613,439)
Increase (Decrease) in Due to Other Funds	756,896	-	-	696,002	1,452,898
Net Cash Provided By Non-Capital Financing Activities	756,896	(1,613,439)	-	696,002	(160,541)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition Of Capital Assets	(104,572)	(26,469)	-	(44,388)	(175,429)
Debt Proceeds	(59,681)				(59,681)
Transfer of Assets Net of Debt	-	-	-	-	-
Net Cash Provided By (Used For) Capital And Related Financing Activities	(164,253)	(26,469)	-	(44,388)	(235,110)
Net Increase (Decrease) In Cash and Cash Equivalents	(13,376)	246,027	219,665	-	452,316
Cash at The Beginning of Year	13,376	-	-	-	13,376
Cash at The End of Year	$ -	$ 246,027	$ 219,665	$ -	$ 465,692

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year December 31, 2017
(Continued)

	Water Municipal Fund	Sewer Fund	Storm Drain Fund	Water Agriculture Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Activities	$ (161,894)	$ 1,838,447	$ 219,665	$ 179,974	$ 2,076,192
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:					
Depreciation	55,748	565	-	54,747	111,060
Net Changes In Assets And Liabilities					
Accounts Reveivable	(401,445)	-	-	(803,648)	(1,205,093)
Prepaids	(428,687)	-	-	(428,687)	(6,724)
Accounts Payable	279,759	46,923	-	346,000	864,934
Deposits Payable	50,500	-	-	-	50,500
Net Cash Provided By (Used For) Operating Activities	$ (606,019)	$ 1,885,935	$ 219,665	$ (651,614)	$ 847,967

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

(1) Description of Entity

(a) Description of Operations

Root Creek Water District (the "District") was formed October 1, 1996 as a special district in the State of California and is governed by a seven-person Board of Directors. The District operates entirely within the County of Madera, California. Principal functions of the District include the managing and distributing of water, sewer and storm drain services within the District boundaries.

(b) In accordance with the requirements of Statement No. 14, The *Financial Reporting Entity, of the Governmental Accounting Standards Board (GASB)*, the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

(2) Summary of Significant Accounting Policies

(a) Basic Financial Statements

The financial statements of the Root Creek Water District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's policies are described below.

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes, assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Revenues that are not included among program revenues are reported as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the District has only governmental and proprietary type funds.

(b) Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Governmental Activities
These fund accounts for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities. The District maintains a general fund.

Business-Type Activities
These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the District's enterprise funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the following proprietary funds:

Municipal Water Fund
This fund accounts for the water service charges which are used to finance the municipal water system operating expenses.

Municipal Sewer Fund
This fund accounts for the sewer service charges which are used to finance the sewer system operating expenses.

Municipal Storm Drain Fund
This fund accounts for the disposal service charges which are used to finance the storm drain services operating expenses.

Agriculture Water Fund
This fund accounts for the charges for water service which are used to finance the agriculture water delivery services operating expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

(c) Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents.

(d) Accounts Receivable

Uncollectible accounts included in receivables are considered to be immaterial. Therefore, no allowance for uncollectible accounts has been established.

(e) Capital Assets

Capital assets which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

The estimated useful lives of the various assets of the District are as follows:

Type of Assets	Estimated Useful Life in Years
Water and Sewer Systems	30 - 50
Equipment	5 - 20

(f) Long-Term Obligations

In the Government-Wide Financial Statements, and Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type Statement of Net Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position.

(g) Equity Classifications

The government-wide and business type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, long-term portion of loans receivable, nonfinancial assets held for resale and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or the laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the Board of Directors for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

(h) Assessments Revenue

The County of Madera is the collection agency for assessments within the County. Assessments are recognized as revenues in the current year when the District is notified by the County of the amounts. They become a lien against the property on the date of levy. Assessments are generally due and payable at the County on April 10 and December 10, and collections are remitted to the District generally twice a year.

(i) Budgets

The District generally adopts annual budgets for all funds of the District. The General Fund budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP").

(j) Use of Estimates

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

(3) Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2017 consisted of the following:

Wells Fargo Bank	$ 465,692

Concentration of Credit Risk

The District does not have an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. 100% of the District's cash and cash equivalents at December 31, 2017 are with Wells Fargo Bank.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities. The market value of the pledged securities must equal at least 110 percent of a district's deposits. California law also allows financial institutions to collateralize a district's deposits by pledging first trust deed mortgage notes having a value of 150 percent of a district's total deposits. The district may waive collateral requirements for deposits on interest bearing accounts which are fully insured by Federal Deposit insurance up to $250,000.

At December 31, 2017 the carrying amount of the District's cash deposits in noninterest bearing accounts was $465,692 and the bank balance was $499,247. The differences between the bank balance and the carrying amount represents outstanding checks and deposits in transit. At December 31, 2017, cash deposits exceeded the federal insured limits by $249,247.

(4) Interfund Activities

Interfund receivables and payables consist of short-term loans resulting from regular transactions. These loans are expected to be repaid as soon as the borrowing fund has available cash resources. Individual fund interfund receivables and payables balances as of December 31, 2017 are as follows:

	Due From	Due To
General Fund	$ -	$ 160,541
Water Municipal Fund	-	756,896
Sewer Fund	1,613,439	-
Water Agriculture Fund	-	696,002
	$ 1,613,439	$ 1,613,439

The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund. Transfers within the fund types have been eliminated with the government-wide financial statements. There were no transfers in and out for the year ended December 31, 2017.

(5) Agreements

Madera Irrigation District Agreement

On March 13, 2002, Root Creek Water District entered into an agreement with Madera Irrigation District. The agreement covers water purchase requirements of each District. The charges assessed by Madera Irrigation District to Root Creek Water District for the long-term assurance of availability of Reserved Capacity to convey Root Creek Water District water supplies through the Madera Canal and Lateral 6.2 and for the other assistance and cooperation provided to Root Creek Water District pursuant to this Agreement include three components: Fixed Reimbursement Payments for the MID costs to develop the Contract, fees on residential and commercial development within the Riverstone Development and annual deposits that are prepayments for the option to purchase surplus water from Madera Irrigation District. As of December 31, 2017, the District had paid $400,000 toward the prepayment for the option to purchase and used $365,448 of that prepayment, leaving a deposit of $34,552.

Commencing in 2004 (per the contract), two other fees on residential and commercial development shall then be paid to Madera Irrigation District by Root Creek Water District: An Impact Fee and an Annual Assessment Fee. The Impact Fee shall be a one-time fee paid by Root Creek Water District at the time a building permit is issued for each "Equivalent Dwelling Unit" for the purpose of defraying all or a portion of the cost of Madera Irrigation District facilities related to the development project. The Annual Fee shall be applied annually to all "Equivalent Dwelling Units" existing at that time. Building permits started to be issued for housing in 2017. The District paid to Madera Irrigation District a total of $256,974 in fees.

Westside Mutual Water Company, LLC Agreement / Paramount Land Company

The District has an agreement with Westside Mutual Water Company, LLC, (Westside) whereby Westside agrees to sell the District banked groundwater or other non-Federal Reclamation project waters available to Westside each year as requested by the District. An agreed upon "maximum delivery quantity" limit exists. Commencing January 1, 2009, the Commencement Date, the District shall pay to Westside a standby charge of $180 per acre-foot of the maximum delivery quantity available each calendar year as specified in the agreement. Wonderful Orchard's/Paramount Farming has subsequently assumed Westside's obligation under this agreement. In 2017, the District paid to Wonderful Nut Orchards, LLC standby charges of $1,122,822 increasing the total on deposit (net of utilized) to $5,652,917.

Gateway Village Development, LLC/Riverstone Development, LLC Agreement

On June 23, 2008, Root Creek Water District entered into an agreement with Castle & Cooke Madera Properties, LLC (Developer) for Root Creek Water District to provide various water supply, storm water management and wastewater treatment and disposal services necessary for the development of the Village of Gateway/Riverstone. Gateway Village Development, LLC/Riverstone Development, LLC purchased the property from Castle & Cooke in August 2008 and assumed this agreement.

In consideration of the agreements, Root Creek Water District has paid deposits funded by the Developer for future delivery of water supplies. Root Creek Water District is obligated to deliver these prepaid water supplies upon request by the Developer.

Castle & Cooke had a covenant with land owners within the district to pay all District assessments, formation costs, acquisition of water supply costs, and other costs incurred prior to the delivery of any services. These costs are to be reimbursed by each individual landowner, in proportion to their share, when they request services from the District. As the purchaser of the land from Castle & Cooke, Gateway Village Development, LLC, now Riverstone Development, LLC now has that future reimbursement right. The District will act on behalf of Riverstone to impose charges to reimburse Riverstone pursuant to the terms of this covenant. On December 11, 2017, the District signed agreements with Riverstone memorizing the amounts due to Riverstone. These agreements are reflected in the "Installment Sale Agreement (Agriculture System) and the "Urban Reimbursement Agreement".

(6) Grants

The District was awarded a $9.4 million-dollar grant by the State of California Department of Water Resources. The grant includes four projects for the benefit of Root Creek Water District, Madera County Flood Control District, Madera Irrigation District, and the US Forest Service. The grant application costs were shared by all four grant beneficiaries as are the grant administration charges. Root Creek Water District is the lead agency and administers the grant for the beneficiaries. All grant funds are received by the Root Creek Water District and then paid out to the respective beneficiary for the costs that are not administrative. Root Creek Water District pays the administrative costs and is reimbursed from the grant funds received. These receipts for the grant administrative costs are shown as grant revenues. The grant funds received for Root Creek Water District's in-lieu pipeline project costs were capitalized. The District has received and expended all of its share of grant funds other than the administration portion.

(7) Capital Assets

Capital asset activity for business-type activities for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
Capital assets, being depreciated				
Groundwater Recharge System	$ 5,430,311	$ 17,602	$ -	$ 5,447,913
Machinery and Equipment	-	157,827	-	157,827
	5,430,311	175,429	-	5,605,740
Less Accumulated Depreciation	(271,515)	(111,060)	-	(382,575)
Business-Type Activities Capital Assets, Net	$ 5,158,796	$ 64,369	$ -	$ 5,223,165

(8) Notes Payable

On December 11, 2017, the District signed three agreements with a major developer ("Developer") within the District that has provided funds to the District. The three agreements are as follows:

Installment Sale Agreement (Agriculture System) – The Developer and its predecessors previously advanced funds on behalf of the District to purchase certain water rights and contracts and prepaid water and to pay associated legal and environmental costs (collectively, the "Completed Project"), for the benefit of the District and its agricultural customers. Pursuant to various agreements, the District had agreed to repay the Developer for such advances. Under the agreement, in consideration for the advances that financed the acquisition of the Completed Project, effective January 1, 2018, the District is obligated $3,963,278.

The District has adopted rates and charges for its agriculture water system. The District intends to apply revenues of its agriculture water system remaining after the payment of operation and maintenance costs thereof to repay the advances. Payments are due semiannually to commence March 1, 2018 through September 1, 2037 with interest at 3.00% per annum. The payment due March 1, 2018 is $102,756 with all subsequent payments at $132,481. By agreement, the first and second payments were deferred until December 2018 where the accumulated principal ($88,079) and interest ($124,334) and future principal payments ($762,627) were paid for a total of $975,040.

Urban Reimbursement Agreement – The Developer and its predecessors provided advance funding to the District to develop water supplies, infrastructure and other necessary functions and services of the District. The District has agreed to reimburse the Developer on payment terms consistent with the District's cash flow as set forth in the agreement. The agreement memorializes the reimbursement obligation of the District to Developer for advances made to the District for the benefit of the urban utilities. The amount of the Urban Reimbursement Obligation is $5,856,759. Urban utility revenue sources are pledged to the payment of the obligation. Interest is accrued at 3% per annum on the unpaid balance.

First Amendment to Lease – The District and the Developer originally entered into a lease dated May 1, 2017 pending transfer of ownership of the "Initial RCWD Facilities" (the "Facilities") to the District. That lease was intended to expire December 31, 2017 or upon the purchase of the Facilities by the District. The lease has been extended through March 31, 2018 or the District's purchase of the Facilities.

Maturities of long-term debt as of December 31, are as follows:

2018	$ 147,159
2019	151,607
2020	156,189
2021	160,910
2022	165,774
Thereafter	9,038,398
	$ 9,820,037

Noncurrent liabilities for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
Business Type Activities:				
Payable to Developer	$ 9,879,718	$ -	$ 9,879,718	$ -
Installment Sale Agreement	-	3,963,278	-	3,963,278
Urban Reimbursement Agreement	-	5,856,759	-	5,856,759
	$ 9,879,718	$ 9,820,037	$ 9,879,718	$ 9,820,037

(9) Excess Actual Expenditures Over Budget – General Fund

The General Fund had excess expenditures over appropriations for the year ended June 30, 2018.

	Budgeted Expenditures	Actual Expenditures	Excess of Actual Over Budgted Expenditures
General Fund	$ 495,350	$ 692,885	$ (197,535)

(10) Excess Actual Expenditures Over Budget – General Fund

The Water Municipal Fund had a deficit net position at June 30, 2018:

Enterprise Fund:	
Water Municipal Fund	$ 1,049,924

(11) Net Position Restated

The net assets of the water municipal has been restated to reflect prior year debt that was adjusted by agreement for an offset of future charges. The agreements that led to this restatement are further detailed in Note 8.

Water Municipal Fund	
Net Assets of the Water Municipal Fund as of beginning of fiscal year, January 1, 2017	$ 1,631,007
Understated debt that was adjusted in 2015/2016 financial statements	(2,519,037)
Net Assets of the Water Municipal Fund as of beginning of fiscal year, January 1, 2017, as restated	$ (888,030)
Business-Type Activities	
Net Assets as of beginning of fiscal year, January 1, 2017	$ 2,599,768
Under-reported debt that was adjusted in 2015/2016 financial statements	(2,519,037)
Net Assets as of beginning of fiscal year, January 1, 2017, as restated	$ 80,731

SUPPLEMENTARY INFORMATION

ROOT CREEK WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General Fund			
	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Assessments	$ 286,500	$ 286,500	$ 276,911	$ (9,589)
Inspection Fees	-	-	24,000	24,000
Grant	60,000	60,000	25,530	(34,470)
Total Revenues	346,500	346,500	326,441	(20,059)
EXPENDITURES				
Administration	17,250	17,250	22,242	4,992
Dues	15,000	15,000	10,879	(4,121)
Insurance	14,000	14,000	7,119	(6,881)
Miscellaneous	5,000	5,000	1,394	(3,606)
Permits	-	-	7,500	7,500
Payroll	86,100	86,100	-	(86,100)
Professional Services	263,000	333,000	623,563	290,563
Repairs and Maintenance	25,000	25,000	2,354	(22,646)
System Management	-	-	17,834	17,834
Total Expenditures	425,350	495,350	692,885	197,535
Excess of Revenues Over (Under) Expenditures	(78,850)	(148,850)	(366,444)	(217,594)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	$ (78,850)	$ (148,850)	$ (366,444)	$ (217,594)

LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

PO Box 3065
Oakland, CA 94609
(510) 545-3182
Ltmuniconsultants.com

August 31, 2019

Julia Berry, General Manager
Brian Ehlers, District Engineer
PO Box 27950
Fresno, CA 93729

Dear Julia and Brian,

Thank you for the opportunity to continue working with you and the Root Creek Water District (RCWD) to update the District's connection fees. Lechowicz & Tseng Municipal Consultants' (L&T) is available to provide the following scope of services:

Scope:

1) Calculate updated connection fees based on:
    a. Updated construction costs of facilities
    b. A "true up" of past costs paid by the landowner
    c. New development projections including new landuse designations and an updated rate of growth/new development
    d. A "true up" of connection fees already collected/paid
    e. A "true up" of Madera Irrigation District's current fees and past fees collected by RCWD
    f. A review of the methodology used to calculate fees for large, non-residential customers such as schools and shopping centers
    g. A review of "gross acres" vs. "net acres" as the basis for the fees
2) Update the connection fee survey to compare RCWD's current and proposed fees with the fees of other comparable agencies
3) Draft and submit a summary connection fee memo or report
4) Attend up to three (3) Board meetings or meetings with RCWD staff to assist with the adoption and implementation of the fees

Schedule:

L&T is available to begin data gathering for the assignment upon receiving a notice to proceed. We will provide RCWD with a data needs list and coordinate the gathering of documents in September. The majority of the financial analysis and draft fee calculations will be conducted in October and early November. We anticipate completing the project and having RCWD implement new connection fees by January 1, 2020.

Budget:
Alison Lechowicz will serve as principal-in-charge and will be assisted by Catherine Tseng, if needed. Alison and Catherine's hourly rate is $195. To accomplish the tasks listed above, L&T's proposed not-to-exceed fee is $18,000 for staff time and travel expenses to attend three meetings. We understand that our level of effort will depend heavily on the availability of information, coordination with the landowner, and ease of adoption. Our proposed fee encompasses a broad scope of services with contingencies if needed information is not readily available. We are happy to discuss the proposed fee with you and revise it as needed to meet your expectations. If Lechowicz & Tseng Municipal Consultants' proposal is acceptable to you, please countersign this engagement letter and email a copy to me.

Disclosure:
L&T is a registered municipal advisory firm with the Securities Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB). However, based on current SEC and MSRB regulations, we do not anticipate that this assignment will include municipal advisory activities (such as providing recommendations regarding the structure and timing of debt tailored to RCWD's financial picture). It is L&T's understanding that if RCWD proceeds with issuing debt or seeks tailored advice, RCWD will contract with a municipal advisor under a separate engagement. L&T envisions that this assignment will focus on connection fee calculations and build upon the financing scenarios developed in the 2016 report.

L&T has no known personal or professional conflicts of interest related to this assignment.

Sincerely,

Alison Lechowicz, Principal

Lechowicz & Tseng Municipal Consultants is authorized to perform consulting services for the Root Creek Water District at a rate of $195 per hour. The not-to-exceed fee is $18,000 for staff time and travel expenses for up to three meetings.

TASKS	HOURS Lechowicz Project Mgr	BUDGET (@ $195/hr)
1. Calculate Updated Fees	38	$7,410
2. Fee Survey	6	$1,170
3. Draft & Final Reports	20	$3,900
4. Presentations	24	$4,680
Subtotal	**88**	**$17,160**
Estimated Expenses (travel)		$840
TOTAL PROJECT BUDGET		**$18,000**

By:_____ Date:_____

Julia Berry, General Manager
PO Box 27950
Fresno, CA 93729

EST. 1968
PROVOST& PRITCHARD
CONSULTING GROUP
An Employee Owned Company

286 W. Cromwell Avenue
Fresno, CA 93711-6162
Tel: (559) 449-2700
Fax: (559) 449-2715
www.ppeng.com

September 6, 2019

Root Creek Water District
Julia Berry, General Manager
PO Box 27950
Fresno, CA 93729

Subject: Contract Amendment for Engineering Services to support Lechowicz and Tseng regarding updating the District connection fee schedule

Dear Julia,

Provost and Pritchard Consulting Group (Provost & Pritchard) is very pleased to submit this contract amendment to the Root Creek Water District (RCWD) for consulting services to support Lechowicz and Tseng regarding updating the Districts financial Plan and connection fees.

Project Understanding:

Rvierstone is located in southern Madera County at the southwest corner of the intersection of State Route 41 and Avenue 12. At buildout, Riverstone is planned to consist of approximately 6,600 residential homes across eight distinct districts. Riverstone will also include community clubhouses, schools, parks, trails, a farm, and other community ammenties.

Prior to building the community, an Infrastructure Master Plan (Master Plan) was developed to evaluate the infrastructure needs for the buildout condition of Riverstone. Included in the Master Plan was a plan for the potable water distribution system needed to adequately serve the development. As part of the analysis a Financial Plan was prepared and adopted in 2016. Infrastruture has changed, costs have been experienced and octs allocations are being considered which makes this a good time to reevalaute connection fees.

Scope of Services:

Our proposed scope of work for this project is described below.

- Coordination with RCWD staff to obtain necessary information.
- Gather past master plan Facilities and cestimate of costs.
- Identify proposed facilties
- Evlauate the need to restructure cost methodologies
- Estimate future capital facilities and costs
- Upon completion of the evaluation, prepare a technical memorandum summarizing the results.

Assumptions:

Below is a list of additional assumptions:

- Infrastructure identified as Phase 1 existing and accurately depicted.
- Buildout of the Riverstone development will include infrastructure in all phases, other than Phase 1. Infrastructure not included in Phase 1 has partially been built and is considered future infrastructure for the purposes of this evaluation.
- Previously utilized demand estimates, and the associated demand allocation, for the buildout condition of Riverstone have not changed and are sufficient for this evaluation. Demands will not be reallocated for this evaluation.
- Tank storage is not included in this study. Total storage is assumed to be adequate to meet all California, County, and District standards.
- Only the backbone infrastructure will be evaluated as part of this evaluation. Internal piping for individual development areas within Riverstone is not included in this evaluation.
- Analysis will evaluate the buildout condition only. Evaluation of the infrastructure at each phase is not included in this study.

Deliverables:

RCWD will receive a letter-report summarizing the findings of our investigation. The letter-report and any attachments will be provided in electronic PDF form.

Professional Fees:

Provost & Pritchard Consulting Group will perform the services in this scope of work on a time and materials basis, in accordance with our Standard Fee Schedule in effect at the time services are rendered. For budgeting purposes, our preliminary estimate is that over the next four months, our fees will be $10,000. These fees will be invoiced monthly as they are accrued. Reimbursable expenses will be invoiced in additional to professional fees and are included in the estimate above. If it appears we will need to exceed the upper range above, we will notify you in writing before we do so, and will provide a revised estimate.

Schedule:

Work on the Project will commence immediately after receipt of a notice to proceed from RCWD. A draft letter-report will be submitted at approximately two months.

Additional Services:

The following is a list of additional services not included in this scope of work; however, these and other services can be provided with a subsequent proposal, at your request.

- Additional investigations required to address concerns or questions raised by project opponents, proponents or Developer.
- Re-evaluating project impacts because of changes/modifications to assumptions.

Terms and Conditions:

Please contact me as soon as possible, if you have any questions or would like additional clarification about our effort. Work on this project will be initiated under the terms and conditions of our ongoing consulting services contract with the District.

Respectfully,

Brian Ehlers, RCE 40655
District Engineer

Terms and Conditions Accepted:

By: Root Creek Water District

_____
Signature

_____
Printed Name

_____
Title Date

ZIM INDUSTRIES, INC.

4532 E. Jefferson Ave. • Fresno, CA 93725
Ph. (559) 834-1551 • FAX (559) 834-5156
www.zimindustries.com

August 30, 2019

Bakman Water Company

5105 E. Belmont

Fresno, CA 93727

Attn: Steve Pickens

Subject: Root Creek Well # 4

Zim Industries, Inc. Proposes to furnish and install the following.

Pump Make: Flowserve 1400 GPM @ 563' TDH

1.	1 – 10 Stage 12EHM Bowl Assembly	$ 16, 600.00
2.	47 – Rubber Inserts $ 18/EA.	$ 846.00
3.	Rebush Stuffing Box	$ 150.00
4.	1 – Head Shaft	$ 375.00
	Material Subtotal	$ 17, 971.00
	Tax 7.75%	$ 1, 927.75
	Pull 300 H.P. Pump and Motor	$ 5, 000.00
	Disassemble and inspect Bowl Assembly	$ 450.00
	Reinstall Pump and Motor	$ 7, 000.00
	Bail fill out of Well Approx. 3 Hrs@$300/Hr.	$ 900.00
	Total	$ 33, 248.75

Sincerely Submitted,

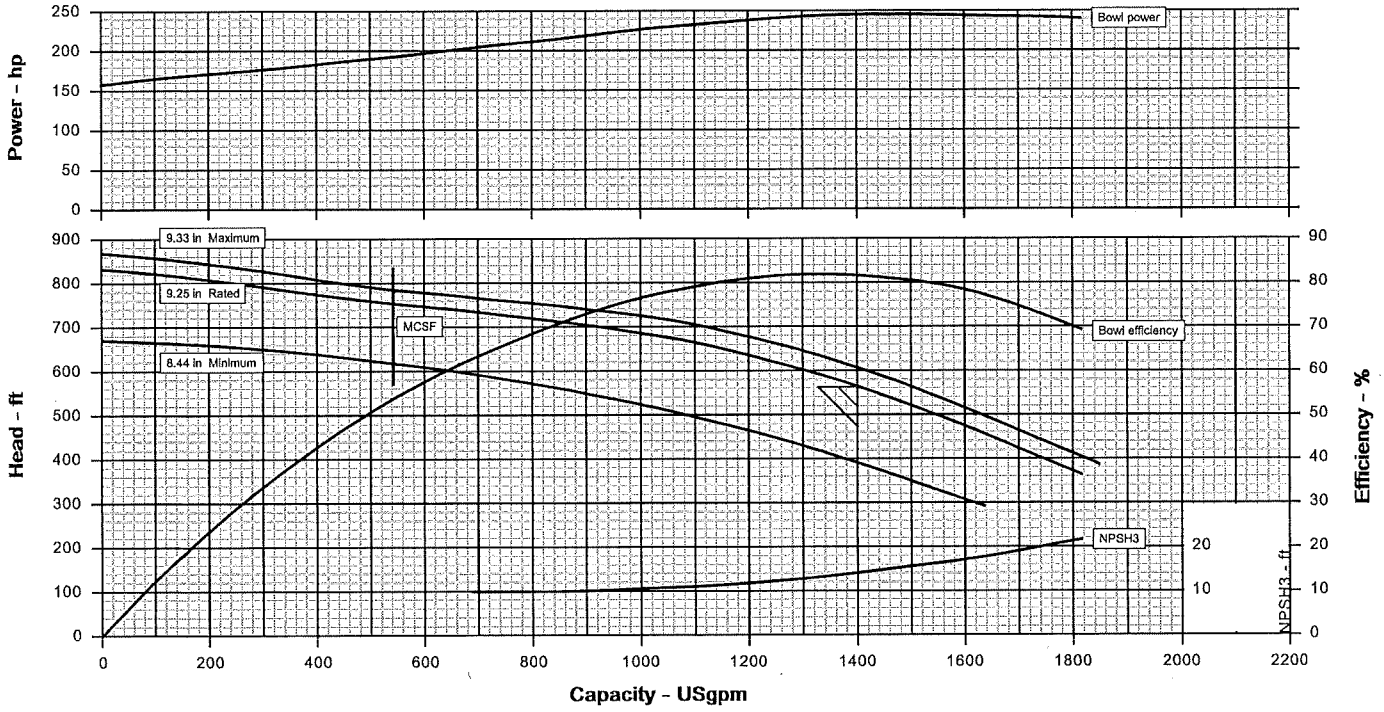
D.C. Ogan III

Zim Industries, Inc.

Customer	: FLOWSERVE PUMP DIVISION			Capacity	: 1400.0 USgpm
Item number	: -			Head	: 563.00 ft
Service	: Zim Ind			Density / Specific gravity	: - / 1.000
Flowserve reference	: 2024925064			Pump speed	: 1775 rpm
Pump size & type / Stages	: 12EHM	/ 10		Ns / Nss	: 2964 / 9250 (US units)
Based on curve no.	: EC-2657			Test tolerance	: ANSI/HI 14.6 Grade 1B
Impeller diameter	: 9.25 in				
				Date	: August 26, 2019

CURVES ARE APPROXIMATE. PUMP IS GUARANTEED FOR ONE SET OF CONDITIONS; CAPACITY, HEAD, AND EFFICIENCY.

Bowl performance shown below is corrected for materials, viscosity and construction.



Bowl head of 564.86 ft corresponds with 563 ft head at low liquid level adjusted for elevation and friction losses.

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FLOWSERVE

Hydraulic Datasheet

Customer	: FLOWSERVE PUMP DIVISION	Pump / Stages	: 12EHM	/ 10
Customer reference	: -	Based on curve no.	: EC-2657	
Item number	: -	Flowserve reference	: 2024925064	
Service	: Zim Ind	Date	: August 26, 2019	

Operating Conditions

Capacity	: 1400.0 USgpm
Water capacity (CQ=1.00)	: -
Normal capacity	: -
Total developed head	: 563.00 ft
Water head (CH=1.00)	: -
NPSH available (NPSHa) @ Low liquid level	: 34.0 ft
NPSHa less NPSH margin @ Impeller eye	: -
Maximum suction pressure	: Not applicable
Rated suction pressure	: Not applicable

Liquid

Liquid type	: Other
Liquid description	: -
Temperature / Specific gravity	: 60 °F / 1.000
Viscosity / Vapor pressure	: 1.00 cSt / -

Materials / Specification

Material column code	: B30

Other Requirements

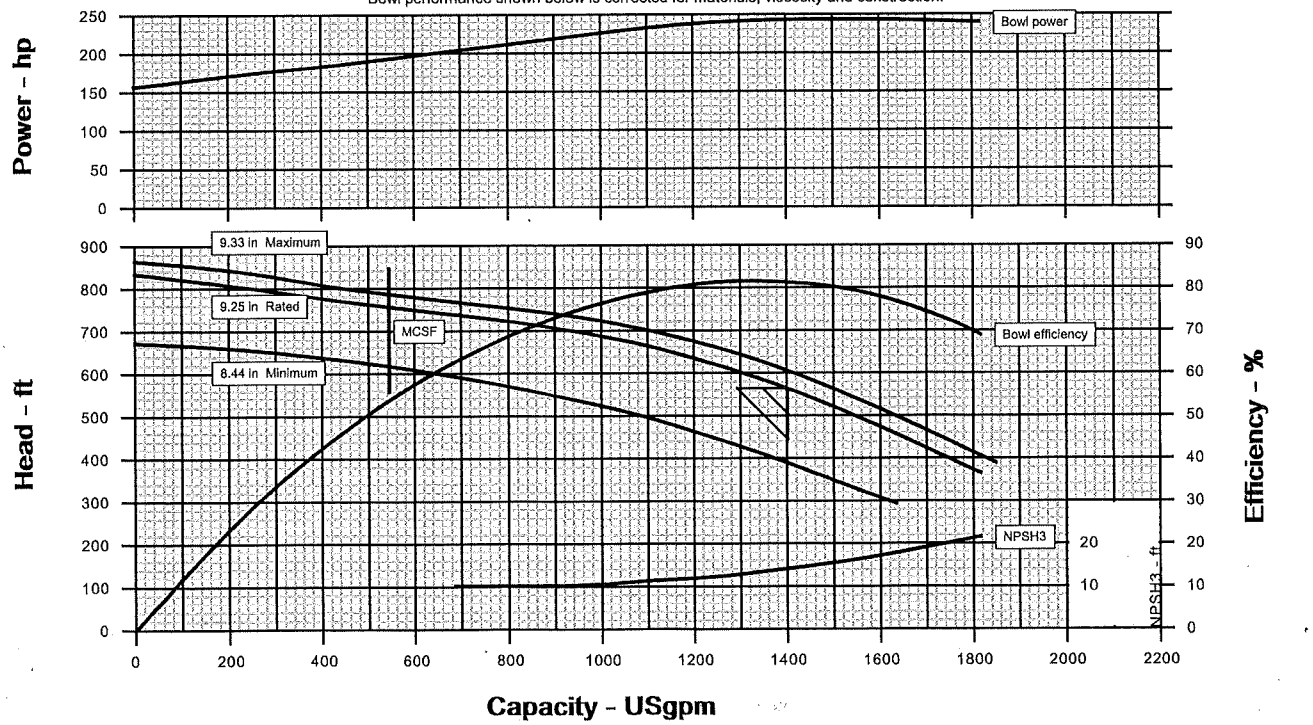
Hydraulic selection : No specification
Construction : No specification
Test tolerance : ANSI/HI 14.6 Grade 1B
Speed Set : 1775 rpm
Driver Sizing : Max Power(MCSF to EOC) using SF
Seal configuration : Packing

Performance

Pump speed	: 1775 rpm	Impeller diameter	: Rated / Maximum / Minimum
NPSH required (NPSH3) @ Impeller eye	: 14.1 ft		: 9.25 in / 9.33 in / 8.44 in
Minimum submergence	: 24.00 in	Impeller diameter ratio (rated/max)	: 99.1 %
Hydraulic power	: 199 hp	Maximum head at rated diameter	: 833.46 ft
Efficiency (Pump overall / Bowl) (CE=1.00)	: 81.4 % / 81.7 %	Head rise to shut off	: 47.6 %
Power (rated/max)	: 244 hp / 245 hp	Total head ratio (rated / max) / (max / rated)	: 92.9 % / 107.6 %
Driver power rating	: 250 hp / 186 kW	Flow at BEP	: 1340.2 USgpm
Bowl pressure	: 360.8 psig	Flow as % of BEP	: 104.5 %
(based on shut off @ cut dia/rated SG)		Minimum continuous flow	: 542.9 USgpm
Maximum allowable	: 431.0 psig	Rated thrust (at Rated flow)	: 4571.4 lbf
Bowl & column hydrotest	: 451.0 psig	Maximum thrust (at Shut off flow)	: 6580.4 lbf
Dischg Head Dischg Region MAWP	: 490.0 psig	Min thrust - Runout flow / Max Suction	: 3070.9 lbf
Ns / Nss	: 2964 / 9250 (US units)	(A negative thrust value indicates an upthrust condition)	

CURVES ARE APPROXIMATE, PUMP IS GUARANTEED FOR ONE SET OF CONDITIONS; CAPACITY, HEAD, AND EFFICIENCY.

Bowl performance shown below is corrected for materials, viscosity and construction.



Bowl head of 564.86 ft corresponds with 563 ft head at low liquid level adjusted for elevation and friction losses.

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ROOT CREEK Water District

MANAGING RESOURCES FOR A BETTER FUTURE

August 2019 Operational Report

Water Meter Connections:	Jul	Aug
Residential	353	366
Model Homes	18	18
Commercial	3	3
Irrigation	27	27
Agriculture	5	5
Well Sites	6	6
Total	412	425

Billed	Jul	Aug	Sum
Residential	176	177	353
Builder	8	11	19
Models	3	4	7
Commercial	0	3	3
Landscape Irr.	26	0	26
Total	158	195	408

System Operating Pressure: (psi)

	Jul	Aug
High:	60	68
Low:	35	22
Avg:	50	51

			kWh		Gallons per kWh	
Well Production: (Gallons)	Jul	Aug	Jul	Aug	Jul	Aug
Well # 1	3,222,000	4,427,000	7,920	10,004	407	443
Well # 2	6,336,000	6,047,000	20,160	19,827	314	305
Well # 4	2,278,000	325,000	10,128	2,579	225	126
	11,836,000	10,799,000	38,208	32,410		

Water Deliveries:	Jul	Aug
Municipal	4,465,894	4,781,736
Landscape Irrigation	1,927,423	2,643,788
Commercial	276,056	307,001
Agriculture	0	0
Construction	4,435,864	3,722,871
Other*		
Total	11,105,237	11,455,396

			kWh		Gallons per kWh	
Waste Water: (Gallons)	Jul	Aug	Jul	Aug	Jul	Aug
Volume treated	1,287,605	1,336,212	41,323	39,754	31	34
Average daily volume	41,536	43,104				

Waste Water:	Jul	Aug
Peak Day Flow: (Gallons)	41,667	54,805