

**ARROWBEAR PARK COUNTY
WATER DISTRICT**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013**

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Michael R. Adcock, CPA
Shannon M. Carlson, CPA
Linda S. Devlin, CPA
Andrew Steinke, CPA

Of Counsel
Thomas E. Ahern, CPA
Nora L. Teasley, CPA

A California Limited Liability Partnership
Certified Public Accountants



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Independent Auditors' Report

To the Board of Directors
Arrowbear Park County Water District

We have audited the accompanying basic financial statements of Arrowbear Park County Water District (the "District") as of and for the years ended June 30, 2014 and 2013 and the related notes as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 11 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The accompanying supplementary information on pages 31 through 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying pension plan and other post-employment benefits schedules of funding progress on pages 34 and 35 are presented for additional analysis as required by the Government Accounting Standards Board. The schedules of funding progress are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The organizational information on page 31, schedule of board of officers, directors, and management on page 32, and schedule of insurance coverage on page 33 have not been subjected to auditing procedures applied in the audit of the basic financial statements and; accordingly, we do not express an opinion or provide any assurance on them.

Ahern Adcock Devlin LLP

Riverside, California
February 23, 2015

ARROWBEAR PARK COUNTY WATER DISTRICT

Management's Discussion and Analysis

June 30, 2014

Our discussion and analysis of Arrowbear Park County Water District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements which begin on page 12.

Financial Highlights

- The District's net position decreased \$159,376 (4 percent) as a result of the year's operations.
- Current and other assets decreased \$81,843 during the reporting period mostly as a result of a decrease in receivables.
- Current assets, including cash and receivables, decreased \$56,778 during the year's operations.
- Current year operating revenues increased \$3,144 (0.5 percent) over last year with operating expenses increasing \$69,261 (6.1 percent) which produced an overall increase in the net operating loss of 14.4 percent over the previous year.
- Total revenues for the year were \$1,061,498 and total expenses were \$1,220,874 producing an overall loss of \$159,376 for the year. This is a \$72,056 increase over last year's net loss.
- See accompanying charts for revenue and expense details, as well as changes in net position.

Using This Annual Report

This annual report consists of a series of financial statements. The statements of net position and statements of revenues, expenses, and changes in net position (on pages 12 through 15) provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 3. One of the most important questions asked about the District's finances is, "Is the District, as a whole, better off or worse off as a result of the year's activities?" The statements of net position and the statements of revenues, expenses, and changes in net position report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

ARROWBEAR PARK COUNTY WATER DISTRICT

Management's Discussion and Analysis

(Continued)

June 30, 2014

Reporting the District as a Whole (Continued)

These two statements report the District's net position and changes in net position. The District's net position—the difference between assets and liabilities—is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's water facilities, to assess the overall health of the District.

The District reports in the statements of net position and the statements of revenues, expenses, and changes in net position one type of activity in a proprietary reporting format for the water and other services it provides. All District activities are reported in these statements.

The District as a Whole

The District's net position decreased to \$3,855,529 from \$4,014,905. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the District's activities.

Table 1

Net Position
(in Dollars)

	June 30,	
	2014	2013
Current assets and restricted cash	\$1,675,917	\$1,754,793
Capital assets	2,200,767	2,363,547
Deferred outflow of resources	414,095	417,062
Total assets	<u>4,290,779</u>	<u>4,535,402</u>
Noncurrent liabilities	300,927	351,550
Current liabilities	134,323	168,947
Total liabilities	<u>435,250</u>	<u>520,497</u>
Net position		
Invested in capital assets, net of debt	2,200,767	2,363,547
Restricted for sewer	256,375	255,918
Unrestricted	<u>1,398,387</u>	<u>1,395,440</u>
Total net position	<u>\$3,855,529</u>	<u>\$4,014,905</u>

Net position decreased by \$159,376. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased by \$2,947.

ARROWBEAR PARK COUNTY WATER DISTRICT

Management's Discussion and Analysis

(Continued)

June 30, 2014

Table 2
Changes in Net Position
(in Dollars)

	June 30,	
	2014	2013
Operating revenues	\$ 684,416	\$ 681,272
Operating expenses	(1,209,062)	(1,139,801)
Operating loss	(524,646)	(458,529)
Nonoperating revenues	377,082	382,816
Nonoperating expenses	(11,812)	(11,607)
Capital contribution		
Increase in net position	\$ (159,376)	\$ (87,320)

The District's operating revenues increased by \$3,144 (0.5 percent) and operating expenses increased by \$69,261 (6.1 percent). The factors driving these results include:

- Water and sewer net sales increased by \$3,144 (0.5 percent) compared to the prior year. This represents consistent rates and revenues. Sales to Running Springs Water District decreased by \$26,342 (68.8 percent). This decrease was due solely to a decrease in water availability. Operating expenses reflected an increase of \$69,261 (6.1 percent) due mainly to higher system maintenance, professional and contractual services, and labor expenses in the District.
- Nonoperating revenues decreased \$5,734 (1.5 percent). Grant revenues decreased by \$1,519 (17.6 percent). Property tax revenues and standby charges decreased \$8,141 (2.5 percent).
- Overall the District performance reflected a slight decrease for the period with a 4.1 percent decrease to the District's net position for a total of \$3,855,529.
- The District had 954 active services at June 30, 2014. Prior year active services were 924. This change in active services reflects a consistent application of the District policy that requires all connections to the water and sewer systems of the District to pay a minimum or base monthly rate. Now that all improved properties within the District are being charged a base rate, the number of active services will stay consistent and increases will be the result of new construction and decreases will be the result of removing improved structures from a connected property.
- Operating expenses include a Public Employees Retirement System required contribution of \$56,394 to fund the Safety Retirement Pension Fund payment requirements.

ARROWBEAR PARK COUNTY WATER DISTRICT

Management's Discussion and Analysis

(Continued)

June 30, 2014

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal 2014, the District had \$6,596,633 (accumulated depreciation excluded) invested in a broad range of capital assets including land, water facilities, sewer facilities, a fire station, and equipment (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$6,560 (.01 percent) over last year.

Table 3
Capital Assets at Year-End
(in Dollars)

	June 30,	
	2014	2013
Land	\$ 118,451	\$ 118,451
Water system	2,654,496	2,646,036
Sewer system	2,763,507	2,742,672
Equipment	781,152	766,555
Fire station	258,299	243,353
Construction in progress	20,728	73,006
Accumulated depreciation	(4,395,866)	(4,226,526)
	<u>\$ 2,200,767</u>	<u>\$ 2,363,547</u>

This year's major additions included:

- A net decrease in construction in progress of \$52,278 due to the completion of water and sewer projects.

During the 2013–14 fiscal year, the District had a net total of \$162,780 (7.4 percent) in capital reductions in its service areas.

ARROWBEAR PARK COUNTY WATER DISTRICT

Management's Discussion and Analysis

(Continued)

June 30, 2014

Debt

The District is participating in a joint use facilities agreement with Running Springs Water District for a capital improvement debt for sewer treatment plant improvements. The current estimated cost of the improvements was \$3,261,000 with the District's share of the improvement to be approximately \$463,066. A supplemental sewer debt charge was approved in 2002 for District customers to repay the 15-year obligation at 4.75 percent.

Payments for this debt obligation approximate \$46,329 per year.

In conjunction with an agreement with Running Springs Water District (RSWD), the District incurs a pro rata share of all costs of maintenance and capital expenditures for the RSWD sewer treatment plant. The District accrued a loan in the amount of \$89,536 for the filter effluent enhancement/expansion project. This loan has a 5-year loan repayment schedule at 4.0 percent.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at: Arrowbear Park County Water District, P.O. Box 4045, Arrowbear Lake, California 92382-4045.

ARROWBEAR PARK COUNTY WATER DISTRICT

Financial Analysis Worksheet

June 30, 2014

<u>Account</u>	<u>Current Year</u>	<u>Prior Year Restated</u>	<u>Change</u>	<u>Percent Change</u>
Statements of net position				
Capital assets	\$2,200,767	\$2,363,547	\$(162,780)	(6.9)%
Current and other assets	1,675,917	1,754,793	(78,876)	(4.5)
Deferred outflow of resources	414,095	417,062	(2,967)	(0.7)
Total assets	4,290,779	4,535,402	(244,623)	(5.4)
Noncurrent liabilities	300,927	351,550	(50,623)	(14.4)
Other liabilities	134,323	168,947	(34,624)	(20.5)
Total liabilities	435,250	520,497	(85,247)	(16.4)
Net position				
Invested in capital assets, net of related debt	2,200,767	2,363,547	(162,780)	(6.9)
Restricted for sewer	256,375	255,918	457	0.2
Unrestricted	1,398,387	1,395,440	2,947	0.2
Total net position	\$3,855,529	\$4,014,905	\$(159,376)	(4.0)%
Statements of revenues and expenses				
Operating revenues	\$ 684,416	\$ 681,272	\$ 3,144	0.5%
Operating expenses	1,209,062	1,139,801	69,261	6.1
Operating loss	(524,646)	(458,529)	(66,117)	(14.4)
Nonoperating revenues	377,082	382,816	(5,734)	(1.5)
Nonoperating expenses	11,812	11,607	205	1.8
Change in net position before capital contributions	(159,376)	(87,320)	(72,056)	(65.7)
Capital contributions				
Beginning net position	4,014,905	4,102,225	(87,320)	(2.3)
Ending net position	\$3,855,529	\$4,014,905	\$(159,376)	(4.0)%

Change in net position – invested in capital assets, net of related debt is a decrease of \$162,780 for the period.

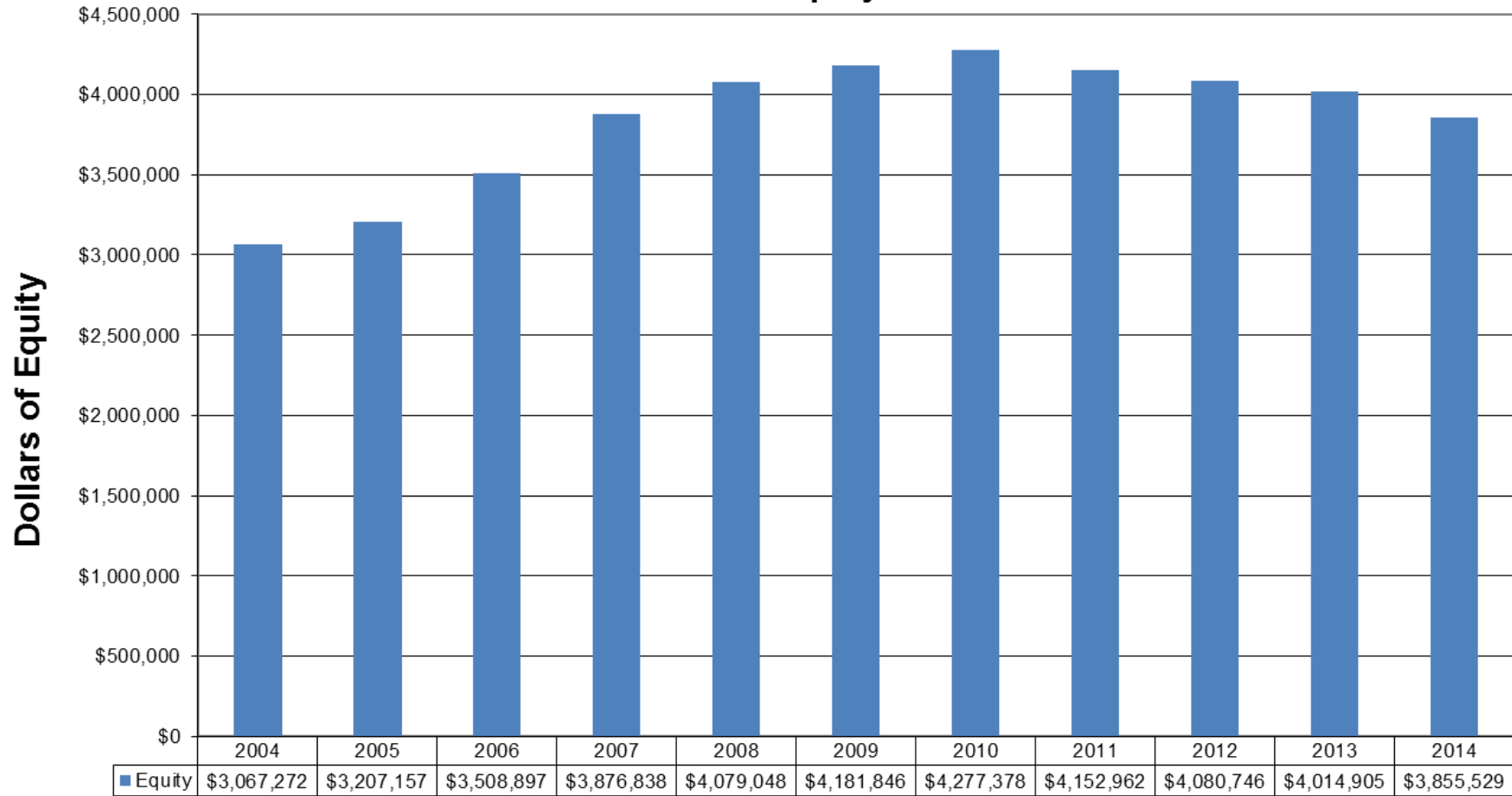
Percent change in net position – invested in capital assets, net of related debt is a decrease of 6.9 percent for the period.

Change in net position – unrestricted funds is an increase of \$2,947 for the period.

Percent change in net position – unrestricted funds is an increase of 0.2 percent.

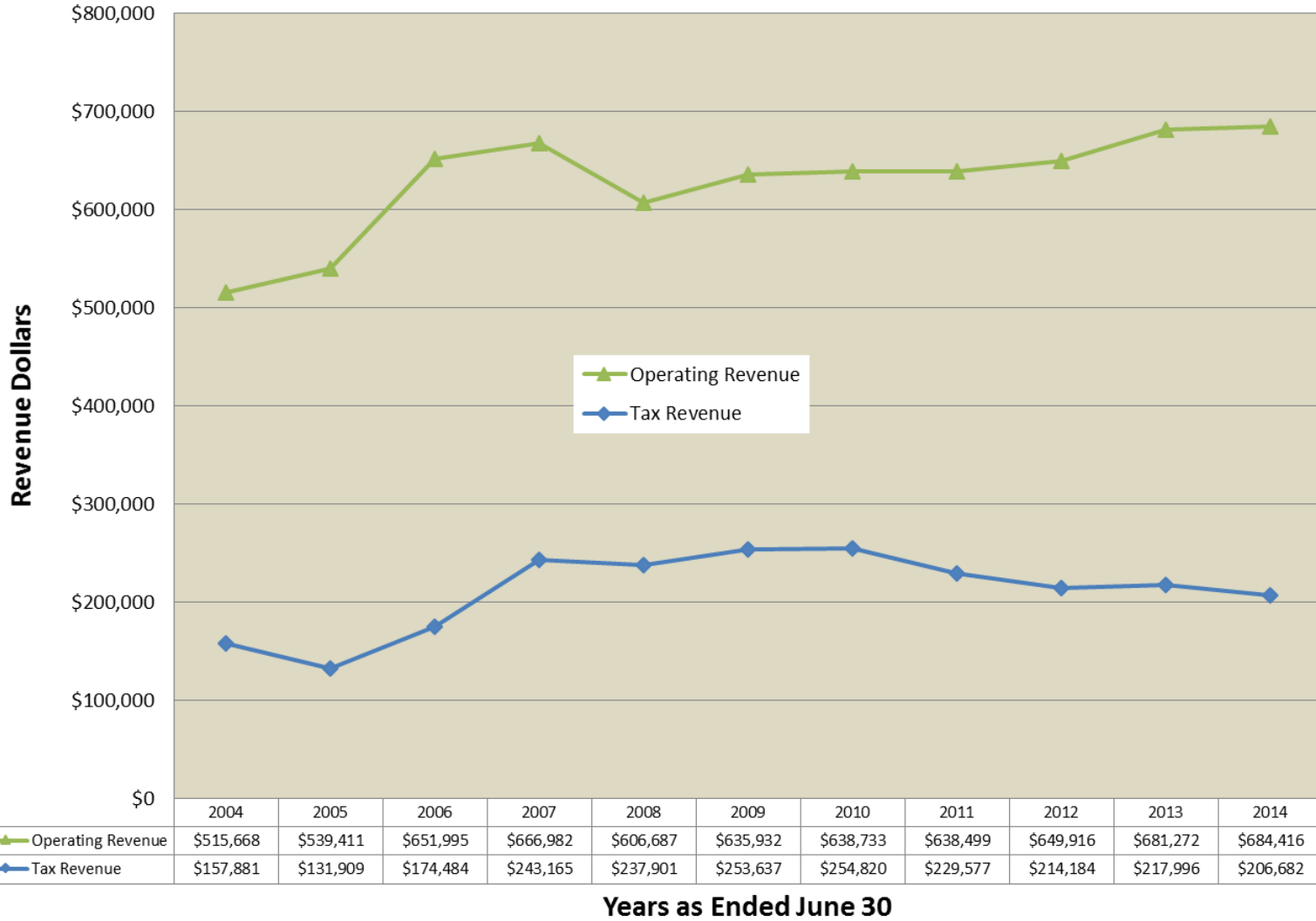
Items in **bold** are significant or material in nature.

Arrowbear Park County Water District District Equity Value

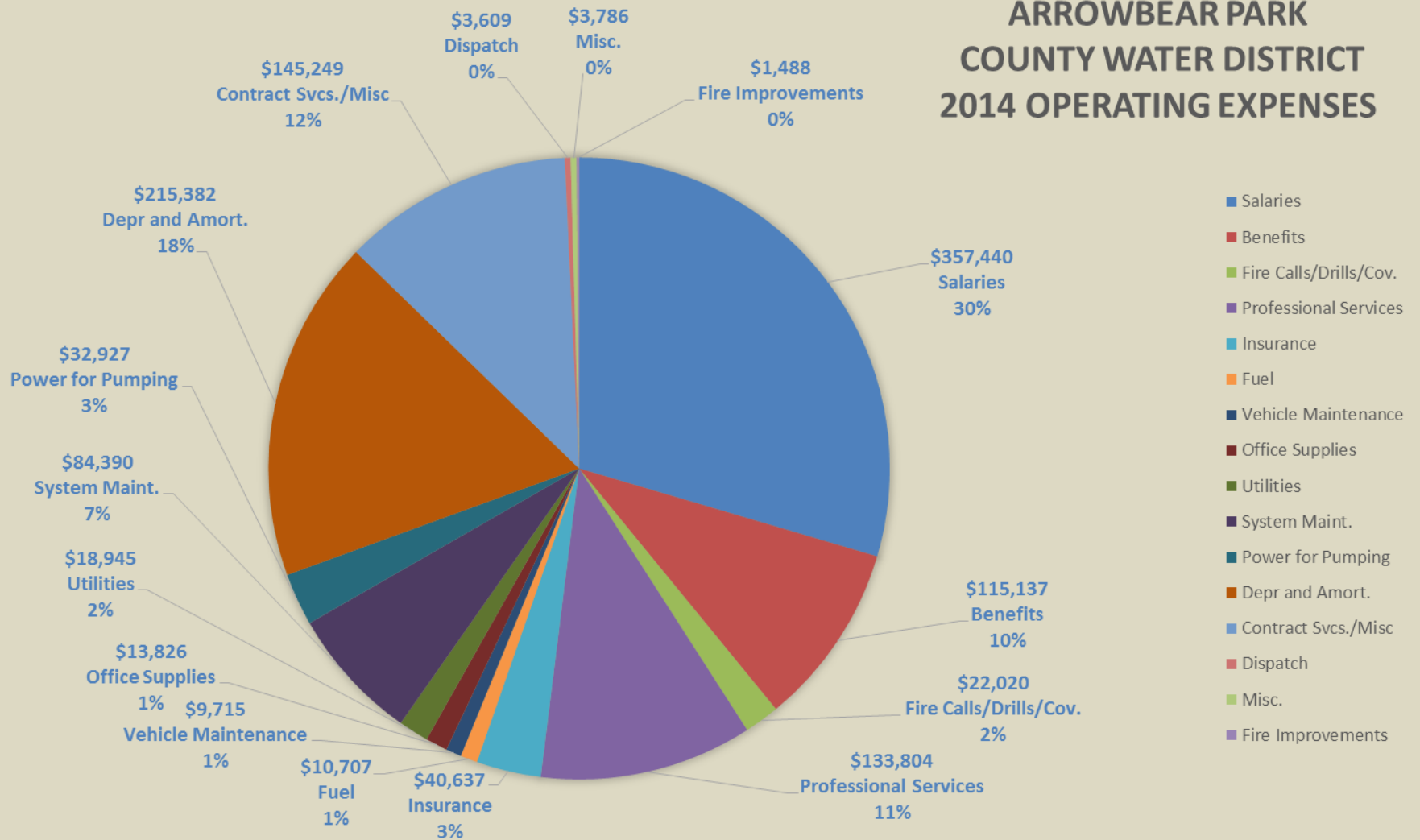


Years as Ended June 30

Arrowbear Park County Water District Revenues and Taxes History



ARROWBEAR PARK COUNTY WATER DISTRICT 2014 OPERATING EXPENSES



FINANCIAL STATEMENTS

ARROWBEAR PARK COUNTY WATER DISTRICT
Statements of Net Position

	June 30,	2014	2013 Restated
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,272,998		\$ 1,344,305
Accounts receivable - consumers		107,349	105,326
Interest and other receivables		13,705	9,898
Prepaid expenses		25,612	16,913
Total current assets		<u>1,419,664</u>	<u>1,476,442</u>
 Noncurrent assets			
Restricted cash and cash equivalents - special assessment		256,253	255,783
Loans receivable - State of California			22,568
 Capital assets			
Utility plant in service		6,575,905	6,517,067
Less accumulated depreciation		(4,395,866)	(4,226,526)
Construction in progress		20,728	73,006
Deferred outflow of resources – joint use facilities (net of accumulated amortization of \$231,464 and \$194,180 at June 30, 2014 and 2013, respectively)		414,095	417,062
Total noncurrent assets		<u>2,871,115</u>	<u>3,058,960</u>
Total assets		<u>\$4,290,779</u>	<u>\$4,535,402</u>

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

	June 30,	2014	2013 Restated
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable		\$ 39,010	\$ 107,251
Accrued liabilities		6,720	4,974
Interest payable		2,548	2,196
Note payable – current portion		86,045	54,526
Total current liabilities		<u>134,323</u>	<u>168,947</u>
Noncurrent liabilities			
Employee benefits payable		41,998	35,428
Note payable – noncurrent portion		165,318	221,062
Other post employment benefits payable		93,611	95,060
Total noncurrent liabilities		<u>300,927</u>	<u>351,550</u>
Total liabilities		<u>435,250</u>	<u>520,497</u>
Net position			
Invested in capital assets, net of related debt		2,200,767	2,363,547
Restricted for sewer		256,375	255,918
Unrestricted		<u>1,398,387</u>	<u>1,395,440</u>
Total net position		<u>3,855,529</u>	<u>4,014,905</u>
Total liabilities and net position		<u>\$4,290,779</u>	<u>\$4,535,402</u>

ARROWBEAR PARK COUNTY WATER DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position

	For the Years Ended June 30,	2014	2013 Restated
Operating revenues			
User fees		\$ 646,118	\$ 616,632
Sales to other agencies		38,298	64,640
Total operating revenues		<u>684,416</u>	<u>681,272</u>
Operating expenses			
Salaries and wages		357,440	330,435
Benefits		115,137	171,143
Fire calls, drills, coverage		22,020	13,052
Professional services		133,804	53,055
Insurance		40,637	47,481
Gas, oil, and fuel		10,707	10,643
Vehicle maintenance		9,715	9,587
Office supplies		13,826	15,053
Utilities		18,945	16,204
System maintenance		84,390	71,736
Power for pumping		32,927	45,239
Depreciation and amortization		215,382	215,009
Contractual services		145,249	137,957
Dispatch		3,609	3,597
Miscellaneous		3,786	(390)
Fire improvements		1,488	
Total operating expenses		<u>1,209,062</u>	<u>1,139,801</u>
Operating loss		<u>(524,646)</u>	<u>(458,529)</u>
Nonoperating revenues			
Property taxes		206,682	217,996
Standby charges		112,506	109,333
Interest income		12,106	11,380
Grant revenue		7,119	8,638
Gain on disposal of fixed assets			2,750
Other		38,669	32,719
Total nonoperating revenues		<u>377,082</u>	<u>382,816</u>
Nonoperating expenses			
Interest		11,792	11,321
Other		20	286
Total nonoperating expenses		<u>11,812</u>	<u>11,607</u>
Decrease in net position		<u>(159,376)</u>	<u>(87,320)</u>

ARROWBEAR PARK COUNTY WATER DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position

	For the Years Ended June 30,	2014	2013 Restated
Decrease in net position		\$ (159,376)	\$ (87,320)
Net position, beginning of year, previously stated		4,014,905	4,080,746
Prior period adjustment			<u>21,479</u>
Net position, beginning of year, restated		<u>4,014,905</u>	<u>4,102,225</u>
Net position, end of year		<u>\$3,855,529</u>	<u>\$4,014,905</u>

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

ARROWBEAR PARK COUNTY WATER DISTRICT

Statements of Cash Flows

	For the Years Ended June 30,	2014	2013
Cash flows from operating activities			
Cash received from customers		\$ 678,523	\$ 671,717
Cash paid to employees for services		(464,261)	(506,477)
Cash paid to suppliers and other		<u>(598,043)</u>	<u>(451,242)</u>
Net cash used in operating activities		<u>(383,781)</u>	<u>(286,002)</u>
Cash flows from noncapital financing activities			
Property taxes		<u>229,250</u>	<u>215,752</u>
Net cash provided by noncapital financing activities		<u>229,250</u>	<u>215,752</u>
Cash flows from capital and related financing activities			
Purchase of capital assets		(15,319)	(74,395)
Payments on long-term debt		(58,542)	(52,422)
Interest on long-term debt		(11,440)	(11,808)
Other revenue		45,788	46,603
Standby charges		112,506	109,333
Other expense		(19)	(286)
Other post employment benefits		<u>(1,449)</u>	<u>10,226</u>
Net cash provided by capital and related financing activities		<u>71,525</u>	<u>27,251</u>
Cash flows from investing activities			
Change in special assessment funds		(470)	29,091
Interest on cash deposits		12,169	11,702
Increase in loans receivable			<u>(119)</u>
Net cash provided by investing activities		<u>11,699</u>	<u>40,674</u>
Net decrease in cash and cash equivalents		(71,307)	(2,325)
Cash and cash equivalents			
Balance, beginning of year		<u>1,344,305</u>	<u>1,346,630</u>
Balance, end of year		<u>\$1,272,998</u>	<u>\$1,344,305</u>

ARROWBEAR PARK COUNTY WATER DISTRICT

Statements of Cash Flows

	For the Years Ended June 30,	2014	2013
Reconciliation of operating loss to net cash used in			
operating activities			
Operating loss		\$(524,646)	\$(458,529)
Adjustments to reconcile operating loss to net cash used			
in operating activities			
Depreciation and amortization		215,382	215,009
Increase in:			
Accounts receivable			
Consumers		(2,023)	(7,179)
Interest and other receivables		(3,870)	(2,376)
Prepaid expenses		(8,699)	(1,698)
Increase (decrease) in			
Accounts payable		(68,241)	(26,330)
Accrued liabilities		1,746	(2,481)
Employee benefits payable		6,570	(2,418)
Net cash used in operating activities		<u>\$(383,781)</u>	<u>\$(286,002)</u>
Cash paid for interest		\$8,546	\$11,051
Debt acquired for joint-use facilities		\$34,317	

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

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies

The Arrowbear Park County Water District (the “District”) is a special district created for the purpose of providing water, sewer, and fire fighting services to residents within its service area. The reporting entity includes all the accounts of the District and the special assessment district contained within its service area.

Reporting Entity

The District and the Arrowbear Park County Water District Financing Corporation (the “Corporation”) have a financial and operational relationship which meets the reporting entity definition criteria of the Government Accounting Standards Board (GASB) Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy GASB 39 criteria:

- A. The Corporation’s board of directors was appointed by the District’s board of directors.
- B. The District is able to impose its will upon the Corporation, based on the following:
 - The Corporation has no employees. The District’s general manager functions as an agent of the Corporation. The general manager does not receive additional compensation for work performed in this capacity.
 - The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that the District’s lease payments will be the sole revenue source of the Corporation, with the exception of interest earned in the Corporation’s trust accounts.
 - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
- C. The Corporation provides specific financial benefits or imposes specific financial burdens on the District based upon the following:
 - Any deficits incurred by the Corporation will be reflected in the lease payments of the District and any surpluses of the Corporation revert to the District at the end of the lease period.
 - The District has assumed a “moral obligation,” and potentially a legal obligation, for any debt incurred by the Corporation.

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on January 6, 2000. The Corporation was formed for the sole purpose of providing financing assistance to the District. The Corporation issued debt to refinance existing debt of the District. Under an installment purchase arrangement, the Corporation obtained title to certain District facilities through the year 2009. At the end of the installment purchase arrangement in 2009, title of all Corporation property passed to the District for no additional consideration.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

For financial statement presentation purposes, there was no financial activity for the Corporation in the current year.

Fund Accounting

The accounts of Arrowbear Park County Water District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts. The following are the types of funds used:

Water, Sewer, and Fire Fund – The Water, Sewer, and Fire Fund is primarily used to account for resources used to deliver water, sewer, and fire services to residents within its service areas.

Assessment Fund – The Assessment Fund is used to account for the assessments levied on property, the indebtedness incurred for the construction of the sewer system and related expenses.

Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing goods or services to the general public on a continuing basis (including depreciation) be financed or recovered primarily through user charges. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. An enterprise fund is accounted for on the flow of economic resources measurement focus. This means that all assets and liabilities associated with the activity (whether current or noncurrent) are included on the statement of net position.

The District distinguishes operating revenues and expenses from those revenues and expenses that are nonoperating. Operating revenues are those revenues that are generated by water and sewer services while operating expenses pertain directly to the furnishing of those services. Nonoperating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water as well as water and sewer services.

Utility Plant in Service and Depreciation

Utility plant assets acquired and/or constructed are capitalized at historical cost. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation and amortization expense is calculated using the straight-line method. Assets are depreciated or amortized over their estimated useful lives, ranging from 3 to 40 years.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the District considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. The District invests funds with the State of California's Local District Investment Fund (LAIF). Due to the high liquidity of this investment, the funds are classified as cash equivalents. For credit risk purposes, the fund is not rated.

Property Taxes

The County of San Bernardino Assessor's Office assesses all real and personal property within the County each year. The County of San Bernardino Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of San Bernardino Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at 1.0 percent of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of San Bernardino, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date:	March
Levy date:	July 1 to June 30
Due date:	November 1 – 1st installment February 1 – 2nd installment
Collection date:	December 10 – 1st installment April 10 – 2nd installment

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.

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

Net Position – Designated

Under the accounting standards the District is required to follow, a governmental entity may set up designations of net position to segregate net position which is not available for expenditure in future periods, or which is legally set aside for a future specific use, or established to indicate tentative plans for financial resource utilization in future periods.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

The District's designations at June 30 are listed below:

	<u>2014</u>	<u>2013</u>
Sewer master plan	\$ 121,763	\$ 121,763
Water master plan	155,051	155,051
Fire replacement	126,639	46,639
Sewer replacement	36,869	36,869
Water replacement	464,175	461,377
Capital improvement	112,322	112,322
Sewer treatment operations and maintenance	37,316	37,316
Accrued benefits plan	79,914	79,914
	<u>\$1,134,049</u>	<u>\$1,051,251</u>

Compensated Absences

Employees of the District are entitled to paid vacation, accumulated overtime, and sick leave depending on length of service and other factors. The liability for these benefits has been accrued in these financial statements.

Budgetary Policies

The District adopts an annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies (Continued)

GASB Statement 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This statement’s objective is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement is not effective until June 30, 2015. The District has not determined the effect of this statement.

Reclassifications

Certain reclassifications have been made to the June 30, 2013 information to conform to the current year presentation.

2. Cash and Investments

Cash and investments are included in the statements of net position in the following captions:

	June 30,	
	2014	2013
Cash and cash equivalents – unrestricted	\$1,272,998	\$1,344,305
Cash and cash equivalents – restricted	256,253	255,783
Total cash and cash equivalents	<u>\$1,529,251</u>	<u>\$1,600,088</u>

For purposes of the following discussion, these accounts have been classified as follows:

	June 30,	
	2014	2013
Deposits	\$ 145,594	\$ 219,461
Investments	<u>1,383,657</u>	<u>1,380,627</u>
	<u>\$1,529,251</u>	<u>\$1,600,088</u>

Deposits

At June 30, 2014 and 2013, the carrying amount of the District’s deposits was \$145,594 and \$219,461, respectively, and the bank balances were \$157,621 and \$228,244, respectively. Of the balances in the bank, \$157,621 and \$228,244 are insured at June 30, 2014 and 2013, respectively. The uninsured deposits were classified as Category 3, collateralized, as defined by GASB (securities are pledged with the pledging financial institution’s trust department or agent but not in the District’s name). The District does not have a deposit policy for custodial credit risk.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

2. Cash and Investments (Continued)

Investments

Under provisions of the District's investment policy, adopted by Board Resolution No. 96-3-8A, which is in accordance with California Government Code Sections 53600 through 53686 et seq., the types of investments authorized for deposit are: certificates of deposit, state local agency investment fund, passbook savings account, and treasury bills and notes.

Investments are classified in three categories of credit risk as follows: Category 1 – insured or registered, with securities held by the District or its agent in the District's name; Category 2 – uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name; and Category 3 – uncollateralized, uninsured, unregistered, and classifiable investment not belonging to 1 or 2 above with securities held by the counterpart or by its trust department or agent, but not in the District's name. Investments in pools managed by other governments or in mutual funds are not required to be categorized because they are not evidenced by securities that exist in physical or book entry form.

The fair value of investments was as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Not subject to categorization – State pooled funds (Local Agency Investment Fund)	<u>\$1,383,657</u>	<u>\$1,380,627</u>

At June 30, 2014 and 2013, the District had no investments in repurchase and reverse repurchase agreements and did not invest in such during the years then ended.

The funds deposited into the Local Agency Investment Fund (LAIF) are invested in accordance with Government Code Sections 16430 and 16480. The LAIF funds are subject to the oversight of the State of California Department of Finance, Auditor's General Office and the State Controller's Office. The fair value of the District's position in the pool approximates the value of the pool shares.

3. Loans Receivable

During a prior year, the State of California withheld \$21,161 from property tax revenues as a result of ABX4 (2009) in accordance with revenue and taxation code section 100.06. The receivable was paid in full in the current year.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

4. Utility Plant in Service

The following is the activity for the year ended June 30, 2014:

	Cost				Balance June 30, 2014
	Balance June 30, 2013	Additions	Retirement	Reclassifications	
Land	\$ 118,451				\$ 118,451
Water system	2,646,036	\$ 8,460			2,654,496
Sewer system	2,742,672	20,835			2,763,507
Equipment	766,555	23,356	\$(8,759)		781,152
Fire station	243,353	14,946			258,299
Construction in progress	73,006	9,440		\$(61,718)	20,728
	<u>\$6,590,073</u>	<u>\$77,037</u>	<u>\$(8,759)</u>	<u>\$(61,718)</u>	<u>\$6,596,633</u>

	Accumulated Depreciation				Balance June 30, 2014
	Balance June 30, 2013	Additions	Retirement	Reclassifications	
Water system	\$1,257,165	\$ 66,146			\$1,323,311
Sewer system	2,331,807	70,611			2,402,418
Equipment	522,113	32,970	\$(8,759)		546,324
Fire station	115,441	8,372			123,813
	<u>\$4,226,526</u>	<u>\$178,099</u>	<u>\$(8,759)</u>	<u>\$ -</u>	<u>\$4,395,866</u>

The following is the activity for the year ended June 30, 2013:

	Cost				Balance June 30, 2013
	Balance June 30, 2012	Additions	Retirement	Reclassifications	
Land	\$ 118,451				\$ 118,451
Water system	2,276,304	\$369,732			2,646,036
Sewer system	2,730,896	11,776			2,742,672
Equipment	752,619	21,155	\$ (7,219)		766,555
Fire station	224,316	19,037			243,353
Construction in progress	420,313	40,887		\$(388,194)	73,006
	<u>\$6,522,899</u>	<u>\$462,587</u>	<u>\$ (7,219)</u>	<u>\$(388,194)</u>	<u>\$6,590,073</u>

ARROWBEAR PARK COUNTY WATER DISTRICT
Notes to Financial Statements

4. Utility Plant in Service (Continued)

	Accumulated Depreciation				Balance June 30, 2013
	Balance June 30, 2012	Additions	Retirement	Reclassifications	
Water system	\$1,191,388	\$ 65,777			\$1,257,165
Sewer system	2,260,777	71,030			2,331,807
Equipment	494,420	34,662	\$(6,969)		522,113
Fire station	107,249	8,192			115,441
	<u>\$4,053,834</u>	<u>\$179,661</u>	<u>\$(6,969)</u>	<u>\$ -</u>	<u>\$4,226,526</u>

The construction in progress includes \$17,168 for conceptual plan engineering for an emergency pipeline to attach to the sewer system for emergency purposes should the Running Springs Water District sewer system fail to accept sewage from the District. Flows can be diverted to the emergency pipeline thus enabling continuous flows. There is no budget to complete at this time. The plan is only in the conceptual stages and is currently with CSA 79 for consideration. It is uncertain at this time whether or not the pipeline will be constructed and to what extent Running Springs Water District and CSA 79 will participate in the cost.

The balance of the construction in progress consisted of the following:

	June 30,			
	2014		2013	
	Construction in Progress	Total Budget	Construction in Progress	Total Budget
Emergency pipeline			\$10,245	\$103,610
Reservoir replacement project			10,275	
Cougar pipeline replacement project			50,683	198,450
Fire station training room engineering	\$ 1,043	\$ 2,500	1,043	2,500
Fire hydrant	2,517			
Green Valley crossover line (CSA 79)	17,168	38,000		38,000
Pressure zones project			760	15,000
	<u>\$20,728</u>	<u>\$40,500</u>	<u>\$73,006</u>	<u>\$357,560</u>

The District received a 1984 brush engine for use by the fire department from CalFire. The brush engine is still owned by CalFire. No amount has been recorded for the usage of the brush engine due to lack of measurable value.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

5. Long-Term Debt

Deferred Outflow of Resources – Joint Use Facilities

The District participates in a joint use facilities agreement with Running Springs Water District. The District was notified that major filtration improvements to the wastewater treatment plant were required to be completed prior to December 2003 and as of June 30, 2009 is operational. Per the agreement, the District will share in the cost of any capital improvements based on the assessed property values of each district participating in the contract. The original estimated cost of the improvements was \$2,500,000. At June 30, 2001, the assessed property valuation of the District represented 14.02 percent of the assessed valuation of all properties. Based on this estimate, the District share would be \$350,500. This amount has been exceeded, with the total being \$463,066 upon completion of the project. The District will pay Running Springs Water District for the improvements over a 15-year period, in semiannual payments of interest and principal. Interest will be charged at the rate of 4.75 percent.

In addition to the filtration project, an expansion to the treatment plant has been constructed in order to allow the plant to accept fluctuating flows. The District is participating in this project on the same basis as the previous project. The amount of the loan is \$89,536. The loan will be repaid in semiannual payments over five years at an interest rate of 4.0 percent. The expansion project's estimated life is 20 years and has been recorded as deferred outflows of resources.

The payment schedules are estimated to be:

	Principal	Interest	Total
Year ending June 30,			
2015	\$ 86,045	\$ 8,976	\$ 95,021
2016	75,895	5,679	81,574
2017	70,364	2,233	72,597
2018	17,563	5	17,568
2019	1,496		1,496
	251,363	\$16,893	\$268,256
Less current maturity	(86,045)		
Noncurrent liability	\$165,318		

Upon completion of the capital improvements, the total cost was used to calculate the actual participation and a final payment schedule was calculated. Due to the fact that the District will have no ownership in the joint use facilities, deferred outflows of resources were recorded and will be amortized over the term of the loan of 15 years for the filtration project and 20 years for the expansion project.

During the current year, the District entered into an agreement with Running Springs Water District (RSWD) to help pay for upcoming projects to be constructed and completed over the next three years. The District negotiated with RSWD to record amounts as they have been expended to date. As of June 30, 2014, \$92,958 was expended. A repayment schedule has been determined with terms of repayment in five years at an interest rate of 4.0 percent.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

6. Employee Retirement Plans

Plan Description

The District has two pension plans – a miscellaneous plan and a safety plan. There were no active members in the safety plan during the current year. The Arrowbear Park County Water District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office at 400 "P" Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7.0 percent of their annual covered salary for the miscellaneous plan. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost

For 2014 and 2013, the District had \$13,953 and \$17,493, respectively, in annual pension cost for miscellaneous plan PERS. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, (c) 3.25 percent per year cost-of-living adjustments, and (d) 3.25 percent payroll growth. Both (a) and (b) include an inflation component of 2.75 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The safety plan amortization period is through June 30, 2019. The District is paying approximately \$54,000 per year to the safety plan due to a change in actuarial valuation as of June 30, 2004 when adjustments were made for a former employee. As of the end of this fiscal year this obligation has been satisfied.

ARROWBEAR PARK COUNTY WATER DISTRICT
Notes to Financial Statements

6. Employee Retirement Plans (Continued)

Trend Information

Fiscal Year	Miscellaneous Plan		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/05	\$18,216	100.0%	\$-0-
6/30/06	\$19,021	100.0%	\$-0-
6/30/07	\$16,871	100.0%	\$-0-
6/30/08	\$17,133	100.0%	\$-0-
6/30/09	\$17,457	100.0%	\$-0-
6/30/10	\$17,679	100.0%	\$-0-
6/30/11	\$17,697	100.0%	\$-0-
6/30/12	\$17,577	100.0%	\$-0-
6/30/13	\$17,493	100.0%	\$-0-
6/30/14	\$13,953	100.0%	\$-0-

The District's contract with PERS has been amended to use the Section Code 21354, 2.0 percent at 55 Formula.

In accordance with Assembly Bill (AB) 340 the Public Employees' Pension Reform Act (PEPRA), all new employees of the District beginning after January 1, 2013 participate in a separate plan. The new plan is similar to the existing miscellaneous plan except the pool in which they participate is 2.0 percent at age 62. Employer required contributions for the current year were 6.25 percent of covered wages and employee required contributions were 6.25 percent of covered wages. Current year employer contributions were \$5,280 and employee contributions were \$4,890 on \$90,973 in covered wages. There are two employees participating in this plan.

7. Post-Employment Benefits

In addition to the pension benefits described above, the District provides post-employment retirement health care benefits in accordance with State of California Code Sections 53205 and 53205.1. The District accounts for post-employment benefits on the (pay-as-you-go) cash basis. During the years ended June 30, 2014 and 2013, the District paid \$31,802 and \$28,389, respectively.

The District joined CERBT and contributed \$15,000 and \$15,000 for the fiscal years ended June 30, 2014 and 2013, respectively. Contribution requirements of the District are established and may be amended through board action to update the original resolution.

In 2009, the District adopted GASB 45 and is applying the provisions prospectively. Information regarding postemployment benefits is as follows:

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

7. Post-Employment Benefits (Continued)

Plan Description

The District, a single employer, offers medical insurance through the CalPERS medical plans. Employees who retire from the District on or after age 50 and have at least 5 years of service may participate in the plan. The District pays full retiree and eligible spousal health premiums for eligible retirees up to a fixed maximum monthly cap. The cap for the 2013-14 fiscal year was \$416 per month for employee-only coverage and \$693 for employee-plus-spouse coverage. Surviving spouses of active employees at their time of death will continue having premiums paid by the District for their lifetime. At June 30, 2014, the benefit was provided to six retired District employees.

Funding Policy

During the fiscal year ended June 30, 2014, the District funded these benefits on a pay-as-you-go basis. During the year ended June 30, 2014, the District paid 100 percent of the premiums, which totaled \$31,802.

Annual OPEB Cost and Net OPEB Obligation

The District's Annual Other Postemployment Benefits (OPEB) cost is calculated based on annual required contributions of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a defined period. A level percentage of expected payroll amortization was calculated over a closed 30-year period, beginning with the year ended June 30, 2010.

The annual OPEB cost and net OPEB obligation were as follows:

	June 30,	
	2014	2013
Annual required contribution	\$ 44,596	\$ 52,822
Annual OPEB cost	45,353	53,615
District contributions made	(46,802)	(43,389)
Increase (decrease) in net OPEB obligation	(1,449)	10,226
Net OPEB obligation, beginning of year	95,060	84,834
Net OPEB obligation, end of year	\$ 93,611	\$ 95,060

For the fiscal years ended June 30, 2014 and June 30, 2013, the District's annual OPEB cost was \$45,353 and \$53,615, respectively. Contributions of \$46,802 and \$43,389 for the fiscal years ended June 30, 2014 and 2013, respectively, were equal to the pay-as-you-go amount and represented 103 and 81 percent of the annual OPEB cost. The required contributions were based on a July 1, 2013 actuarial valuation using the Projected Unit Credit Cost Method with contributions determined as a level percent of pay.

The actuarial assumptions included (a) 4.0 percent unfunded discount range, (b) 3.0 percent annual increase for amortization of the unfunded actuarial accrued liability, and (c) medical inflation starting out at 7.9 percent grading down to 5.5 percent over 10 years.

ARROWBEAR PARK COUNTY WATER DISTRICT

Notes to Financial Statements

8. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance. The insurance purchased is for liability, property, and workers' compensation insurance and there are various deductibles per occurrence.

9. Prior Period Adjustment

Liens have been filed against properties for past due water/sewer bills in prior years. Once the liens were filed, the billing of monthly service was discontinued which was discovered in the current year. The monthly bills from the end of the billing period upon which the lien was filed were calculated and new liens were filed in the current year. The portion due to prior periods was \$30,342. The prior year net position balance was restated as follows:

Balance June 30, 2013	\$3,984,563
Monthly bills recorded and liened	<u>30,342</u>
Balance June 30, 2013, as restated	<u>\$4,014,905</u>

10. Subsequent Events

On August 30, 2014, the three notes payable to Running Springs Water District were paid in full using assessment funds.

In the preparation of these financial statements, the District considered subsequent events through February 23, 2015 which is the date these financial statements were issued.

SUPPLEMENTARY INFORMATION

ARROWBEAR PARK COUNTY WATER DISTRICT

Organizational Information

June 30, 2014

Organization and Description of the District

Arrowbear Park County Water District (the “District”) is a county water district formed under Division 12 of the California Water Code. The District provides water, sewer, and fire fighting services to all residents within its boundaries. The District is located approximately 17 miles northeast of the City of San Bernardino in the San Bernardino Mountains. Due to the location and proximity to winter skiing and summer lake activities, the land within the District’s boundaries is primarily recreational and the homes are generally vacation homes.

The District’s water supply comes from an aquifer resulting from mountain snow buildup. The District maintains five wells, with one having a capacity of 91 gallons per minute, one having a capacity of 84 gallons per minute, one having a capacity of 33 gallons per minute, one having a capacity of 21 gallons per minute, and one having a capacity of 13 gallons per minute. Water is pumped from the wells into a treatment facility which removes impurities from the water. There are four storage tanks and 12 miles of pipeline. The District services 965 water connections.

The District is governed by a five-member board of directors elected by the residents of Arrowbear. Directors serve four-year, overlapping terms. The District operations are carried out under the direction of Interim General Manager Michael Scullin (July-Sept. 2013) and General Manager Norman Huff (Aug. 2013-current).

ARROWBEAR PARK COUNTY WATER DISTRICT
Schedule of Officers, Directors, and Management

June 30, 2014

The officers, directors, and senior management of Arrowbear Park County Water District are listed below:

	<u>Term Expires</u>
Pat Oberlies, Director 2379 Fir Drive Arrowbear Lake, California 92382	November 2017
Mark Bunyea, Director 33303 Lakeview Drive Arrowbear Lake, California 92382	November 2015
Sheila Wymer, Director 2359 Fir Drive Arrowbear Lake, California 92382	November 2015
Terisa Bonito, President 2363 Oak Drive Arrowbear Lake, CA 92382	November 2015
Rickey L. Weber, Vice President 33079 Ridge Drive Arrowbear Lake, CA 92382	November 2017
Norman Huff, General Manager	N/A
Caroline Rimmer, Secretary to Board	N/A

ARROWBEAR PARK COUNTY WATER DISTRICT

Schedule of Insurance Coverage

June 30, 2014

At June 30, 2014, Arrowbear Park County Water District carried insurance as outlined below:

	Water/Sewer (District General)	Fire
Property coverage – blanket policy	\$4,067,058	\$1,812,847
General liability and wrongful acts	\$1,000,000/occurrence \$3,000,000/aggregate	\$5,000,000/occurrence \$10,000,000/aggregate
Employee theft	\$250,000	
Forgery or alteration	\$250,000	
Theft of money & securities	\$250,000	
Outside theft	\$250,000	
Computer fraud	\$100,000	
Workers' Compensation insurance	Statutory	Statutory
Deductibles on the insurance policies are generally \$1,000 to \$2,500.		

ARROWBEAR PARK COUNTY WATER DISTRICT

Schedules of Funding Progress

June 30, 2014

Pension Plan

Required Supplementary Information - Plan's Risk Pool History of Funded Status and Funding Progress (Dollar Amounts in Millions)

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	(Overfunded) Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/03	\$2,372.9	\$2,597.0	\$224.1	91.4%	\$725.0	30.9%
6/30/04	\$2,460.9	\$2,746.1	\$285.2	89.6%	\$743.7	38.3%
6/30/05	\$2,588.7	\$2,891.4	\$302.7	89.5%	\$755.0	40.1%
6/30/06	\$2,492.0	\$2,754.4	\$262.2	90.5%	\$699.9	37.5%
6/30/07	\$2,391.4	\$2,611.7	\$220.3	91.6%	\$665.5	33.1%
6/30/08	\$2,547.3	\$2,780.3	\$232.9	91.6%	\$688.6	33.8%
6/30/09	\$2,758.5	\$3,104.8	\$346.3	88.9%	\$743.0	46.6%
6/30/10	\$2,946.4	\$3,309.1	\$362.7	89.0%	\$748.4	48.5%
6/30/12	\$3,686.6	\$4,175.1	\$488.5	88.3%	\$757.0	64.5%

Plan Specific Information for Arrowbear Park County Water District

(Dollar Amounts in Thousands)

Date	Plan's Share of Pool's Unfunded Liability	Accrued Liability	Market Value of Assets (MVA)	Funded Ratio MVA	Covered Payroll
6/30/11	\$(229.7)	\$1,458	\$1,688.1	115.8%	\$197.7
6/30/12	\$(94.9)	\$1,634	\$1,729	105.8%	\$199.8

ARROWBEAR PARK COUNTY WATER DISTRICT

Schedules of Funding Progress

June 30, 2014

Safety Plan						
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	(Overfunded) Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/03	\$307.4	\$319.1	\$11.7	96.3%	N/A	N/A
6/30/04	\$331.4	\$357.9	\$26.5	92.6%	N/A	N/A
6/30/05	\$347.5	\$369.1	\$21.6	94.2%	N/A	N/A
6/30/06	\$371.2	\$389.6	\$18.4	95.3%	N/A	N/A
6/30/07	\$377.2	\$391.7	\$14.4	96.3%	N/A	N/A
6/30/08	\$390.4	\$399.3	\$8.9	97.8%	N/A	N/A
6/30/09	\$442.9	\$480.5	\$37.6	92.2%	N/A	N/A
6/30/10	\$466.12	\$509.2	\$43.0	91.6%	N/A	N/A

Plan Specific Information for Arrowbear Park County Water District

(Dollar Amounts in Thousands)

Actuarial Valuation Date	Plan's Share of Pool's Unfunded Liability	Accrued Liability	Market Value of Assets (MVA)	Funded Ratio MVA	Covered Payroll
6/30/11	\$203.1	\$455.6	\$252.5	55.4%	0
6/30/12	\$185.2	\$433.1	\$247.9	52.7%	0

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2011	-	\$589,014	\$589,014	0.00%	N/A	N/A
July 1, 2013	\$20,207	\$547,091	\$526,884	3.70%	N/A	N/A

Actuarial valuations of the ongoing Plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about demographics regarding retirement, disability, turnover, mortality, and healthcare cost trend. See Note 7.