



# PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111  
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[www.palmdalewater.org](http://www.palmdalewater.org)

ALESHIRE & WYNDER LLP  
Attorneys



## Board of Directors

ROBERT E. ALVARADO  
Division 1

JOE ESTES  
Division 2

GLORIA DIZMANG  
Division 3

KATHY MAC LAREN  
Division 4

VINCENT DINO  
Division 5

March 19, 2015

*Agenda for a Meeting  
of the Finance Committee of the Palmdale Water District  
Committee Members: Gloria Dizmang-Chair, Vincent Dino  
to be held at the District's office at 2029 East Avenue Q, Palmdale  
Monday, March 23, 2015  
10:30 a.m.*

**NOTE:** To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

**PUBLIC COMMENT GUIDELINES:** The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Roll call.
- 2) Adoption of agenda.
- 3) Public comments.
- 4) Action Items: (The public shall have an opportunity to comment on any action item as each item is considered by the Committee prior to action being taken.)

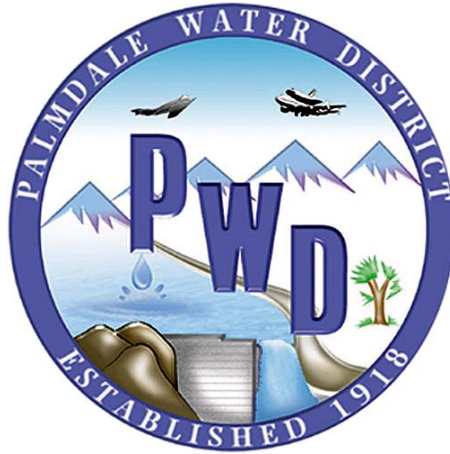
- 4.1) Consideration and possible action on approval of minutes of meeting held February 9, 2015.
- 4.2) Presentation, consideration, and possible action on acceptance and filing of 2014 Audit and Management Report. (Financial Advisor Egan/Paul Kaymark, The Pun Group)
- 4.3) Discussion and overview of Cash Flow Statement and Current Cash Balances as of February, 2015. (Financial Advisor Egan)
- 4.4) Discussion and overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February 28, 2015. (Finance Manager Williams)
- 4.5) Discussion and overview of committed contracts issued and water revenue bond projects. (Assistant General Manager Knudson)
- 5) Information items.
  - 5.1) Status of Debt Service Coverage. (Financial Advisor Egan)
  - 5.2) Other.
- 6) Board members' requests for future agenda items.
- 7) Adjournment.



DENNIS D. LaMOREAUX,  
General Manager

DDL/dd

- Final 2014 Audit and Management Report



**Palmdale Water District**  
**Annual Financial Report**  
**December 31, 2014 and 2013**





## Mission Statement

*The Mission of the Palmdale Water District is to provide high quality water to our current and future customers at a reasonable cost.*

## Vision Statement

*The District will strive for excellence in providing high quality, reasonably priced water in a growing Antelope Valley by being a strong advocate for our customers in local water issues, public education, asset management, water conservation, planning and securing additional water supplies, continuing our commitment to operate efficiently with the help of emerging technologies, challenging, motivating and rewarding our employees and offering premium customer service in all that we do.*

### Palmdale Water District

#### Board of Directors as of December 31, 2014

| Name            | Division | Title          | Elected/<br>Appointed | Term<br>Expires |
|-----------------|----------|----------------|-----------------------|-----------------|
| Robert Alvarado | 1        | Vice President | Elected               | 12/15           |
| Joe Estes       | 2        | Secretary      | Elected               | 12/17           |
| Gloria Dizmang  | 3        | Treasurer      | Elected               | 12/15           |
| Kathy Mac Laren | 4        | President      | Elected               | 12/15           |
| Vincent Dino    | 5        | Director       | Elected               | 12/17           |

### Palmdale Water District

**Dennis LaMoreaux, General Manager**

**2029 East Avenue Q**

**Palmdale, California 93550**

**(661) 947-4111 – [www.palmdalewater.org](http://www.palmdalewater.org)**

**Palmdale Water District**

**Annual Financial Report**

**For the Years Ended December 31, 2014 and 2013**

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**Palmdale Water District  
Annual Financial Report  
For the Years Ended December 31, 2014 and 2013**

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## **Financial Section**

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## **Independent Auditors' Report**

Board of Directors  
Palmdale Water District  
Palmdale, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Palmdale Water District (District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The comparative financial information as of December 31, 2013, was audited by other auditors whose report dated March 31, 2014, expressed an unmodified opinion on those basic financial statements.

### ***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 controls 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 an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 December 31, 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Independent Auditors' Report, continued**

### ***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 through 7 and the schedule of funding progress on pages 38 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 40 and 41.

Santa Ana, California  
March 10, 2015

**Palmdale Water District**  
***Management's Discussion and Analysis***  
**For the Years Ended December 31, 2014 and 2013**

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Palmdale Water District (District) provides an introduction to the financial statements of the District for the years ended December 31, 2014 and 2013. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In 2014, the District's net position decreased 2.79% or \$3,034,833, from \$108,672,170 to \$105,637,337. In 2013, the District's net position decreased 0.69% or \$760,535 from \$109,432,705 to \$108,672,170.
- The District's 2014 operating revenues decreased 3.25% or \$783,275, due to a decrease in water service revenues, while in 2013 the District's operating revenues increased 6.76% or \$1.528 million, due to an increase in water service revenues.
- The District's 2014 non-operating revenues decreased 13.66% or \$1.090 million, due primarily to a \$252,903 decrease in property tax collections and a \$688,217 decrease in legal settlements. In 2013, non-operating revenues increased 14.54% or \$1.012 million, due primarily to a \$1.217 million increase in the property tax collections.
- The District's 2014 total expenses increased .51% or \$169,351, due primarily to the net effect of a \$1.740 million increase in operating expenses and a \$963,182 decrease in non-operating expenses, while in 2013 total expenses decreased 2.44% or \$827,050 due primarily to a \$1.55 million decrease in operating expenses and a \$1.183 million increase in non-operating expenses.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), deferred inflows of resources and net position. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.



**Palmdale Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**

## Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District 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 the cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position – the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

## Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 13 through 37.

## Statements of Net Position

| Condensed Statements of Net Position                   |                       |                    |                    |                    |                   |
|--------------------------------------------------------|-----------------------|--------------------|--------------------|--------------------|-------------------|
|                                                        | 2014                  | 2013               | Change             | 2012               | Change            |
| <b>Assets:</b>                                         |                       |                    |                    |                    |                   |
| Current assets                                         | \$ 26,345,253         | 28,344,627         | (1,999,374)        | 16,911,413         | 11,433,214        |
| Non-current assets                                     | 65,420                | 100,000            | (34,580)           | -                  | 100,000           |
| Capital assets, net                                    | 153,780,266           | 154,293,310        | (513,044)          | 156,809,338        | (2,516,028)       |
| <b>Total assets</b>                                    | <b>180,190,939</b>    | <b>182,737,937</b> | <b>(2,546,998)</b> | <b>173,720,751</b> | <b>9,017,186</b>  |
| <b>Deferred outflows of resources</b>                  | <b>2,791,901</b>      | <b>2,948,593</b>   | <b>(156,692)</b>   | <b>1,582,279</b>   | <b>1,366,314</b>  |
| <b>Total assets and deferred outflows of resources</b> | <b>\$ 182,982,840</b> | <b>185,686,530</b> | <b>(2,703,690)</b> | <b>175,303,030</b> | <b>10,383,500</b> |
| <b>Liabilities:</b>                                    |                       |                    |                    |                    |                   |
| Current liabilities                                    | \$ 11,463,106         | 11,013,657         | 449,449            | 10,619,967         | 393,690           |
| Non-current liabilities                                | 65,882,397            | 65,900,703         | (18,306)           | 55,250,358         | 10,650,345        |
| <b>Total liabilities</b>                               | <b>77,345,503</b>     | <b>76,914,360</b>  | <b>431,143</b>     | <b>65,870,325</b>  | <b>11,044,035</b> |
| <b>Net position:</b>                                   |                       |                    |                    |                    |                   |
| Net investment in capital assets                       | 103,774,107           | 106,048,979        | (2,274,872)        | 109,085,439        | (3,036,460)       |
| Restricted                                             | 65,420                | 100,000            | (34,580)           | -                  | 100,000           |
| Unrestricted                                           | 1,797,810             | 2,523,191          | (725,381)          | 347,266            | 2,175,925         |
| <b>Total net position</b>                              | <b>105,637,337</b>    | <b>108,672,170</b> | <b>(3,034,833)</b> | <b>109,432,705</b> | <b>(760,535)</b>  |
| <b>Total liabilities and net position</b>              | <b>\$ 182,982,840</b> | <b>185,586,530</b> | <b>(2,603,690)</b> | <b>175,303,030</b> | <b>10,283,500</b> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities and net position by \$105,637,337 and \$108,672,170, as of December 31, 2014 and 2013, respectively.

**Palmdale Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**

A portion of the District's net position, 98.2% and 97.6% as of December 31, 2014 and 2013, respectively, reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt or related deferred outflow of resources or deferred inflow of resources used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of year 2014 and 2013, the District showed a positive balance in its unrestricted net position of \$1,863,230 and \$2,623,191, respectively.

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

| Condensed Statements of Revenues, Expenses and Changes in Net Position |                       |                    |                    |                    |                    |
|------------------------------------------------------------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                        | 2014                  | 2013               | Change             | 2012               | Change             |
| <b>Revenues:</b>                                                       |                       |                    |                    |                    |                    |
| Operating revenues                                                     | \$ 23,341,636         | 24,125,011         | (783,375)          | 22,596,968         | 1,528,043          |
| Non-operating revenues                                                 | 6,890,012             | 7,980,183          | (1,090,171)        | 6,967,305          | 1,012,878          |
| <b>Total revenues</b>                                                  | <u>30,231,648</u>     | <u>32,105,194</u>  | <u>(1,873,546)</u> | <u>29,564,273</u>  | <u>2,540,921</u>   |
| <b>Expenses:</b>                                                       |                       |                    |                    |                    |                    |
| Operating expenses                                                     | 22,405,397            | 20,665,315         | 1,740,082          | 22,215,659         | (1,550,344)        |
| Overhead absorption                                                    | (508,818)             | (217,332)          | (291,486)          | (42,639)           | (174,693)          |
| Depreciation expense                                                   | 7,166,973             | 7,483,036          | (316,063)          | 7,768,448          | (285,412)          |
| Non-operating expenses                                                 | 4,216,477             | 5,179,659          | (963,182)          | 3,996,260          | 1,183,399          |
| <b>Total expenses</b>                                                  | <u>33,280,029</u>     | <u>33,110,678</u>  | <u>169,351</u>     | <u>33,937,728</u>  | <u>(827,050)</u>   |
| <b>Net loss before capital contributions</b>                           | (3,048,381)           | (1,005,484)        | (2,042,897)        | (4,373,455)        | 3,367,971          |
| <b>Capital contributions</b>                                           | <u>13,548</u>         | <u>244,949</u>     | <u>(231,401)</u>   | <u>1,257,818</u>   | <u>(1,012,869)</u> |
| <b>Change in net position</b>                                          | (3,034,833)           | (760,535)          | (2,274,298)        | (3,115,637)        | 2,355,102          |
| <b>Net position, beginning of year</b>                                 | <u>108,672,170</u>    | <u>109,432,705</u> | <u>(760,535)</u>   | <u>112,548,342</u> | <u>(3,115,637)</u> |
| <b>Net position, end of year</b>                                       | <u>\$ 105,637,337</u> | <u>108,672,170</u> | <u>(3,034,833)</u> | <u>109,432,705</u> | <u>(760,535)</u>   |

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the years. In the case of the District, net position decreased by \$3,034,833 and \$760,535 for the years ended December 31, 2014 and 2013, respectively.

A closer examination of the sources of changes in net assets reveals that:

- The District's 2014 operating revenues decreased 3.25% or \$783,275, due to a decrease in water service revenues, while in 2013 the District's operating revenues increased 6.76% or \$1.528 million, due to an increase in water service revenues.
- The District's 2014 non-operating revenues decreased 13.66% or \$1.090 million, due primarily to a \$252,903 decrease in property tax collections and a \$688,217 decrease in legal settlements. In 2013, non-operating revenues increased 14.54% or \$1.012 million, due primarily to a \$1.217 million increase in the property tax collections.
- The District's 2014 total expenses increased .51% or \$169,351, due primarily to the net effect of a \$1.740 million increase in operating expenses and a \$963,182 decrease in non-operating expenses, while in 2013 total expenses decreased 2.44% or \$827,050 due primarily to a \$1.55 million decrease in operating expenses and a \$1.183 million increase in non-operating expenses.

**Palmdale Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**

### Capital Asset Administration

At the end of year 2014 and 2013, the District's investment in capital assets amounted to \$153,780,266 and \$154,293,310 (net of accumulated depreciation), respectively. This investment in capital assets includes land, land rights, transmission and distribution systems, wells, tanks, reservoirs, pumps, buildings and structures, equipment, vehicles, State Water Project entitlement, and construction-in-process. There were numerous capital asset additions in the years 2014 and 2013. (See note 5)

Changes in capital asset amounts for 2014 were as follows:

|                           | <u>Balance<br/>2013</u> | <u>Additions</u>   | <u>Transfers/<br/>Deletions</u> | <u>Balance<br/>2014</u> |
|---------------------------|-------------------------|--------------------|---------------------------------|-------------------------|
| Capital assets:           |                         |                    |                                 |                         |
| Non-depreciable assets    | \$ 6,229,183            | 5,149,640          | (6,263,987)                     | 5,114,836               |
| Depreciable assets        | 272,703,136             | 9,702,961          | (594,771)                       | 281,811,326             |
| Accumulated depreciation  | <u>(124,639,009)</u>    | <u>(9,101,658)</u> | <u>594,771</u>                  | <u>(133,145,896)</u>    |
| Total capital assets, net | <u>\$ 154,293,310</u>   | <u>5,750,943</u>   | <u>(6,263,987)</u>              | <u>153,780,266</u>      |

Changes in capital asset amounts for 2013 were as follows:

|                           | <u>Balance<br/>2012</u> | <u>Additions</u>   | <u>Transfers/<br/>Deletions</u> | <u>Balance<br/>2013</u> |
|---------------------------|-------------------------|--------------------|---------------------------------|-------------------------|
| Capital assets:           |                         |                    |                                 |                         |
| Non-depreciable assets    | \$ 5,728,926            | 2,920,947          | (2,420,690)                     | 6,229,183               |
| Depreciable assets        | 267,119,035             | 6,204,257          | (620,156)                       | 272,703,136             |
| Accumulated depreciation  | <u>(116,038,623)</u>    | <u>(9,220,542)</u> | <u>620,156</u>                  | <u>(124,639,009)</u>    |
| Total capital assets, net | <u>\$ 156,809,338</u>   | <u>(95,338)</u>    | <u>(2,420,690)</u>              | <u>154,293,310</u>      |

### Debt Administration

In 2014, long-term debt decreased by \$1,707,974, due to principal payments made by the District. In 2013, long-term debt increased by \$6,791,241, due primarily to a refunding and issuance of new debt during the year. (See notes 8, 9 and 10)

Changes in long-term debt amounts for 2014 were as follows:

|                        | <u>Balance<br/>2013</u> | <u>Additions/<br/>Deletions</u> | <u>Principal<br/>Payments</u> | <u>Balance<br/>2014</u> |
|------------------------|-------------------------|---------------------------------|-------------------------------|-------------------------|
| Long-term debt:        |                         |                                 |                               |                         |
| 2012 – Refunding COP's | \$ 11,726,489           | -                               | (1,017,774)                   | 10,708,715              |
| 2013 – Bonds payable   | 43,610,000              | -                               | (455,000)                     | 43,155,000              |
| Capital lease payable  | 579,128                 | -                               | (170,198)                     | 408,930                 |
| Pension-related debt   | <u>1,084,487</u>        | <u>-</u>                        | <u>(65,002)</u>               | <u>1,019,485</u>        |
| Total long-term debt   | <u>\$ 57,000,104</u>    | <u>-</u>                        | <u>(1,707,974)</u>            | <u>55,292,130</u>       |

Changes in long-term debt amounts for 2013 were as follows:

|                        | <u>Balance<br/>2012</u> | <u>Additions/<br/>Deletions</u> | <u>Principal<br/>Payments</u> | <u>Balance<br/>2013</u> |
|------------------------|-------------------------|---------------------------------|-------------------------------|-------------------------|
| Long-term debt:        |                         |                                 |                               |                         |
| 2004 – COP's           | \$ 35,560,000           | (35,560,000)                    | -                             | -                       |
| 2012 – Refunding COP's | 12,765,208              | -                               | (1,038,719)                   | 11,726,489              |
| 2013 – Bonds payable   | -                       | 44,350,000                      | (740,000)                     | 43,610,000              |
| Capital lease payable  | 742,614                 | -                               | (163,486)                     | 579,128                 |
| Pension-related debt   | <u>1,141,041</u>        | <u>-</u>                        | <u>(56,554)</u>               | <u>1,084,487</u>        |
| Total long-term debt   | <u>\$ 50,208,863</u>    | <u>8,790,000</u>                | <u>(1,998,759)</u>            | <u>57,000,104</u>       |

**Palmdale Water District**  
*Management's Discussion and Analysis*  
**For the Years Ended December 31, 2014 and 2013**

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**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Manager at 2029 East Avenue Q, Palmdale, CA 93550 or by phone (661) 947-4111.

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# **Basic Financial Statements**

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**Palmdale Water District  
Statements of Net Position  
December 31, 2014 and 2013**

|                                                              | <u>2014</u>                  | <u>2013</u>               |
|--------------------------------------------------------------|------------------------------|---------------------------|
| <b>Current Assets:</b>                                       |                              |                           |
| Cash and cash equivalents (note 2)                           | \$ 9,220,142                 | 8,481,773                 |
| Restricted – cash and cash equivalents (note 2)              | 4,410,779                    | 7,761,016                 |
| Investments (note 2)                                         | 3,761,914                    | 3,734,701                 |
| Accrued interest receivable                                  | 6,682                        | 6,750                     |
| Accounts receivable – water sales and services, net (note 3) | 1,576,011                    | 1,784,916                 |
| Accounts receivable – property taxes and assessments         | 5,041,581                    | 5,191,580                 |
| Accounts receivable – other                                  | 506                          | 13,397                    |
| Materials and supplies inventory                             | 1,572,698                    | 832,364                   |
| Prepaid expenses and other deposits                          | 754,940                      | 438,130                   |
| Total current assets                                         | <u>26,345,253</u>            | <u>28,244,627</u>         |
| <b>Non-current assets:</b>                                   |                              |                           |
| Investment in Palmdale Recycled Water Authority (note 4)     | 65,420                       | 100,000                   |
| Capital assets – not being depreciated (note 5)              | 5,114,836                    | 6,229,183                 |
| Capital assets – being depreciated, net (note 5)             | <u>148,665,430</u>           | <u>148,064,127</u>        |
| Total non-current assets                                     | <u>153,845,686</u>           | <u>154,393,310</u>        |
| <b>Total assets</b>                                          | <u>180,190,939</u>           | <u>182,637,937</u>        |
| <b>Deferred outflows of resources:</b>                       |                              |                           |
| Deferred loss on debt defeasance, net (note 6)               | <u>2,791,901</u>             | <u>2,948,593</u>          |
| <b>Total deferred outflows of resources</b>                  | <u>2,791,901</u>             | <u>2,948,593</u>          |
| <b>Total assets and deferred outflows of resources</b>       | <u><u>\$ 182,982,840</u></u> | <u><u>185,586,530</u></u> |

*Continued on the following page*

**Palmdale Water District**  
**Statements of Net Position, continued**  
**December 31, 2014 and 2013**

|                                                                         | <u>2014</u>           | <u>2013</u>        |
|-------------------------------------------------------------------------|-----------------------|--------------------|
| <b>Current liabilities:</b>                                             |                       |                    |
| Accounts payable and accrued expenses                                   | \$ 775,402            | 631,476            |
| Customer deposits for water service                                     | 2,863,067             | 2,597,134          |
| Construction and developer deposits                                     | 1,703,611             | 1,742,137          |
| Unearned property taxes and assessments                                 | 3,525,000             | 3,500,000          |
| Accrued interest payable                                                | 552,900               | 563,062            |
| Long-term liabilities – due in one year:                                |                       |                    |
| Compensated absences (note 7)                                           | 273,252               | 271,874            |
| Bonds payable (note 8)                                                  | 470,000               | 455,000            |
| Capital lease payable (note 9)                                          | 177,185               | 170,198            |
| Certificates of participation (note 8)                                  | 1,048,421             | 1,017,774          |
| Pension-related debt (note 10)                                          | 74,268                | 65,002             |
| Total current liabilities                                               | <u>11,463,106</u>     | <u>11,013,657</u>  |
| <b>Non-current liabilities:</b>                                         |                       |                    |
| Long-term liabilities – due in more than one year:                      |                       |                    |
| Compensated absences (note 7)                                           | 91,085                | 90,625             |
| Bonds payable (note 8)                                                  | 42,685,000            | 43,155,000         |
| Capital lease payable (note 9)                                          | 231,745               | 408,930            |
| Certificates of participation (note 8)                                  | 9,660,294             | 10,708,715         |
| Premium(discount) on certificates of participation, net (note 8)        | 2,936,194             | 3,038,323          |
| Other post employment benefits payable (note 11)                        | 9,332,862             | 7,479,625          |
| Pension-related debt (note 10)                                          | 945,217               | 1,019,485          |
| Total non-current liabilities                                           | <u>65,882,397</u>     | <u>65,900,703</u>  |
| <b>Total liabilities</b>                                                | <u>77,345,503</u>     | <u>76,914,360</u>  |
| <b>Net position:</b>                                                    |                       |                    |
| Net investment in capital assets (note 12)                              | 103,774,107           | 106,048,979        |
| Restricted for investment in Palmdale Recycled Water Authority (note 4) | 65,420                | 100,000            |
| Unrestricted (note 13)                                                  | 1,797,810             | 2,523,191          |
| <b>Total net position</b>                                               | <u>105,637,337</u>    | <u>108,672,170</u> |
| <b>Total liabilities and net position</b>                               | <u>\$ 182,982,840</u> | <u>185,586,530</u> |

See accompanying notes to the basic financial statements



**Palmdale Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2014 and 2013**

|                                                                   | <b>2014</b>           | <b>2013</b>        |
|-------------------------------------------------------------------|-----------------------|--------------------|
| <b>Operating revenues:</b>                                        |                       |                    |
| Water sales – commodity charge                                    | \$ 8,502,071          | 9,217,809          |
| Monthly water service charge                                      | 11,321,843            | 11,059,700         |
| Water quality fees                                                | 1,564,800             | 1,650,551          |
| Elevation fees                                                    | 477,654               | 553,632            |
| Other water service charges                                       | 1,475,268             | 1,643,319          |
| Total operating revenues                                          | <u>23,341,636</u>     | <u>24,125,011</u>  |
| <b>Operating expenses:</b>                                        |                       |                    |
| Source of supply – purchased water                                | 3,164,037             | 3,205,345          |
| Operations and production                                         | 5,875,735             | 5,685,515          |
| Facilities                                                        | 4,270,413             | 3,408,556          |
| Engineering                                                       | 1,289,492             | 1,460,236          |
| Water conservation                                                | 361,146               | 396,176            |
| Administration                                                    | 3,794,424             | 3,111,692          |
| Finance and customer service                                      | 3,650,150             | 3,397,795          |
| Total operating expenses                                          | <u>22,405,397</u>     | <u>20,665,315</u>  |
| Operating income before overhead absorption                       | 936,239               | 3,459,696          |
| Overhead absorption                                               | 508,818               | 217,332            |
| Operating income before depreciation expense                      | 1,445,057             | 3,677,028          |
| Depreciation expense                                              | (7,166,973)           | (7,483,036)        |
| <b>Operating loss</b>                                             | <u>(5,721,916)</u>    | <u>(3,806,008)</u> |
| <b>Non-operating revenue(expense):</b>                            |                       |                    |
| Property taxes – ad valorem                                       | 1,582,069             | 1,765,553          |
| Property tax assessment for State Water Project                   | 5,066,642             | 4,899,758          |
| Successor agency component of property taxes                      | 415,074               | 651,377            |
| Investment earnings                                               | 45,464                | 34,920             |
| Change-in-market value of investments                             | 5,005                 | (39,707)           |
| Change in investment – Palmdale Recycled Water Authority (note 4) | (34,580)              | -                  |
| Rental income                                                     | -                     | 154,972            |
| Legal and insurance refunds/settlements                           | (490,406)             | 197,811            |
| State Water Project amortization expense                          | (1,934,685)           | (1,737,506)        |
| Interest expense – long-term debt                                 | (2,125,100)           | (1,900,004)        |
| Amortization of deferred resources outflows (note 6)              | (156,692)             | (1,542,149)        |
| Dept. of Water Resources fixed-charge recovery                    | 221,578               | 233,833            |
| Other non-operating revenues/(expenses), net                      | 79,166                | 81,666             |
| Total non-operating revenues, net                                 | <u>2,673,535</u>      | <u>2,800,524</u>   |
| <b>Net loss before capital contributions</b>                      | <u>(3,048,381)</u>    | <u>(1,005,484)</u> |
| <b>Capital contributions:</b>                                     |                       |                    |
| Capital improvement fees                                          | 13,548                | 244,949            |
| Total capital contributions                                       | <u>13,548</u>         | <u>244,949</u>     |
| <b>Change in net position</b>                                     | <u>(3,034,833)</u>    | <u>(760,535)</u>   |
| <b>Net position, beginning of year</b>                            | <u>108,672,170</u>    | <u>109,432,705</u> |
| <b>Net position, end of year</b>                                  | <u>\$ 105,637,337</u> | <u>108,672,170</u> |

See accompanying notes to the basic financial statements

**Palmdale Water District**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2014 and 2013**

|                                                                                   | <b>2014</b>          | <b>2013</b>        |
|-----------------------------------------------------------------------------------|----------------------|--------------------|
| <b>Cash flows from operating activities:</b>                                      |                      |                    |
| Cash receipts from customers for water sales and services                         | \$ 23,816,474        | 24,650,672         |
| Cash receipts from others                                                         | 313,635              | 1,115,757          |
| Cash paid to vendors and suppliers for materials and services                     | (14,473,215)         | (14,018,204)       |
| Cash paid to employees for salaries and wages                                     | (7,010,439)          | (6,547,188)        |
| Net cash provided by operating activities                                         | <u>2,646,455</u>     | <u>5,201,037</u>   |
| <b>Cash flows from non-capital financing activities:</b>                          |                      |                    |
| Proceeds from property taxes                                                      | 7,188,784            | 6,960,926          |
| Proceeds from note receivable – property taxes from state                         | -                    | 167,267            |
| Net cash provided by non-capital financing activities                             | <u>7,188,784</u>     | <u>7,128,193</u>   |
| <b>Cash flows from capital and related financing activities:</b>                  |                      |                    |
| Acquisition and construction of capital assets                                    | (8,588,614)          | (6,704,514)        |
| Proceeds from capital improvement fees                                            | 13,548               | 244,949            |
| Principal paid on long-term debt                                                  | (1,707,974)          | (1,998,759)        |
| Proceeds from refunding issuance                                                  | -                    | 44,986,800         |
| Cost of refunding security                                                        | -                    | (35,540,000)       |
| Cost of refunding issuance                                                        | -                    | (629,800)          |
| Interest paid on long-term debt                                                   | (2,187,391)          | (1,963,447)        |
| Net cash used in capital and related financing activities                         | <u>(12,470,431)</u>  | <u>(1,604,771)</u> |
| <b>Cash flows from investing activities:</b>                                      |                      |                    |
| Proceeds from sales(purchases) of investments, net                                | (22,208)             | (1,755,358)        |
| Interest and investment earnings                                                  | 45,532               | 33,585             |
| Net cash provided by(used in) investing activities                                | <u>23,324</u>        | <u>(1,721,773)</u> |
| <b>Net increase(decrease) in cash and cash equivalents</b>                        | <u>(2,611,868)</u>   | <u>9,002,686</u>   |
| <b>Cash and cash equivalents, beginning of year</b>                               | <u>16,242,789</u>    | <u>7,240,103</u>   |
| <b>Cash and cash equivalents, end of year</b>                                     | <u>\$ 13,630,921</u> | <u>16,242,789</u>  |
| <b>Reconciliation of cash and cash equivalents to statements of net position:</b> |                      |                    |
|                                                                                   | <b>2014</b>          | <b>2013</b>        |
| Cash and cash equivalents                                                         | \$ 9,220,142         | 8,481,773          |
| Restricted – cash and cash equivalents                                            | <u>4,410,779</u>     | <u>7,761,016</u>   |
| <b>Total cash and cash equivalents</b>                                            | <u>\$ 13,630,921</u> | <u>16,242,789</u>  |

*Continued on the following page*

**Palmdale Water District**  
**Statements of Cash Flows, continued**  
**For the Years Ended December 31, 2014 and 2013**

|                                                                                              | <u>2014</u>                | <u>2013</u>             |
|----------------------------------------------------------------------------------------------|----------------------------|-------------------------|
| <b>Reconciliation of operating loss to net cash provided by operating activities:</b>        |                            |                         |
| Operating loss                                                                               | \$ (5,721,916)             | (3,806,008)             |
| <b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b> |                            |                         |
| Deprecation expense                                                                          | 7,166,973                  | 7,483,036               |
| Rental income                                                                                | -                          | 154,972                 |
| Legal and insurance refunds/settlements                                                      | (490,406)                  | 197,811                 |
| Dept. of Water Resources fixed-charge recovery                                               | 221,578                    | 233,833                 |
| Other non-operating revenues/(expenses), net                                                 | 79,166                     | 81,666                  |
| <b>Changes in assets and liabilities:</b>                                                    |                            |                         |
| (Increase)Decrease in assets:                                                                |                            |                         |
| Accounts receivable – water sales and services, net                                          | 208,905                    | 268,169                 |
| Accounts receivable – other                                                                  | 12,891                     | 405,764                 |
| Materials and supplies inventory                                                             | (740,334)                  | 106,449                 |
| Prepaid expenses and other deposits                                                          | (316,810)                  | (305,430)               |
| Increase(Decrease) in liabilities:                                                           |                            |                         |
| Accounts payable and accrued expenses                                                        | 143,926                    | (1,466,194)             |
| Customer deposits for water service                                                          | 265,933                    | 257,492                 |
| Construction and developer deposits                                                          | (38,526)                   | 41,711                  |
| Compensated absences                                                                         | 1,838                      | 36,583                  |
| Other post employment benefits payable                                                       | 1,853,237                  | 1,511,183               |
| Total adjustments                                                                            | <u>8,368,371</u>           | <u>9,007,045</u>        |
| <b>Net cash provided by operating activities</b>                                             | <u><u>\$ 2,646,455</u></u> | <u><u>5,201,037</u></u> |

See accompanying notes to the basic financial statements

**Palmdale Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

**Organization and Operations of the Reporting Entity**

The Palmdale Water District (District) was formed as an Irrigation District under Division 11 of the California Water Code in 1918. The District provides potable water service to a portion of the City of Palmdale, California, and surrounding unincorporated areas of the County of Los Angeles. The District is operated under the direction of a five-member board of directors. The board members are elected by the public for staggered four-year terms.

The Palmdale Water District Public Facilities Corporation (Corporation) was organized on August 22, 1991 pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), solely for the purpose of acquiring and or constructing various public facilities and providing financial assistance to the District.

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statement 14, as amended by GASB Statement 39. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has accounted for the Corporation as a blended component unit. Despite being legally separate, this entity is so intertwined with the District that it is in substance part of the District's operations. Accordingly, this component unit is included within the financial statements of the District.

**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 water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

**Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows, Liabilities, and Net Position**

**Use of Estimates**

The preparation of the basic 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Investments and Investment Policy**

The District has adopted an investment policy directing management to deposit funds in financial institutions.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**Accounts Receivable and Allowance for Uncollectible Accounts**

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

**Property Taxes and Assessments**

The County of Los Angeles Assessor's Office assesses all real and personal property within the County each year. The County of Los Angeles Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Los Angeles 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 one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Los Angeles, which have not been credited to the District's cash balance as of December 31. The property tax calendar is as follows:

|                  |                          |
|------------------|--------------------------|
| Lien date        | March 1                  |
| Levy date        | July 1                   |
| Due dates        | November 1 and March 1   |
| Collection dates | December 10 and April 10 |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows, Liabilities, and Net Position**

**Materials and Supplies**

Materials and supplies consist primarily of water meters, pipe and pipefittings for construction and repair to the District's water transmission and distribution system. Materials and supplies are valued at cost using a weighted average method. Materials and supplies items are charged to expense at the time that individual items are consumed.

**Prepaid Expenses**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**Restricted Assets**

Certain assets of the District are restricted for use by ordinance or debt covenant and, accordingly are shown as restricted assets on the accompanying statement of net assets. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

**Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. 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 is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

|                                          |            |
|------------------------------------------|------------|
| Littlerock Dam                           | 50 years   |
| Buildings, wells and distribution system | 40 years   |
| Machinery and equipment                  | 3-20 years |

**State Water Project – Participation Rights**

The District participates in the State Water Project (Project) entitling it to certain participation rights. The District's participation in the Project is through cash payments. Monies used for the construction of capital assets, such as pipelines, pumping facilities, storage facilities, etc., are recorded as participation rights and amortized over the life of the agreements. Certain projects also require payments for on-going maintenance; those payments are charged to expense as incurred.

**Deferred Charges**

The deferred charges are from debt issuance costs that have been expensed as incurred under GASB No. 65 in 2013.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows, Liabilities, and Net Position, continued**

**Compensated Absences**

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

**Customer Deposits**

Based on a customer's credit, the District may require a deposit deemed reasonable by the District. These deposits are held to pay off close out bills or to cover delinquent payments.

**Net Position**

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

- **Net Investment in Capital Assets Component of Net Position**– 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- **Restricted Component of Net Position** – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- **Unrestricted Component of Net Position** – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

**Water Sales**

Most water sales are billed on a monthly cyclical basis. Estimated unbilled water revenue through year-end has been accrued.

**Capital Improvement Fees**

Capital improvement fees represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

**Budgetary Policies**

The District adopts an annual non-appropriated 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.

**Reclassifications**

The District has reclassified certain prior year information to conform to current year presentations of the basic financials statements.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 2 – Cash and Investments**

Cash and investments as of December 31, are classified in the accompanying financial statements as follows:

|                                        | <b>2014</b>          | <b>2013</b>       |
|----------------------------------------|----------------------|-------------------|
| Cash and cash equivalents              | \$ 9,220,142         | 8,481,773         |
| Restricted – cash and cash equivalents | 4,410,779            | 7,761,016         |
| Investments                            | 3,761,914            | 3,734,701         |
| Total cash and investments             | <u>\$ 17,392,835</u> | <u>19,977,490</u> |

Cash and investments as of December 31, consist of the following:

|                                                       | <b>2014</b>          | <b>2013</b>       |
|-------------------------------------------------------|----------------------|-------------------|
| Cash on hand                                          | \$ 3,700             | 3,700             |
| Deposits with financial institutions                  | 290,028              | 1,378,439         |
| Deposits in money market funds                        | 13,325,460           | 14,848,945        |
| Deposits with the Local Agency Investment Fund (LAIF) | 11,733               | 11,705            |
| Investments                                           | 3,761,914            | 3,734,701         |
| Total cash and investments                            | <u>\$ 17,392,835</u> | <u>19,977,490</u> |

***Investments Authorized by the California Government Code and the District's Investment Policy***

The following table identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

| <b>Authorized<br/>Investment Type</b> | <b>Maximum<br/>Maturity</b> | <b>Maximum<br/>Percentage<br/>Of Portfolio</b> | <b>Maximum<br/>Investment<br/>in One Issuer</b> |
|---------------------------------------|-----------------------------|------------------------------------------------|-------------------------------------------------|
| U.S. Treasury Obligations             | 5 years                     | None                                           | None                                            |
| District Issued Bonds                 | 5 years                     | None                                           | None                                            |
| Federal Agency Obligations            | 5 years                     | None                                           | None                                            |
| Negotiable Certificates of Deposit    | 5 years                     | 30%                                            | None                                            |
| Money Market Mutual Funds             | N/A                         | None                                           | None                                            |
| Local Agency Investment Fund (LAIF)   | N/A                         | None                                           | None                                            |

***Investments Authorized by Debt Agreements***

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

| <b>Authorized<br/>Investment Type</b> | <b>Maximum<br/>Maturity</b> | <b>Maximum<br/>Percentage<br/>Of Portfolio</b> | <b>Maximum<br/>Investment<br/>in One Issuer</b> |
|---------------------------------------|-----------------------------|------------------------------------------------|-------------------------------------------------|
| Investment Contracts                  | None                        | None                                           | None                                            |
| Money Market Mutual Funds             | N/A                         | None                                           | None                                            |



**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 2 – Cash and Investments (Continued)**

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

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 that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, federally insured is unlimited for non-interest bearing accounts through December 31, 2014 and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 2 – Cash and Investments (Continued)**

***Interest Rate Risk, continued***

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Investment maturities as of December 31, 2014, were as follows:

| Investment Type                         | Amount              | Remaining Maturity (in Months) |                    |                  |                        |
|-----------------------------------------|---------------------|--------------------------------|--------------------|------------------|------------------------|
|                                         |                     | 12 Months<br>Or Less           | 13 to 24<br>Months | 25-60<br>Months  | More than<br>60 Months |
| Certificates-of-deposit                 | \$ 1,264,119        | 544,666                        | 239,666            | 479,787          | -                      |
| Government sponsored agency obligations | 2,497,795           | 505,690                        | 997,530            | 994,575          | -                      |
| <b>Total</b>                            | <b>\$ 3,761,914</b> | <b>1,050,356</b>               | <b>1,237,196</b>   | <b>1,474,362</b> | <b>-</b>               |

Investment maturities as of December 31, 2013, were as follows:

| Investment Type                         | Amount              | Remaining Maturity (in Months) |                    |                  |                        |
|-----------------------------------------|---------------------|--------------------------------|--------------------|------------------|------------------------|
|                                         |                     | 12 Months<br>Or Less           | 13 to 24<br>Months | 25-60<br>Months  | More than<br>60 Months |
| Certificates-of-deposit                 | \$ 1,739,716        | 479,602                        | 542,937            | 717,177          | -                      |
| Government sponsored agency obligations | 1,994,985           | -                              | 510,925            | 1,484,060        | -                      |
| <b>Total</b>                            | <b>\$ 3,734,701</b> | <b>479,602</b>                 | <b>1,053,862</b>   | <b>2,201,237</b> | <b>-</b>               |

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Credit ratings as of December 31, 2014, were as follows:

| Investment Type                         | Amount              | Minimum<br>Legal<br>Rating | Rating as of year-end |                  |
|-----------------------------------------|---------------------|----------------------------|-----------------------|------------------|
|                                         |                     |                            | Moody's<br>Aaa        | Not Rated        |
| Certificates-of-deposit                 | \$ 1,264,119        | Aaa                        | \$ -                  | 1,264,119        |
| Government sponsored agency obligations | 2,497,795           | Aaa                        | 2,497,795             | -                |
| <b>Total</b>                            | <b>\$ 3,761,914</b> |                            | <b>\$ 2,497,795</b>   | <b>1,264,119</b> |

Credit ratings as of December 31, 2013, were as follows:

| Investment Type                         | Amount              | Minimum<br>Legal<br>Rating | Rating as of year-end |                  |
|-----------------------------------------|---------------------|----------------------------|-----------------------|------------------|
|                                         |                     |                            | Moody's<br>Aaa        | Not Rated        |
| Certificates-of-deposit                 | \$ 1,739,716        | Aaa                        | \$ -                  | 1,739,716        |
| Government sponsored agency obligations | 1,994,985           | Aaa                        | 1,994,985             | -                |
| <b>Total</b>                            | <b>\$ 3,734,701</b> |                            | <b>\$ 1,994,985</b>   | <b>1,739,716</b> |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 2 – Cash and Investments (Continued)**

***Concentration of Credit Risk***

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

| Issuer                                  | Investment<br>Type          | Invested Amount     |                  |
|-----------------------------------------|-----------------------------|---------------------|------------------|
|                                         |                             | 2014                | 2013             |
| Certificates-of-deposit                 | Certificates-of-deposit     | \$ 1,264,119        | 1,739,716        |
| Government sponsored agency obligations | Government sponsored agency | 2,497,795           | 1,994,985        |
| <b>Total</b>                            |                             | <b>\$ 3,761,914</b> | <b>3,734,701</b> |

**Note 3 – Accounts Receivable – Water Sales and Services, Net**

The balance at December 31, consists of the following:

|                                                     | 2014                | 2013             |
|-----------------------------------------------------|---------------------|------------------|
| Accounts receivable – water sales and services      | \$ 1,776,210        | 2,011,316        |
| Allowance for uncollectible accounts                | (200,199)           | (226,400)        |
| Accounts receivable – water sales and services, net | <b>\$ 1,576,011</b> | <b>1,784,916</b> |

**Note 4 – Investment in Palmdale Recycled Water Authority**

The Palmdale Recycled Water Authority (Authority) was formed under a Joint Exercise of Powers Authority on September 26, 2012, pursuant to Section(s) 6506 and 6507 of the Exercise of Powers Act, codified by California Government Code section(s) 6500, which authorizes public agencies by agreement to exercise jointly any power common to the contracting parties. The Authority was formed between the City of Palmdale, a California Charter City (City) and Palmdale Water District, an Irrigation District under Division 11 of the California Water Code (District). The Authority is an independent public agency separate from its Members.

The purpose of the Authority is to establish an independent public agency to study, promote, develop, distribute, construct, install, finance, use and manage recycled water resources created by the Los Angeles County Sanitation District Nos. 14 and 20 for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities and irrigation systems.

The governing body of the Authority is a Board of Directors, which consists of five Directors. The governing body of each Member appoints and designates in writing two Directors who are authorized to act for and on behalf of the Member on matters within the powers of the Authority. The person(s) appointed and designated as Director(s) are member(s) of the Member's governing board. The fifth Director is appointed jointly by both Members.

The Members share in the revenues and expenses of the Authority on a 50/50 pro-rata share basis. Therefore, under GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* – the District accounts for its investment in the Authority as an equity interest in a component unit on the statement of financial position. The District reports its equity interest as of the date of the most recent financial statement audit of the Authority, which was audited by another accounting firm, with a financial statement date of December 31, 2013 and an opinion date of May 13, 2014.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 4 – Investment in Palmdale Recycled Water Authority (Continued)**

The following is the condensed financial statements of the Authority.

**Palmdale Recycled Water Authority**  
**Condensed Statement of Financial Position**  
**December 31, 2013**

|                                    | <u><b>Audited<br/>Total</b></u> | <u><b>City of Palmdale<br/>50% Share</b></u> | <u><b>District<br/>50% Share</b></u> |
|------------------------------------|---------------------------------|----------------------------------------------|--------------------------------------|
| <b>Assets:</b>                     |                                 |                                              |                                      |
| Total assets                       | \$ <u>181,184</u>               | <u>90,592</u>                                | <u>90,592</u>                        |
| <b>Liabilities:</b>                |                                 |                                              |                                      |
| Total liabilities                  | <u>50,343</u>                   | <u>25,171</u>                                | <u>25,172</u>                        |
| <b>Net position:</b>               |                                 |                                              |                                      |
| Total net position                 | <u>130,841</u>                  | <u>65,421</u>                                | <u>65,420</u>                        |
| Total liabilities and net position | \$ <u>181,184</u>               | <u>90,592</u>                                | <u>90,592</u>                        |

**Palmdale Recycled Water Authority**  
**Condensed Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2013**

|                                         | <u><b>Audited<br/>Total</b></u> | <u><b>City of Palmdale<br/>50% Share</b></u> | <u><b>District<br/>50% Share</b></u> |
|-----------------------------------------|---------------------------------|----------------------------------------------|--------------------------------------|
| <b>Operating revenues:</b>              |                                 |                                              |                                      |
| Total operating revenues                | \$ <u>200,000</u>               | <u>100,000</u>                               | <u>100,000</u>                       |
| <b>Operating expenses:</b>              |                                 |                                              |                                      |
| Total operating expenses                | <u>69,194</u>                   | <u>34,597</u>                                | <u>34,597</u>                        |
| Operating income                        | <u>130,806</u>                  | <u>65,403</u>                                | <u>65,403</u>                        |
| <b>Non-operating revenue:</b>           |                                 |                                              |                                      |
| Total non-operating revenue             | <u>35</u>                       | <u>18</u>                                    | <u>17</u>                            |
| Change in net position                  | <u>130,841</u>                  | <u>65,421</u>                                | <u>65,420</u>                        |
| <b>Net position – beginning of year</b> | <u>-</u>                        | <u>-</u>                                     | <u>-</u>                             |
| <b>Net position – end of year</b>       | \$ <u>130,841</u>               | <u>65,421</u>                                | <u>65,420</u>                        |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 5 – Capital Assets**

Changes in capital assets for 2014, were as follows:

|                                          | <b>Balance<br/>2013</b> | <b>Additions/<br/>Transfers</b> | <b>Deletions/<br/>Transfers</b> | <b>Balance<br/>2014</b> |
|------------------------------------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Non-depreciable assets:                  |                         |                                 |                                 |                         |
| Land and land rights                     | \$ 1,784,358            | -                               | -                               | 1,784,358               |
| Construction-in-process                  | 4,444,825               | 5,149,640                       | (6,263,987)                     | 3,330,478               |
| Total non-depreciable assets             | 6,229,183               | 5,149,640                       | (6,263,987)                     | 5,114,836               |
| Depreciable assets:                      |                         |                                 |                                 |                         |
| Buildings, wells and distribution system | 203,404,764             | 6,115,668                       | (544,844)                       | 208,975,588             |
| SWP – participation rights               | 58,873,747              | 3,386,115                       | -                               | 62,259,862              |
| Machinery and equipment                  | 10,424,625              | 201,178                         | (49,927)                        | 10,575,876              |
| Total depreciable assets                 | 272,703,136             | 9,702,961                       | (594,771)                       | 281,811,326             |
| Accumulated depreciation & amortization: |                         |                                 |                                 |                         |
| Buildings, wells and distribution system | (96,411,576)            | (6,179,909)                     | 544,844                         | (102,046,641)           |
| SWP – participation rights               | (20,146,292)            | (1,934,685)                     | -                               | (22,080,977)            |
| Machinery and equipment                  | (8,081,141)             | (987,064)                       | 49,927                          | (9,018,278)             |
| Total accumulated depreciation           | (124,639,009)           | (9,101,658)                     | 594,771                         | (133,145,896)           |
| Total depreciable assets, net            | 148,064,127             | 601,303                         | -                               | 148,665,430             |
| Total capital assets, net                | \$ 154,293,310          | 5,750,943                       | (6,263,987)                     | 153,780,266             |

Changes in capital assets for 2013, were as follows:

|                                          | <b>Balance<br/>2012</b> | <b>Additions/<br/>Transfers</b> | <b>Deletions/<br/>Transfers</b> | <b>Balance<br/>2013</b> |
|------------------------------------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Non-depreciable assets:                  |                         |                                 |                                 |                         |
| Land and land rights                     | \$ 1,784,358            | -                               | -                               | 1,784,358               |
| Construction-in-process                  | 3,944,568               | 2,920,947                       | (2,420,690)                     | 4,444,825               |
| Total non-depreciable assets             | 5,728,926               | 2,920,947                       | (2,420,690)                     | 6,229,183               |
| Depreciable assets:                      |                         |                                 |                                 |                         |
| Buildings, wells and distribution system | 201,710,783             | 2,314,137                       | (620,156)                       | 203,404,764             |
| SWP – participation rights               | 55,038,127              | 3,835,620                       | -                               | 58,873,747              |
| Machinery and equipment                  | 10,370,125              | 54,500                          | -                               | 10,424,625              |
| Total depreciable assets                 | 267,119,035             | 6,204,257                       | (620,156)                       | 272,703,136             |
| Accumulated depreciation & amortization: |                         |                                 |                                 |                         |
| Buildings, wells and distribution system | (90,734,769)            | (6,296,963)                     | 620,156                         | (96,411,576)            |
| SWP – participation rights               | (18,408,786)            | (1,737,506)                     | -                               | (20,146,292)            |
| Machinery and equipment                  | (6,895,068)             | (1,186,073)                     | -                               | (8,081,141)             |
| Total accumulated depreciation           | (116,038,623)           | (9,220,542)                     | 620,156                         | (124,639,009)           |
| Total depreciable assets, net            | 151,080,412             | (3,016,285)                     | -                               | 148,064,127             |
| Total capital assets, net                | \$ 156,809,338          | (95,338)                        | (2,420,690)                     | 154,293,310             |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 5 – Capital Assets (Continued)**

***Construction-In-Process***

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at December 31 are as follows:

| The balance at December 31, consists of the following projects: | <u>2012</u>         | <u>2013</u>      | <u>2014</u>      |
|-----------------------------------------------------------------|---------------------|------------------|------------------|
| Sediment removal – Littlerock Dam                               | \$ 946,305          | 1,033,185        | 1,395,256        |
| Distribution master plan                                        | 532,335             | -                | -                |
| Recycled facilities master plan                                 | 291,543             | 296,111          | -                |
| Garden bar study                                                | 162,630             | 162,630          | -                |
| Division Street/Avenue Q3 waterline replacement                 | 1,030,925           | -                | -                |
| Well 11A rehabilitation project                                 | 323,627             | 361,528          | -                |
| 3600' Zone tank replacement project                             | 100,904             | -                | -                |
| 20th/22nd/Pld Bl/Ave Q Vicinity waterline replacement           | 69,207              | 163,998          | -                |
| Avenue Q5/16th St. E. waterline replacement                     | 47,824              | 506,895          | -                |
| Ave Q/Ave Q3/Division/Sumac waterline replacement               | 13,363              | 863,956          | -                |
| Avenue P14 waterline replacement                                | 2,909               | 191,418          | -                |
| Localized GAC Contractor                                        | -                   | 408,617          | -                |
| 10th ST E waterline replacement (Spec 1207)                     | -                   | 44,771           | 802,533          |
| Frontier/31st/32nd waterline replacement (Spec 1205)            | -                   | 45,419           | 255,459          |
| Littlerock groundwater recharge project                         | -                   | -                | 622,707          |
| Various other minor projects >\$100,000                         | 422,996             | 366,297          | 254,523          |
| Construction-in-process                                         | <u>\$ 3,944,568</u> | <u>4,444,825</u> | <u>3,330,478</u> |

***State Water Project – Participation Rights***

In 1963, the District contracted with the State of California (State) for 1,620 acre-feet per year of water from the State Water Project (SWP). In subsequent years, the annual entitlement increased to 21,300 acre feet. The SWP distributes water from Northern California to Southern California through a system of reservoirs, canals, pumps stations and power generation facilities.

The District is one of many participants contracting with the State of California Department of Water Resources (DWR) for a system to provide water throughout California. Under the terms of the State Water Contract, as amended, the District is obligated to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2035, regardless of the quantities of water available from the project. The District and the other contractors may also be responsible to the State for certain obligations by any contractor who defaults on its payments to the State.

Management's present intention is to exercise the District's option to extend the contractual period to at least 2052, under substantially comparable terms. This corresponds to an estimated 80-year service life for the original facilities. The State is obligated to provide specific quantities of water throughout the life of the contract, subject to certain conditions.

In addition to system on-aqueduct power facilities, the State has, either on their own or through joint venture financed certain off-aqueduct power facilities (OAPF). The power generated is utilized by the system for water transportation and distribution purposes. Power generated in excess of system needs is marketed to various utilities and California's power market.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 5 – Capital Assets (Continued)**

***State Water Project – Participation Rights, continued***

The District is entitled to a proportionate share of the revenues resulting from sales of excess power. The District and the other water providers are responsible for repaying the capital and operating costs of the OAPF regardless of the amount of power generated.

The District capitalizes its share of system construction costs as participation rights in the State water facilities when such costs are billed by the DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State system. The District's share of system operations and maintenance costs is charged to expense as incurred.

The District amortizes a portion of capitalized participation rights each year using a formula that considers the total estimated cost of the project, estimated useful life and estimated production capacity of the assets based upon information provided by the State of California. GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, requires that all intangible assets not specifically excluded by their scope provisions be classified as capital assets. Accordingly, the participation rights have been included with the District's capital assets as shown in the schedule of changes in capital assets.

**Note 6 – Deferred Outflows of Resources**

Changes in deferred resources outflows 2014, were as follows:

|                                       | <u>Balance<br/>2013</u> | <u>Additions</u> | <u>Transfers</u> | <u>Amortization</u> | <u>Balance<br/>2014</u> |
|---------------------------------------|-------------------------|------------------|------------------|---------------------|-------------------------|
| Deferred outflows of resources:       |                         |                  |                  |                     |                         |
| Deferred loss on debt defeasance, net | \$ 2,948,593            | -                | -                | (156,692)           | 2,791,901               |
| Total deferred outflows of resources  | <u>\$ 2,948,593</u>     | <u>-</u>         | <u>-</u>         | <u>(156,692)</u>    | <u>2,791,901</u>        |

Changes in deferred resources outflows for 2013, were as follows:

|                                       | <u>Balance<br/>2012</u> | <u>Additions</u> | <u>Transfers</u> | <u>Amortization</u> | <u>Balance<br/>2013</u> |
|---------------------------------------|-------------------------|------------------|------------------|---------------------|-------------------------|
| Deferred outflows of resources:       |                         |                  |                  |                     |                         |
| Deferred charges, net                 | \$ 786,956              | 629,800          | -                | (1,416,756)         | -                       |
| Deferred loss on debt defeasance, net | 795,323                 | 2,044,873        | 233,790          | (125,393)           | 2,948,593               |
| Total deferred outflows of resources  | <u>\$ 1,582,279</u>     | <u>2,674,673</u> | <u>233,790</u>   | <u>(1,542,149)</u>  | <u>2,948,593</u>        |

**Note 7 – Compensated Absences**

Changes in compensated absences for 2014, were as follows:

| <u>Balance<br/>2013</u> | <u>Earned</u> | <u>Taken</u> | <u>Balance<br/>2014</u> | <u>Current<br/>Portion</u> | <u>Long-term<br/>Portion</u> |
|-------------------------|---------------|--------------|-------------------------|----------------------------|------------------------------|
| \$ 362,499              | 518,155       | (516,317)    | 364,337                 | 273,252                    | 91,085                       |

Changes in compensated absences for 2013, were as follows:

| <u>Balance<br/>2012</u> | <u>Earned</u> | <u>Taken</u> | <u>Balance<br/>2013</u> | <u>Current<br/>Portion</u> | <u>Long-term<br/>Portion</u> |
|-------------------------|---------------|--------------|-------------------------|----------------------------|------------------------------|
| \$ 325,916              | 476,883       | (440,300)    | 362,499                 | 271,874                    | 90,625                       |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 8 – Long-term Debt**

Changes in long-term debt amounts for 2014, were as follows:

|                                                | <u>Balance<br/>2013</u> | <u>Additions/<br/>Deletions</u> | <u>Principal<br/>Payments</u> | <u>Balance<br/>2014</u> | <u>Due within<br/>One Year</u> | <u>Due in More<br/>Than One Year</u> |
|------------------------------------------------|-------------------------|---------------------------------|-------------------------------|-------------------------|--------------------------------|--------------------------------------|
| Long-term debt:                                |                         |                                 |                               |                         |                                |                                      |
| 2012 – Refunding certificates of participation | \$ 11,726,489           | -                               | (1,017,774)                   | 10,708,715              | 1,048,421                      | 9,660,294                            |
| 2013 – Bonds payable                           | 43,610,000              | -                               | (455,000)                     | 43,155,000              | 470,000                        | 42,685,000                           |
| Capital lease payable                          | 579,128                 | -                               | (170,198)                     | 408,930                 | 177,185                        | 231,745                              |
| Pension-related debt                           | 1,084,487               | -                               | (65,002)                      | 1,019,485               | 74,268                         | 945,217                              |
| Total long-term debt                           | <u>57,000,104</u>       | <u>-</u>                        | <u>(1,707,974)</u>            | <u>55,292,130</u>       | <u>1,769,874</u>               | <u>53,522,256</u>                    |

Changes in long-term debt amounts for 2013, were as follows:

|                                                | <u>Balance<br/>2012</u> | <u>Additions/<br/>Deletions</u> | <u>Principal<br/>Payments</u> | <u>Balance<br/>2013</u> | <u>Due within<br/>One Year</u> | <u>Due in More<br/>Than One Year</u> |
|------------------------------------------------|-------------------------|---------------------------------|-------------------------------|-------------------------|--------------------------------|--------------------------------------|
| Long-term debt:                                |                         |                                 |                               |                         |                                |                                      |
| 2004 – Certificates of participation           | \$ 35,560,000           | (35,560,000)                    | -                             | -                       | -                              | -                                    |
| 2012 – Refunding certificates of participation | 12,765,208              | -                               | (1,038,719)                   | 11,726,489              | 1,017,774                      | 10,708,715                           |
| 2013 – Bonds payable                           | -                       | 44,350,000                      | (740,000)                     | 43,610,000              | 455,000                        | 43,155,000                           |
| Capital lease payable                          | 742,614                 | -                               | (163,486)                     | 579,128                 | 170,198                        | 408,930                              |
| Pension-related debt                           | 1,141,041               | -                               | (56,554)                      | 1,084,487               | 65,002                         | 1,019,485                            |
| Total long-term debt                           | <u>\$ 50,208,863</u>    | <u>8,790,000</u>                | <u>(1,998,759)</u>            | <u>57,000,104</u>       | <u>1,707,974</u>               | <u>55,292,130</u>                    |

***Certificates of Participation***

***2004 Certificates of Participation***

In August 2004, the District issued \$38,285,000 of Revenue Certificates of Participation, Series 2004 (2004 COP's), with maturities from 2008 through 2034 and an average interest rate of 4.90%. The net proceeds are to be used to finance the acquisition, construction and improvement of certain water facilities and to pay issuance costs of the debt. Issuance of the 2004 COP's resulted in a premium of \$328,767 which is being amortized over the life of the issue using the straight-line method.

In 2013, the District advanced refunded the remaining \$35,560,000 of the 2004 COP's into the 2013 Bonds payable issuance.

***2012 Refunding Certificates of Participation***

In November 2012, the District issued \$12,765,208 of Refunding Revenue Certificates of Participation, Series 2012 (2012 COP's), with maturities from 2013 through 2023 and an interest rate of 3.100%. The net proceeds of the issuance were used to accomplish an advance refunding (an in-substance defeasance) of \$12,505,000 aggregate principal amount of the District's 1998 COP's with an average interest rate of 4.73%. The initial escrow deposit was used to purchase government sponsored agency obligation securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1998 Certificates of Participation.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$312,075. This difference is being amortized through 2023 (the life of the debt) using the straight-line method as a deferred loss on debt defeasance. The District completed the advance refunding to reduce its total debt service payments over the next 11 years by approximately \$1.293 million and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$1.154 million.



**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 8 – Long-term Debt (Continued)**

Annual debt service requirements for the 2012 Refunding Certificates of Participation are as follows:

| <u>Year</u>       |    | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------|----|------------------|-----------------|--------------|
| 2015              | \$ | 1,048,421        | 323,907         | 1,372,328    |
| 2016              |    | 1,082,553        | 291,144         | 1,373,697    |
| 2017              |    | 1,115,453        | 257,332         | 1,372,785    |
| 2018              |    | 1,147,084        | 222,509         | 1,369,593    |
| 2019-2023         |    | 6,315,204        | 550,772         | 6,865,976    |
| Total             | \$ | 10,708,715       | 1,645,664       | 12,354,379   |
| Less: current     |    | (1,048,421)      |                 |              |
| Total non-current | \$ | 9,660,294        |                 |              |

**Bonds Payable**

**2013 Bonds Payable**

The District's Public Financing Authority issued \$44,350,000 in Water Revenue Bonds, Series 2013A (2013 Bonds) with maturities from 2013 through 2043 with an interest rate range between 2.00% to 5.00% pursuant to an Indenture of Trust, dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2013 Bonds are being issued: (i) to prepay the District's outstanding Revenue Certificates of Participation, Series 2004, (ii) to finance certain improvements to the District's Water System; (iii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2013 Bonds; (iv) to purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Fund; and (v) to pay the costs of issuing the 2013 Bonds. Principal and interest payments are due in April and October each year.

Annual debt service requirements for the 2013 Bonds payable are as follows:

| <u>Year</u>       |    | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------|----|------------------|-----------------|--------------|
| 2015              | \$ | 470,000          | 1,879,625       | 2,349,625    |
| 2016              |    | 475,000          | 1,870,225       | 2,345,225    |
| 2017              |    | 495,000          | 1,855,975       | 2,350,975    |
| 2018              |    | 510,000          | 1,841,125       | 2,351,125    |
| 2019-2023         |    | 2,835,000        | 8,900,225       | 11,735,225   |
| 2024-2028         |    | 11,675,000       | 7,584,725       | 19,259,725   |
| 2029-2033         |    | 14,550,000       | 4,714,600       | 19,264,600   |
| 2034-2038         |    | 6,865,000        | 1,723,950       | 8,588,950    |
| 2039-2043         |    | 5,280,000        | 650,000         | 5,930,000    |
| Total             | \$ | 43,155,000       | 31,020,450      | 74,175,450   |
| Less: current     |    | (470,000)        |                 |              |
| Total non-current | \$ | 42,685,000       |                 |              |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 8 – Long-term Debt (Continued)**

Changes in premium(discount) on certificates of participation for 2014, were as follows:

|                                                               | <u>Balance<br/>2013</u> | <u>Additions</u> | <u>Transfers</u> | <u>Amortization</u> | <u>Balance<br/>2014</u> |
|---------------------------------------------------------------|-------------------------|------------------|------------------|---------------------|-------------------------|
| Premium on certificates of participation                      | \$ 3,166,270            | -                | -                | (106,429)           | 3,059,841               |
| Discount on certificates of participation                     | (127,947)               | -                | -                | 4,301               | (123,646)               |
| Total premium(discount) on certificates of participation, net | <u>\$ 3,038,323</u>     | <u>-</u>         | <u>-</u>         | <u>(102,128)</u>    | <u>2,936,195</u>        |

Changes in premium(discount) on certificates of participation for 2013, were as follows:

|                                                               | <u>Balance<br/>2012</u> | <u>Additions</u> | <u>Transfers</u> | <u>Amortization</u> | <u>Balance<br/>2013</u> |
|---------------------------------------------------------------|-------------------------|------------------|------------------|---------------------|-------------------------|
| Premium on certificates of participation                      | \$ 238,356              | 3,228,354        | (233,790)        | (66,650)            | 3,166,270               |
| Discount on certificates of participation                     | -                       | (130,456)        | -                | 2,509               | (127,947)               |
| Total premium(discount) on certificates of participation, net | <u>\$ 238,356</u>       | <u>3,097,898</u> | <u>(233,790)</u> | <u>(64,141)</u>     | <u>3,038,323</u>        |

**Note 9 – Capital Lease Payable**

The District has leased \$863,876 in equipment under a capital lease agreement, upon which the District will take ownership of the equipment at the end of the lease-term. Capital lease payments of \$15,868 are due on a monthly-basis from April 2013 to March 2017 at an annual interest rate of 4.030%.

Annual debt service requirements for the capital lease payable are as follows:

| <u>Year</u>       | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>   |
|-------------------|-------------------|-----------------|----------------|
| 2015              | \$ 177,185        | 13,231          | 190,416        |
| 2016              | 184,459           | 5,957           | 190,416        |
| 2017              | 47,286            | 318             | 47,604         |
| Total             | <u>\$ 408,930</u> | <u>19,506</u>   | <u>428,436</u> |
| Less: current     | <u>(177,185)</u>  |                 |                |
| Total non-current | <u>\$ 231,745</u> |                 |                |

**Note 10 – Pension-Related Debt – CalPERS Side-Fund**

As of June 30, 2003, CalPERS implemented risk-pooling for the District's agent multiple-employer public employee defined benefit pension plan. As a result, the District's defined benefit pension plan with CalPERS converted from an agent multiple-employer plan to a cost sharing multiple-employer plan. This change in the type of the plan created the CalPERS Side-Fund, which CalPERS financed at a 7.75% interest rate. CalPERS actuarially calculated the amount needed to bring the District into the cost sharing multiple-employer plan on an equal basis with other governmental agencies that had less than 100 active and retired employees combined. The reason that CalPERS switched these governmental agencies into the cost sharing multiple-employer plan was to smooth the annual costs related to the pension benefit over a longer period of time resulting in a lower cost of service to the governmental agencies.

A portion of the District's annual required contributions to CalPERS are actuarially determined and shared by all governmental agencies within the cost sharing risk pool. Also, the District is required to make annual payments to pay-down the CalPERS Side-Fund, as well. The responsibility for paying-down the District's CalPERS Side-Fund is specific to the District and is not shared by all governmental agencies within the cost sharing risk pool.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 10 – Pension-Related Debt – CalPERS Side-Fund (Continued)**

Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27 and recorded as liability on the District's financial statements.

Annual payments on the CalPERS Side-Fund represent principal and interest payments on the pension-related debt. Debt principal and interest expense is blended into the CalPERS pension benefit rate by individual class of District employee and repaid to CalPERS each payroll period throughout the fiscal year. The following is a pay-down schedule of the remaining payments of the District's CalPERS Side-Fund at a 7.50% interest rate, which was reduced by CalPERS in fiscal year 2012, for fiscal years 2012 and beyond as follows:

| <u>Year</u>                          | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------------|------------------|-----------------|--------------|
| January 1, 2015 to December 31, 2015 | \$ 74,268        | 39,244          | 73,962       |
| July 1, 2015 to June 30, 2016        | 39,550           | 68,425          | 147,525      |
| July 1, 2016 to June 30, 2017        | 89,620           | 62,330          | 151,950      |
| July 1, 2017 to June 30, 2018        | 101,068          | 55,441          | 156,509      |
| July 1, 2018 to June 30, 2019        | 113,517          | 47,688          | 161,205      |
| July 1, 2019 to June 30, 2020        | 127,045          | 38,966          | 166,011      |
| July 1, 2020 to June 30, 2021        | 141,737          | 29,284          | 171,021      |
| July 1, 2021 to June 30, 2022        | 157,688          | 18,465          | 176,153      |
| July 1, 2022 to June 30, 2023        | 174,992          | 6,562           | 181,554      |
| Total                                | \$ 1,019,485     | 366,405         | 1,385,890    |
| Less: current                        | (74,268)         |                 |              |
| Total non-current                    | \$ 945,217       |                 |              |

**Note 11 – Other Post Employment Benefits Payable**

During the year ended December 31, 2008, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

***Plan Description – Eligibility***

The District administers its post-employment benefits plan, a single-employer defined benefit plan (Plan). The following requirements must be satisfied in order to be eligible for post employment medical, dental and vision benefits: (1) Attainment of age 55, and 20 years for full-time service, and (2) Retirement from the District (the District must be the last employer prior to retirement).

Membership in the OPEB plan consisted of the following members as of December 31:

|                                                                   | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|-------------------------------------------------------------------|-------------|-------------|-------------|
| Active plan members                                               | 81          | 90          | 90          |
| Retirees and beneficiaries receiving benefits                     | 15          | 10          | 10          |
| Separated plan members entitled to but not yet receiving benefits | -           | -           | -           |
| Total plan membership                                             | <u>96</u>   | <u>100</u>  | <u>100</u>  |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 11 – Other Post Employment Benefits Payable (Continued)**

***Plan Description – Benefits***

The District offers post employment medical, dental and vision benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the ACWA-JPIA medical, dental and vision programs.

The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

***Funding Policy***

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 31.42% for 2014 and 30.58% for 2013 of the annual covered payroll.

The District will pay 100% of the cost of the post-employment benefit plan. The District funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

***Annual Cost***

For the years ended December 31, 2014 and 2013, the District's ARC cost was \$2,202,960 and \$1,892,506, respectively. The District's net OPEB payable obligation amounted to \$9,332,862 and \$7,479,625 for the years ended December 31, 2014 and 2013, respectively. The District contributed \$349,723 and \$381,323 in age adjusted contributions for current retiree OPEB premiums for the years ended December 31, 2014 and 2013, respectively.

The balance at December 31, consists of the following:

|                                             | <u>2014</u>                | <u>2013</u>             | <u>2012</u>             |
|---------------------------------------------|----------------------------|-------------------------|-------------------------|
| Annual OPEB expense:                        |                            |                         |                         |
| Annual required contribution (ARC)          | \$ 2,306,498               | 2,002,499               | 1,982,672               |
| Interest on net OPEB obligation             | 149,593                    | 122,950                 | 89,796                  |
| Adjustment to annual required contribution  | <u>(253,131)</u>           | <u>(232,943)</u>        | <u>(170,127)</u>        |
| Total annual OPEB expense                   | 2,202,960                  | 1,892,506               | 1,902,341               |
| Change in net OPEB payable obligation:      |                            |                         |                         |
| Age adjusted contributions made             | <u>(349,723)</u>           | <u>(381,323)</u>        | <u>(292,883)</u>        |
| Total change in net OPEB payable obligation | 1,853,237                  | 1,511,183               | 1,609,458               |
| OPEB payable – beginning of year            | <u>7,479,625</u>           | <u>5,968,442</u>        | <u>4,358,984</u>        |
| OPEB payable – end of year                  | <u><u>\$ 9,332,862</u></u> | <u><u>7,479,625</u></u> | <u><u>5,968,442</u></u> |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 11 – Other Post Employment Benefits Payable (Continued)**

***Annual Cost, continued***

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

| <i>Three-Year History of Net OPEB Obligation</i> |    |                                 |                                          |                                                           |                                            |
|--------------------------------------------------|----|---------------------------------|------------------------------------------|-----------------------------------------------------------|--------------------------------------------|
| <b>Fiscal<br/>Year<br/>Ended</b>                 |    | <b>Annual<br/>OPEB<br/>Cost</b> | <b>Age<br/>Adjusted<br/>Contribution</b> | <b>Percentage<br/>of Annual OPEB<br/>Cost Contributed</b> | <b>Net OPEB<br/>Obligation<br/>Payable</b> |
| 2013                                             | \$ | 2,202,960                       | 349,723                                  | 15.88%                                                    | \$ 9,332,862                               |
| 2013                                             |    | 1,892,506                       | 381,323                                  | 20.15%                                                    | 7,479,625                                  |
| 2012                                             |    | 1,902,341                       | 292,883                                  | 15.40%                                                    | 5,968,442                                  |

***Funded Status and Funding Progress of the Plan***

The most recent valuation (dated February 18, 2015) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$25,778,850. There are no plan assets because the District funds on a pay-as-you-go basis and maintains no reserves equal to the remaining net post-employment benefits payable obligation. The covered payroll (annual payroll of active employees covered by the plan) for the year ended December 31, 2014 was \$7,010,439. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 367.72% as of December 31, 2014.

See page 39 for the Schedule of Funding Progress.

***Actuarial Methods and Assumptions***

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

The following is a summary of the actuarial assumptions and methods:

|                               |                                       |
|-------------------------------|---------------------------------------|
| Valuation date                | December 31, 2014                     |
| Actuarial cost method         | Entry age normal cost method          |
| Amortization method           | Level percent of payroll amortization |
| Remaining amortization period | 26 Years as of the valuation date     |
| Asset valuation method        | 30 Year smoothed market               |
| Actuarial assumptions:        |                                       |
| Investment rate of return     | 2.00% – Current LAIF rating (rounded) |
| Projected salary increase     | 1.90%                                 |
| Inflation - discount rate     | 2.00%                                 |
| Health care cost trend rate   | 3.00%                                 |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 12 – Net Investment in Capital Assets**

The balance at December 31, consists of the following:

|                                                     | <u>2014</u>           | <u>2013</u>        |
|-----------------------------------------------------|-----------------------|--------------------|
| Capital assets – not being depreciated              | \$ 5,114,836          | 6,229,183          |
| Capital assets – being depreciated, net             | 148,665,430           | 148,064,127        |
| Restricted – cash and cash equivalents              | 4,410,779             | 7,761,016          |
| Deferred outflows of resources                      | 2,791,901             | 2,948,593          |
| Bonds payable – current portion                     | (470,000)             | (455,000)          |
| Capital lease payable – current portion             | (177,185)             | (170,198)          |
| Certificates of participation – current portion     | (1,048,421)           | (1,017,774)        |
| Bonds payable – non-current portion                 | (42,685,000)          | (43,155,000)       |
| Capital lease payable – non-current portion         | (231,745)             | (408,930)          |
| Certificates of participation – non-current portion | (9,660,294)           | (10,708,715)       |
| Bond premium/discount                               | (2,936,194)           | (3,038,323)        |
| Net investment in capital assets                    | <u>\$ 103,774,107</u> | <u>106,048,979</u> |

**Note 13 – Designations of Unrestricted Net Position**

The balance at December 31, consists of the following:

|                                                              | <u>2014</u>         | <u>2013</u>      |
|--------------------------------------------------------------|---------------------|------------------|
| Prepaid assets:                                              |                     |                  |
| Materials and supplies inventory                             | \$ 1,572,698        | 832,364          |
| Prepaid expenses and other deposits                          | 754,940             | 538,130          |
| Total non-spendable unrestricted net position                | <u>2,327,638</u>    | <u>1,370,494</u> |
| Rate stabilization reserve                                   | 480,174             | 480,000          |
| Spendable net position is designated as follows:             |                     |                  |
| Pension-related debt – current portion                       | (74,268)            | (65,002)         |
| Pension-related debt – non-current portion                   | (945,217)           | (1,019,485)      |
| Other post employment benefits payable – non-current portion | (9,332,862)         | (7,479,625)      |
| Operating reserve                                            | 9,342,345           | 9,236,809        |
| Total spendable net position                                 | <u>(1,010,002)</u>  | <u>672,697</u>   |
| Total unrestricted net position                              | <u>\$ 1,797,810</u> | <u>2,523,191</u> |

**Note 14 – Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by the Lincoln Financial Group at December 31, 2014 and 2013 was \$3,801,716 and \$3,554,426, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 15 – Defined Benefit Pension Plan**

***Plan Description***

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA, 95814.

***Funding Policy***

The contribution rate for plan members in the CalPERS 2.0% at 55 Risk Pool Retirement Plan is 7% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates for years 2014, 2013 and 2012 were as follows:

| <u>Time Period</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--------------------|-------------|-------------|-------------|
| Jan. 1 - June 30   | 12.385%     | 11.913%     | 11.004%     |
| July 1 - Dec. 31   | 13.652%     | 12.385%     | 11.913%     |

The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2014, 2013 and 2012, the District's annual contribution was \$1,442,537, \$1,065,484 and \$1,190,148, respectively, for CalPERS and was equal to the District's required and actual contributions for each year.

***California Public Employees Pension Reform Act of 2013***

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payments from being counted as compensation; and
- Increases retirement age for all new public employees.

***Second-Tier – Beginning January 1, 2013***

The contribution rate for plan members in the CalPERS 2.0% at 62 Retirement Plan under PEPRA is 6.25% of their annual covered wages. District employees contribute 6.25% of their annual covered wages to their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The employer contribution rate (6.25%) and member contribution rate (6.25%) is a combined rate of 13.20% which will be in effect until June 30, 2015.

***Funding Policy***

The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2014, the District's annual contribution was \$64,564 for CalPERS PEPRA and was equal to the District's required and actual contributions for each year.

See Pages 38 and 39 for the Schedules of Funding Progress.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 15 – Defined Benefit Pension Plan (Continued)**

***Actuarial Methods and Assumptions***

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

The following is a summary of the actuarial assumptions and methods:

|                           |                                                                                                                                                   |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date            | June 30, 2013                                                                                                                                     |
| Actuarial cost method     | Entry age normal cost method                                                                                                                      |
| Amortization method       | Level percent of payroll, open                                                                                                                    |
| Asset valuation method    | Market value                                                                                                                                      |
| Actuarial assumptions:    |                                                                                                                                                   |
| Discount rate             | 7.50% (net of administrative expenses)                                                                                                            |
| Projected salary increase | 3.30% to 14.20% depending on age, service, and type of employment                                                                                 |
| Inflation                 | 2.75%                                                                                                                                             |
| Payroll growth            | 3.00%                                                                                                                                             |
| Individual salary growth  | A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25% |

**Note 16 – Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase the appropriate amount of insurance coverage. At December 31, 2014, the District participated in the self-insured Liability, Property and Worker's Compensation insurance programs provided by ACWA/Joint Powers Insurance Authority through AON Risk Insurance Services West, Inc. as follows:

**General and Auto Liability**

Each member limits of \$60 million per occurrence for auto and general liability coverage. The program protects the member agencies against third-party claims for bodily injury and property damage. The following coverages are also included:

- |                        |                           |
|------------------------|---------------------------|
| • Personal Injury      | • Employment Practices    |
| • Errors and Omissions | • Broadened Pollution     |
| • Products Hazard      | • Failure to Supply Water |
| • Inverse Condemnation | • Care, Custody & Control |

**Property**

Each member Special Form Property Coverage including coverage for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles. Member agencies have various deductible selections. Boiler and Machinery Coverage is also included.



**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 16 – Risk Management (Continued)**

**Property, continued**

The following is an overview of the program:

- Real Property, Fixed Equipment, Personal Property at replacement cost
- Crime Coverage-up to \$100,000 Public Employee Dishonesty and Computer Fraud
- Terrorism Coverage-up to \$100 million per occurrence for property damage caused by act declared to involve Terrorism
- \$10 million Accounts Receivables for the amount of accounts uncollectible due to a covered loss
- \$100,000 Catastrophic coverage for vehicles

**Worker's Compensation**

Each member is covered for bodily injury by accident, \$2 million each accident, or bodily injury by disease, \$2 million each employee, including death, of employee arising out of and in the course of employment.

In addition, the District in August 2014 continued a separate policy with underwriters at Landmark American Insurance Company for commercial earthquake/business income interruption insurance. This insurance was purchased to safeguard the District in case of a major earthquake until disaster relief funds are made available by state and federal agencies. This policy has provisions as follows:

- The loss limit is \$9,284,980 per occurrence and in the annual aggregate.
- Deductible is 5% of values per unit of insurance subject to \$25,000 minimum per occurrence.
- Coverage for 2029 East Avenue Q location is \$2.891 million building limit and \$393,120 contents, including \$6 million business income.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending December 31, 2014, 2013 and 2012. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2014, 2013 and 2012.

**Note 17 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2014, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 68***

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement 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 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 17 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective (Continued)**

***Governmental Accounting Standards Board Statement No. 68, continued***

The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 69***

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 70***

In April 2013, the GASB issued Statement No. 70 – *Accounting and Financial Reporting for Non-exchange Guarantees*. Provisions of this Statement require that governments that extend non-exchange financial guarantees to recognize a liability when qualitative factors and historic data, if any, indicate that it is more likely than not that the government will be required to make a payments on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 71***

In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

**Note 18 – Commitments and Contingencies**

***State Water Contract***

Estimates of the District's share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates and inflation. During the next five years payments under the State Water Contract, exclusive of variable power costs, are currently estimated by the State to be as follows:

| <u>Fiscal Year</u> |    | <u>Amount</u> |
|--------------------|----|---------------|
| 2015               | \$ | 5,115,557     |
| 2016               |    | 4,754,579     |
| 2017               |    | 4,638,456     |
| 2018               |    | 4,655,058     |

As of December 31, 2014, the District has expended approximately \$91,464,294 since the District started participating in the State Water Contract.

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

**Note 18 – Commitments and Contingencies (Continued)**

***State Water Contract, continued***

According to the State's latest estimates, the District's long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2035, are as follows:

| <u>Type of Long-Term Obligation</u> | <u>Amount</u>         |
|-------------------------------------|-----------------------|
| State Water Project Contract:       |                       |
| Transportation facilities           | \$ 82,299,633         |
| Delta water charges                 | 24,042,186            |
| Off-aqueduct power facilities       | 514,157               |
| Revenue bond surcharge              | 5,198,969             |
| Total                               | <u>\$ 112,054,945</u> |

***Bay/Delta Regulatory and Planning Activities***

The State Water Resources Control Board (State Board) is the agency responsible for setting water quality standards and administering water rights throughout California. Decisions of the State Board can affect the availability of water to the District and other water users by means of public proceedings leading to regulations and decisions. In 1995, the State Board adopted a Water Quality Control Plan establishing water quality standards and flow improvements in the Bay/Delta watershed. In August 2000, the California Federal (CALFED) Bay/Delta Program Record of Decision (Decision) was approved with mandates to improve water quality, enhance water supply reliability, augment ecosystem restoration, and assure long-term protection for Delta levees. During its first three years, CALFED has invested more than \$2.0 billion in hundreds of local and regional projects to meet these program goals. In May 2004, a Delta Improvement Package was proposed to facilitate implementation of the Decision. Funding is expected to be provided by state and federal appropriations and contributions from local users, including the District. CALFED's objective is to allocate project costs based on a beneficiaries pay policy, that is new costs commensurate with benefits received. At this time, the exact allocation of costs between the federal, state, and local users has not been determined, and therefore, the District cannot estimate the extent of timing of its contributions at this time.

***Construction Contracts***

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction. The District has committed to approximately \$3,635,323 to complete the open construction contracts as of December 31, 2014. These include the following:

| <u>Project Name</u>                                  | <u>Cost of<br/>Project to<br/>Date</u> | <u>Estimated<br/>Costs to<br/>Complete</u> | <u>Total<br/>Expected<br/>Project Cost</u> |
|------------------------------------------------------|----------------------------------------|--------------------------------------------|--------------------------------------------|
| Sediment removal - Littlerock Dam (EIR/EIS/Permits)  | \$ 1,395,256                           | 150,250                                    | 1,545,506                                  |
| 10th ST E waterline replacement (Spec 1207)          | 802,533                                | 435,750                                    | 1,238,283                                  |
| Frontier/31st/32nd waterline replacement (Spec 1205) | 255,459                                | 1,227,476                                  | 1,482,935                                  |
| Upper Amargosa Recharge Project                      | 38,402                                 | 1,211,598                                  | 1,250,000                                  |
| Littlerock Recharge & Recovery Project               | 622,707                                | 610,249                                    | 1,232,956                                  |
| Total                                                | <u>\$ 3,114,358</u>                    | <u>3,635,323</u>                           | <u>6,749,680</u>                           |

**Palmdale Water District**  
**Notes to the Basic Financial Statements, (Continued)**  
**For the Years Ended December 31, 2014 and 2013**

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**Note 18 – Commitments and Contingencies (Continued)**

***Other Litigation***

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. Nevertheless, after consultation with legal counsel, the District believes that these actions, when finally concluded and determined are not likely to have a material adverse effect on the District's financial position, results of operations, or cash flows.

**Note 19 – Subsequent Events**

Events occurring after December 31, 2014, have been evaluated for possible adjustment to the financial statements or disclosure as of March 10, 2015, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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## **Required Supplementary Information**

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**Palmdale Water District**  
**Schedules of Funding Progress**  
**For the Years Ended December 31, 2014 and 2013**

**1. Defined Benefit Pension Plan**

**Development of the Actuarial Value of Assets Calculation in a Risk Pool**

| The District is part of the CalPERS Miscellaneous 2.0% at 55 yrs. Risk Pool                | June 30, 2011 | June 30, 2012 | June 30, 2013 |
|--------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| 1. Plan's accrued liability                                                                | \$ 24,831,715 | 26,605,702    | 28,645,821    |
| 2. Plan's side fund                                                                        | (1,203,412)   | (1,167,310)   | (1,114,771)   |
| 3. Pool's accrued liability                                                                | 3,619,835,876 | 4,175,139,166 | 4,434,848,248 |
| 4. Pool's side fund                                                                        | (115,840,552) | (132,335,224) | (108,339,918) |
| 5. Pool's actuarial value of assets (AVA) including receivables                            | 3,203,214,899 | 3,686,598,343 | N/A           |
| 6. Plan's actuarial value of assets (AVA) including receivables $[(1+2) / (3+4) \times 5]$ | 21,600,067    | 23,197,052    | N/A           |
| 7. Pool's market value of assets (MVA) including receivables                               | 2,867,303,802 | 3,120,110,130 | N/A           |
| 8. Plan's market value of assets (MVA) including receivables $[(1+2) / (3+4) \times 7]$    | 19,334,935    | 19,632,558    | 22,203,797    |

**Funding History**

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan in the risk pool.

| Actuarial<br>Valuation<br>Date | Actuarial<br>Accrued<br>Liability<br>(a) | Share of Pool's<br>Market Value of<br>Assets (MVA)<br>(b) | Plan's Share of<br>Pool's Unfunded<br>Liability<br>(a-b) | Funded<br>Ratio | Annual<br>Covered<br>Payroll |
|--------------------------------|------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|-----------------|------------------------------|
| June 30, 2011                  | \$ 24,831,715                            | 19,334,935                                                | 5,496,780                                                | 77.9%           | \$ 5,967,838                 |
| June 30, 2012                  | 26,605,702                               | 19,632,558                                                | 6,973,144                                                | 73.8%           | 6,154,498                    |
| June 30, 2013                  | 28,645,821                               | 22,203,797                                                | 6,442,024                                                | 77.5%           | 5,651,206                    |



**Palmdale Water District**  
**Schedule of Funding Progress, continued**  
**For the Years Ended December 31, 2014 and 2013**

**1. Defined Benefit Pension Plan, continued**

**Development of the Actuarial Value of Assets Calculation in a Risk Pool**

| The District is part of the CalPERS Miscellaneous 2.0% at 62 yrs. Risk Pool         | June 30, 2013 |
|-------------------------------------------------------------------------------------|---------------|
| 1. Plan's accrued liability                                                         | \$ 955        |
| 2. Plan's side fund                                                                 | -             |
| 3. Pool's accrued liability                                                         | 1,063,294     |
| 4. Pool's side fund                                                                 | -             |
| 5. Pool's actuarial value of assets (AVA) including receivables                     | -             |
| 6. Plan's actuarial value of assets (AVA) including receivables [(1+2) / (3+4) x 5] | -             |
| 7. Pool's market value of assets (MVA) including receivables                        | -             |
| 8. Plan's market value of assets (MVA) including receivables [(1+2) / (3+4) x 7]    | 1,281         |

**Funding History**

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan in the risk pool.

| Actuarial<br>Valuation<br>Date | Actuarial<br>Accrued<br>Liability<br>(a) | Share of Pool's<br>Market Value of<br>Assets (MVA)<br>(b) | Plan's Share of<br>Pool's Unfunded<br>Liability<br>(a-b) | Funded<br>Ratio | Annual<br>Covered<br>Payroll |
|--------------------------------|------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|-----------------|------------------------------|
| June 30, 2013                  | \$ 955                                   | 1,281                                                     | (326)                                                    | 134.14%         | \$ 84,282                    |

**2. Other Post-Employment Benefits Payable**

*Required Supplemental Information – Schedule of Funding Progress*

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(b) | Unfunded<br>Actuarial<br>Accrued<br>Liability (UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|---------------------------------------------|------------------------------------------|---------------------------------------------------------------|--------------------------|---------------------------|---------------------------------------------------------------|
| 12/31/2014                     | \$ -                                        | 25,778,850                               | 25,778,850                                                    | 0.00%                    | \$ 7,010,439              | 367.72%                                                       |
| 12/31/2010                     | -                                           | 16,234,820                               | 16,234,820                                                    | 0.00%                    | 6,547,188                 | 247.97%                                                       |
| 12/31/2008                     | -                                           | 4,497,022                                | 4,497,022                                                     | 0.00%                    | 6,311,893                 | 71.25%                                                        |

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in 2016 based on the year ending December 31, 2015.

# **Report on Internal Controls and Compliance**

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**Independent Auditors' Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Palmdale Water District  
Palmdale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Palmdale Water District (District), which comprise the statement of net position as of December 31, 2014, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

**Independent Auditors' Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards, continued***

***Purpose of this Report***

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

Santa Ana, California  
March 10, 2015

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**PALMDALE  
WATER DISTRICT  
BOARD MEMORANDUM**

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|              |                                                                                                                                            |                   |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <b>DATE:</b> | March 19, 2015                                                                                                                             | March 23, 2015    |
| <b>TO:</b>   | FINANCE COMMITTEE                                                                                                                          | Committee Meeting |
| <b>FROM:</b> | Mr. Bob Egan, Financial Advisor                                                                                                            |                   |
| <b>RE:</b>   | <b><i>AGENDA ITEM NO. 4.3 – DISCUSSION AND OVERVIEW OF CASH<br/>FLOW STATEMENT AND CURRENT CASH BALANCES AS OF<br/>FEBRUARY, 2015.</i></b> |                   |

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Attached is the Investment Funds Report and current cash balance as of February 28, 2015. The reports will be reviewed in detail at the Finance Committee meeting.

PALMDALE WATER DISTRICT  
INVESTMENT FUNDS REPORT

|                    |                                         | February 28, 2015 |                   |                   |              | February-15          | January-15           |
|--------------------|-----------------------------------------|-------------------|-------------------|-------------------|--------------|----------------------|----------------------|
| DESCR              |                                         |                   |                   |                   |              |                      |                      |
| <b>CASH</b>        |                                         |                   |                   |                   |              |                      |                      |
| 0-0103             | Citizens/US Bank - Checking             |                   |                   |                   |              | 26,803.91            | (437,783.44)         |
| 0-0104             | Citizens- Merchant                      |                   |                   |                   |              | 60,424.30            | 137,200.18           |
|                    |                                         |                   |                   |                   | Bank cash    | 87,228.21            | (300,583.26)         |
| 0-0119             | PETTY CASH                              |                   |                   |                   |              | 300.00               | 300.00               |
| 0-0120             | CASH ON HAND                            |                   |                   |                   |              | 3,400.00             | 3,400.00             |
|                    | <b>TOTAL CASH</b>                       |                   |                   |                   |              | <b>90,928.21</b>     | <b>(296,948.19)</b>  |
| <b>INVESTMENTS</b> |                                         |                   |                   |                   |              |                      |                      |
| 0-0110             | UBS ACCOUNT SS 11469 GG                 |                   |                   |                   |              |                      |                      |
|                    | UBS RMA Government Portfolio            |                   |                   |                   |              | 5,868,785.41         | 6,092,862.21         |
|                    | UBS Bank USA Dep acct                   |                   |                   |                   |              | 250,000.00           | 250,000.00           |
|                    | Accrued interest                        |                   |                   |                   |              | 1,292.18             | 792.77               |
|                    |                                         |                   |                   |                   |              | 6,120,077.59         | 6,343,654.98         |
|                    | <b>CD'S</b>                             | <b>Due</b>        | <b>Rate</b>       | <b>Face Value</b> |              |                      |                      |
|                    | 1 Bank of Baroda                        | 07/23/15          | 0.35              | 240,000           |              | 239,892.00           | 239,844.00           |
|                    | 2 Comenity Bank                         | 07/28/15          | 0.45              | 200,000           |              | 199,724.00           | 200,000.00           |
|                    | 3 Peoples United CT                     | 07/28/15          | 0.30              | 240,000           |              | 239,836.80           | 239,776.80           |
|                    | 4 Bank of India                         | 07/28/15          | 0.30              | 23,000            |              | 22,984.36            | 22,978.38            |
|                    | 5 Safra Nat'l                           | 07/30/15          | 0.45              | 240,000           |              | 239,978.40           | 239,942.40           |
|                    | 6 Standard B&T                          | 07/30/15          | 0.45              | 57,000            |              | 56,974.35            | 56,961.81            |
|                    | 7 Everbank                              | 01/15/16          | 0.50              | 240,000           |              | 239,786.40           | 239,695.20           |
|                    | 8 Horizon Financial                     | 01/15/16          | 0.30              | 240,000           |              | 239,371.20           | 239,244.00           |
|                    | 9 Hardin county                         | 01/20/16          | 0.35              | 240,000           |              | 239,455.20           | 239,335.20           |
|                    | 10 Level One bank                       | 01/21/16          | 0.35              | 40,000            |              | 39,908.40            | 39,888.40            |
|                    | 11 Firsy Merit                          | 01/22/16          | 0.45              | 240,000           |              | 239,654.40           | 239,558.40           |
|                    |                                         |                   |                   | 2,000,000         |              | 1,997,565.51         | 1,997,224.59         |
|                    |                                         |                   |                   |                   | Total acct   | 8,117,643.10         | 8,340,879.57         |
| 0-1110             | UBS ACCOUNT SS 11475 GG                 |                   |                   |                   |              |                      |                      |
|                    | UBS Bank USA Dep acct                   |                   |                   |                   |              | 250,000.00           | 250,000.00           |
|                    | UBS RMA Government Portfolio            |                   |                   |                   |              | 238,124.08           | 218,797.39           |
|                    |                                         |                   |                   |                   | Total acct   | 488,124.08           | 468,797.39           |
| 0-0115             | LAIF                                    |                   |                   |                   |              | 11,740.58            | 11,740.58            |
| 0-0111             | UBS ACCOUNT SS 11432 GG                 |                   |                   |                   |              |                      |                      |
|                    | UBS Bank USA Dep acct                   |                   |                   |                   |              | 250,000.00           | 250,000.00           |
|                    | UBS RMA Government Portfolio            |                   |                   |                   |              | 95,869.32            | 95,858.66            |
|                    | Accrued interest                        |                   |                   |                   |              | 9,562.38             | 6,722.31             |
|                    | <b>US GOVERNMENT SECURITIES:</b>        |                   |                   |                   |              |                      |                      |
|                    | <b>ISSUE DATE</b>                       | <b>ISSUER</b>     | <b>EXPIR DATE</b> | <b>RATE</b>       | <b>PAR</b>   | <b>MARKET VALUE</b>  | <b>MARKET VALUE</b>  |
|                    |                                         | FNMA              | 10/26/2015        | 1.625             | 500,000      | 504,655.00           | 505,210.00           |
|                    |                                         | FFCB              | 6/2/2016          | 0.375             | 1,000,000    | 1,000,150.00         | 1,000,930.00         |
|                    |                                         | FNMA              | 7/17/2017         | 1.2               | 500,000      | 500,045.00           | 500,595.00           |
|                    |                                         | FHLB              | 12/28/2017        | 0.95              | 500,000      | 496,025.00           | 499,585.00           |
|                    |                                         |                   |                   |                   | 2,500,000    | 2,500,875.00         | 2,506,320.00         |
|                    | <b>CD'S</b>                             | <b>Due</b>        | <b>Rate</b>       | <b>Face Value</b> |              |                      |                      |
|                    | 1 GE Capital Bank                       | 05/01/15          | 0.60              | 64,000            |              | 64,015.36            | 64,022.40            |
|                    | 2 Ally Bank                             | 05/06/15          | 0.60              | 240,000           |              | 240,062.40           | 240,088.80           |
|                    | 3 Sallie Mae Bank                       | 11/06/15          | 0.85              | 240,000           |              | 240,516.00           | 240,525.60           |
|                    | 4 Goldman Sachs Bk                      | 11/07/16          | 1.00              | 240,000           |              | 240,165.60           | 240,076.80           |
|                    | 5 CIT Bank                              | 11/06/17          | 1.60              | 240,000           |              | 240,256.80           | 240,223.20           |
|                    | 6 BMW Bank                              | 11/15/18          | 2.00              | 240,000           |              | 241,396.80           | 240,722.40           |
|                    | 7                                       |                   |                   |                   |              |                      |                      |
|                    |                                         |                   |                   |                   | 1,264,000    | 1,266,412.96         | 1,265,659            |
|                    | <b>TOTAL MANAGED ACCOUNT</b>            |                   |                   |                   |              | 4,122,719.66         | 4,124,560.17         |
|                    | <b>TOTAL INVESTMENTS</b>                |                   |                   |                   |              | 12,740,227.42        | 12,945,977.71        |
|                    | UBS ACCOUNT SS 24016                    |                   |                   | UBS USA           |              | 250,000.00           | 250,000.00           |
|                    | Rate Stabilization Fund                 |                   |                   | UBS AG            |              | 230,196.90           | 230,196.90           |
|                    |                                         |                   |                   |                   |              | 480,196.90           | 480,196.90           |
|                    | <b>GRAND TOTAL CASH AND INVESTMENTS</b> |                   |                   |                   |              | <b>13,311,352.53</b> | <b>13,129,226.42</b> |
|                    | Summary:                                |                   |                   |                   |              |                      |                      |
|                    | Checking                                | 90,928            |                   |                   | Incr (Decr)  | 182,126.11           | 139,807.63           |
|                    | UBS MM                                  | 8,605,767         |                   |                   |              |                      |                      |
|                    | LAIF                                    | 11,741            |                   |                   |              |                      |                      |
|                    | UBS Investment                          | 4,122,720         |                   |                   |              |                      |                      |
|                    | Rate Stab fund                          | 480,197           |                   |                   | BNY Mellon   |                      |                      |
|                    | Total                                   | 13,311,353        |                   |                   | Construction | 3,668,420.28         | 3,951,155.61         |

| <u>Budget 2015</u>                |                |                 |              |              |             |             |             |               |                  |                |                 |                 |              |
|-----------------------------------|----------------|-----------------|--------------|--------------|-------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|--------------|
| <u>3/17/2015</u>                  | <u>2015</u>    | <u>2015</u>     | <u>2015</u>  | <u>2015</u>  | <u>2015</u> | <u>2015</u> | <u>2015</u> | <u>2015</u>   | <u>2015</u>      | <u>2015</u>    | <u>2015</u>     | <u>2015</u>     |              |
|                                   | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u>  | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> | <u>YTD</u>   |
| Water Sales                       | 1,665,618      | 1,512,657       | 1,701,805    | 1,717,591    | 1,933,175   | 2,100,833   | 2,336,905   | 2,377,838     | 2,191,667        | 2,101,684      | 1,823,591       | 1,806,466       | 23,269,831   |
|                                   | 1,665,618      | 1,512,657       | 1,701,805    | 1,717,591    | 1,933,175   | 2,100,833   | 2,336,905   | 2,377,838     | 2,191,667        | 2,101,684      | 1,823,591       | 1,806,466       |              |
| Beginning Balance                 | 12,989,489     | 13,129,226      | 13,311,353   | 10,748,019   | 11,795,271  | 12,278,532  | 12,012,824  | 11,357,140    | 11,847,557       | 9,754,788      | 9,647,542       | 9,437,087       |              |
| Water Receipts                    | 1,955,377      | 1,414,733       | 1,780,736    | 1,691,040    | 1,777,997   | 2,046,064   | 2,312,079   | 2,377,838     | 2,191,667        | 2,101,684      | 1,823,591       | 1,806,466       | 23,279,273   |
| Other                             |                |                 |              |              |             |             | 0           |               |                  |                |                 | 0               | 0            |
| Total Operating Revenue           | 1,955,377      | 1,414,733       | 1,780,736    | 1,691,040    | 1,777,997   | 2,046,064   | 2,312,079   | 2,377,838     | 2,191,667        | 2,101,684      | 1,823,591       | 1,806,466       |              |
| Operating Expenses:               |                |                 |              |              |             |             |             |               |                  |                |                 |                 |              |
| Total Operating Expenses excl GAC | 1,220,357      | 1,308,730       | 1,620,620    | 1,268,042    | 1,457,882   | 1,415,451   | 2,043,912   | 1,725,160     | 1,626,092        | 1,790,975      | 1,788,698       | 1,539,261       | 18,805,180   |
|                                   |                |                 |              |              |             |             |             |               |                  |                |                 |                 | 4,464,651    |
| Non-Operating Revenue Expenses:   |                |                 |              |              |             |             |             |               |                  |                |                 |                 |              |
| Assessments, net                  | 720,946        | 301,052         | 8,169        | 2,023,311    | 743,899     | 7,993       | 82,865      | 175,695       | 0                | 0              | 147,607         | 2,901,368       | 7,112,904    |
| Special Avek CIF Payment          |                |                 |              |              |             |             |             |               |                  |                |                 |                 | 0            |
| Interest                          | 3,425          | 3,617           | 4,000        | 3,425        | 4,000       | 4,000       | 4,000       | 4,000         | 4,000            | 4,000          | 4,000           | 4,000           | 46,467       |
| Mkt adj                           | 6,917          | (4,350)         | 800          | 6,917        | 800         | 800         | 800         | 800           | 800              | 800            | 800             | 800             | 16,684       |
| Grant Re-imbursement              |                |                 | 485,000      |              |             |             |             |               |                  |                |                 |                 | 485,000      |
| Capital Improvement Fees          |                | 19,315          | 101,633      |              |             | 0           | 50,000      |               |                  |                |                 |                 | 170,948      |
|                                   |                |                 |              |              |             |             |             |               |                  |                |                 |                 | 0            |
| DWR Refund/( payment )            |                |                 |              |              |             |             |             |               |                  |                |                 |                 | 0            |
| Other /Palmdale Redevel Agncy     | 608            | 3,970           | 500          | 500          | 250,000     | 500         | 500         | 500           | 500              | 500            | 500             | 170,000         | 428,578      |
| Total Non-Operating Revenues      | 731,896        | 323,605         | 600,102      | 2,034,153    | 998,699     | 13,293      | 138,165     | 180,995       | 5,300            | 5,300          | 152,907         | 3,076,168       | 8,260,581    |
|                                   |                |                 |              |              |             |             |             |               |                  |                |                 |                 |              |
| Capital Expenditures              | (549,456)      | (41,022)        | (1,097,592)  | (904,756)    | (624,061)   | (218,506)   | (196,730)   | (140,000)     | (135,000)        | (35,000)       | (10,000)        | (10,000)        | (3,962,123)  |
| GAC                               |                |                 | (297,759)    | (300,000)    |             |             | (40,000)    |               |                  | (185,000)      | (185,000)       | (185,000)       | (1,192,759)  |
| SWP Capitalized                   | (754,079)      | (185,988)       | (213,715)    | (187,388)    | (187,388)   | (187,388)   | (754,074)   | (187,388)     | (219,319)        | (187,388)      | (187,387)       | (187,387)       | (3,438,889)  |
| Prepaid Insurance (paid) refunded |                |                 | (67,580)     |              |             |             | (36,620)    |               | (197,480)        |                |                 |                 | (301,680)    |
| Bond Payments Interest            |                |                 | (1,105,798)  |              |             |             |             |               | (1,097,735)      |                |                 |                 | (2,203,533)  |
| Principal                         |                |                 | (520,179)    |              |             |             |             |               | (998,242)        |                |                 |                 | (1,518,421)  |
| System Work for AVEK              |                |                 |              |              |             |             |             |               |                  |                |                 |                 | 0            |
| Butte payments                    |                |                 |              |              |             | (500,000)   |             |               |                  |                |                 | (500,000)       | (1,000,000)  |
| Capital leases                    | (23,644)       | (20,470)        | (20,929)     | (17,756)     | (24,103)    | (3,720)     | (34,592)    | (15,868)      | (15,868)         | (15,868)       | (15,868)        | (15,868)        | (224,554)    |
| Legal adjudication fees           |                |                 |              |              |             |             |             |               |                  |                |                 |                 | 0            |
| Total Cash Ending Balance         | 13,129,226     | 13,311,353      | 10,748,019   | 11,795,271   | 12,278,532  | 12,012,824  | 11,357,140  | 11,847,557    | 9,754,788        | 9,647,542      | 9,437,087       | 11,882,205      | (13,841,959) |
|                                   |                |                 |              |              |             |             |             |               |                  |                | Budget          | 11,500,000      | (1,116,727)  |
|                                   |                |                 |              |              |             |             |             |               |                  | diff           |                 | 382,205         |              |



# **PALMDALE WATER DISTRICT BOARD MEMORANDUM**

**DATE:** March 18, 2015 **March 23, 2015**  
**TO:** Finance Committee **Committee Meeting**  
**FROM:** Michael Williams, Finance Manager/CFO  
**VIA:** Mr. Dennis LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM 4.4 – DISCUSSION AND OVERVIEW OF FINANCIAL STATEMENTS, REVENUE AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR FEBRUARY 28, 2015***

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## **Discussion:**

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending February 28, 2015. Also included are Year-To-Year Comparisons and Month-To-Month Comparisons for both revenue and expense. Finally, I have provided individual departmental budget reports for the month of February, 2015.

This is the second month of the District's Budget Year 2015. The target percentage is 16.6%. Revenues ideally are at or above, and expenditures ideally are below.

## **Balance Sheet:**

- Page 1 is our balance sheet on February 28, 2015.
- The significant change is the increase in current assets of approximately \$800K due primarily to the receipt of meters in inventory for our replacement project.

## **Profit/Loss Statement:**

- Page 3 is our profit/loss statement on February 28, 2015.
- Operating revenue is at 13% of budget.
- Cash operating expense is at 14% of budget.
- There are three departments showing higher than target percentage, and those are Engineering, Finance, and Information Technology. I will cover the reasons later in the report.
- Page 3-1 is a listing of other revenues.
- Page 6 is showing the distribution of expense between labor and operations. Labor costs are currently at 53% of total expenses with salaries making up 34% of that.

## **Year-To-Year Comparison P&L:**

- Page 7 is our comparison of February, 2014 to February, 2015.
- Total operating revenue is down \$117K, or 7%.
- Operating expenditures are up by \$252K, or 32%. The increase is due to the additional purchase of meters for meter project under plant expenditures.

**Revenue Analysis Year-To-Date:**

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through February, 2015 is down \$192K, or 6%.
- Retail water sales from all areas are down by \$152K from last year. That's shown by the combined green highlighted area.
- Total revenue is up \$196K due to strong assessment revenue.
- Operating revenue is at 13% of budget; last year was at 13% of budget.

**Expense Analysis Year-To-Date:**

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through February, 2015 are down \$512K, or 16%, compared to 2014 due to Wood settlement payment under Administration being paid last year.
- Total Expenses are up \$499K, or 9%, for the same reasons.

**Departments:**

- Pages 14 through 23 are detailed individual departmental budgets for your review.
- Page 16 is Engineering Department. Here we show the \$40K payment made for the GIS Software renewal.
- Page 19 is Finance Department. Here we show the meter exchange at \$107K due to the transfer of responsibility on change-out of meters to Facilities. This is in conjunction with the creation of Customer Care Department. The crew was able to close over 400 service orders during the month.
- Page 22 is Information Technology. Here there was payment of software support licenses needed for the year.

**Non-Cash Definitions:**

**Depreciation:** This is the spreading of the total expense of a capital asset over the expected life of that asset.

**OPEB Accrual Expense:** Other Post Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year.

**Bad Debt:** The uncollectible accounts receivable that has been written off.

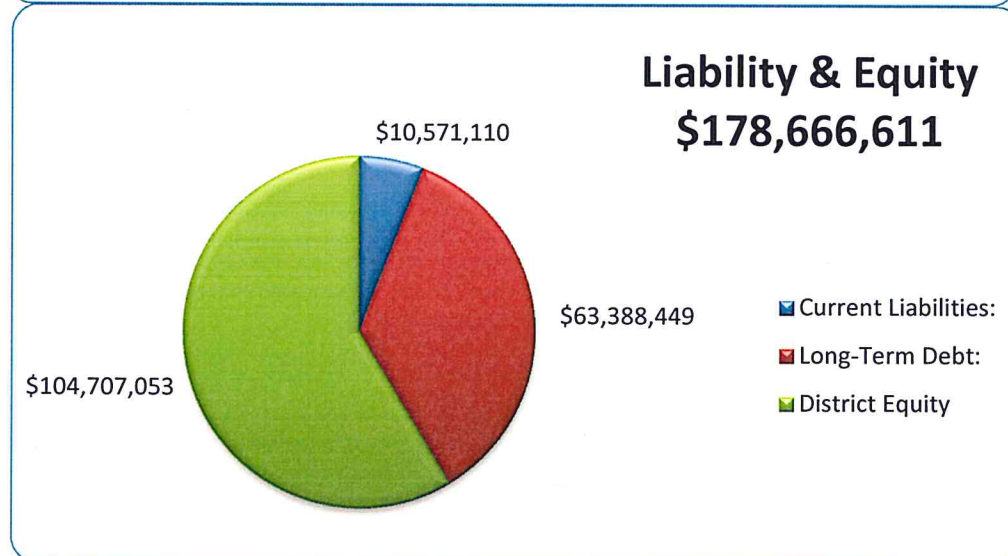
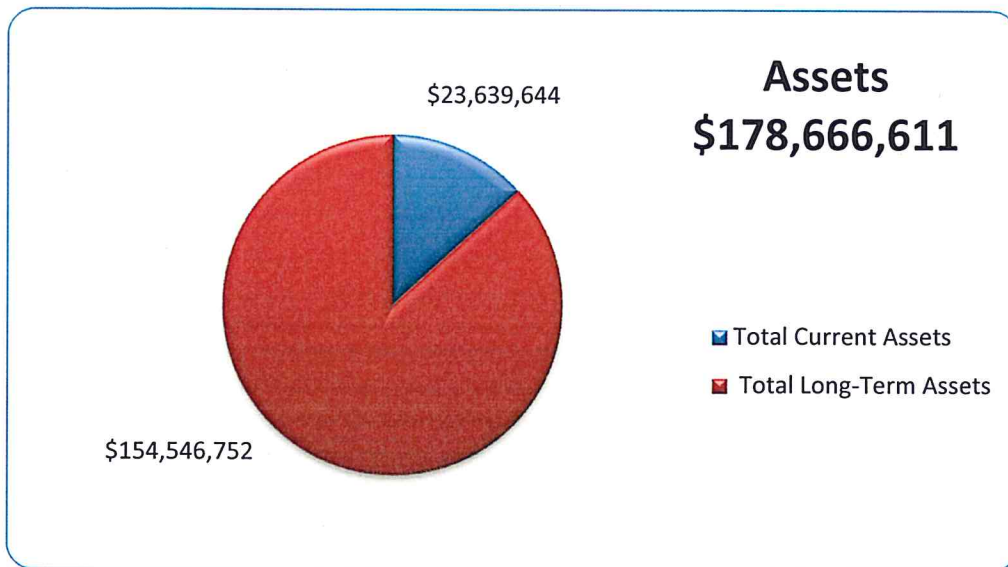
**Service Cost Construction:** The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

**Capitalized Construction:** The value of our labor force used to construct our asset infrastructure.

**Palmdale Water District**  
**Balance Sheet Report**  
**For the Two Months Ending 2/28/2015**

|                                                     | February<br>2015             | January<br>2015              |
|-----------------------------------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>                                       |                              |                              |
| <b>Current Assets:</b>                              |                              |                              |
| Cash and Cash Equivalents                           | \$ 90,928                    | \$ (296,883)                 |
| Investments                                         | 12,740,227                   | 12,945,978                   |
| 2013A Bonds - Project Funds                         | 3,668,420                    | 3,951,156                    |
|                                                     | <u>\$ 16,499,576</u>         | <u>\$ 16,600,250</u>         |
| <b>Receivables:</b>                                 |                              |                              |
| Accounts Receivables - Water Sales                  | \$ 1,580,783                 | \$ 1,472,379                 |
| Accounts Receivables - Miscellaneous                | 40,206                       | 40,059                       |
| Allowance for Uncollected Accounts                  | (200,199)                    | (200,199)                    |
|                                                     | <u>\$ 1,420,790</u>          | <u>\$ 1,312,238</u>          |
| Interest Receivable                                 | \$ -                         | \$ -                         |
| Assessments Receivables                             | 4,044,840                    | 4,320,635                    |
| Meters, Materials and Supplies                      | 1,538,352                    | 756,171                      |
| Prepaid Expenses                                    | 136,087                      | 161,227                      |
| <b>Total Current Assets</b>                         | <u><b>\$ 23,639,644</b></u>  | <u><b>\$ 23,150,520</b></u>  |
| <b>Long-Term Assets:</b>                            |                              |                              |
| Property, Plant, and Equipment, net                 | \$ 113,460,358               | \$ 113,629,336               |
| Participation Rights in State Water Project, net    | 40,692,419                   | 40,679,308                   |
| Investment in PRWA                                  | 165,420                      | 165,420                      |
| 2013A Bonds - Insurance & Surety Bond               | 228,554                      | 229,220                      |
|                                                     | <u><b>\$ 154,546,752</b></u> | <u><b>\$ 154,703,284</b></u> |
| <b>Restricted Cash:</b>                             |                              |                              |
| Rate Stabilization Fund                             | 480,216                      | 480,197                      |
| <b>Total Long-Term Assets &amp; Restricted Cash</b> | <u><b>\$ 155,026,968</b></u> | <u><b>\$ 155,183,481</b></u> |
| <b>Total Assets</b>                                 | <u><b>\$ 178,666,611</b></u> | <u><b>\$ 178,334,001</b></u> |
| <b>LIABILITIES AND DISTRICT EQUITY</b>              |                              |                              |
| <b>Current Liabilities:</b>                         |                              |                              |
| Current Interest Installment of Long-term Debt      | \$ 921,500                   | \$ 737,200                   |
| Current Principal Installment of Long-term Debt     | 1,695,606                    | 1,695,606                    |
| Accounts Payable and Accrued Expenses               | 5,604,004                    | 5,263,138                    |
| Deferred Assessments                                | 2,350,000                    | 2,937,500                    |
| <b>Total Current Liabilities</b>                    | <u><b>\$ 10,571,110</b></u>  | <u><b>\$ 10,633,444</b></u>  |
| <b>Long-Term Debt:</b>                              |                              |                              |
| Pension-Related Debt                                | \$ 1,019,485                 | \$ 1,019,485                 |
| OPEB Liability                                      | 9,667,575                    | 9,500,344                    |
| 2013A Water Revenue Bonds                           | 43,456,972                   | 43,459,222                   |
| 2012 - Certificates of Participation                | 9,041,710                    | 9,034,912                    |
| 2011 - Capital Lease Payable                        | 202,707                      | 217,250                      |
| <b>Total Long-Term Liabilities</b>                  | <u><b>\$ 63,388,449</b></u>  | <u><b>\$ 63,231,214</b></u>  |
| <b>Total Liabilities</b>                            | <u><b>\$ 73,959,558</b></u>  | <u><b>\$ 73,864,658</b></u>  |
| <b>District Equity</b>                              |                              |                              |
| Revenue from Operations                             | \$ (930,282)                 | \$ (1,167,991)               |
| Retained Earnings                                   | 105,637,335                  | 105,637,335                  |
| <b>Total Liabilities and District Equity</b>        | <u><b>\$ 178,666,611</b></u> | <u><b>\$ 178,334,001</b></u> |

## BALANCE SHEET AS OF FEBRUARY 28, 2015



**Palmdale Water District**  
**Consolidated Profit and Loss Statement**  
**For the Two Months Ending 2/28/2015**

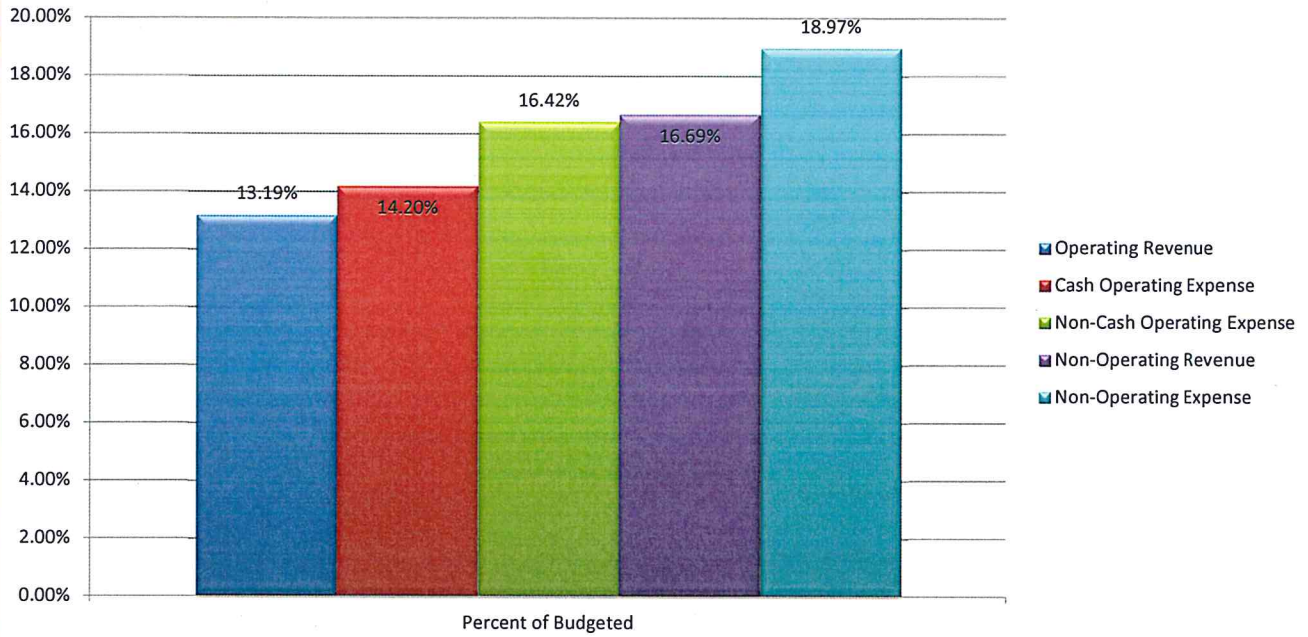
|                                          | Thru<br>January     | February            | Year-to-Date          | Adjustments | Adjusted<br>Budget    | % of<br>Budget |
|------------------------------------------|---------------------|---------------------|-----------------------|-------------|-----------------------|----------------|
| <b>Operating Revenue:</b>                |                     |                     |                       |             |                       |                |
| Wholesale Water                          | \$ -                | \$ 5,567            | \$ 5,567              |             | \$ 225,000            | 2.47%          |
| Water Sales                              | 425,950             | 379,623             | 805,574               |             | 8,550,500             | 9.42%          |
| Meter Fees                               | 964,006             | 972,877             | 1,936,883             |             | 11,506,000            | 16.83%         |
| Water Quality Fees                       | 52,785              | 51,478              | 104,263               |             | 1,146,500             | 9.09%          |
| Elevation Fees                           | 19,273              | 19,895              | 39,168                |             | 525,000               | 7.46%          |
| Other                                    | 112,642             | 83,217              | 195,859               |             | 1,450,000             | 13.51%         |
| <b>Total Operating Revenue</b>           | <b>\$ 1,574,657</b> | <b>\$ 1,512,657</b> | <b>\$ 3,087,313</b>   | <b>\$ -</b> | <b>\$ 23,403,000</b>  | <b>13.19%</b>  |
| <b>Cash Operating Expenses:</b>          |                     |                     |                       |             |                       |                |
| Directors                                | \$ 6,109            | \$ 10,240           | \$ 16,349             |             | \$ 118,500            | 13.80%         |
| Administration                           | 198,674             | 194,140             | 392,813               |             | 2,667,250             | 14.73%         |
| Engineering                              | 145,508             | 92,873              | 238,381               |             | 1,252,750             | 19.03%         |
| Facilities                               | 452,289             | 302,614             | 754,903               |             | 5,998,000             | 12.59%         |
| Operations                               | 199,438             | 137,691             | 337,129               |             | 2,624,000             | 12.85%         |
| Finance                                  | 226,757             | 285,045             | 511,802               |             | 2,950,750             | 17.34%         |
| Water Conservation                       | 22,047              | 22,487              | 44,534                |             | 284,000               | 15.68%         |
| Human Resources                          | 32,486              | 20,870              | 53,356                |             | 326,100               | 16.36%         |
| Information Technology                   | 86,075              | 57,081              | 143,156               |             | 782,750               | 18.29%         |
| Customer Care                            | 24,000              | -                   | 24,000                |             | -                     |                |
| Water Purchases                          | 260,305             | 35,672              | 295,977               |             | 2,400,000             | 12.33%         |
| Water Purchases-Prior Year OAP           | -                   | -                   | -                     |             | 250,000               | 0.00%          |
| Water Recovery                           | (119,029)           | -                   | (119,029)             |             | (100,000)             | 119.03%        |
| Plant Expenditures                       | 42,316              | 473,252             | 515,569               |             | 1,146,500             | 44.97%         |
| GAC Filter Media Replacement             | -                   | -                   | -                     |             | 1,896,000             | 0.00%          |
| <b>Total Cash Operating Expenses</b>     | <b>\$ 1,576,975</b> | <b>\$ 1,631,964</b> | <b>\$ 3,208,940</b>   | <b>\$ -</b> | <b>\$ 22,596,600</b>  | <b>14.20%</b>  |
| <b>Non-Cash Operating Expenses:</b>      |                     |                     |                       |             |                       |                |
| Depreciation                             | \$ 533,397          | \$ 533,397          | \$ 1,066,795          |             | \$ 6,450,000          | 16.54%         |
| OPEB Accrual Expense                     | 183,580             | 183,580             | 367,160               |             | 2,000,000             | 18.36%         |
| Bad Debts                                | 41                  | 771                 | 813                   |             | 100,000               | 0.81%          |
| Service Costs Construction               | (13,622)            | (2,393)             | (16,015)              |             | 125,000               | -12.81%        |
| Capitalized Construction                 | (87,535)            | (71,014)            | (158,550)             |             | (1,000,000)           | 15.85%         |
| <b>Total Non-Cash Operating Expenses</b> | <b>\$ 615,861</b>   | <b>\$ 644,341</b>   | <b>\$ 1,260,202</b>   | <b>\$ -</b> | <b>\$ 7,675,000</b>   | <b>16.42%</b>  |
| <b>Net Operating Profit/(Loss)</b>       | <b>\$ (618,180)</b> | <b>\$ (763,648)</b> | <b>\$ (1,381,829)</b> | <b>\$ -</b> | <b>\$ (6,868,600)</b> | <b>20.12%</b>  |
| <b>Non-Operating Revenues:</b>           |                     |                     |                       |             |                       |                |
| Assessments (Debt Service)               | \$ 446,500          | \$ 446,500          | \$ 893,000            |             | \$ 5,100,000          | 17.51%         |
| Assessments (1%)                         | 141,000             | 141,000             | 282,000               |             | 1,950,000             | 14.46%         |
| DWR Fixed Charge Recovery                | -                   | -                   | -                     |             | 100,000               | 0.00%          |
| Interest                                 | 10,334              | (733)               | 9,601                 |             | 35,000                | 27.43%         |
| Capital Improvement Fees                 | -                   | 19,315              | 19,315                |             | 50,000                | 38.63%         |
| Other                                    | 608                 | 3,970               | 4,578                 |             | 5,000                 | 91.55%         |
| <b>Total Non-Operating Revenues</b>      | <b>\$ 598,442</b>   | <b>\$ 610,052</b>   | <b>\$ 1,208,493</b>   | <b>\$ -</b> | <b>\$ 7,240,000</b>   | <b>16.69%</b>  |
| <b>Non-Operating Expenses:</b>           |                     |                     |                       |             |                       |                |
| Interest on Long-Term Debt               | \$ 190,886          | \$ 190,838          | \$ 381,724            |             | \$ 2,111,000          | 18.08%         |
| Amortization of SWP                      | 172,877             | 172,877             | 345,754               |             | 1,679,000             | 20.59%         |
| Water Conservation Programs              | 6,396               | 23,073              | 29,469                |             | 200,000               | 14.73%         |
| <b>Total Non-Operating Expenses</b>      | <b>\$ 370,159</b>   | <b>\$ 386,787</b>   | <b>\$ 756,946</b>     | <b>\$ -</b> | <b>\$ 3,990,000</b>   | <b>18.97%</b>  |
| <b>Net Earnings</b>                      | <b>\$ (389,898)</b> | <b>\$ (540,384)</b> | <b>\$ (930,282)</b>   | <b>\$ -</b> | <b>\$ (3,618,600)</b> | <b>25.71%</b>  |



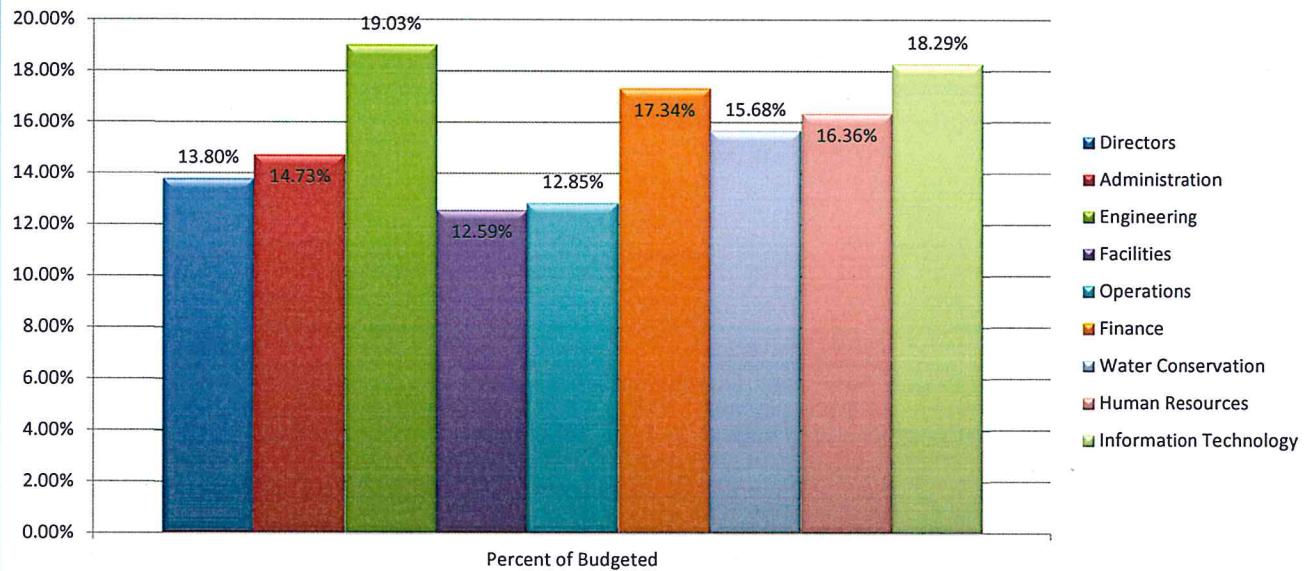
|                         |
|-------------------------|
| OTHER OPERATING REVENUE |
|-------------------------|

|                                    |             |
|------------------------------------|-------------|
| 5/8" Meter W/Itron Assembly(\$212) | \$212.00    |
| Account Setup Charge(\$25)         | \$1,950.00  |
| Account Setup Charge/CC (\$35)     | \$2,100.00  |
| Adjustment                         | \$10.10     |
| After Hours Service Call           | \$80.00     |
| Credit Check(\$10)                 | \$10.00     |
| Door Tag Fee(\$20)                 | \$38,760.00 |
| Grind Down Angle Stop (\$230)      | \$475.00    |
| Lock Broken or Missing(\$15)       | \$120.00    |
| Pulled Meter Service Charge(\$60)  | \$480.00    |
| Repair Angle Stop(\$440.00)        | \$1,320.00  |
| Shut-Off Charge(\$30)              | \$3,000.00  |
| Standard Trip Charge(\$15)         | \$270.00    |
| Waste Water 2nd Notice(\$50.00)    | \$100.00    |
| Late Fees                          | \$35,869.54 |
| NSF Fee                            | \$700.00    |
|                                    | <hr/>       |
|                                    | \$84,756.64 |

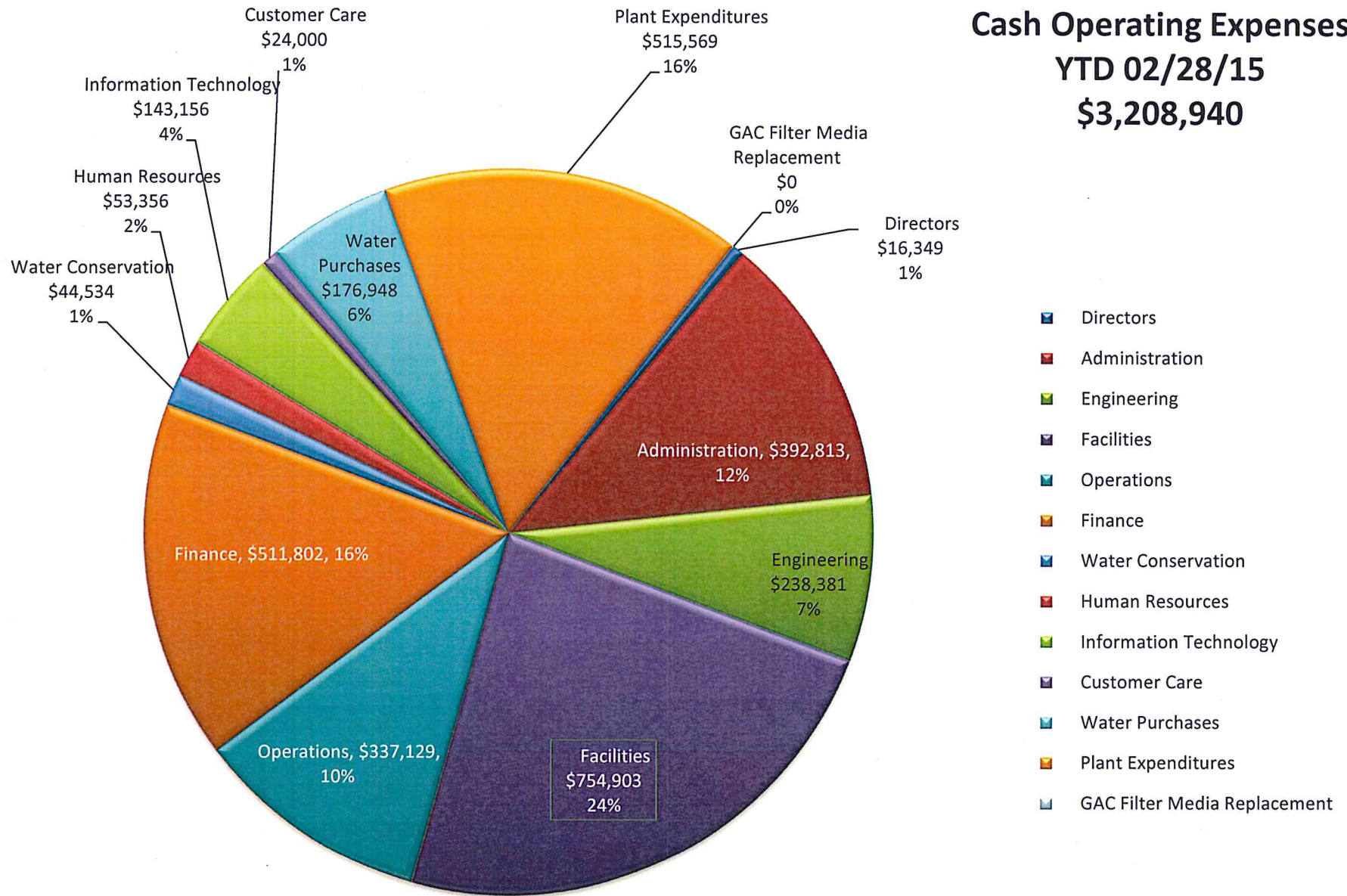
### P & L BUDGET vs. ACTUAL



### DEPARTMENTAL - BUDGET vs. ACTUAL



# **Cash Operating Expenses** **YTD 02/28/15** **\$3,208,940**

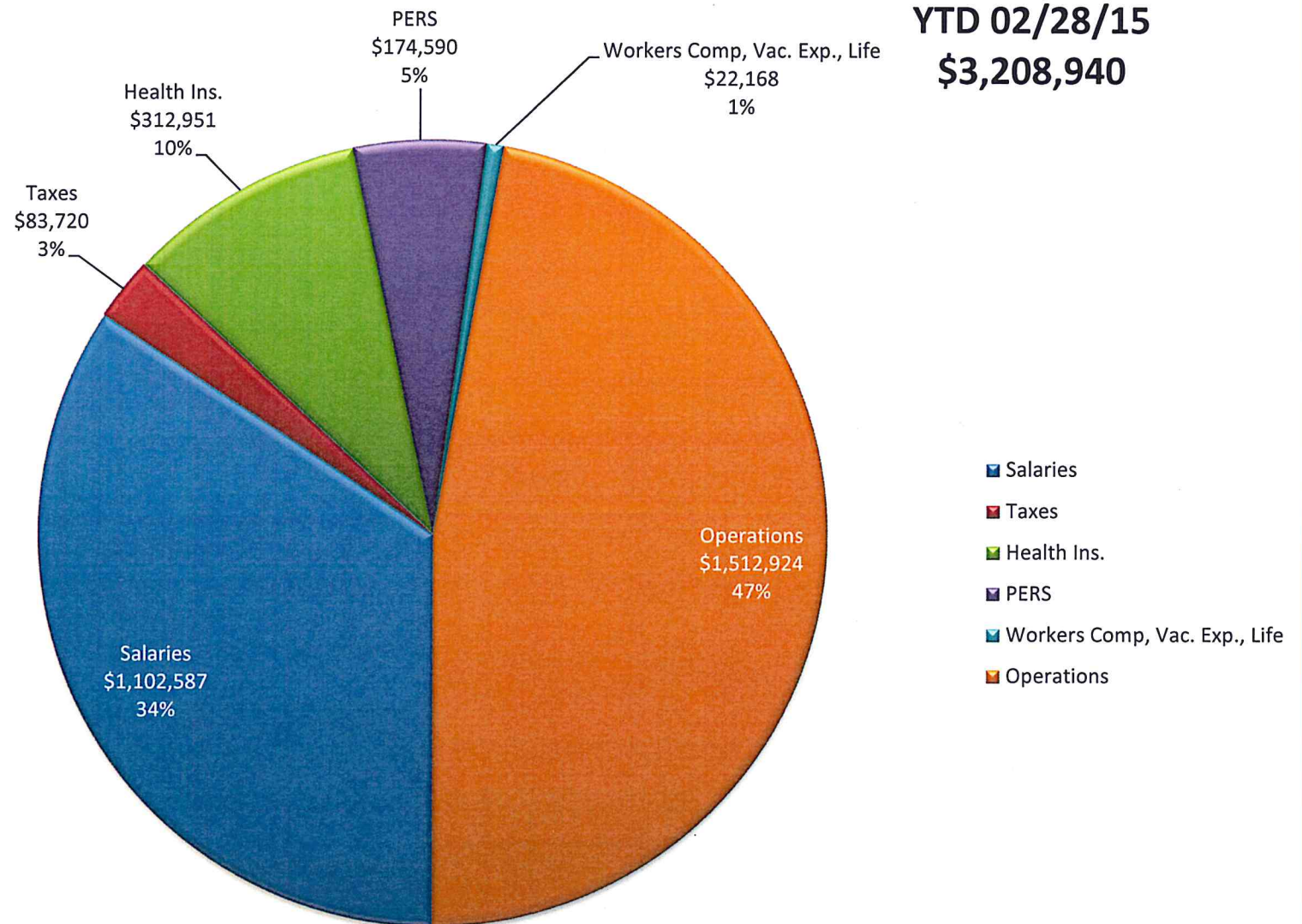




## Personnel to Operations Exp

YTD 02/28/15

**\$3,208,940**

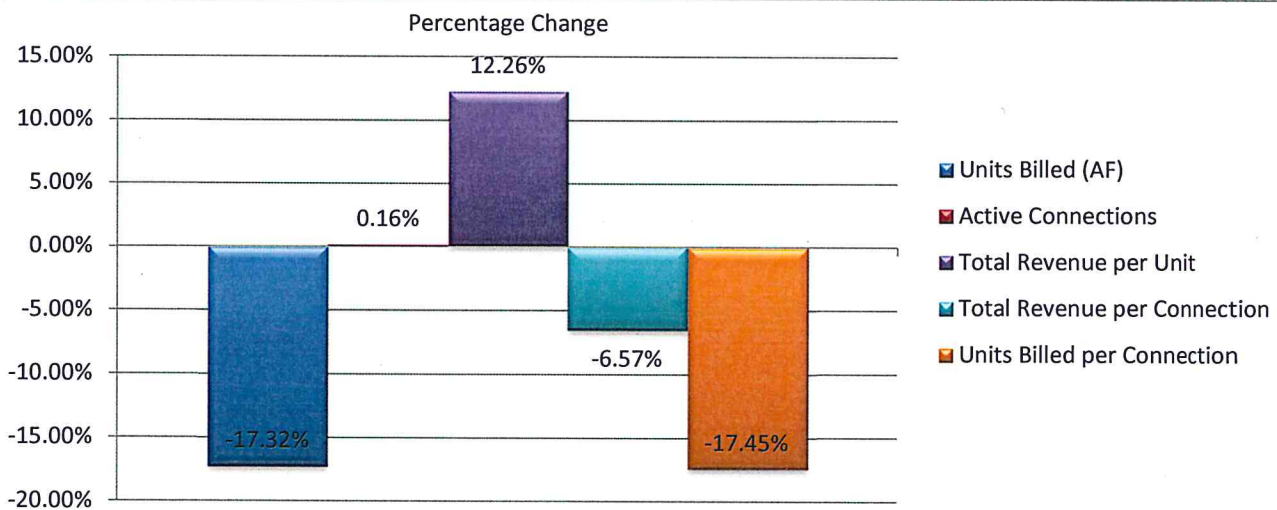
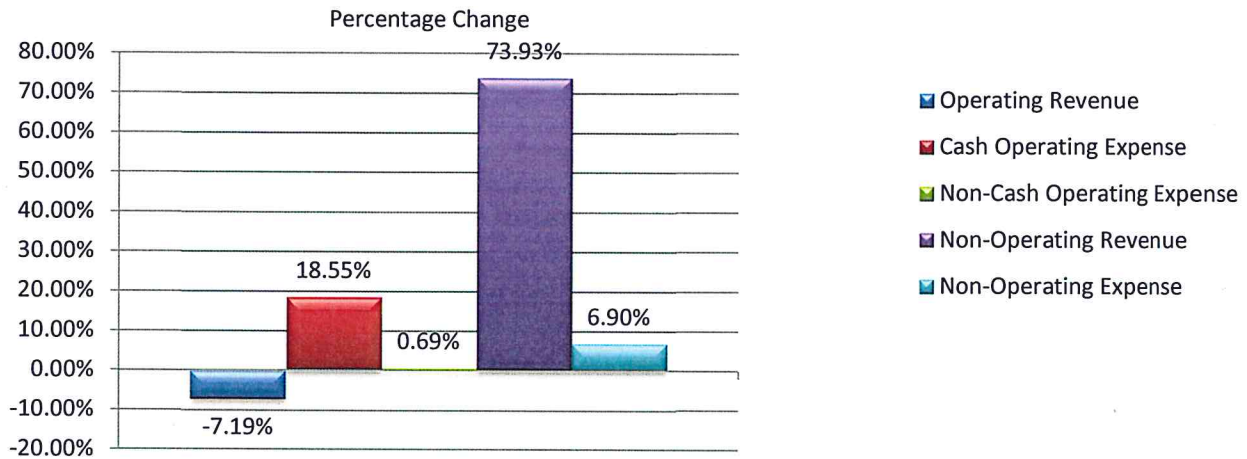


**Palmdale Water District**  
**Profit and Loss Statement**  
**Year-To-Year Comparison - February**

|                                          | 2014                | 2015                |                     | %             |          | Consumption Comparison |         |          |
|------------------------------------------|---------------------|---------------------|---------------------|---------------|----------|------------------------|---------|----------|
|                                          | February            | February            | Change              | Change        |          | Units Billed           | 2014    | 2015     |
| <b>Operating Revenue:</b>                |                     |                     |                     |               |          |                        | 443,219 | 366,434  |
| Wholesale Water                          | \$ 3,007            | \$ 5,567            | \$ 2,559            | 85.09%        | Active   |                        | 26,413  | 26,454   |
| Water Sales                              | 486,786             | 379,623             | (107,162)           | -22.01%       | Vacant   |                        | 943     | 920      |
| Meter Fees                               | 924,427             | 972,877             | 48,450              | 5.24%         |          |                        |         |          |
| Water Quality Fees                       | 88,395              | 51,478              | (36,916)            | -41.76%       | Rev/unit | \$                     | 3.68    | \$ 4.13  |
| Elevation Fees                           | 25,046              | 19,895              | (5,152)             | -20.57%       | Rev/con  | \$                     | 57.84   | \$ 54.03 |
| Other                                    | 102,165             | 83,217              | (18,948)            | -18.55%       | Unit/con |                        | 16.78   | 13.85    |
| <b>Total Operating Revenue</b>           | <b>\$ 1,629,827</b> | <b>\$ 1,512,657</b> | <b>\$ (117,170)</b> | <b>-7.19%</b> |          |                        |         |          |
| <b>Cash Operating Expenses:</b>          |                     |                     |                     |               |          |                        |         |          |
| Directors                                | \$ 12,720           | \$ 10,240           | \$ (2,480)          | -19.50%       |          |                        |         |          |
| Administration                           | 179,544             | 194,140             | 14,596              | 8.13%         |          |                        |         |          |
| Engineering                              | 68,190              | 92,873              | 24,683              | 36.20%        |          |                        |         |          |
| Facilities                               | 219,145             | 302,614             | 83,469              | 38.09%        |          |                        |         |          |
| Operations                               | 377,222             | 137,691             | (239,532)           | -63.50%       |          |                        |         |          |
| Finance                                  | 226,515             | 285,045             | 58,529              | 25.84%        |          |                        |         |          |
| Water Conservation                       | 7,886               | 22,487              | 14,602              | 185.16%       |          |                        |         |          |
| Human Resources                          | 16,102              | 20,870              | 4,768               | 29.61%        |          |                        |         |          |
| Information Technology                   | 68,033              | 57,081              | (10,951)            | -16.10%       |          |                        |         |          |
| Customer Care                            | -                   | -                   | -                   |               |          |                        |         |          |
| Water Purchases                          | 33,624              | 35,672              | 2,048               | 6.09%         |          |                        |         |          |
| Water Purchases-Prior Year OAP           | -                   | -                   | -                   |               |          |                        |         |          |
| Water Recovery                           | -                   | -                   | -                   |               |          |                        |         |          |
| Plant Expenditures                       | 167,665             | 473,252             | 305,588             | 182.26%       |          |                        |         |          |
| GAC Filter Media Replacement             | -                   | -                   | -                   |               |          |                        |         |          |
| <b>Total Cash Operating Expenses</b>     | <b>\$ 1,376,646</b> | <b>\$ 1,631,964</b> | <b>\$ 255,319</b>   | <b>18.55%</b> |          |                        |         |          |
| <b>Non-Cash Operating Expenses:</b>      |                     |                     |                     |               |          |                        |         |          |
| Depreciation                             | \$ 553,478          | \$ 533,397          | \$ (20,080)         | -3.63%        |          |                        |         |          |
| OPEB Accrual Expense                     | 166,875             | 183,580             | 16,705              | 10.01%        |          |                        |         |          |
| Bad Debts                                | 61                  | 771                 | 710                 | 1163.16%      |          |                        |         |          |
| Service Costs Construction               | 475                 | (2,393)             | (2,868)             | -603.76%      |          |                        |         |          |
| Capitalized Construction                 | (80,941)            | (71,014)            | 9,927               | -12.26%       |          |                        |         |          |
| <b>Total Non-Cash Operating Expenses</b> | <b>\$ 639,947</b>   | <b>\$ 644,341</b>   | <b>\$ 4,393</b>     | <b>0.69%</b>  |          |                        |         |          |
| <b>Net Operating Profit/(Loss)</b>       | <b>\$ (386,767)</b> | <b>\$ (763,648)</b> | <b>\$ (376,882)</b> | <b>97.44%</b> |          |                        |         |          |
| <b>Non-Operating Revenues:</b>           |                     |                     |                     |               |          |                        |         |          |
| Assessments (Debt Service)               | \$ 191,605          | \$ 446,500          | \$ 254,895          | 133.03%       |          |                        |         |          |
| Assessments (1%)                         | 99,784              | 141,000             | 41,216              | 41.30%        |          |                        |         |          |
| DWR Fixed Charge Recovery                | -                   | -                   | -                   |               |          |                        |         |          |
| Interest                                 | 4,654               | (733)               | (5,388)             | -115.76%      |          |                        |         |          |
| Capital Improvement Fees                 | 2,538               | 19,315              | 16,777              | 661.03%       |          |                        |         |          |
| Other                                    | 52,154              | 3,970               | (48,184)            | -92.39%       |          |                        |         |          |
| <b>Total Non-Operating Revenues</b>      | <b>\$ 350,736</b>   | <b>\$ 610,052</b>   | <b>\$ 259,315</b>   | <b>73.93%</b> |          |                        |         |          |
| <b>Non-Operating Expenses:</b>           |                     |                     |                     |               |          |                        |         |          |
| Interest on Long-Term Debt               | \$ 196,650          | \$ 190,838          | \$ (5,812)          | -2.96%        |          |                        |         |          |
| Amortization of SWP                      | 159,510             | 172,877             | 13,367              | 8.38%         |          |                        |         |          |
| Water Conservation Programs              | 5,671               | 23,073              | 17,402              | 306.89%       |          |                        |         |          |
| <b>Total Non-Operating Expenses</b>      | <b>\$ 361,830</b>   | <b>\$ 386,787</b>   | <b>\$ 24,957</b>    | <b>6.90%</b>  |          |                        |         |          |
| <b>Net Earnings</b>                      | <b>\$ (397,861)</b> | <b>\$ (540,384)</b> | <b>\$ (142,523)</b> | <b>35.82%</b> |          |                        |         |          |

# YEAR-TO-YEAR COMPARISON

## February '14 -To - February '15



|                              | 2014    | 2015    | Change  |         |
|------------------------------|---------|---------|---------|---------|
| Units Billed (AF)            | 1,017   | 841     | -176    | -17.32% |
| Active Connections           | 26,413  | 26,454  | 41      | 0.16%   |
| Non-Active                   | 943     | 920     | -23     | -2.44%  |
| Total Revenue per Unit       | \$3.68  | \$4.13  | \$0.45  | 12.26%  |
| Total Revenue per Connection | \$57.84 | \$54.03 | -\$3.80 | -6.57%  |
| Units Billed per Connection  | 16.78   | 13.85   | -2.93   | -17.45% |



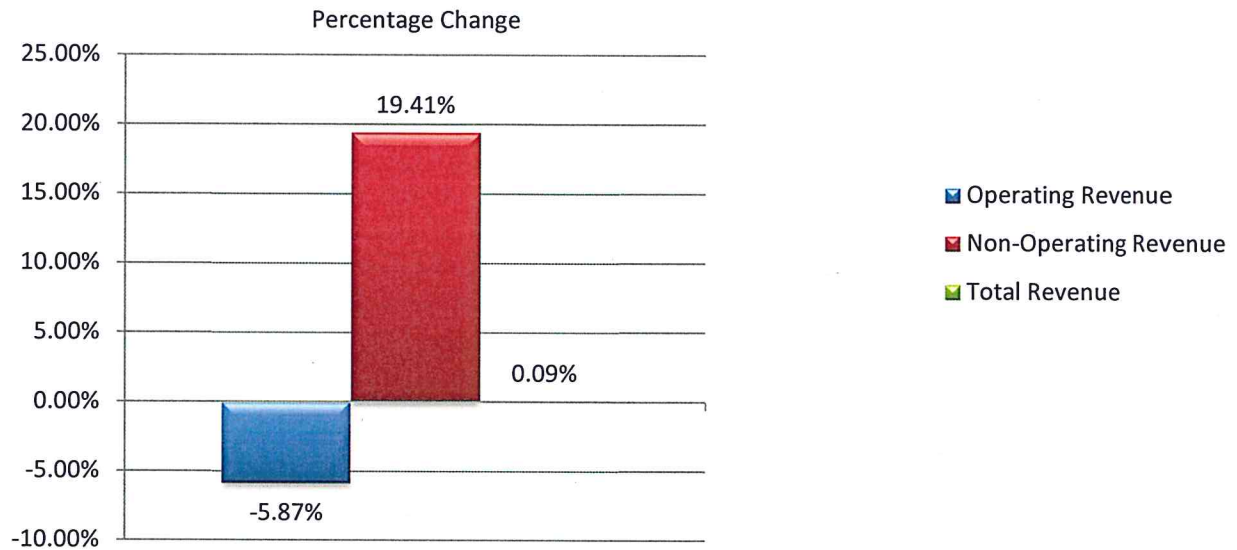
**Palmdale Water District**  
**Revenue Analysis**  
**For the Two Months Ending 2/28/2015**

| 2015                                |                     |                     |                     |                      |                | 2014 to 2015 Comparison |                     |                     |               |
|-------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------|-------------------------|---------------------|---------------------|---------------|
|                                     | Thru<br>January     | February            | Year-to-Date        | Adjusted<br>Budget   | % of<br>Budget | Thru<br>January         | February            | Year-to-Date        | %<br>Change   |
| <b>Operating Revenue:</b>           |                     |                     |                     |                      |                |                         |                     |                     |               |
| Wholesale Water                     | \$ -                | \$ 5,567            | \$ 5,567            | \$ 225,000           | 2.47%          | \$ (23)                 | \$ 2,559            | \$ 2,536            | 83.68%        |
| Water Sales                         | 425,950             | 379,623             | 805,574             | 8,550,500            | 9.42%          | (52,252)                | (107,162)           | (159,414)           | -16.52%       |
| Meter Fees                          | 964,006             | 972,877             | 1,936,883           | 11,506,000           | 16.83%         | 37,817                  | 48,450              | 86,266              | 4.66%         |
| Water Quality Fees                  | 52,785              | 51,478              | 104,263             | 1,146,500            | 9.09%          | (32,021)                | (36,916)            | (68,937)            | -39.80%       |
| Elevation Fees                      | 19,273              | 19,895              | 39,168              | 525,000              | 7.46%          | (5,084)                 | (5,152)             | (10,236)            | -20.72%       |
| Other                               | 112,642             | 83,217              | 195,859             | 1,450,000            | 13.51%         | (23,735)                | (18,948)            | (42,684)            | -17.89%       |
| <b>Total Water Sales</b>            | <b>\$ 1,574,657</b> | <b>\$ 1,512,657</b> | <b>\$ 3,087,313</b> | <b>\$ 23,403,000</b> | <b>13.19%</b>  | <b>\$ (75,299)</b>      | <b>\$ (117,170)</b> | <b>\$ (192,468)</b> | <b>-5.87%</b> |
| <b>Non-Operating Revenues:</b>      |                     |                     |                     |                      |                |                         |                     |                     |               |
| Assessments (Debt Service)          | \$ 446,500          | \$ 446,500          | \$ 893,000          | \$ 5,100,000         | 17.51%         | \$ (34,236)             | \$ 254,895          | \$ 220,659          | 32.82%        |
| Assessments (1%)                    | \$ 141,000          | 141,000             | 282,000             | 1,950,000            | 14.46%         | (15,185)                | 41,216              | 26,030              | 10.17%        |
| DWR Fixed Charge Recovery           | -                   | -                   | -                   | 100,000              | 0.00%          | -                       | -                   | -                   |               |
| Interest                            | 10,334              | (733)               | 9,601               | 35,000               | 27.43%         | (4,000)                 | (5,388)             | (9,388)             | -49.44%       |
| Capital Improvement Fees            | -                   | 19,315              | 19,315              | 50,000               | 38.63%         | -                       | 16,777              | 16,777              | 661.03%       |
| Other                               | 608                 | 3,970               | 4,578               | 5,000                | 91.55%         | (9,472)                 | (48,184)            | (57,656)            | -92.64%       |
| <b>Total Non-Operating Revenues</b> | <b>\$ 598,442</b>   | <b>\$ 610,052</b>   | <b>\$ 1,208,493</b> | <b>\$ 7,240,000</b>  | <b>16.69%</b>  | <b>\$ (62,893)</b>      | <b>\$ 259,315</b>   | <b>\$ 196,422</b>   | <b>19.41%</b> |
| <b>Total Revenue</b>                | <b>\$ 2,173,098</b> | <b>\$ 2,122,708</b> | <b>\$ 4,295,807</b> | <b>\$ 30,643,000</b> | <b>14.02%</b>  | <b>\$ (138,192)</b>     | <b>\$ 142,146</b>   | <b>\$ 3,954</b>     | <b>0.09%</b>  |

| 2014                                |                     |                     |                     |                      |                |
|-------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------|
|                                     | Thru<br>January     | February            | Year-to-Date        | Adjusted<br>Budget   | % of<br>Budget |
| <b>Operating Revenue:</b>           |                     |                     |                     |                      |                |
| Wholesale Water                     | 23.07               | \$ 3,007            | \$ 3,031            | \$ 225,000           | 1.35%          |
| Water Sales                         | \$ 478,202          | 486,786             | 964,988             | 9,053,000            | 10.66%         |
| Meter Fees                          | 926,190             | 924,427             | 1,850,617           | 11,255,000           | 16.44%         |
| Water Quality Fees                  | 84,806              | 88,395              | 173,200             | 1,638,000            | 10.57%         |
| Elevation Fees                      | 24,357              | 25,046              | 49,403              | 525,000              | 9.41%          |
| Other                               | 136,378             | 102,165             | 238,543             | 1,700,000            | 14.03%         |
| <b>Total Water Sales</b>            | <b>\$ 1,649,932</b> | <b>\$ 1,629,827</b> | <b>\$ 3,279,782</b> | <b>\$ 24,396,000</b> | <b>13.44%</b>  |
| <b>Non-Operating Revenues:</b>      |                     |                     |                     |                      |                |
| Assessments (Debt Service)          | \$ 480,736          | \$ 191,605          | \$ 672,341          | \$ 4,400,000         | 15.28%         |
| Assessments (1%)                    | \$ 156,185          | 99,784              | 255,970             | 1,800,000            | 14.22%         |
| DWR Fixed Charge Recovery           | -                   | -                   | -                   | 100,000              | 0.00%          |
| Interest                            | 14,335              | 4,654               | 18,989              | 25,000               | 75.96%         |
| Capital Improvement Fees            | -                   | 2,538               | 2,538               | 150,000              | 1.69%          |
| Other                               | 10,079              | 52,154              | 62,234              | 185,000              | 33.64%         |
| <b>Total Non-Operating Revenues</b> | <b>\$ 661,335</b>   | <b>\$ 350,736</b>   | <b>\$ 1,012,071</b> | <b>\$ 6,660,000</b>  | <b>15.20%</b>  |
| <b>Total Revenue</b>                | <b>\$ 2,311,267</b> | <b>\$ 1,980,563</b> | <b>\$ 4,291,853</b> | <b>\$ 31,056,000</b> | <b>13.82%</b>  |

# REVENUE COMPARISON YEAR-TO-DATE

February '14-To-February '15



**Palmdale Water District**  
**Operating Expense Analysis**  
**For the Two Months Ending 2/28/2015**  
**2015**

**2014 to 2015 Comparison**

|                                          | Thru<br>January     | February            | Year-to-Date        | Adjusted<br>Budget   | % of<br>Budget | Thru<br>January     | February          | Year-to-Date        | %<br>Change    |
|------------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------|---------------------|-------------------|---------------------|----------------|
| <b>Cash Operating Expenses:</b>          |                     |                     |                     |                      |                |                     |                   |                     |                |
| Directors                                | \$ 6,109            | \$ 10,240           | \$ 16,349           | \$ 118,500           | 13.80%         | \$ 2,438            | \$ (2,480)        | \$ (42)             | -0.26%         |
| Administration                           | 198,674             | 194,140             | 392,813             | 2,667,250            | 14.73%         | (572,553)           | 14,596            | (557,958)           | -58.68%        |
| Engineering                              | 145,508             | 92,873              | 238,381             | 1,252,750            | 19.03%         | 28,155              | 24,683            | 52,838              | 28.48%         |
| Facilities                               | 452,289             | 302,614             | 754,903             | 5,998,000            | 12.59%         | 204,420             | 83,469            | 287,889             | 61.64%         |
| Operations                               | 199,438             | 137,691             | 337,129             | 2,624,000            | 12.85%         | (215,419)           | (239,532)         | (454,951)           | -57.44%        |
| Finance                                  | 226,757             | 285,045             | 511,802             | 2,950,750            | 17.34%         | (87,991)            | 58,529            | (29,462)            | -5.44%         |
| Water Conservation                       | 22,047              | 22,487              | 44,534              | 284,000              | 15.68%         | 9,653               | 14,602            | 24,255              | 119.61%        |
| Human Resources                          | 32,486              | 20,870              | 53,356              | 326,100              | 16.36%         | 19,709              | 4,768             | 24,477              | 84.76%         |
| Information Technology                   | 86,075              | 57,081              | 143,156             | 782,750              | 18.29%         | 5,012               | (10,951)          | (5,939)             | -3.98%         |
| Customer Care                            | 24,000              | -                   | 24,000              | -                    | -              | 24,000              | -                 | 24,000              | -              |
| Water Purchases                          | 260,305             | 35,672              | 295,977             | 2,400,000            | 12.33%         | (91,213)            | 2,048             | (89,165)            | -23.15%        |
| Water Purchases-Prior Year OAP           | -                   | -                   | -                   | 250,000              | 0.00%          | -                   | -                 | -                   | -              |
| Water Recovery                           | (119,029)           | -                   | (119,029)           | (100,000)            | 119.03%        | (110,141)           | -                 | (110,141)           | 1239.21%       |
| Plant Expenditures                       | 42,316              | 473,252             | 515,569             | 1,146,500            | 44.97%         | 15,692              | 305,588           | 321,280             | 165.36%        |
| GAC Filter Media Replacement             | -                   | -                   | -                   | 1,896,000            | 0.00%          | -                   | -                 | -                   | -              |
| <b>Total Cash Operating Expenses</b>     | <b>\$ 1,576,975</b> | <b>\$ 1,631,964</b> | <b>\$ 3,208,940</b> | <b>\$ 22,596,600</b> | <b>14.20%</b>  | <b>\$ (768,238)</b> | <b>\$ 255,319</b> | <b>\$ (512,919)</b> | <b>-15.98%</b> |
| <b>Non-Cash Operating Expenses:</b>      |                     |                     |                     |                      |                |                     |                   |                     |                |
| Depreciation                             | \$ 533,397          | \$ 533,397          | \$ 1,066,795        | \$ 6,450,000         | 16.54%         | \$ (20,526)         | \$ (20,080)       | \$ (40,606)         | -3.67%         |
| OPEB Accrual Expense                     | 183,580             | 183,580             | 367,160             | 2,000,000            | 18.36%         | 16,705              | 16,705            | 33,410              | 10.01%         |
| Bad Debts                                | 41                  | 771                 | 813                 | 100,000              | 0.81%          | (7,166)             | 710               | (6,456)             | -88.82%        |
| Service Costs Construction               | (13,622)            | (2,393)             | (16,015)            | 125,000              | -12.81%        | (18,132)            | (2,868)           | (21,001)            | -421.26%       |
| Capitalized Construction                 | (87,535)            | (71,014)            | (158,550)           | (1,000,000)          | 15.85%         | 518                 | 9,927             | 10,445              | -6.18%         |
| <b>Total Non-Cash Operating Expenses</b> | <b>\$ 615,861</b>   | <b>\$ 644,341</b>   | <b>\$ 1,260,202</b> | <b>\$ 7,675,000</b>  | <b>16.42%</b>  | <b>\$ (28,602)</b>  | <b>\$ 4,393</b>   | <b>\$ (24,208)</b>  | <b>-1.92%</b>  |
| <b>Non-Operating Expenses:</b>           |                     |                     |                     |                      |                |                     |                   |                     |                |
| Interest on Long-Term Debt               | \$ 190,886          | \$ 190,838          | \$ 381,724          | \$ 2,111,000         | 18.08%         | \$ (3,959)          | \$ (5,812)        | \$ (9,771)          | -2.50%         |
| Amortization of SWP                      | 172,877             | 172,877             | 345,754             | 1,679,000            | 20.59%         | 13,367              | 13,367            | 26,734              | 8.38%          |
| Water Conservation Programs              | 6,396               | 23,073              | 29,469              | 200,000              | 14.73%         | 3,008               | 17,402            | 20,410              | 225.31%        |
| <b>Total Non-Operating Expenses</b>      | <b>\$ 370,159</b>   | <b>\$ 386,787</b>   | <b>\$ 756,946</b>   | <b>\$ 3,990,000</b>  | <b>18.97%</b>  | <b>\$ 12,416</b>    | <b>\$ 24,957</b>  | <b>\$ 37,372</b>    | <b>5.19%</b>   |
| <b>Total Expenses</b>                    | <b>\$ 2,562,996</b> | <b>\$ 2,663,092</b> | <b>\$ 5,226,088</b> | <b>\$ 34,261,600</b> | <b>15.25%</b>  | <b>\$ (784,424)</b> | <b>\$ 284,669</b> | <b>\$ (499,755)</b> | <b>-8.73%</b>  |



**Palmdale Water District  
Operating Expense Analysis  
For the Two Months Ending 2/28/2015**

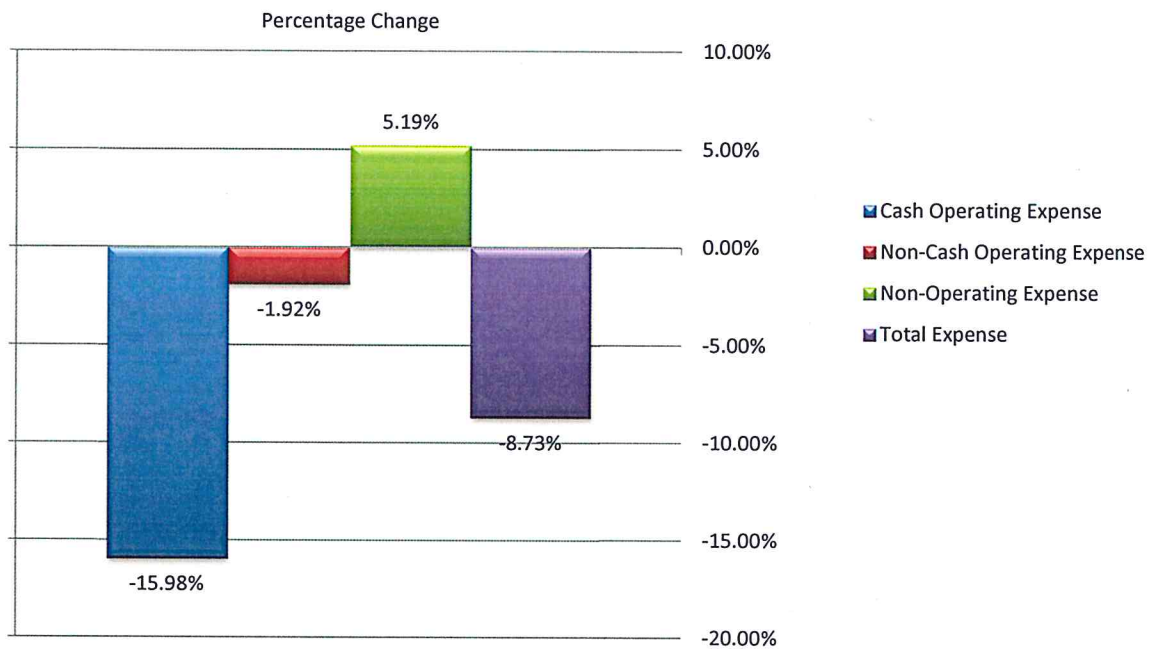
**2014**

**2014 to 2015 Comparison**

|                                          | Thru<br>January     | February            | Year-to-Date        | Adjusted<br>Budget   | % of<br>Budget |
|------------------------------------------|---------------------|---------------------|---------------------|----------------------|----------------|
| <b>Cash Operating Expenses:</b>          |                     |                     |                     |                      |                |
| Directors                                | \$ 3,671            | \$ 12,720           | \$ 16,391           | \$ 114,500           | 14.32%         |
| Administration                           | 771,227             | 179,544             | 950,771             | 3,490,000            | 27.24%         |
| Engineering                              | 117,353             | 68,190              | 185,543             | 1,079,800            | 17.18%         |
| Facilities                               | 247,869             | 219,145             | 467,014             | 3,408,500            | 13.70%         |
| Operations                               | 414,857             | 377,222             | 792,080             | 5,453,500            | 14.52%         |
| Finance                                  | 314,749             | 226,515             | 541,264             | 2,968,750            | 18.23%         |
| Water Conservation                       | 12,394              | 7,886               | 20,279              | 270,000              | 7.51%          |
| Human Resources                          | 12,777              | 16,102              | 28,878              | 215,300              | 13.41%         |
| Information Technology                   | 81,063              | 68,033              | 149,096             | 828,600              | 17.99%         |
| Customer Care                            | -                   | -                   | -                   | -                    | -              |
| Water Purchases                          | 351,518             | 33,624              | 385,142             | 2,400,000            | 16.05%         |
| Water Purchases-Prior Year OAP           | -                   | -                   | -                   | 250,000              | -              |
| Water Recovery                           | (8,888)             | -                   | (8,888)             | (100,000)            | 8.89%          |
| Plant Expenditures                       | 26,624              | 167,665             | 194,289             | 2,143,500            | 9.06%          |
| GAC Filter Media Replacement             | -                   | -                   | -                   | 1,638,000            | 0.00%          |
| <b>Total Cash Operating Expenses</b>     | <b>\$ 2,345,214</b> | <b>\$ 1,376,646</b> | <b>\$ 3,721,859</b> | <b>\$ 24,160,450</b> | <b>15.40%</b>  |
| <b>Non-Cash Operating Expenses:</b>      |                     |                     |                     |                      |                |
| Depreciation                             | \$ 553,924          | \$ 553,478          | \$ 1,107,401        | \$ 7,350,000         | 15.07%         |
| OPEB Accrual Expense                     | 166,875             | 166,875             | 333,750             | 2,000,000            | 16.69%         |
| Bad Debts                                | 7,207               | 61                  | 7,268               | 100,000              | 7.27%          |
| Service Costs Construction               | 4,510               | 475                 | 4,985               | 125,000              | 3.99%          |
| Capitalized Construction                 | (88,053)            | (80,941)            | (168,994)           | (1,000,000)          | 16.90%         |
| <b>Total Non-Cash Operating Expenses</b> | <b>\$ 644,463</b>   | <b>\$ 639,947</b>   | <b>\$ 1,284,410</b> | <b>\$ 8,575,000</b>  | <b>14.98%</b>  |
| <b>Non-Operating Expenses:</b>           |                     |                     |                     |                      |                |
| Interest on Long-Term Debt               | \$ 194,845          | \$ 196,650          | \$ 391,495          | \$ 2,111,000         | 18.55%         |
| Amortization of SWP                      | 159,510             | 159,510             | 319,020             | 1,679,000            | 19.00%         |
| Water Conservation Programs              | 3,388               | 5,671               | 9,059               | 143,000              | 6.33%          |
| <b>Total Non-Operating Expenses</b>      | <b>\$ 357,743</b>   | <b>\$ 361,830</b>   | <b>\$ 719,574</b>   | <b>\$ 3,933,000</b>  | <b>18.30%</b>  |
| <b>Total Expenses</b>                    | <b>\$ 3,347,420</b> | <b>\$ 2,378,424</b> | <b>\$ 5,725,843</b> | <b>\$ 36,668,450</b> | <b>15.62%</b>  |

## EXPENSE COMPARISON YEAR-TO-DATE

### February '14-To-February '15





**Palmdale Water District**  
**2015 Directors Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                                     | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|-----------------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| Personnel Budget:                                   |                       |                            |                     |                                 |                 |
| 1-01-4000-000 Directors Pay                         | \$ 5,100              | \$ 45,000                  | \$ -                | \$ 39,900                       | 11.33%          |
| Employee Benefits                                   |                       |                            |                     |                                 |                 |
| 1-01-4005-000 Payroll Taxes                         | 385                   | 5,500                      |                     | 5,115                           | 7.01%           |
| 1-01-4010-000 Health Insurance                      | 9,659                 | 58,000                     |                     | 48,341                          | 16.65%          |
| Subtotal (Benefits)                                 | 10,045                | 63,500                     | -                   | 48,341                          | 15.82%          |
| Total Personnel Expenses                            | <u>\$ 15,145</u>      | <u>\$ 108,500</u>          | <u>\$ -</u>         | <u>\$ 88,241</u>                | <u>13.96%</u>   |
| OPERATING EXPENSES:                                 |                       |                            |                     |                                 |                 |
| 1-01-4050-000 Directors Travel, Seminars & Meetings | 1,204                 | 10,000                     |                     | 8,796                           | 12.04%          |
| Subtotal Operating Expenses                         | 1,204                 | 10,000                     | -                   | 8,796                           | 12.04%          |
| Total O & M Expenses                                | <u>\$ 16,349</u>      | <u>\$ 118,500</u>          | <u>\$ -</u>         | <u>\$ 97,037</u>                | <u>13.80%</u>   |

**Palmdale Water District**  
**2015 Administration Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                                      | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|------------------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| <b>Personnel Budget:</b>                             |                       |                            |                     |                                 |                 |
| 1-02-4000-000 Salaries                               | \$ 142,844            | \$ 860,500                 |                     | \$ 717,656                      | 16.60%          |
| 1-02-4000-100 Overtime                               | 1,525                 | 8,250                      |                     | 6,725                           | 18.49%          |
| 1-02-4000-200 On-Call                                | 11,699                | 67,500                     |                     | 55,801                          | 17.33%          |
| Subtotal (Salaries)                                  | \$ 156,068            | \$ 936,250                 | \$ -                | \$ 780,182                      | 16.67%          |
| <b>Employee Benefits</b>                             |                       |                            |                     |                                 |                 |
| 1-02-4005-000 Payroll Taxes                          | \$ 10,842             | \$ 66,000                  |                     | 55,158                          | 16.43%          |
| 1-02-4010-000 Health Insurance                       | 22,316                | 134,000                    |                     | 111,684                         | 16.65%          |
| 1-02-4015-000 PERS                                   | 25,021                | 169,000                    |                     | 143,979                         | 14.81%          |
| 1-02-4020-000 Worker's Compensation                  | -                     | 125,000                    |                     | 125,000                         | 0.00%           |
| 1-02-4025-000 Vacation Benefit Expense               | 21,015                | 35,000                     |                     | 13,985                          | 60.04%          |
| 1-02-4030-000 Life Insurance                         | 1,153                 | 8,000                      |                     | 6,847                           | 14.41%          |
| Subtotal (Benefits)                                  | \$ 80,348             | \$ 537,000                 | \$ -                | \$ 456,652                      | 14.96%          |
| Total Personnel Expenses                             | \$ 236,416            | \$ 1,473,250               | \$ -                | \$ 1,236,834                    | 16.05%          |
| <b>OPERATING EXPENSES:</b>                           |                       |                            |                     |                                 |                 |
| 1-02-4050-100 General Manager Travel                 | \$ -                  | \$ 5,000                   |                     | 5,000                           | 0.00%           |
| 1-02-4060-100 General Manager Conferences & Seminars | 135                   | 4,000                      |                     | 3,865                           | 3.38%           |
| 1-02-4080-000 Other Operating                        | 165                   | 20,000                     |                     | 19,835                          | 0.83%           |
| 1-02-4110-000 Consultants                            | 24,248                | 175,000                    |                     | 150,752                         | 13.86%          |
| 1-02-4125-000 Insurance                              | 50,532                | 285,000                    |                     | 234,468                         | 17.73%          |
| 1-02-4130-000 Bank Charges                           | 25,414                | 140,000                    |                     | 114,586                         | 18.15%          |
| 1-02-4135-000 Groundwater Adjudication               | 16,572                | 75,000                     |                     | 58,428                          | 22.10%          |
| 1-02-4140-000 Legal Services                         | 16,376                | 160,000                    |                     | 143,624                         | 10.24%          |
| 1-02-4150-000 Accounting Services                    | 9,000                 | 25,000                     |                     | 16,000                          | 36.00%          |
| 1-02-4165-000 Memberships/Subscriptions              | 6,292                 | 210,000                    |                     | 203,708                         | 3.00%           |
| 1-02-4175-000 Permits                                | 2,991                 | 10,000                     |                     | 7,009                           | 29.91%          |
| 1-02-4180-000 Postage                                | 2,423                 | 27,500                     |                     | 25,077                          | 8.81%           |
| 1-02-4190-100 Public Relations - Publications        | -                     | 35,000                     |                     | 35,000                          | 0.00%           |
| 1-02-4190-900 Public Relations - Other               | -                     | 1,000                      |                     | 1,000                           | 0.00%           |
| 1-02-4200-000 Advertising                            | 30                    | 3,500                      |                     | 3,470                           | 0.86%           |
| 1-02-4205-000 Office Supplies                        | 2,218                 | 18,000                     |                     | 15,782                          | 12.32%          |
| Subtotal Operating Expenses                          | \$ 156,397            | \$ 1,194,000               | \$ -                | \$ 1,037,603                    | 13.10%          |
| Total Departmental Expenses                          | \$ 392,813            | \$ 2,667,250               | \$ -                | \$ 2,274,437                    | 14.73%          |

**Palmdale Water District**  
**2015 Engineering Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                                    | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|----------------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| <b>Personnel Budget:</b>                           |                       |                            |                     |                                 |                 |
| 1-03-4000-000 Salaries                             | \$ 131,118            | \$ 809,000                 |                     | \$ 677,882                      | 16.21%          |
| 1-03-4000-100 Overtime                             | 1,141                 | 6,750                      |                     | 5,609                           | 16.90%          |
| Subtotal (Salaries)                                | \$ 132,259            | \$ 815,750                 |                     | \$ 683,491                      | 16.21%          |
| <b>Employee Benefits</b>                           |                       |                            |                     |                                 |                 |
| 1-03-4005-000 Payroll Taxes                        | 10,109                | 61,000                     |                     | 50,891                          | 16.57%          |
| 1-03-4010-000 Health Insurance                     | 32,771                | 154,500                    |                     | 121,729                         | 21.21%          |
| 1-03-4015-000 PERS                                 | 20,675                | 142,000                    |                     | 121,325                         | 14.56%          |
| Subtotal (Benefits)                                | \$ 63,554             | \$ 357,500                 | \$ -                | \$ 293,946                      | 17.78%          |
| Total Personnel Expenses                           | \$ 195,813            | \$ 1,173,250               | \$ -                | \$ 977,437                      | 16.69%          |
| <b>OPERATING EXPENSES:</b>                         |                       |                            |                     |                                 |                 |
| 1-03-4155-000 Contracted Services                  | 40,000                | 61,500                     |                     | 21,500                          | 65.04%          |
| 1-03-4165-000 Memberships/Subscriptions            | 281                   | 2,000                      |                     | 1,720                           | 14.03%          |
| 1-03-4250-000 General Materials & Supplies         | 9                     | 2,500                      |                     | 2,491                           | 0.35%           |
| 1-03-8100-100 Computer Software - Maint. & Support | 2,279                 | 13,500                     |                     | 11,221                          | 16.88%          |
| Subtotal Operating Expenses                        | \$ 42,568             | \$ 79,500                  | \$ -                | \$ 36,932                       | 53.54%          |
| Total Departmental Expenses                        | \$ 238,381            | \$ 1,252,750               | \$ -                | \$ 1,014,369                    | 19.03%          |

**Palmdale Water District**  
**2015 Facilities Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                                             | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|-------------------------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| <b>Personnel Budget:</b>                                    |                       |                            |                     |                                 |                 |
| 1-04-4000-000 Salaries                                      | \$ 295,064            | \$ 2,049,000               |                     | \$ 1,753,936                    | 14.40%          |
| 1-04-4000-100 Overtime                                      | 10,462                | 65,000                     |                     | 54,538                          | 16.10%          |
| Subtotal (Salaries)                                         | \$ 305,525            | \$ 2,114,000               | \$ -                | \$ 1,808,475                    | 14.45%          |
| <b>Employee Benefits</b>                                    |                       |                            |                     |                                 |                 |
| 1-04-4005-000 Payroll Taxes                                 | 23,698                | 157,000                    |                     | 133,302                         | 15.09%          |
| 1-04-4010-000 Health Insurance                              | 104,971               | 466,000                    |                     | 361,029                         | 22.53%          |
| 1-04-4015-000 PERS                                          | 48,739                | 362,000                    |                     | 313,261                         | 13.46%          |
| Subtotal (Benefits)                                         | \$ 177,408            | \$ 985,000                 | \$ -                | \$ 807,592                      | 18.01%          |
| <b>Total Personnel Expenses</b>                             | <b>\$ 482,934</b>     | <b>\$ 3,099,000</b>        | <b>\$ -</b>         | <b>\$ 2,616,066</b>             | <b>15.58%</b>   |
| <b>OPERATING EXPENSES:</b>                                  |                       |                            |                     |                                 |                 |
| 1-04-4155-000 Contracted Services                           | \$ 25,534             | \$ 125,000                 |                     | \$ 99,466                       | 20.43%          |
| 1-04-4175-000 Permits-Dams                                  | -                     | 50,000                     |                     | 50,000                          | 0.00%           |
| 1-04-4215-100 Natural Gas - Wells & Boosters                | 17,386                | 236,000                    |                     | 218,614                         |                 |
| 1-04-4215-200 Natural Gas - Buildings                       | 1,344                 | 9,000                      |                     | 7,656                           | 14.93%          |
| 1-04-4220-100 Electricity - Wells & Boosters                | 118,417               | 1,515,000                  |                     | 1,396,583                       |                 |
| 1-04-4220-200 Electricity - Buildings                       | 4,393                 | 75,000                     |                     | 70,607                          | 5.86%           |
| 1-04-4225-000 Maint. & Repair - Vehicles                    | 2,246                 | 40,000                     |                     | 37,754                          | 5.61%           |
| 1-04-4230-100 Maint. & Rep. Office Building                 | 2,923                 | 15,000                     |                     | 12,077                          | 19.49%          |
| 1-04-4235-110 Maint. & Rep. Equipment                       | 811                   | 6,500                      |                     | 5,689                           | 12.47%          |
| 1-04-4235-400 Maint. & Rep. Operations - Wells              | 15,720                | 75,000                     |                     | 59,280                          | 20.96%          |
| 1-04-4235-405 Maint. & Rep. Operations - Boosters           | 15,647                | 50,000                     |                     | 34,353                          | 31.29%          |
| 1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs         | -                     | 10,000                     |                     | 10,000                          | 0.00%           |
| 1-04-4235-415 Maint. & Rep. Operations - Facilities         | 4,282                 | 15,000                     |                     | 10,718                          | 28.55%          |
| 1-04-4235-420 Maint. & Rep. Operations - Water Lines        | 14,943                | 240,000                    |                     | 225,057                         | 6.23%           |
| 1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam     | -                     | 15,000                     |                     | 15,000                          | 0.00%           |
| 1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam       | -                     | 7,500                      |                     | 7,500                           | 0.00%           |
| 1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal     | 281                   | 10,000                     |                     | 9,719                           | 2.81%           |
| 1-04-4235-445 Maint. & Rep. Operations - Telemetry          | 411                   | 2,250                      |                     | 1,839                           |                 |
| 1-04-4235-450 Maint. & Rep. Operations - Hypo Generators    | 534                   | 12,000                     |                     | 11,466                          |                 |
| 1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment    | 5,456                 | 35,000                     |                     | 29,544                          | 15.59%          |
| 1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs | 1,398                 | 5,000                      |                     | 3,602                           | 27.96%          |
| 1-04-4270-300 Telecommunication - Other                     | 590                   | 2,750                      |                     | 2,160                           |                 |
| 1-04-4300-300 Testing - Edison Testing                      | -                     | 6,000                      |                     | 6,000                           |                 |
| 1-04-6000-000 Waste Disposal                                | 1,617                 | 25,000                     |                     | 23,383                          | 6.47%           |
| 1-04-6100-100 Fuel and Lube - Vehicle                       | 1,421                 | 130,000                    |                     | 128,579                         | 1.09%           |
| 1-04-6100-200 Fuel and Lube - Machinery                     | 10,459                | 43,000                     |                     | 32,541                          | 24.32%          |
| 1-04-6200-000 Uniforms                                      | 4,977                 | 22,500                     |                     | 17,523                          | 22.12%          |
| 1-04-6300-100 Supplies - General                            | 8,525                 | 47,500                     |                     | 38,975                          | 17.95%          |
| 1-04-6300-200 Supplies - Hypo Generators                    | -                     | 6,500                      |                     | 6,500                           |                 |
| 1-04-6300-300 Supplies - Electrical                         | -                     | 3,000                      |                     | 3,000                           |                 |
| 1-04-6300-400 Supplies - Telemetry                          | -                     | 5,000                      |                     | 5,000                           |                 |
| 1-04-6300-800 Supplies - Construction Materials             | 6,782                 | 35,000                     |                     | 28,218                          | 19.38%          |
| 1-04-6400-000 Tools                                         | 3,000                 | 12,000                     |                     | 9,000                           | 25.00%          |
| 1-04-7000-100 Leases -Equipment                             | 2,874                 | 12,500                     |                     | 9,626                           | 22.99%          |
| Subtotal Operating Expenses                                 | \$ 271,970            | \$ 2,899,000               | \$ -                | \$ 2,627,030                    | 9.38%           |
| <b>Total Departmental Expenses</b>                          | <b>\$ 754,903</b>     | <b>\$ 5,998,000</b>        | <b>\$ -</b>         | <b>\$ 5,243,097</b>             | <b>12.59%</b>   |



**Palmdale Water District**  
**2015 Operation Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                                         | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|---------------------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| <b>Personnel Budget:</b>                                |                       |                            |                     |                                 |                 |
| 1-05-4000-000 Salaries                                  | \$ 170,465            | \$ 1,104,500               |                     | \$ 934,035                      | 15.43%          |
| 1-05-4000-100 Overtime                                  | 7,813                 | 53,750                     |                     | 45,937                          | 14.54%          |
| Subtotal (Salaries)                                     | \$ 178,278            | \$ 1,158,250               | \$ -                | \$ 979,972                      | 15.39%          |
| <b>Employee Benefits</b>                                |                       |                            |                     |                                 |                 |
| 1-05-4005-000 Payroll Taxes                             | 13,530                | 90,750                     |                     | 77,220                          | 14.91%          |
| 1-05-4010-000 Health Insurance                          | 44,621                | 200,000                    |                     | 155,379                         | 22.31%          |
| 1-05-4015-000 PERS                                      | 27,415                | 203,000                    |                     | 175,585                         | 13.51%          |
| Subtotal (Benefits)                                     | \$ 85,566             | \$ 493,750                 | \$ -                | \$ 408,184                      | 17.33%          |
| Total Personnel Expenses                                | \$ 263,844            | \$ 1,652,000               | \$ -                | \$ 1,388,156                    | 15.97%          |
| <b>OPERATING EXPENSES:</b>                              |                       |                            |                     |                                 |                 |
| 1-05-4155-000 Contracted Services*                      | \$ 10,920             | \$ 67,500                  | \$ 2,200            | \$ 58,780                       | 15.67%          |
| 1-05-4175-000 Permits                                   | 297                   | 40,000                     |                     | 39,703                          | 0.74%           |
| 1-05-4215-200 Natural Gas - WTP                         | 259                   | 3,000                      |                     | 2,741                           | 8.64%           |
| 1-05-4220-200 Electricity - WTP                         | 12,228                | 125,000                    |                     | 112,772                         | 9.78%           |
| 1-05-4230-110 Maint. & Rep. - Office Equipment          | -                     | 500                        |                     | 500                             | 0.00%           |
| 1-05-4235-110 Maint. & Rep. Operations - Equipment      | 3,979                 | 11,500                     |                     | 7,521                           | 34.60%          |
| 1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs     | -                     | 6,000                      |                     | 6,000                           | 0.00%           |
| 1-05-4235-415 Maint. & Rep. Operations - Facilities     | 4,320                 | 45,000                     |                     | 40,680                          | 9.60%           |
| 1-05-4235-450 Maint. & Rep. Operations - Hypo Generator | -                     | 18,000                     |                     | 18,000                          | 0.00%           |
| 1-05-4235-500 Maint. & Rep. Operations - Wind Turbine   | 2,975                 | 6,000                      |                     | 3,025                           | 49.58%          |
| 1-05-4236-000 Palmdale Lake Management                  | 366                   | 15,000                     |                     | 14,634                          | 2.44%           |
| 1-05-6000-000 Waste Disposal                            | 584                   | 14,000                     |                     | 13,416                          | 4.17%           |
| 1-05-6200-000 Uniforms                                  | 2,232                 | 12,000                     |                     | 9,768                           | 18.60%          |
| 1-05-6300-100 Supplies - General                        | 2,381                 | 15,000                     |                     | 12,619                          | 15.87%          |
| 1-05-6300-600 Supplies - Lab                            | 12,007                | 35,000                     |                     | 22,993                          | 34.30%          |
| 1-05-6300-700 Outside Lab Work                          | 12,175                | 64,000                     |                     | 51,825                          | 19.02%          |
| 1-05-6400-000 Tools                                     | 219                   | 6,500                      |                     | 6,281                           | 3.38%           |
| 1-05-6500-000 Chemicals*                                | 7,693                 | 485,000                    | (2,200)             | 475,107                         | 1.59%           |
| 1-05-7000-100 Leases -Equipment                         | 651                   | 3,000                      |                     | 2,349                           | 21.69%          |
| Subtotal Operating Expenses                             | \$ 73,285             | \$ 972,000                 | \$ -                | \$ 898,715                      | 7.54%           |
| Total Departmental Expenses                             | \$ 337,129            | \$ 2,624,000               | \$ -                | \$ 2,286,871                    | 12.85%          |

\* Budget adjustments by General Manager per Appendix A

**Palmdale Water District**  
**2015 Water Conservation Budget**  
For the Two Months Ending Saturday, February 28, 2015

| YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|

Personnel Budget:

|                        |           |            |            |        |
|------------------------|-----------|------------|------------|--------|
| 1-07-4000-000 Salaries | \$ 26,462 | \$ 175,000 | \$ 148,538 | 15.12% |
| 1-07-4000-100 Overtime | 119       | 1,000      | 881        | 11.92% |
| Subtotal (Salaries)    | \$ 26,581 | \$ 176,000 | \$ 149,419 | 15.10% |

Employee Benefits

|                                |           |           |        |        |
|--------------------------------|-----------|-----------|--------|--------|
| 1-07-4005-000 Payroll Taxes    | 2,043     | 13,500    | 11,457 | 15.14% |
| 1-07-4010-000 Health Insurance | 9,535     | 38,000    | 28,465 | 25.09% |
| 1-07-4015-000 PERS             | 2,868     | 20,000    | 17,132 | 14.34% |
| Subtotal (Benefits)            | \$ 14,447 | \$ 71,500 | \$ -   | 20.21% |

Total Personnel Expenses

|           |            |      |            |        |
|-----------|------------|------|------------|--------|
| \$ 41,028 | \$ 247,500 | \$ - | \$ 205,591 | 16.58% |
|-----------|------------|------|------------|--------|

OPERATING EXPENSES:

|                                                              |          |           |          |        |
|--------------------------------------------------------------|----------|-----------|----------|--------|
| 1-07-4190-300 Public Relations - Landscape Workshop/Training | \$ -     | \$ 1,000  | \$ 1,000 | 0.00%  |
| 1-07-4190-400 Public Relations - Contests                    | -        | 1,000     | 1,000    | 0.00%  |
| 1-07-4190-500 Public Relations - Education Programs          | -        | 2,500     | 2,500    | 0.00%  |
| 1-07-4190-700 Public Relations -General Media                | 364      | 25,000    | 24,637   | 1.45%  |
| 1-07-4190-900 Public Relations - Other                       | 190      | 2,000     | 1,810    | 9.48%  |
| 1-07-6300-100 Supplies - Misc.                               | 2,953    | 5,000     | 2,047    | 59.07% |
| Subtotal Operating Expenses                                  | \$ 3,507 | \$ 36,500 | \$ -     | 9.61%  |

Total Departmental Expenses

|           |            |      |            |        |
|-----------|------------|------|------------|--------|
| \$ 44,534 | \$ 284,000 | \$ - | \$ 238,585 | 15.68% |
|-----------|------------|------|------------|--------|

**Palmdale Water District**  
**2015 Finance Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                                          | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|----------------------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| <b>Personnel Budget:</b>                                 |                       |                            |                     |                                 |                 |
| 1-06-4000-000 Salaries                                   | \$ 236,726            | \$ 1,546,000               | \$ (69,300)         | \$ 1,239,974                    | 16.03%          |
| 1-06-4000-100 Overtime                                   | 3,877                 | 19,000                     |                     | 15,123                          | 20.41%          |
| Subtotal (Salaries)                                      | \$ 240,603            | \$ 1,565,000               | \$ (69,300)         | \$ 1,255,097                    | 16.09%          |
| <b>Employee Benefits</b>                                 |                       |                            |                     |                                 |                 |
| 1-06-4005-000 Payroll Taxes                              | 18,665                | 118,500                    | (5,300)             | 94,535                          | 16.49%          |
| 1-06-4010-000 Health Insurance                           | 53,913                | 316,000                    | (9,600)             | 252,487                         | 17.60%          |
| 1-06-4015-000 PERS                                       | 42,524                | 297,000                    | (12,500)            | 241,976                         | 14.95%          |
| Subtotal (Benefits)                                      | \$ 115,101            | \$ 731,500                 | \$ (27,400)         | \$ 588,999                      | 16.35%          |
| Total Personnel Expenses                                 | \$ 355,704            | \$ 2,296,500               | \$ (96,700)         | \$ 1,844,096                    | 16.17%          |
| <b>OPERATING EXPENSES:</b>                               |                       |                            |                     |                                 |                 |
| 1-06-4155-300 Contracted Services                        | \$ 4,242              | \$ 24,750                  |                     | \$ 20,508                       | 17.14%          |
| 1-06-4155-100 Contracted Services - Infosend             | 26,677                | 205,000                    |                     | 178,323                         | 13.01%          |
| 1-06-4165-000 Memberships/Subscriptions                  | 110                   | 500                        |                     | 390                             | 22.00%          |
| 1-06-4230-110 Maintenance & Repair - Office Equipment    | -                     | 1,000                      |                     | 1,000                           | 0.00%           |
| 1-06-4235-440 Maint. & Rep. Operations - Large Meters    | 1,968                 | 10,000                     |                     | 8,032                           | 19.68%          |
| 1-06-4235-470 Maint. & Rep. Operations - Meter Exchanges | 107,615               | 350,000                    |                     | 242,385                         | 30.75%          |
| 1-06-4250-000 General Material & Supplies                | 3,060                 | 6,000                      |                     | 2,940                           | 50.99%          |
| 1-06-4260-000 Business Forms                             | 2,848                 | 10,000                     |                     | 7,152                           | 28.48%          |
| 1-06-4270-100 Telecommunication - Office                 | 2,692                 | 12,000                     |                     | 9,308                           | 22.44%          |
| 1-06-4270-200 Telecommunication - Cellular Stipend       | 2,820                 | 17,000                     |                     | 14,180                          | 16.59%          |
| 1-06-4300-200 Testing - Large Meter Testing              | 2,869                 | 15,000                     |                     | 12,131                          | 19.13%          |
| 1-06-7000-100 Leases - Equipment                         | 1,197                 | 3,000                      |                     | 1,803                           | 39.91%          |
| Subtotal Operating Expenses                              | \$ 156,098            | \$ 654,250                 | \$ -                | \$ 498,152                      | 23.86%          |
| Total Departmental Expenses                              | \$ 511,802            | \$ 2,950,750               | \$ (96,700)         | \$ 2,342,248                    | 17.93%          |

++ Amended by Board 08/13/14

**Palmdale Water District**  
**2015 Water Conservation Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                                              | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|--------------------------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| <b>Personnel Budget:</b>                                     |                       |                            |                     |                                 |                 |
| 1-07-4000-000 Salaries                                       | \$ 26,462             | \$ 175,000                 |                     | \$ 148,538                      | 15.12%          |
| 1-07-4000-100 Overtime                                       | 119                   | 1,000                      |                     | 881                             | 11.92%          |
| Subtotal (Salaries)                                          | \$ 26,581             | \$ 176,000                 |                     | \$ 149,419                      | 15.10%          |
| <b>Employee Benefits</b>                                     |                       |                            |                     |                                 |                 |
| 1-07-4005-000 Payroll Taxes                                  | 2,043                 | 13,500                     |                     | 11,457                          | 15.14%          |
| 1-07-4010-000 Health Insurance                               | 9,535                 | 38,000                     |                     | 28,465                          | 25.09%          |
| 1-07-4015-000 PERS                                           | 2,868                 | 20,000                     |                     | 17,132                          | 14.34%          |
| Subtotal (Benefits)                                          | \$ 14,447             | \$ 71,500                  | \$ -                | \$ 57,053                       | 20.21%          |
| Total Personnel Expenses                                     | \$ 41,028             | \$ 247,500                 | \$ -                | \$ 205,591                      | 16.58%          |
| <b>OPERATING EXPENSES:</b>                                   |                       |                            |                     |                                 |                 |
| 1-07-4190-300 Public Relations - Landscape Workshop/Training | \$ -                  | \$ 1,000                   |                     | \$ 1,000                        | 0.00%           |
| 1-07-4190-400 Public Relations - Contests                    | -                     | 1,000                      |                     | 1,000                           | 0.00%           |
| 1-07-4190-500 Public Relations - Education Programs          | -                     | 2,500                      |                     | 2,500                           | 0.00%           |
| 1-07-4190-700 Public Relations -General Media                | 364                   | 25,000                     |                     | 24,637                          | 1.45%           |
| 1-07-4190-900 Public Relations - Other                       | 190                   | 2,000                      |                     | 1,810                           | 9.48%           |
| 1-07-6300-100 Supplies - Misc.                               | 2,953                 | 5,000                      |                     | 2,047                           | 59.07%          |
| Subtotal Operating Expenses                                  | \$ 3,507              | \$ 36,500                  | \$ -                | \$ 32,993                       | 9.61%           |
| Total Departmental Expenses                                  | \$ 44,534             | \$ 284,000                 | \$ -                | \$ 238,585                      | 15.68%          |



**Palmdale Water District**  
**2015 Human Resources Budget**  
For the Two Months Ending Saturday, February 28, 2015

|                                            | YTD<br>ACTUAL<br>2015 | ORIGINAL<br>BUDGET<br>2015 | ADJUSTMENTS<br>2015 | ADJUSTED<br>BUDGET<br>REMAINING | PERCENT<br>USED |
|--------------------------------------------|-----------------------|----------------------------|---------------------|---------------------------------|-----------------|
| Personnel Budget:                          |                       |                            |                     |                                 |                 |
| 1-08-4000-000 Salaries                     | \$ 24,595             | \$ 101,000                 |                     | \$ 76,405                       | 24.35%          |
| Employee Benefits                          |                       |                            |                     |                                 |                 |
| 1-08-4005-000 Payroll Taxes                | 1,892                 | 7,750                      |                     | 5,859                           | 24.41%          |
| 1-08-4010-000 Health Insurance             | 5,450                 | 18,000                     |                     | 12,550                          | 30.28%          |
| 1-08-4015-000 PERS                         | 956                   | 6,500                      |                     | 5,544                           | 14.70%          |
| Subtotal (Benefits)                        | \$ 8,297              | \$ 32,250                  | \$ -                | \$ 23,953                       | 25.73%          |
| Total Personnel Expenses                   | \$ 32,892             | \$ 133,250                 | \$ -                | \$ 100,358                      | 24.68%          |
| OPERATING EXPENSES:                        |                       |                            |                     |                                 |                 |
| 1-08-4050-000 Staff Travel                 | \$ 1,684              | \$ 25,250                  |                     | \$ 23,566                       | 6.67%           |
| 1-08-4060-000 Staff Conferences & Seminars | 9,933                 | 20,500                     |                     | 10,567                          | 48.45%          |
| 1-08-4070-000 Employee Expense             | 5,070                 | 40,000                     |                     | 34,930                          | 12.67%          |
| 1-08-4095-000 Employee Recruitment         | 170                   | 3,000                      |                     | 2,830                           | 5.66%           |
| 1-08-4100-000 Employee Retention           | -                     | 20,000                     |                     | 20,000                          | 0.00%           |
| 1-08-4105-000 Employee Relations           | 2,194                 | 3,500                      |                     | 1,306                           | 62.68%          |
| 1-08-4110-000 Consultants                  | -                     | 1,000                      |                     | 1,000                           | 0.00%           |
| 1-08-4120-100 Training-Safety              | 50                    | 30,000                     |                     | 29,950                          | 0.17%           |
| 1-08-4120-100 Training-Speciality          | -                     | 26,000                     |                     |                                 |                 |
| 1-08-4121-000 Safety Program               | -                     | 1,000                      |                     | 1,000                           | 0.00%           |
| 1-08-4165-000 Membership/Subscriptions     | -                     | 1,600                      |                     | 1,600                           | 0.00%           |
| 1-08-4165-100 HR/Safety Publications       | 154                   | 1,000                      |                     | 846                             | 15.44%          |
| 1-08-6300-500 Supplies - Safety            | 1,208                 | 20,000                     |                     | 18,792                          | 6.04%           |
| Subtotal Operating Expenses                | \$ 20,463             | \$ 192,850                 | \$ -                | \$ 146,387                      | 10.61%          |
| Total Departmental Expenses                | \$ 53,356             | \$ 326,100                 | \$ -                | \$ 246,744                      | 16.36%          |

**Palmdale Water District**  
**2015 Information Technology Budget**  
For the Two Months Ending Saturday, February 28, 2015

| YTD<br>ACTUAL | ORIGINAL<br>BUDGET | ADJUSTMENTS | ADJUSTED<br>BUDGET | PERCENT |
|---------------|--------------------|-------------|--------------------|---------|
| 2015          | 2015               | 2015        | REMAINING          | USED    |

Personnel Budget:

|                        |           |            |            |        |
|------------------------|-----------|------------|------------|--------|
| 1-09-4000-000 Salaries | \$ 33,577 | \$ 221,500 | \$ 187,923 | 15.16% |
| 1-09-4000-100 Overtime | -         | 2,500      | 2,500      | 0.00%  |
| Subtotal (Salaries)    | \$ 33,577 | \$ 224,000 | \$ 190,423 | 14.99% |

Employee Benefits

|                                |           |           |           |        |
|--------------------------------|-----------|-----------|-----------|--------|
| 1-09-4005-000 Payroll Taxes    | 2,556     | 17,000    | 14,444    | 15.03% |
| 1-09-4010-000 Health Insurance | 5,715     | 37,500    | 31,785    | 15.24% |
| 1-09-4015-000 PERS             | 6,392     | 44,000    | 37,608    | 14.53% |
| Subtotal (Benefits)            | \$ 14,664 | \$ 98,500 | \$ 83,836 | 14.89% |

Total Personnel Expenses

|           |            |      |            |        |
|-----------|------------|------|------------|--------|
| \$ 48,241 | \$ 322,500 | \$ - | \$ 271,759 | 14.96% |
|-----------|------------|------|------------|--------|

OPERATING EXPENSES:

|                                                         |           |            |            |         |
|---------------------------------------------------------|-----------|------------|------------|---------|
| 1-09-4155-000 Contracted Services                       | \$ 7,271  | \$ 125,000 | \$ 117,729 | 5.82%   |
| 1-09-4165-000 Memberships/Subscriptions                 | -         | 1,000      | 1,000      | 0.00%   |
| 1-09-4270-000 Telecommunications                        | 12,644    | 77,750     | 65,106     | 16.26%  |
| 1-09-8000-100 Computer Equipment - Computers            | 3,698     | 20,000     | 16,302     | 18.49%  |
| 1-09-8000-200 Computer Equipment - Laptops              | 2,910     | 5,000      | 2,090      | 58.19%  |
| 1-09-8000-300 Computer Equipment - Monitors             | -         | 2,000      | 2,000      | 0.00%   |
| 1-09-8000-500 Computer Equipment - Toner Cartridges     | 171       | 3,000      | 2,829      | 5.70%   |
| 1-09-8000-550 Computer Equipment - Telephony            | -         | 2,500      | 2,500      | 0.00%   |
| 1-09-8000-600 Computer Equipment - Other                | -         | 20,000     | 20,000     | 0.00%   |
| 1-09-8100-100 Computer Software - Maint. and Support    | 45,961    | 44,000     | (1,961)    | 104.46% |
| 1-09-8100-140 Computer Software - Starnik               | 15,800    | 110,000    | 94,200     | 14.36%  |
| 1-09-8100-150 Computer Software - Dynamics GP Support   | 750       | 36,000     | 35,250     | 2.08%   |
| 1-09-8100-200 Computer Software - Software and Upgrades | 5,712     | 14,000     | 8,288      | 40.80%  |
| Subtotal Operating Expenses                             | \$ 94,916 | \$ 460,250 | \$ 365,334 | 20.62%  |

Total Departmental Expenses

|            |            |      |            |        |
|------------|------------|------|------------|--------|
| \$ 143,156 | \$ 782,750 | \$ - | \$ 637,094 | 18.29% |
|------------|------------|------|------------|--------|

**Palmdale Water District**  
**2015 Customer Care Budget**  
For the Two Months Ending Saturday, February 28, 2015

| YTD<br>ACTUAL | ORIGINAL<br>BUDGET | ADJUSTMENTS | ADJUSTED<br>BUDGET | PERCENT |
|---------------|--------------------|-------------|--------------------|---------|
| 2015          | 2015               | 2015        | REMAINING          | USED    |

Personnel Budget:

|                        |      |      |    |   |
|------------------------|------|------|----|---|
| 1-10-4000-000 Salaries |      |      | \$ | - |
| 1-10-4000-100 Overtime |      |      |    | - |
| Subtotal (Salaries)    | \$ - | \$ - | \$ | - |

Employee Benefits

|                                |           |      |          |          |
|--------------------------------|-----------|------|----------|----------|
| 1-10-4005-000 Payroll Taxes    |           |      |          | -        |
| 1-10-4010-000 Health Insurance | 24,000    |      | (24,000) |          |
| 1-10-4015-000 PERS             |           |      |          | -        |
| Subtotal (Benefits)            | \$ 24,000 | \$ - | \$ -     | (24,000) |

Total Personnel Expenses

|           |      |      |             |  |
|-----------|------|------|-------------|--|
| \$ 24,000 | \$ - | \$ - | \$ (24,000) |  |
|-----------|------|------|-------------|--|

OPERATING EXPENSES:

|                                                     |      |      |      |   |
|-----------------------------------------------------|------|------|------|---|
| 1-10-4155-000 Contracted Services                   |      |      | \$   | - |
| 1-10-4230-110 Maintenance & Repair-Office Equipment |      |      |      | - |
| 1-10-4250-000 General Material & Supplies           |      |      |      | - |
| 1-10-4260-000 Business Forms                        |      |      |      | - |
| Subtotal Operating Expenses                         | \$ - | \$ - | \$ - | - |

Total Departmental Expenses

|           |      |      |             |  |
|-----------|------|------|-------------|--|
| \$ 24,000 | \$ - | \$ - | \$ (24,000) |  |
|-----------|------|------|-------------|--|

Project Payment Schedule  
Updated: March 18, 2015

AGENDA ITEM NO. 4.5

= Approved for Payment

= 2014 Budget Carryover



| Planned Expenses                                       | 2015 Budget | Payee              | Approved Contract | Dec-14  | Jan-15  | Feb-15  | Mar-15  | Apr-15  | May-15  | Jun-15 | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 |
|--------------------------------------------------------|-------------|--------------------|-------------------|---------|---------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|
| Committed Contracts / Projects                         |             |                    |                   |         |         |         |         |         |         |        |        |        |        |        |        |        |
| Storage Tank Maintenance (Year 2 of 6) - RCP03         | 330,000     | Superior Tank      | 330,000           |         |         |         |         |         | 330,000 |        |        |        |        |        |        |        |
| Water System Master Plan Update (WO# 14-404) - PL02    | 45,000      | MWH                | 196,043           | 9,363   |         | 18,599  | 5,370   | 41,061  | 41,061  |        |        |        |        |        |        |        |
| Meter Replacement Program (Purchase 2014 Carry Over)   |             | Inland Waterworks  | 788,148           | 416,782 | 314,597 |         |         |         |         |        |        |        |        |        |        |        |
| Meter Replacement Program (Purchase 2015) - RCP01      | 900,000     | Inland Waterworks  | 784,447           |         |         |         | 454,752 | 329,695 |         |        |        |        |        |        |        |        |
| Meter Replacement Program (Installation) - RCP02       | 325,000     | Bob O Construction | 155,506           |         |         |         | 25,000  | 50,000  | 50,000  | 30,506 |        |        |        |        |        |        |
| Hydrologic and Energy Database - PL04                  | 67,000      | DCSE               | 69,730            |         |         |         | 10,000  | 20,000  | 20,000  | 10,000 | 9,730  |        |        |        |        |        |
| Dredging @ Lake Outlet Structure / Mechanical Repairs  |             | Fontaine           |                   |         |         | 57,115  |         |         |         |        |        |        |        |        |        |        |
| Lobby Schematic Design                                 | 18,000      | Itzen              | 18,000            |         | 7,124   |         | 10,624  |         |         |        |        |        |        |        |        |        |
| Security Improvement Project (Feasibility/Design)      |             | Exante 360         |                   |         | 5,000   | 2,000   |         |         |         |        |        |        |        |        |        |        |
| Natural Gas Engine Emissions Analyzer - NE10           | 15,000      | Murcal             | 13,335            |         |         | 13,335  |         |         |         |        |        |        |        |        |        |        |
| Generator/Engine Emissions (Well No. 2A and 3A) - SF05 | 20,000      | Murcal             | 19,316            |         |         |         | 19,316  |         |         |        |        |        |        |        |        |        |
| Well No. 7A Electrical Transformer - RCP10             | 35,000      | CED                | 19,511            |         |         |         | 19,511  |         |         |        |        |        |        |        |        |        |
| Diesel Tamper - RE03                                   | 5,000       | Dowd Supply        | 4,268             |         |         |         | 4,268   |         |         |        |        |        |        |        |        |        |
| Replacement Fleet (4) 3/4 Ton Trucks                   |             | Wondries           | 143,751           |         |         |         | 143,751 |         |         |        |        |        |        |        |        |        |
| docSTAR Smart Automation Project                       |             | docSTAR            |                   |         | 4,331   | 15,259  |         |         |         |        |        |        |        |        |        |        |
| Subtotal                                               | 1,760,000   | ---                | 2,542,055         | 426,145 | 331,052 | 106,308 | 692,592 | 440,756 | 441,061 | 40,506 | 9,730  | -      | -      | -      | -      | -      |

|                                                    |           |           |     |   |   |   |         |         |         |         |         |         |         |        |        |        |
|----------------------------------------------------|-----------|-----------|-----|---|---|---|---------|---------|---------|---------|---------|---------|---------|--------|--------|--------|
| Budgeted Projects                                  |           |           |     |   |   |   |         |         |         |         |         |         |         |        |        |        |
| Well No. 15 Rehabilitation - RCP13                 | 300,000   | TBD       | TBD |   |   |   | 100,000 | 200,000 |         |         |         |         |         |        |        |        |
| Well No. 30 Rehabilitation - RCP12                 | 50,000    | TBD       | TBD |   |   |   |         | 50,000  |         |         |         |         |         |        |        |        |
| 2015 Urban Water Management Plan Update - PL01     | 40,000    | TBD       | TBD |   |   |   |         |         |         |         |         |         | 10,000  | 10,000 | 10,000 | 10,000 |
| 2014 Water System Master Plan Update (EIR) - PL03  | 140,000   | TBD       | TBD |   |   |   |         | 25,000  | 25,000  | 25,000  | 25,000  | 40,000  |         |        |        |        |
| ARC Flash Hazard Analysis - SF01                   | 62,000    | TBD       | TBD |   |   |   |         |         | 20,000  | 20,000  | 22,000  |         |         |        |        |        |
| Fleet Lighting Improvements (Phase 1 of 3) - SF03  | 10,000    | TBD       | TBD |   |   |   |         |         |         |         |         | 10,000  |         |        |        |        |
| Palmdale Ditch Improvements - RCP05                | 75,000    | TBD       | TBD |   |   |   |         |         |         |         |         | 25,000  | 25,000  | 25,000 |        |        |
| Brine Storage Tanks - RCP07                        | 125,000   | TBD       | TBD |   |   |   |         |         | 25,000  | 25,000  | 50,000  | 25,000  |         |        |        |        |
| Parking Lot Re-Surfacing - RCP-4                   | 100,000   | TBD       | TBD |   |   |   |         |         |         |         |         |         | 100,000 |        |        |        |
| Production Flow Meter Replacement - RCP09          | 25,000    | TBD       | TBD |   |   |   | 25,000  |         |         |         |         |         |         |        |        |        |
| NaOCL Generator Replacement - RCP08                | 150,000   | TBD       | TBD |   |   |   | 120,000 | 30,000  |         |         |         |         |         |        |        |        |
| Security System Upgrades - PRO05                   | 250,000   | TBD       | TBD |   |   |   | 50,000  | 50,000  | 50,000  | 50,000  | 50,000  |         |         |        |        |        |
| WTP Security Systtem Upgrade - PRO04               | 5,000     | TBD       | TBD |   |   |   |         |         |         |         |         | 5,000   |         |        |        |        |
| Sludge Pump Station Flow Meter - PRO06             | 4,000     | TBD       | TBD |   |   |   |         | 4,000   |         |         |         |         |         |        |        |        |
| Replacement Vehicles/Fleet - RE02                  | 135,000   | TBD       | TBD |   |   |   |         |         | 30,000  | 30,000  | 40,000  | 35,000  |         |        |        |        |
| Valve Exercising Truck - NE08                      | 100,000   | TBD       | TBD |   |   |   | 100,000 |         |         |         |         |         |         |        |        |        |
| Shop/Mechanic Truck w/ Crane and Compressor - NE05 | 100,000   | TBD       | TBD |   |   |   |         | 100,000 |         |         |         |         |         |        |        |        |
| Shop Tools - NE02                                  | 25,000    | TBD       | TBD |   |   |   |         |         | 25,000  |         |         |         |         |        |        |        |
| Rock Drill / Clay Spade - RE01                     | 8,000     | TBD       | TBD |   |   |   |         |         | 8,000   |         |         |         |         |        |        |        |
| 3-Inch Air Diaphram Pump - NE03                    | 5,000     | TBD       | TBD |   |   |   |         | 5,000   |         |         |         |         |         |        |        |        |
| Acquisition of Tax Defaulted Properties - NCC02    | 28,000    | LA County | TBD |   |   |   |         |         |         | 28,000  |         |         |         |        |        |        |
| HVAC at WTP - PRO10                                | 10,000    | TBD       | TBD |   |   |   | 10,000  |         |         |         |         |         |         |        |        |        |
| Subtotal                                           | 1,747,000 | ---       | -   | - | - | - | 405,000 | 464,000 | 183,000 | 178,000 | 187,000 | 140,000 | 135,000 | 35,000 | 10,000 | 10,000 |

|                                                |           |        |           |         |   |   |         |         |         |   |        |   |   |   |         |   |
|------------------------------------------------|-----------|--------|-----------|---------|---|---|---------|---------|---------|---|--------|---|---|---|---------|---|
| Water Quality Fee Funded Projects              |           |        |           |         |   |   |         |         |         |   |        |   |   |   |         |   |
| GAC Replacement at WTP - F400 and Reactivated  | 806,500   | Calgon | 806,500   | 275,350 |   |   | 297,759 |         | 300,000 |   |        |   |   |   | 185,000 |   |
| GAC Replacement at WTP - AC1230CX              | 300,000   | Evoqua | 300,000   |         |   |   |         | 300,000 |         |   |        |   |   |   |         |   |
| GAC Replacement at Underground Booster Station | 40,000    | Evoqua | 40,000    |         |   |   |         |         |         |   | 40,000 |   |   |   |         |   |
| Subtotal                                       | 1,146,500 | ---    | 1,146,500 | 275,350 | - | - | 297,759 | 300,000 | 300,000 | - | 40,000 | - | - | - | 185,000 | - |

| TOTALS                                                          |      |     | Nov-14    | Dec-14  | Jan-15  | Feb-15  | Mar-15    | Apr-15    | May-15    | Jun-15    | Jul-15    | Aug-15    | Sep-15    | Oct-15    | Nov-15    | Dec-15    |
|-----------------------------------------------------------------|------|-----|-----------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Monthly Planned Expenses (Including Water Quality)              | ---  | --- | 3,688,555 | 701,495 | 331,052 | 655,335 | 1,395,351 | 1,204,756 | 924,061   | 218,506   | 236,730   | 140,000   | 135,000   | 35,000    | 195,000   | 10,000    |
| TOTAL Monthly 2014 Carryover Projects (Excluding Water Quality) | ---  | --- | 2,542,055 | 426,145 | 467,679 | 90,973  |           |           |           |           |           |           |           |           |           |           |
| TOTAL 2015 YTD Budgeted Expenses (Including Water Quality)      | ---- | --- |           |         | 7,124   | 662,459 | 2,057,810 | 3,262,566 | 4,186,627 | 4,405,133 | 4,641,863 | 4,781,863 | 4,916,863 | 4,951,863 | 5,146,863 | 5,156,863 |

# Water Revenue Bond - Series 2013A

Updated: March 18, 2015



| Project    | Work Order | Description                                        | Allocated Based on Bond | Contractual Commitment | Payout to Date | Grant Funding | Uncommitted Bond \$ |
|------------|------------|----------------------------------------------------|-------------------------|------------------------|----------------|---------------|---------------------|
| Spec. 1204 | 603-12     | Ave. Q - Q-3, Division and Sumac                   | \$ 725,000              | \$ 765,085             | \$ 765,085     | \$ -          | \$ (40,085)         |
| Spec. 1201 | 606-11     | 20th, Puerta, Sweetbriar, and 22nd St. E.          | \$ 1,450,000            | \$ 1,487,261           | \$ 1,487,261   | \$ -          | \$ (37,261)         |
| Spec. 1205 | 605-12     | Frontier, 31st St. E., etc. between Ave. Q and Q-4 | \$ 1,200,000            | \$ 1,239,232           | \$ 483,663     | \$ 485,000    | \$ (39,232)         |
| Spec. 1207 | 607-12     | 10th St. E. between Ave. P and Palmdale Blvd.      | \$ 1,400,000            | \$ 1,255,008           | \$ 889,742     | \$ -          | \$ 144,992          |
| LRDSR      | 501-04     | Littlerock Sediment Removal (EIR/EIS/Permits)      | \$ 975,000              | \$ 515,925             | \$ 387,596     | \$ -          | \$ 459,075          |
| LCGRRP     | 400-12     | Littlerock Recharge and Recovery (Feasibility)     | \$ 1,500,000            | \$ 899,493             | \$ 589,040     | \$ -          | \$ 600,507          |
| UAR        | TBD        | Upper Amargosa Recharge (Project Capacity)         | \$ 1,250,000            | \$ 1,250,000           | \$ 38,402      | \$ -          | \$ -                |
| Spec. 0905 | 601-09     | 15th St. E. between Ave. P and Ave. Q (Material)   | \$ -                    | \$ 362,984             | \$ 362,984     | \$ -          | \$ (362,984)        |
| LCGRRP-2   | 501-04     | Littlerock Recharge and Recovery (Permits)         | \$ -                    | \$ -                   | \$ -           | \$ -          | \$ -                |
| Totals:    |            |                                                    | \$ 8,500,000            | \$ 7,774,988           | \$ 5,003,774   | \$ 485,000    | \$ 725,012          |

| Requisition No. | Payee                                      | Date Approved | Invoice No.        | Project    | Payment Amount |
|-----------------|--------------------------------------------|---------------|--------------------|------------|----------------|
| 2               | Issuance Costs                             | Jul 8, 2013   | N/A                | WRB        | \$ 24,815.84   |
| 3               | BV Construction - Progress Payment #1      | Jul 9, 2013   | 1                  | Spec. 1204 | \$ 98,552.53   |
| 4               | JT Eng. - Design Progress Payment          | Jul 17, 2013  | 5187               | Spec. 1207 | \$ 9,108.00    |
| 5               | BV Construction - Progress Payment #2      | Aug 5, 2013   | 2                  | Spec. 1204 | \$ 145,175.44  |
| 6               | BV Construction - Progress Payment #3-4    | Sep 4, 2013   | 3 and 4            | Spec. 1204 | \$ 167,790.43  |
| 7               | Aspen - EIR/EIS Progress Payment           | Sep 30, 2013  | 1116.002-01        | LRDSR      | \$ 18,499.60   |
| 8               | BV Construction - Progress Payment #5      | Sep 30, 2013  | 5                  | Spec. 1204 | \$ 46,862.08   |
| 9               | BV Construction - Progress Payment #6      | Oct 24, 2013  | 6                  | Spec. 1204 | \$ 51,052.05   |
| 10              | Aspen - EIR/EIS Progress Payment           | Oct 24, 2013  | 1116.002-02        | LRDSR      | \$ 8,410.32    |
| 11              | BV Construction - Progress Payment #7      | Nov 7, 2013   | 7                  | Spec. 1204 | \$ 87,960.50   |
| 12              | BV Construction - Progress Payment #8      | Dec 4, 2013   | 8                  | Spec. 1204 | \$ 70,650.08   |
| 13              | Aspen - EIR/EIS Progress Payment           | Dec 4, 2013   | 1116.002-03        | LRDSR      | \$ 11,054.97   |
| 14              | Kennedy/Jenks - Progress Payment           | Jan 2, 2014   | 78236              | LCGRRP     | \$ 24,066.25   |
| 14              | BV Construction - Progress Payment #1      | Jan 2, 2014   | 1                  | Spec. 1201 | \$ 29,925.00   |
| 14              | BV Construction - Progress Payment #9      | Jan 2, 2014   | 9                  | Spec. 1204 | \$ 58,787.84   |
| 14              | Aspen - EIR/EIS Progress Payment           | Jan 2, 2014   | 1116.002-04        | LRDSR      | \$ 36,178.95   |
| 14              | JT Eng. - Design Progress Payment          | Jan 2, 2014   | 5200               | Spec. 1207 | \$ 9,518.00    |
| 15              | BV Construction - Progress Payment #2 & #3 | Jan 21, 2014  | 2 & 3              | Spec. 1201 | \$ 114,095.00  |
| 16              | Aspen - EIR/EIS Progress Payment           | Feb 24, 2014  | 1116.002-05        | LRDSR      | \$ 4,917.47    |
| 16              | BV Construction - Progress Payment #4 & #5 | Feb 24, 2014  | 4 & 5              | Spec. 1201 | \$ 131,743.15  |
| 17              | BV Construction - Retention Payment        | Mar 3, 2014   | 10                 | Spec. 1204 | \$ 38,254.26   |
| 17              | Kennedy/Jenks - Progress Payment           | Mar 3, 2014   | 79010 & 80391      | LCGRRP     | \$ 113,652.66  |
| 18              | BV Construction - Progress Payment #6      | Mar 31, 2014  | 6                  | Spec. 1201 | \$ 126,834.50  |
| 18              | Aspen - EIR/EIS Progress Payment           | Mar 31, 2014  | 1116.002-06 and 07 | LRDSR      | \$ 17,080.04   |
| 19              | Kennedy/Jenks - Progress Payment           | Apr 16, 2014  | 78236              | LCGRRP     | \$ 28,228.60   |
| 19              | BV Construction - Progress Payment #7      | Apr 16, 2014  | 7                  | Spec. 1201 | \$ 252,741.80  |
| 20              | BV Construction - Progress Payment #8      | May 15, 2014  | 8                  | Spec. 1201 | \$ 69,825.00   |
| 20              | Aspen - EIR/EIS Progress Payment           | May 15, 2014  | 1116.002-08        | LRDSR      | \$ 33,388.96   |
| 20              | Kennedy/Jenks - Progress Payment           | May 15, 2014  | 82422 & 80900      | LCGRRP     | \$ 135,858.74  |
| 21              | BV Construction - Progress Payment #9      | Jun 4, 2014   | 9                  | Spec. 1201 | \$ 67,260.00   |
| 21              | Aspen - EIR/EIS Progress Payment           | Jun 4, 2014   | 1116.002-09        | LRDSR      | \$ 31,845.93   |
| 22              | BV Construction - Progress Payment #10     | Jun 30, 2014  | 10                 | Spec. 1201 | \$ 139,498.00  |
| 23              | Kennedy/Jenks - Progress Payment           | Jun 30, 2014  | 83735              | LCGRRP     | \$ 30,172.21   |
| 23              | Aspen - EIR/EIS Progress Payment           | Jun 30, 2014  | 1116.002-10        | LRDSR      | \$ 10,672.32   |
| 24              | BV Construction - Progress Payment #11     | Jul 21, 2014  | 11                 | Spec. 1201 | \$ 141,217.50  |

[illegible]




# MEMORANDUM

## FINANCE DEPARTMENT

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March 18, 2015

TO: Finance Committee

FROM: Michael Williams, Finance Manager/CFO 

VIA: Dennis LaMoreaux, General Manager

SUBJECT: Detail Listing of Miscellaneous Supplies from 2014

At the last Finance Committee meeting in February, the question came up regarding what constitutes "Miscellaneous" supplies.

Attached is a detail list of all charges coded to that category with brief descriptions as the reference. As indicated during the meeting the list consists of items purchased periodically, that by themselves, do not warrant the creation of an individual line item within the budget.



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\* Voided Journal Entry

Account: 1-04-6300-100

Supplies -Misc.

Ranges: From: To:  
Date First Last  
Source Document First Last  
Currency ID First Last

Sorted By: Transaction Date

Account Balance: \$51,515.28

| Trx Date  | Jrnl No. | Source Doc | Audit Code    | Reference                     | Currency ID | Debit      | Credit   |
|-----------|----------|------------|---------------|-------------------------------|-------------|------------|----------|
| 1/22/2014 | 639,138  | PMTRX      | GLTRX00189612 | JANITORIAL SUPPLIES/OFFICE&NO |             | \$83.00    |          |
| 1/22/2014 | 639,168  | PMTRX      | GLTRX00189612 | GROUND MARKER FLAGS 6" BLUE   |             | \$43.63    |          |
| 1/31/2014 | 639,993  | RECVG      | GLTRX00189762 | Receivings Transaction Entry  |             | \$102.54   |          |
| 1/31/2014 | 639,994  | RECVG      | GLTRX00189762 | CHARGES THRU 01-28-14 STMNT   |             | \$307.99   |          |
| 1/31/2014 | 640,028  | PMTRX      | GLTRX00189765 | WARNING TAPE                  |             | \$140.36   |          |
| 1/31/2014 | 640,035  | PMTRX      | GLTRX00189765 | FUSE BLOCKS                   |             | \$33.82    |          |
| 1/31/2014 | 640,036  | PMTRX      | GLTRX00189765 | REFLECTORS, ETC               |             | \$15.99    |          |
| 1/31/2014 | 640,065  | PMTRX      | GLTRX00189765 | 3/4" COUPLINGS                |             | \$21.80    |          |
| 1/31/2014 | 640,078  | PMTRX      | GLTRX00189765 | THERMOMETER 5' STEM           |             | \$81.13    |          |
| 1/31/2014 | 640,080  | PMTRX      | GLTRX00189765 | MARKING PAINT-WHT 17OZ        |             | \$224.45   |          |
| 1/31/2014 | 640,124  | PMTRX      | GLTRX00189765 | LIQUID-FILLED GAUGES          |             | \$66.93    |          |
| 1/31/2014 | 640,125  | PMTRX      | GLTRX00189765 | LIQUID-FILLED GAUGES          |             | \$46.37    |          |
| 1/31/2014 | 640,129  | PMTRX      | GLTRX00189765 | CHARGES AS OF 01-25-14 STMNT  |             | \$63.99    |          |
| 1/31/2014 | 640,831  | RECVG      | GLTRX00189837 | Receivings Transaction Entry  |             | \$94.15    |          |
| 1/31/2014 | 641,089  | PMTRX      | GLTRX00189888 | WELDING TIPS, ETC             |             | \$472.04   |          |
| 1/31/2014 | 641,111  | PMTRX      | GLTRX00189888 | 1/2 X 2 FLAT 20', ETC         |             | \$60.17    |          |
| 2/26/2014 | 641,032  | RECVG      | GLTRX00189884 | ASSTD BATTERIES,DEKA 12V, ETC |             | \$162.98   |          |
| 2/26/2014 | 641,051  | PMTRX      | GLTRX00189885 | JANITORIAL SUPPLIES/OFFICE&NO |             | \$173.13   |          |
| 2/26/2014 | 641,057  | PMTRX      | GLTRX00189885 | CIRCUIT BREAKERS              |             | \$48.07    |          |
| 2/26/2014 | 641,058  | PMTRX      | GLTRX00189885 | WINDSHIELD WASHER FLUIDS      |             | \$11.97    |          |
| 2/26/2014 | 641,060  | PMTRX      | GLTRX00189885 | WELDING WIRE,GLOVES,JACKET    |             | \$258.25   |          |
| 2/26/2014 | 641,061  | PMTRX      | GLTRX00189885 | HDAX LOW ASH 30 DRUM, ETC     |             | \$419.33   |          |
| 2/26/2014 | 641,062  | PMTRX      | GLTRX00189885 | RETRACTING CABLE              |             | \$74.67    |          |
| 2/26/2014 | 641,063  | PMTRX      | GLTRX00189885 | 3/16 X 2 STRIP 20', ETC       |             | \$92.87    |          |
| 2/26/2014 | 641,071  | PMTRX      | GLTRX00189885 | WELDING WIRE                  |             | \$166.63   |          |
| 2/26/2014 | 641,072  | PMTRX      | GLTRX00189885 | WELDING TIPS                  |             | \$39.13    |          |
| 2/26/2014 | 641,073  | PMTRX      | GLTRX00189885 | WELDING WIRE                  |             | \$152.94   |          |
| 2/26/2014 | 641,079  | PMTRX      | GLTRX00189885 | CHART PENS P222 6PK RED       |             | \$111.90   |          |
| 2/28/2014 | 642,162  | RECVG      | GLTRX00190002 | CHARGES THRU 02-25-14 STMNT   |             | \$126.79   |          |
| 2/28/2014 | 642,275  | PMTRX      | GLTRX00190005 | CHARGES THRU 02-25-14 STMNT   |             | \$185.53   |          |
| 2/28/2014 | 642,280  | PMTRX      | GLTRX00190005 | CREDIT MEMO                   |             |            | \$281.60 |
| 2/28/2014 | 642,193  | PMTRX      | GLTRX00190005 | 2 X 100' 10MIL TAPE, ETC      |             | \$107.28   |          |
| 2/28/2014 | 642,194  | PMTRX      | GLTRX00190005 | PAINT                         |             | \$98.30    |          |
| 2/28/2014 | 642,197  | PMTRX      | GLTRX00190005 | REPLACEMENT BOLTS             |             | \$31.32    |          |
| 2/28/2014 | 642,223  | PMTRX      | GLTRX00190005 | WELDING HELMET, CLR LENS, ETC |             | \$315.81   |          |
| 2/28/2014 | 642,224  | PMTRX      | GLTRX00190005 | LOW-PRESSURE WATER HOSE       |             | \$179.76   |          |
| 2/28/2014 | 642,225  | PMTRX      | GLTRX00190005 | OVAL THREADED CONNECTORS,ETC  |             | \$497.64   |          |
| 2/28/2014 | 642,537  | RECVG      | GLTRX00190036 | Inventory Material            |             | \$656.55   |          |
| 2/28/2014 | 642,663  | RECVG      | GLTRX00190047 | CAL-CARD CHARGES THRU 02-24-1 |             | \$117.95   |          |
| 2/28/2014 | 642,898  | PMTRX      | GLTRX00190090 | WELDING HELMET, ETC           |             | \$395.90   |          |
| 3/10/2014 | 643,149  | RECVG      | GLTRX00190108 | Brass Nut/Bolt                |             | \$226.45   |          |
| 3/26/2014 | 642,951  | PMTRX      | GLTRX00190092 | PALLET OF SACK CONCRETE       |             | \$168.22   |          |
| 3/26/2014 | 642,973  | PMTRX      | GLTRX00190092 | HAMMERLOCK COTTER PINS        |             | \$35.89    |          |
| 3/26/2014 | 642,975  | PMTRX      | GLTRX00190092 | BRASS PUSH-ON HOSE FITTINGS   |             | \$28.85    |          |
| 3/26/2014 | 642,982  | PMTRX      | GLTRX00190092 | JANITORIAL SUPPLIES/OFFICE&NO |             | \$370.23   |          |
| 3/31/2014 | 644,934  | PMTRX      | GLTRX00190182 | ASSTD WELDING SUPPLIES        |             | \$280.04   |          |
| 3/31/2014 | 644,947  | PMTRX      | GLTRX00190182 | ASSTD GALV NIPPLES,COUP, ETC  |             | \$1,642.11 |          |
| 3/31/2014 | 645,005  | PMTRX      | GLTRX00190182 | 14"CHAINS,SAW FILE KIT, ETC   |             | \$208.51   |          |
| 3/31/2014 | 645,006  | PMTRX      | GLTRX00190182 | HOSE CLAMPS,HEX NUTS, ETC     |             | \$398.45   |          |
| 3/31/2014 | 645,007  | PMTRX      | GLTRX00190182 | RADIATOR HOSE                 |             | \$19.62    |          |
| 3/31/2014 | 645,008  | PMTRX      | GLTRX00190182 | HEATER HOSE FITTINGS, ETC     |             | \$24.75    |          |
| 3/31/2014 | 645,009  | PMTRX      | GLTRX00190182 | ALUM FLAT BAR 3'              |             | \$18.02    |          |
| 3/31/2014 | 645,010  | PMTRX      | GLTRX00190182 | ROUND TUBE DOM 4'             |             | \$30.30    |          |
| 3/31/2014 | 645,013  | PMTRX      | GLTRX00190182 | STEEL SELF-LOCK STUD, ETC     |             | \$8.08     |          |



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\* Voided Journal Entry

| Trx Date  | Jrnl No. | Source Doc | Audit Code    | Reference                     | Currency ID | Debit      | Credit |
|-----------|----------|------------|---------------|-------------------------------|-------------|------------|--------|
| 3/31/2014 | 645,014  | PMTRX      | GLTRX00190182 | DRILL TIP COUNTERBORE, ETC    |             | \$11.90    |        |
| 3/31/2014 | 645,015  | PMTRX      | GLTRX00190182 | GRADE 8 STEEL HEX NUTS, ETC   |             | \$22.55    |        |
| 3/31/2014 | 645,016  | PMTRX      | GLTRX00190182 | METRIC PLAIN STEEL HEX NUTS   |             | \$18.53    |        |
| 3/31/2014 | 645,022  | PMTRX      | GLTRX00190182 | LIQUID-FILLED GAUGES, ETC     |             | \$422.28   |        |
| 3/31/2014 | 645,030  | PMTRX      | GLTRX00190182 | CONCRETE TRAILER, MIXER       |             | \$191.04   |        |
| 3/31/2014 | 645,630  | RECVG      | GLTRX00190236 | CHARGES THRU 03-25-14 STMNT   |             | \$190.62   |        |
| 3/31/2014 | 645,697  | RECVG      | GLTRX00190245 | CAL-CARD CHARGES THRU 03-24-1 |             | \$3,124.01 |        |
| 3/31/2014 | 645,922  | PMTRX      | GLTRX00190291 | WYPALL POPUP WIPERS, ETC      |             | \$419.09   |        |
| 3/31/2014 | 645,924  | PMTRX      | GLTRX00190291 | JANITORIAL SUPPLIES, ETC      |             | \$158.53   |        |
| 3/31/2014 | 645,943  | PMTRX      | GLTRX00190291 | ACETYLENE TANK, ETC           |             | \$138.33   |        |
| 3/31/2014 | 645,909  | PMTRX      | GLTRX00190291 | ROUGH RIDER GLOVES            |             | \$361.19   |        |
| 3/31/2014 | 647,165  | PMTRX      | GLTRX00190482 | ULTRA GREY RTV SILICONE,ETC   |             | \$35.63    |        |
| 4/9/2014  | 645,628  | PMTRX      | GLTRX00190234 | CHARGES THRU 03-28-14 STMNT   |             | \$36.01    |        |
| 4/22/2014 | 646,707  | RECVG      | GLTRX00190440 | Clamps; Angle Stops           |             | \$103.20   |        |
| 4/23/2014 | 645,832  | PMTRX      | GLTRX00190289 | ACETYLENE, OXYGEN, ETC        |             | \$617.46   |        |
| 4/23/2014 | 645,859  | PMTRX      | GLTRX00190289 | GALV STEEL FLAT WASHERS       |             | \$47.18    |        |
| 4/23/2014 | 645,863  | PMTRX      | GLTRX00190289 | SHARPEN CHAINS, ETC           |             | \$435.02   |        |
| 4/23/2014 | 645,866  | PMTRX      | GLTRX00190289 | ASSTD HR ROUND 20'            |             | \$137.34   |        |
| 4/30/2014 | 647,220  | RECVG      | GLTRX00190486 | CHARGES THRU 04-25-14 STMNT   |             | \$189.06   |        |
| 4/30/2014 | 647,320  | PMTRX      | GLTRX00190495 | FILTER,CHAINS,PLUGS, ETC      |             | \$577.82   |        |
| 4/30/2014 | 647,321  | PMTRX      | GLTRX00190495 | 1/2" HR ROUND 10'             |             | \$10.90    |        |
| 4/30/2014 | 647,322  | PMTRX      | GLTRX00190495 | 4-1/2"X 7/8" 60G TRIM, ETC    |             | \$27.40    |        |
| 4/30/2014 | 647,323  | PMTRX      | GLTRX00190495 | 4"X 6-25# CHANNEL 20', ETC    |             | \$445.84   |        |
| 4/30/2014 | 647,324  | PMTRX      | GLTRX00190495 | 1 X 1 X 1/4 ANGLE 20', ETC    |             | \$168.73   |        |
| 4/30/2014 | 647,326  | PMTRX      | GLTRX00190495 | CUSTOM SIGNS, BARRICADES      |             | \$143.46   |        |
| 4/30/2014 | 647,343  | PMTRX      | GLTRX00190495 | 1 GAL NO-OXIDIZED GREASE      |             | \$292.12   |        |
| 4/30/2014 | 647,344  | PMTRX      | GLTRX00190495 | SAK CRETE CONCRETE 4000PSI    |             | \$228.17   |        |
| 4/30/2014 | 647,345  | PMTRX      | GLTRX00190495 | FLAT SOAPSTONE                |             | \$78.22    |        |
| 4/30/2014 | 647,350  | PMTRX      | GLTRX00190495 | BLUE & WHITE MARKING PAINT,ET |             | \$252.73   |        |
| 4/30/2014 | 647,365  | PMTRX      | GLTRX00190495 | BRAKLEEN                      |             | \$100.24   |        |
| 4/30/2014 | 647,368  | PMTRX      | GLTRX00190495 | SQUARE TUBE 20' STEEL, ETC    |             | \$300.84   |        |
| 4/30/2014 | 647,377  | PMTRX      | GLTRX00190495 | WELDING WIRE                  |             | \$199.27   |        |
| 4/30/2014 | 647,379  | PMTRX      | GLTRX00190495 | CHARGES THRU 04-27-14 STMNT   |             | \$339.97   |        |
| 4/30/2014 | 647,554  | RECVG      | GLTRX00190514 | CAL-CARD CHARGES THRU 04-22-1 |             | \$164.68   |        |
| 4/30/2014 | 649,567  | PMTRX      | GLTRX00190602 | BRASS STENCIL SET 6" HIGH     |             | \$291.28   |        |
| 5/14/2014 | 647,770  | RECVG      | GLTRX00190569 | Inventory Material            |             | \$2,649.92 |        |
| 5/22/2014 | 651,139  | RECVG      | GLTRX00190743 | CAL-CARD CHARGES THRU 5-22-14 |             | \$1,246.46 |        |
| 5/23/2014 | 650,622  | RECVG      | GLTRX00190690 | Inventory & Job Supplies      |             | \$57.20    |        |
| 5/27/2014 | 649,755  | RECVG      | GLTRX00190624 | PETTY CASH JAN-MAY            |             | \$7.02     |        |
| 5/28/2014 | 651,134  | RECVG      | GLTRX00190739 | CHARGES THRU 05-28-14 STMNT   |             | \$56.68    |        |
| 5/31/2014 | 647,277  | PMTRX      | GLTRX00190491 | JANITORIAL SUPPLIES/OFFICE&NO |             | \$169.46   |        |
| 5/31/2014 | 649,503  | PMTRX      | GLTRX00190601 | 3" WIDE HEAD TRENCHING SHOVEL |             | \$27.24    |        |
| 5/31/2014 | 649,512  | PMTRX      | GLTRX00190601 | ALLOY STEEL SHOULDER SCREWS   |             | \$33.06    |        |
| 5/31/2014 | 649,513  | PMTRX      | GLTRX00190601 | STEEL BASE-MOUNT BRZ BEARINGS |             | \$45.38    |        |
| 5/31/2014 | 649,520  | PMTRX      | GLTRX00190601 | MARKING PAINT, BLADES, ETC    |             | \$573.67   |        |
| 5/31/2014 | 649,522  | PMTRX      | GLTRX00190601 | MINIATURE LAMPS               |             | \$31.94    |        |
| 5/31/2014 | 649,523  | PMTRX      | GLTRX00190601 | 5/16" CRS ROUND 20'           |             | \$22.89    |        |
| 5/31/2014 | 649,524  | PMTRX      | GLTRX00190601 | WEB SLING, FLG SLEEVE BEARING |             | \$175.42   |        |
| 5/31/2014 | 649,525  | PMTRX      | GLTRX00190601 | TUBE BENDER, SANDING DISCS    |             | \$114.22   |        |
| 5/31/2014 | 650,891  | RECVG      | GLTRX00190704 | CHARGES THRU 05-25-14 STMNT   |             | \$557.08   |        |
| 5/31/2014 | 650,919  | PMTRX      | GLTRX00190708 | WELDING GLOVES,CTNG TIPS,ETC  |             | \$582.89   |        |
| 5/31/2014 | 650,920  | PMTRX      | GLTRX00190708 | TAPE MEASURE 25FT, ETC        |             | \$64.36    |        |
| 5/31/2014 | 650,921  | PMTRX      | GLTRX00190708 | WELDING HELMET VIKING3350     |             | \$340.08   |        |
| 5/31/2014 | 650,922  | PMTRX      | GLTRX00190708 | 3"WIDE HEAD TRENCHING SHOVELS |             | \$81.72    |        |
| 5/31/2014 | 650,937  | PMTRX      | GLTRX00190708 | 1-1/2" CRS ROUND 5' STEEL, ET |             | \$99.03    |        |
| 5/31/2014 | 650,938  | PMTRX      | GLTRX00190708 | T28 DEP CTR WH STEEL          |             | \$15.67    |        |
| 5/31/2014 | 650,939  | PMTRX      | GLTRX00190708 | SQUARE TUBE 20', ETC          |             | \$75.86    |        |
| 5/31/2014 | 650,940  | PMTRX      | GLTRX00190708 | 16(48) GAGE HR SHEET 4'X8'    |             | \$68.89    |        |
| 5/31/2014 | 650,947  | PMTRX      | GLTRX00190708 | STAINLESS STEEL GAUGE, ETC    |             | \$136.07   |        |
| 5/31/2014 | 651,968  | PMTRX      | GLTRX00190813 | CHAIN WRAP                    |             | \$13.01    |        |
| 5/31/2014 | 651,969  | PMTRX      | GLTRX00190813 | ZINC-PLATED STEEL CONNECTORS  |             | \$57.09    |        |
| 5/31/2014 | 651,973  | PMTRX      | GLTRX00190813 | ROCK BIT SHANK, ETC           |             | \$268.14   |        |
| 5/31/2014 | 651,980  | PMTRX      | GLTRX00190813 | 1"PVC SCH40 BELLED PIPE, ETC  |             | \$36.48    |        |

\* Voided Journal Entry

| Trx Date  | Jrnl No. | Source Doc | Audit Code    | Reference                     | Currency ID | Debit    | Credit  |
|-----------|----------|------------|---------------|-------------------------------|-------------|----------|---------|
| 5/31/2014 | 651,984  | PMTRX      | GLTRX00190813 | JANITORIAL SUPPLIES           |             | \$266.60 |         |
| 6/25/2014 | 651,901  | PMTRX      | GLTRX00190811 | 150# BALL VALVE T-58, ETC     |             | \$119.33 |         |
| 6/25/2014 | 651,906  | PMTRX      | GLTRX00190811 | YELLOW LUMBER CRAYON BOX,ETC  |             | \$36.08  |         |
| 6/25/2014 | 651,918  | PMTRX      | GLTRX00190811 | BOLTS, SAW BLADES, ETC        |             | \$72.58  |         |
| 6/25/2014 | 651,919  | PMTRX      | GLTRX00190811 | OXYGEN, ARGON 75              |             | \$267.40 |         |
| 6/25/2014 | 651,921  | PMTRX      | GLTRX00190811 | KEY BLANKS                    |             | \$16.56  |         |
| 6/25/2014 | 651,922  | PMTRX      | GLTRX00190811 | QUICK RELEASE KEY RING, ETC   |             | \$121.05 |         |
| 6/25/2014 | 651,930  | PMTRX      | GLTRX00190811 | TAPE MEASURE                  |             | \$65.74  |         |
| 6/25/2014 | 651,931  | PMTRX      | GLTRX00190811 | HARD HAT SUN SHIELD           |             | \$78.39  |         |
| 6/25/2014 | 651,932  | PMTRX      | GLTRX00190811 | PVC                           |             | \$22.89  |         |
| 6/30/2014 | 653,498  | PMTRX      | GLTRX00190951 | 1/2 SHARK BITE DEMOUNT CLIPS  |             | \$13.07  |         |
| 6/30/2014 | 653,511  | PMTRX      | GLTRX00190951 | STMNT CHARGES THRU 06-25-14   |             | \$240.73 |         |
| 6/30/2014 | 653,514  | PMTRX      | GLTRX00190951 | 3-PORT BRONZE BALL VALVE, ETC |             | \$193.26 |         |
| 6/30/2014 | 653,533  | PMTRX      | GLTRX00190951 | COMPENSATOR ET LL300, ETC     |             | \$441.42 |         |
| 6/30/2014 | 653,740  | RECVG      | GLTRX00190983 | CAL-CARD CHARGES THRU 06-23-1 |             | \$497.83 |         |
| 6/30/2014 | 654,655  | RECVG      | GLTRX00191043 | CHARGES THRU 06-27-14 STMNT   |             | \$207.00 |         |
| 6/30/2014 | 654,773  | PMTRX      | GLTRX00191047 | DANGER SIGNS                  |             | \$189.18 |         |
| 6/30/2014 | 654,777  | PMTRX      | GLTRX00191047 | WOODEN PLUGS                  |             | \$125.55 |         |
| 6/30/2014 | 654,779  | PMTRX      | GLTRX00191047 | CREDIT MEMO                   |             |          | \$22.89 |
| 7/9/2014  | 654,202  | RECVG      | GLTRX00191028 | Angle Stops, Meter Boxes      |             | \$278.80 |         |
| 7/23/2014 | 654,702  | PMTRX      | GLTRX00191045 | JANITORIAL SUPPLIES           |             | \$144.73 |         |
| 7/23/2014 | 654,712  | PMTRX      | GLTRX00191045 | HVAC FAN MOTOR                |             | \$464.73 |         |
| 7/23/2014 | 654,713  | PMTRX      | GLTRX00191045 | 3" ALUMINUM TAPE              |             | \$25.84  |         |
| 7/24/2014 | 656,457  | RECVG      | GLTRX00191223 | 12" Fling 45                  |             | \$253.08 |         |
| 7/31/2014 | 656,076  | RECVG      | GLTRX00191189 | CAL-CARD CHARGES THRU 07-22-1 |             | \$721.73 |         |
| 7/31/2014 | 656,160  | RECVG      | GLTRX00191203 | Receivings Transaction Entry  |             | \$51.80  |         |
| 7/31/2014 | 656,194  | RECVG      | GLTRX00191203 | CHARGES THRU 07-25-14 STMNT   |             | \$33.06  |         |
| 7/31/2014 | 656,212  | PMTRX      | GLTRX00191206 | WELDING GLOVES, ROD, ETC      |             | \$324.85 |         |
| 7/31/2014 | 656,213  | PMTRX      | GLTRX00191206 | SAK CRETE CONCRETE 4000 PSI   |             | \$223.07 |         |
| 7/31/2014 | 656,218  | PMTRX      | GLTRX00191206 | LICENSE LAMP                  |             | \$12.16  |         |
| 7/31/2014 | 656,220  | PMTRX      | GLTRX00191206 | TURN/TAIL LIGHTS              |             | \$47.20  |         |
| 7/31/2014 | 656,228  | PMTRX      | GLTRX00191206 | SCH40 SXS PVC 45 ELL, ETC     |             | \$16.01  |         |
| 7/31/2014 | 656,229  | PMTRX      | GLTRX00191206 | 1-1/2 S40 PVC PREE/DWV SLD,ET |             | \$86.73  |         |
| 7/31/2014 | 656,232  | PMTRX      | GLTRX00191206 | 4"PVC DWV PIPE CELL CORE,ETC  |             | \$183.33 |         |
| 7/31/2014 | 656,233  | PMTRX      | GLTRX00191206 | GALV HEX BUSH DOMESTIC, ETC   |             | \$65.60  |         |
| 7/31/2014 | 656,240  | PMTRX      | GLTRX00191206 | FERNCO URINAL SEAL WAX        |             | \$18.94  |         |
| 7/31/2014 | 656,241  | PMTRX      | GLTRX00191206 | ELECTRODE HOLDER PA-316       |             | \$40.85  |         |
| 7/31/2014 | 656,252  | PMTRX      | GLTRX00191206 | HEX REDUCING BUSHINGS, ETC    |             | \$157.39 |         |
| 7/31/2014 | 656,262  | PMTRX      | GLTRX00191206 | WYPALL POPUP WIPERS,EAR PLUGS |             | \$480.64 |         |
| 7/31/2014 | 656,266  | PMTRX      | GLTRX00191206 | VIKING 3350 INSIDE CLEAR LENS |             | \$66.86  |         |
| 7/31/2014 | 656,277  | PMTRX      | GLTRX00191206 | BRASS ALLOY THREADED STUD, ET |             | \$72.49  |         |
| 8/1/2014  | 656,127  | PMTRX      | GLTRX00191199 | TIRE REPAIR SUPPLIES          |             | \$774.99 |         |
| 8/1/2014  | 656,126  | PMTRX      | GLTRX00191199 | ALUM ANGLE 25'                |             | \$160.78 |         |
| 8/22/2014 | 659,333  | RECVG      | GLTRX00191442 | CAL-CARD CHARGES THRU 08-22-1 |             | \$305.17 |         |
| 8/27/2014 | 657,062  | RECVG      | GLTRX00191296 | DEKA 70 MO 12V BATTERY, ETC   |             | \$110.13 |         |
| 8/27/2014 | 657,098  | PMTRX      | GLTRX00191299 | 2 X 36 GALV NIPPLE            |             | \$98.88  |         |
| 8/27/2014 | 657,111  | PMTRX      | GLTRX00191299 | JANITORIAL SUPPLIES           |             | \$146.52 |         |
| 8/27/2014 | 657,114  | PMTRX      | GLTRX00191299 | SUPRO MAX HAND CLEANER        |             | \$125.30 |         |
| 8/27/2014 | 657,116  | PMTRX      | GLTRX00191299 | 1/4 X 7 FLAT 20' STEEL        |             | \$73.47  |         |
| 8/28/2014 | 659,323  | PMTRX      | GLTRX00191435 | CHARGES ON 08-28-14 STMNT     |             | \$175.40 |         |
| 8/31/2014 | 658,125  | PMTRX      | GLTRX00191381 | 6-8 CAD HEX BOLT& NUT KIT, ET |             | \$56.38  |         |
| 8/31/2014 | 658,126  | PMTRX      | GLTRX00191381 | 3X1/16 FLG RING NON-ASB GASKE |             | \$63.05  |         |
| 8/31/2014 | 658,130  | PMTRX      | GLTRX00191381 | ASSTD WELDING SUPPLIES        |             | \$535.47 |         |
| 8/31/2014 | 658,131  | PMTRX      | GLTRX00191381 | MAG DRILL, ETC                |             | \$23.16  |         |
| 8/31/2014 | 658,138  | PMTRX      | GLTRX00191381 | PAINT, ETC                    |             | \$130.40 |         |
| 8/31/2014 | 658,141  | PMTRX      | GLTRX00191381 | 4x4 PLASTIC/CI PIPE COUP      |             | \$22.31  |         |
| 8/31/2014 | 658,146  | PMTRX      | GLTRX00191381 | BELL HARNESS C900, ETC        |             | \$358.66 |         |
| 8/31/2014 | 658,147  | PMTRX      | GLTRX00191381 | 12X1/16 FLG RING NON-ASB GSKT |             | \$94.04  |         |
| 8/31/2014 | 658,166  | PMTRX      | GLTRX00191381 | METER NUT WRENCH, ETC         |             | \$81.99  |         |
| 8/31/2014 | 658,167  | PMTRX      | GLTRX00191381 | 2" MNST ADAPTERS, ETC         |             | \$170.82 |         |
| 8/31/2014 | 658,182  | PMTRX      | GLTRX00191381 | SPRAY PAINTS                  |             | \$94.72  |         |
| 8/31/2014 | 658,183  | PMTRX      | GLTRX00191381 | BODY FASTENER                 |             | \$6.15   |         |
| 8/31/2014 | 660,548  | PMTRX      | GLTRX00191590 | STD MINIATURE LAMPS           |             | \$21.26  |         |

\* Voided Journal Entry

| Trx Date   | Jrnl No. | Source Doc | Audit Code    | Reference                     | Currency ID | Debit      | Credit |
|------------|----------|------------|---------------|-------------------------------|-------------|------------|--------|
| 8/31/2014  | 660,549  | PMTRX      | GLTRX00191590 | HD CLAMP                      |             | \$4.56     |        |
| 9/19/2014  | 660,494  | RECVG      | GLTRX00191569 | Inventory Material            |             | \$1,954.96 |        |
| 9/24/2014  | 659,886  | PMTRX      | GLTRX00191503 | 50 NYLON SPLIT LOOM           |             | \$17.99    |        |
| 9/24/2014  | 659,902  | PMTRX      | GLTRX00191503 | STEEL HOSE CLAMPS, ETC        |             | \$1,999.81 |        |
| 9/24/2014  | 659,904  | PMTRX      | GLTRX00191503 | BAND SAW BLADES, ETC          |             | \$204.22   |        |
| 9/24/2014  | 659,915  | PMTRX      | GLTRX00191503 | JANITORIAL SUPPLIES/OFFICE&NO |             | \$172.11   |        |
| 9/24/2014  | 659,929  | PMTRX      | GLTRX00191503 | SURVEY VESTS                  |             | \$8.44     |        |
| 9/24/2014  | 659,931  | PMTRX      | GLTRX00191503 | PIN-LUG FIRE FIGHTING HOSE AD |             | \$166.89   |        |
| 9/24/2014  | 660,038  | PMTRX      | GLTRX00191511 | CARWASH POWDER, GLASS CLNR    |             | \$29.05    |        |
| 9/30/2014  | 660,540  | RECVG      | GLTRX00191589 | CHARGES ON 09-25-14 STMNT     |             | \$86.54    |        |
| 9/30/2014  | 660,581  | PMTRX      | GLTRX00191595 | TEST KIT CN-21P CHLORINE HIGH |             | \$54.44    |        |
| 9/30/2014  | 660,598  | PMTRX      | GLTRX00191595 | 2STD BLK SOLID CORE PLUGS     |             | \$111.39   |        |
| 9/30/2014  | 660,599  | PMTRX      | GLTRX00191595 | LATEX GLOVES, WYPALL WIPERS   |             | \$365.98   |        |
| 9/30/2014  | 660,617  | PMTRX      | GLTRX00191595 | SAK CRETE CONCRETE 4000PSI    |             | \$228.52   |        |
| 9/30/2014  | 660,622  | PMTRX      | GLTRX00191595 | 12X16 FLG RING NON-ASB GSKT   |             | \$142.95   |        |
| 9/30/2014  | 660,623  | PMTRX      | GLTRX00191595 | ROUGH RIDER GLOVES, ETC       |             | \$237.92   |        |
| 9/30/2014  | 660,628  | PMTRX      | GLTRX00191595 | WIRE IGLOO COOLER RACK 5GAL   |             | \$63.45    |        |
| 9/30/2014  | 661,019  | RECVG      | GLTRX00191640 | CAL-CARD CHARGES THRU 09-22-1 |             | \$218.74   |        |
| 9/30/2014  | 662,310  | PMTRX      | GLTRX00191730 | BATTERY TERM. BOLT            |             | \$2.79     |        |
| 9/30/2014  | 662,311  | PMTRX      | GLTRX00191730 | FOLDED SORBENT, BELT, ETC     |             | \$84.16    |        |
| 9/30/2014  | 662,316  | PMTRX      | GLTRX00191730 | CHARGES THRU 09-26 STMNT      |             | \$218.07   |        |
| 9/30/2014  | 662,322  | PMTRX      | GLTRX00191730 | LOW-CARBON STEEL BAR, ETC     |             | \$77.11    |        |
| 10/9/2014  | 662,534  | RECVG      | GLTRX00191753 | Inventory Supplies            |             | \$592.47   |        |
| 10/22/2014 | 662,364  | PMTRX      | GLTRX00191732 | JANITORIAL SUPPLIES/OFFICE&NO |             | \$194.64   |        |
| 10/22/2014 | 662,365  | PMTRX      | GLTRX00191732 | POLYPROPYLENE SORBENT, ETC    |             | \$538.27   |        |
| 10/22/2014 | 662,366  | PMTRX      | GLTRX00191732 | PIPE FITTINGS, ETC            |             | \$216.61   |        |
| 10/28/2014 | 662,964  | RECVG      | GLTRX00191843 | Inventory Material            |             | \$299.00   |        |
| 10/31/2014 | 662,402  | RECVG      | GLTRX00191734 | IGLOO COOLER RACK, BOOTS      |             | \$36.33    |        |
| 10/31/2014 | 662,965  | RECVG      | GLTRX00191844 | Inventory Material            |             | \$179.40   |        |
| 10/31/2014 | 663,591  | RECVG      | GLTRX00191877 | CHARGES THRU 10-25-14 STMNT   |             | \$15.70    |        |
| 10/31/2014 | 663,767  | PMTRX      | GLTRX00191884 | 16X1/16 FLG RING NON-ASB GSKT |             | \$71.23    |        |
| 10/31/2014 | 663,783  | PMTRX      | GLTRX00191884 | FLANGE HEX HEAD CAP SCREWS    |             | \$106.17   |        |
| 10/31/2014 | 663,795  | PMTRX      | GLTRX00191884 | HANDIPAK GASKET MAT           |             | \$9.85     |        |
| 10/31/2014 | 663,796  | PMTRX      | GLTRX00191884 | 1/4 FUEL LINE                 |             | \$25.07    |        |
| 10/31/2014 | 663,797  | PMTRX      | GLTRX00191884 | 50 PVC SPLIT LOOM             |             | \$12.54    |        |
| 10/31/2014 | 663,798  | PMTRX      | GLTRX00191884 | ELECTRICAL TERMINALS          |             | \$38.47    |        |
| 10/31/2014 | 663,799  | PMTRX      | GLTRX00191884 | STANDARD MINIATURE LAMPS      |             | \$8.34     |        |
| 10/31/2014 | 663,800  | PMTRX      | GLTRX00191884 | SWITCHES                      |             | \$54.35    |        |
| 10/31/2014 | 663,802  | PMTRX      | GLTRX00191884 | TOGGLE SWITCH                 |             | \$7.00     |        |
| 10/31/2014 | 663,803  | PMTRX      | GLTRX00191884 | TOGGLE SWITCH                 |             | \$14.00    |        |
| 10/31/2014 | 663,804  | PMTRX      | GLTRX00191884 | TOGGLE SWITCH                 |             | \$10.79    |        |
| 10/31/2014 | 663,834  | PMTRX      | GLTRX00191884 | METAL BLADES                  |             | \$169.19   |        |
| 10/31/2014 | 664,074  | RECVG      | GLTRX00191910 | CAL-CARD CHARGES THRU 10-22-1 |             | \$308.59   |        |
| 10/31/2014 | 664,709  | PMTRX      | GLTRX00191988 | HIGH TEMP RTV SILICONE        |             | \$13.63    |        |
| 10/31/2014 | 664,710  | PMTRX      | GLTRX00191988 | WEATHERSTRIP ADHESIVE         |             | \$14.48    |        |
| 10/31/2014 | 664,712  | PMTRX      | GLTRX00191988 | WINDSHIELD WASHER FLUID       |             | \$7.19     |        |
| 10/31/2014 | 664,714  | PMTRX      | GLTRX00191988 | TOGGLE SWITCHES               |             | \$27.99    |        |
| 10/31/2014 | 664,718  | PMTRX      | GLTRX00191988 | HOSE COUP, HOSE CLAMP, ETC    |             | \$375.78   |        |
| 10/31/2014 | 664,720  | PMTRX      | GLTRX00191988 | CREDIT MEMO                   |             |            | \$7.22 |
| 11/26/2014 | 664,584  | PMTRX      | GLTRX00191982 | JANITORIAL SUPPLIES/OFFICE&NO |             | \$227.90   |        |
| 11/26/2014 | 664,593  | PMTRX      | GLTRX00191982 | 1" IP 150# F/PORT BALL VALVE  |             | \$88.73    |        |
| 11/26/2014 | 664,600  | PMTRX      | GLTRX00191982 | 2" GALV CPLG DOMESTIC, ETC    |             | \$225.90   |        |
| 11/26/2014 | 664,603  | PMTRX      | GLTRX00191982 | ALLOY STEEL WOODRUFF KEY      |             | \$10.67    |        |
| 11/26/2014 | 664,626  | PMTRX      | GLTRX00191982 | 2" BRASS PLUGS                |             | \$41.61    |        |
| 11/26/2014 | 664,674  | RECVG      | GLTRX00191984 | ASSTD QCK COUPLERS, ETC       |             | \$234.47   |        |
| 11/26/2014 | 664,675  | RECVG      | GLTRX00191984 | DEKA 12V BATTERY, ETC         |             | \$170.96   |        |
| 11/26/2014 | 664,677  | RECVG      | GLTRX00191984 | EPOXY GUN, EAR PLUGS, ETC     |             | \$36.66    |        |
| 11/30/2014 | 665,756  | RECVG      | GLTRX00192088 | CHARGES THRU 11-25-14 STMNT   |             | \$118.92   |        |
| 11/30/2014 | 665,779  | PMTRX      | GLTRX00192093 | 50 PVC SPLIT LOOM             |             | \$12.54    |        |
| 11/30/2014 | 665,799  | PMTRX      | GLTRX00192093 | RUBBER DRAW LATCH             |             | \$84.33    |        |
| 11/30/2014 | 665,800  | PMTRX      | GLTRX00192093 | ALUM CAM N GROOVE HOSE COUP   |             | \$96.92    |        |
| 11/30/2014 | 665,801  | PMTRX      | GLTRX00192093 | POLYPROPYLENE HOSE COUPLING   |             | \$25.67    |        |
| 11/30/2014 | 665,822  | PMTRX      | GLTRX00192093 | PRESSURE GAUGES 160PSI        |             | \$407.44   |        |

\* Voided Journal Entry

| Trx Date            | Jrnl No. | Source Doc | Audit Code    | Reference                     | Currency ID | Debit       | Credit   |
|---------------------|----------|------------|---------------|-------------------------------|-------------|-------------|----------|
| 11/30/2014          | 666,506  | RECVG      | GLTRX00192140 | CAL-CARD CHARGES THRU 11-24-1 |             | \$101.99    |          |
| 11/30/2014          | 666,510  | PMTRX      | GLTRX00192144 | CHARGES THRU 11-27-14         |             | \$123.06    |          |
| 12/18/2014          | 667,507  | PMTRX      | GLTRX00192227 | REIMB PETTY CASH/NOV-DEC      |             | \$6.49      |          |
| 12/24/2014          | 667,395  | PMTRX      | GLTRX00192217 | WYPALL POPUP WIPERS           |             | \$388.80    |          |
| 12/24/2014          | 667,399  | PMTRX      | GLTRX00192217 | QUICK COUPLING                |             | \$198.56    |          |
| 12/24/2014          | 667,413  | PMTRX      | GLTRX00192217 | PTS KEY TITE PJC              |             | \$14.77     |          |
| 12/24/2014          | 667,419  | PMTRX      | GLTRX00192217 | PTS LACO BIC SLIC-TITE PJC    |             | \$86.63     |          |
| 12/24/2014          | 667,371  | PMTRX      | GLTRX00192217 | ASSTD RED WIPER BLADES        |             | \$239.91    |          |
| 12/24/2014          | 667,377  | PMTRX      | GLTRX00192217 | 2" BRASS COUPLING             |             | \$38.70     |          |
| 12/31/2014          | 700,012  | GJ         | GLTRX00192323 | December Change - GP2013      |             | \$1,044.44  |          |
| Totals:             |          |            |               |                               |             | \$51,826.99 | \$311.71 |
| Total Transactions: |          |            |               |                               |             | 253         |          |