

Since 1918



# PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111  
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## Board of Directors

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Division 4

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October 29, 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***

***Wednesday, November 4, 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. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

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 special meeting held October 19, 2015.
- 4.2) Discussion and overview of Cash Flow Statement and Current Cash Balances as of September, 2015. (Financial Advisor Egan)
- 4.3) Discussion and overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for September 30, 2015. (Finance Manager Williams)
- 4.4) Discussion and overview of committed contracts issued and water revenue bond projects. (Assistant General Manager Knudson)
- 4.5) Consideration and possible action on 2016 Budget. (Finance Manager Williams)
- 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.



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DENNIS D. LaMOREAUX,  
General Manager

DDL/dd

**PALMDALE  
WATER DISTRICT  
BOARD MEMORANDUM**

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**DATE:** October 28, 2015 **November 4, 2015**  
**TO:** FINANCE COMMITTEE **Committee Meeting**  
**FROM:** Mr. Bob Egan, Financial Advisor  
**RE:** ***AGENDA ITEM NO. 4.2 – DISCUSSION AND OVERVIEW OF CASH  
FLOW STATEMENT AND CURRENT CASH BALANCES AS OF  
SEPTEMBER, 2015.***

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Attached is the Investment Funds Report and current cash balance as of September 30, 2015.  
The reports will be reviewed in detail at the Finance Committee meeting.

PALMDALE WATER DISTRICT  
INVESTMENT FUNDS REPORT

		September 30, 2015				September-15	August-15
DESCR							
<b>CASH</b>							
0-0103	Citizens/US Bank - Checking					44,095.12	337,497.49
0-0104	Citizens- Merchant					163,934.31	94,520.04
					Bank cash	208,029.43	432,017.53
0-0119	PETTY CASH					300.00	300.00
0-0120	CASH ON HAND					5,400.00	5,400.00
	<b>TOTAL CASH</b>					<b>213,729.43</b>	<b>437,717.53</b>
<b>INVESTMENTS</b>							
0-0110	UBS ACCOUNT SS 11469 GG						
	UBS RMA Government Portfolio					1,527,505.04	3,623,252.46
	UBS Bank USA Dep acct					250,000.00	250,000.00
	Accrued interest					4,876.07	3,749.79
						1,782,381.11	3,877,002.25
		CD'S	Due	Rate	Face Value		
	1	Everbank	01/15/16	0.50	240,000	240,148.80	240,163.20
	2	Horizon Financial	01/15/16	0.30	240,000	240,016.80	239,985.60
	3	Hardin county	01/20/16	0.35	240,000	240,045.60	240,026.40
	4	Level One bank	01/21/16	0.35	40,000	40,007.60	40,004.40
	5	Firsy Merit	01/22/16	0.45	240,000	240,115.20	240,117.60
	6	Safra National	08/16/16	0.60	240,000	240,170.40	240,076.80
	7	First Bank PR	11/7/2016	0.8	240,000	240,225.60	240,103.20
	8	Compass bank	2/7/2017	0.95	240,000	240,240.00	240,088.80
	9	Discover Bank	5/2/2017	1.75	240,000	242,608.80	242,556.00
	10	Capitol One	8/14/2017	1.2	240,000	240,292.80	240,079.20
	11						
						2,200,000	2,203,871.60
					Total acct	3,986,252.71	6,080,203.45
0-1110	UBS ACCOUNT SS 11475 GG						
	UBS Bank USA Dep acct					250,000.00	250,000.00
	UBS RMA Government Portfolio					596,652.20	596,642.88
						846,652.20	846,642.88
0-0115	LAIF					11,756.41	11,756.41
0-0111	UBS ACCOUNT SS 11432 GG						
	UBS Bank USA Dep acct					250,000.00	250,000.00
	UBS RMA Government Portfolio					437,683.65	437,675.57
	Accrued interest					14,555.80	11,490.57
	US GOVERNMENT SECURITIES:						
	ISSUE DATE	ISSUER	EXPIR DATE	RATE	PAR	MARKET VALUE	MARKET VALUE
		FNMA	10/26/2015	1.625	500,000	500,500.00	501,140.00
		FFCB	6/2/2016	0.375	1,000,000	1,000,310.00	999,790.00
		FHLB	12/28/2017	0.95	500,000	500,140.00	498,730.00
						2,000,000	2,000,950.00
							1,999,660.00
		CD'S	Due	Rate	Face Value		
	1	Sallie Mae Bank	11/06/15	0.85	240,000	240,144.00	240,268.80
	2	Goldman Sachs Bk	11/07/16	1.00	240,000	240,876.00	240,806.40
	3	CIT Bank	11/06/17	1.60	240,000	240,283.20	240,304.80
	4	BMW Bank	11/15/18	2.00	240,000	241,802.40	241,605.60
	5	American Express	4/29/2019	1.45	240,000	237,986.40	237,729.60
	6	Synchrony Bank	4/14/2020	1.85	240,000	238,065.60	237,813.60
	7						
						1,440,000	1,439,157.60
						4,142,347.05	4,137,354.94
	<b>TOTAL INVESTMENTS</b>					<b>8,987,008.37</b>	<b>11,075,957.68</b>
	UBS ACCOUNT SS 24016				UBS USA	250,000.00	250,000.00
	Rate Stabilization Fund				UBS AG	230,283.83	230,275.19
						480,283.83	480,275.19
	<b>GRAND TOTAL CASH AND INVESTMENTS</b>					<b>9,681,021.63</b>	<b>11,993,950.40</b>
	Summary:						
	Checking		213,729			Incr (Decr)	(2,312,928.77)
	UBS MM		4,832,905				
	LAIF		11,756				
	UBS Investment		4,142,347				
	Rate Stab fund		480,284		BNY Mellon		
	Total		9,681,022		Construction	1,614,092.86	1,781,591.66

**PALMDALE WATER DISTRICT  
2015 Cash Flow Report**

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Budget 2016 Carryover Information
<b>Total Cash Beginning Balance</b>	12,989,419	13,129,291	13,311,353	10,792,096	12,454,470	13,232,397	12,784,219	11,576,339	11,993,950	9,681,022	9,323,898	9,307,725		
<b>Water Receipts</b>	1,955,377	1,333,287	1,882,461	1,715,041	1,541,540	1,900,537	1,790,744	1,998,605	1,966,149	2,000,000	1,640,000	1,552,388	21,276,129	
<b>DWR Refund (Operational Related)</b>				37,515									37,515	
<b>Other</b>					122,850			23,893			126,015		272,758	
<b>Total Operating Revenue (BUDGET)</b>	1,955,377	1,805,677	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	23,670,217	
<b>Total Operating Revenue (ACTUAL)</b>	1,955,377	1,333,287	1,882,461	1,752,556	1,664,390	1,900,537	1,790,744	2,022,498	1,966,149	2,000,000	1,766,015	1,552,388	21,586,402	
<b>Total Operating Expenses excl GAC (BUDGET)</b>	1,941,325	1,336,683	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	19,554,101	
<b>Operating Expenses excl GAC (ACTUAL)</b>	(1,220,221)	(1,283,540)	(1,934,657)	(1,515,585)	(1,595,352)	(1,452,485)	(2,238,601)	(1,460,094)	(1,672,967)	(1,551,000)	(1,551,000)	(1,550,394)	(19,025,897)	
<b>GAC</b>			(297,759)	(298,286)							(40,000)	(485,000)	(1,121,045)	
<b>Prepaid Insurance (paid)/refunded</b>		81,446		(62,561)				(34,277)	(196,521)				(211,913)	
<b>Total Operating Expense (ACTUAL)</b>	(1,220,221)	(1,202,094)	(2,232,415)	(1,876,432)	(1,595,352)	(1,452,485)	(2,238,601)	(1,494,371)	(1,869,488)	(1,551,000)	(1,591,000)	(2,035,394)	(20,358,855)	
	12,989,227													
<b>Non-Operating Revenue Expenses:</b>														
<b>Budgeted Assessments, net</b>	658,043	301,052	8,169	2,023,311	743,899	7,993	82,865	175,695	-	-	147,607	2,901,366	7,050,000	
<b>Actual/Projected Assessments, net</b>	720,946	275,795	15,646	2,199,772	803,305	11,911	81,982	138,249	-	-	147,607	2,901,366	7,296,579	
<b>RDA Pass-through (Successor Agency)</b>					331,200							170,000	501,200	
<b>Interest</b>	3,425	3,617	4,221	3,604	3,164	3,823	3,965	4,361	4,499	4,000	4,000	4,000	46,680	
<b>Market Adjustment</b>	6,917	(4,350)	6,676	951	(625)	(4,479)	(4,705)	750	2,589	800	800	800	6,125	
<b>Grant Re-imbusement</b>											306,915		306,915	178,085
<b>Capital Improvement Fees</b>		19,315	101,633	17,754				215,189		10,106			363,997	
<b>DWR Refund (Capital Related)</b>			39,207	65,731	35,221	113,573							253,732	
<b>Other</b>	608	3,971	2,270	4,259	21	63	32	(29)	13	500	500	500	12,707	
<b>Total Non-Operating Revenues (BUDGET)</b>	677,843	500,852	512,969	2,043,111	1,013,699	27,793	152,665	195,495	19,800	19,800	167,407	3,091,168	8,422,601	
<b>Total Non-Operating Revenues (ACTUAL)</b>	731,896	298,348	169,653	2,292,071	1,172,287	124,891	81,275	358,521	7,101	15,406	459,822	3,076,666	8,787,935	
<b>Non-Operating Expenses:</b>														
<b>Budgeted Capital Expenditures</b>	(549,456)	(580,000)	(945,000)	(710,000)	(545,000)	(178,000)	(187,000)	(115,000)	(135,000)	(35,000)	(10,000)	(10,000)	(3,999,456)	
<b>Actual/Projected Capital Expenditures</b>	(549,456)	(41,022)	(478,918)	(300,653)	(251,559)	(164,467)	(151,873)	(257,199)	(81,210)	(573,509)	(243,991)	(99,816)	(3,193,673)	
<b>Uncommitted Capital Expenditures</b>										(40,000)	(199,000)	(220,000)	(459,000)	(360,000)
<b>WRB Capital Expenditures</b>													-	(748,184)
<b>SWP Capitalized</b>	(754,079)	(185,988)	(213,428)	(187,871)	(187,871)	(187,871)	(672,129)	(187,869)	(218,871)	(187,388)	(187,387)	(187,387)	(3,358,139)	
<b>Butte County Water Transfer</b>						(648,151)						(648,151)	(1,296,303)	
<b>Bond Payments - Interest</b>			(1,105,798)						(1,097,735)				(2,203,532)	
<b>Principal</b>			(520,179)						(998,242)				(1,518,421)	
<b>Capital leases - Go West (2012 Lease)</b>	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(207,553)	
<b>Capital leases - GE Capital (Printer Lease)</b>	(6,347)	(3,174)	(3,336)	-	(6,672)	(3,336)	-	(6,672)	(3,336)	(3,336)	(3,336)	(3,336)	(42,882)	
<b>Total Non-Operating Expenses (ACTUAL)</b>	(1,327,179)	(247,480)	(2,338,955)	(505,820)	(463,398)	(1,021,121)	(841,298)	(469,036)	(2,416,690)	(821,529)	(651,010)	(1,175,987)	(12,279,503)	
<b>Total Cash Ending Balance (BUDGET)</b>	12,377,388	12,241,913	9,741,797	11,292,763	11,870,085	11,659,383	11,027,929	11,557,846	9,479,577	9,386,831	9,190,876	11,650,994		
<b>Total Cash Ending Balance (ACTUAL)</b>	13,129,291	13,311,353	10,792,096	12,454,470	13,232,397	12,784,219	11,576,339	11,993,950	9,681,022	9,323,898	9,307,725	10,725,398		

Indicates actual expenditures/revenues:   
 Indicates anticipated expenditures/revenues:

Budget 11,500,000  
 Difference (774,602)

**PALMDALE WATER DISTRICT**  
**BOARD MEMORANDUM**

**DATE:** October 28, 2015 **November 4, 2015**  
**TO:** FINANCE COMMITTEE **Finance Committee Meeting**  
**FROM:** Dennis D. LaMoreaux, General Manager  
**RE:** *AGENDA ITEM NO. 4.3 – DISCUSSION AND OVERVIEW OF FINANCIAL STATEMENTS, REVENUE, AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR SEPTEMBER 30, 2015.*  
*AGENDA ITEM NO. 4.5 – CONSIDERATION AND POSSIBLE ACTION ON 2016 BUDGET.*

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Finance Manager Williams is attending training this week. Reports for these items will be distributed at the Finance Committee meeting.

**PALMDALE WATER DISTRICT**  
**Debt Service Coverage (\$000s)**

Fiscal Year Ending September 30	Audited 2012	Audited 2013	Audited 2014	Apr 2014 - Mar 2015	Jul 2014 - Jun 2015	Aug 2014 - Jul 2015	Sep 2014 - Aug 2015	Oct 2014 - Sep 2015
<b>OPERATING REVENUES</b>	22,597	24,125	23,342	22,918	22,409	22,079	21,734	21,633
Rate Stabilization Fund		(480)						
	22,597	23,645	23,342	22,918	22,409	22,079	21,734	21,633
<b>OPERATING EXPENSES</b>								
Gross operating expenses	22,216	20,665	22,405	21,701	20,370	20,601	20,066	19,442
Overhead adjustment	(43)	(217)	(509)					
SWP Fixed operations and maint Capital portion included above	(915)	(720)	(363)	(320)	(276)	(253)	(226)	(201)
<b>TOTAL EXPENSES</b>	21,258	19,728	21,534	21,381	20,094	20,348	19,840	19,241
<b>NET OPERATING REVENUES</b>	1,339	3,917	1,808	1,537	2,316	1,730	1,894	2,392
<b>NON-OPERATING REVENUE</b>								
Ad valorem property taxes	1,704	2,573	2,132	2,157	1,988	2,111	2,173	2,313
Interest income	25	44	45	46	46	46	47	47
Capital improvement fees	1,258	245	14	125	142	142	358	354
Other income	843	421	306	277	315	315	315	306
Rate Assistance Program								
<b>TOTAL NON-OPERATING INCOME</b>	3,830	3,284	2,497	2,604	2,491	2,614	2,892	3,021
<b>NET REV AVAILABLE FOR DEBT SERVICE</b>	5,169	7,201	4,305	4,141	4,807	4,344	4,786	5,413
<b>NET DEBT SERVICE</b>								
1998 Certificates of Participation	1,507							
2004A Certificates of Participation	2,127	1,373	1,373					
2012 Issue - Bank of Nevada				1,373	1,373	1,373	1,373	1,373
2013A Water Revenue Bond		2,247	2,344	2,339	2,339	2,339	2,339	2,339
2017 Issue								
2012 Capital Lease		190	190	218	218	218	218	218
<b>TOTAL DEBT SERVICE</b>	3,634	3,810	3,908	3,930	3,930	3,930	3,930	3,930
<b>DEBT SERVICE COVERAGE</b>	1.42	1.89	1.10	1.05	1.22	1.11	1.22	1.38
<b>NET REV AVAILABLE AFTER D/S</b>	1,535	3,391	397	211	877	415	857	1,483

**AGENDA ITEM NO. 5.1**