



PALMDALE WATER DISTRICT
A CENTURY OF SERVICE

BOARD OF DIRECTORS

W. SCOTT KELLERMAN
Division 1

DON WILSON
Division 2

CYNTHIA SANCHEZ
Division 3

KATHY MAC LAREN-GOMEZ
Division 4

VINCENT DINO
Division 5

July 11, 2024

**AGENDA FOR A MEETING
OF THE FINANCE COMMITTEE
OF THE PALMDALE WATER DISTRICT
TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE
Committee Members: Don Wilson-Chair, Scott Kellerman**

TUESDAY, JULY 16, 2024

2:00 p.m.

DENNIS D. LaMOREAUX
General Manager

ALESHIRE & WYNDER LLP
Attorneys

NOTE: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Danielle Henry at 661-947-4111 x1059 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 or on the District's website at <https://www.palmdalewater.org/governance/committee-activity/2023-committee-agendas-and-minutes/> (Government Code Section 54957.5). Please call Danielle Henry at 661-947-4111 x1059 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 conduct 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 for non-agenda items.
- 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 June 18, 2024.
- 4.2) Consideration on a Recommendation to Receive and File the 2023 Annual Financial Report. (Finance Manager Hoffmeyer)
- 4.3) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of June 2024. (Financial Advisor Egan)
- 4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for June 2024. (Finance Manager Hoffmeyer)
- 4.5) Discussion and Overview of Committed Contracts Issued. (Finance Manager Hoffmeyer)
- 5) Reports.
 - 5.1) Finance Manager Hoffmeyer:
 - a) Accounts Receivable Overview.
 - b) Revenue Projections.
 - c) Payment transactions by type.
 - d) Billing and collection statistics.
 - 5.2) Financial Advisor Egan:
 - a) Debt Service Coverage Status.
 - 5.3) Other.
- 6) Board Members' Requests for Future Agenda Items.
- 7) Date of Next Committee Meeting.
- 8) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dh



COMMITTEE MEMORANDUM

DATE: July 16, 2024
TO: FINANCE COMMITTEE
FROM: Mr. Dennis J. Hoffmeyer, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***CONSIDERATION ON A RECOMMENDATION TO RECEIVE AND FILE THE 2023 ANNUAL FINANCIAL REPORT. (FINANCE MANAGER HOFFMEYER)***

Recommendation:

Staff recommends that the Committee recommends that the full Board receive and file the annual basic financial statements with the independent auditors' report for the year ended December 31, 2023.

Financial Highlights:

- In 2023, the District's net position increased 3.00% or \$3,234,589 from the prior year's net position of \$107,662,978 to \$110,897,567, as a result of this year's operations, as well as a prior period adjustment due to a change in accounting principle. (Page 6).
- In 2022, the District's net position increased 7.75% or \$7,745,970 from the prior year's net position of \$99,917,008 to \$107,662,978, as a result of this year's operations, as well as a prior period adjustment due to a change in accounting principle.
- In 2023, the District's operating revenues increased by 10.39% or \$3,252,891 from \$31,320,439 to \$34,573,330, from the prior year, primarily due to an increase in Water sales – commodity charge of \$2,040,267 as well as an increase in monthly meter service charges of \$1,674,195.
- In 2022, the District's operating revenues increased by 3.16% or \$959,242 from \$30,361,197 to \$31,320,439, from the prior year, primarily due to an increase in monthly meter service charges of \$1,582,962.
- In 2023, the District's operating expenses before overhead absorption and depreciation expense increased by 18.68% or \$4,950,882 from \$26,501,941 to \$31,452,823, from the prior year, primarily due to an increase in source of supply – water purchases of \$2,380,656.
- In 2022, the District's operating expenses before overhead absorption and depreciation expense decreased by 6.98% or \$1,989,863 from \$28,491,804 to \$26,501,941, from the prior year, primarily due to a decrease in source of supply – water purchases of \$2,947,954.

July 16, 2024

Conditions Affecting Current Financial Position:

- The District was required to meet the State of California's mandatory 20% drought restrictions put in place in April of 2022. The District's customers have responded to the mandate by changing their water usage habits.
- Billed water consumption for the year ended December 31, 2023 was at 14,702-acre feet compared to 15,903-acre feet for the year ended December 31, 2022.
- The District's assessed valuation has increased to \$2.73 billion for FY 2022/2023 from \$2.26 billion for FY 2021/2022.
- The District received \$2.9 million in ad valorem property tax revenue for 2023.
- The District received \$998,755 in successor agency component property taxes for 2023.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 4 – Financial Health and Stability.

This item directly relates to the District's Mission Statement.

Budget:

This item has no budget impact.

Supporting Documents:

- 2023 Annual Financial Report prepared by Nigro & Nigro
- 5-year analysis of net position

**PALMDALE WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Years Ended
December 31, 2023 and 2022**

NIGRO
& NIGRO^{PC}

PALMDALE WATER DISTRICT

For the Years Ended December 31, 2023 and 2022

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenses and Changes in Net Position.....	14
Statements of Cash Flows.....	15
Notes to Financial Statements	17

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability	69
Schedule of Pension Contributions	70
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	71
Schedule of OPEB Contributions	72

SUPPLEMENTARY INFORMATION

Schedules of Debt Service Net Revenues Coverage	73
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OTHER INDEPENDENT AUDITORS' REPORTS

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 <i>Government Auditing Standards</i>	74
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Palmdale Water District
Palmdale, California

Opinion

We have audited the accompanying basic financial statements of Palmdale Water District, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Palmdale Water District as of December 31, 2023 and 2022, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and schedule of OPEB contributions, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated June 30, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

Murrieta, California
June 30, 2024

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2023 and 2022

Management's Discussion and Analysis (MD&A) offers readers of Palmdale Water District's financial statements a narrative overview of the District's financial activities for the years ended December 31, 2023 and 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In 2023, the District's net position increased 3.00% or \$3,234,589 from the prior year's net position of \$107,662,978 to \$110,897,567, as a result of this year's operations, as well as a prior period adjustment due to a change in accounting principle.
- In 2022, the District's net position increased 7.75% or \$7,745,970 from the prior year's net position of \$99,917,008 to \$107,662,978, as a result of this year's operations, as well as a prior period adjustment due to a change in accounting principle.
- In 2023, the District's operating revenues increased by 10.39% or \$3,252,891 from \$31,320,439 to \$34,573,330, from the prior year, primarily due to an increase in Water sales – commodity charge of \$2,040,267 as well as an increase in monthly meter service charges of \$1,674,195.
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- In 2023, the District's operating expenses before overhead absorption and depreciation expense increased by 18.68% or \$4,950,882 from \$26,501,941 to \$31,452,823, from the prior year, primarily due to an increase in source of supply – water purchases of \$2,380,656.
- In 2022, the District's operating expenses before overhead absorption and depreciation expense decreased by 6.98% or \$1,989,863 from \$28,491,804 to \$26,501,941, from the prior year, primarily due to a decrease in source of supply – water purchases of \$2,947,954.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include four components: (1) Balance Sheet; (2) Statement of Revenues, Expenses, and Changes in Net Position; (3) Statement of Cash Flows; and (4) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position, results of operations, and changes in cash flow during the years ending December 31, 2023 and 2022. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2023 and 2022

REQUIRED FINANCIAL STATEMENTS

Balance Sheets

The Balance Sheet presents information on the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, zoning, and new or changed legislation or regulations also need to be considered when establishing financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflow of resources, resulting in a net position of \$110,897,567 and \$107,662,978 as of December 31, 2023 and 2022, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the year. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges. Operating revenues and expenses are related to the District's core activities. Non-operating revenues and expenses are not directly related to the core activities of the District (e.g. interest income, interest expense, property taxes, gain or loss on sale of assets). For the year ended December 31, 2023, net position from operations increased \$3,234,589. For the year ended December 31, 2022, net position from operations increased \$7,745,970, which included an increase of \$11,804 as the result of prior period adjustment from the implementation of GASB 87 (See Note 14).

Statement of Cash Flows

The Statement of Cash Flows presents information regarding the District's use of cash during the year. It reports cash receipts, cash payments, and net changes in cash resulting from operations, financing and investing activities. The Statement of Cash Flows provides answers to such questions as: Where did cash come from? What was cash used for? What was the change in the cash balance during the reporting period?

District cash flows for the years have been categorized into one of the following activities: operating, noncapital financing, capital and related financing, or investing. For 2023, the total of these categories represents a decrease in cash and cash equivalents of \$5,556,307, which is subtracted from the beginning cash and cash equivalents of \$11,440,639, to arrive at ending cash and cash equivalents of \$16,996,946. For 2022, the total of these categories represents a decrease in cash and cash equivalents of \$3,194,572, which is subtracted from the beginning cash and cash equivalents of \$14,635,211, to arrive at ending cash and cash equivalents of \$11,440,639.

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited) *For the Years Ended December 31, 2023 and 2022*

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Balance Sheets

	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022	Change	Balance, Dec. 31, 2021	Change
Assets:					
Current assets	\$ 27,874,940	\$ 26,645,882	\$ 1,229,058	\$ 24,885,227	\$ 1,760,655
Non-current assets	16,882,311	10,311,208	6,571,103	13,232,582	(2,921,374)
Capital assets, net	185,811,220	179,800,530	6,010,690	168,167,993	11,632,537
Total assets	230,568,471	216,757,620	13,810,851	206,285,802	10,471,818
Deferred outflows of resources	9,004,118	11,706,450	(2,702,332)	9,072,562	2,633,888
Total assets and deferred outflows	\$ 239,572,589	\$ 228,464,070	\$ 11,108,519	\$ 215,358,364	\$ 13,105,706
Liabilities:					
Current liabilities	\$ 11,285,232	\$ 14,724,327	\$ (3,439,095)	\$ 12,222,577	\$ 2,501,750
Non-current liabilities	106,939,406	96,042,029	10,897,377	88,418,833	7,623,196
Total liabilities	118,224,638	110,766,356	7,458,282	100,641,410	10,124,946
Deferred inflows of resources	10,450,384	10,034,736	415,648	14,799,946	(4,765,210)
Net position:					
Net investment in capital assets	121,021,039	119,416,779	1,604,260	111,538,623	7,878,156
Restricted	2,234,414	2,206,783	27,631	2,202,482	4,301
Unrestricted	(12,357,886)	(13,960,584)	1,602,698	(13,824,097)	(136,487)
Total net position	110,897,567	107,662,978	3,234,589	99,917,008	7,745,970
Total liabilities, deferred inflows and net position	\$ 239,572,589	\$ 228,464,070	\$ 11,108,519	\$ 215,358,364	\$ 13,105,706

The condensed statement above presents a summary of the District's statement of net position.

The District's Net Position as of December 31, 2023, totaled \$110,897,567 compared with \$107,662,978 as of December 31, 2022, an increase of 3.00%.

The District's Net Position as of December 31, 2022, totaled \$107,662,978 compared with \$99,917,008 as of December 31, 2021, an increase of 7.75%.

Net position is accumulated from revenues, expenses, and contributed capital combined with the beginning balance of net position as presented in the Statement of Revenues, Expenses, and Changes in Net Position.

PALMDALE WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Years Ended December 31, 2023 and 2022***FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)****Analysis of Revenues and Expenses****Table A-2: Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022	Change	Balance, Dec. 31, 2021	Change
Operating revenues	\$ 34,573,330	\$ 31,320,439	\$ 3,252,891	\$ 30,361,197	\$ 959,242
Operating expenses	(31,452,823)	(26,501,941)	(4,950,882)	(28,491,804)	1,989,863
Operating income before overhead absorption	3,120,507	4,818,498	(1,697,991)	1,869,393	2,949,105
Overhead absorption	202,747	(2,057,284)	2,260,031	(281,192)	(1,776,092)
Operating income before depreciation	3,323,254	2,761,214	562,040	1,588,201	1,173,013
Depreciation expense	(5,725,517)	(5,359,892)	(365,625)	(5,270,174)	(89,718)
Operating loss after depreciation	(2,402,263)	(2,598,678)	196,415	(3,681,973)	1,083,295
Non-operating revenues(expenses), net	3,538,459	4,770,576	(1,232,117)	1,136,186	3,634,390
Net income(loss) before capital contributions	1,136,196	2,171,898	(1,035,702)	(2,545,787)	4,717,685
Capital contributions	2,098,393	5,562,268	(3,463,875)	5,716,336	(154,068)
Change in net position	3,234,589	7,734,166	(4,499,577)	3,170,549	4,563,617
Net position:					
Beginning of year	107,662,978	99,917,008	7,745,970	96,746,459	3,170,549
Prior period adjustment	-	11,804	(11,804)	-	11,804
End of year	\$ 110,897,567	\$ 107,662,978	\$ 3,234,589	\$ 99,917,008	\$ 7,745,970

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased from operations by \$3,234,589, \$7,734,166, and \$3,170,549, for the years ended December 31, 2023, 2022, and 2021 respectively.

PALMDALE WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Years Ended December 31, 2023 and 2022***FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)****Total Revenues**

	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022	Change	Balance, Dec. 31, 2021	Change
Operating revenues:					
Water sales – commodity charge	\$ 13,741,868	\$ 11,701,601	\$ 2,040,267	\$ 12,501,007	\$ (799,406)
Water sales – wholesale	210,495	500,102	(289,607)	561,298	(61,196)
Monthly meter service charge	18,475,947	16,801,752	1,674,195	15,218,790	1,582,962
Water quality fees	511,918	623,061	(111,143)	704,782	(81,721)
Elevation fees	320,606	357,741	(37,135)	379,529	(21,788)
Other charges for services	1,312,496	1,336,182	(23,686)	995,791	340,391
Total operating revenues	34,573,330	31,320,439	3,252,891	30,361,197	959,242
Non-operating:					
Property taxes – ad valorem	2,909,289	2,640,066	269,223	1,660,944	979,122
Property tax assessment for State Water Project	6,009,593	7,169,879	(1,160,286)	5,179,076	1,990,803
Successor agency component of property taxes	998,755	836,598	162,157	840,880	(4,282)
Rental revenue – cellular towers	185,449	193,519	(8,070)	18,012	175,507
Investment earnings	573,644	97,234	476,410	(1,067)	98,301
Change in investment – PRWA	27,632	4,301	23,331	934	3,367
Legal and insurance refunds/settlements	48,000	74,172	(26,172)	61,746	12,426
Department of Water Resources – FCR	388,705	349,339	39,366	368,950	(19,611)
Other non-operating revenues	123,035	162,400	(39,365)	87,839	74,561
Total non-operating	11,264,102	11,527,508	(263,406)	8,217,314	3,310,194
Total revenues	\$ 45,837,432	\$ 42,847,947	\$ 2,989,485	\$ 38,578,511	\$ 4,269,436

In 2023, the District's operating revenues increased by 10.39% or \$3,252,891 from \$31,320,439 to \$34,573,330, from the prior year, primarily due to an increase in Water sales – commodity charge of \$2,040,267 as well as an increase in monthly meter service charges of \$1,674,195.

In 2022, the District's operating revenues increased by 3.16% or \$959,242 from \$30,361,197 to \$31,320,439, from the prior year, primarily due to an increase in monthly meter service charges of \$1,582,962.

PALMDALE WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Years Ended December 31, 2023 and 2022***FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)****Total Expenses**

	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022	Change	Balance, Dec. 31, 2021	Change
Operating expenses:					
Source of supply – water purchases	\$ 4,717,720	\$ 2,337,064	\$ 2,380,656	\$ 5,285,018	\$ (2,947,954)
Operations and production	4,449,699	3,626,458	823,241	3,533,551	92,907
Facilities	7,851,419	7,662,975	188,444	7,484,342	178,633
Engineering	2,011,091	1,691,545	319,546	1,670,042	21,503
Water conservation	425,553	509,733	(84,180)	381,068	128,665
Administration	8,278,114	7,325,826	952,288	6,760,997	564,829
Finance and customer care	3,719,227	3,348,340	370,887	3,376,786	(28,446)
Operating expenses before overhead absorption	31,452,823	26,501,941	4,950,882	28,491,804	(1,989,863)
Overhead absorption	(202,747)	2,057,284	(2,260,031)	281,192	1,776,092
Operating expenses before depreciation	31,250,076	28,559,225	2,690,851	28,772,996	(213,771)
Depreciation and amortization	5,725,517	5,359,892	365,625	5,270,174	89,718
Total operating expenses	36,975,593	33,919,117	3,056,476	34,043,170	(124,053)
Non-operating expenses:					
Cost of debt issuance	327,759	7,500	320,259	333,796	(326,296)
State Water Project amortization expense	4,492,670	4,008,232	484,438	4,222,272	(214,040)
Rate assistance program expense	171,546	304,008	(132,462)	-	304,008
Interest expense – long-term debt	2,733,668	2,437,192	296,476	2,525,060	(87,868)
Total non-operating	7,725,643	6,756,932	968,711	7,081,128	(324,196)
Total expenses	\$ 44,701,236	\$ 40,676,049	\$ 4,025,187	\$ 41,124,298	\$ (448,249)

In 2023, the District's operating expenses before overhead absorption and depreciation expense increased by 18.68% or \$4,950,882 from \$26,501,941 to \$31,452,823, from the prior year, primarily due to an increase in source of supply – water purchases of \$2,380,656.

In 2022, the District's operating expenses before overhead absorption and depreciation expense decreased by 6.98% or \$1,989,863 from \$28,491,804 to \$26,501,941, from the prior year, primarily due to a decrease in source of supply – water purchases of \$2,947,954.

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2023 and 2022

CAPITAL ASSETS

At the end of 2023, 2022 and 2021, the District's investment in capital assets was \$185,811,219, \$179,800,530 and \$168,167,993, net of accumulated depreciation, respectively. Capital asset additions during the years ended December 31, 2023, and 2022 were \$9,774,018 and \$14,139,799, for various projects and equipment. (More detailed information about capital assets can be found in Note 6 of the financial statements). Total depreciation expense for the year exceeded \$5.7 million and \$5.3 million as of December 31, 2023, and 2022, respectively.

Table A-5: Capital Assets at Year End, Net of Depreciation

Capital assets:	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021
Non-depreciable assets	\$ 22,354,621	\$ 21,316,338	\$ 10,995,185
Depreciable assets	372,436,615	358,125,376	347,561,242
Accumulated depreciation and amortization	<u>(208,980,017)</u>	<u>(199,641,184)</u>	<u>(190,388,434)</u>
Total capital assets, net	<u>\$ 185,811,219</u>	<u>\$ 179,800,530</u>	<u>\$ 168,167,993</u>

LONG-TERM DEBT

At year-end the District had \$80.1 million in direct finance purchases, loan payables, and revenue bonds payables – an increase(decrease) of 8,785,017 and (\$372,807) in 2023 and 2022 respectively – as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements).

Table A-6: Outstanding Long-Term Debt at Year-End

Long-term debt:	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021
Direct finance purchase	\$ 1,952,719	\$ 2,400,000	\$ 88,250
Loan payable – 2012	-	1,342,628	2,643,024
Revenue bonds payable, net – 2013	-	10,359,167	11,056,295
Revenue bonds payable, net – 2018	13,206,881	13,508,927	13,795,973
Revenue refunding bonds – non-taxable – 2020	8,939,354	8,952,691	8,965,604
Revenue refunding bonds – taxable – 2020	14,025,000	14,190,000	14,355,000
Revenue bonds – 2021A	10,196,636	10,225,880	10,255,124
Revenue refunding bonds – 2021	10,146,820	10,356,500	10,549,330
Revenue bonds payable, net - 2023	<u>21,653,400</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 80,120,810</u>	<u>\$ 71,335,793</u>	<u>\$ 71,708,600</u>

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2023 and 2022

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

- The District was required to meet the State of California's mandatory 20% drought restrictions put in place in April of 2022. The District's customers have responded to the mandate by changing their water usage habits.
- Billed water consumption for the year ended December 31, 2023 was at 14,702-acre feet compared to 15,903-acre feet for the year ended December 31, 2022.
- The District's assessed valuation has increased to \$2.73 billion for FY 2022/2023 from \$2.26 billion for FY 2021/2022.
- The District received \$2.9 million in ad valorem property tax revenue for 2023.
- The District received \$998,755 in successor agency component property taxes for 2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's ratepayer, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact Palmdale Water District, Finance Department, 2029 East Avenue Q, Palmdale, California 93550 or (661) 947-4111.

PALMDALE WATER DISTRICT*Balance Sheets**December 31, 2023 and 2022*

ASSETS	2023	2022
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,615,777	\$ 3,716,677
Investments (Note 2)	12,937,858	12,378,256
Accrued interest receivable	84,297	37,140
Accounts receivable – water sales and services, net (Note 3)	2,673,926	2,454,125
Accounts receivable – property taxes and assessments	4,922,573	5,459,701
Lease receivable (Note 4)	113,735	102,586
Accounts receivable – other	1,906,172	221,643
Materials and supplies inventory	1,852,279	1,451,130
Prepaid expenses	768,323	824,624
Total current assets	27,874,940	26,645,882
Non-current assets:		
Restricted – cash and cash equivalents (Note 2)	14,381,169	7,723,962
Lease receivable (Note 4)	266,728	380,463
Investment in Palmdale Recycled Water Authority (Note 5)	2,234,414	2,206,783
Capital assets – not being depreciated (Note 6)	22,354,621	21,316,338
Capital assets – being depreciated, net (Note 6)	163,456,599	158,484,192
Total non-current assets	202,693,531	190,111,738
Total assets	230,568,471	216,757,620
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on debt defeasance, net (Note 9)	1,178,100	3,583,794
Deferred amounts related to net OPEB obligation (Note 10)	2,477,984	2,887,977
Deferred amounts related to net pension liability (Note 11)	5,348,034	5,234,679
Total deferred outflows of resources	9,004,118	11,706,450
Total assets and deferred outflows of resources	\$ 239,572,589	\$ 228,464,070

PALMDALE WATER DISTRICT*Balance Sheets (continued)**December 31, 2023 and 2022*

LIABILITIES	2023	2022
Current liabilities:		
Accounts payable and accrued expenses	3,594,958	\$ 5,489,452
Customer deposits for water service	3,879,644	3,700,690
Construction and developer deposits	1,676,656	1,641,722
Accrued interest payable	690,229	524,635
Long-term liabilities – due within one year:		
Compensated absences (Note 8)	199,984	178,216
Right-to-use lease payable (Note 7)	109,022	126,686
Direct finance purchase (Note 9)	463,073	447,281
Loan payable (Note 9)	-	1,342,628
Revenue bonds payable (Note 9)	671,666	1,273,017
Total current liabilities	11,285,232	14,724,327
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 8)	599,952	534,647
Right-to-use lease payable (Note 7)	119,618	229,028
Direct finance purchase (Note 9)	1,489,646	1,952,719
Loan payable (Note 9)	-	-
Revenue bonds payable, net (Note 9)	77,496,425	66,320,148
Net other post-employment benefits obligation (Note 10)	12,118,384	13,275,385
Net pension liability (Note 11)	15,115,381	13,730,102
Total non-current liabilities	106,939,406	96,042,029
Total liabilities	118,224,638	110,766,356
DEFERRED INFLOWS OF RESOURCES		
Unearned property taxes and assessments	4,300,000	4,300,000
Deferred amounts related to leases (Note 4)	345,431	460,575
Deferred amounts related to net OPEB obligation (Note 10)	5,252,471	4,502,897
Deferred amounts related to net pension liability (Note 11)	552,482	771,264
Total deferred inflows of resources	10,450,384	10,034,736
NET POSITION		
Net investment in capital assets (Note 12)	121,021,039	119,416,779
Restricted – Palmdale Recycled Water Authority (Note 5)	2,234,414	2,206,783
Unrestricted (Deficit) (Note 13)	(12,357,886)	(13,960,584)
Total net position	110,897,567	107,662,978
Total liabilities, deferred inflows of resources and net position	\$ 239,572,589	\$ 228,464,070

PALMDALE WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Water sales – commodity charge	13,741,868	\$ 11,701,601
Water sales – wholesale	210,495	500,102
Monthly meter service charge	18,475,947	16,801,752
Water quality fees	511,918	623,061
Elevation fees	320,606	357,741
Other charges for services	<u>1,312,496</u>	<u>1,336,182</u>
Total operating revenues	<u>34,573,330</u>	<u>31,320,439</u>
Operating expenses:		
Source of supply – water purchases	4,717,720	2,337,064
Operations and production	4,449,699	3,626,458
Facilities	7,851,419	7,662,975
Engineering	2,011,091	1,691,545
Water conservation	425,553	509,733
Administration	8,278,114	7,325,826
Finance and customer care	<u>3,719,227</u>	<u>3,348,340</u>
Total operating expenses	<u>31,452,823</u>	<u>26,501,941</u>
Operating income before overhead absorption	3,120,507	4,818,498
Overhead absorption	<u>202,747</u>	<u>(2,057,284)</u>
Operating income before depreciation and amortization expense	3,323,254	2,761,214
Depreciation expense (Note 6)	(5,594,181)	(5,223,047)
Right-to-use asset amortization expense (Note 7)	<u>(131,336)</u>	<u>(136,845)</u>
Operating loss	<u>(2,402,263)</u>	<u>(2,598,678)</u>
Non-operating revenues(expenses):		
Property taxes – ad valorem	2,909,289	2,640,066
Property tax assessment for State Water Project	6,009,593	7,169,879
Successor agency component of property taxes	998,755	836,598
Rental revenue – cellular towers (Note 4)	185,449	193,519
Investment earnings	573,644	97,234
Changes in investment – Palmdale Recycled Water Authority (Note 5)	27,632	4,301
Legal and insurance refunds/settlements	48,000	74,172
Department of Water Resources – fixed charge recovery	388,705	349,339
Other non-operating revenues	123,035	162,400
Cost of debt issuance (Note 9)	(327,759)	(7,500)
State Water Project amortization expense (Note 6)	(4,492,670)	(4,008,232)
Rate assistance program expense	(171,546)	(304,008)
Interest expense – long-term debt	<u>(2,733,668)</u>	<u>(2,437,192)</u>
Total non-operating revenue(expense), net	<u>3,538,459</u>	<u>4,770,576</u>
Net income(loss) before capital contributions	<u>1,136,196</u>	<u>2,171,898</u>
Capital contributions:		
Capital improvement fees	802,116	5,408,187
Federal and state capital grants	<u>1,296,277</u>	<u>154,081</u>
Total capital contributions	<u>2,098,393</u>	<u>5,562,268</u>
Change in net position	3,234,589	7,734,166
Net position:		
Beginning of year	107,662,978	99,917,008
Prior period adjustment (Note 14)	<u>-</u>	<u>11,804</u>
End of year	<u>\$ 110,897,567</u>	<u>\$ 107,662,978</u>

PALMDALE WATER DISTRICT*Statements of Cash Flows**For the Years Ended December 31, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash receipts from water sales and services	\$ 34,567,417	\$ 31,684,142
Cash receipts from others	(1,319,803)	656,006
Cash paid to employees for salaries and wages	(10,366,975)	(9,849,959)
Cash paid to vendors and suppliers for materials and services	<u>(21,836,978)</u>	<u>(14,316,571)</u>
Net cash provided by operating activities	<u>1,043,661</u>	<u>8,173,618</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	4,445,172	2,591,238
Proceeds from property tax assessment for State Water Project	6,009,593	7,169,879
Acquisition of State Water Project participation rights	<u>(6,454,858)</u>	<u>(6,357,278)</u>
Net cash provided by non-capital financing activities	<u>3,999,907</u>	<u>3,403,839</u>
Cash flows from capital and related financing activities:		
Right-to-use leased asset, net	-	(408,390)
Right-to-use leases payable, net	-	396,586
Acquisition and construction of capital assets	(9,774,018)	(14,139,799)
Proceeds from capital improvement fees and capital grants	2,098,393	5,562,268
Proceeds from issuance of revenue refunding bonds	21,225,000	-
Proceeds from issuance of right-to-use asset financing	-	2,080,319
Cost of debt issuance	(327,759)	(7,500)
Principal paid on right-to-use lease payable	(127,074)	(136,068)
Principal paid on long-term debt	(9,340,298)	(2,604,389)
Interest paid on long-term debt	<u>(2,568,074)</u>	<u>(3,074,043)</u>
Net cash provided by (used in) capital and related financing activities	<u>1,186,170</u>	<u>(12,331,016)</u>
Cash flows from investing activities:		
Purchase of investments	(8,640,881)	(9,947,893)
Sales of investments	7,747,931	7,373,951
Investment earnings	<u>219,519</u>	<u>132,929</u>
Net cash used in investing activities	<u>(673,431)</u>	<u>(2,441,013)</u>
Net increase (decrease) in cash and cash equivalents	5,556,307	(3,194,572)
Cash and cash equivalents:		
Beginning of year	<u>11,440,639</u>	<u>14,635,211</u>
End of year	<u><u>\$ 16,996,946</u></u>	<u><u>\$ 11,440,639</u></u>
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and cash equivalents	\$ 2,615,777	\$ 3,716,677
Restricted assets – cash and cash equivalents	<u>14,381,169</u>	<u>7,723,962</u>
Total cash and cash equivalents	<u><u>\$ 16,996,946</u></u>	<u><u>\$ 11,440,639</u></u>

PALMDALE WATER DISTRICT*Statements of Cash Flows (continued)**For the Years Ended December 31, 2023 and 2022*

	2023	2022
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,402,263)	\$ (2,598,678)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	5,725,517	5,359,892
Overhead absorption	(202,747)	2,057,284
Rental revenue – cellular towers	185,449	193,519
Legal and insurance refunds/settlements	48,000	74,172
Department of Water Resources – fixed charge recovery	388,705	349,339
Other non-operating revenues	123,035	162,400
Change in assets – (increase)decrease:		
Accounts receivable – water sales and services, net	(219,801)	150,673
Lease receivable	(380,463)	(483,049)
Accounts receivable – other	(1,684,529)	359,625
Materials and supplies inventory	(401,149)	442,901
Prepaid expenses	56,301	(9,371)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	409,993	357,048
Deferred amounts related to net pension liability	(113,355)	(3,456,272)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(1,894,494)	1,731,291
Customer deposits for water service	178,954	212,386
Construction and developer deposits	34,934	644
Compensated absences	87,073	38,047
Net other post-employment benefits obligation	(1,157,001)	523,511
Net pension liability	1,385,279	7,673,466
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	345,431	460,575
Deferred amounts related to net OPEB obligation	749,574	(698,932)
Deferred amounts related to net pension liability	(218,782)	(4,726,853)
Total adjustments	3,445,924	10,772,296
Net cash provided by operating activities	\$ 1,043,661	\$ 8,173,618
Non-cash investing, capital and financing transactions:	2023	2022
Change in fair-value of investments	\$ 306,968	\$ (40,683)
Amortization of deferred amount on debt defeasance	\$ (3,597,018)	\$ (375,340)
Amortization of net premium(discount) on revenue bonds	\$ 2,191,774	\$ 168,418
Changes in investment – Palmdale Recycled Water Authority	\$ 27,632	\$ 4,301

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

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.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity* (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

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, solely for the purpose of acquiring and or constructing various public facilities and providing financial assistance to the District. Accordingly, this component unit is blended within the financial statements of the District.

The Palmdale Water District Public Financing Authority (Authority) was organized on April 10, 2013, pursuant to a Joint Exercise of Powers Agreement by and between the Palmdale Water District and the California Municipal Finance Authority, solely for the purpose of providing financing for District capital improvements. Accordingly, this component unit is blended within the financial statements of the District.

C. Basis of Presentation, Basis of Accounting

The Financial Statements (i.e., the balance sheet, the statement of revenues, expenses and change in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as *operating income* in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments (continued)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

3. Allowance for Doubtful 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.

4. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

6. Materials and Supplies Inventory

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 are charged to expense at the time that individual items are consumed.

7. Right-To-Use Lease Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability (payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Capital Equipment	10 Years
Furniture	7-10 Years
Vehicles	5-10 Years
Small Equipment	3-5 Years

9. State Water Project – Participation Rights

The District participates in the State Water Project (the Project) entitling it to certain participation rights. The District's participation in the Project is through payments to the California Department of Water Resources from tax assessments collected from within the District's service area. 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.

10. Customer Deposits for Water Service

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.

11. Compensated Absences

The liability for compensated absences reported on the balance sheet consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS's website.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

CalPERS	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Measurement Period	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

13. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Post-Employment Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

OPEB	December 31, 2023	December 31, 2022
Valuation Date	December 31, 2022	December 31, 2021
Measurement Date	December 31, 2023	December 31, 2022
Measurement Period	Jan. 1, 2023 to Dec. 31, 2023	Jan. 1, 2022 to Dec. 31, 2022

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

14. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

E. Property Taxes

Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. Tax levies are limited to 1% of full market value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. The County of Los Angeles bills and collects property taxes on behalf of the District. The County's tax year is July 1, to December 31. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and March 1, and become delinquent after December 10, and April 10.

F. Water Sales

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

G. 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.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022
Cash and cash equivalents	\$ 2,615,777	\$ 3,716,677
Investments	12,937,858	12,378,256
Restricted – cash and cash equivalents	14,381,169	7,723,962
Total	\$ 29,934,804	\$ 23,818,895

Cash and investments consisted of the following:

Description	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022
Cash on hand	\$ 5,700	\$ 5,700
Demand deposits held with financial institutions	797,666	1,278,353
Local Agency Investment Fund (LAIF)	13,150	12,778
Money-market funds	1,799,261	2,419,846
Money-market funds – restricted	14,381,169	7,723,962
Investments	12,937,858	12,378,256
Total	\$ 29,934,804	\$ 23,818,895

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

This table identifies the investment types that are authorized by the California Government Code and the District's investment policy. The table also identifies certain provisions of the District's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5-years	None	None
District issued bonds	5-years	None	None
Government sponsored agency securities	5-years	None	None
Certificates-of-deposit	5-years	60%	None
Money-market 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 if these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment contracts	None	None	None
Money-market funds	N/A	None	None

Demand Deposits with Financial Institutions

At December 31, 2023 and 2022, the carrying amount of the District's demand deposits were \$797,666 and \$1,278,353, respectively, and the financial institution's balance were \$1,049,740 and \$1,343,013, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depositary Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

Money-Market Funds

Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal – preservation of principal). A money-market fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money-market funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of December 31, 2023, the District held \$1,799,261 in unrestricted money-market funds and \$14,381,169 in restricted money-market funds. As of December 31, 2022, the District held \$2,419,846 in unrestricted money-market funds and \$7,723,962 in restricted money-market funds.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount 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 the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of December 31, 2023, and 2022, the District held \$13,150 and \$12,778 in LAIF, respectively.

The investment policy of the District limits the amount that can be invested in an external investment pool (LAIF). A maximum limit has been set at \$500,000 that can be invested in LAIF at any point in time.

Investments

Investment maturities and credit ratings as of December 31, 2023, consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity
				12 Months or Less
U.S. Treasury notes	Level 1	Exempt	\$ 7,322,745	\$ 7,322,745
Certificates-of-deposit	Level 1	Not Rated	5,615,113	5,615,113
Total investments			<u>\$ 12,937,858</u>	<u>\$ 12,937,858</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments (continued)

Investment maturities and credit ratings as of December 31, 2022, consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity
				12 Months or Less
U.S. Treasury notes	Level 1	Exempt	\$ 7,749,428	\$ 7,749,428
Certificates-of-deposit	Level 1	Not Rated	4,628,828	4,628,828
Total investments			\$ 12,378,256	\$ 12,378,256

Investments – 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. The District's investment policy limits investment purchases to investments with a term not to exceed five-years. The District's did not hold any investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Investments – Credit Risk

The District's investment policy limits investment choices to investment securities allowed by the California Government Code. At December 31, 2023 and 2022, all investments represented investment securities which were issued, registered and held by the District's agent in the District's name.

Investments – Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At December 31, 2023 and 2022, the District had the following investments that represented more than five percent of the Authority's net investment balance.

Investments greater than 5% for the year ended December 31, 2023, were as follows:

Investments with Maturity Dates	Fair Value	Percentage of Investments
U.S. Treasury note - March 15, 2024	\$ 1,806,823	13.97%
U.S. Treasury bill - March 21, 2024	766,173	5.92%
U.S. Treasury note - April 30, 2024	742,500	5.74%
U.S. Treasury note - May 15, 2024	713,936	5.52%
U.S. Treasury note - September 15, 2024	1,452,660	11.23%
Total	\$ 5,482,092	42.37%

Investments greater than 5% for the year ended December 31, 2022, were as follows:

Investments with Maturity Dates	Fair Value	Percentage of Investments
U.S. Treasury note - January 1, 2023	\$ 1,115,829	9.01%
U.S. Treasury bill - January 26, 2023	748,140	6.04%
U.S. Treasury note - March 15, 2023	1,339,713	10.82%
U.S. Treasury bill - March 23, 2023	743,018	6.00%
U.S. Treasury note - September 15, 2023	968,630	7.83%
Total	\$ 4,915,330	39.71%

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 3 – ACCOUNTS RECEIVABLE – WATER SALES AND SERVICES, NET

The balances consisted of the following;

Description	Balance, Dec. 31, 2023	Balance, Dec. 31, 2022
Accounts receivable – water sales and services	\$ 2,679,072	\$ 2,508,756
Allowance for doubtful accounts	(5,146)	(54,631)
Accounts receivable – water sales and services, net	\$ 2,673,926	\$ 2,454,125

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District’s lease receivable for the year ended December 31, 2023 was as follows:

Description	Balance, Jan. 1, 2023	Additions	Deletions	Balance, Dec. 31, 2023
Cellular antenna site rental No. 1	\$ 234,240	\$ -	\$ (44,745)	\$ 189,495
Cellular antenna site rental No. 2	168,191	-	(38,287)	129,904
Cellular antenna site rental No. 3	80,618	-	(19,554)	61,064
	<u>\$ 483,049</u>	<u>\$ -</u>	<u>\$ (102,586)</u>	<u>\$ 380,463</u>

Changes in the District’s lease receivable for the year ended December 31, 2022 was as follows:

Description	Balance, Jan. 1, 2022	Additions	Deletions	Balance, Dec. 31, 2022
Cellular antenna site rental No. 1	\$ -	\$ 271,774	\$ (37,534)	\$ 234,240
Cellular antenna site rental No. 2	-	204,159	(35,968)	168,191
Cellular antenna site rental No. 3	-	99,785	(19,167)	80,618
	<u>\$ -</u>	<u>\$ 575,718</u>	<u>\$ (92,669)</u>	<u>\$ 483,049</u>

The District is reporting a total lease receivable of \$380,463 and \$483,049 a total related deferred inflows of resources of \$345,431 and \$460,575 for the year ending June 30, 2023 and 2022, respectively. Also, the District is reporting total lease revenue of \$115,144 and \$115,144 and interest revenue of \$8,740 and \$10,683 related to payments received from the above three leases for the year ending June 30, 2023, and 2022, respectively.

The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Cellular Antenna Site Rental No. 1

The District, on January 1, 2022, renewed a continuous lease with Sprint/AT&T for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$271,774. As of December 31, 2023, the value of the lease receivable was \$189,495. The lease is required to make monthly fixed payments of \$3,194 for the first 3-month period, then increase 15.0% on April 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$163,065 as of December 31, 2023. The District recognized lease revenue of \$54,355 and interest revenue of \$4,289 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental No. 2

The District, on January 1, 2022, renewed a continuous lease with T-Mobile for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$204,159. As of December 31, 2023, the value of the lease receivable was \$129,904. The lease is required to make monthly fixed payments of \$3,257 for the first 7-month period, then increase 4.0% on August 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$122,495 as of December 31, 2023. The District recognized lease revenue of \$40,832 and interest revenue of \$3,018 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental No. 3

The District, on January 1, 2022, renewed a continuous lease with Crown Castle USA, Inc., for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$99,785. As of December 31, 2023, the value of the lease receivable was \$61,064. The lease is required to make monthly fixed payments of \$1,749 for the first 12-month period, then will be evaluated annually for increases. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$59,871 as of December 31, 2023. The District recognized lease revenue of \$19,957 and interest revenue of \$1,434 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Minimum future lease receipts for the next four fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 113,735	\$ 6,589	\$ 120,324
2025	126,287	4,202	130,489
2026	140,441	1,549	141,990
Total	380,463	\$ 12,340	\$ 392,803
Less: current	(113,735)		
Total non-current	\$ 266,728		

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)**

Changes in the District's deferred inflows of resources related to leases for December 31, 2023 is as follows:

Description	Balance, Jan. 1, 2023	Additions	Deletions	Balance, Dec. 31, 2023
Cellular antenna site rental No. 1	\$ 217,420	\$ -	\$ (54,355)	\$ 163,065
Cellular antenna site rental No. 2	163,327	-	(40,832)	122,495
Cellular antenna site rental No. 3	79,828	-	(19,957)	59,871
	<u>\$ 460,575</u>	<u>\$ -</u>	<u>\$ (115,144)</u>	<u>\$ 345,431</u>

Changes in the District's deferred inflows of resources related to leases for December 31, 2022 is as follows:

Description	Balance, Jan. 1, 2022	Additions	Deletions	Balance, Dec. 31, 2022
Cellular antenna site rental No. 1	\$ -	\$ 271,774	\$ (54,354)	\$ 217,420
Cellular antenna site rental No. 2	-	204,159	(40,832)	163,327
Cellular antenna site rental No. 3	-	99,785	(19,957)	79,828
	<u>\$ -</u>	<u>\$ 575,718</u>	<u>\$ (115,143)</u>	<u>\$ 460,575</u>

The amounts reported as deferred inflows of resources related to leases for the year ended December 31, 2023, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended Dec. 31, 2023	Deferred Inflows of Resources
2024	\$ 115,144
2025	115,144
2026	<u>115,143</u>
Total	<u>\$ 345,431</u>

Fin Feather Club Lease

The District has a lease agreement with the Fin Feather Club for use of District owned land and lake by the club's members, for activities including hunting, fishing, archery practice, as well as other recreational activities. The lease originated in 2006 and runs for five-year terms, with the club having the right to unilaterally terminate the lease with a six-month written notice to the District. The terms of the lease call for annual rent payments to the District of \$3,000 or five percent of gross, non-retail-based receipts of the Club as per the Club's annual audit for the previous calendar year. Due to the uncertain nature of the annual rent received by the District, this lease agreement was not included in the GASB 87 calculations. The District recognized \$64,409 in lease revenue during the fiscal year.

PPALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 5 – INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY

The Palmdale Recycled Water Authority (the 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 (the City) and Palmdale Water District, an Irrigation District under Division 11 of the California Water Code (the 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, the District accounts for its investment in the Authority as an equity interest on the statement of net position.

For 2023, the District reports its equity interest as of the date of the last audited financial statements of the Authority as of December 31, 2023, which was audited by our firm, whose report dated June 15, 2024, expressed an unmodified opinion on those financial statements.

For 2022, the District reports its equity interest as of the date of the last audited financial statements of the Authority as of December 31, 2022, which was audited by our firm, whose report dated June 15, 2023, expressed an unmodified opinion on those financial statements.

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 5 – INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY (continued)

The following is the condensed financial statement of the Authority for the year ended December 31, 2023:

Palmdale Recycled Water Authority
Condensed Balance Sheet
December 31, 2023

	Audited Total	City of Palmdale 50% Share	District 50% Share
Assets:			
Total assets	\$ 4,506,866	\$ 2,253,433	\$ 2,253,433
Liabilities:			
Total liabilities	38,038	19,019	19,019
Net position:			
Total net position	4,468,828	2,234,414	2,234,414
Total liabilities and net position	\$ 4,506,866	\$ 2,253,433	\$ 2,253,433

Palmdale Recycled Water Authority
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

	Audited Total	City of Palmdale 50% Share	District 50% Share
Operating revenues:			
Total operating revenues	\$ 60,899	\$ 30,450	\$ 30,450
Operating expenses:			
Total operating expenses	112,096	56,048	56,048
Operating income	(51,197)	(25,599)	(25,599)
Non-operating revenues:			
Total non-operating revenue	106,460	53,230	53,230
Change in net position	55,263	27,632	27,632
Net position:			
Beginning of year	4,413,565	2,206,783	2,206,783
End of year	\$ 4,468,828	\$ 2,234,414	\$ 2,234,414

Palmdale Recycled Water Authority
Condensed Statement of Cash Flows
For the Year Ended December 31, 2023

	Audited Total	City of Palmdale 50% Share	District 50% Share
Cash flows from operating activities:			
Net cash provided by operating activities	\$ (14,287)	\$ (7,144)	\$ (7,144)
Cash flows from investing activities:			
Net cash used in investing activities	(7,061)	(3,531)	(3,531)
Net increase in cash and cash equivalents	(21,348)	(10,674)	(10,674)
Cash and cash equivalents:			
Beginning of year	628,854	314,427	314,427
End of year	\$ 607,506	\$ 303,753	\$ 303,753
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (51,197)	\$ (25,599)	\$ (25,599)
Depreciation	53,407	26,704	26,704
Change in assets	1,664	832	832
Change in liabilities	(18,161)	(9,081)	(9,081)
Net cash provided by operating activities	\$ (14,287)	\$ (7,144)	\$ (7,144)

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 5 – INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY (continued)

The following is the condensed financial statement of the Authority for the year ended December 31, 2022:

**Palmdale Recycled Water Authority
Condensed Balance Sheet
December 31, 2022**

	Audited Total	City of Palmdale 50% Share	District 50% Share
Assets:			
Total assets	\$ 4,469,764	\$ 2,234,882	\$ 2,234,882
Liabilities:			
Total liabilities	56,199	28,100	28,100
Net position:			
Total net position	4,413,565	2,206,783	2,206,783
Total liabilities and net position	\$ 4,469,764	\$ 2,234,882	\$ 2,234,882

**Palmdale Recycled Water Authority
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022**

	Audited Total	City of Palmdale 50% Share	District 50% Share
Operating revenues:			
Total operating revenues	\$ 105,587	\$ 52,794	\$ 52,794
Operating expenses:			
Total operating expenses	106,755	53,378	53,378
Operating income	(1,168)	(584)	(584)
Non-operating revenues:			
Total non-operating revenue	9,769	4,885	4,885
Change in net position	8,601	4,301	4,301
Net position:			
Beginning of year	4,404,964	2,202,482	2,202,482
End of year	\$ 4,413,565	\$ 2,206,783	\$ 2,206,783

**Palmdale Recycled Water Authority
Condensed Statement of Cash Flows
For the Year Ended December 31, 2022**

	Audited Total	City of Palmdale 50% Share	District 50% Share
Cash flows from operating activities:			
Net cash provided by operating activities	\$ 47,063	\$ 23,532	\$ 23,532
Cash flows from investing activities:			
Net cash used in investing activities	(311,139)	(155,570)	(155,570)
Net increase in cash and cash equivalents	(264,076)	(132,038)	(132,038)
Cash and cash equivalents:			
Beginning of year	892,930	446,465	446,465
End of year	\$ 628,854	\$ 314,427	\$ 314,427
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (1,168)	\$ (584)	\$ (584)
Depreciation	53,407	26,704	26,704
Change in assets	5,873	2,937	2,937
Change in liabilities	(11,049)	(5,525)	(5,525)
Net cash provided by operating activities	\$ 47,063	\$ 23,532	\$ 23,532

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2023, was as follows:

Description	Balance, Jan. 1, 2023	Additions	Deletions/ Transfers	Balance, Dec. 31, 2023
Non-depreciable assets:				
Land and land rights	\$ 1,809,677	\$ 689,812	\$ -	\$ 2,499,489
Water rights – Armagosa Creek	2,127,355	-	-	2,127,355
Construction-in-process	17,379,306	8,987,262	(8,638,791)	17,727,777
Total non-depreciable assets	21,316,338	9,677,074	(8,638,791)	22,354,621
Depreciable assets:				
Buildings, wells and distribution system	243,266,450	7,672,466	-	250,938,916
SWP – participation rights	102,101,315	6,454,858	-	108,556,173
Machinery and equipment	12,058,307	1,063,269	(733,265)	12,388,311
Total depreciable assets	357,426,072	15,190,593	(733,265)	371,883,400
Accumulated depreciation:				
Buildings, wells and distribution system	(142,172,767)	(5,367,243)	-	(147,540,010)
SWP – participation rights	(45,704,504)	(4,492,670)	-	(50,197,174)
Machinery and equipment	(11,431,349)	(226,938)	733,265	(10,925,022)
Total accumulated depreciation	(199,308,620)	(10,086,851)	733,265	(208,662,206)
Total depreciable assets, net	158,117,452	5,103,742	-	163,221,194
Right-to-use leased asset:				
Vehicle fleet	699,304	-	(146,089)	553,215
Accumulated amortization:				
Vehicle fleet	(332,564)	(131,336)	146,089	(317,811)
Total right-to-use leased asset, net	366,740	(131,336)	-	235,404
Total capital assets, net	\$ 179,800,530	\$ 14,649,480	\$ (8,638,791)	\$ 185,811,219

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

Capital asset activity for the year ended December 31, 2022, was as follows:

Description	Balance, Jan. 1, 2022	Additions	Deletions/ Transfers	Balance, Dec. 31, 2022
Non-depreciable assets:				
Land and land rights	\$ 1,809,677	\$ -	\$ -	\$ 1,809,677
Water rights – Armagosa Creek	-	2,127,355	-	2,127,355
Construction-in-process	9,185,508	10,867,275	(2,673,477)	17,379,306
Total non-depreciable assets	10,995,185	12,994,630	(2,673,477)	21,316,338
Depreciable assets:				
Buildings, wells and distribution system	239,872,263	3,642,219	(248,032)	243,266,450
SWP – participation rights	95,744,037	6,357,278	-	102,101,315
Machinery and equipment	11,944,942	176,427	(63,062)	12,058,307
Total depreciable assets	347,561,242	10,175,924	(311,094)	357,426,072
Accumulated depreciation:				
Buildings, wells and distribution system	(137,343,554)	(5,077,245)	248,032	(142,172,767)
SWP – participation rights	(41,696,272)	(4,008,232)	-	(45,704,504)
Machinery and equipment	(11,348,608)	(145,803)	63,062	(11,431,349)
Total accumulated depreciation	(190,388,434)	(9,231,280)	311,094	(199,308,620)
Total depreciable assets, net	157,172,808	944,644	-	158,117,452
Right-to-use leased asset:				
Vehicle fleet	648,230	95,195	(44,121)	699,304
Accumulated amortization:				
Vehicle fleet	(239,840)	(136,845)	44,121	(332,564)
Total right-to-use leased asset, net	408,390	(41,650)	-	366,740
Total capital assets, net	\$ 168,576,383	\$ 13,897,624	\$ (2,673,477)	\$ 179,800,530

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

Construction-In-Process

The balance consists of the following projects:

Project Description	Balance	Balance	Balance
	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Sediment removal - Littlerock Dam	\$ -	\$ -	\$ -
Palmdale Regional Groundwater Recharge Project	4,209,279	4,209,279	4,209,279
Grade control structure – Littlerock Dam	-	-	-
2020 Meter Exchange Project	294,302	907,390	-
2950 Zone Booster @3M Clearwell	163,032	223,981	595,224
Upper Armagosa Creek project	2,127,355	-	-
45th St Tank Site - Altitude Valve Replacement	127,466	492,768	100,598
Well 36 - Construction	265,377	2,182,284	2,998,268
Well 14 - Rehabilitation	145,816	157,578	-
2021 Large Meter/Vault Replacement Program	276,153	-	-
2022 Large Meter/Vault Replacement Program	-	188,202	190,023
Sierra Hwy Tie-in @ Harold St	709,889	811,764	-
Spec 1206 - ML Replacement Division/Q	72,701	2,562,044	-
Pure Water AV - Design (Demonstration)	-	1,085,726	2,271,581
Spec 1901 - ML Replace Avenue P	64,687	582,608	-
Pure Water AV - Planning	-	576,562	787,009
Water Main Replacement 5th St & Q1 thru Q5	17,077	355,257	-
John Deere 30 SL Backhoe (2)	-	257,468	-
Well 8 Rehabilitation	-	367,764	-
Main Office- Stucco Repair	11,935	222,183	-
Well 32 Rehabilitation	-	196,615	-
Water Main Replacement E Ave Q10 & 12th St	5,947	174,356	-
Well 26 Submersible Pump	-	143,899	-
NaOCL Replacement System - WTP	1,517	137,491	1,289,064
2015 Kenworth T370 Crane	-	133,419	133,419
Ditch Conversion	-	-	601,106
Destruction & Construction Recycling Water Pipeline	-	-	121,131
Well 15 - Discharge Basin	-	-	236,186
50-PPD Sodium Hypo Units	-	-	137,620
Well 15 - Rehabilitation	-	-	595,671
2022 Large Meter/Vault Replacement Program	-	-	190,023
8" WM Camares Dr	-	-	1,237,200
2023 Furniture Upgrade	-	-	102,510
600ft Steel PVC 42nd Street	-	-	212,141
Various other minor projects <\$100,000	692,975	1,410,668	1,719,724
Total construction-in-process	\$ 9,185,508	\$ 17,379,306	\$ 17,727,777

Armagosa Creek Project – Water Rights

In December 2013, the District entered into with the City of Palmdale (City), Antelope Valley-East Kern Water Agency (AVEK), and Los Angeles County Waterworks District No. 40, Antelope Valley (Waterworks), to construct and later maintain, the Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project (Project). Each Party contributed 25% of the funds required to complete the project and in turn received a 25% share of the project and water rights. The project was completed in 2022. The District's total share of the costs to complete the project was \$2,127,355.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

State Water Project – Participation Rights

In 1963, the District contracted with the State of California (the 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 ventures 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.

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 expenses 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. The participation rights have been included with the District's capital assets as shown in the schedule of changes in capital assets.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 7 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE**

Changes in right-to-use leased payable for fiscal year ending December 31, 2023 was as follows:

Balance, Jan. 1, 2023	Additions	Deletions	Balance, Dec. 31, 2023	Due Within One Year	Due in More Than One Year
\$ 355,714	\$ -	\$ (127,074)	\$ 228,640	\$ 109,022	\$ 119,618

Changes in right-to-use leased payable for fiscal year ending December 31, 2022 was as follows:

Balance, Jan. 1, 2022	Additions	Deletions	Balance, Dec. 31, 2022	Due Within One Year	Due in More Than One Year
\$ 396,586	\$ 95,195	\$ (136,067)	\$ 355,714	\$ 126,686	\$ 229,028

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 109,022	\$ 1,458	\$ 110,480
2025	70,693	323	71,016
2026	37,925	566	38,491
2027	11,000	79	11,079
Total	228,640	\$ 2,426	\$ 231,066
Less: current	(109,022)		
Total non-current	\$ 119,618		

The District is reporting a total right-to-use leased asset, net of \$235,404 and a right-to-use lease payable of \$228,640 for the year ending December 31, 2023. Also, the District is reporting total amortization expense of \$131,336, principal payments of \$127,074 and interest expense of \$7,499 related to the above noted leases.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease.

The District's lease is summarized as follows:

Vehicle Fleet

The District leases its fleet of vehicles from Enterprise FM Trust with terms for individual vehicles ranging from 48 to 60 months. An initial right-to-use liability was recorded on January 1st, 2022, in the amount of \$396,586. The District's monthly payments vary based on invoiced amounts determined by the number of vehicles leased, as well as any costs associated with initiating or concluding a lease for an individual vehicle. The leases have an implied interest rate of 2%. The District is amortizing the right-to-use asset of \$553,215 at \$10,945 per month. As of December 31, 2023, the District had 26 leased fleet vehicles.

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 8 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended December 31, 2023, were as follows:

Balance, Jan. 1, 2023	Additions	Deletions	Balance, Dec. 31, 2023	Due Within One Year	Due in More Than One Year
\$ 712,863	\$ 677,496	\$ (590,423)	\$ 799,936	\$ 199,984	\$ 599,952

Summary changes to compensated absences balances for the year ended December 31, 2022, were as follows:

Balance, Jan. 1, 2022	Additions	Deletions	Balance, Dec. 31, 2022	Due Within One Year	Due in More Than One Year
\$ 674,816	\$ 719,853	\$ (681,806)	\$ 712,863	\$ 178,216	\$ 534,647

NOTE 9 – LONG-TERM DEBT

Changes in long-term debt for the year ended December 31, 2023, were as follows:

Long-Term Debt	Balance, Jan. 1, 2023	Additions/ Adjustments	Payments/ Amortization	Balance, Dec. 31, 2023	Current Portion	Non-Current Portion
Direct finance purchase – 2022	2,400,000	-	(447,281)	1,952,719	463,073	1,489,646
Loan payable – 2012	1,342,628	-	(1,342,628)	-	-	-
Revenue bonds payable – 2013	8,240,000	-	(8,240,000)	-	-	-
Revenue bonds payable – discount	(89,240)	-	89,240	-	-	-
Revenue bonds payable – premium	2,208,407	-	(2,208,407)	-	-	-
Revenue bonds payable, net – 2013	10,359,167	-	(10,359,167)	-	-	-
Revenue bonds payable - 2018	12,555,000	-	(265,000)	12,290,000	275,000	12,015,000
Revenue bonds payable - premium	953,927	-	(37,046)	916,881	-	916,881
Revenue bonds payable, net - 2018	13,508,927	-	(302,046)	13,206,881	275,000	12,931,881
Revenue refunding bonds - non-taxable -	8,952,691	-	(13,337)	8,939,354	13,776	8,925,578
Revenue refunding bonds - taxable - 2020	14,190,000	-	(165,000)	14,025,000	170,000	13,855,000
Revenue refunding bonds - 2020	23,142,691	-	(178,337)	22,964,354	183,776	22,780,578
Revenue bonds - 2021A	9,390,000	-	-	9,390,000	-	9,390,000
Revenue refunding bonds - 2021	10,356,500	-	(209,680)	10,146,820	212,890	9,933,930
Revenue bonds payable - premium	835,880	-	(29,244)	806,636	-	806,636
Revenue bonds payable, net - 2021	20,582,380	-	(238,924)	20,343,456	212,890	20,130,566
Revenue bonds - 2023A	-	21,225,000	-	21,225,000	-	21,225,000
Revenue bonds payable - premium	-	434,717	(6,317)	428,400	-	428,400
Revenue bonds payable, net - 2023	-	21,659,717	(6,317)	21,653,400	-	21,653,400
Total long-term debt	\$ 71,335,793	\$ 21,659,717	\$ (12,874,700)	\$ 80,120,810	\$ 1,134,739	\$ 78,986,071

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 9 – LONG-TERM DEBT (continued)

Changes in long-term debt for the year ended December 31, 2022, were as follows:

Long-Term Debt	Balance, Jan. 1, 2022	Additions/ Adjustments	Payments/ Amortization	Balance, Dec. 31, 2022	Current Portion	Non-Current Portion
Direct finance purchase – 2017	\$ 88,250	\$ -	\$ (88,250)	\$ -	\$ -	\$ -
Direct finance purchase – 2022	-	2,400,000	-	2,400,000	447,281	1,952,719
Loan payable – 2012	2,643,024	-	(1,300,396)	1,342,628	1,342,628	-
Revenue bonds payable – 2013	8,835,000	-	(595,000)	8,240,000	620,000	7,620,000
Revenue bonds payable – discount	(93,541)	-	4,301	(89,240)	-	(89,240)
Revenue bonds payable – premium	2,314,836	-	(106,429)	2,208,407	-	2,208,407
Revenue bonds payable, net – 2013	11,056,295	-	(697,128)	10,359,167	620,000	9,739,167
Revenue bonds payable – 2018	12,805,000	-	(250,000)	12,555,000	265,000	12,290,000
Revenue bonds payable – premium	990,973	-	(37,046)	953,927	-	953,927
Revenue bonds payable, net – 2018	13,795,973	-	(287,046)	13,508,927	265,000	13,243,927
Revenue refunding bonds - non-taxable -	8,965,604	-	(12,913)	8,952,691	13,337	8,939,354
Revenue refunding bonds - taxable - 2020	14,355,000	-	(165,000)	14,190,000	165,000	14,025,000
Revenue refunding bonds - 2020	23,320,604	-	(177,913)	23,142,691	178,337	22,964,354
Revenue bonds - 2021A	9,390,000	-	-	9,390,000	-	9,390,000
Revenue refunding bonds - 2021	10,549,330	-	(192,830)	10,356,500	209,680	10,146,820
Revenue bonds payable - premium	865,124	-	(29,244)	835,880	-	835,880
Revenue bonds payable, net - 2021	20,804,454	-	(222,074)	20,582,380	209,680	20,372,700
Total long-term debt	\$ 71,708,600	\$ 2,400,000	\$ (2,772,807)	\$ 71,335,793	\$ 3,062,926	\$ 68,272,867

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 9 – LONG-TERM DEBT (continued)

A. Direct Finance Purchase – 2017

On January 18, 2017, the District entered into an \$830,000 installment purchase agreement in order to acquire, construct, equip, and furnish certain improvements to its facilities. Direct purchase financing payments consisting of principal and interest in the amount of \$89,477 are due every six months beginning in July 2017 until January 2022 at an annual interest rate of 2.78%. The balance of the direct finance purchase was paid in full as of December 31, 2022.

Direct Finance Purchase – 2022

On October 10, 2022, the District entered into a \$2,400,000 installment purchase agreement in order to acquire, construct, equip, and furnish certain improvements to its facilities. The agreement contains a buyout provision that can be exercised beginning in year three of the agreement. Right-to-use lease financing payments consisting of principal and interest in the amount of \$263,701 are due every six months beginning in April 2023 until October 2027 at an annual interest rate of 3.50%. The balance of the direct finance purchase was \$1,952,719 as of December 31, 2023.

Annual debt service requirements for the direct finance purchase are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 463,073	\$ 64,328	\$ 527,401
2025	479,423	47,979	527,402
2026	496,349	31,053	527,402
2027	513,874	13,528	527,402
Total	1,952,719	\$ 156,888	\$ 2,109,607
Less: current	(463,073)		
Total non-current	\$ 1,489,646		

B. Loan Payable – 2012

In November 2012, the District issued \$12,765,208 in a private-placement Loan Payable-2012, with maturities from 2013 through 2023 and an interest rate of 3.10%. The net proceeds of the issuance were used to advance refund (an in-substance defeasance) \$12,505,000 of aggregate principal amount of the District's COPs-1998 with an average interest rate of 4.73%. The District has pledged 100% of its water revenues to collateralize the debt.

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 COPs-1998.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$846,845. 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. The balance of the loan payable was paid in full as of December 31, 2023.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 9 – LONG-TERM DEBT (continued)

C. Revenue Bonds Payable

Certificates of Participation – 2004

In August 2004, the District issued \$38,285,000 of Certificates of Participation-2004 (COPs-2004), 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 COPs-2004 resulted in a premium of \$328,767 which was being amortized over the life of the issue using the straight-line method. In 2013, the District advance refunded the remaining \$35,560,000 of the COPs-2004 into the revenue bonds payable issuance.

Revenue Bonds Payable – 2013

The Palmdale Water District Public Financing Authority (Authority) issued \$44,350,000 in Revenue Bonds Payable-2013 (Bonds-2013) with maturities from 2013 through 2043 with an interest rate range between 2.00% and 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 Bonds-2013 were issued: (i) to prepay the District's outstanding Certificates of Participation-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 Bonds-2013 in case of default; (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 Bonds-2013. The District has pledged 100% of its water revenues to collateralize the debt.

The refunding resulted in a premium on the issuance of \$3,228,354 and a discount of (\$130,456) which are being amortized over the remaining debt service years. Principal and interest payments are due in April and October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$2,278,663. This difference is being amortized through 2043 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

In 2021, the District advanced refunded \$21,220,000 of debt service payments from 2031 to 2043 by issuing a non-taxable and a taxable issue.

In 2022, the District advanced refunded \$9,530,000 of debt service payments from 2025 to 2028 by issuing a bond.

In 2023, the District advance refunded the remaining \$8,240,000 of the Revenue Bonds – 2013 into a 2023 revenue bonds payable issuance.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 9 – LONG-TERM DEBT (continued)**C. Revenue Bonds Payable (continued)****Deferred Amount on Debt Defeasance, Net**

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2023, was as follows:

<u>Description</u>	<u>Balance,</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance,</u>
	<u>Jan. 1, 2023</u>			<u>Dec. 31, 2023</u>
Deferred amount on debt defeasance, net	\$ 1,452,336	\$ -	\$ (1,452,336)	\$ -

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2022, was as follows:

<u>Description</u>	<u>Balance,</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance,</u>
	<u>Jan. 1, 2022</u>			<u>Dec. 31, 2022</u>
Deferred amount on debt defeasance, net	\$ 1,695,054	\$ -	\$ (242,718)	\$ 1,452,336

Revenue Bonds Payable – 2018

The Palmdale Water District Public Financing Authority (Authority) issued \$12,805,000 in Water Revenue Bonds, Series 2018A (2018A Bonds) with maturities from 2022 through 2048 with an interest rate range between 3.125% and 5.00% pursuant to an Indenture of Trust, dated as of June 1, 2018, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2018A Bonds are being issued: (i) to finance certain improvements to the District's water system, including Littlerock Dam; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2018A Bonds; (iii) to purchase a municipal bond debt service reserve insurance policy in case of default; and (iv) to pay the costs of issuing the 2018A Bonds. The District has pledged 100% of its water revenues to collateralize the debt. Interest due on the 2018A Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2018, while principal payments are payable on October 1 of each year, commencing October 1, 2022.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 9 – LONG-TERM DEBT (continued)**C. Revenue Bonds Payable (continued)****Revenue Bonds Payable – 2018 (continued)**

The 2018A Bond issuance resulted in a \$1,120,632 premium which is being amortized over the remaining debt service years. Cost of the debt issuance was \$308,867 which was expensed in the year of issuance. Annual debt service requirements for the revenue bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 275,000	\$ 545,794	\$ 820,794
2025	290,000	532,044	822,044
2026	305,000	517,544	822,544
2027	320,000	502,294	822,294
2028	335,000	486,294	821,294
2029-2033	1,940,000	2,162,969	4,102,969
2034-2038	2,350,000	1,751,200	4,101,200
2039-2043	2,865,000	1,236,000	4,101,000
2044-2048	<u>3,610,000</u>	<u>489,875</u>	<u>4,099,875</u>
Total	12,290,000	<u>\$ 8,224,014</u>	<u>\$ 20,514,014</u>
Less: current	<u>(275,000)</u>		
Total non-current	<u>\$ 12,015,000</u>		

Revenue Refunding Bonds – Non-Taxable – 2020

In May 2020, the Palmdale Water District Public Financing Authority (Authority) issued \$9,008,523 in Revenue Refunding Bonds – Non-Taxable – Series 2020 (Bonds-2020) with maturities from 2020 through 2043 with an interest rate range coupon of 3.29% pursuant to a private placement, dated as of May 28, 2020, by and between the Authority and Western Alliance Bank as a private-placement. The Bonds-2020 were issued: (i) to prepay the \$8,810,000 of District's outstanding Bonds-2013 principal from 2035 to 2043; and (ii) to pay the costs of issuing the Bonds-2020 of \$130,000. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in April and October of each year.

The advance refunding resulted in a net present value benefit to the District of \$751,628 in interest savings from the refunding.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 9 – LONG-TERM DEBT (continued)**C. Revenue Bonds Payable (continued)****Revenue Refunding Bonds – Non-Taxable – 2020 (continued)**

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 13,776	\$ 294,105	\$ 307,881
2025	14,229	293,652	307,881
2026	14,698	293,183	307,881
2027	15,181	292,700	307,881
2028	15,681	292,200	307,881
2029-2033	86,488	1,452,916	1,539,404
2034-2038	3,594,542	1,270,062	4,864,604
2039-2043	5,184,759	522,645	5,707,404
Total	8,939,354	<u>\$ 4,711,463</u>	<u>\$ 13,650,817</u>
Less: current	<u>(13,776)</u>		
Total non-current	<u>\$ 8,925,578</u>		

Revenue Refunding Bonds – Taxable – 2020

In November 2020, the Palmdale Water District Public Financing Authority (Authority) issued \$14,555,000 in Revenue Refunding Bonds – Taxable – Series 2020 (Bonds-2020 Taxable) with maturities from 2020 through 2034 with an interest rate coupon of 2.79% pursuant to an Indenture of Trust, dated as of November 3, 2020, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The Bonds-2020 Taxable were issued: (i) to prepay the \$12,410,000 of District's outstanding Bonds-2013 principal from 2031 to 2034; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2020 Taxable in case of default; and (iii) to pay the costs of issuing the Bonds-2020 Taxable \$268,953. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$1,795,890. This difference is being amortized through 2034 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

The advance refunding resulted in a net present value benefit to the District of \$784,897 in interest savings from the refunding.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 9 – LONG-TERM DEBT (continued)****C. Revenue Bonds Payable (continued)****Revenue Refunding Bonds – Taxable – 2020 (continued)**

Annual debt service requirements for the revenue refunding bonds payable are as follows:

Year	Principal	Interest	Total
2024	\$ 170,000	\$ 386,290	\$ 556,290
2025	170,000	384,305	554,305
2026	170,000	381,894	551,894
2027	175,000	378,870	553,870
2028	180,000	375,476	555,476
2029-2033	9,825,000	1,571,941	11,396,941
2034	3,335,000	98,748	3,433,748
Total	14,025,000	\$ 3,577,524	\$ 17,602,524
Less: current	(170,000)		
Total non-current	\$ 13,855,000		

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2023, was as follows:

Description	Balance, Jan. 1, 2023	Additions	Amortization	Balance, Dec. 31, 2023
Deferred amount on debt defeasance, net	\$ 1,591,488	\$ -	\$ (1,591,488)	\$ -

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2022, was as follows:

Description	Balance, Jan. 1, 2022	Additions	Amortization	Balance, Dec. 31, 2022
Deferred amount on debt defeasance, net	\$ 1,724,110	\$ -	\$ (132,622)	\$ 1,591,488

Water Revenue Bonds – Non-Taxable – 2021

In July 2021, the Palmdale Water District Public Financing Authority (Authority) issued \$9,390,000 in Water Revenue Bonds – Series 2021A (Bonds-2021A) with maturities from 2021 through 2051 with an interest rate range coupon of 4.00% by and between the Authority and the Bank of New York Mellon Trust Company. The Bonds-2021A were issued: (i) to finance certain improvements to the District's Water system; and (ii) to pay the costs of issuing the Bonds-2021A of \$267,309. The District has pledged 100% of its water revenues to collateralize the debt. The issuance resulted in a premium on the issuance of \$877,309 which is being amortized over the remaining debt service years. Principal and interest payments are due in April and October of each year as noted.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 9 – LONG-TERM DEBT (continued)**C. Revenue Bonds Payable (continued)****Water Revenue Bonds – Series 2021A (continued)**

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 299,725	\$ 299,725
2025	-	299,725	299,725
2026	-	299,725	299,725
2027	-	299,725	299,725
2028	-	299,725	299,725
2029-2033	-	1,498,625	1,498,625
2034-2038	1,765,000	1,396,425	3,161,425
2039-2043	2,550,000	1,024,813	3,574,813
2044-2048	3,035,000	541,650	3,576,650
2049-2051	<u>2,040,000</u>	<u>102,750</u>	<u>2,142,750</u>
Total	9,390,000	<u>\$ 6,062,888</u>	<u>\$ 15,452,888</u>
Less: current	<u>-</u>		
Total non-current	<u>\$ 9,390,000</u>		

Revenue Refunding Bonds – 2021

In August 2021, the Palmdale Water District Public Financing Authority (Authority) issued \$10,549,330 in Revenue Refunding Bonds – 2021 (Bonds-2021) with maturities from 2021 through 2028 with an interest rate coupon of 1.53% pursuant to an Installment Purchase Agreement dated August 31, 2021. The Bonds-2021 were issued: (i) to prepay the \$9,530,000 of District's outstanding Bonds-2013 principal from 2025 to 2028; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2021 in case of default; and (iii) to pay the costs of issuing the Bonds-2021 \$115,000. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$734,960. This difference is being amortized through 2028 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

The advance refunding resulted in a net present value benefit to the District of \$719,502 in interest savings from the refunding.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 9 – LONG-TERM DEBT (continued)****C. Revenue Bonds Payable (continued)****Revenue Refunding Bonds – Series 2021 (continued)**

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 212,890	\$ 154,432	\$ 367,322
2025	2,426,140	142,709	2,568,849
2026	2,467,760	105,430	2,573,190
2027	2,499,270	67,553	2,566,823
2028	2,540,760	29,155	2,569,915
Total	10,146,820	\$ 499,279	\$ 10,646,099
Less: current	(212,890)		
Total non-current	\$ 9,933,930		

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2023, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2023</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2023</u>
Deferred amount on debt defeasance, net	\$ 539,970	\$ -	\$ (539,970)	\$ -

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2023, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2022</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2022</u>
Deferred amount on debt defeasance, net	\$ 629,966	\$ -	\$ (89,996)	\$ 539,970

Revenue Refunding Bonds – 2023

In September 2023, the Palmdale Water District Public Financing Authority (Authority) issued \$21,225,000 in Revenue Refunding Bonds – 2023 (Bonds-2023) with maturities from 2050 through 2053 with an interest rate coupon of 4.125% to 5.000% pursuant to an Installment Purchase Agreement dated September 26, 2023. The Bonds-2023 were issued: (i) to prepay the \$7,655,000 of District's outstanding Bonds-2013 principal from 2025 to 2028; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2023 in case of default; and (iii) to pay the costs of issuing the Bonds-2023 \$327,759; and (iv) to provide \$13,570,000 in new money to fund various capital projects at the District. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in October of each year.

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 9 – LONG-TERM DEBT (continued)

C. Revenue Bonds Payable (continued)

Revenue Refunding Bonds – 2023 (continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$1,191,324. This difference is being amortized through 2053 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 997,743	\$ 997,743
2025	-	984,075	984,075
2026	-	984,075	984,075
2027	-	984,075	984,075
2028	-	984,075	984,075
2029-2033	-	4,920,375	4,920,375
2034-2038	-	4,920,375	4,920,375
2039-2043	-	4,920,375	4,920,375
2044-2048	2,285,000	4,920,375	7,205,375
2049-2053	18,940,000	2,943,388	21,883,388
Total	21,225,000	<u>\$ 27,558,931</u>	<u>\$ 48,783,931</u>
Less: current	-		
Total non-current	<u>\$ 21,225,000</u>		

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2023, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2023</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2023</u>
Deferred amount on debt defeasance, net	<u>\$ -</u>	<u>\$ 1,191,324</u>	<u>\$ (13,224)</u>	<u>\$ 1,178,100</u>

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
OPEB related deferred outflows	\$ 2,477,984	\$ 2,887,977
Net other post-employment benefits obligation	12,118,384	13,275,385
OPEB related deferred inflows	5,252,471	4,502,897

Plan Description - Eligibility

The District administers its post-employment benefits plan, a single-employer defined benefit plan (the 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).

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. The following is a description of the current retiree benefit plan:

	<u>Participants</u>
Benefit types provided	Medical, dental and vision
Duranton of benefits	Lifetime
Required service	CalPERS Retirement and 20 years service
Minimum age	55 years and CalPERS Retirement from District
Dependent coverage	Spouse and dependent up to cap
District contribution	Maximum up to \$1,850 cap
District cap on coverage	\$1,850

Employees covered by benefit terms

At December 31, 2023 and 2022, the following employees were covered by the benefit terms:

	<u>Covered Participants</u>	
<u>Plan Members</u>	<u>2023</u>	<u>2022</u>
Active members	82	86
Inactives entitled to but not yet receiving benefits	-	-
Inactives currently receiving benefits	28	27
Total plan members	110	113

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

A. Total OPEB Liability

The District's total OPEB liabilities of \$12,118,384 and \$13,275,385 as of December 31, 2023 and 2022, respectively, were measured as of December 31, 2022 and 2021 (Measurement Dates), and were determined by an actuarial valuation as of December 31, 2021.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2022 and 2021 (Measurement Dates) actuarial valuation roll-forwards were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2023	2022
Discount Rate	3.72%	2.06%
Inflation	2.50%	2.50%
Salary Increases	2.75% per annum, in aggregate	2.75% per annum, in aggregate
Investment Rate of Return	2.06%	2.06%
Mortality Rate	CalPERS Membership Data	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data	CalPERS Membership Data
Healthcare Trend Rate	Non-Medicare 8.5% to Medicare 7.5%	Non-Medicare 6.5% to Medicare 5.65%

Mortality, Retirement & Turnover Assumptions

The mortality assumptions are based on the 1997-2015 Experience Study for CalPERS Active and Retiree Mortality for Miscellaneous and Safety Employees table created by CalPERS.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.06% as of December 31, 2022 and 2.12% as of December 31, 2021. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The Bond Buyer 20 Bond Index was used.

B. Changes in the Total OPEB Liability

The following table is based on the roll-forward of the December 31, 2022 (Measurement Date) actuarial valuation:

	Total OPEB Liability
Balance at January 1, 2023 (MD Jan. 1, 2022)	\$ 13,275,385
Changes for the year:	
Service cost	622,927
Interest	281,830
Assumption changes	(2,166,653)
Actual vs expected experience	539,319
Benefit payments	(434,424)
Net changes	(1,157,001)
Balance at December 31, 2023 (MD Dec. 31, 2022)	\$ 12,118,384

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)****B. Changes in the Total OPEB Liability (continued)**

The following table is based on the roll-forward of the December 31, 2021 (Measurement Date) actuarial valuation:

	Total OPEB Liability
Balance at January 1, 2022 (MD Jan. 1, 2021)	\$ 12,751,874
Changes for the year:	
Service cost	596,605
Interest	278,018
Assumption changes	117,793
Benefit payments	<u>(468,905)</u>
Net changes	<u>523,511</u>
Balance at December 31, 2022 (MD Dec. 31, 2021)	<u>\$ 13,275,385</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate.

The following table is based on the December 31, 2022 (Measurement Date) actuarial valuation:

1% Decrease 2.72%	Discount Rate 3.72%	1% Increase 4.72%
<u>\$ 13,947,542</u>	<u>\$ 12,118,384</u>	<u>\$ 10,614,670</u>

The following table is based on the December 31, 2021 (Measurement Date) actuarial valuation:

1% Decrease 1.06%	Discount Rate 2.06%	1% Increase 3.06%
<u>\$ 15,475,203</u>	<u>\$ 13,275,385</u>	<u>\$ 11,489,554</u>

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)****B. Changes in the Total OPEB Liability (continued)****Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates.

The following table is based on the December 31, 2022 (Measurement Date) actuarial valuation:

<u>1% Decrease</u>	<u>Healthcare Cost Current Trend</u>	<u>1% Increase</u>
\$ 10,377,099	\$ 12,118,384	\$ 14,330,945

The following table is based on the December 31, 2021 (Measurement Date) actuarial valuation:

<u>1% Decrease</u>	<u>Healthcare Cost Current Trend</u>	<u>1% Increase</u>
\$ 11,045,032	\$ 13,275,385	\$ 16,180,025

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023 and 2022, the District recognized OPEB expense/(credit) of \$467,357 and \$616,051, respectively.

At December 31, 2023, the District reported \$2,477,984 of deferred outflows of resources and \$5,252,471 of deferred inflows of resources for related to the net OPEB obligation as follows:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date of the net OPEB liability	\$ 464,791	\$ -
Changes in assumptions	2,013,193	(2,507,119)
Net difference in earnings on plan investments	-	(2,745,352)
Total	<u>\$ 2,477,984</u>	<u>\$ (5,252,471)</u>

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)**C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

At December 31, 2023, the District reported \$464,791 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the coming year. Amortization of the remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

	<u>Amount</u>
Year Ended June 30:	
2024	\$ (437,400)
2025	(437,400)
2026	(453,201)
2027	(485,947)
2028	(428,587)
Thereafter	<u>(996,743)</u>
Total	<u>\$ (3,239,278)</u>

At December 31, 2022, the District reported \$2,887,977 of deferred outflows of resources and \$4,502,897 of deferred inflows of resources for related to the net OPEB obligation as follows:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date of the net OPEB liability	\$ 434,424	\$ -
Changes in assumptions	2,453,553	(730,813)
Net difference in earnings on plan investments	<u>-</u>	<u>(3,772,084)</u>
Total	<u>\$ 2,887,977</u>	<u>\$ (4,502,897)</u>

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022*

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)**C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

At December 31, 2022, the District reported \$434,424 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the coming year. Amortization of the remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

	<u>Amount</u>
Year Ended June 30:	
2022	\$ (258,572)
2023	(258,572)
2024	(258,572)
2025	(274,373)
2026	(307,119)
Thereafter	<u>(692,136)</u>
Total	<u>\$ (2,049,344)</u>

NOTE 11 – PENSION PLAN**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Pension related deferred outflows	\$ 5,348,034	\$ 5,234,679
Net pension liability	15,115,381	13,730,102
Pension related deferred inflows	552,482	771,264

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan". The net pension liability balances have a Measurement Date of June 30, 2023 and June 30, 2022, respectively, which are rolled-forward for the District's fiscal years ended December 31, 2023 and December 31, 2022.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 11 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required member contribution rates	6.910%	6.750%
Required employer contribution rates – FY 2023	10.880%	7.590%
Required employer contribution rates – FY 2022	11.031%	7.732%

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The District contributes to the miscellaneous risk pool within the Plan. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2022 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS website under Forms and Publications.

The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement benefits are applied, and places compensation limits on members. As a result of these changes since PEPRA's adoption in January 2013, the District now has two unique CalPERS plans to which it makes contributions within the miscellaneous risk pool: the "classic" plan, which includes covered employees who have established membership in a CalPERS plan prior to January 2013, as well as the "PEPRA/new" plan, which includes covered employees who have established membership in a CalPERS plan after January 2013. Each plan or membership contains unique benefits levels, which are enumerated in the June 30, 2023 and 2022 Annual Actuarial Valuation Reports.

At June 30, 2023, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	45	40	85
Transferred and terminated members	40	12	52
Retired members and beneficiaries	72	2	74
Total plan members	157	54	211

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 11 – PENSION PLAN (continued)****A. General Information about the Pension Plan (continued)****Plan Description, Benefits Provided and Employees Covered (continued)**

At June 30, 2022, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	49	37	86
Transferred and terminated members	40	7	47
Retired members and beneficiaries	66	1	67
Total plan members	155	45	200

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended December 31, 2023, (Measurement Date June 30, 2023) were as follows:

Contribution Type	Total
Contributions – employer	\$ 1,819,240
Contributions – members	618,256
Total contributions	\$ 2,437,496

Contributions for the year ended December 31, 2022, (Measurement Date June 30, 2022) were as follows:

Contribution Type	Total
Contributions – employer	\$ 1,700,412
Contributions – members	577,873
Total contributions	\$ 2,278,285

Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the years ended December 31, 2023 and 2022, the contributions recognized as part of pension expense for the Plan were \$1,819,240 and \$1,700,412.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 11 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)*****Proportionate Share of Net Pension Liability and Pension Expense***

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

Changes in the net pension liability for the year ended December 31, 2023, were as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2022 (Measurement Date)	\$ 57,665,907	\$ 43,935,805	\$ 13,730,102
Balance as of June 30, 2023 (Measurement Date)	\$ 62,045,785	\$ 46,930,404	\$ 15,115,381
Change in Plan Net Pension Liability	\$ 4,379,878	\$ 2,994,599	\$ 1,385,279

Changes in the net pension liability for the year ended December 31, 2022, were as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	\$ 51,562,557	\$ 45,505,921	\$ 6,056,636
Balance as of June 30, 2022 (Measurement Date)	\$ 57,665,907	\$ 43,935,805	\$ 13,730,102
Change in Plan Net Pension Liability	\$ 6,103,350	\$ (1,570,116)	\$ 7,673,466

For the year ended December 31, 2023, and 2022 pension expenses were \$2,912,340 and \$1,279,553, respectively.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation dates (June 30, 2022 and 2021). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2023 and 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2023 and 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY 2022-2023 and FY 2021-2022).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

As of December 31, 2023 and 2022, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$15,115,381 and \$13,730,102, respectively.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2022 and 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020 rolled forward to December 31, 2022 and 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the June 30, 2023, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	December 31, 2023	December 31, 2022	
Measurement Date	June 30, 2023	June 30, 2022	
Percentage of Risk Pool Net Pension Liability	0.30228%	0.29343%	0.00885%
Percentage of Plan (PERF C) Net Pension Liability	0.12116%	0.11887%	0.00229%

The District's proportionate share of the net pension liability for the June 30, 2022, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	December 31, 2022	December 31, 2021	
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.29343%	0.31897%	-0.02554%
Percentage of Plan (PERF C) Net Pension Liability	0.11887%	0.11199%	0.00688%

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 11 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)*****Proportionate Share of Net Pension Liability and Pension Expense (continued)***

The total amount of \$964,493 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Pension contributions made after the measurement date	\$ 964,493	\$ -
Difference between actual and proportionate share of employer contributions	-	(395,205)
Adjustment due to differences in proportions	251,465	(37,494)
Differences between expected and actual experience	772,176	(119,783)
Differences between projected and actual earnings on pension plan investments	2,447,316	-
Changes in assumptions	912,584	-
Total Deferred Outflows/(Inflows) of Resources	\$ 5,348,034	\$ (552,482)

The total amount of \$924,538 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended December 31, 2023. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Pension contributions made after the measurement date	\$ 924,538	\$ -
Difference between actual and proportionate share of employer contributions	-	(527,042)
Adjustment due to differences in proportions	112,488	(59,549)
Differences between expected and actual experience	275,727	(184,673)
Differences between projected and actual earnings on pension plan investments	2,514,990	-
Changes in assumptions	1,406,936	-
Total Deferred Outflows/(Inflows) of Resources	\$ 5,234,679	\$ (771,264)

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 11 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)*****Proportionate Share of Net Pension Liability and Pension Expense (continued)***

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended December 31, 2023, will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended December 31	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,115,086
2025	760,162
2026	1,885,587
2027	70,224
Total	\$ 3,831,059

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended December 31, 2022, will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended December 31	Deferred Outflows/(Inflows) of Resources
2023	\$ 885,634
2024	728,832
2025	386,161
2026	1,538,250
Total	\$ 3,538,877

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2023 and 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 and 2021, total pension liability. The December 31, 2023 and 2022, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF B was 6.90%. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class¹	Assumed Asset Allocation	Real Return^{1,2}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management Study.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Changes in the discount rate for the year ended June 30, 2023, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	5.90%	Rate 6.90%	7.90%
CalPERS – Miscellaneous Plan	\$ 23,506,809	\$ 15,115,381	\$ 8,208,514

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2023 and 2022***NOTE 11 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)***

Changes in the discount rate for the year ended June 30, 2022, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	\$ 21,591,005	\$ 13,730,102	\$ 7,262,530

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At December 31, 2023 and 2022, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended December 31, 2023 and 2022.

NOTE 12 – NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

The District's net -position – net investment in capital assets for the years ended December 31, 2023 and 2022 were calculated as follows:

Description	Balance Dec. 31, 2023	Balance Dec. 31, 2022
Restricted – cash and cash equivalents		
– revenue bond proceeds for construction	\$ 14,381,169	\$ 7,723,962
Right-to-use asset, net – being amortized	-	366,740
Capital assets – not being depreciated	22,354,621	21,316,338
Capital assets, net – being depreciated	163,456,599	158,484,192
Deferred loss on debt defeasance, net	1,178,100	3,583,794
Right-to-use lease payable – current	(109,022)	(126,686)
Right-to-use asset financing – current	(463,073)	(447,281)
Loan payable – current	-	(1,342,628)
Revenue bonds payable – current	(671,666)	(1,273,017)
Right-to-use lease payable	(119,618)	(229,028)
Right-to-use asset financing	(1,489,646)	(1,952,719)
Loan payable	-	-
Revenue bonds payable, net	(77,496,425)	(66,320,148)
Total net investment in capital assets	\$ 121,021,039	\$ 119,783,519

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 13 – NET POSITION – UNRESTRICTED (DEFICIT)

As of December 31, 2023 and 2022, the District has an unrestricted net position deficit of (\$12,357,886) and (\$13,960,584). Due to the nature of the deficit from the implementation of GASB Statements No. 68 & 75 in the past fiscal years, the District will continue to make its actuarial determined contributions to CalPERS and annually review its outstanding net pension and net OPEB obligations funding requirements for future periods to reduce its deficit position.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Beginning net position as of January, 2022 was restated by \$11,804, for the District's retroactive restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease started prior to January 1, 2022:

<u>Description</u>	<u>Balance</u>
Net position as of January 1, 2022 – as previously reported	\$ 99,917,008
GASB Statement No. 87 restatement for:	
Right-to-use asset, net	408,390
Right-to-use payable, net	<u>(396,586)</u>
Total adjustments	<u>11,804</u>
Net position as of January 1, 2022 – as restated	<u><u>\$ 99,928,812</u></u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 15 – RISK MANAGEMENT

The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing pool that provides insurance coverage and related services.

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the
C. Participants	As of September 30, 2023 – 401 member districts
D. Governing board	Nine representatives employed by members
E. District payments for FY 2023:	\$458,219
F. Condensed financial information	September 30, 2023
Audit signed	March 20, 2024

Statement of financial position:	Sept. 30, 2023
Total assets	<u>\$ 288,462,503</u>
Deferred outflows	<u>4,654,911</u>
Total liabilities	<u>167,203,667</u>
Deferred inflows	<u>5,200,835</u>
Net position	<u><u>\$ 120,712,912</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 248,013,664
Total expenses	<u>(240,084,673)</u>
Change in net position	7,928,991
Beginning – net position	<u>112,783,921</u>
Ending – net position	<u><u>\$ 120,712,912</u></u>

G. Member agencies share of year-end financial position	Not Calculated
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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. At December 31, 2023 and 2022, the District participated in the self-insured liability, property, and worker's compensation insurance programs provided by ACWA/JPIA through AON Risk Insurance Services West, Inc. as follows:

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 15 – RISK MANAGEMENT (continued)

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
- Errors and Omissions
- Products Hazard
- Inverse Condemnation
- Employment Practices
- Broadened Pollution
- Failure to Supply Water
- 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.

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 an 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

Workers' 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 since 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, 2023, 2022, and 2021. 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, 2023, 2022, and 2021.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 16 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in an IRS Code Section 457 Deferred Compensation 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.

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 accompanying financial statements.

NOTE 17 – 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>
2024	8,345,912
2025	9,499,653
2026	9,013,626
2027	9,045,633
2028	8,456,884

As of December 31, 2023, the District has expended approximately \$137,942,548 since the District started participating in the State Water Contract.

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	\$82,009,849
Delta water charges	23,650,704
Off-aqueduct power facilities	143,415
Revenue bond surcharge	<u>4,135,027</u>
Total	<u>\$109,938,995</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 17 – COMMITMENTS AND CONTINGENCIES (continued)

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 (the 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 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 \$1,426,325 to complete the open construction contracts as of December 31, 2023. These include the following:

<u>Project Description</u>	<u>Cost of Project to Date</u>	<u>Estimated Costs to Complete</u>	<u>Total Expected Project Cost</u>
Littlerock Creek Groundwater Recharge Project	\$ 4,209,279	\$ 790,721	\$ 5,000,000
Various Water Main Replacements	2,736,400	326,737	3,063,137
Well 36 Construction	2,998,268	308,867	3,307,135
Total	<u>\$ 9,943,947</u>	<u>\$ 1,426,325</u>	<u>\$ 11,370,272</u>

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2023 and 2022

NOTE 17 – 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 18 – CURRENT AND SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 30, 2024, the date on which the financial statements were available to be issued.

Required Supplementary Information

PALMDALE WATER DISTRICT*Schedule of Proportionate Share of the Net Pension Liability
For the Years Ended December 31, 2023 and 2022***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.10201%	\$ 6,347,533	\$ 6,027,591	105.31%	79.93%
June 30, 2015	0.09802%	6,727,907	6,377,315	105.50%	79.62%
June 30, 2016	0.10037%	8,685,489	6,778,010	128.14%	75.59%
June 30, 2017	0.10166%	10,081,661	6,482,822	155.51%	74.68%
June 30, 2018	0.10180%	9,809,458	6,735,592	145.64%	76.68%
June 30, 2019	0.10434%	10,691,338	7,391,878	144.64%	75.92%
June 30, 2020	0.10637%	11,573,771	7,675,493	150.79%	75.79%
June 30, 2021	0.11199%	6,056,636	8,369,880	72.36%	88.25%
June 30, 2022	0.11887%	13,730,102	8,690,330	157.99%	76.19%
June 30, 2023	0.12116%	15,115,381	9,107,356	165.97%	75.64%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**For fiscal years June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

The discount rate was reduced from 7.15% to 6.90%, and the the inflation rate as reduced from 2.50% to 2.30%.

From fiscal year June 30, 2022 to June 30, 2023:

There were no significant changes in assumptions.

PALMDALE WATER DISTRICT*Schedule of Pension Contributions**For the Years Ended December 31, 2023 and 2022***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 805,370	\$ (805,370)	\$ -	\$ 6,027,591	13.36%
2015	819,205	(819,205)	-	6,377,315	12.85%
2016	945,678	(945,678)	-	6,778,010	13.95%
2017	1,026,759	(1,026,759)	-	6,482,822	15.84%
2018	1,178,448	(1,178,448)	-	6,735,592	17.50%
2019	1,373,023	(1,373,023)	-	7,391,878	18.57%
2020	1,559,864	(1,559,864)	-	7,675,493	20.32%
2021	1,655,630	(1,655,630)	-	8,369,880	19.78%
2022	1,789,211	(1,789,211)	-	8,690,330	20.59%
2023	1,859,194	(1,859,194)	-	9,107,356	20.41%

Notes to Schedule:

Measurement Date	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2014	June 30, 2013	Entry Age	Fair Value	2.75%	7.50%
June 30, 2015	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2016	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2017	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2023	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2%@55), 52 years (2%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

PALMDALE WATER DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Years Ended December 31, 2023 and 2022

	Last Ten Fiscal Years*					
Fiscal Year Ended	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Measurement Date	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Total OPEB liability:						
Service cost	\$ 622,927	\$ 596,605	\$ 677,977	\$ 459,128	\$ 533,709	\$ 471,435
Interest	281,830	278,018	464,926	542,470	480,852	475,129
Changes of assumptions	(2,166,653)	117,793	231,952	2,835,458	(1,339,825)	695,190
Differences between expected and actual experience	539,319	-	(4,865,442)	-	-	-
Changes of benefit terms	-	-	142,064	-	-	-
Benefit payments	<u>(434,424)</u>	<u>(468,905)</u>	<u>(379,410)</u>	<u>(322,930)</u>	<u>(307,191)</u>	<u>(283,520)</u>
Net change in total OPEB liability	(1,157,001)	523,511	(3,727,933)	3,514,126	(632,455)	1,358,234
Total OPEB liability - beginning	13,275,385	12,751,874	16,479,807	12,965,681	13,598,136	12,239,902
Total OPEB liability - ending	\$ 12,118,384	\$ 13,275,385	\$ 12,751,874	\$ 16,479,807	\$ 12,965,681	\$ 13,598,136
Covered-employee payroll	\$ 9,107,356	\$ 9,492,550	\$ 8,522,694	\$ 8,492,001	\$ 8,067,557	\$ 7,459,193
District's net OPEB liability as a percentage of covered-employee payroll	133.06%	139.85%	149.62%	194.06%	160.71%	182.30%

Notes to Schedule:

Benefit Changes:

Measurement Date December 31, 2017 – There were no changes in benefits
Measurement Date December 31, 2018 – There were no changes in benefits
Measurement Date December 31, 2019 – There were no changes in benefits
Measurement Date December 31, 2020 – There were no changes in benefits
Measurement Date December 31, 2021 – There were no changes in benefits
Measurement Date December 31, 2022 – There were no changes in benefits

Changes in Assumptions:

Measurement Date December 31, 2017 – Discount rate was updated to 3.44% from 3.78% as of December 31, 2016
Measurement Date December 31, 2018 – Discount rate was updated to 4.09% from 3.44% as of December 31, 2017
Measurement Date December 31, 2019 – Discount rate was updated to 2.74% from 4.09% as of December 31, 2018
Measurement Date December 31, 2020 – Discount rate was updated to 2.12% from 2.74% as of December 31, 2019
Measurement Date December 31, 2021 – Discount rate was updated to 2.06% from 2.12% as of December 31, 2020
Measurement Date December 31, 2022 – Discount rate was updated to 3.72% from 2.06% as of December 31, 2021

* Fiscal year 2018 was the first year of implementation; therefore, only six years are shown.

PALMDALE WATER DISTRICT*Schedule of OPEB Contributions**For the Years Ended December 31, 2023 and 2022***Last Ten Fiscal Years*****The Plan is not administered through a qualified trust.****Therefore, there is no Actuarially Determined Contribution (ADC)****Fiscal Year Ended**

Contributions made

Implied subsidy

Total contributions

<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
\$ 359,711	\$ 345,386	\$ 381,892	\$ 305,410	\$ 245,893	\$ 240,695
105,080	89,038	87,013	74,000	77,037	66,496
<u>\$ 464,791</u>	<u>\$ 434,424</u>	<u>\$ 468,905</u>	<u>\$ 379,410</u>	<u>\$ 322,930</u>	<u>\$ 307,191</u>

Notes to Schedule:**Valuation Date**

Dec. 31, 2022 Dec. 31, 2020 Dec. 31, 2019 Dec. 31, 2019 Dec. 31, 2018 Dec. 31, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Discount rate	3.72%	2.12%	2.12%	2.74%	4.09%	3.44%
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%
Payroll increases	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%
Mortality	1	1	1	1	1	1
Disability	1	1	1	1	1	1
Retirement	1	1	1	1	1	1
Termination	1	1	1	1	1	1
Healthcare trend rates	2	2	2	2	2	2

(1) CalPERS 2000-2019 Experience Study

(2) Pre-65 - 7.50% trending down to 4.00% in 2076

Post-65 - 6.50% trending down to 4.00% in 2076

* Fiscal year 2018 was the first year of implementation; therefore, only six years are shown.

Supplementary Information

PALMDALE WATER DISTRICT*Schedules of Debt Service Net Revenues Coverage**For the Year Ended December 31, 2023 and 2022*

Total revenues:	2023	2022
Operating revenues	\$ 34,573,330	\$ 31,320,439
Non-operating revenues	11,264,102	11,527,508
Capital contributions – capital improvement fees and grants	<u>2,098,393</u>	<u>5,562,268</u>
Total revenues	<u>47,935,825</u>	<u>48,410,215</u>
Total expenses:		
Operating expenses before depreciation expense	<u>31,452,823</u>	<u>26,501,941</u>
Non-operating expenses	7,554,097	6,452,924
Less debt service items:		
Interest expense – long-term debt	<u>(2,733,668)</u>	<u>(2,437,192)</u>
Total non-operating expenses adjusted for debt service items	<u>4,820,429</u>	<u>4,015,732</u>
	<u>36,273,252</u>	<u>30,517,673</u>
Net revenues available for debt service	<u>\$ 11,662,573</u>	<u>\$ 17,892,542</u>
Debt service for the fiscal year	<u>\$ 3,806,091</u>	<u>\$ 5,678,432</u>
Debt service net revenues coverage ratio	<u>306%</u>	<u>315%</u>

Other Independent Auditors' Reports



**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Palmdale Water District (District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 District'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 or significant deficiencies 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 grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

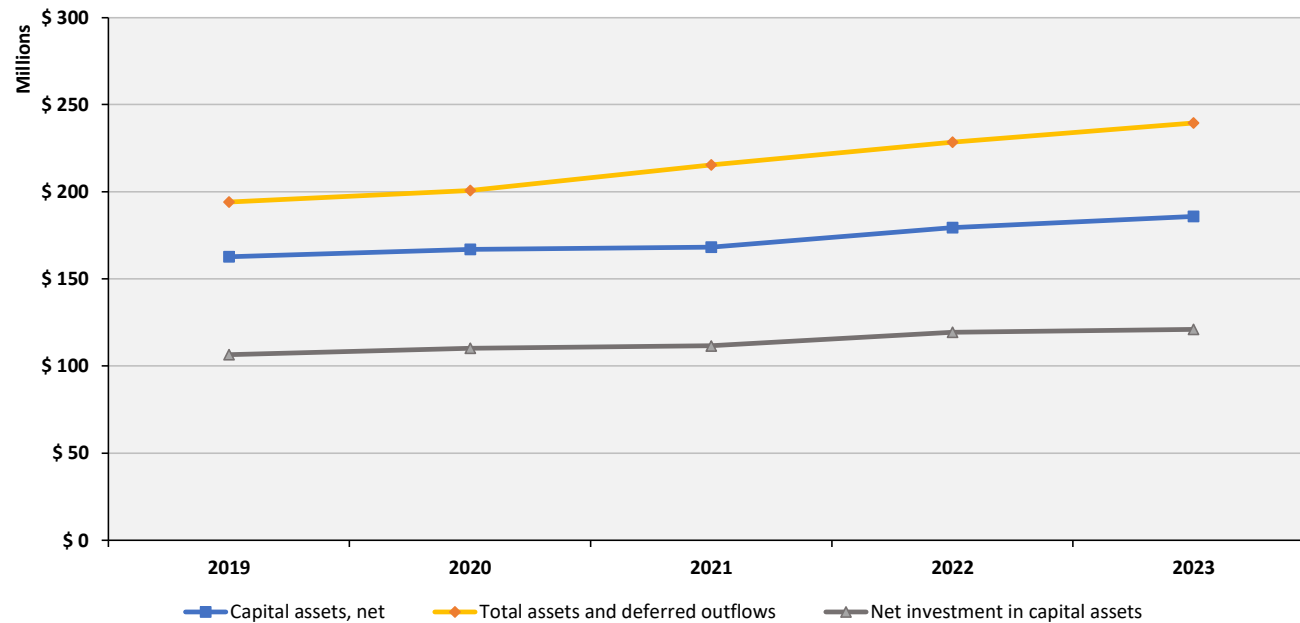
Purpose of this Report

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

Murrieta, California
June 30, 2024

Palmdale Water District
Condensed Balance Sheet at December 31,
5-year Analysis of Net Position

	2019	2020	2021	2022	2023
Assets:					
Current assets	\$ 20,032,372	\$ 20,210,560	\$ 24,885,227	\$ 26,645,883	\$ 27,874,940
Non-current assets	6,324,308	4,466,060	13,232,582	10,677,947	16,882,311
Capital assets, net	162,706,256	166,964,871	168,167,993	179,433,790	185,811,220
Total assets	189,062,936	191,641,491	206,285,802	216,757,620	230,568,471
Deferred outflows of resources	5,101,099	9,018,550	9,072,562	11,706,450	9,004,118
Total assets and deferred outflows	\$ 194,164,035	\$ 200,660,041	\$ 215,358,364	\$ 228,464,070	\$ 239,572,589
Liabilities:					
Current liabilities	9,212,469	10,168,200	12,222,577	14,578,327	11,285,232
Non-current liabilities	84,670,431	89,145,383	88,418,833	96,042,029	106,939,406
Total liabilities	93,882,900	99,313,583	100,641,410	110,620,356	118,224,638
Deferred inflows of resources	5,101,356	4,599,999	14,799,946	10,034,736	10,450,384
Net position:					
Net investment in capital assets	106,542,240	110,142,267	111,538,623	119,416,779	121,021,039
Restricted	1,958,222	2,201,548	2,202,482	2,206,782	2,234,414
Unrestricted	(13,320,683)	(15,597,356)	(13,824,097)	(13,814,583)	(12,357,886)
Total net position	95,179,779	96,746,459	99,917,008	107,808,978	110,897,567
Total liabilities, deferred inflows and net position	\$ 194,164,035	\$ 200,660,041	\$ 215,358,364	\$ 228,464,070	\$ 239,572,589





COMMITTEE MEMORANDUM

DATE: July 16, 2024
TO: FINANCE COMMITTEE
FROM: Mr. Bob Egan, Financial Advisor
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***DISCUSSION AND OVERVIEW OF CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF JUNE 2024. (FINANCIAL ADVISOR EGAN)***

Attached are the Cash Notes, the Investment Funds Report, and the Cash Flow Report as of June 2024. The reports will be reviewed in detail at the Finance Committee meeting.

		2024				
		May to June 2024 Major account Activity				
		acct 11469				
		Balance	6/30/2024	2,844,610.61		
		Balance	5/31/2024	3,190,201.53		
		Decrease		(345,590.92)	Taxes	
		One month activity			YTD expected	4,915,960
		Interest/Mkt value received		13,075.03	YTD received	6,352,484
		Transfer to Butte		(949,455.00)	Increase	1,436,524
		Taxes received		590,789.05		
		Decrease		(345,590.92)		
		Acct 11475				
		Balance	6/30/2024	629,832.58		
		Balance	5/31/2024	588,820.64	all accounts	
		Increase		41,011.94	FACE	16,561,000
		One month activity			Value	16,364,283
		Capital Improvement fee received		38,727.11	Future earnings	196,717
		Interest/Mkt value received		2,284.83		
		Increase		41,011.94		
				Int/Mkt	Month	YTD
				Jan	64,161.00	
				Feb	49,335.00	
		Acct 11432		Mar	75,106.52	
		Balance	6/30/2024	13,265,953.90	Apr	75,248.44
		Balance	5/31/2024	13,210,386.43	May	75,106.52
		Increase		55,567.47	Jun	75,106.52
		One month activity			Jul	414,064.00
					Aug	
					Sep	
		Interest/Mkt value received		55,567.47	Oct	
		Increase		55,567.47	Nov	
					Dec	
		Acct 24016.			2023 interest	
		Balance	6/30/2024	974,786.80	573,394	
		Balance	5/31/2024	970,607.61		
		Increase		4,179.19		
		One month activity				
		Interest/Mkt value received		4,179.19		
		Increase		4,179.19		

			<u>2024</u>
			<u>Second Quarter 2024 Major account Activity</u>
			<u>acct 11469</u>
		Balance	6/30/2024 2,844,610.61
		Balance	3/31/2024 3,824,858.21
		Decrease	(980,247.60)
			<u>Three months activity</u>
		Taxes received	4,875,020.39
		Interest/Mkt value received	42,674.88
		Transfer to CCB for Littlerock Creek	(300,000.00)
		Transfer to 11432	(4,419,736.48)
		Transfer from 11475	34,949.44
		Transfer to CCB	(263,700.83)
		Butte Payment	(949,455.00)
		Decrease	(980,247.60)
			<u>Acct 11475</u>
		Balance	6/30/2024 629,832.58
		Balance	3/31/2024 596,544.32
		Increase	33,288.26
			<u>Three months activity</u>
		Transfer to 11469	(34,949.44)
		Transfer to 11432	(10,724.95)
		Interest/Mkt value received	7,445.74
		Capital improvements received	71,516.91
		Increase	33,288.26
			<u>Acct 11432</u>
		Balance	6/30/2024 13,265,953.90
		Balance	3/31/2024 8,695,615.46
		Increase	4,570,338.44
			<u>Three months activity</u>
		transfer from 11469	4,419,736.48
		transfer from 11475	10,724.95
		Interest/Mkt value received	139,877.01
		Increase	4,570,338.44
			<u>Acct 24016.</u>
		Balance	6/30/2024 974,786.80
		Balance	3/31/2024 962,796.45
		Increase	11,990.35
			<u>Three months activity</u>
		Interest/Mkt value received	11,990.35
		Increase	11,990.35

**PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT
June 30, 2024**

June 2024

May 2024

March 2024

Federal Agency Obligations	10,884,664.21	86.50%	11,204,606.28	86.35%	6,934,597.96	52.58%
Negotiable Certificates of Deposit	5,479,618.89	43.55%	6,356,082.22	48.98%	6,044,190.30	45.82%
Local Agency Investment Fund (LAIF)	13,424.11	0.11%	13,424.11	0.10%	13,282.19	0.10%
	<u>16,377,707.21</u>		<u>17,574,112.61</u>		<u>12,992,070.45</u>	
Cash and Cash Equivalents	3,977,225.32	31.61%	2,776,950.67	21.40%	1,924,094.58	14.59%
Accrued Interest	151,822.06	1.21%	144,775.85	1.12%	104,753.57	0.79%
	<u>20,506,754.59</u>		<u>20,495,839.13</u>		<u>15,020,918.60</u>	

**PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT
June 30, 2024**

					<u>June 2024</u>	<u>May 2024</u>	<u>March 2024</u>
CASH							
1-00-0103-100	Citizens - Checking				2,653,046.14	2,452,979.69	671,758.84
1-00-0103-200	Citizens - Refund				-	-	(7,034.64)
1-00-0103-300	Citizens - Merchant				274,164.82	207,681.45	274,248.34
	Bank Total				2,927,210.96	2,660,661.14	938,972.54
1-00-0110-000	PETTY CASH				300.00	300.00	300.00
1-00-0115-000	CASH ON HAND				5,400.00	5,400.00	5,400.00
	TOTAL CASH				2,932,910.96	2,666,361.14	944,672.54
INVESTMENTS							
1-00-0135-000	Local Agency Investment Fund			Acct. Total	13,424.11	13,424.11	13,282.19
1-00-0120-000 UBS Money Market Account General (SS 11469)							
	UBS USA Core Savings				-	7.69	-
	UBS Select ESG Prime				614,106.65	74,709.04	818,730.70
	UBS Bank USA Deposit Account				-	-	-
	Accrued interest				22,052.53	28,066.75	16,257.79
					636,159.18	102,783.48	834,988.49
US Government Securities							
CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value	Market Value
91282CCC3	US Treasury Note	05/15/2024	0.250		-	-	722,550.76
				-	-	-	722,550.76
Certificates of Deposit							
	Issuer	Maturity Date	Rate	Face Value			
	Comenity Bank	05/17/2024	2.800		-	-	199,198.00
1	Stockman Bank	06/10/2024	0.500		-	180,753.84	179,229.82
2	Goldman Sachs Bank	06/12/2024	5.350		-	249,992.50	249,967.50
3	Great STHN Bk	06/18/2024	4.900		-	249,990.00	249,962.50
4	Citibank NA	06/18/2024	5.350		-	199,950.00	199,780.00
5	Sofi Bank	07/29/2024	4.950	240,000	239,894.40	239,820.00	239,656.80
6	Truist Bank	09/09/2024	5.200	250,000	249,862.50	249,832.50	249,862.50
7	Jersey Shore St Bank	10/15/2024	5.150	250,000	249,777.50	249,752.50	-
8	Industrial and Com Ny	10/18/2024	0.600	175,000	172,438.00	171,815.00	170,549.75
9	State Bank IL	11/25/2024	5.350	250,000	249,955.00	249,957.50	-
10	BMW Bank	12/11/2024	0.400	194,000	189,669.92	189,010.32	187,584.42
11	Wells Fargo Bank	12/27/2024	4.800	135,000	134,550.45	134,480.25	134,550.45
12	Mountainone Bank	01/13/2025	5.000	223,000	222,536.16	222,453.65	-
13	Banc of California	01/27/2025	5.200	250,000	249,767.50	249,697.50	-
14	Bank of Baroda NY	02/28/2025	5.300	250,000	250,000.00	249,912.50	-
					2,217,000	2,208,451.43	3,087,418.06
	Acct. Total				2,844,610.61	3,190,201.54	3,824,858.22
1-00-1110-000 UBS Money Market Account Capital (SS 11475)							
	UBS Bank USA Deposit Account				38,727.32	-	-
	Accrued interest				4,131.42	2,170.75	10,548.22
					42,858.74	2,170.75	10,548.22
US Government Securities							
CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value	Market Value
91282CFQ9	US Treasury Note	10/31/2024	4.375	589,000	586,973.84	586,649.89	585,996.10
				589,000	586,973.84	586,649.89	585,996.10
Certificates of Deposit							
	Issuer	Maturity Date	Rate	Face Value			
					-	-	-
				-	-	-	-
	Acct. Total				629,832.58	588,820.64	596,544.32

1-00-0125-000 UBS Access Account General (SS 11432)							
UBS Bank USA Deposit Account				-	18,958.29		1.78
UBS Select Prime Institutional Fund				144,584.42	143,962.34		16,850.58
UBS Select Government Preferred Fund				374,496.96	-		160,000.00
Accrued interest				106,145.15	88,309.91		54,991.50
				625,226.53	251,230.54		231,843.86
US Government Securities							
CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value	Market Value
912796ZW2	US Treasury Bill	06/20/2024		-	-	349,128.50	345,943.50
912797GL5	US Treasury Bill	09/05/2024		600,000	594,264.00	591,822.00	586,608.00
912797GL5	US Treasury Bill	09/05/2024		600,000	594,264.00	591,822.00	586,608.00
91282CCX7	US Treasury Note	09/15/2024	0.375	1,500,000	1,484,715.00	1,479,015.00	1,467,390.00
91282CDN8	US Treasury Note	12/15/2024	1.000	1,000,000	980,740.00	977,490.00	971,220.00
9128283P3	US Treasury Note	12/31/2024	2.250	940,000	925,881.20	923,832.00	920,156.60
91282CDS7	US Treasury Note	01/15/2025	1.125	447,000	437,157.06	435,784.77	-
91282CDZ1	US Treasury Note	02/15/2025	1.500	400,000	390,656.00	389,568.00	-
91282CED9	US Treasury Note	03/15/2025	1.750	1,500,000	1,463,850.00	1,459,995.00	-
91282CFK2	US Treasury Note	09/15/2025	3.500	1,500,000	1,472,985.00	1,470,120.00	-
91282CFK2	US Treasury Note	09/15/2025	3.500	775,000	761,042.25	759,562.00	-
91282CFK2	US Treasury Note	09/15/2025	3.500	1,214,000	1,192,135.86	1,189,817.12	-
				10,476,000	10,297,690.37	10,617,956.39	5,626,051.10
Certificates of Deposit							
	Issuer	Maturity Date	Rate	Face Value			
	Bank Hapoalim	04/01/2024	5.500		-	-	250,002.50
	Midfirst bank	04/17/2024	5.000		-	-	249,957.50
	Financial Partners CA	05/20/2024	5.550		-	-	250,055.00
1	Bank of China	07/01/2024	5.150	250,000	249,992.50	249,942.50	249,827.50
2	Western Alliance Bk	07/16/2024	5.500	250,000	249,995.00	250,000.00	250,020.00
3	Beal Bank	07/24/2024	5.450	250,000	249,982.50	249,982.50	249,992.50
4	Bank of America	07/25/2024	5.450	250,000	249,982.50	249,982.50	249,992.50
5	Comerica Bank Tx	08/16/2024	5.450	100,000	99,987.00	99,987.00	100,008.00
6	Umpqua Bank	08/26/2024	5.350	250,000	249,970.00	249,970.00	-
7	American Express Natl	08/26/2024	3.300	250,000	249,152.50	248,760.00	247,927.50
8	Ally Bank	08/26/2024	3.150	250,000	249,092.50	248,670.00	247,775.00
9	Homestreet Bank	09/30/2024	5.000	250,000	249,655.00	249,590.00	249,547.50
10	Continental Bank	11/21/2024	0.550	250,000	245,227.50	244,315.00	242,615.00
				2,350,000	2,343,037.00	2,341,199.50	2,837,720.50
	Acct. Total				13,265,953.90	13,210,386.43	8,695,615.46
Total Managed Accounts					16,753,821.20	17,002,832.72	13,130,300.19
1-00-1121-000 UBS Rate Stabilization Fund (SS 24016) - District Restricted							
UBS Bank USA Deposit Account				0.01	4.16		689.56
UBS Select Prime Institutional Fund				16,983.42	16,910.35		-
UBS Select Government Preferred Fund				10,179.95	-		-
Accrued interest				19,492.96	26,228.44		22,956.06
				46,656.34	43,142.95		23,645.62
Certificates of Deposit							
	Issuer	Maturity Date	Rate	Face Value			
	JPMorgan Chase Bank	09/20/2024	5.650		-	250,010.00	250,032.50
1	Blue Ridge Bank	09/26/2024	5.510	144,000	143,955.36	143,962.56	144,038.88
2	Popular Bank	10/24/2024	5.450	60,000	59,973.60	59,974.80	60,020.40
3	US Bank OH	12/13/2024	5.400	235,000	234,877.80	234,863.70	235,054.05
4	Morgan Stanley	02/10/2025	4.500	240,000	238,891.20	238,653.60	-
5	Bank Hapoalim B M	12/18/2025	5.200	250,000	250,432.50	-	-
				929,000	928,130.46	927,464.66	939,150.83
	Acct. Total				974,786.80	970,607.61	962,796.45
TOTAL CASH AND INVESTMENTS					20,661,518.96	20,639,801.47	15,037,769.18
Increase (Decrease) in Funds					21,717.49		
1-00-1138-000 2024 Capital Lease - Project Funds (Citizens Business Bank)							
Construction Funds					100,571.46	100,571.46	175,403.40
					100,571.46	100,571.46	175,403.40
1-00-1139-000 2023A Bonds - Project Funds (BNY Mellon)							
Construction Funds					12,583,080.25	12,976,347.47	13,189,831.14
Issuance Funds					13,329.19	13,329.19	13,329.19
					12,583,080.25	12,976,347.47	13,189,831.14
1-00-1145-000 2024A Bonds - Project Funds (BNY Mellon)							
Construction Funds					20,807,124.00	21,389,690.03	-
Issuance Funds					9,311.44	9,311.44	-
					20,816,435.44	21,399,001.47	-

PALMDALE WATER DISTRICT														Budget 2023 Carryover Information
2024 Cash Flow Report (Based on Oct. 23, 2023 Adopted Budget - Amended: Feb. 12, 2024)														
	January	February	March	April	May	June	July	August	September	October	November	December	YTD	
Total Cash Beginning Balance (BUDGET)	15,636,283	15,465,579	15,298,730	13,308,438	16,058,057	16,587,697	15,773,193	15,301,687	15,033,236	13,265,921	12,452,038	11,983,374		
Total Cash Beginning Balance	15,636,283	15,964,988	16,113,748	15,037,769	19,039,218	20,639,801	20,661,519	19,748,013	19,404,562	17,211,890	16,753,008	16,384,344		
Budgeted Water Receipts	2,384,138	2,303,420	2,482,697	2,826,963	2,680,892	3,167,792	3,133,160	3,348,417	3,242,337	3,073,623	2,798,508	2,558,054	34,000,000	
Water Receipts	2,720,803	2,557,010	2,447,215	2,501,127	2,493,976	2,693,221	3,133,160	3,348,417	3,242,337	3,073,623	2,798,508	2,558,054	33,567,451	
DWR Refund (Operational Related)					13,430	460							13,890	
RWA Agreement (AV Watermaster/AVSWCA)			57,401										57,401	
Other (Gain on Sale of Equipment)						1,455							1,455	
Total Operating Revenue (ACTUAL)	2,720,803	2,557,010	2,504,616	2,501,127	2,507,406	2,695,136	3,133,160	3,348,417	3,242,337	3,073,623	2,798,508	2,558,054	33,640,197	
Total Operating Expenses excl GAC (BUDGET)	(2,500,365)	(2,323,470)	(2,512,219)	(2,633,074)	(2,644,897)	(2,804,264)	(2,763,214)	(3,384,051)	(2,866,581)	(2,967,368)	(2,879,529)	(2,449,852)	(32,728,884)	
GAC (BUDGET)			(160,000)			(110,000)			(160,000)	(160,000)		(160,000)	(750,000)	
Operating Expenses excl GAC (ACTUAL)	(3,274,048)	(2,641,320)	(1,834,589)	(1,987,947)	(2,015,289)	(1,981,204)	(2,745,172)	(3,366,009)	(3,008,539)	(3,109,326)	(2,861,488)	(2,591,810)	(31,416,741)	
LCID Water Purchase													-	
Littlerock Dam - Sediment Removal	(2,509)	(402)											(2,911)	
GAC	(216,007)		(167,000)				(167,000)						(550,007)	
Prepaid Insurance (paid)/refunded													-	
Total Operating Expense (ACTUAL)	(3,492,564)	(2,641,722)	(2,001,589)	(1,987,947)	(2,015,289)	(1,981,204)	(2,912,172)	(3,366,009)	(3,008,539)	(3,109,326)	(2,861,488)	(2,591,810)	(31,969,659)	
Non-Operating Revenue:														
Assessments, net (BUDGET)	860,390	399,640	42,680	2,590,870	994,250	28,130	148,410	238,620	-	-	162,960	4,234,050	9,700,000	
Actual/Projected Assessments, net	1,011,439	438,718	27,308	3,063,443	1,209,150	16,584	148,410	238,620	-	-	162,960	4,234,050	10,550,680	
Asset Sale/Unencumbered Money (Taxes)				11,639									11,639	
RDA Pass-through (Successor Agency)	406,015					574,205							980,220	
Interest	36,457	31,453	60,628	33,598	40,141	48,914	23,750	23,750	23,750	23,750	23,750	23,750	393,691	
Market Adjustment	27,704	17,882	(5,785)	18,537	34,798	26,218							119,353	
Grant Re-imbursement	126,251			371,863	819,915				600,000				1,918,029	
Arrearage Funds													-	
Capital Improvement Fees - Infrastructure		25,567	12,416	13,084	10,725	24,207				125,000			210,999	
Capital Improvement Fees - Water Supply		15,966		8,981		15,296				150,000			190,243	
Water Transfer Agreement Sales		382,600		1,196,059									1,578,659	
DWR Refund (Capital Related)				237,515	33,278					30,000			300,793	
Other	589,689	5,215	54,145	15,252	9,890	11,625		4,167		4,167		4,167	698,316	
Total Non-Operating Revenues (BUDGET)													-	
Total Non-Operating Revenues (ACTUAL)	2,197,555	917,400	148,712	4,969,971	2,157,896	717,048	172,160	266,537	623,750	332,917	186,710	4,261,967	15,373,964	
Non-Operating Expenses:														
Budgeted Capital Expenditures	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(251,833)	(3,022,000)	
Budgeted Capital Expenditures (Committed During Year)													-	
Actual/Projected Capital Expenditures	(34,596)	(350,522)	(48,658)	(230,494)	(709,645)	(120,594)	(251,833)	(251,833)	(251,833)	(151,833)	(151,833)	(145,683)	(2,699,359)	
Land Purchase (Groundwater Augmentation Pilot)													-	
Const. of Monitoring Wells/Test Basin (Water Supply)													-	
Meter Exchange Project (Meters Purchased)				(649,214)									(649,214)	
SWP Capitalized	(1,036,784)	(322,522)	(322,522)	(322,522)	(322,522)	(322,522)	(1,036,779)	(322,521)	(350,705)	(322,520)	(322,519)	(322,519)	(5,326,957)	
Investment in PRWA (Suspended Contribution for 2022)													-	
Butte County Water Transfer						(949,455)						(949,455)	(1,898,910)	
Bond Payments - Interest			(1,346,285)						(671,666)				(2,017,951)	
Principal									(1,757,974)				(1,757,974)	
Capital leases - Citizens Business Bank (2024 Lease)				(263,701)						(263,701)			(527,402)	
Capital leases - Enterprise FM Trust (Vehicles)	(10,668)	(10,668)	(5,148)	(10,668)	(12,158)	(11,587)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(140,897)	
Capital leases - Wells Fargo (Printers)	(15,041)	(217)	(5,104)	(5,104)	(5,104)	(5,104)	(4,708)	(4,708)	(4,708)	(4,708)	(4,708)	(4,708)	(63,925)	
Total Non-Operating Expenses (ACTUAL)	(1,097,089)	(683,929)	(1,727,717)	(1,481,703)	(1,049,430)	(1,409,263)	(1,306,654)	(592,396)	(3,050,220)	(756,095)	(492,394)	(1,435,699)	(15,082,588)	
Total Cash Ending Balance (BUDGET)	15,465,579	15,298,730	13,308,438	16,058,057	16,587,697	15,773,193	15,301,687	15,033,236	13,265,921	12,452,038	11,983,374	14,619,468		
Total Cash Ending Balance (ACTUAL)	15,964,988	16,113,748	15,037,769	19,039,218	20,639,801	20,661,519	19,748,013	19,404,562	17,211,890	16,753,008	16,384,344	19,176,856		

Indicates actual expenditures/revenues:

Indicates anticipated expenditures/revenues:



COMMITTEE MEMORANDUM

DATE: July 16, 2024
TO: FINANCE COMMITTEE
FROM: Mr. Dennis J. Hoffmeyer, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***DISCUSSION AND OVERVIEW OF FINANCIAL STATEMENTS, REVENUE, AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR JUNE 2024. (FINANCE MANAGER HOFFMEYER)***

Discussion:

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending June 30, 2024. Also included are individual departmental budget reports.

This is the sixth month of the District's Budget Year 2024. Historical trends for the District have our revenues at 45.5% and expenses are 47.4%. This would typically be 50% for traditional budgetary percentages. Operating revenues are above, and expenses are below for the actuals. Please refer to Diagram A for a graphical representation of this information.

Balance Sheet:

- Pages 1 and 2 are the balance sheet for the 6-month period and a graphic presentation of Assets, Liabilities, and Net Position on June 30, 2024. Additionally, there are pages 1A & 1B, which compare the annual quarterly performance with the previous year.
- The net change for the month-to-month period (May to June) was an increase of \$551,297.
- The month saw an increase in Cash and cash equivalents of \$266,753 and Investments decreased by \$244,832. Restricted – cash and cash equivalents decreased to \$33,513,416.
- First, the increase in Accounts receivable – water sales and services, net was related to increased usage by the customers (Highlighted in orange).
- Second, the final adjustments were posted from the 2023 audit. The first portion is related to all the accounting for GASB Statement No. 87, Leases. Both assets and liability portions are highlighted in yellow.
- Finally, the second portion of audit adjustments are related to the accounting for GASB Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Both assets and liability portions are highlighted in green.
- Referencing page 1A, on the year-to-year comparison. Starting with Cash and cash equivalents and Investments there was a combined increase of \$5,893,339. Most of this increase is attributed to the Table A water sale to Westside and United (Highlighted orange).
- Next, the Restricted – cash and cash equivalents increased by \$29,839,809. This is attributed to the completion of the sales of the 2023A and 2024A water revenue bonds. While the two issues were more than \$30 Million combined, there were payments made from both accounting for the difference. All accounting associated with this is highlighted in yellow.

July 16, 2024

- The final item in the year-to-year comparison is related to Capital assets – not being depreciated and Capital assets – being depreciated, net. The District completed several capital projects during the year and amounted to a combined increase of \$5.48 Million. Both accounts are highlighted in green.

Profit/Loss Statement:

- Page 3 is our consolidated profit and loss statement trending for the six months. Also included is page 3A, which shows the quarterly comparison for the second quarters of 2023 and 2024.
- Starting with the operating revenues the District is above the historical average at 46.1%.
- The District's operating expenses are below historical averages at 38.4%.
- The Operating Revenue continues to see water sales increase for the month of June. As reported last month, Staff continues to see a rebound in usage from the previous year. Part of this might be attributed to the continued installation of new meters replacing out stuck equipment and under registration of usage. The other contributing factor was June saw hotter weather and all forecasts indicate this should continue due to the La Nina weather phenomenon.
- All departmental budgets except for the one highlighted in orange are at or below the historical average.
- Page 3A, showing the 2nd quarter, has two areas to discuss. The first is Water Sales (Highlighted orange) showing a quarterly increase of \$408,927 or 14.7%. The second is Source of Supply – Purchased Water (Highlighted yellow) which had a significant decrease of \$742,679 or -159.3%. In 2023, the District was taking water to help ease well pumping due to the significant rainfall that year. There was also recharging efforts done utilizing the Littlerock Creek turnout (LCID) during this time.
- Page 4 is the graphical representations of the operational and departmental budgets.
- Page 5 is the graphical representation of personnel to operations expenses.

Department Indicators

- Review of Customer Care continues to see increases related to salaries and overtime related to continued use of temporary staffing and overtime. Unfortunately, staff continue to see increases in the number of manual readings due to failed meter equipment (Zenner/Itron) that is causing most of the overtime for the department. This should stabilize as we resumed meter exchange project work this month and anticipate the transition of several routes over to real time Advanced Metering Infrastructure (AMI). One other area that saw a large increase (90.5%) was Contracted Services. This was due to paying the annual contracts for the AMR/AMI services and it will smooth out over the remainder of the year.

Departments:

Pages 6 through 16 are the detailed individual departmental budgets for your review.

July 16, 2024

Non-Cash Definitions:

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

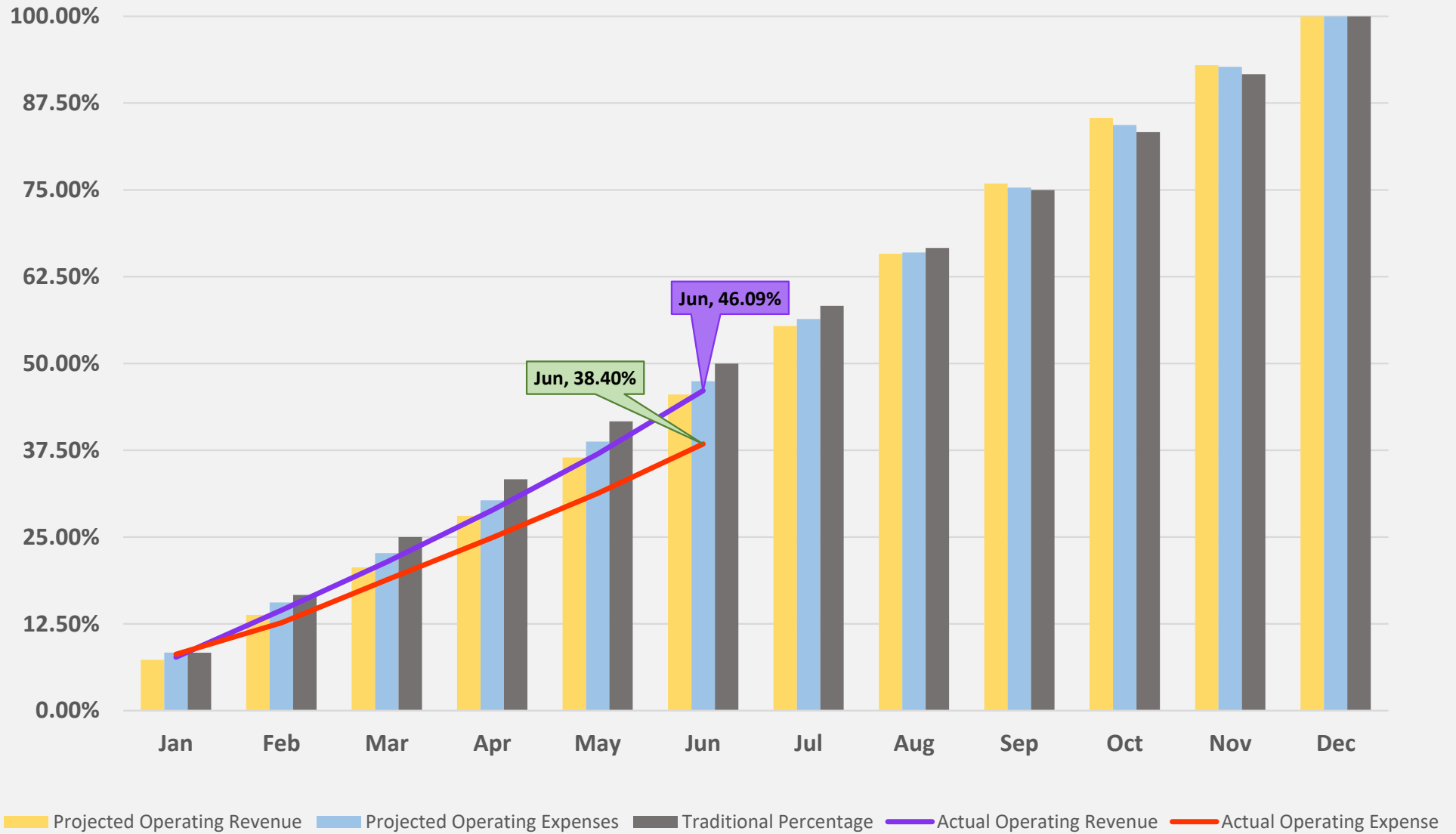
OPEB Accrual Expense: Other Post-Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover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



Palmdale Water District Balance Sheet Report												
	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024
ASSETS												
Current Assets:												
Cash and cash equivalents	\$ 1,148,832	\$ 851,701	\$ 944,673	\$ 2,060,565	\$ 2,666,158	\$ 2,932,911						
Investments	14,815,906	15,344,955	14,093,087	16,978,653	17,973,440	17,728,608						
Accrued interest receivable	-	-	-	-	-	-						
Accounts receivable - water sales and services, net	2,352,337	2,260,874	2,169,111	2,213,693	2,448,689	2,920,402						
Accounts receivable - property taxes and assessments	3,911,134	3,472,417	3,445,109	381,666	372,517	355,933						
Lease receivable	102,586	102,586	102,586	102,586	102,586	113,735						
Accounts receivable - other	1,751,035	1,364,953	1,364,943	168,865	168,855	192,287						
Materials and supplies inventory	1,730,510	1,678,853	1,669,872	2,298,542	2,307,550	2,265,037						
Prepaid items and other deposits	857,562	528,055	488,636	558,528	442,251	402,865						
Total Current Assets	\$ 26,669,904	\$ 25,604,394	\$ 24,278,016	\$ 24,763,098	\$ 26,482,046	\$ 26,911,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Current Assets:												
Restricted - cash and cash equivalents	\$ 13,928,913	\$ 13,420,918	\$ 13,420,918	\$ 35,248,537	\$ 34,495,200	\$ 33,513,416						
Lease receivable	380,463	380,463	380,463	380,463	380,463	266,728						
Investment in Palmdale Recycled Water Authority	2,206,782	2,206,782	2,206,782	2,206,782	2,206,782	2,234,414						
Right-to-use asset - being amortized, net	366,740	366,740	366,740	366,740	366,740	235,404						
Capital assets - not being depreciated	21,746,193	22,784,716	23,262,911	23,763,466	24,919,454	26,150,616						
Capital assets - being depreciated, net	163,365,738	162,804,939	162,266,283	161,706,302	161,146,413	161,535,977						
Total Non-Current Assets	\$ 201,994,828	\$ 201,964,557	\$ 201,904,097	\$ 223,672,290	\$ 223,515,052	\$ 223,936,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ 228,664,732	\$ 227,568,951	\$ 226,182,113	\$ 248,435,388	\$ 249,997,098	\$ 250,848,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED OUTFLOWS OF RESOURCES:												
Deferred loss on debt defeasance, net	\$ 2,978,265	\$ 2,978,265	\$ 2,978,265	\$ 2,978,265	\$ 1,161,600	\$ 1,158,300						
Deferred outflows of resources related to pensions	8,122,656	8,122,656	8,122,656	8,122,656	8,122,656	7,826,018						
Total Deferred Outflows of Resources	\$ 11,100,921	\$ 11,100,921	\$ 11,100,921	\$ 11,100,921	\$ 9,284,256	\$ 8,984,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 239,765,654	\$ 238,669,873	\$ 237,283,034	\$ 259,536,309	\$ 259,281,354	\$ 259,832,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND NET POSITION												
Current Liabilities:												
Accounts payable and accrued expenses	\$ 1,002,714	\$ 283,457	\$ 661,819	\$ 665,432	\$ 342,747	\$ 791,888						
Customer deposits for water service	2,772,459	2,777,353	2,774,783	2,905,302	2,904,732	2,896,843						
Construction and developer deposits	1,676,656	1,691,656	1,691,656	1,699,656	1,699,656	1,699,656						
Accrued interest payable	920,305	1,150,382	34,173	292,996	585,991	878,987						
Long-term liabilities - due in one year:												
Compensated absences	199,984	203,616	203,616	216,331	220,535	220,535						
Rate Stabilization Fund	844,038	844,038	844,038	894,444	894,444	894,444						
Right-to-use lease payable	126,686	126,686	126,686	126,686	126,686	109,022						
Right-to-use asset financing	463,073	463,073	463,073	233,545	233,545	233,545						
Loan payable	-	-	-	-	-	-						
Revenue bonds payable	671,666	671,666	671,666	671,666	671,666	671,666						
Total Current Liabilities	\$ 8,677,581	\$ 8,211,927	\$ 7,471,509	\$ 7,706,056	\$ 7,680,002	\$ 8,396,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Current Liabilities:												
Long-term liabilities - due in more than one year:												
Compensated absences	\$ 599,952	\$ 610,849	\$ 610,849	\$ 648,992	\$ 661,606	\$ 661,606						
Right-to-use lease payable	229,028	229,028	229,028	229,028	229,028	119,618						
Right-to-use asset financing	1,489,646	1,489,646	1,489,646	1,489,646	1,489,646	1,489,646						
Loan payable	3,760,564	3,755,040	3,749,516	4,389,168	2,761,677	2,753,156						
Revenue bonds payable	75,259,508	75,259,508	75,259,508	96,959,508	97,044,508	97,044,508						
Net other post employment benefits payable	14,448,195	14,633,198	14,726,517	14,818,414	14,911,427	12,674,071						
Aggregate net pension liability	13,730,102	13,730,102	13,730,102	13,730,102	13,730,102	15,115,381						
Total Non-Current Liabilities	\$ 109,516,995	\$ 109,707,370	\$ 109,795,165	\$ 132,264,858	\$ 130,827,993	\$ 129,857,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 118,194,575	\$ 117,919,297	\$ 117,266,674	\$ 139,970,914	\$ 138,507,995	\$ 138,254,571	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES:												
Unearned property taxes and assessments	\$ 3,583,333	\$ 2,866,667	\$ 2,150,000	\$ 1,433,333	\$ 1,916,667	\$ 1,116,667						
Deferred amounts related to leases	460,575	460,575	460,575	460,575	460,575	345,431						
Deferred amounts related to net pensions	5,274,161	5,274,161	5,274,161	5,274,161	5,274,161	5,804,953						
Total Deferred Inflows of Resources	\$ 9,318,069	\$ 8,601,403	\$ 7,884,736	\$ 7,168,069	\$ 7,651,403	\$ 7,267,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION:												
Profit/(Loss) from Operations	\$ 814,818	\$ 941,691	\$ 924,142	\$ 1,366,796	\$ 2,426,904	\$ 3,413,462						
Restricted for investment in Palmdale Recycled Water Authority	2,206,782	2,206,782	2,206,782	2,206,782	2,206,782	2,234,414						
Unrestricted	109,231,409	109,000,700	109,000,700	108,823,748	108,488,270	108,663,153						
Total Net Position	\$ 112,253,009	\$ 112,149,173	\$ 112,131,624	\$ 112,397,325	\$ 113,121,956	\$ 114,311,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 239,765,654	\$ 238,669,873	\$ 237,283,034	\$ 259,536,309	\$ 259,281,354	\$ 259,832,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

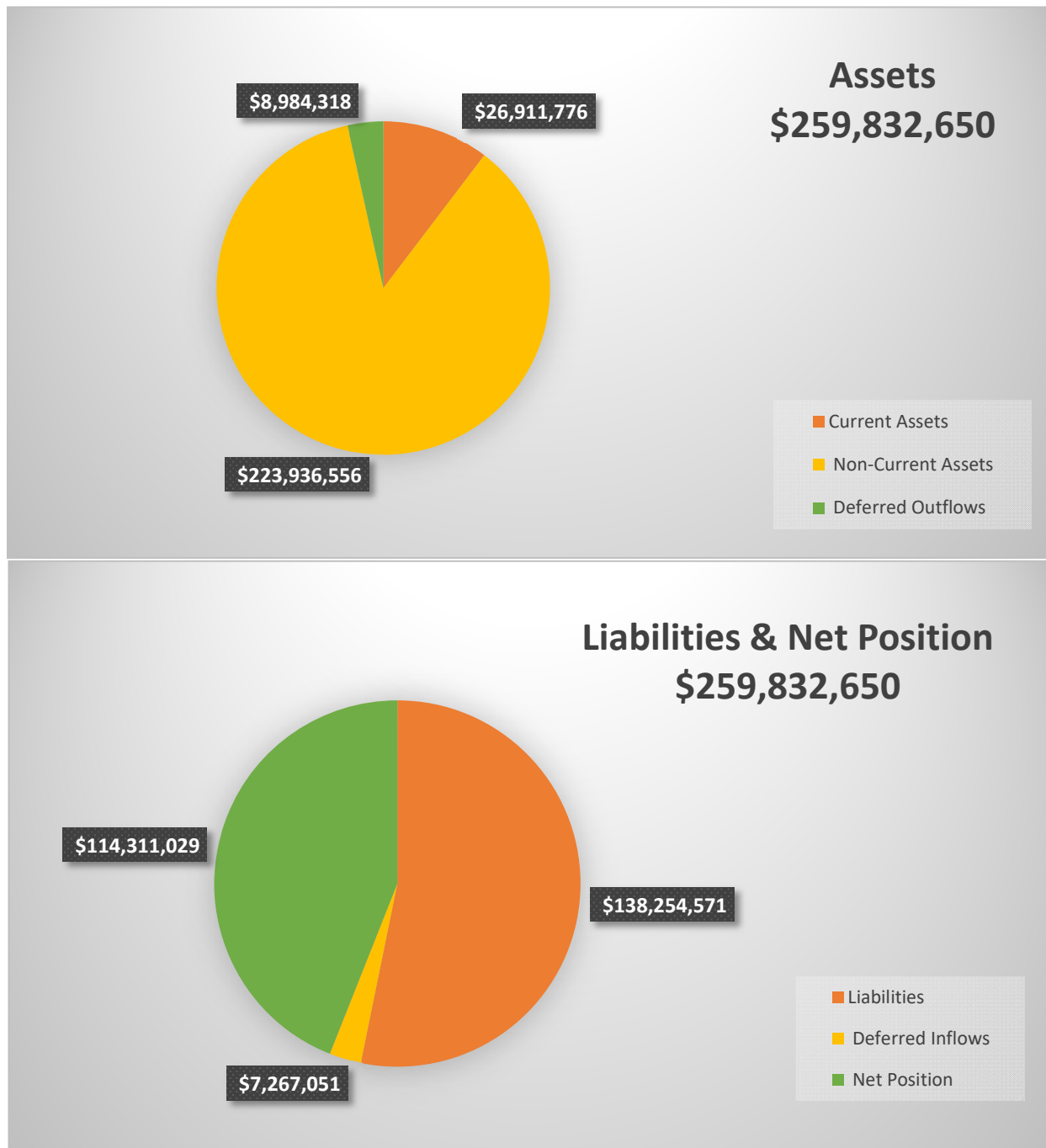
**Palmdale Water District
Balance Sheet Report
Annual Quarterly Comparison**

	June 2024	June 2023	Net Annual Change
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,932,911	\$ 384,391	\$ 2,548,520
Investments	17,728,608	14,383,789	3,344,819
Accrued interest receivable	-	-	-
Accounts receivable - water sales and services, net	2,920,402	2,442,108	478,293
Accounts receivable - property taxes and assessments	355,933	420,625	(64,692)
Lease Receivable	113,735	102,586	
Accounts receivable - other	192,287	107,420	84,867
Materials and supplies inventory	2,265,037	1,579,337	685,699
Prepaid items and other deposits	402,865	465,680	(62,816)
Total Current Assets	\$ 26,911,776	\$ 19,885,937	\$ 7,025,839
Non-Current Assets:			
Restricted - cash and cash equivalents	\$ 33,513,416	\$ 3,673,607	\$ 29,839,809
Lease Receivable	266,728	380,463	
Investment in Palmdale Recycled Water Authority	2,234,414	2,206,782	27,632
Right-to-use asset - being amortized, net	235,404	366,740	(131,336)
Capital assets - not being depreciated	26,150,616	25,622,421	528,195
Capital assets - being depreciated, net	161,535,977	156,578,317	4,957,660
Total Non-Current Assets	\$ 223,936,556	\$ 188,828,331	\$ 35,108,226
TOTAL ASSETS	\$ 250,848,332	\$ 208,714,268	\$ 42,134,065
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on debt defeasance, net	\$ 1,158,300	\$ 2,997,046	\$ (1,838,746)
Deferred outflows of resources related to pensions	7,826,018	8,122,656	(296,638)
Total Deferred Outflows of Resources	\$ 8,984,318	\$ 11,119,702	\$ (2,135,384)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 259,832,650	\$ 219,833,969	\$ 39,998,681

**Palmdale Water District
Balance Sheet Report
Annual Quarterly Comparison**

	June 2024	June 2023	Net Annual Change
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 791,888	\$ 850,016	\$ (58,129)
Customer deposits for water service	2,896,843	2,888,290	8,553
Construction and developer deposits	1,699,656	1,668,656	31,000
Accrued interest payable	878,987	517,533	361,454
Long-term liabilities - due in one year:	-	-	-
Compensated absences	220,535	567,630	(347,095)
Rate Stabilization Fund	894,444	706,000	188,444
Right-to-use lease payable	109,022	126,686	(17,664)
Right-to-use asset financing	233,545	225,581	7,964
Capital lease payable	-	-	(447,281)
Loan payable	-	676,476	(676,476)
Revenue bonds payable	671,666	1,273,017	(601,351)
Total Current Liabilities	\$ 8,396,586	\$ 9,499,885	\$ (1,103,299)
Non-Current Liabilities:			
Long-term liabilities - due in more than one year:			
Compensated absences	\$ 661,606	\$ 189,210	\$ 472,396
Right-to-use lease payable	119,618	229,028	(109,410)
Right-to-use asset financing	1,489,646	1,952,719	(463,073)
Capital lease payable	-	-	-
Loan payable	2,753,156	3,824,765	(1,071,609)
Revenue bonds payable	97,044,508	62,411,174	34,633,334
Net other post employment benefits payable	12,674,071	13,868,166	(1,194,095)
Aggregate net pension liability	15,115,381	13,730,102	1,385,279
Total Non-Current Liabilities	\$ 129,857,985	\$ 96,205,164	\$ 33,652,822
Total Liabilities	\$ 138,254,571	\$ 105,705,048	\$ 32,549,523
DEFERRED INFLOWS OF RESOURCES:			
Unearned property taxes and assessments	\$ 1,116,667	\$ -	\$ 1,116,667
Deferred amounts related to leases	345,431	460,575	(115,144)
Deferred inflows of resources related to pensions	5,804,953	5,274,161	530,792
Total Deferred Inflows of Resources	\$ 7,267,051	\$ 5,734,736	\$ 1,532,315
NET POSITION:			
Profit/(Loss) from Operations	\$ 3,413,462	\$ 731,207	\$ 2,682,255
Restricted for investment in Palmdale Recycled Water Authority	2,234,414	2,206,782	27,632
Unrestricted	108,663,153	105,456,196	3,206,957
Total Net Position	\$ 114,311,029	\$ 108,394,185	\$ 5,916,844
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 259,832,650	\$ 219,833,969	\$ 39,998,681

BALANCE SHEET AS OF JUNE 30, 2024



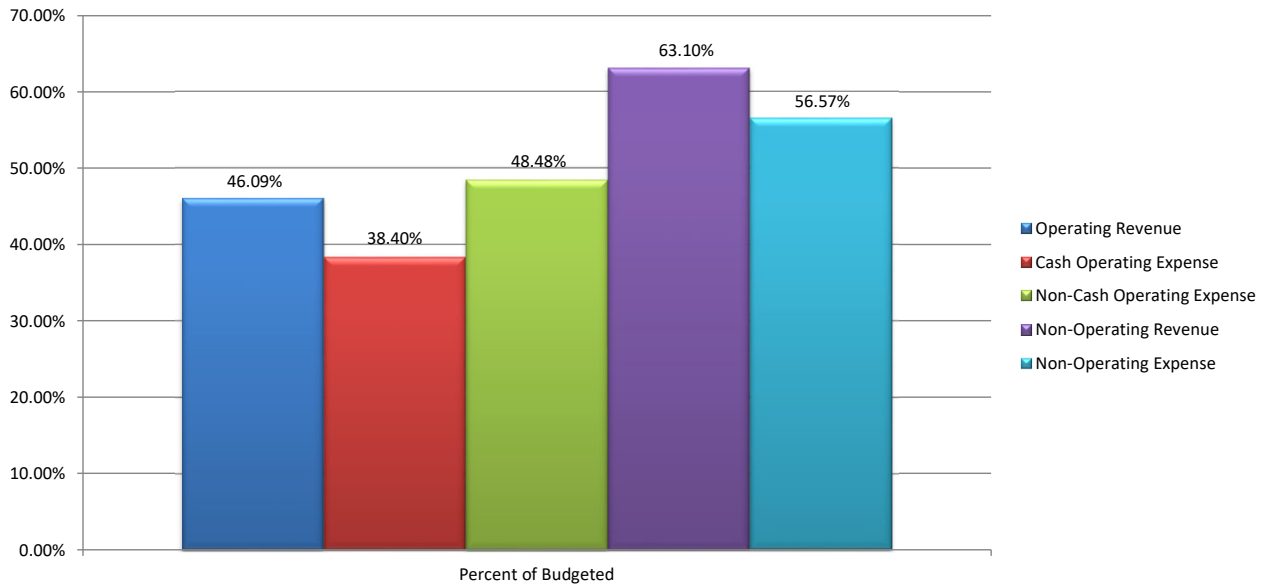
Palmdale Water District
Consolidated Profit and Loss Statement
For the Six Months Ending 6/30/2024

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:																
Wholesale Water	\$ 11,608	\$ -	\$ 13,672	\$ 5,031	\$ 1,253	\$ 11,773							\$ 43,337		\$ 400,000	10.83%
Water Sales	683,470	561,031	550,004	655,957	897,640	1,230,413							4,578,514		11,600,000	39.47%
Meter Fees	1,683,353	1,686,741	1,686,835	1,692,134	1,695,989	1,696,522							10,141,574		19,850,000	51.09%
Water Quality Fees	23,538	20,599	20,709	24,524	32,209	41,279							162,856		600,000	27.14%
Elevation Fees	19,094	15,933	15,958	20,180	29,456	39,322							139,943		350,000	39.98%
Other	98,472	115,419	81,945	134,070	84,513	90,054							604,473		1,200,000	50.37%
Drought Surcharge	-	-	-	-	-	-							-		-	
Total Operating Revenue	\$ 2,519,535	\$ 2,399,723	\$ 2,369,122	\$ 2,531,895	\$ 2,741,060	\$ 3,109,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,670,698	\$ -	\$ 34,000,000	46.09%
Cash Operating Expenses:																
Directors	\$ 8,491	\$ 13,239	\$ 12,444	\$ 13,238	\$ 16,767	\$ 14,622							\$ 78,802		\$ 194,500	40.52%
Administration-Services	204,089	173,504	174,970	173,750	191,371	173,419							1,091,104		2,818,875	38.71%
Administration-District	298,362	199,955	224,488	223,232	225,360	210,435							1,381,832		3,021,616	45.73%
Engineering	200,908	146,372	140,811	151,371	135,342	149,128							923,932		2,134,750	43.28%
Facilities	639,939	561,331	507,048	464,124	608,830	368,302							3,149,574		8,154,071	38.63%
Operations	543,909	334,864	216,048	260,731	356,728	304,548							2,016,827		4,341,785	46.45%
Finance	180,694	153,926	143,696	148,011	145,975	158,642							930,944		1,987,750	46.83%
Water Use Efficiency	25,116	24,322	23,570	24,396	24,108	22,193							143,706		326,800	43.97%
Human Resources	73,041	43,879	52,136	44,638	49,792	52,269							315,753		727,750	43.39%
Information Technology	238,010	239,623	136,535	126,135	124,443	106,660							971,406		2,056,747	47.23%
Customer Care	173,084	137,869	133,297	145,239	135,159	129,307							853,955		1,651,350	51.71%
Source of Supply-Purchased Water	38,345	29,102	(30,460)	12,815	439,220	14,275							503,297		2,780,000	18.10%
Plant Expenditures	380	16,130	-	-	2,674	10,477							29,661		400,000	7.42%
Sediment Removal Project	-	-	-	1,734	2,331	-							4,064		1,800,000	0.23%
GAC Filter Media Replacement	-	167,000	-	-	167,000	-							334,000		750,000	44.53%
Total Cash Operating Expenses	\$ 2,624,370	\$ 2,241,115	\$ 1,734,583	\$ 1,789,413	\$ 2,625,099	\$ 1,714,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,728,856	\$ -	\$ 33,145,994	38.40%
Net Cash Operating Profit/(Loss)	\$ (104,834)	\$ 158,609	\$ 634,539	\$ 742,481	\$ 115,960	\$ 1,395,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,941,841	\$ -	\$ 854,006	344.48%
Non-Cash Operating Expenses:																
Depreciation	\$ 476,801	\$ 467,880	\$ 467,295	\$ 467,060	\$ 466,967	\$ 466,967							\$ 2,812,971		\$ 5,600,000	50.23%
OPEB Accrual Expense	127,710	127,710	127,710	127,710	127,710	127,710							766,260		1,600,000	47.89%
Bad Debts	(637)	4,714	1,483	3,969	(670)	2,421							11,280		25,000	45.12%
Service Costs Construction	45,160	27,265	41,079	62,220	54,258	(7,949)							222,033		550,000	40.37%
Capitalized Construction	(116,481)	(65,894)	(112,239)	(134,151)	(133,485)	(62,570)							(624,819)		(1,200,000)	52.07%
Capital Contributions	-	-	-	-	-	-							-		-	
Total Non-Cash Operating Expenses	\$ 532,553	\$ 561,675	\$ 525,328	\$ 526,808	\$ 514,782	\$ 526,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,187,725	\$ -	\$ 6,575,000	48.48%
Net Operating Profit/(Loss)	\$ (637,387)	\$ (403,067)	\$ 109,211	\$ 215,674	\$ (398,821)	\$ 868,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (245,884)	\$ -	\$ (5,720,994)	4.30%
Non-Operating Revenues:																
Assessments (Debt Service)	\$ 480,740	\$ 480,740	\$ 480,740	\$ 480,740	\$ 480,740	\$ 536,640							\$ 2,940,340		\$ 7,000,000	42.00%
Assessments (1%)	641,942	235,927	235,927	247,566	235,927	837,565							2,434,853		3,450,000	70.58%
DWR Fixed Charge Recovery	-	-	-	237,515	33,278	-							270,793		300,000	90.26%
Interest	64,161	49,334	54,843	52,135	74,938	75,132							370,543		285,000	130.02%
CIF - Infrastructure	-	25,567	12,416	13,084	10,725	24,207							85,999		200,000	43.00%
CIF - Water Supply	-	15,966	-	8,981	-	15,296							40,243		350,000	11.50%
State Water Project - Table A Water Sale	-	-	-	-	-	-							-		-	
Grants - State and Federal	-	-	-	371,863	819,915	-							1,191,779		1,100,000	108.34%
Other	589,689	5,215	54,145	15,265	9,890	11,625							685,829		25,000	2743.31%
Total Non-Operating Revenues	\$ 1,776,532	\$ 812,749	\$ 838,071	\$ 1,427,149	\$ 1,665,413	\$ 1,500,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,020,379	\$ -	\$ 12,710,000	63.10%
Non-Operating Expenses:																
Interest on Long-Term Debt	\$ 227,095	\$ 227,095	\$ 227,095	\$ 288,413	\$ 288,413	\$ 288,413							\$ 1,546,524		\$ 2,743,231	56.38%
Deferred Charges-Cost of Issuance	-	-	-	260,951	5,950	25,909							292,810		-	
Amortization of SWP	415,440	415,441	415,442	415,443	415,444	415,445							2,492,654		4,838,220	51.52%
Change in Investments in PRWA	161	-	1,208	7,544	161	-							9,075		25,000	36.30%
Water Conservation Programs	338	747	2,890	5,412	5,493	3,371							18,249		100,000	18.25%
Total Non-Operating Expenses	\$ 643,033	\$ 643,282	\$ 646,634	\$ 977,764	\$ 715,462	\$ 733,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,359,313	\$ -	\$ 7,706,451	56.57%
Net Earnings	\$ 496,112	\$ (233,599)	\$ 300,648	\$ 665,059	\$ 551,130	\$ 1,635,833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,415,182	\$ -	\$ (717,445)	-476.02%

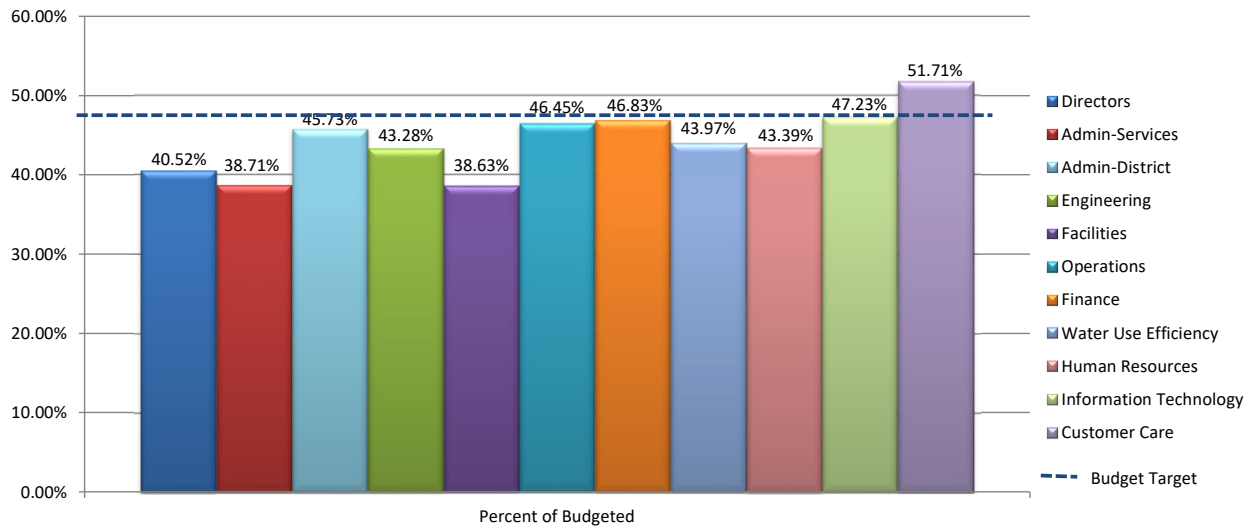
**Palmdale Water District
Profit and Loss Statement
Quarterly Comparison**

	<u>2nd Qtr 2023</u>	<u>2nd Qtr 2024</u>	<u>Change</u>	<u>% Change</u>
Operating Revenue:				
Wholesale Water	\$ 37,791	\$ 18,057	\$ (19,734)	-109.29%
Water Sales	2,375,083	2,784,009	408,927	14.69%
Meter Fees	4,597,328	5,084,646	487,318	9.58%
Water Quality Fees	121,478	98,011	(23,467)	-23.94%
Elevation Fees	73,685	88,958	15,273	17.17%
Other	301,102	308,636	7,534	2.44%
Drought Surcharge	(14)	-	14	
Total Operating Revenue	\$ 7,506,453	\$ 8,382,317	\$ 875,864	10.45%
Cash Operating Expenses:				
Directors	\$ 41,817	\$ 44,627	\$ 2,810	6.30%
Administration-Services	478,180	538,541	60,360	11.21%
Administration-District	811,727	659,026	(152,701)	-23.17%
Engineering	426,635	435,841	9,205	2.11%
Facilities	1,542,573	1,441,256	(101,317)	-7.03%
Operations	1,116,079	922,006	(194,073)	-21.05%
Finance	381,513	452,628	71,116	15.71%
Water Conservation	64,598	70,697	6,099	8.63%
Human Resources	136,678	146,698	10,021	6.83%
Information Technology	410,492	357,238	(53,255)	-14.91%
Customer Care	364,000	409,705	45,705	11.16%
Source of Supply-Purchased Water	1,208,989	466,310	(742,679)	-159.27%
Plant Expenditures	58,919	13,151	(45,768)	-348.01%
Sediment Removal Project	26,882	4,064	(22,818)	-561.40%
GAC Filter Media Replacement	-	167,000	167,000	100.00%
Total Cash Operating Expenses	\$ 7,069,083	\$ 6,128,789	\$ (940,294)	-15.34%
Non-Cash Operating Expenses:				
Depreciation	\$ 1,348,146	\$ 1,400,995	\$ 52,849	3.77%
OPEB Accrual Expense	383,130	383,130	-	0.00%
Bad Debts	1,584	5,720	4,136	72.31%
Service Costs Construction	175,239	108,529	(66,710)	-61.47%
Capitalized Construction	(327,723)	(330,205)	(2,482)	0.75%
Capital Contributions	-	-	-	
Total Non-Cash Operating Expenses	\$ 1,580,377	\$ 1,568,169	\$ (12,208)	-0.78%
Net Operating Profit/(Loss)	\$ (1,143,007)	\$ 685,359	\$ 1,828,366	266.77%
Non-Operating Revenues:				
Assessments (Debt Service)	\$ 1,442,220	\$ 1,498,120	\$ 55,900	3.73%
Assessments (1%)	1,288,738	1,321,057	32,320	2.45%
DWR Fixed Charge Recovery	240,314	270,793	30,479	11.26%
Interest	138,023	202,205	64,182	31.74%
CIF - Infrastructure	126,277	48,016	(78,261)	-162.99%
CIF - Water Supply	30,927	24,277	(6,650)	-27.39%
State Water Project - Table A Water Sale	-	-	-	
Grants - State and Federal	32,506	1,191,779	1,159,273	97.27%
Other	39,750	36,779	(2,971)	-8.08%
Total Non-Operating Revenues	\$ 3,338,754	\$ 4,593,026	\$ 1,254,272	27.31%
Non-Operating Expenses:				
Interest on Long-Term Debt	\$ 498,225	\$ 865,240	\$ 367,016	42.42%
Deferred Charges-Cost of Issuance	-	292,810		
Amortization of SWP	1,123,161	1,246,332	123,170	9.88%
Change in Investments in PRWA	294	7,706	7,412	96.19%
Water Conservation Programs	20,320	14,275	(6,045)	-42.35%
Total Non-Operating Expenses	\$ 1,642,000	\$ 2,426,363	\$ 491,553	20.26%
Net Earnings	\$ 553,747	\$ 2,852,022	\$ 2,591,085	90.85%

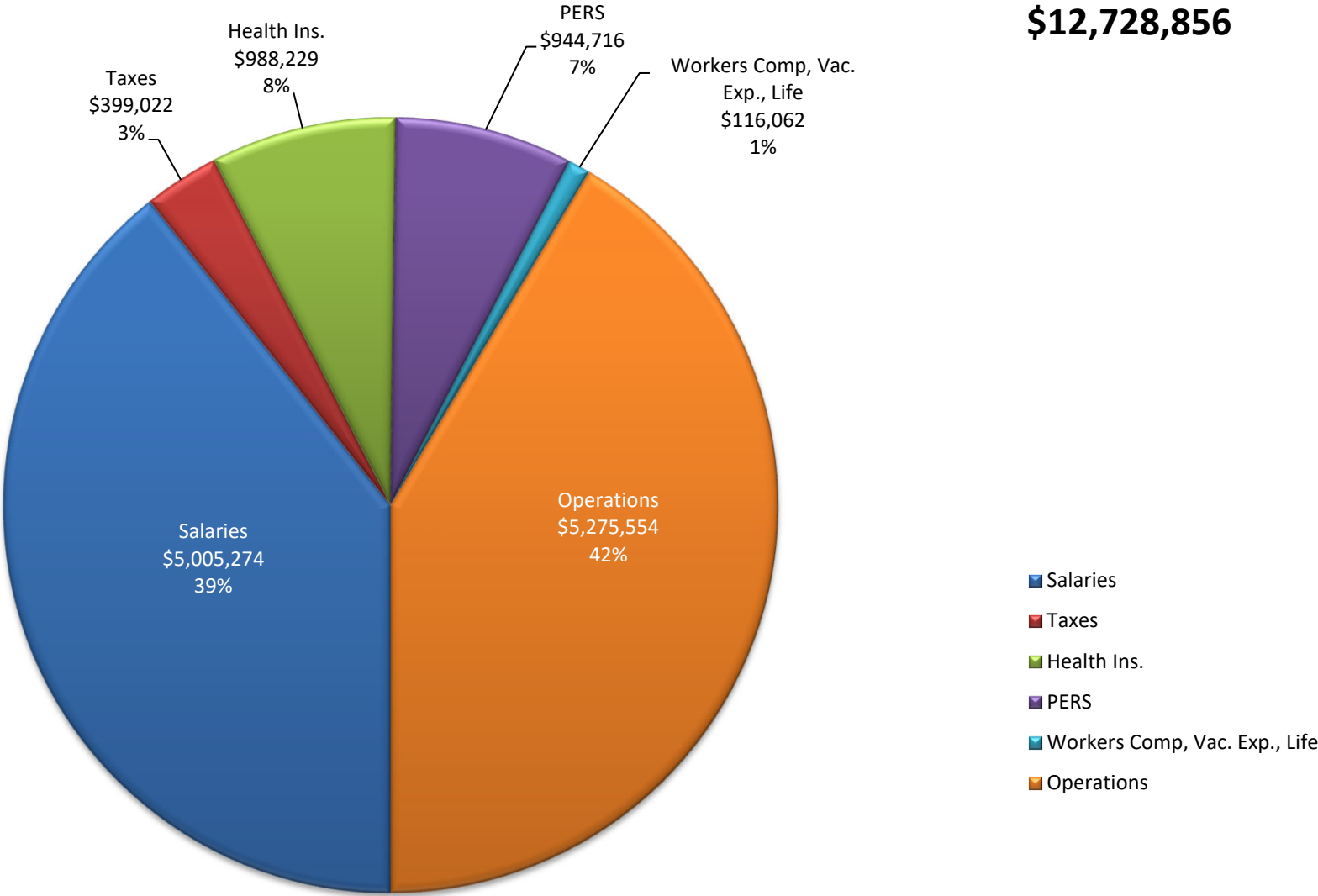
P & L BUDGET vs. ACTUAL



DEPARTMENTAL - BUDGET vs. ACTUAL



Personnel to Operations Exp
YTD 06/30/2024
\$12,728,856



Palmdale Water District
2024 Directors Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ -	\$ -	\$ -	\$ -	-
Employee Benefits					
1-01-4005-000 Payroll Taxes	3,719	9,500		5,781	39.15%
1-01-4010-000 Health Insurance - Directors	13,728	30,000		16,272	45.76%
Subtotal (Benefits)	17,447	39,500	-	22,053	44.17%
Total Personnel Expenses	\$ 17,447	\$ 39,500	\$ -	\$ 22,053	44.17%
OPERATING EXPENSES:					
1-01-xxxx-006 Director Share - Dizmang, Gloria	\$ 220				
1-01-xxxx-008 Director Share - Mac Laren, Kathy	\$ 10,277				
1-01-xxxx-010 Director Share - Dino, Vincent	\$ 13,820				
1-01-xxxx-012 Director Share - Wilson, Don	\$ 12,919				
1-01-xxxx-014 Director Share - Kellerman, Scott	\$ 11,403				
1-01-xxxx-015 Director Share - Sanchez, Cynthia	\$ 12,714				
Subtotal Operating Expenses	61,354	155,000	-	93,646	39.58%
Total O & M Expenses	\$ 78,802	\$ 194,500	\$ -	\$ 115,698	40.52%

Palmdale Water District
2024 Administration Services Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 684,766	\$ 1,859,500		\$ 1,174,734	36.83%
1-02-4000-100 Overtime	2,161	5,000		2,839	43.22%
Subtotal (Salaries)	\$ 686,927	\$ 1,864,500	\$ -	\$ 1,177,573	36.84%
Employee Benefits					
1-02-4005-000 Payroll Taxes	56,712	144,750		88,038	39.18%
1-02-4010-000 Health Insurance	98,140	202,250		104,110	48.52%
1-02-4015-000 PERS	64,388	193,000		128,612	33.36%
Subtotal (Benefits)	\$ 219,240	\$ 540,000	\$ -	\$ 320,760	40.60%
Total Personnel Expenses	\$ 906,167	\$ 2,404,500	\$ -	\$ 1,498,333	37.69%
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	\$ 7,939	\$ 18,500	\$ -	\$ 10,561	42.91%
1-02-4050-100 General Manager Travel	2,775	5,500		2,725	50.45%
1-02-4060-000 Staff Conferences & Seminars	1,690	7,500		5,810	22.54%
1-02-4060-100 General Manager Conferences & Seminars	1,050	4,000		2,950	26.26%
1-02-4130-000 Bank Charges	106,444	204,875		98,431	51.96%
1-02-4150-000 Accounting Services	10,500	35,000		24,500	30.00%
1-02-4175-000 Permits	1,700	10,000		8,300	17.00%
1-02-4180-000 Postage	4,795	15,500		10,705	30.94%
1-02-4190-100 Public Relations - Publications	25,030	32,500		7,470	77.02%
1-02-4190-700 Public Affairs - Marketing/Outreach	11,330	40,000		28,670	28.32%
1-02-4190-710 Public Affairs -Advertising	350	4,000		3,650	8.75%
1-02-4190-720 Public Affairs - Equipment	-	1,000		1,000	0.00%
1-02-4190-730 Public Affairs -Conference/Seminar/Travel	675	4,000		3,325	16.88%
1-02-4190-740 Public Affairs - Consultants	-	2,000		2,000	0.00%
1-02-4190-750 Public Affairs - Membership	362	1,500		1,138	24.13%
1-02-4200-000 Advertising	399	1,000		601	39.88%
1-02-4205-000 Office Supplies	9,898	27,500		17,602	35.99%
Subtotal Operating Expenses	\$ 184,937	\$ 414,375	\$ -	\$ 229,438	44.63%
Total Departmental Expenses	\$ 1,091,104	\$ 2,818,875	\$ -	\$ 1,727,772	38.71%

Palmdale Water District
2024 Administration District Wide Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-5070-001 On-Call	\$ 38,722	\$ 90,000		\$ 51,278	43.02%
Subtotal (Salaries)	\$ 38,722	\$ 90,000	\$ -	\$ 51,278	43.02%
Employee Benefits					
1-02-5070-002 PERS-Unfunded Liability	462,189	1,039,041		576,852	44.48%
1-02-5070-003 Workers Compensation	45,350	230,000		184,650	19.72%
1-02-5070-004 Vacation Benefit Expense	67,589	95,000		27,412	71.15%
1-02-5070-005 Life Insurance	3,124	7,000		3,876	44.62%
Subtotal (Benefits)	\$ 578,251	\$ 1,371,041	\$ -	\$ 792,790	42.18%
Total Personnel Expenses	\$ 616,972	\$ 1,461,041	\$ -	\$ 844,069	42.23%
OPERATING EXPENSES:					
1-02-5070-006 Other Operating	8,209	\$ 55,000		46,791	14.93%
1-02-5070-007 Consultants	285,737	500,000		214,263	57.15%
1-02-5070-008 Insurance	193,735	500,000		306,265	38.75%
1-02-5070-009 Groundwater Adjudication - Legal	777	25,000		24,223	3.11%
1-02-5070-010 Legal Services	98,237	175,000		76,763	56.14%
1-02-5070-011 Memberships/Subscriptions	81,641	158,000		76,359	51.67%
1-02-5070-014 Groundwater Adjudication - Assessment	70,287	47,575		(22,712)	147.74%
1-02-5070-099 100th Anniversary - Littlerock Dam	26,236	100,000		73,764	26.24%
Subtotal Operating Expenses	\$ 764,859	\$ 1,560,575	\$ -	\$ 795,716	49.01%
Total Departmental Expenses	\$ 1,381,832	\$ 3,021,616	\$ -	\$ 1,639,784	45.73%

Palmdale Water District
2024 Engineering Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 657,191	1,561,000.00	\$ -	\$ 903,809	42.10%
1-03-4000-100 Overtime	3,097	16,000.00		12,903	19.36%
Subtotal (Salaries)	\$ 660,288	\$ 1,577,000	\$ -	\$ 916,712	41.87%
Employee Benefits					
1-03-4005-000 Payroll Taxes	54,338	119,750.00		65,412	45.38%
1-03-4010-000 Health Insurance	143,208	249,000.00		105,792	57.51%
1-03-4015-000 PERS	63,330	156,500.00		93,170	40.47%
Subtotal (Benefits)	\$ 260,875	\$ 525,250	\$ -	\$ 264,375	49.67%
Total Personnel Expenses	\$ 921,163	\$ 2,102,250	\$ -	\$ 1,181,087	43.82%
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ 85	\$ 4,000		3,916	2.11%
1-03-4060-000 Staff Conferences & Seminars	75	10,000		9,925	0.75%
1-03-4155-000 Contracted Services	-	3,000		3,000	0.00%
1-03-4165-000 Memberships/Subscriptions	2,381	7,000		4,619	34.01%
1-03-4250-000 General Materials & Supplies	228	7,500		7,272	3.04%
1-03-4250-100 Supplies - Plotter Paper/Toner	-	1,000		1,000	0.00%
Subtotal Operating Expenses	\$ 2,768	\$ 32,500	\$ -	\$ 29,732	8.52%
Total Departmental Expenses	\$ 923,932	\$ 2,134,750	\$ -	\$ 1,210,818	43.28%

Palmdale Water District
2024 Facilities Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-04-4000-000 Salaries	\$ 1,042,119	\$ 2,649,000		\$ 1,606,881	39.34%
1-04-4000-100 Overtime	72,313	150,000		77,687	48.21%
Subtotal (Salaries)	\$ 1,114,431	\$ 2,799,000	\$ -	\$ 1,684,569	39.82%
Employee Benefits					
1-04-4005-000 Payroll Taxes	88,242	213,000		124,758	41.43%
1-04-4010-000 Health Insurance	245,727	558,000		312,273	44.04%
1-04-4015-000 PERS	96,394	227,000		130,606	42.46%
Subtotal (Benefits)	\$ 430,364	\$ 998,000	\$ -	\$ 567,636	43.12%
Total Personnel Expenses	\$ 1,544,795	\$ 3,797,000	\$ -	\$ 2,252,205	40.68%
OPERATING EXPENSES:					
1-04-4050-000 Staff Travel	\$ 1,374	\$ 5,000		\$ 3,626	27.47%
1-04-4060-000 Staff Conferences & Seminars	5,218	7,500		2,282	69.57%
1-04-4155-000 Contracted Services	128,578	272,614		144,036	47.16%
1-04-4175-000 Permits-Dams	40,845	70,000		29,155	58.35%
1-04-4215-100 Natural Gas - Wells & Boosters	85,945	500,000		414,055	17.19%
1-04-4215-200 Natural Gas - Buildings	5,517	15,500		9,983	35.60%
1-04-4220-100 Electricity - Wells & Boosters	779,198	2,000,000		1,220,802	38.96%
1-04-4220-200 Electricity - Buildings	27,133	106,815		79,682	25.40%
1-04-4225-000 Maint. & Repair - Vehicles	20,692	38,000		17,308	54.45%
1-04-4230-100 Maint. & Rep. Office Building	4,312	12,500		8,188	34.50%
1-04-4230-200 Maint. & Rep. Two Way Radios	361	1,500		1,139	24.06%
1-04-4235-110 Maint. & Rep. Equipment	1,744	10,000		8,256	17.44%
1-04-4235-400 Maint. & Rep. Operations - Wells	37,328	105,000		67,672	35.55%
1-04-4235-405 Maint. & Rep. Operations - Boosters	25,205	85,000		59,795	29.65%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	4,749	5,000		251	94.97%
1-04-4235-415 Maint. & Rep. Operations - Facilities	11,087	50,000		38,913	22.17%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	136,418	300,000		163,582	45.47%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	7,969	24,842		16,873	32.08%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	-	8,500		8,500	0.00%
1-04-4235-440 Maint. & Rep. Operations - Large Meters	-	3,265		3,265	0.00%
1-04-4235-450 Maint. & Rep. Operations - Hypo Generators	-	10,000		10,000	0.00%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	17,253	47,500		30,247	36.32%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	1,838	10,000		8,162	18.38%
1-04-4235-461 Maint. & Rep. Operations - Air Vac	1,794	5,750		3,956	31.20%
1-04-4235-470 Maint. & Rep. Operations - Meters Exchanges	10,283	35,000		24,717	29.38%
1-04-4300-100 Testing - Regulatory Compliance	-	12,500		12,500	0.00%
1-04-4300-200 Testing - Large Meters	1,470	14,000		12,530	10.50%
1-04-4300-300 Testing - Edison Testing	12,300	11,437		(863)	107.55%
1-04-6000-000 Waste Disposal	11,850	17,500		5,650	67.71%
1-04-6100-100 Fuel and Lube - Vehicle	69,116	212,097		142,981	32.59%
1-04-6100-200 Fuel and Lube - Machinery	13,767	28,000		14,233	49.17%
1-04-6200-000 Uniforms	11,392	34,000		22,608	33.51%
1-04-6300-100 Supplies - General	23,424	58,000		34,576	40.39%
1-04-6300-300 Supplies - Electrical	-	2,500		2,500	0.00%
1-04-6300-800 Supplies - Construction Materials	14,967	27,750		12,783	53.94%
1-04-6400-000 Tools	14,795	38,000		23,205	38.94%
1-04-7000-100 Leases -Equipment	6,301	12,000		5,699	52.51%
1-04-7000-200 Leases -Vehicles	70,556	160,000		89,444	44.10%
Subtotal Operating Expenses	\$ 1,604,779	\$ 4,357,070	\$ -	\$ 2,752,291	36.83%
Total Departmental Expenses	\$ 3,149,574	\$ 8,154,070	\$ -	\$ 5,004,496	38.63%

Palmdale Water District
2024 Operation Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 701,368	\$ 1,371,500		\$ 670,132	51.14%
1-05-4000-100 Overtime	47,969	100,000		52,031	47.97%
Subtotal (Salaries)	\$ 749,337	\$ 1,471,500	\$ -	\$ 722,163	50.92%
Employee Benefits					
1-05-4005-000 Payroll Taxes	59,341	119,500		60,159	49.66%
1-05-4010-000 Health Insurance	124,359	228,000		103,641	54.54%
1-05-4015-000 PERS	69,998	149,000		79,002	46.98%
Subtotal (Benefits)	\$ 253,698	\$ 496,500	\$ -	\$ 242,802	51.10%
Total Personnel Expenses	\$ 1,003,035	\$ 1,968,000	\$ -	\$ 964,965	50.97%
OPERATING EXPENSES:					
1-05-4050-000 Staff Travel	\$ -	\$ 3,300		\$ 3,300	0.00%
1-05-4060-000 Staff Conferences & Seminars	550	3,300		2,750	16.67%
1-05-4155-000 Contracted Services	10,410	82,158		71,748	12.67%
1-05-4175-000 Permits	103,064	105,000		1,936	98.16%
1-05-4215-200 Natural Gas - WTP	599	3,000		2,401	19.97%
1-05-4220-200 Electricity - WTP	163,226	425,000		261,774	38.41%
1-05-4230-110 Maint. & Rep. - Office Equipment	1,241	5,800		4,559	21.40%
1-05-4235-110 Maint. & Rep. Operations - Equipment	17,051	40,000		22,949	42.63%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	-	7,000		7,000	0.00%
1-05-4235-415 Maint. & Rep. Operations - Facilities	23,134	82,000		58,866	28.21%
1-05-4236-000 Palmdale Lake Management	25,797	200,000		174,203	12.90%
1-05-6000-000 Waste Disposal	1,583	50,000		48,417	3.17%
1-05-6200-000 Uniforms	5,901	15,595		9,694	37.84%
1-05-6300-100 Supplies - Misc.	5,574	30,000		24,426	18.58%
1-05-6300-600 Supplies - Lab	30,279	82,931		52,652	36.51%
1-05-6300-700 Outside Lab Work	35,135	82,303		47,168	42.69%
1-05-6400-000 Tools	586	6,398		5,812	9.16%
1-05-6500-000 Chemicals	589,661	1,150,000		560,339	51.27%
Subtotal Operating Expenses	\$ 1,013,792	\$ 2,373,785	\$ -	\$ 1,359,993	42.71%
Total Departmental Expenses	\$ 2,016,827	\$ 4,341,785	\$ -	\$ 2,324,958	46.45%

Palmdale Water District
2024 Finance Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 476,675	\$ 1,120,000		\$ 643,325	42.56%
1-06-4000-100 Overtime	1,246	6,000		4,754	20.77%
Subtotal (Salaries)	\$ 477,921	\$ 1,126,000	\$ -	\$ 648,079	42.44%
Employee Benefits					
1-06-4005-000 Payroll Taxes	39,495	85,250		45,755	46.33%
1-06-4010-000 Health Insurance	114,381	211,000		96,619	54.21%
1-06-4015-000 PERS	56,934	122,250		65,316	46.57%
Subtotal (Benefits)	\$ 210,809	\$ 418,500	\$ -	\$ 207,691	50.37%
Total Personnel Expenses	\$ 688,731	\$ 1,544,500	\$ -	\$ 855,769	44.59%
OPERATING EXPENSES:					
1-06-4050-000 Staff Travel	\$ 1,525	\$ 3,000		\$ 1,475	50.84%
1-06-4060-000 Staff Conferences & Seminars	894	2,500		1,606	35.76%
1-06-4155-000 Contracted Services	13,000	21,250		8,250	61.18%
1-06-4155-100 Contracted Services - Infosend	162,024	325,000		162,976	49.85%
1-06-4165-000 Memberships/Subscriptions	288	500		212	57.65%
1-06-4250-000 General Material & Supplies	-	1,500		1,500	0.00%
1-06-4260-000 Business Forms	1,000	1,500		500	66.67%
1-06-4270-100 Telecommunication - Office	47,861	65,000		17,139	73.63%
1-06-4270-200 Telecommunication - Cellular Stipend	14,355	20,000		5,645	71.78%
1-06-7000-100 Leases - Equipment	1,266	3,000		1,734	42.19%
Subtotal Operating Expenses	\$ 242,213	\$ 443,250	\$ -	\$ 201,037	54.64%
Total Departmental Expenses	\$ 930,944	\$ 1,987,750	\$ -	\$ 1,056,806	46.83%

Palmdale Water District
2024 Water Use Efficiency Budget
For the Six Months Ending Sunday, June 30, 2024

YTD ACTUAL	ORIGINAL BUDGET	ADJUSTMENTS	ADJUSTED BUDGET	PERCENT
2024	2024	2024	REMAINING	USED

Personnel Budget:

1-07-4000-000 Salaries	\$ 94,287	\$ 205,250	\$ 110,963	45.94%
1-07-4000-100 Overtime	1,162	10,500	9,338	11.07%
Subtotal (Salaries)	\$ 95,449	\$ 215,750	\$ 120,301	44.24%

Employee Benefits

1-07-4005-000 Payroll Taxes	8,154	16,750	8,596	48.68%
1-07-4010-000 Health Insurance	21,007	44,250	23,243	47.47%
1-07-4015-000 PERS	12,399	25,750	13,351	48.15%
Subtotal (Benefits)	\$ 41,560	\$ 86,750	\$ 45,190	47.91%

Total Personnel Expenses

\$ 137,009	\$ 302,500	\$ -	\$ 165,491	45.29%
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OPERATING EXPENSES:

1-07-4050-000 Staff Travel	\$ 192	\$ 2,000	\$ 1,808	9.61%
1-07-4060-000 Staff Conferences & Seminar	920	1,500	580	61.33%
1-07-4190-300 Public Relations - Landscape Workshop/Training	241	6,000	5,759	4.02%
1-07-4190-400 Public Relations - Contests	-	1,000	1,000	0.00%
1-07-4190-500 Public Relations - Education Programs	704	4,000	3,296	17.60%
1-07-4190-900 Public Relations - Other	120	800	680	15.00%
1-07-6300-100 Supplies - Misc.	4,519	9,000	4,481	50.21%
Subtotal Operating Expenses	\$ 6,697	\$ 24,300	\$ 17,603	27.56%

Total Departmental Expenses

\$ 143,706	\$ 326,800	\$ -	\$ 183,094	43.97%
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Palmdale Water District
2024 Human Resources Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 176,397	\$ 380,000		\$ 203,603	46.42%
1-08-4000-100 Salaries - Overtime	375	5,250		4,875	7.14%
1-08-4000-200 Salaries - Intern Program	-	54,000		54,000	0.00%
Subtotal (Salaries)	\$ 176,771	\$ 439,250	\$ -	\$ 262,479	40.24%
Employee Benefits					
1-08-4005-000 Payroll Taxes	14,905	34,500		19,595	43.20%
1-08-4010-000 Health Insurance	34,828	56,500		21,672	61.64%
1-08-4015-000 PERS	16,697	34,250		17,553	48.75%
Subtotal (Benefits)	\$ 66,431	\$ 125,250	\$ -	\$ 58,819	53.04%
Total Personnel Expenses	\$ 243,202	\$ 564,500	\$ -	\$ 321,298	43.08%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ 624	\$ 1,500		\$ 876	41.61%
1-08-4060-000 Staff Conferences & Seminars	179	5,000		4,821	3.58%
1-08-4070-000 Employee Expense	38,622	80,000		41,378	48.28%
1-08-4095-000 Employee Recruitment	4,021	10,000		5,979	40.21%
1-08-4100-000 Employee Retention	845	3,000		2,155	28.17%
1-08-4120-100 Training-Safety	9,624	16,000		6,376	60.15%
1-08-4120-200 Training-Speciality	-	10,000		10,000	0.00%
1-08-4121-000 Safety Program	-	1,000		1,000	0.00%
1-08-4165-000 Membership/Subscriptions	645	1,250		605	51.62%
1-08-4165-100 HR/Safety Publications	45	1,000		955	4.49%
1-08-6300-500 Supplies - Safety	17,946	34,500		16,554	52.02%
Subtotal Operating Expenses	\$ 72,551	\$ 163,250	\$ -	\$ 90,699	44.44%
Total Departmental Expenses	\$ 315,753	\$ 727,750	\$ -	\$ 411,997	43.39%

Palmdale Water District
2024 Information Technology Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 344,634	\$ 740,000	\$ -	\$ 395,366	46.57%
1-09-4000-100 Overtime	4,925	10,000		5,075	49.25%
Subtotal (Salaries)	\$ 349,559	\$ 750,000	\$ -	\$ 400,441	46.61%
Employee Benefits					
1-09-4005-000 Payroll Taxes	28,753	62,000		33,247	46.38%
1-09-4010-000 Health Insurance	59,591	110,000		50,409	54.17%
1-09-4015-000 PERS	41,574	95,000		53,426	43.76%
Subtotal (Benefits)	\$ 129,919	\$ 267,000	\$ -	\$ 137,081	48.66%
Total Personnel Expenses	\$ 479,478	\$ 1,017,000	\$ -	\$ 537,522	47.15%
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ 38	\$ 3,000		\$ 2,962	1.28%
1-09-4060-000 Staff Conferences & Seminars	340	7,500		7,160	4.53%
1-09-4155-000 Contracted/Cloud Services	132,980	304,998		172,018	43.60%
1-09-4165-000 Memberships/Subscriptions	396	2,500		2,104	15.86%
1-09-4235-445 Maint & Repair - Telemetry	1,399	3,500		2,101	39.98%
1-09-4270-000 Telecommunications	63,019	150,000		86,981	42.01%
1-09-6300-400 Supplies - Telemetry	78	5,000		4,922	1.56%
1-09-7000-100 Leases - Equipment	32,216	56,500		24,284	57.02%
1-09-8000-100 Computer Equipment - Computers	5,041	45,500		40,459	11.08%
1-09-8000-200 Computer Equipment - Laptops	22,096	45,000		22,904	49.10%
1-09-8000-300 Computer Equipment - Monitors	3,629	10,000		6,371	36.29%
1-09-8000-500 Computer Equipment - Toner Cartridges	3,211	2,500		(711)	
1-09-8000-550 Computer Equipment - Telephony	-	2,500		2,500	0.00%
1-09-8000-600 Computer Equipment - Other	14,306	17,500		3,194	81.75%
1-09-8000-650 Computer Equipment - Warranty & Support	10,420	17,500		7,080	59.54%
1-09-8100-100 Computer Software - Maint. and Support	186,363	266,250		79,887	70.00%
1-09-8100-150 Computer Software - Dynamics GP Support	5,982	60,000		54,018	9.97%
1-09-8100-200 Computer Software - Software and Upgrades	10,414	40,000		29,587	26.03%
Subtotal Operating Expenses	\$ 491,928	\$ 1,039,748	\$ -	\$ 547,820	47.31%
Total Departmental Expenses	\$ 971,406	\$ 2,056,748	\$ -	\$ 1,085,342	47.23%

Palmdale Water District
2024 Customer Care Budget
For the Six Months Ending Sunday, June 30, 2024

	YTD ACTUAL 2024	ORIGINAL BUDGET 2024	ADJUSTMENTS 2024	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-10-4000-000 Salaries	\$ 580,960	\$ 1,171,500		\$ 590,540	49.59%
1-10-4000-100 Overtime	13,554	7,000		(6,554)	193.62%
Subtotal (Salaries)	\$ 594,514	\$ 1,178,500	\$ -	\$ 583,986	50.45%
Employee Benefits					
1-10-4005-000 Payroll Taxes	45,362	90,250		44,888	50.26%
1-10-4010-000 Health Insurance	133,260	223,250		89,990	59.69%
1-10-4015-000 PERS	60,813	127,250		66,437	47.79%
Subtotal (Benefits)	\$ 239,435	\$ 440,750	\$ -	\$ 201,315	54.32%
Total Personnel Expenses	\$ 833,949	\$ 1,619,250	\$ -	\$ 785,301	51.50%
OPERATING EXPENSES:					
1-10-4050-000 Staff Travel	\$ -	\$ 2,000		\$ 2,000	0.00%
1-10-4060-000 Staff Conferences & Seminars	-	3,000		3,000	0.00%
1-10-4155-000 Contracted Services	19,097	21,100		2,003	90.51%
1-10-4250-000 General Material & Supplies	267	5,000		4,733	5.35%
1-10-4260-000 Business Forms	642	1,000		358	64.17%
Subtotal Operating Expenses	\$ 20,006	\$ 32,100	\$ -	\$ 12,094	62.32%
Total Departmental Expenses	\$ 853,955	\$ 1,651,350	\$ -	\$ 797,395	51.71%

[illegible]

Palmdale Water District

2024 Capital Projects - Contractual Commitments and Needs

Consulting and Engineering Support

Budget Year	Project	Project Title	Project Type	Contractor	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024 Total	2025 Carryover
2017	12-400	PRGRRP - CEQA, Permitting, Pre-Design, and Pilot Paid by General Fund	Water Supply	Kennedy/Jenks Kennedy/Jenks	1,627,000	05/12/2016	14,937 -	1,612,063 -	14,937 -													- -	
2020	20-405	Well Rehab Consulting Services		Kyle Groundwater	-		75,457	-	75,457													-	
2020	20-412	Aquisition of Wtr Svc to Alpine Springs Mobilehome Park			-		20,700	-	20,700													-	
2021	21-500	Alpine Springs Grant Funding			-		4,075	-	4,075													-	
2021	21-417	LRDR - Sediment Removal Phase 2	Expense	California Dept Fish & Game			49,585	-	49,585													-	
	21-417	LRDR - Sediment Removal Phase 2	Expense	Aspen Environment Group			171,696	-	171,696													-	
	21-417	LRDR - Sediment Removal Phase 2	Expense	U.S. Geological Survey			48,500	-	48,500													-	
	21-417	LRDR - Sediment Removal Phase 2	Expense	All Others			1,763,919	-	1,763,919													-	
	21-412	Intranet Website Design	Expense	Tripepi Smith	-		19,403	-	17,883		1,140			380								1,520	
2022	22-412	2022 Virtual Desktop	Expense	VM Sources Group, Inc			10,000	-	10,000													-	
2022	22-65x	Pure Water AV - General Expense					361,069	-	111,524		25,371	7,036	200,460	7,990	8,688							249,545	
	22-65x	Pure Water AV - (Bonds)		Stantec	3,000,000		3,843,278	(843,278)	2,815,966		455,981		55,683	389,547	126,100							1,027,311	
	22-650	Pure Water AV - Project Review (Bonds)		NWRI	112,950		64,248	48,702	42,362				21,887									21,887	
2023	23-412	Data Warehouse	Expense	Oxcyon, Inc	-		66,360	-	49,500	16,860												16,860	
2023	23-415	SCADA Analysis	Expense	SoCal SCADA Solutions	-		72,410	-	72,410													-	
Sub-Totals:					4,739,950		6,585,637	817,487	5,268,514	16,860	482,492	7,036	278,030	397,917	134,788	-	-	-	-	-	-	1,317,123	-

New and Replacement Equipment

Budget Year	Project	Project Title	Project Type	Contractor	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024 Total	2025 Carryover
2022	22-630	Boardroom Audio/Visual Rehab	Equipment				66,799	-	66,799													-	
2023	23-416	Replacement Wacker/Rammer	Expense				8,443	-	8,443													-	
2023	23-417	Repairs Littlerock Dam Access	Expense				94,188	-	91,895						2,294							2,294	
2023	23-607	Double sided Arrow Board (Qty. 2)	Equipment				12,628	-	12,628													-	
2023	23-609	Littlerock Dam Sump Pump Replacement	Equipment				3,994	-	3,994													-	
2023	23-700	Office Furniture Replacement (Ergonomics)	Equipment				105,368	-	103,054	1,166		1,148										2,314	
2023	23-701	Replacement Meter Reading Equipment (AMR)	Equipment				177,724	-	15,056				78,169	48,994	35,505							162,668	
Sub-Totals:							469,144	-	301,868	1,166	-	1,148	78,169	48,994	37,799	-	-	-	-	-	-	167,276	-

Water Quality Fee Funded Projects

Budget Year	Work Order	Project Title	Project Type	Vendor/Supplier	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024 Total	2025 Carryover
2023	23-401	GAC Replacements @ WTP	Water Quality	Calgon Carbon	-	07/09/2014	323,633	-	107,626	216,007												216,007	
2023	23-401	GAC Replacement @ Underground Booster Station	Water Quality	Evoqua	-	03/10/2017	-	-	-													-	
2024	24-401	GAC Replacements @ WTP	Water Quality	Calgon Carbon	-	07/09/2014	167,000	-	-				167,000									167,000	
Sub-Totals:					-		490,633	-	107,626	216,007	-	-	167,000	-	-	-	-	-	-	-	-	383,007	-

- = Projects that originated from 2013 WRB Funds
- = Project had additional funding paid out by the general fund to complete.
- = Project is now deemed complete with no further expense.
- = Projects paid by 2018 WRB Funds
- = Projects paid by 2021 WRB Funds

Project Summary (W/O GAC Included)									Totals	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024 Total
Total Approved Contracts to Date									8,217,028													
Total Payments on Approved Contracts to Date									15,872,803													
Total Contract Balance to Date									1,127,637													
Non-Operating Capital Expenditures (Paid)										458,674	951,273	48,658	440,023	1,237,144	639,961	-	-	-	-	-	-	3,775,732
Non-Operating Capital Expenditures (Projected)									-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funding Available Through Water Supply Fees									-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019 Funding Through Budgeted Non-Operating Capital Ex.									3,775,732	458,674	951,273	48,658	440,023	1,237,144	639,961	-	-	-	-	-	-	3,775,732

Water Revenue Bond - Series 2023A

Updated: July 10, 2024

Project	Project #	Description	Bond Allocation	Contractual Commitment	Payout to Date	Over/(Under)	Uncommitted Bond \$
		2023A WRB Issue - Construction Funds	\$ 13,520,000		\$ -	\$ -	\$ 13,520,000
3M-Power	20-610	3M Booster Station -Power Plan Design (P2S)	-	119,817	11,719	108,098	(11,719)
3M-Const	20-610	3M Booster Station Replacement Project (Metro Builders)	-	5,794,042	850,910	4,943,132	(850,910)
3M-Review	20-610	3M Booster Station Replacement Project (Hazen & Sawyer)	-	41,890	38,795	3,095	(38,795)
3M-Mgmt	20-610	3M Booster Station - Project Inspection (Ardurra Group)	-	345,818	-	345,818	-
W36-Design	20-622	Well 36 - Design & Construction (Hazen and Sawyer)	-	264,208	35,496	228,712	(35,496)
		Original Contract Amt: \$612,656, A1: \$34,180, A2: \$45,140, A3: \$27,265, A5: \$95,892					
W36-Equip	20-622	Well 36 - Equipping (Caliagua, Inc)	-	4,258,230	-	4,258,230	-
Q-Recycled	22-605	Avenue Q Recycled Water Pipeline (American Pipeline Svcs)	-	2,094,670	-	2,094,670	-
			-		-	-	
WRB		Bond Issuance Costs	327,759	327,759	327,759	-	
ISS		Issuance Funds	(13,329)	(13,329)	(13,329)		
Totals:			\$ 13,834,430	\$ 13,233,104	\$ 1,251,350	\$ 11,873,657	\$ 12,583,080
2021A Water Revenue Bonds - Unallocated Funds:				\$ 601,326			
2021A Water Revenue Bonds - Remaining Funds to payout:					\$ 12,583,080		

[illegible]

Water Revenue Bond - Series 2024A

Updated: July 10, 2024

Project	Project #	Description	Bond Allocation	Contractual Commitment	Payout to Date	Over/(Under)	Uncommitted Bond \$
		2024A WRB Issue - Construction Funds	\$ 22,000,000		\$ -	\$ -	\$ 22,000,000
PRWAP-MGMT	20-65x	Palmdale Regional Water Augmentation Program (Stantec)	-	2,038,690	515,647	1,523,043	(515,647)
PRWAP-Prop		Property Purchase - APN 3022-011-002 (Production Facility)	-	456,466	456,466	-	(456,466)
PWAV-Demo	20-656	Pure Water AV - Demonstration Facility (W.M. Lyles)	-	12,629,064	-	12,629,064	-
PWAV-MCC	20-656	Pure Water AV - Motor Control Center (Royal Industrial)	-	309,493	-	309,493	-
			-		-	-	
			-		-	-	
			-		-	-	
			-		-	-	
PWD		Design, Engineering and Other Preconstruction Costs	-	220,763	220,763	-	(220,763)
WRB		Bond Issuance Costs	260,951	260,951	260,951	-	
ISS		Issuance Funds	(15,261)	(15,261)	(15,261)		
Totals:			\$ 22,245,690	\$ 15,900,165	\$ 1,438,566	\$ 12,938,557	\$ 20,807,124
2021A Water Revenue Bonds - Unallocated Funds:				\$ 6,345,525			
2021A Water Revenue Bonds - Remaining Funds to payout:					\$ 20,807,124		

[illegible]



COMMITTEE MEMORANDUM

DATE: July 16, 2024
TO: FINANCE COMMITTEE
FROM: Mr. Dennis J. Hoffmeyer, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: *REPORTS. (FINANCE MANAGER HOFFMEYER)*

DISCUSSION:

Presented here are financial-related items for your review.

1. Accounts receivable overview:

- a. Shown below is the makeup of the various account types that have past due balances over 60 days with amounts greater than \$50.00. This includes their current outstanding balances as part of the total.

	Accounts	Outstanding	Over 90 Days
Remaining Accounts	4	\$15,784	\$350
Commercial/Industrial	12	\$9,540	\$435
Multi-Family Residential	6	\$7,037	\$31
Single Family Residential	872	\$259,700	\$13,677
SFR (May 2024)	751	\$213,821	\$14,140

- b. Staff continues working with customers and offering payment arrangements to encourage payment on outstanding balances. As of Jun 30, we have 15 arrangements. The total amount in arrangements is \$16,350.63 with \$11,673.65 already collected and \$4,676.98 outstanding. This month staff continued seeing more arrangements related to leak applications.

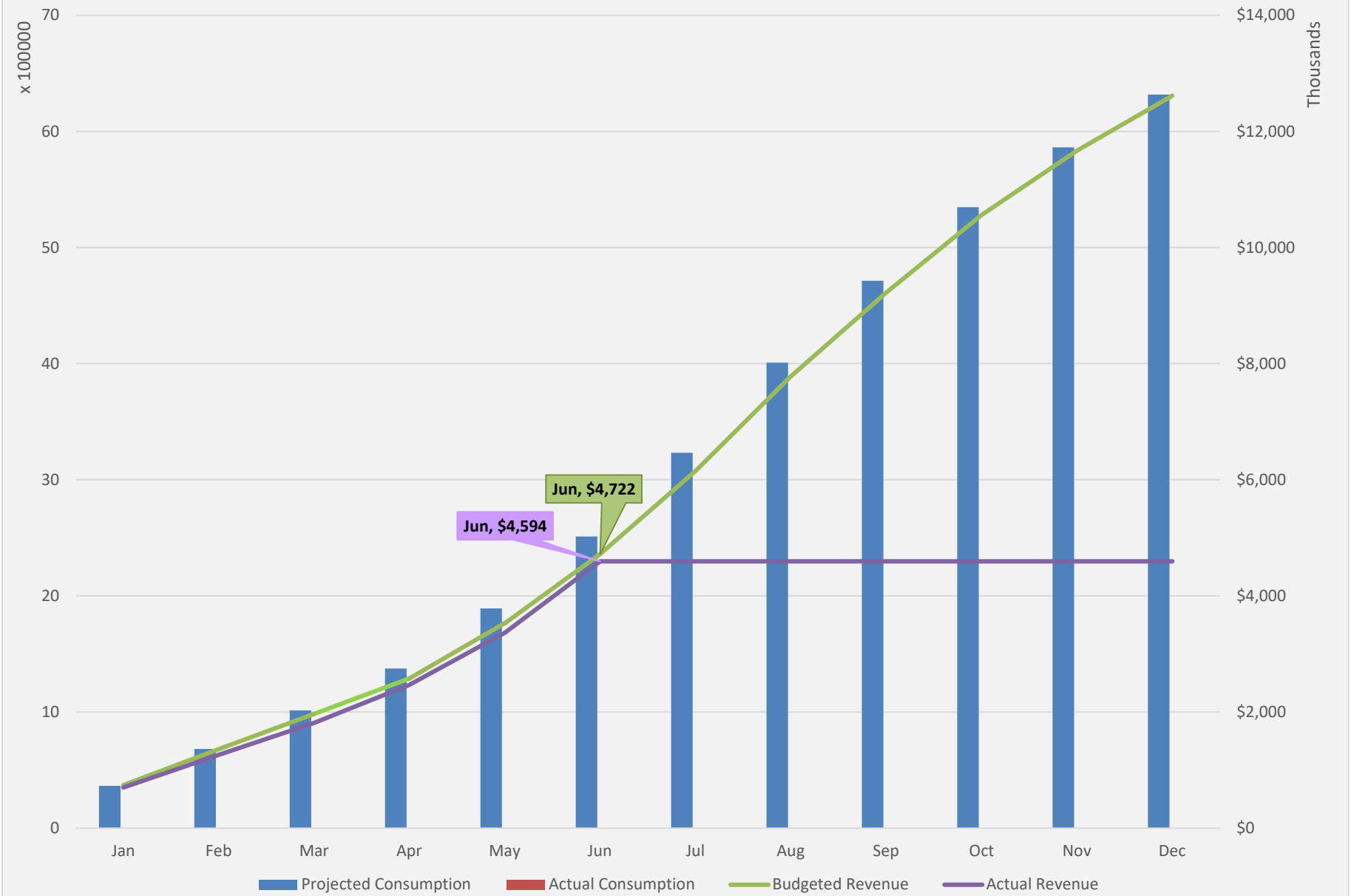
2. 2024 Revenue Projections (attachment):

- a. Based on selling 14,500 AF shown as of June 30, revenue is behind projections by approximately \$127,650.

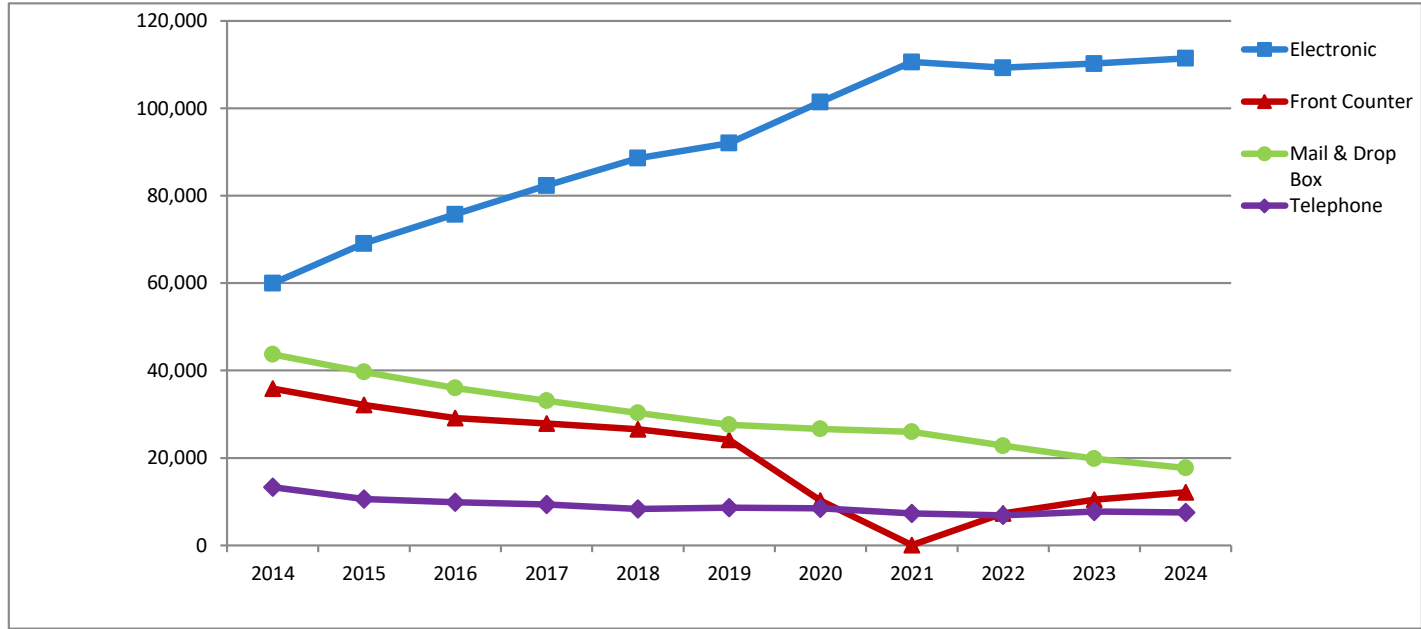
3. Payment transactions by type (attachment)

4. Billing and collection statistics (attachment)

2024 Revenue Projections Based on 14,500 AF



Payment Transaction By Types January - June



Payment Type	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Electronic	59,928	69,074	75,724	82,325	88,583	92,037	101,437	110,585	109,257	110,219	111,449
Front Counter	35,841	32,128	29,161	27,916	26,560	24,136	10,274	62	7,311	10,464	12,116
Mail & Drop Box	43,690	39,680	36,024	33,116	30,331	27,609	26,668	25,961	22,798	19,835	17,737
Telephone	13,324	10,642	9,842	9,361	8,324	8,634	8,495	7,327	6,860	7,753	7,548
Total	152,783	151,524	150,751	152,718	153,798	152,416	146,874	143,935	146,226	148,271	148,850

Electronic Payments Breakout	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
META - ACH Pymt	1,633	1,617	801	849	842	865	851	864	819	799	788
WES - ACH Pymt	493	488	497	521	508	462	462	386	380	366	356
INF - Website Pymts	36,779	38,452	41,039	44,351	47,806	51,135	57,073	62,825	64,761	68,253	71,400
IVR - Automated Pay	4,091	10,984	13,816	15,996	17,444	18,411	19,932	20,680	19,528	19,142	18,645
KIOSK - Automated Pay	0	0	547	457	1,284	696	359	0	77	108	162
PNM - Automated Pay	0	0	21	1,260	1,989	2,309	3,514	5,420	4,513	3,623	3,136
VAN - ACH Pymt	16,932	17,533	19,003	18,891	18,710	18,159	19,246	20,410	19,179	17,928	16,962
Total	59,928	69,074	75,724	82,325	88,583	92,037	101,437	110,585	109,257	110,219	111,449

**Palmdale Water District
Monthly Billing Statistics**

Month	Bills	LF Notice	Shut Notice	Off & Lock (M)	Based on Bills Issued			Based on Late Notices		Based on Shut Notice
	(A)	(B)	(C)	(D)	B / A	C / A	D / A	C / B	D / B	D / C
12/22/2018	26632	6485	2401	423	24.4%	9.0%	1.6%	37.0%	6.5%	17.62%
12/29/2019	26699	6565	2456	326	24.6%	9.2%	1.2%	37.4%	5.0%	13.27%
12/17/2020	26808	6038			22.5%					
12/2/2021	26893	6579			24.5%					
Restart Collections 2/16/22			322	227	O&L completed 3/1/22 to 3/22/2022.					
12/31/2022	26975	6504	2417	11	24.1%	9.0%	0.0%	37.2%	0.2%	0.46%
1/31/2023	26979	7251	2279	275	26.9%	8.4%	1.0%	31.4%	3.8%	12.07%
2/28/2023	26979	6417	2349	411	23.8%	8.7%	1.5%	36.6%	6.4%	17.50%
3/31/2023	26980	6388	2064	376	23.7%	7.7%	1.4%	32.3%	5.9%	18.22%
4/30/2023	26989	6157	2025	381	22.8%	7.5%	1.4%	32.9%	6.2%	18.81%
5/31/2023	26990	6597	2021	620	24.4%	7.5%	2.3%	30.6%	9.4%	30.68%
6/30/2023	26982	6225	2239	458	23.1%	8.3%	1.7%	36.0%	7.4%	20.46%
7/31/2023	27067	6879	2590	460	25.4%	9.6%	1.7%	37.7%	6.7%	17.76%
8/31/2023	27077	7118	2586	448	26.3%	9.6%	1.7%	36.3%	6.3%	17.32%
9/30/2023	27080	6826	2511	385	25.2%	9.3%	1.4%	36.8%	5.6%	15.33%
10/31/2023	27071	7160	2352	616	26.4%	8.7%	2.3%	32.8%	8.6%	26.19%
11/30/2023	27096	6018	2989	406	22.2%	11.0%	1.5%	49.7%	6.7%	13.58%
12/31/2023	27075	7832	2850	145	28.9%	10.5%	0.5%	36.4%	1.9%	5.09%
1/31/2024	27081	6993	2161	423	25.8%	8.0%	1.6%	30.9%	6.0%	19.57%
2/29/2024	27091	5650	1895	469	20.9%	7.0%	1.7%	33.5%	8.3%	24.75%
3/31/2024	27092	6569	2148	384	24.2%	7.9%	1.4%	32.7%	5.8%	17.88%
4/30/2024	27086	6536	2288	544	24.1%	8.4%	2.0%	35.0%	8.3%	23.78%
5/31/2024	27079	6657	259	537	24.6%	1.0%	2.0%	3.9%	8.1%	207.34%

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

	Audited 2021	Audited 2022	Audited 2023	May 2023 - Apr 2024	Jun 2023 - May 2024	Jul 2023 - Jun 2024
OPERATING REVENUES	30,361	31,320	34,573	32,605	32,817	33,143
Rate Stabilization Fund	(100)	(146)	(188)	(138)	(138)	(138)
	30,261	31,174	34,385	32,467	32,679	33,005
OPERATING EXPENSES						
Gross operating expenses	28,492	26,502	31,453	30,274	29,976	29,163
Overhead adjustment	281	2,057	(203)			
SWP Fixed operations and maint	(26)	(33)	(31)	(33)	(33)	(34)
Non-Cash Related OPEB Expense	(894)	(17)	(362)			
Capital portion included above						
TOTAL EXPENSES	27,853	28,509	30,856	30,241	29,942	29,129
NET OPERATING REVENUES	2,408	2,665	3,529	2,226	2,736	3,876
NON-OPERATING REVENUE						
Ad valorem property taxes	2,502	3,477	3,908	3,922	3,922	3,843
Interest income	121	138	267	395	408	430
Capital improvement fees	5,248	2,318	802	260	231	155
Other income	88	162	123	1,361	1,238	1,229
TOTAL NON-OPERATING INCOME	7,958	6,095	5,100	5,938	5,799	5,657
NET REV AVAILABLE FOR DEBT SERVICE	10,366	8,761	8,628	8,164	8,535	9,533
NET DEBT SERVICE						
2012 Issue - Bank of Nevada (Matured)	1,373	1,372	1,373	687	687	687
2013A Water Revenue Bond (Matured)	1,845	1,377	758	620	620	620
2018A Water Revenue Bond	569	819	821	816	816	816
2020 Private Placement	279	308	308	308	308	308
2020 Water Revenue Refunding Bond	160	554	553	552	552	552
2021 Water Revenue Bond		359	300	300	300	300
2021 Water Revenue Refunding Bond		368	368	367	367	367
2023 Water Revenue Bond				506	506	506
2024 Water Revenue Bond						
2017 Capital Lease	179	88				
2022 Capital Lease			527	527	527	527
TOTAL DEBT SERVICE	4,406	5,246	5,008	4,682	4,682	4,682
DEBT SERVICE COVERAGE	2.35	1.67	1.72	1.74	1.82	2.04
NET REV AVAILABLE AFTER D/S	5,960	3,515	3,621	3,482	3,853	4,851