

**A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

November 28, 2018 / 6:00 P.M.

AGENDA

This meeting may be viewed on the District's website at www.29palmswater.net

Next Resolution #18-16
Next Ordinance #98

Call to Order and Roll Call

Pledge of Allegiance

Additions/Deletions to the Agenda

Public Comments

Please complete a "Request to be Heard" form prior to the start of the meeting. The public may address the Board for 3 minutes on District-related matters. Government Code prohibits the Board from taking action on matters that are not on the agenda. However, the Board may refer matters for future consideration.

1. Presentation of Audit Report for Fiscal Year 2017/2018 by Eadie and Payne
2. Consideration to Approve Proposal from Kennedy Jenks Consultants to Perform a Condition Assessment of District's Water Pipelines and Storage Tanks
3. Consent Calendar

Matters under the Consent Calendar are to be considered routine and will be enacted in a single motion. There will be no separate discussion of these items unless the Board, staff or the public requests specific items be removed for separate discussion and action before the Board votes on the motion to adopt.

 - Minutes of the Regular Meeting held on October 24, 2018
 - Audit List
4. Items Removed from the Consent Calendar for Discussion or Separate Action
5. Management Reports
 - 5.1 Maintenance
 - 5.2 Water Quality
 - 5.3 Finance
 - 5.4 General Manager

6. Future Agenda Items and Staff Tasks/Directors' Comments and Reports

7. Adjournment

The Board reserves the right to discuss only or take action on any item on the agenda.

Notice of agenda was posted on or before 4:00 p.m., November 21, 2018.

Ray Kolisz, General Manager

Upon request, this Agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Cindy Fowlkes at (760) 367-7546 at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Directors; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at the District offices located at 72401 Hatch Road, Twentynine Palms, CA 92277. In addition, any such writing may also be posted on the District's website.

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TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
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TO:	BOARD OF DIRECTORS
DATE:	NOVEMBER 28, 2018
FROM:	PAUL KAYMARK, FINANCIAL CONSULTANT
SUBJECT:	PRESENTATION AND CONSIDERATION TO RECEIVE AND FILE THE TWENTYNINE PALMS WATER DISTRICT'S FISCAL YEAR 2017/18 AUDITED FINANCIAL STATEMENTS

BACKGROUND AND DISCUSSION

The Fiscal Year 2017/18 District's audit consists of five parts, which are provided as attachments:

- Independent Auditor's Report: An audit report cover letter from Eadie+Payne outlining the auditor's professional responsibilities, accounting basis, and opinion on whether the financial statements comply with Generally Accepted Accounting Practices
- Auditor Report on Internal Controls: A report identifying and disclosing any material weaknesses or significant deficiencies in internal controls.
- Management's Discussion and Analysis: This section summarizes the financial statements and explains any major changes from the prior fiscal year to the current fiscal year.
- Twentynine Palms Water District Financial Statements: A depiction of the agency's governmental and enterprise activities and each major fund for FY 2017/18
- Notes to the Basic Financial Statements: The footnotes provide information in greater detail on the District's financial policies, accounting, retirement plan, and other financial matters.

In preparation for and during the audit, the District staff and independent CPA jointly prepared materials and worked directly with the auditing team. In addition to a review of these documents, the audit team performed several days of fieldwork at the District office to complete the audit process.

DISTRICT'S FY 2017/18 AUDITED FINANCIAL STATEMENTS

The auditor found the District's financial reporting to be in compliance with Generally Accepted Accounting Principles, and as such, issued an Unqualified Opinion, the highest level opinion an entity can receive. Additionally, the Report on Internal Controls noted that the District had no significant deficiencies or material weaknesses in internal

controls. Further, the auditor noted no transactions that were both significant and unusual, and no misstatements were identified during the audit.

RECOMMENDATION

Staff recommends the Board receive and file Twentynine Palms Water District's FY 2017/18 audited financial statements at this Board meeting.



Twentynine Palms Water District

Twentynine Palms, California

Annual Financial Report

For the Fiscal Year Ended June 30, 2018

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FINANCIAL SECTION

DRAFT NOT FOR
DISTRIBUTION

Independent Auditor's Report

To the Board of Directors
Twentynine Palms Water District
Twentynine Palms, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Twentynine Palms Water District (District) as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 1 to the financial statements, during fiscal year ending June 30, 2018, the City adopted new accounting guidance, GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the schedules related to the District's pension and other post-employment benefit plans on pages 51 through 53, respectively, are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018, 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.

November 2, 2018
Riverside, California

DRAFT NOT FOR DISTRIBUTION 11-19-18

**TWENTYNINE PALMS WATER DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED June 30, 2018**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Twentynine Palms Water District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position decreased 1.41%, or \$409,150 from \$29,096,422 to \$28,687,272, as a result of a decrease in net position of \$155,853 from this year's operations and the implementation for GASB 75 of \$253,297.
- Total revenues from all sources increased by 4.59%, or \$231,756 from \$5,048,323 to \$5,280,079, from the prior year, primarily due to a decrease in total governmental-type revenues of \$160,396 and an increase in business-type revenues of \$392,152. Also, noted is that the District's governmental activities (fire protection funds) were reorganized to the San Bernardino County Fire Protection District on July 1 2017; therefore, those operations have been discontinued.
- Total expenses for the District's operations decreased by 5.99% or \$346,543 from \$5,435,932 to \$5,782,475, from the prior year, primarily due to a decrease in total governmental-type expenses of \$460,929 and an increase in business-type expenses of \$114,386.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. These two statements report the District's *net position* and changes in them. Think of the District's net position- the difference between assets and liabilities- as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the District's property tax base to assess the *overall health* of the District.

**TWENTYNINE PALMS WATER DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED June 30, 2018**

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension and OPEB activities.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$28,687,272 as of June 30, 2018.

**TWENTYNINE PALMS WATER DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED June 30, 2018**

Statements of Net Position

	Condensed Statements of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Assets:						
Current assets	\$ 39,965	\$ 160,346	\$ 8,023,965	\$ 7,559,690	\$ 8,063,930	\$ 7,720,036
Restricted assets	1,331,803	1,098,489	-	-	1,331,803	1,098,489
Capital assets, net	-	-	22,671,036	23,105,770	22,671,036	23,105,770
Total assets	1,371,768	1,258,835	30,695,001	30,665,460	32,066,769	31,924,295
DEFERRED OUFLOWS OF RESOURCES	402,869	456,807	954,678	535,879	1,357,547	992,686
LIABILITIES						
Current liabilities	20,683	72,000	728,939	533,519	749,622	605,519
Long-term obligations	320,883	240,014	2,931,363	2,435,955	3,252,246	2,675,969
Total liabilities	341,566	312,014	3,660,302	2,969,474	4,001,868	3,281,488
DEFERRED INFLOWS OF RESOURCES	293,402	359,234	441,774	179,837	735,176	539,071
NET POSITION						
Investment in capital assets	-	-	22,671,036	23,105,770	22,671,036	23,105,770
Restricted	1,351,085	1,186,835	-	-	1,351,085	1,186,835
Unrestricted (Deficit)	(211,416)	(142,441)	4,876,567	4,946,258	4,665,151	4,803,817
Total net position	\$ 1,139,669	\$ 1,044,394	\$ 27,547,603	\$ 28,052,028	\$ 28,687,272	\$ 29,096,422

At June 30, 2018, the District shows a positive balance in its unrestricted net position of \$4,665,151 that may be utilized in future years.

TWENTYNINE PALMS WATER DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED June 30, 2018

Statements of Activities

	Condensed Statements of Activities					
	Governmental Activities		Business-Type Activities		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
REVENUES						
Program revenues	\$ -	\$ -	\$ 4,762,405	\$ 4,382,826	\$ 4,762,405	\$ 4,382,826
General revenues	258,999	419,395	258,675	246,102	517,674	665,497
Total revenues	<u>258,999</u>	<u>419,395</u>	<u>5,021,080</u>	<u>4,628,928</u>	<u>5,280,079</u>	<u>5,048,323</u>
Expenses						
Fire protection	71,039	64,660	-	-	71,039	64,660
Water operations	-	-	5,272,208	5,157,822	5,272,208	5,157,822
Total expenses	<u>71,039</u>	<u>64,660</u>	<u>5,272,208</u>	<u>5,157,822</u>	<u>5,343,247</u>	<u>5,222,482</u>
SPECIAL ITEMS:						
Transfers of Fire Operation to San Bernardino County Fire District	(92,685)	(559,993)	-	-	(92,685)	(559,993)
Change in net position	<u>95,275</u>	<u>(205,258)</u>	<u>(251,128)</u>	<u>(528,894)</u>	<u>(155,853)</u>	<u>(734,152)</u>
NET POSITION:						
Beginning of year, as previously reported	1,044,394	1,249,652	28,052,028	28,580,922	29,096,422	29,830,574
Less: Prior-period adjustment	-	-	(253,297)	-	(253,297)	-
End of year	<u>\$ 1,139,669</u>	<u>\$ 1,044,394</u>	<u>\$ 27,547,603</u>	<u>\$ 28,052,028</u>	<u>\$ 28,687,272</u>	<u>\$ 29,096,422</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position decreased by \$155,853 during the fiscal year ended June 30, 2018. Additionally, the net position was decreased by a prior-period adjustment related to the OPEB liability in the amount of \$253,297.

**TWENTYNINE PALMS WATER DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED June 30, 2018**

Governmental Revenues

	Balance June 30, 2018	Balance June 30, 2017	Change
Governmental revenues:			
Penalties on delinquent payments	\$ 56,218	\$ -	\$ 56,218
Other revenues	111,771	99,525	12,246
Intergovernmental	31,000	-	31,000
Investment earnings	20,010	29,870	(9,860)
Gain on sale of assets	-	250,000	(250,000)
Transfers in	40,000	40,000	-
Total governmental revenues	\$ 258,999	\$ 419,395	\$ (160,396)

Governmental revenues decreased by \$160,396 for the fiscal year ended June 30, 2018. The District's governmental activities (fire protection funds) were reorganized to the San Bernardino County Fire Protection District on July 1, 2017; therefore, those operations have been discontinued and the ongoing revenues associated with this activity have been transferred to the San Bernardino County Fire District.

Business-Type Revenues

	Balance June 30, 2018	Balance June 30, 2017	Change
Business-type revenues:			
Water consumption sales	\$ 2,813,193	\$ 2,622,789	\$ 190,404
Water service charges	1,194,615	1,030,621	163,994
Water availability charge	620,558	606,779	13,779
Other service charges	134,039	122,637	11,402
Rental revenue	121,055	123,332	(2,277)
Investment earnings	72,263	31,676	40,587
Gain on sale of assets	10,401	52,875	(42,474)
Other non-operating revenue	94,956	78,219	16,737
Transfer out	(40,000)	(40,000)	-
Total business-type revenues	\$ 5,021,080	\$ 4,628,928	\$ 392,152

Business-type revenues increased \$392,152 for the fiscal year ended June 30, 2018. Therefore an increase in water consumption revenue of \$190,404 was noted for the year ended June 30, 2018.

**TWENTYNINE PALMS WATER DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED June 30, 2018**

Expenses

Governmental Expenses

	<u>Balance</u> <u>June 30, 2018</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Change</u>
Governmental expenses:			
Salaries and benefits	\$ 71,039	\$ 64,660	\$ 6,379
Materials and services	-	615	(615)
Transfer to San Bernardino	92,685	70,499	22,186
Loss on disposal of assets	-	488,879	(488,879)
Total expenses	<u>\$ 163,724</u>	<u>\$ 624,653</u>	<u>\$ (460,929)</u>

Governmental expenses decreased \$460,929 for the fiscal year ended June 30, 2018. The District's governmental activities (fire protection funds) were reorganized to the San Bernardino County Fire Protection District on July 1, 2017; therefore, those operations have been discontinued.

Business-Type Expenses

	<u>Balance</u> <u>June 30, 2018</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Change</u>
Business-type expenses:			
Source of supply	\$ 305,440	\$ 353,306	\$ (47,866)
Pumping	210,914	263,913	(52,999)
Transmission and distribution	1,065,225	869,682	195,543
Customer accounts	257,463	214,751	42,712
General plant	682,359	559,518	122,841
General and administrative	1,363,875	1,507,277	(143,402)
Depreciation expense	1,386,932	1,389,378	(2,446)
Total expenses	<u>\$ 5,272,208</u>	<u>\$ 5,157,825</u>	<u>\$ 114,383</u>

Business-type expenses increased \$114,383 for the fiscal year ended June 30, 2018.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

**TWENTYNINE PALMS WATER DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED June 30, 2018**

Governmental Funds:

As of June 30, 2018, the District reported a total fund balance of \$1,351,085. This fund balance is restricted for future payments towards the District exiting its CalPERS Safety Pension Plan program.

Proprietary Funds:

As of June 30, 2018, the District reported a net position of \$27,547,603. An amount of \$4,876,567 constitutes the District's *unrestricted net position* balance which is available for future operations.

Capital Asset Administration

Changes in capital assets for the year were as follows:

	<u>Balance June 30, 2018</u>	<u>Balance June 30, 2017</u>
Non-depreciable capital assets	\$ 950,036	\$ 223,431
Depreciable capital assets	<u>47,597,900</u>	<u>47,481,753</u>
Total capital assets	48,547,936	47,705,184
Accumulated depreciation	<u>(25,876,900)</u>	<u>(24,599,414)</u>
Total capital assets, net	<u>\$ 22,671,036</u>	<u>\$ 23,105,770</u>

At June 30, 2018, the District's net investment in capital assets amounted to \$22,671,036 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, transmission and distribution system and water equipment and construction-in-process. Major capital asset additions during the year include various improvements and equipment purchases totaling \$999,266. See Note 5 for further information on the District's capital assets.

Contacting the District's Financial Management Team

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District at the Twentynine Palms Water District, 72401 Hatch Road Twentynine Palms, California 92277 or (760) 367-7546.

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COMPARISON OF FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 2018

Financial Statements

As of the 2018, the Board of Directors has approved a new set of financial statements for the year ended 2018. The new financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and are presented in the following table.

Financial Statements

The financial statements for the year ended 2018 are presented in the following table. The financial statements are presented in the following table.

Financial Statements

Financial Statements

Financial Statements

Financial Statements

BASIC FINANCIAL STATEMENTS

Financial Statements

The financial statements for the year ended 2018 are presented in the following table. The financial statements are presented in the following table.

Financial Statements

The financial statements for the year ended 2018 are presented in the following table. The financial statements are presented in the following table.

DRAFT NOT FOR DISTRIBUTION 11-9-18

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DRAFT FOR REVIEW
DISTRIBUTION ONLY

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF NET POSITION
 June 30, 2018

<u>ASSETS</u>	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current assets:			
Cash and investments (Note 2)	\$ 16,181	\$ 6,943,727	\$ 6,959,908
Accrued interest receivable	-	20,123	20,123
Accounts receivable, net (Note 3)	-	797,483	797,483
Special assessments receivable	23,784	12,997	36,781
Materials and supplies inventory	-	171,880	171,880
Prepaid items	-	77,755	77,755
Total current assets	39,965	8,023,965	8,063,930
Non-current assets:			
Restricted – cash and investments (Note 2)	1,331,803	-	1,331,803
Capital assets – not being depreciated (Note 5)	-	950,036	950,036
Capital assets – being depreciated, net (Note 5)	-	21,721,000	21,721,000
Total non-current assets	1,331,803	22,671,036	24,002,839
Total assets	1,371,768	30,695,001	32,066,769
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Other post-employment benefits obligation related (Note 7)	-	148,908	148,908
Pension related (Note 8)	402,869	805,770	1,208,639
Total deferred outflows of resources	402,869	954,678	1,357,547
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued expenses	20,683	254,391	275,074
Accrued salaries and benefits	-	41,907	41,907
Unearned revenues and deposits	-	383,776	383,776
Long-term liabilities – due within one year:			
Compensated absences (Note 6)	-	48,865	48,865
Total current liabilities	20,683	728,939	749,622
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (Note 6)	-	32,577	32,577
Net other post-employment benefits obligation (Note 7)	-	601,426	601,426
Net pension liability (Note 8)	320,883	2,297,360	2,618,243
Total non-current liabilities	320,883	2,931,363	3,252,246
Total liabilities	341,566	3,660,302	4,001,868
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Other post-employment benefits obligation related (Note 7)	-	167,160	167,160
Pension related (Note 8)	293,402	274,614	568,016
Total deferred inflows of resources	293,402	441,774	735,176
 <u>NET POSITION</u>			
Investment in capital assets	-	22,671,036	22,671,036
Restricted for pension liability (Note 9)	1,351,085	-	1,351,085
Unrestricted (Deficit) (Note 10)	(211,416)	4,876,567	4,665,151
Total net position	\$ 1,139,669	\$ 27,547,603	\$ 28,687,272

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

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital and Operating Grants
Primary government:			
Governmental activities:			
Fire protection	\$ 71,039	\$ 87,218	\$ -
Total governmental activities	<u>71,039</u>	<u>87,218</u>	<u>-</u>
Business-type activities:			
Water Operations	5,272,208	4,762,405	-
Total business-type activities	<u>5,272,208</u>	<u>4,762,405</u>	<u>-</u>
Total primary government	<u>\$ 5,343,247</u>	<u>\$ 4,849,623</u>	<u>\$ -</u>

DRAFT
DISTRIBUTION

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

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
Fire protection	\$ 16,179	\$ -	\$ 16,179
Total governmental activities	<u>16,179</u>	<u>-</u>	<u>16,179</u>
Business-type activities:			
Water Operations	-	(509,803)	(509,803)
Total business-type activities	<u>-</u>	<u>(509,803)</u>	<u>(509,803)</u>
Total primary government	<u>16,179</u>	<u>(509,803)</u>	<u>(493,624)</u>
General revenues:			
Rental revenue	-	121,055	121,055
Investment earnings	20,010	72,263	92,273
Gain on sale of capital assets	-	10,401	10,401
Other revenue	111,771	94,956	206,727
Transfers (Note 11)	40,000	(40,000)	-
Total general revenues and transfers	<u>171,781</u>	<u>258,675</u>	<u>430,456</u>
Special Item: (Note 14)			
Transfer of fire revenues to San Bernardino County Fire District	(92,685)	-	(92,685)
Total special items	<u>(92,685)</u>	<u>-</u>	<u>(92,685)</u>
Change in net position	95,275	(251,128)	(155,853)
Net Position:			
Beginning of year, as previously reported	1,044,394	28,052,028	29,096,422
Less: Prior-period adjustment in net OPEB liability (Note 15)	-	(253,297)	(253,297)
Beginning of year	<u>1,044,394</u>	<u>27,798,731</u>	<u>28,843,125</u>
End of year	<u>\$ 1,139,669</u>	<u>\$ 27,547,603</u>	<u>\$ 28,687,272</u>

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

FUND FINANCIAL STATEMENTS

DRAFT FOR PUBLIC COMMENT
DISTRIBUTION 1/19/19

TWENTYNINE PALMS WATER DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Fire Protection Fund	Special Revenue Fire Explorers Fund	Total Governmental Funds
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents	\$ 14,780	\$ 1,401	\$ 16,181
Restricted – cash and investments	1,331,803	-	1,331,803
Special assessments receivable	23,784	-	23,784
Total assets	\$ 1,370,367	\$ 1,401	\$ 1,371,768
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	19,282	1,401	20,683
Total liabilities	19,282	1,401	20,683
Fund Balance:			
Restricted for pension liability (Note 9)	1,351,085	-	1,351,085
Total fund balance	1,351,085	-	1,351,085
Total liabilities and fund balance	\$ 1,370,367	\$ 1,401	\$ 1,371,768

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

**TWENTYNINE PALMS WATER DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2018

Total Fund Balance – Total Governmental funds	<u>\$ 1,351,085</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	402,869
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the statement of net position as follows:	
Net pension liability	(320,883)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(293,402)</u>
Total adjustments	<u>(211,416)</u>
Net Position – Governmental Activities	<u><u>\$ 1,139,669</u></u>

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

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2018

	Fire Protection Fund	Special Revenue Fire Explorers Fund	Total Governmental Funds
Revenues:			
Investment earnings	\$ 20,010	\$ -	\$ 20,010
Intergovernmental revenue	31,000	-	31,000
Penalties on delinquent payments	56,218	-	56,218
Other revenues	111,771	-	111,771
Total revenues	218,999	-	218,999
Expenditures:			
Fire protection			
Staff and payroll benefits	2,064	-	2,064
Total expenditures	2,064	-	2,064
Revenues over (under) expenditures	216,935	-	216,935
Other financing sources/(uses):			
Transfers in/(out) (Note 11)	40,000	-	40,000
Total other financing sources/(uses)	40,000	-	40,000
Special Item:			
Transfer of fire revenues to San Bernardino County Fire District	(92,685)	-	(92,685)
Total special item	(92,685)	-	(92,685)
Net change in fund balances	164,250	-	164,250
Fund Balances:			
Beginning of year	1,186,835	-	1,186,835
End of year	\$ 1,351,085	\$ -	\$ 1,351,085

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

**TWENTYNINE PALMS WATER DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
 STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2018

Net Change in Fund Balance - Total Governmental funds	<u>\$ 164,250</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:</p>	
Net change in net pension liability and related deferred resources	<u>(68,975)</u>
Total adjustments	<u>(68,975)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 95,275</u></u>

DRAFT
DISTRIBUTION ONLY

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 2018

PROPRIETARY FUND FINANCIAL STATEMENTS

DRAFT NOT FOR DISTRIBUTION 11-9-18

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (ENTERPRISE)
June 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and investments	\$ 6,943,727
Accrued interest receivable	20,123
Accounts receivable – water sales and services, net	797,483
Special assessments receivable	12,997
Materials and supplies inventory	171,880
Prepaid items	77,755
Total current assets	<u>8,023,965</u>
Non-current assets:	
Capital assets – not being depreciated	950,036
Capital assets – being depreciated, net	21,721,000
Total non-current assets	<u>22,671,036</u>
Total assets	<u>30,695,001</u>
Deferred outflows of resources:	
Other post-employment benefits obligation related	148,908
Pension related	805,770
Total deferred outflows of resources	<u>954,678</u>
Total assets and deferred outflows of resources	<u>\$ 31,649,679</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities:	
Accounts payable and accrued expenses	\$ 254,391
Accrued salaries and related payables	41,907
Unearned revenue and deposits	383,776
Long-term liabilities – due within one year:	
Compensated absences	48,865
Total current liabilities	<u>728,939</u>
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences	32,577
Net other post-employment benefits obligation	601,426
Net pension liability	2,297,360
Total non-current liabilities	<u>2,931,363</u>
Total liabilities	<u>3,660,302</u>
Deferred inflows of resources:	
Other post-employment benefits obligation related	167,160
Pension related	274,614
Total deferred inflows of resources	<u>441,774</u>
Net position:	
Investment in capital assets	22,671,036
Unrestricted	4,876,567
Total net position	<u>27,547,603</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 31,649,679</u>

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

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS (ENTERPRISE)
For the Year Ended June 30, 2018

Operating revenues:

Water consumption sales	\$ 2,813,193
Water service charges	1,194,615
Water availability charge	620,558
Other service charges	134,039
Total operating revenues	<u>4,762,405</u>

Operating expenses:

Source of supply	305,440
Pumping	210,914
Transmission and distribution	1,065,225
Customer accounts	257,463
General Plant	682,359
General and administrative	1,363,875
Total operating expenses	<u>3,885,276</u>

Operating income before depreciation	877,129
Depreciation expense	(1,386,932)
Operating (loss)	<u>(509,803)</u>

Non-operating revenues (expenses):

Rental revenue	121,055
Investment earnings	72,263
Gain on sale of assets	10,401
Other non-operating revenue	94,956
Transfers in/(out) (Note 11)	(40,000)
Total non-operating revenues, net	<u>258,675</u>

Change in net position	(251,128)
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Net position

Beginning of year, as previously reported	28,052,028
Less: Prior-period adjustment in net OPEB liability (Note 15)	(253,297)
Beginning of year, as restated	<u>27,798,731</u>
End of year	<u>\$ 27,547,603</u>

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

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (ENTERPRISE)
For the Year Ended June 30, 2018

Cash flows from operating activities:

Cash receipts from customers and others	\$ 4,532,932
Cash paid to employees for salaries and wages	(3,374,412)
Cash paid to vendors and suppliers for materials and services	188,605
Net cash provided by operating activities	<u>1,347,125</u>

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	(952,199)
Proceeds from sale of assets	10,401
Transfers in/(out)	(40,000)
Net cash (used in) capital and related financing activities	<u>(981,798)</u>

Cash flows from investing activities:

Proceeds from investment earnings	60,008
Net cash provided by investing activities	<u>60,008</u>
Net increase in cash and investments	<u>425,335</u>

Cash and investments:

Beginning of year	6,518,392
End of year	<u>\$ 6,943,727</u>

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

TWENTYNINE PALMS WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS (ENTERPRISE)
For the Year Ended June 30, 2018

Reconciliation of operating (loss) to net cash provided by operating activities:

Operating (loss)	\$ (509,803)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Deprecation expense	1,386,932
Rental revenue	121,055
Other non-operating revenue	94,956
Changes in assets – (increase) decrease:	
Accounts receivable-water sales and services, net	(38,483)
Special assessments receivable	26,017
Materials and supplies inventory	(17,213)
Prepaid items	2,994
Change in deferred outflows of resources – (increase) decrease:	
Pension related deferred outflows of resources	(418,799)
Changes in liabilities – increase (decrease):	
Accounts payable and accrued expenses	168,322
Accrued salaries and related payables	(1,126)
Unearned revenue and deposits	20,283
Compensated absences	13,236
Net other post-employment benefits obligation	(112,652)
Net pension liability	349,469
Change in deferred inflows of resources – increase (decrease):	
Pension related deferred inflows of resources	261,937
Total adjustments	1,856,928
Net cash provided by operating activities	\$ 1,347,125

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

NOTES TO THE FINANCIAL STATEMENTS

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Twentynine Palms Water District (District) was formed in 1954 under the County Water District Law, Division 12 of the Water Code of the State of California, for the purpose of supplying potable water and for other statutory purposes, including fire protection. The District is governed by a five-member Board of Directors whose members are elected by the registered voters in the District to staggered four-year terms.

On July 1, 2017, the District reorganized its fire protection services to the San Bernardino County Fire Protection District per the San Bernardino County LAFCO decision on February 17, 2017. Therefore, no budgetary-to-actual activity has presented for the governmental funds in the Required Supplementary Information Section.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of U.S. GAAP. 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 for a component that has substantively the same governing body as the District's governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The Twentynine Palms Water District Financing Corporation (Corporation) has a financial and operational relationship which meets the reporting entity definition criteria under U.S. GAAP, for inclusion of the Corporation as a component unit of the District. The Corporation is governed by a five-member board appointed by the District board. Although it is legally separated from the District, the Corporation is reported as a blended component unit of the primary government because its sole purpose is to provide financing assistance to the District for construction and acquisition of major capital facilities. The Corporation is inactive as the District has no outstanding debt issues.

Basis of Accounting and Measurement Focus

The District's financial statements are prepared in conformity with U.S. GAAP. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The government-wide and proprietary fund 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 the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Government-Wide Financial Statements (Continued)

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of inter-fund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

In accordance with U.S. GAAP, 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.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

The primary revenue sources susceptible to accrual are property taxes, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

The District reports the following major governmental funds:

Fire Protection Fund accounts for all financial resources of the District's fire activities.

Special Revenue Fund – Explorers Fund accounts for the donations received from a third-party not-for-profit organization that supports the District's Fire Explorer program.

Proprietary Funds

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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

The District reports the following major proprietary fund:

Water Operations Fund- accounts for the funds received and expended for the District's water utility.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Investments

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

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Accounts Receivable and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

Special Assessments Receivable

The District contracts with the County of San Bernardino Tax Collector to collect the District's special assessments on the annual tax-roll billings. The County of San Bernardino Tax Collector remits the receipts from these collections to the District throughout the year.

Materials and Supplies Inventory

Inventories consist of expendable supplies and are valued at the lower of cost or market using first-in first-out basis.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

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

Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets is equipment used at the District. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the fire fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset Class Useful Lives</u>	<u>Asset Class Useful Lives</u>
Buildings and structures	20 - 50 years
Improvements	20 - 70 years
Pumping and treatment equipment	10 - 25 years
Office equipment	3 - 10 years
Other equipment	3 - 20 years
Vehicles	5 years

Construction in progress includes all capitalized costs for expenditures directly incurred to bring a fixed asset to a useable condition. These capitalize costs will be recorded to capital assets when the asset is operational. At that time, the costs will be depreciated or amortized over the respective fixed asset's useful life.

Compensated Absences

Employees are entitled to accumulate vacation leave. The total accumulated vacation time shall not exceed that amount earned by the employee in two years, not to exceed a maximum of 24 days per year, 48 days in a two year period. The employee will be required to accept compensation in lieu of vacation for the vacation time accrued in excess of the maximum in January of each year. Upon termination of employment for any reason, the District shall compensate the employee for his/her accumulated vacation time at his/her straight time rate of pay at the time of termination. In accordance with generally accepted accounting principles, the liability is reflected on the balance sheet and the current year allocation has been expensed.

Sick leave with pay will be granted to each employee at the rate of (1) day per month. Accumulated sick leave will not be paid to employees upon termination of employment. In December of each year, as long as a water department employee has accrued in excess of 5 days sick leave, he/she may choose to either be paid for any sick leave in excess of the 5 days or leave it to accumulate. Employees who do not utilize unused sick leave accrued in excess of 5 days between December 1st and November 30th each year, may be reimbursed at the rate of 100 percent if they have been employed during the entire period. Fire department employees have the same option to be reimbursed for excess accrued sick leave; however, they can only be reimbursed for accruals in excess of 12 days. This payment shall be included in the December payroll. In accordance with generally accepted accounting principles, the liability is reflected on the balance sheet and the current year allocation has been expensed.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

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

Postemployment benefits Other Than Pensions (OPEB)

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), which establishes new accounting and financial reporting requirements for OPEB improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and GASB 57. The Agency adopted GASB 75 beginning in the fiscal year ended June 30, 2018. Under GASB 75, 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 CalPERS plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA) and additions to/deductions from PEMHCA's fiduciary net position have been determined on the same basis as they are reported by PEMHCA. For this purpose, PEMHCA 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.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	<u>June 30, 2018</u>
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

Net Position

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

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, 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 amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

Fund Balance

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable - resources that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

Committed - resources that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned - resources that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.

Unassigned - the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted onetime expenditures.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2018, were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>Balance</u>
Cash and investments	\$ 6,959,908
Restricted – cash and investments	1,331,803
Total	\$ 8,291,711

Cash and investments as of June 30, 2018, consisted of the following:

<u>Description</u>	<u>Balance</u>
Cash on hand	\$ 1,350
Demand deposits with financial institutions	2,596,582
Investments	5,693,779
Total cash and investments	\$ 8,291,711

Demand Deposits

At June 30, 2018, the carrying amount of the District's demand deposits was \$2,596,582 and the financial institution balance was \$2,505,447. The \$91,135 net difference as of June 30, 2018, represents outstanding checks, deposits-in transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery versus- payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2018, none of the District's deposits and investments was exposed to disclosable custodial credit risk.

Investments

Investments as of June 30, 2018, consisted of the following:

<u>Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2018</u>	<u>Maturity 12 Months or Less</u>
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Uncategorized	n/a	\$ 4,361,976	\$ 4,361,976
Held with Fiscal Agent:				
PARS Pension Trust	Uncategorized	n/a	1,331,803	1,331,803
Total investments			<u>\$ 5,693,779</u>	<u>\$ 5,693,779</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

External Investment Pools:

California Local Agency Investment Fund (LAIF)
Non-negotiable certificates-of-deposit
Governmental agency securities

Held with Fiscal Agent:

PARS Pension Trust

Investment in California- Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investment with LAIF at June 30, 2018, included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

LAIF has indicated to the District that as of June 30, 2018, the value of LAIF's portfolio approximated \$22.549 billion. As of June 30, 2018, the District had \$4,361,976 invested in LAIF, which had invested 2.67% of the pool's investment funds in structured notes and medium-term asset-backed securities.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 2 – Cash and Investments (Continued)

Public Agency Retirement Services (PARS) Pension Trust

The District established an IRS Section 115 pension irrevocable trust account with the Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's CalPERS Defined Benefit Safety Employees' Pension Plan. The PARS Trust's specific cash and investments are managed by a third party portfolio manager and invested under a pool arrangement using certain investment guidelines offered by PARS.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2018, the District's investment in the LAIF is noted in the table above.

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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 3 – Accounts Receivable, Net

The accounts receivable, net balance as of June 30, 2018, consisted of the following:

Description	Balance
Accounts receivable – water sales and services	\$ 1,083,962
Allowance for doubtful accounts	<u>(286,479)</u>
Total accounts receivable, net	<u>\$ 797,483</u>

Note 4 – Special Assessments Receivable

The Water Fund receives water availability charge assessments of \$30 for each parcel that is one acre or less, whether serviced or un-serviced. These amounts are increased by amounts ranging from \$7.50 to \$8.00 per acre for incremental acreage. For the year ended June 30, 2018, the District recorded revenue from this special assessment of \$620,558 as water availability charges. At June 30, 2018, the outstanding balance of the special assessment receivable was \$12,997.

Note 5 – Capital Assets

Changes in capital assets for the year were as follows:

Business-Type Activities

	Balance July 1, 2017	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2018
Non-depreciable capital assets:				
Land	\$ 174,626	\$ -	\$ -	\$ 174,626
Construction-in-process	<u>48,805</u>	<u>773,672</u>	<u>(47,067)</u>	<u>775,410</u>
Total non-depreciable capital assets	<u>223,431</u>	<u>773,672</u>	<u>(47,067)</u>	<u>950,036</u>
Depreciable capital assets:				
Source of supply plant	13,637,306	115,278	-	13,752,584
Pumping plant	434,992	-	-	434,992
Transmission and distribution plant	28,358,977	-	-	28,358,977
Buildings and structures	2,211,210	16,000	-	2,227,210
Office equipment	511,488	-	-	511,488
Transportation/heavy equipment	1,426,783	94,316	(109,446)	1,411,653
Radio and communication equipment	141,653	-	-	141,653
Field equipment and tolls	<u>759,343</u>	<u>-</u>	<u>-</u>	<u>759,343</u>
Total depreciable capital assets	<u>47,481,752</u>	<u>225,594</u>	<u>(109,446)</u>	<u>47,597,900</u>
Less accumulated depreciation	<u>(24,599,414)</u>	<u>(1,386,932)</u>	<u>109,446</u>	<u>(25,876,900)</u>
Total depreciable capital assets, net	<u>22,882,338</u>	<u>(1,161,338)</u>	<u>-</u>	<u>21,721,000</u>
Total capital assets, net	<u>\$ 23,105,769</u>	<u>\$ (387,666)</u>	<u>\$ (47,067)</u>	<u>\$ 22,671,036</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 5 – Capital Assets (Continued)

Business-Type Activities (Continued)

Construction in progress consist of several capital projects in which the District has expended \$775,410, as of June 30, 2018. The District estimates that the projects are approximately 60% completed and will need to expend an additional \$720,000 to bring the projects to completion.

Note 6 – Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

Changes in compensated absences balances for the year were as follows:

<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Current</u>	<u>Non-current</u>
<u>\$ 68,206</u>	<u>\$ 149,760</u>	<u>\$ (136,524)</u>	<u>\$ 81,442</u>	<u>\$ 48,865</u>	<u>\$ 32,577</u>

Note 7 – Net Other Post-Employment Benefits Obligation

Plan Description -Eligibility and Benefits

The District's defined benefit postemployment healthcare plan, Twentynine Palms Water District Post-Retirement Medical Benefits Program (TPWDPRMBP), provides medical benefits to eligible District employees and spouses. TPWDPRMBP is a single employer defined benefit healthcare plan administered by the District. A menu of benefit provisions are established through the District's group health insurance plan, which covers both the active and retired members. The TPWDPRMBP does not issue a publicly available financial report.

At June 30, 2018, the following employees were covered by the benefit terms:

	<u>Number of Covered Employees</u>
Active plan members	19
Inactive plan members or beneficiaries currently receiving benefit payments	2
Inactive plan members entitled to but not yet receiving benefit payments	-
Total Participants	<u>21</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 7 – Net Other Post-Employment Benefits Obligation (Continued)

Plan Description -Eligibility and Benefits (Continued)

Contribution requirements of the District are established by Ordinance and may be amended through board action to update the original Ordinance. For the year ended June 30, 2018, the District’s average contribution rate was 13.55% of covered-employee payroll. Employees are not required to contribute to the plan.

Net OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	5.19% per annum		
Inflation	2.75% per annum		
Salary Increases	3.00% per annum, in aggregate		
Investment Rate of Return	6.00%		
Mortality Rate	CalPERS Membership Data		
Pre-Retirement Turnover	CalPERS Membership Data		
Healthcare Cost Trend Rates	HMO	7.0% decreasing to	4.5% over future periods
	PPO	7.5% decreasing to	4.5% over future periods

Mortality rates were based on the CalPERS experience study, with adjustments for mortality improvements projected fully generational with Scale MP-17.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of a CalPERS actuarial experience study for the period 1997-2015.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 7 – Net Other Post-Employment Benefits Payable (Continued)

Net OPEB Liability (Continued)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return ^{1 2}
Global Equity	24.0%	5.50%
Global Fixed Income	39.0%	2.35%
Inflation Assets	26.0%	1.50%
Commodities	3.0%	1.75%
REITs	8.0%	3.65%
Total	<u>100.0%</u>	

¹ Assumed long-term rate of inflation is 2.75%.

² Long-term expected rate of return is 6.00%

* CERBT asset allocation Strategy 3.

Discount rate: The discount rate used to measure the total OPEB liability was 5.19 percent. The projection of cash flows used to determine the discount rate assumed that Plan Assets will always exceed benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 7 – Net Other Post-Employment Benefits Payable (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	NET OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2017	\$ 1,090,121	\$ -	\$ 1,090,121
Changes for the year:			
Service cost	60,309	-	60,309
Interest	31,862	-	31,862
Changes of assumptions	(187,021)	-	(187,021)
Contributions - employer	-	376,043	(376,043)
Net investment income	-	17,901	(17,901)
Benefit payments	(64,899)	(64,899)	-
Administrative expense	-	(99)	99
Net changes	\$ (159,749)	\$ 328,946	\$ (488,695)
Balance at June 30, 2018	<u>\$ 930,372</u>	<u>\$ 328,946</u>	<u>\$ 601,426</u>

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates:

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage-point lower or 1.00 percentage-point higher than the current discount rate:

	1% Decrease (4.19%)	Current Discount Rate (5.19%)	1% Increase (6.19%)
Net OPEB liability	\$ 677,179	\$ 601,426	\$ 531,770

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00 percentage point lower or 1.00 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
	(5.00% HMO and 5.50% PPO decreasing to 4.00% HMO and 4.00% PPO)	(6.00% HMO and 6.50% PPO decreasing to 5.00% HMO and 5.00% PPO)	(7.00% HMO and 7.50% PPO decreasing to 6.00% HMO and 6.00% PPO)
Net OPEB liability	\$ 515,355	\$ 601,426	\$ 699,835

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 7 – Net Other Post-Employment Benefits Payable (Continued)

Changes in the Net OPEB Liability (Continued)

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the District recognized OPEB expense of \$54,508. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ (160,304)
Net difference between projected and actual earnings on OPEB plan investments	-	(6,856)
Employer contributions made subsequent to the measurement date	148,908	-
Total	<u>\$ 148,908</u>	<u>\$ (167,160)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	\$ (28,431)
2020	(28,431)
2021	(28,431)
2022	(28,431)
2023	(26,717)
Thereafter	(26,719)

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan

General Information about the Pension Plans

The Plans' Description Schedule

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

Miscellaneous Plans

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% at 55	2.0% at 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 percentage of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required member contribution rates	8.000%	6.250%
Required employer contribution rates	11.995%	6.555%

Safety Plan

	Safety Plan Classic Tier 1
	Hire date
Benefit formula	3.0% at 55
Benefit vesting schedule	5 years of service
Benefits payments	monthly for life
Retirement age	50 - 67 & up
Monthly benefits, as a percentage of eligible compensation	2.4% to 3.0%
Required member contribution rates	8.000%
Required employer contribution rates	16.656%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2016 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Members Covered by Benefit Terms

At June 30, 2016 (Valuation Date), the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	
Active Members	12	5	17
Transferred and terminated members	22	-	22
Retired members and beneficiaries	17	-	17
Total plan members	51	5	56

<u>Plan Members</u>	<u>Safety Plan</u>
	<u>Classic Tier 1</u>
Active members	-
Transferred and terminated members	12
Retired members and beneficiaries	6
Total plan members	18

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.65 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will 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 CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, 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 members. For the measurement period ended June 30, 2017 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

For the year ended June 30, 2018, the contributions made to the Plan were as follows:

Contribution Type	Miscellaneous Plans		
	Classic Tier 1	PEPRA Tier 2	Total
Contributions – employer	\$ 198,641	\$ 15,957	\$ 214,598
Contributions – members	69,627	15,127	84,754
Total contributions	\$ 268,268	\$ 31,084	\$ 299,352

Contribution Type	Safety Plan
	Classic Tier 1
Contributions – employer	\$ 2,064
Contributions – members	-
Total contributions	\$ 2,064

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2017 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75% per annum
Salary Increases	Varies by entry age and service
Mortality Rate	Derived using CalPERS' Membership Data
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Discount Rate (Continued)

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.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	(0.40%)	(0.90%)
	<u>100.00%</u>		

¹ An expected inflation rate of return of 2.5% is used for this period.

² An expected inflation rate of return of 3.0% is used for this period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percentage-point lower or 1.00 percentage-point higher than the current rate:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1% 6.15%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate + 1% 8.15%</u>
CalPERS – Miscellaneous Plan	\$ 3,636,580	\$ 2,297,360	\$ 1,188,194

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1% 6.15%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate + 1% 8.15%</u>
CalPERS – Safety Plan	\$ 808,743	\$ 320,883	\$ (77,918)

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Pension Plan Fiduciary Net Position

Detail information about the 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.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plans proportionate share of the risk pool collective net pension liability over the measurement period for the CalPERS Miscellaneous and Safety Plans as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2016 (Measurement Date)	\$ 8,566,425	\$ 6,618,534	\$ 1,947,891
Balance as of June 30, 2017 (Measurement Date)	9,736,459	7,439,099	2,297,360
Change in Plan Net Pension liability	\$ 1,170,034	\$ 820,565	\$ 349,469
<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Safety Plan:			
Balance as of June 30, 2016 (Measurement Date)	\$ 3,043,284	\$ 2,803,270	\$ 240,014
Balance as of June 30, 2017 (Measurement Date)	3,486,778	3,165,895	320,883
Change in Plan Net Pension Liability	\$ 443,494	\$ 362,625	\$ 80,869

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

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

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 date (June 30, 2015). 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, 2016). 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, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16 fiscal year).
3. The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
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).

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

The District's proportionate share of the net pension liability was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2018	Fiscal Year Ending June 30, 2017	
CalPERS – Miscellaneous Plan			
Measurement Date	June 30, 2017	June 30, 2016	
Percentage of Risk Pool Net Pension liability	0.058278%	0.056073%	0.002205%
Percentage of Plan (PERF C) Net Pension Liability	0.023165%	0.022511%	0.000654%
CalPERS – Safety Plan			
	Fiscal Year Ending June 30, 2018	Fiscal Year Ending June 30, 2017	Change Increase/ (Decrease)
Measurement Date	June 30, 2017	June 30, 2016	
Percentage of Risk Pool Net Pension Liability	0.005370%	0.004634%	0.000736%
Percentage of Plan (PERF C) Net Pension liability	0.003236%	0.002774%	0.000462%

For the year ended June 30, 2018, the District recognized pension expense (credit) in the amount of \$386,537 for the CalPERS Miscellaneous and Safety Plans.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

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

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2017 is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 214,598	\$ -	\$ 2,064	\$ -
Difference between actual and proportionate share of employer contributions	-	(118,214)	194,967	(78,548)
Adjustment due to difference in proportions	89,732	(78,509)	15,780	(200,868)
Differences between expected and actual experience	3,274	(46,912)	10,183	(2,655)
Differences between projected and actual earnings on pension plan investments	91,884	-	32,199	-
Changes in assumptions	406,282	(30,979)	147,676	(11,331)
Total Deferred Outflows/(Inflows) of Resources	\$ 805,770	\$ (274,614)	\$ 402,869	\$ (293,402)

The District will recognize \$216,662 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2018, as noted above.

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous	Safety
June 30		
2019	\$ 8,599	\$ 15,907
2020	235,033	69,437
2021	127,479	40,900
2022	(54,553)	(18,841)
2023	-	-
Thereafter	-	-
Total	\$ 316,558	\$ 107,403

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 9 – Restricted Net Position

On July 1, 2016, the District reorganized its fire protection services to the San Bernardino County Fire Protection District per the San Bernardino County LAFCO decision on February 17, 2017. The District is in the process of closing out its Fire Protection and Fire Explorers funds. The District has a written agreement with the City of Twentynine Palms (City) where the City has taken all responsibility for the payment of the CalPERS VAL/Termination Liability for the District's CalPERS Safety Plan, at a time to be determined by the City. The District established an IRS Section 115 pension irrevocable trust account with the Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's CalPERS Defined Benefit Safety Employees' Pension Plan. The District will be transferring its remaining operational cash balance in the Fire Protection Fund to the PARS Pension Trust to assist the City with the final payment of the CalPERS VAL/Termination Liability for the District's CalPERS Safety Plan as follows:

The following is a calculation of the District's restricted net position.

<u>Account Description</u>	<u>Balance</u>
Cash and investments	\$ 14,780
Less: Accounts payable and accrued expenses	<u>(19,282)</u>
Total cash after payment of accounts payable and accrued expenses	(4,502)
Add: Special assessments receivable	<u>23,784</u>
Total cash available for transfer to PARS Pension Trust	19,282
Restricted – cash and investments held in PARS Pension Trust	<u>1,331,803</u>
Total restricted net position for pension liability	<u>\$ 1,351,085</u>

Note 10 – Unrestricted Net Position

The District's governmental activities unrestricted net position deficit is related to the District's net pension liability and related deferred outflows/inflows recorded in accordance with GASB Statement No. 68. As noted in Note 9, the District has a written agreement with the City of Twentynine Palms where the City has taken all responsibility for the payment of the CalPERS VAL/Termination Liability for the District's CalPERS Safety Plan, at a time to be determined by the City. Therefore, this deficit balance will be funded by the City along with the PARS Pension Trust in a future period.

<u>Account Description</u>	<u>Balance</u>
Pension related deferred outflows of resources	\$ 402,869
Net pension liability	(320,883)
Pension related deferred inflows of resources	<u>(293,402)</u>
Total unrestricted net position (deficit)	<u>\$ (211,416)</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

Note 11 – Transfers In/ (Out)

<u>Fund Name</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Fire protection	\$ 40,000	\$ -
Water operations	-	(40,000)
Total	<u>\$ 40,000</u>	<u>\$ (40,000)</u>

The District has an agreement with the City of Twentynine Palms where the District will transfer \$40,000 per year from its Water Operations Fund annual cell tower site-lease revenues to the City until fiscal year 2019. In 2018, the City directed the District to deposit the \$40,000 into the PARS Pension Trust.

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As of June 30, 2018, there were no claims liabilities to be reported. During the year ended June 30, 2018, the District participated in the following public entity risk pools: *Association of California Water Agencies Joint Powers Insurance Authority*

The District is a participant in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), which was organized for the purpose of providing liability insurance for the member agencies. The JPIA is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500.

The JPIA is governed by a board consisting of a representative from each member agency. The board controls the operations of the JPIA, including selections of management and approval of operating budgets.

The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. At June 30, 2018, the District's participation in the self-insurance programs of the JPIA was as follows:

Property loss is insured up to replacement value with deductibles starting from \$1,000: the JPIA is self-insured up to \$100,000 and has purchased excess insurance coverage. General liability is insured up to \$60,000,000 with no deductible: the JPIA is self-insured up to \$2,000,000 and has purchased excess insurance coverage. Auto liability is insured up to \$60,000,000 with no deductible: the JPIA is self-insured up to \$2,000,000 with \$1,000 deductible for property damage and has purchased excess insurance coverage.

Special District's Workers' Compensation Authority

The District is a participant in the Special District's Workers' Compensation Authority (Authority) (formerly California Special Districts Association). The Authority was created for the purpose of providing workers' compensation insurance to its member agencies. The Authority is a risk-pooling insurance authority created under the provisions of California Government Code Section 6500.

The District's coverage consists of statutory limits per occurrence for workers compensation and \$5,000,000 for employers' liability coverage, subject to various terms and conditions.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2018

Note 13 – Commitments and Contingencies

Grants

The District, from time to time, participates in various federal, state and local grant programs, the principal of which are subject to various program compliance audits. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Note 14 – Transfer of Fire Operation to San Bernardino County Fire Protection District

On July 1, 2017, the District reorganized its fire protection services to the San Bernardino County Fire District per the San Bernardino County LAFCO decision on February 17, 2017. According to the executed Assignment and Assumption Agreement between the City of Twentynine Palms (City) and the District, the District closed its CalPERS Defined Benefit Safety Employees' Pension Plan (Plan) to new members as of June 30, 2017. The District will continue to adjust its net pension liability for the Plan as the net pension obligation changes annually with changes in the CalPERS annual actuarial valuation. In an effort to facilitate the annexation, the City has agreed to pay all future Plan obligation payments regardless of whether the Safety Employees PARS 115 Trust Fund has sufficient funds to make any and all future CalPERS obligation payments. The City has also agreed to pay the Plan's withdrawal liability, as required, directed, or permitted by CalPERS, and the City has the discretion to choose and direct the Water District on when that liability will be paid. Any further fire revenues received by the District are split 50/50 and submitted to the City of Twentynine Palms and the County of San Bernardino Fire Protection District, respectively.

Note 15 – Prior-Period Adjustment of Net Position

The net position at the beginning of 2018 has been restated to decrease the net position to reflect the prior period costs related to the implementation of the net OPEB liability.

	<u>Amount</u>
Net Position, July 1, 2017, Originally Stated	\$ 29,096,422
Net OPEB Liability	<u>(253,297)</u>
Net Position, July 1, 2017, Restated	<u>\$ 28,843,125</u>

Note 16 – Subsequent Events

In the preparation of these financial statements, the Agency considered subsequent events through November 2, 2018, which is the date these financial statements were issued. No events occurred through this date requiring disclosure.

THE CITY OF PALM BEACH COUNTY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE DISTRICT'S PARTICIPATION IN THE
PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

City of Palm Beach
City of Palm Beach, Florida

Year	Amount	Amount	Amount	Amount
2018				
2017				
2016				
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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

DRAFT NOT FOR DISTRIBUTION 11-9-18

**TWENTYNINE PALMS WATER DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PLAN'S NET
 PENSION LIABILITY**

For the Year Ended June 30, 2018

**Last Ten Fiscal Years
 California Public Employees' Retirement System (CalPERS)**

Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Employer's Proportion of the Net Pension Liability	0.026401%	0.025285%	0.028234%	0.028313%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,618,243	\$ 2,187,905	\$ 1,937,958	\$ 1,761,770
Employer's Covered Payroll	\$ -	\$ 1,381,292	\$ 1,341,060	\$ 1,302,000
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll		158.40%	144.51%	135.31%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.31%	74.06%	78.40%	83.02%

DRAFT NOT FOR DISTRIBUTION

**TWENTYNINE PALMS WATER DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN
 For the Year Ended June 30, 2018**

**Last Ten Fiscal Years
 California Public Employees' Retirement System (CalPERS)**

Measurement Date:	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 216,661	\$ 197,902	\$ 245,003	\$ 234,149	\$ 225,220
Contribution in Relation to the Actuarially Determined Contribution	(216,661)	(197,902)	(682,065)	(234,149)	(481,274)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (437,062)	\$ -	\$ (256,054)
Covered Payroll	\$ -	\$ 1,051,407	\$ 1,381,292	\$ 1,341,060	\$ 1,302,000
Contributions as a Percentage of Covered Payroll	-	18.82%	49.38%	17.46%	36.96%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered Payroll represented above is based on payroll on which contributions to a pension plan are based per GASBS No. 82.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**TWENTYNINE PALMS WATER DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED
 RATIOS**

For the Year Ended June 30, 2018

Last Ten Fiscal Years***

Fiscal Year Ended Measurement Period	2018 2016/2017
Changes in total OPEB liability:	
Service cost	\$ 60,309
Interest	31,862
Difference between expected and actual experience	-
Changes in assumptions	(187,021)
Changes of benefit terms	-
Benefit payments including refunds*	<u>(64,899)</u>
Net changes	(159,749)
Total OPEB liability (beginning)	<u>1,090,121</u>
Total OPEB liability (ending)	<u>\$ 930,372</u>
Changes in plan fiduciary net position:	
Contributions – employer*	\$ 376,043
Contributions – employee	-
Net investment income	17,901
Benefit payments including refunds*	(64,899)
Administrative expense	<u>(99)</u>
Net changes	328,946
Plan fiduciary net position (beginning)	<u>-</u>
Plan fiduciary net position (ending)	<u>\$ 328,946</u>
Net OPEB liability (ending)	\$ 601,426
Plan fiduciary net position as a percentage of the total OPEB liability	35.4%
Covered employee payroll	\$ 1,100,000
Net OPEB liability as a percentage of covered payroll	54.7%

* Includes \$18,544 implied subsidy benefit payments

** For the 12-month period ending on June 30, 2017 (measurement date)

*** Historical information is required only for measurement periods for which GASB 75 is applicable.
 Additional years will be added as they become available in the future.

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TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	NOVEMBER 28, 2018
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	CONSIDERATION TO APPROVE PROPOSAL FROM KENNEDY JENKS CONSULTANTS TO PERFORM A CONDITION ASSESSMENT OF DISTRICT'S WATER PIPELINES AND STORAGE TANKS

BACKGROUND AND DISCUSSION

Staff has requested a proposal from Kennedy/Jenks Consultants to perform a Condition Assessment of the District's distribution system's water pipelines and storage tanks as a component of developing an Asset Management Plan (AMP) for the District.

An AMP is a plan that utilities develop and use as a tool for planned maintenance and or replacement of capital assets of a water distribution system. These assets include water pipes, water production wells, booster pumps, storage tanks and treatment plants that will need repairs, replacement or upgrades over time.

The District is responsible for making sure that the water distribution system stays in good working order, regardless of the age of its components or the availability of additional funds. Asset management programs with good data—including asset attributes (e.g., age, condition), life-cycle costing, proactive operations and maintenance, and capital replacement plans based on cost-benefit analyses—can be the most efficient method of meeting this challenge and aids in developing long range financial planning.

As outlined in the proposal:

"The purpose of the project is to evaluate the condition of the District's pipelines and water storage tanks and determine the remaining useful life of the facilities. Based on the assessment, a replacement program will be developed and included in the future water rate analysis. The objective is to not only identify the critical facilities that need replacement, so it can be properly funded, but to also identify facilities that need monitoring or maintenance to maximize the life expectancy of the asset."

Benefits of an Asset Management Plan include:

- Prolonging asset life and improving decisions about asset rehabilitation, repair, and replacement

- Meeting consumer demands with a focus on system sustainability
- Setting rates based on sound operational and financial planning
- Budgeting focused on critical activities for sustained performance
- Meeting service expectations and regulatory requirements
- Reducing overall costs for both operations and capital expenditures

FISCAL IMPACT

Current fiscal year budget has \$100,000 allocated for an Asset Management Plan.

RECOMMENDATION

Approve proposal from Kennedy/Jenks Consultants to perform a “Condition Assessment” of District’s pipelines and storage tanks in the amount of \$49,100.

Kennedy/Jenks Consultants
Engineers & Scientists

38977 Sky Canyon Drive, Suite 100
Murrieta, California 92563
951-375-5570

9 November 2018

Mr. Ray Kolisz
General Manager
Twentynine Palms Water District
72401 Hatch Road
Twentynine Palms, CA 92277

Subject: Condition Assessment – Water Pipelines and Storage Tanks
Proposal

Dear Mr. Kolisz:

Kennedy/Jenks Consultants (Kennedy/Jenks) is pleased to submit this proposal to Twentynine Palms Water District (District) to perform a condition assessment of the District's water pipelines and storage tanks. The District's water system is comprised of over 200 miles of water pipelines, 10 welded steel storage tanks, 6 potable water wells, 7 booster stations, and a fluoride treatment facility.

The purpose of the project is to evaluate the condition of the District's pipelines and water storage tanks and determine the remaining useful life of the facilities. Based on the assessment, a replacement program will be developed and included in the future water rate analysis. The objective is to not only identify the critical facilities that need replacement, so it can be properly funded, but to also identify facilities that need monitoring or maintenance to maximize the life expectancy of the asset. It is our understanding that a condition assessment will be performed for the wells, booster stations and fluoride treatment facility as part of a separate contract.

Our scope of services includes the following:

SCOPE OF SERVICES

Task 1 – Project Management

- 1.1 **Kick-off Meeting:** The project kick-off meeting will be scheduled immediately after receipt of a notice-to-proceed and will be conducted via conference call. At this kickoff meeting, project reporting/communication protocols will be established, a project schedule will be provided, and key technical issues will be discussed to establish the project guidelines. The kick-off meeting will also serve as an opportunity for

Mr. Ray Kolisz
Twentynine Palms Water District
9 November 2018
Page 2

Kennedy/Jenks to gain knowledge of the system and discuss potential areas of concerns.

- 1.2 **Meetings:** Kennedy/Jenks will conduct two (2) progress meetings via conference call to discuss the results of the condition assessments.
- 1.3 **Quality Assurance/Quality Control (QA/QC):** Kennedy/Jenks will provide quality assurance and quality control (QA/QC) reviews throughout the course of project. All deliverables will be reviewed prior to submittal.
- 1.4 **Management:** This task addresses the management responsibilities associated with project setup, proper scheduling, budget control, invoice preparation and coordination with the District's and the Kennedy/Jenks project team.

Task 2 – Data Gathering

- 2.1 **Data Gathering and Review:** Kennedy/Jenks will collect and review relevant data, reports, and record drawings provided by the District pertaining to the pipelines and storage tanks.

Task 3 – Pipeline Desktop Assessment

- 3.1 **Desktop Assessment:** Kennedy/Jenks will perform a desktop assessment of the District's pipelines that are 12-inch and greater. This will consist of assessing available data including pipe material, age, lining, cathodic protection, leak history, high water pressure areas, known geologic hazards, and criticality of the pipeline. Based on this information and with input from the District, a risk assessment will be performed, and a replacement program will be developed.
- 3.2 **Pipeline CIP Program:** Kennedy/Jenks will develop a priority pipeline replacement program, if necessary. Budget costs will be developed for each project consisting of construction, engineering, inspection, and administration costs. The replacement program will be based on annual budget increments from 2020 thru 2030.
- 3.3 **Technical Memorandum:** Kennedy/Jenks will summarize the results of Task 3 into a technical memorandum.
 - **Deliverable** – Kennedy/Jenks will submit an electronic copy (pdf) of the Draft Technical Memorandum for the District's review. Comments will be incorporated into a Final Technical Memorandum.

Mr. Ray Kolisz
Twentynine Palms Water District
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Task 4 – Water Storage Tank Assessment

- 4.1 Site Assessment:** Kennedy/Jenks' structural engineer will perform a field assessment of the District's 10 tanks to visually inspect the exterior and evaluate the overall condition of the tanks. It is assumed the District will provide access to the tanks.
- 4.2 Seismic Analysis:** Kennedy/Jenks will perform a seismic analysis of all 10 tanks. The analysis will be performed in accordance with AWWA D-100 and will consist of the following:
- Determining required shell thicknesses to resist seismic loads. These will be compared to the current shell thickness (from the inspection report) in order to determine the required retrofits for the tank shell
 - Seismic uplift potential for the tank to determine need for anchoring the tank and reduce stresses on the shell
 - Required freeboard based on AWWA D-100, 2011
 - Evaluation of roof plates, roof framing, columns and flooring will be based on available inspection reports, videos and photos only and no calculations will be performed
- 4.3 CIP Program:** Kennedy/Jenks will develop recommendations and budget costs for the structural retrofits of the tanks. The replacement program will be based on annual budget increments from 2020 thru 2030. Our scope does not include performing an analysis of the coatings or cathodic protection systems, but these costs can be included in the CIP program if requested by the District.
- 4.4 Technical Memorandum:** Kennedy/Jenks will summarize the results of Task 4 into a technical memorandum.
- **Deliverable** – Kennedy/Jenks will submit an electronic copy (pdf) of the Draft Technical Memorandum for the District's review. Comments will be incorporated into a Final Technical Memorandum.

EXCLUSIONS

Our scope of services does not include geotechnical evaluation, materials testing, corrosion analysis, or coating sampling.

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BUDGET & SCHEDULE

Kennedy/Jenks proposes to perform the services described above on a time and materials basis in the not-to-exceed amount of \$49,910 in accordance with the enclosed fee proposal and our 2017 rate schedule. Our scope does not include materials testing or corrosion analysis. Kennedy/Jenks will complete the project within 120 calendar days following a Notice-to-Proceed.

Please feel free to contact me at (951) 375-5563 should you have any questions regarding this proposal. Kennedy/Jenks appreciates the opportunity to work with the District on this project

Very truly yours,

KENNEDY/JENKS CONSULTANTS



Ryan M. Huston, P.E.
Principal Engineer

Enclosure

3

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

October 24, 2018 / 6:00 P.M.

Call to Order and Roll Call

President Moore called the meeting to order at 6:00 p.m., 72401 Hatch Road, Twentynine Palms, California. Those responding to roll call were Directors Bob Coghill, Carol Giannini, Suzi Horn, Randy Leazer, and Sam Moore. Also present were General Manager Ray Kolisz, Operations Superintendent Mike Minatrea, Maintenance Superintendent Matt Shragge, Financial Consultant Cindy Byerrum, and Victoria Pinilla. District Secretary Cindy Fowlkes was absent.

Pledge of Allegiance

Director Moore led the pledge.

Additions/Deletions to the Agenda

There were none.

Public Comments

Ed Vallerand Compared JBWD to us, said our organization is more cost effective, have much more qualified people here, water treatment and distribution is run smoothly, everyone is really nice, even before the forgiveness, board has done an outstanding job, never recalls a boil notice, thanked us.

1. Presentation and Discussion of Legislative Policy Priorities for 2019
This item was heard after Agenda #7 due to Ortega Strategies being delayed by traffic.
2. Consider Adoption of Resolution 18-14 Revising the Policy for Mainline Extensions
Staff recommends approving Resolution 18-14.

Director Horn, made a motion to approve Resolution 18-14 revising the policy for mainline extensions, seconded by Director Giannini, and approved by the following roll call vote:

Ayes: Directors Coghill, Giannini, Horn, Leazer, and Moore
Noes: None
Abstain: None
Absent: None

- 3 Consider Adoption of Resolution 18-15 to Amend Conflict of Interest Code
Staff recommends adopting Resolution 18-15 amending the conflict of interest code to reflect the organizational changes that took place with the reclassification of a position and the creation of a new position in the organizational structure of the District.
Director Giannini, made a motion to approve Resolution 18-15 amending the Conflict of Interest Code, seconded by Director Horn, and approved by the following roll call vote:

Ayes: Directors Coghill, Giannini, Horn, Leazer, and Moore
Noes: None
Abstain: None
Absent:None

4. Consider for Approval Engineering Services for Well TP-2

Staff recommends accepting the proposal from Engineering Resources of Southern California to provide engineering services for TP-2 in the amount of \$74,100. The District needs redundancy at the fluoride removal treatment plant to ensure the ability to meet water demands of the distribution system.

Director Coghill made a motion to accept the proposal from Engineering Resources of Southern California in the amount of \$74,100.00, seconded by Director Leazer, and approved by the following roll call vote:

Ayes: Directors Coghill, Giannini, Horn, Leazer, and Moore
Noes: None
Abstain: None
Absent: None

5. Accept the Construction and Equipping of Well 11B and File a Notice of Completion
Staff recommends accepting the Well 11B project as complete and direct staff to file a Notice of Completion.

Director Horn, made a motion to accept the Well 11B project as complete and directed staff to file a Notice of Completion, seconded by Director Leazer, and approved unanimously.

6. Update on Bureau of Reclamation Grant Fund Application
The District's application for the AMI/AMR meter project will not be considered for funding among the 127 applications that were received. The District was seeking \$1 million dollars with a matching fund element. The Board would like staff to evaluate funding options.

Ed Vallerand of Twentynine Palms spoke in favor of installing AMI/AMR meters.

7. Review and Adjust Board Meeting Schedule for November and December
Following discussion, it was the consensus of the Board to keep November as scheduled and reschedule the regular Board meeting of December 26, 2018, to Wednesday, December 19, 2018 due to the holiday. Meeting will begin at its regular time, 6:00 p.m.

1. Presentation and Discussion of Legislative Policy Priorities for 2019
The Legislative and Regulatory Affairs committee recommends focusing on funding, drought, water quality, and water affordability for the upcoming legislative session that begins in 2019.

Director Giannini, made a motion to approve the 2019 public policy priorities for the District, seconded by Director Horn, and approved by the following roll call vote:

Ayes: Directors Coghill, Giannini, Horn, Leazer, and Moore
Noes: None
Abstain: None
Absent: None

8. Consent Calendar
- Minutes of a Regular Meeting held on August 24, 2018
 - Audit List – September and August

Director Giannini, moved to approve the Consent Calendar, seconded by Director Coghill, and approved unanimously.

9. Items Removed from the Consent Calendar for Discussion or Separate Action
None

10. Management Reports

10.1 Maintenance

Matt Shragge reported that the District responded to 31 Underground Service Alerts, had 1 water main leak, 5 water meter leaks, 0 service line leaks, 0 fire hydrant repairs, performed 1 customer pressure check, replaced 7 meters, replaced 5 customer gate valves, and installed 3 new services. 1 water waste inquiry was received.

10.2 Water Quality

Mike Minatrea reported Water production was up .11% as compared to the same month in 2013. 38 routine and 5 special water samples were taken. All samples tested negative for Colilert.

10.3 Finance

Mrs. Byerrum reported that revenue is ahead at 17%, typical for this time of year and tracking as expected. Paul will be at next meeting. The Audit came back good and will be presented to the Board at the next meeting.

10.4 General Manager

Mr. Kolisz informed the Board that the District was featured in an ACWA news article that showcased the District's fluoride and arsenic removal systems. The District was asked by Joshua Basin Water District to remain on standby for possible mutual aid during the recent flood. Ray thanked the staff for their quick response and willingness to assist.

11. Future Agenda Items and Staff Tasks/Directors' Comments and Reports

Director Coghill commented that the District might want to explore a shade structure for all the new equipment that is being purchased.

12. Adjournment

On motion by Director Horn, seconded by Director Giannini, and approved by the Board, the meeting was adjourned at: 7:10 p.m.

Kerron E. Moore, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

Twentynine Palms Water District

Check Date Range: 10/1/2018 thru 10/31/2018

Ck No	Ck Date	Payable To	Ck Amt	Ck Detail	GL Acct No	Description
11421	10/03/2018	Richard Capelli 29 Palms Fencing	1,350.00	1,350.00	100-110-0000-5406	Repair and install two new gates (Well#17)
11422	10/03/2018	Accela, Inc. #774375	1,410.00	1,410.00	100-600-0000-5408	Web Payments with Online-Bills.com Sept 2018
11423	10/03/2018	ACWA/JOINT POWERS INSURANCE AUTHORITY	40,735.57	40,735.57	100-000-0000-1600	Auto & General Liability Program 10/01/2018 - 09/30/2019
11424	10/03/2018	Autozone Inc.	118.26	77.57	100-130-0000-5220	Shop Supplies-Butane Torch
				5.16	100-130-0000-5220	Shop Supplies-Electrical Connectors
				16.15	100-130-0000-5220	Shop Supplies-Wire
				16.15	100-130-0000-5220	Shop Supplies-Wire
				3.23	100-130-0000-5220	Shop Supplies-Air Coupling
11425	10/03/2018	Customer Refund	19.80	19.80	100-000-0000-2000	Refund Check
11426	10/03/2018	Customer Refund	58.48	58.48	100-000-0000-2000	Refund Check
11427	10/03/2018	BEARCOM	576.31	502.31	100-130-0000-5220	Shop Supplies-Radio
				40.00	100-130-0000-5220	Shop Supplies-Radio Antenna
				10.00	100-130-0000-5220	Shop Supplies-Radio Mount
				24.00	100-130-0000-5220	Shop Supplies-Radio Cable Adapters
11428	10/03/2018	Billings Transfer Inc.	600.00	600.00	100-130-0000-5406	Hauled 26 tons of asphalt. (Trucking fee only)
11429	10/03/2018	BIRKSCO	1,290.00	1,290.00	100-130-0000-5220	Aqualoader Smart Cards (Start with card number # 621)
11430	10/03/2018	Blue Diamond Materials	1,994.45	1,994.45	100-130-0000-5220	Cold mix asphalt 24.6 tons
11431	10/03/2018	Benjamen D. Brewer	2,275.00	250.00	100-850-0000-6001	Spare Gate Parts
				525.00	100-600-0000-5406	36"x80" Wood Door
				1,500.00	100-600-0000-5406	Office Addition
11432	10/03/2018	Customer Refund	60.55	60.55	100-000-0000-2000	Refund Check
11433	10/03/2018	Brithinee Electric	4,012.71	4,012.71	100-850-0000-6001	Rebuilt Well#17 150HP Motor (Well Rehabilitation CIP)
11434	10/03/2018	Customer Refund	27.34	27.34	100-000-0000-2000	Refund Check
11435	10/03/2018	Customer Refund	61.44	61.44	100-000-0000-2000	Refund Check
11436	10/03/2018	Builders Supply - 29 Palms	8.70	5.16	100-130-0000-5220	Shop Supplies-Spray Paint
				3.54	100-130-0000-5220	10VOC heavy duty const. adhesive
11437	10/03/2018	Burrtec Waste & Recycling Svcs	207.80	66.18	100-150-0000-5406	Amboy
				141.62	100-600-0000-5406	Hatch
11438	10/03/2018	Cdw Government	198.08	198.08	100-600-0000-5301	Brother HL-L5100DN - Printer - Monochrome - Laser MFG. Part # HL
11439	10/03/2018	Centurylink Business Services	22.05	22.05	100-600-0000-5203	Hatch

Twentynine Palms Water District

Check Date Range: 10/1/2018 thru 10/31/2018

11440	10/03/2018	City of Twentynine Palms	318.00	159.00	100-130-0000-5303	Permit # 463 6368 Split Rock
				159.00	100-130-0000-5303	Permit # 464 6638 Maricopa
11441	10/03/2018	Customer Refund	41.96	41.96	100-000-0000-2000	Refund Check
11442	10/03/2018	Customer Refund	150.00	150.00	100-000-0000-2000	Refund Check
11443	10/03/2018	Customer Refund	65.00	65.00	100-000-0000-2000	Refund Check
11444	10/03/2018	Customer Refund	19.60	19.60	100-000-0000-2000	Refund Check
11445	10/03/2018	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
11446	10/03/2018	Desert Hardware	43.04	3.99	100-130-0000-5220	Shop Supplies-Switch
				13.02	100-110-0000-5220	4" SCH40 90DG
				21.02	100-110-0000-5220	3" SCH40 PIPE
				5.01	100-130-0000-5220	Shop Supplies-Switch
11447	10/03/2018	Mike Ernst	340.00	340.00	100-110-0000-5406	Install new lock Well#17,11-B.
11448	10/03/2018	Fedex	5,150.00	5,150.00	100-150-0000-5211	Truckload Brokerage Fee (Shipping Fee Only)
11449	10/03/2018	Customer Refund	47.04	47.04	100-000-0000-2000	Refund Check
11450	10/03/2018	Frontier Communications	144.72	144.72	100-600-0000-5203	Hatch
11451	10/03/2018	Geographic Data and Management	3,000.00	3,000.00	100-875-0000-6001	Services
11452	10/03/2018	Customer Refund	40.72	40.72	100-000-0000-2000	Refund Check
11453	10/03/2018	Customer Refund	25.84	25.84	100-000-0000-2000	Refund Check
11454	10/03/2018	Harrington Industrial	1,836.80	1,836.80	100-150-0000-5220	LPJ7MA-KTC3-XXX PUMP METERING 10.0 GPH 80PSI 115V 50/60Hz 4-20
11455	10/03/2018	Customer Refund	34.97	34.97	100-000-0000-2000	Refund Check
11456	10/03/2018	Customer Refund	7.18	7.18	100-000-0000-2000	Refund Check
11457	10/03/2018	Customer Refund	90.20	90.20	100-000-0000-2000	Refund Check
11458	10/03/2018	Home Depot Credit Services	145.53	23.88	100-110-0000-5220	Well#11-B Fues
				121.65	100-130-0000-5220	channel Locks 12" tounge and groove plier
11459	10/03/2018	Customer Refund	16.43	16.43	100-000-0000-2000	Refund Check
11460	10/03/2018	Customer Refund	60.00	60.00	100-000-0000-2000	Refund Check
11461	10/03/2018	Inland Water Works	25,945.17	519.35	100-000-0000-1499	1.5" zenner multi jet meter direct read
				12.98	100-130-0000-5220	2" pvc slip tee sch 40
				441.78	100-000-0000-1499	1320 meter box complete flush cover
				24,971.06	100-850-0000-6001	Itron 100W+ (2 port) ERT
11462	10/03/2018	Kennedy/Jenks Consultants	922.50	922.50	100-825-0000-6001	Professional Services
11463	10/03/2018	Customer Refund	11.16	11.16	100-000-0000-2000	Refund Check

Twentynine Palms Water District

Check Date Range: 10/1/2018 thru 10/31/2018

11464	10/03/2018	Customer Refund	67.52	67.52	100-000-0000-2000	Refund Check
11465	10/03/2018	Kvac	970.00	970.00	100-130-0000-5406	KVAC Haz. Waste Disposal.
11466	10/03/2018	Layne Christensen	5,772.60	5,772.60	100-825-0000-6001	Well 11 Abandonment & New Well 11B
11467	10/03/2018	Customer Refund	28.48	28.48	100-000-0000-2000	Refund Check
11468	10/03/2018	Customer Refund	21.90	21.90	100-000-0000-2000	Refund Check
11469	10/03/2018	Customer Refund	13.60	13.60	100-000-0000-2000	Refund Check
11470	10/03/2018	Customer Refund	24.09	24.09	100-000-0000-2000	Refund Check
11471	10/03/2018	Customer Refund	43.54	43.54	100-000-0000-2000	Refund Check
11472	10/03/2018	Customer Refund	16.12	16.12	100-000-0000-2000	Refund Check
11473	10/03/2018	Mccall's Meter Sales & Service	50.81	50.81	100-130-0000-5406	Certified Flow Test
11474	10/03/2018	Mcmaster-Carr Supply Co.	262.41	49.90	100-110-0000-5220	Fuse Well#11-B
				212.51	100-150-0000-5220	Fluke Multimeter
11475	10/03/2018	Austin Meyers	263.61	263.61	100-600-0000-5330	Tri State Seminar
11476	10/03/2018	Minolta Business Systems	194.03	194.03	100-600-0000-5223	08/23/2018 - 09/22/2018
11477	10/03/2018	Customer Refund	5.71	5.71	100-000-0000-2000	Refund Check
11478	10/03/2018	Napa Auto Parts	233.05	12.96	100-130-0000-5220	Shop Supplies-OEM Terminal
				14.61	100-130-0000-5220	Shop Supplies-OEM Terminal
				0.34	100-130-0000-5220	Shop Supplies-OEM Terminal Protector.
				22.00	100-130-0000-5220	Shop Supplies-Wire Loom
				27.00	100-130-0000-5220	Shop Supplies-Wire Loom
				38.00	100-130-0000-5220	Shop Supplies-Wire Loom
				84.38	100-130-0000-5222	Veh. #72 Pintle Adapter.
				25.41	100-130-0000-5222	Veh. #37 Check Valve.
11479	10/03/2018	O'Reilly Automotive Inc.	165.50	58.85	100-130-0000-5222	Veh. # 17 Air Filter.
				13.27	100-130-0000-5222	Veh. # 17 Fuel Filter.
				42.96	100-130-0000-5222	Veh. # 17 Oil Filter.
				50.42	100-130-0000-5222	Veh. #12-Brake Pads
11480	10/03/2018	Officefurniture.com	1,693.69	1,693.69	100-875-0000-6001	Table Desks with drawers
11481	10/03/2018	Customer Refund	16.64	16.64	100-000-0000-2000	Refund Check
11482	10/03/2018	Ortega Strategies Group	5,000.00	5,000.00	100-600-0000-5350	Consulting Services September 2018
11483	10/03/2018	Platinum Consulting Group	6,000.00	6,000.00	100-600-0000-5401	Monthly Retainer - Aug 2018

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Check Date Range: 10/1/2018 thru 10/31/2018

11484	10/03/2018	Customer Refund	19.52	19.52	100-000-0000-2000	Refund Check
11485	10/03/2018	Customer Refund	402.67	402.67	100-000-0000-2000	Refund Check
11486	10/03/2018	Proforma	2,416.25	2,416.25	100-160-0000-5301	Laser Water Bills
11487	10/03/2018	Prudential Overall Supply	548.22	69.98	100-130-0000-5253	Uniforms
				320.86	100-130-0000-5253	Uniforms
				157.38	100-130-0000-5253	Uniforms
11488	10/03/2018	Customer Refund	16.68	16.68	100-000-0000-2000	Refund Check
11489	10/03/2018	S.C.E.	18,328.86	9,524.88	100-110-0000-5201	Well TP-1
				1,563.49	100-150-0000-5201	Plant
				26.97	100-110-0000-5201	Michel's
				887.93	100-120-0000-5201	Booster 11A, 11B
				1,865.65	100-110-0000-5201	Well 16
				1,557.51	100-120-0000-5201	Booster Lupine
				919.81	100-120-0000-5201	Booster Sullivan
				344.02	100-110-0000-5201	Well 15
				1,586.27	100-110-0000-5201	Well 6, Well 12
				52.33	100-110-0000-5201	Well 9, Booster 6A, 6B
11490	10/03/2018	Safety-Kleen Systems Inc.	386.89	386.89	100-130-0000-5406	Safety Kleen- Parts Washer Service.
11491	10/03/2018	San Bernardino Co. Fire	2,009.00	2,009.00	100-000-0000-1600	Cupa Permits/Amboy 11/01/2018 - 10/31/2019
11492	10/03/2018	Customer Refund	14.63	14.63	100-000-0000-2000	Refund Check
11493	10/03/2018	Satmodo LLC	149.66	149.66	100-600-0000-5203	Iridium Monthly Minute Plans
11494	10/03/2018	Customer Refund	57.33	57.33	100-000-0000-2000	Refund Check
11495	10/03/2018	Shoplet.Com	1,021.89	287.08	100-600-0000-5301	Office Supplies
				57.98	100-600-0000-5301	copy paper
				26.46	100-600-0000-5301	stackable in box
				475.89	100-600-0000-5301	Casebound ring binders for maps
				33.44	100-600-0000-5301	report covers
				41.49	100-600-0000-5301	11 x 17 paper
				5.65	100-600-0000-5301	hole reinforcements
				16.30	100-600-0000-5301	index tabs
				30.70	100-600-0000-5301	index tabs
				46.90	100-600-0000-5301	page protectors for maps

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Check Date Range: 10/1/2018 thru 10/31/2018

11496	10/03/2018	Susan L. Simmons	1,425.00	1,425.00	100-600-0000-5406	Janitorial Services October 2018
11497	10/03/2018	Customer Refund	8.91	8.91	100-000-0000-2000	Refund Check
11498	10/03/2018	Spectrum Business	139.98	139.98	100-600-0000-5203	La Luna
11499	10/03/2018	Customer Refund	2.33	2.33	100-000-0000-2000	Refund Check
11500	10/03/2018	Customer Refund	16.56	16.56	100-000-0000-2000	Refund Check
11501	10/03/2018	Tifco Industries	29.37	19.08	100-130-0000-5220	Shop Supplies-Heat Shrink Tubing
				10.29	100-130-0000-5220	Shop Supplies-Electrical Terminal
11502	10/03/2018	Customer Refund	13.74	13.74	100-000-0000-2000	Refund Check
11503	10/03/2018	Customer Refund	10.14	10.14	100-000-0000-2000	Refund Check
11504	10/03/2018	U.S. Postal Service	7,000.00	7,000.00	100-160-0000-5302	Permit 620
11505	10/03/2018	Union Bank	9,031.11	3,000.00	100-610-0000-5330	CSDA Annual Conf - Board
				83.73	100-600-0000-5301	C350 Toner
				1,218.08	100-875-0000-6001	Office Chairs
				83.87	100-600-0000-5301	Office Chairs
				55.45	100-130-0000-5220	Tools
				46.55	100-130-0000-5220	Field Supplies
				60.66	100-130-0000-5220	Field Supplies
				96.00	100-600-0000-5406	Microsoft
				77.96	100-600-0000-5330	Travel
				77.96	100-600-0000-5330	Travel
				77.96	100-600-0000-5330	Travel
				77.96	100-600-0000-5330	Travel
				77.96	100-600-0000-5330	Travel
				129.24	100-130-0000-5220	Lights
				320.46	100-150-0000-5220	Pump Motor
				193.98	100-600-0000-5330	Renaissance Hotel
				575.00	100-600-0000-5330	CSDA Board Secretary Conference
12.03	100-600-0000-5330	Travel				
22.03	100-600-0000-5330	Travel				
18.30	100-600-0000-5330	Travel				
15.79	100-600-0000-5330	Travel				
153.90	100-130-0000-5220	Field Supplies				

Twentynine Palms Water District

Check Date Range: 10/1/2018 thru 10/31/2018

				214.70	100-130-0000-5330	Travel
				214.70	100-130-0000-5330	Travel
				256.42	100-130-0000-5228	Tools
				1,233.80	100-875-0000-6001	Lights
				34.97	100-600-0000-5301	Office Supplies
				32.23	100-130-0000-5220	Field Supplies
				32.33	100-130-0000-5220	Ball Hitch
				379.40	100-150-0000-5220	Supplies
				21.68	100-150-0000-5220	Supplies
				14.12	100-150-0000-5220	Supplies
				39.00	100-600-0000-5408	Fee
				37.89	100-600-0000-5301	Office Supplies
				45.00	100-600-0000-5330	Travel
11506	10/03/2018	Usa Blue Book	2,172.25	121.02	100-110-0000-5220	4" 90 1 box sch 40 box of 8
				55.55	100-110-0000-5220	4" couplings 1 box sch 40 box of 6
				203.27	100-150-0000-5220	Salt Bridge RYTON(28015) (Invoice # 677412)
				1,792.41	100-150-0000-5220	Stenner pump 17GPD, Replacement Cap, Replacement Tube Cap(76458, Box 1735 - Rental
11507	10/03/2018	USPS	194.00	194.00	100-600-0000-5406	Box 1735 - Rental
11508	10/03/2018	Vagabond Welding Supply	14.36	14.36	100-130-0000-5220	Nitrogen
11509	10/03/2018	Verizon Wireless	401.19	401.19	100-600-0000-5203	Wireless
11510	10/03/2018	Vwr Scientific Products Corp.	723.28	723.28	100-150-0000-5220	Buffer TSAB
11511	10/03/2018	Customer Refund	2.04	2.04	100-000-0000-2000	Refund Check
11512	10/11/2018	HAMMERCO	7,003.75	7,003.75	100-875-0000-6001	New Workhorse 535 Gallon Water Trailer (CIP Vehicle/Equipment)
11513	10/17/2018	Jeff Arwick	1,178.00	528.00	100-600-0000-5406	Replace ballast in break room. Replace 8' fixture under shop can
				225.00	100-600-0000-5406	Provide and install new Led wall light west side of office.
				425.00	100-110-0000-5406	Quarterly Electrical Testing Wells/Boosters.Repair wiring at well
11514	10/17/2018	Accurate Truck Inspection	255.60	85.20	100-130-0000-5406	Outside Services-PSIP Veh. 10
				85.20	100-130-0000-5406	Outside Services-PSIP Veh. 17
				85.20	100-130-0000-5406	Outside Services-PSIP Veh. 37
11515	10/17/2018	ACWA/JPIA	40,714.92	34,029.57	100-310-0000-5140	Health Benefits November 2018
				2,042.78	100-310-0000-5141	Health Benefits November 2018
				396.58	100-310-0000-5142	Health Benefits November 2018

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				2,541.30	100-310-0000-5144	Health Benefits November 2018
				1,704.69	100-600-0000-5399	Health Benefits November 2018
11516	10/17/2018	Customer Refund	48.76	48.76	100-000-0000-2000	Refund Check
11517	10/17/2018	Ansafone Contact Centers	143.60	143.60	100-160-0000-5406	Answering Service
11518	10/17/2018	Autozone Inc.	71.85	51.61	100-130-0000-5220	Shop Supplies-Grease
				20.24	100-130-0000-5220	Shop Supplies-Bungee Cords
11519	10/17/2018	Avalon Urgent Care	200.00	100.00	100-130-0000-5242	DMV Physical
				100.00	100-130-0000-5242	DMV Physical
11520	10/17/2018	Customer Refund	20.92	20.92	100-000-0000-2000	Refund Check
11521	10/17/2018	Best Best & Krieger	3,348.00	81.00	100-600-0000-5403	Profesional Services Sept. 2018
				3,267.00	100-600-0000-5403	Profesional Services Sept. 2018
11522	10/17/2018	Beyond Software Solutions	720.00	720.00	100-600-0000-5406	IT Services
11523	10/17/2018	Benjamin D. Brewer	300.00	300.00	100-600-0000-5406	Prep & Paint Cindy Office
11524	10/17/2018	Builders Supply - 29 Palms	95.38	5.16	100-130-0000-5220	Shop Supplies-Spray Paint.
				17.02	100-130-0000-5220	Shop Supplies-Veh. Numbers
				8.96	100-130-0000-5220	2x8x20 BTR DFS
				45.51	100-130-0000-5220	4x8 1/2 CD plywood 3 ply
				18.73	100-130-0000-5220	4 pack alkaline Batteries
11525	10/17/2018	CA Special Dist. Assn.	6,740.00	6,740.00	100-600-0000-5303	2019 CSDA Membership Renewal
11526	10/17/2018	Cdw Government	69.88	45.72	100-150-0000-5221	StarTech.com VGA to HDMI Portable Adaptor Converter / USB Audil
				12.71	100-150-0000-5221	C2G 2-Port USB Wall Charger-AC to USB Adapter. 5V 2.1A Outout -
				3.57	100-150-0000-5221	Tripp Lite 6ft USB 2.0 Hi-Speed Extension Cable Shielded A M/F 6
				7.88	100-150-0000-5221	C2G 8ft High Speed HDMI Cable with Ethernet for 4K Devices Mfg
11527	10/17/2018	Clinical Lab of San Bern.	1,141.50	1,141.50	100-140-0000-5405	Water Samples
11528	10/17/2018	Customer Refund	9.97	9.97	100-000-0000-2000	Refund Check
11529	10/17/2018	Customer Refund	39.59	39.59	100-000-0000-2000	Refund Check
11530	10/17/2018	Desert Hardware	13.36	10.40	100-130-0000-5220	Shop Supplies-Brass Nipple & Garden Hose Adanper.
				2.96	100-130-0000-5220	Shop Supplies-Fasteners
11531	10/17/2018	Desert Pacific Exterminators	160.00	160.00	100-130-0000-5406	Quarterly Service
11532	10/17/2018	ECS Imaging,Inc	14,400.00	14,400.00	100-875-0000-6001	Laserfiche System (CIP Computer Technology Replacement) (Quote #
11533	10/17/2018	Engineering Resources	398.75	398.75	100-825-0000-6001	Professional Services Sept. 2018
11534	10/17/2018	Mike Ernst	387.20	387.20	100-600-0000-5406	Install 2 Locks with keys

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11535	10/17/2018	Frontier Communications	155.56	155.56	100-150-0000-5203	Plant
11536	10/17/2018	High Desert Mtn. Water Assoc.	85.00	85.00	100-600-0000-5330	Water Treatment Exam Review Class/Frechette
11537	10/17/2018	High Desert Mtn. Water Assoc.	85.00	85.00	100-600-0000-5330	Water Treatment Exam Review Class/Moore
11538	10/17/2018	Home Depot Credit Services	679.83	367.91	100-150-0000-5220	40LB Solar Salt
				311.92	100-150-0000-5220	Misc Tools
11539	10/17/2018	Inland Water Works	287.69	287.69	100-130-0000-5220	CRD 30-300 psi for CLA valve
11540	10/17/2018	Kennedy/Jenks Consultants	3,287.50	3,287.50	100-600-0000-5412	Professional Services Sept 2018
11541	10/17/2018	Konica Minolta Premier	474.00	318.03	100-600-0000-5223	10/01/2018 - 10/31/2018
				155.97	100-150-0000-5223	10/01/2018 - 10/31/2018
11542	10/17/2018	Legend Pump & Well Service	41,783.00	20,888.00	100-850-0000-6001	Lower Pump setting by adding 60' - 8" x 1-1/2" x 10' Sandblast
				20,895.00	100-850-0000-6001	Replace bowl assembly with new bowls designed for 800GPM@490' TD
11543	10/17/2018	Customer Refund	69.66	69.66	100-000-0000-2000	Refund Check
11544	10/17/2018	Customer Refund	64.23	64.23	100-000-0000-2000	Refund Check
11545	10/17/2018	Mcmaster-Carr Supply Co.	738.68	125.36	100-150-0000-5220	Compressed Air Filter
				135.09	100-130-0000-5220	Shop Supplies-Bandsaw Coolant & Warning Kit
				478.23	100-130-0000-5222	Veh. #40 Hose.
11546	10/17/2018	Merit Oil Company	10,975.01	8,933.22	100-000-0000-1401	2800 Gallons of Unleaded 87
				1,574.18	100-000-0000-1401	500 Gallon of Clear Diesel #2
				27.00	100-000-0000-1401	Fuel Surcharge
				440.61	100-000-0000-1401	Multi
11547	10/17/2018	Customer Refund	32.72	32.72	100-000-0000-2000	Refund Check
11548	10/17/2018	Customer Refund	52.81	52.81	100-000-0000-2000	Refund Check
11549	10/17/2018	Napa Auto Parts	103.33	11.51	100-130-0000-5220	Shop Supplies-Air Tank Hose
				91.82	100-130-0000-5220	Shop Supplies-Air Tank
11550	10/17/2018	National Business Furniture	2,890.13	2,890.13	100-600-0000-5301	Office Furniture
11551	10/17/2018	National Pen Company	841.81	841.81	100-600-0000-5350	Promotional Pens
11552	10/17/2018	O'Reilly Automotive Inc.	121.75	121.75	100-130-0000-5222	Equipment # 58-Separator.
11553	10/17/2018	Office Depot Business Account	797.33	797.33	100-875-0000-6001	Office Furniture
11554	10/17/2018	Office Supplies Plus Inc.	20.79	20.79	100-130-0000-5406	Sent off Gas Monitor
11555	10/17/2018	Prudential Overall Supply	506.40	149.22	100-130-0000-5253	Uniforms
				69.98	100-130-0000-5253	Uniforms
				69.98	100-130-0000-5253	Uniforms

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				217.22	100-130-0000-5253	Uniforms
11557	10/17/2018	S.C.E.	13,397.09	35.78	100-110-0000-5201	Well 4
				2,133.42	100-600-0000-5201	Hatch
				99.08	100-110-0000-5201	Well 17
				2,756.37	100-110-0000-5201	Well 14
				83.31	100-110-0000-5201	Donnell
				3,574.40	100-120-0000-5201	Booster TP-1
				1,645.12	100-110-0000-5201	Well 16
				1,120.27	100-120-0000-5201	Booster H1N, H2S
				1,142.08	100-110-0000-5201	Well 1
				807.26	100-110-0000-5201	Booster Two Mile
11558	10/17/2018	San Bernardino Co. Fire	502.00	502.00	100-000-0000-1600	Annual Fire Safety Permits
11559	10/17/2018	San Bernardino County	8.00	8.00	100-130-0000-5301	Monthly Assessor parcel map revisions
11560	10/17/2018	San Bernardino County Fire Protection District	11,892.15	11,892.15	100-000-0000-1800	Fire Related Property Taxes July-Sept 2018
11561	10/17/2018	Customer Refund	481.84	481.84	100-000-0000-2000	Refund Check
11562	10/17/2018	Spectrum Business	149.99	149.99	100-150-0000-5203	Joe Davis
11563	10/17/2018	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
11564	10/17/2018	Customer Refund	65.06	65.06	100-000-0000-2000	Refund Check
11565	10/17/2018	TPX Communications	710.37	710.37	100-600-0000-5203	Hatch
11566	10/17/2018	Tractor Supply Credit Plan	76.10	76.10	100-130-0000-5220	Field Supplies
11567	10/17/2018	Underground Service Alert	61.15	61.15	100-130-0000-5406	31 new tickets
11568	10/17/2018	Usa Blue Book	131.71	131.71	100-130-0000-5220	Calibratable waterproof thermometer
11569	10/17/2018	Vagabond Welding Supply	179.90	179.90	100-130-0000-5220	Shop Supplies- Oxygen & Casters
11570	10/17/2018	Customer Refund	64.64	64.64	100-000-0000-2000	Refund Check
11571	10/31/2018	Jeff Arwick	310.00	125.00	100-150-0000-5406	Connect New Pump Treatment Plant Low F
				185.00	100-130-0000-5407	220 Sevice Instalation in Shop.
11572	10/31/2018	ACWA/JOINT POWERS INSURANCE AUTHORITY	12,476.81	12,476.81	100-310-0000-5161	Workers Comp Qtr. 1
11573	10/31/2018	ACWA/JOINT POWERS INSURANCE AUTHORITY	13,490.00	13,490.00	100-600-0000-5303	2019 Annual Agency Dues
11574	10/31/2018	Customer Refund	59.05	59.05	100-000-0000-2000	Refund Check
11575	10/31/2018	Customer Refund	44.51	44.51	100-000-0000-2000	Refund Check
11576	10/31/2018	Customer Refund	43.68	43.68	100-000-0000-2000	Refund Check
11577	10/31/2018	Awwa	2,079.00	2,079.00	100-600-0000-5303	2019 Annual Membership Dues

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11578	10/31/2018	Customer Refund	29.29	29.29	100-000-0000-2000	Refund Check
11579	10/31/2018	BIRKSCO	1,658.75	1,658.75	100-130-0000-5220	1 x Box of Clean-R-Cards - \$78.75 net each and 4 x HPTSCH card t
11580	10/31/2018	Customer Refund	47.55	47.55	100-000-0000-2000	Refund Check
11581	10/31/2018	Customer Refund	82.47	82.47	100-000-0000-2000	Refund Check
11582	10/31/2018	Builders Supply - 29 Palms	76.73	14.00	100-130-0000-5220	5/8 OD X 3/8 OD ANGLE Valve
				(3.23)	100-130-0000-5220	5/8 OD X 3/8 OD ANGLE Valve
				10.44	100-130-0000-5220	2x4x10 Wood for vacuum at shop
				25.26	100-150-0000-5220	5 Gallon Pails with lids x 2 (INVOICE # 22605)
				7.51	100-150-0000-5220	25oz Soap, Scotochbrite Sponge (INVOICE # 23170)
				12.92	100-130-0000-5220	2" Galvanized Coupler
				9.83	100-130-0000-5220	2x6x20 wood with cut
11583	10/31/2018	Byrd Industrial Electron	1,204.08	1,204.08	100-110-0000-5406	Installed new Scada Pack 32 and AC to DC Inverter. Wired Call.Ru
11584	10/31/2018	Customer Refund	11.52	11.52	100-000-0000-2000	Refund Check
11585	10/31/2018	Calolympic Safety	219.76	109.89	100-130-0000-5406	Gas Calibration
				109.87	100-130-0000-5406	Gas Calibration
11586	10/31/2018	Customer Refund	35.55	35.55	100-000-0000-2000	Refund Check
11587	10/31/2018	Centurylink Business Services	10.83	10.83	100-600-0000-5203	Hatch
11588	10/31/2018	Chem-Tech International Inc.	18,045.77	11,624.20	100-150-0000-5211	Load of Caustic (Treatment Plant)
				6,421.57	100-150-0000-5211	Load of Acid (Treatment Plant)
11589	10/31/2018	Customer Refund	143.88	143.88	100-610-0000-5330	C S D A Mileage Reimbursement
11590	10/31/2018	County Of San Bernardino	80.92	80.92	100-150-0000-5406	Treatment Plant Media dump load
11591	10/31/2018	Culver Company	642.60	642.60	100-600-0000-5350	Conservation Magazines
11592	10/31/2018	Dept. of Toxic Substance Control	22.50	22.50	100-130-0000-5303	Total Hazardous Waste Manifest Fee
11593	10/31/2018	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
11594	10/31/2018	Desert Hardware	281.07	29.77	100-130-0000-5220	Shovel Square Point Long-H 48"
				9.29	100-130-0000-5220	Ace Palm Pushbroom 18"
				93.20	100-130-0000-5220	Shovel Square point long-H 48"
				50.20	100-130-0000-5220	Shovel Roundpoint 48"
				11.34	100-130-0000-5220	2.5" X 4" Galv Nipple
				4.45	100-130-0000-5220	1.5" X 3.5" Galv Nipple
				6.50	100-130-0000-5220	2" X 1.5" Galv Bushing
				5.57	100-130-0000-5220	PVC Pipe SCH40 3/4 X 20'

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				53.45	100-150-0000-5220	25" Tape Measure x 3 (INVOICE # 28201)
				17.30	100-150-0000-5220	Misc. PVC Fittings (INVOICE # 28072)
11595	10/31/2018	Customer Refund	62.18	62.18	100-000-0000-2000	Refund Check
11596	10/31/2018	Customer Refund	9.28	9.28	100-000-0000-2000	Refund Check
11597	10/31/2018	Diesel Emissions Service	589.35	589.35	100-130-0000-5406	Veh. #17 DPF Service.
11598	10/31/2018	Dish Network	52.57	52.57	100-600-0000-5203	Account 6851
11599	10/31/2018	Customer Refund	25.77	25.77	100-000-0000-2000	Refund Check
11600	10/31/2018	E.H. Wachs	775.68	618.17	100-130-0000-5222	Veh. #40 Air Filters.
				157.51	100-130-0000-5222	Veh. #40 Position Sensor.
11601	10/31/2018	Eadie + Payne	14,000.00	14,000.00	100-600-0000-5402	Audit
11602	10/31/2018	Customer Refund	550.95	550.95	100-600-0000-5330	Travel Reimbursement CSDA Board Secretary Conference
11603	10/31/2018	Franklin Truck Parts Inc.	593.75	1,137.50	100-130-0000-5222	Veh. #17-Steering Gearbox.
				(543.75)	100-130-0000-5222	Veh. #17 Credit for Steering Gearbox Core.
11604	10/31/2018	Frontier Communications	144.88	144.88	100-600-0000-5203	Hatch
11605	10/31/2018	Customer Refund	59.30	59.30	100-000-0000-2000	Refund Check
11606	10/31/2018	Customer Refund	23.79	23.79	100-000-0000-2000	Refund Check
11607	10/31/2018	Customer Refund	37.86	37.86	100-000-0000-2000	Refund Check
11608	10/31/2018	Gray Manufacturing Co., Inc.	123.52	123.52	100-130-0000-5220	Air Valve for Truck Jack.
11609	10/31/2018	Customer Refund	33.18	33.18	100-000-0000-2000	Refund Check
11610	10/31/2018	HASA	1,558.08	1,558.08	100-140-0000-5211	Carboys of Sodium Hypochlorite 12.5% 5 Gallon Multi-Chlor NSF 60
11611	10/31/2018	Customer Refund	54.46	24.46	100-000-0000-2000	Refund Check
				30.00	100-000-0000-2000	Refund Check
11612	10/31/2018	Customer Refund	64.32	64.32	100-000-0000-2000	Refund Check
11613	10/31/2018	Home Depot Credit Services	1,647.06	1,647.06	100-130-0000-5222	Tool Boxes for New Trucks.
11614	10/31/2018	Customer Refund	1.23	1.23	100-000-0000-2000	Refund Check
11615	10/31/2018	Inland Water Works	666.06	65.46	100-130-0000-5220	5/8" x 1/2" multi jet cubic meter pulse 5' wire
				102.37	100-130-0000-5220	CRD repair kit for cla-val
				54.30	100-130-0000-5220	4" PVC SCH 40 coupling thread x slip
				223.93	100-825-0000-6001	4" Galvi 90 elbow
				22.00	100-825-0000-6001	4" x 6" galvi nipple
				56.00	100-825-0000-6001	4" x 18" galvi nipple
				142.00	100-825-0000-6001	4" x 24" galvi nipple

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11616	10/31/2018	Kennedy/Jenks Consultants	3,272.50	3,272.50	100-825-0000-6001	Professional Services
11617	10/31/2018	Customer Refund	57.82	57.82	100-000-0000-2000	Refund Check
11618	10/31/2018	Customer Refund	53.38	53.38	100-000-0000-2000	Refund Check
11619	10/31/2018	Customer Refund	27.75	27.75	100-000-0000-2000	Refund Check
11620	10/31/2018	Customer Refund	22.55	22.55	100-000-0000-2000	Refund Check
11621	10/31/2018	Customer Refund	45.04	45.04	100-000-0000-2000	Refund Check
11622	10/31/2018	Mcmaster-Carr Supply Co.	519.63	360.83	100-150-0000-5220	Desiccant 5163K49
				138.20	100-150-0000-5220	Filter Element 8282K73
				20.60	100-150-0000-5220	Replacement Filter 4958K95
11623	10/31/2018	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
11624	10/31/2018	Minolta Business Systems	1,417.88	111.42	100-600-0000-5223	09/23/2018 - 10/22/2018
				1,306.46	100-600-0000-5223	Service Labor Charge Bizhub C350
11625	10/31/2018	Customer Refund	66.61	66.61	100-000-0000-2000	Refund Check
11626	10/31/2018	Napa Auto Parts	428.10	84.38	100-130-0000-5222	Veh. #73-Pintle Eye.
				213.74	100-130-0000-5222	Veh. #11-Trailer Brake Controler w/Wiring Harness.
				24.14	100-130-0000-5222	Veh. #17-Clearance Lights w/Rubber Grommets..
				70.21	100-130-0000-5222	Veh. #71-Hooks for New Chains...
				23.11	100-130-0000-5222	Veh. #17-Clearance Lights w/Rubber Grommets.
				12.52	100-130-0000-5220	Shop Supplies-Air Hose.
11627	10/31/2018	Nyhart Company	5,550.00	5,550.00	100-600-0000-5406	FYE 06/30/2018 GASB 75 Report
11628	10/31/2018	O'Reilly Automotive Inc.	121.75	121.75	100-130-0000-5222	Equip. #58- Hydraulic Filter.
11629	10/31/2018	Office Supplies Plus Inc.	35.95	14.42	100-130-0000-5406	Sent off Gas Monitor (INVOICE # 188493)
				21.53	100-150-0000-5220	Cleaner, Air Duster x2 (INVOICE # 188820)
11630	10/31/2018	Customer Refund	20.34	20.34	100-000-0000-2000	Refund Check
11631	10/31/2018	Customer Refund	15.88	15.88	100-000-0000-2000	Refund Check
11632	10/31/2018	Customer Refund	29.71	29.71	100-000-0000-2000	Refund Check
11633	10/31/2018	Palm Springs Motors Inc.	473.41	473.41	100-130-0000-5222	Veh. #13-Rear Leaf Spring.
11634	10/31/2018	Customer Refund	69.78	69.78	100-000-0000-2000	Refund Check
11635	10/31/2018	Customer Refund	49.94	49.94	100-000-0000-2000	Refund Check
11636	10/31/2018	Customer Refund	40.25	40.25	100-000-0000-2000	Refund Check
11637	10/31/2018	Customer Refund	14.18	14.18	100-000-0000-2000	Refund Check
11638	10/31/2018	Customer Refund	45.82	45.82	100-000-0000-2000	Refund Check

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11639	10/31/2018	Powers Electric Products Co.	440.01	440.01	100-130-0000-5220	Parts for Well Sounder.
11640	10/31/2018	Prudential Overall Supply	575.40	173.69	100-130-0000-5253	Uniforms
				331.73	100-130-0000-5253	Uniforms
				69.98	100-130-0000-5253	Uniforms
11641	10/31/2018	Customer Refund	35.14	35.14	100-000-0000-2000	Refund Check
11642	10/31/2018	Customer Refund	1.00	1.00	100-000-0000-2000	Refund Check
11643	10/31/2018	Customer Refund	54.70	54.70	100-000-0000-2000	Refund Check
11644	10/31/2018	Customer Refund	51.66	51.66	100-000-0000-2000	Refund Check
11645	10/31/2018	S.C.E.	18,059.23	1,032.18	100-150-0000-5201	Plant
				11,769.59	100-110-0000-5201	Well TP-1
				677.02	100-110-0000-5201	Well 11
				816.87	100-120-0000-5201	Booster 11A, 11B
				49.82	100-110-0000-5201	Well 9 Booster 6A, 6B
				1,431.02	100-110-0000-5201	Well 6, 12
				1,370.11	100-120-0000-5201	Booster Lupine
				912.62	100-120-0000-5201	Booster Sullivan
11646	10/31/2018	Customer Refund	69.57	69.57	100-000-0000-2000	Refund Check
11647	10/31/2018	Customer Refund	24.65	24.65	100-000-0000-2000	Refund Check
11648	10/31/2018	Customer Refund	27.12	27.12	100-000-0000-2000	Refund Check
11649	10/31/2018	Shoplet.Com	268.85	268.85	100-600-0000-5301	Office Supplies
11650	10/31/2018	Susan L. Simmons	1,425.00	1,425.00	100-600-0000-5406	Janitorial Services
11651	10/31/2018	Southern Calif. Gas Co.	3.92	3.92	100-600-0000-5202	Hatch
11652	10/31/2018	Spectrum Business	139.98	139.98	100-600-0000-5203	La Luna
11653	10/31/2018	Customer Refund	55.85	55.85	100-000-0000-2000	Refund Check
11654	10/31/2018	Customer Refund	15.01	15.01	100-000-0000-2000	Refund Check
11655	10/31/2018	Customer Refund	11.67	11.67	100-000-0000-2000	Refund Check
11656	10/31/2018	Customer Refund	498.68	498.68	100-000-0000-2000	AR Refund
11657	10/31/2018	Union Bank	1,670.65	205.40	100-610-0000-5330	CSDA
				(439.62)	100-120-0000-5220	Credit
				37.47	100-600-0000-5330	Charges
				208.02	100-600-0000-5301	Charges
				130.25	100-110-0000-5220	Charges

Twentynine Palms Water District

Check Date Range: 10/1/2018 thru 10/31/2018

				52.86	100-600-0000-5330	Charges
				270.35	100-120-0000-5220	Charges
				96.00	100-600-0000-5406	Charges
				434.99	100-875-0000-6001	Charges
				108.73	100-130-0000-5220	Charges
				39.50	100-600-0000-5330	Charges
				51.55	100-600-0000-5330	Charges
				16.53	100-600-0000-5330	Charges
				18.00	100-600-0000-5330	Charges
				46.00	100-600-0000-5330	Charges
				12.35	100-600-0000-5330	Charges
				7.42	100-600-0000-5330	Charges
				14.00	100-600-0000-5330	Charges
				186.23	100-130-0000-5228	Charges
				61.95	100-130-0000-5220	Charges
				64.90	100-600-0000-5301	Charges
				47.77	100-600-0000-5301	Charges
11658	10/31/2018	United Cerebral Palsy Assoc.	252.67	252.67	100-160-0000-5406	Mail Production
11659	10/31/2018	Usa Blue Book	3,916.70	1,918.90	100-140-0000-5211	50 Gallon CL2 Tanks (6 cl2 Tanks for all well sights) (INVOICE #
				231.23	100-825-0000-6001	Fire Hose 4" (CIP Well # 11-B Fluoride) (INVOICE # 664560)
				429.50	100-825-0000-6001	Economy PVC Discharge Hose 4 in X 50' x2 (CIP Well # 11-B FI
				1,221.29	100-150-0000-5220	Centrifugal Pump Low F, Graduated Griffin Beaker250mL (INVOICE
				115.78	100-150-0000-5220	Graduated Griffin Beaker 600mL (INVOICE # 696214)
11660	10/31/2018	USPS	225.00	225.00	100-600-0000-5406	First-Class Presort Permit #39
11661	10/31/2018	Vagabond Welding Supply	65.70	65.70	100-130-0000-5220	Welding Supplies.
11662	10/31/2018	Customer Refund	20.75	20.75	100-000-0000-2000	Refund Check
11663	10/31/2018	Verizon Wireless	399.89	399.89	100-600-0000-5203	Wireless
11664	10/31/2018	Customer Refund	59.22	59.22	100-000-0000-2000	Refund Check
11665	10/31/2018	Customer Refund	4.52	4.52	100-000-0000-2000	Refund Check
11666	10/31/2018	Customer Refund	24.79	24.79	100-000-0000-2000	Refund Check
11667	10/31/2018	Customer Refund	55.44	55.44	100-000-0000-2000	Refund Check
11668	10/31/2018	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check

Twentynine Palms Water District

Check Date Range: 10/1/2018 thru 10/31/2018

			Total	\$443,490.45		
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5

5.1

TWENTYNINE PALMS WATER DISTRICT
72401 Hatch Road/P. O. Box 1735
Twentynine Palms, CA 92277-1000
PHONE (760) 367-7546 FAX (760) 367-6612

TO: Board of Directors
FROM: Matt Shragge, Maintenance Superintendent
DATE: November 9, 2018
SUBJECT: Management Report

A. The Operations and Maintenance Department performed the following tasks during the month of October 2018:

1. Responded to 45 Underground Service Alerts
2. Responded to and repaired
 - a. 0 water main leaks
 - b. 2 water meter leaks
 - c. 1 service line leak
 - d. 0 fire hydrant repairs/maintenance
3. Installed 4 new services
4. Replaced 4 customer gate valves
5. Performed 8 leak audits
6. Painted 30 fire hydrants
7. Performed 9 customer pressure checks
8. Replaced 19 water meters
9. Tested and exercised emergency generators
10. Sounded wells for October
11. 0 water waste inquiries were reported

B. The following customer service tasks were performed:

1. 148 work orders were generated from reading meters
2. 51 work orders were generated from billing variance list
3. 316 work orders were generated for turn on or turn off
4. 404 termination notices were distributed
5. 37 non-pay turn offs were performed
6. 71 extensions were granted
7. 16 extensions were shut off for non-payment
8. 2 payment schedules have been granted
9. 0 payment schedules failed, total outstanding \$0
10. 25 customer requests and 9 inquiries were logged and investigated

C. Valve and Hydrant Maintenance Update

	Valves Exercised (Began 07/18)	Dead Ends Flushed (Began 7/18)
Current Month	110	25
Year to Date	* 443	59

*Triennial cycle

5.2

TWENTYNINE PALMS WATER DISTRICT
72401 Hatch Road/P. O. Box 1735
Twentynine Palms, CA 92277-1000
PHONE (760) 367-7546 FAX (760) 367-6612

TO: Board of Directors

FROM: Mike Minatrea, Treatment/Production Superintendent

DATE: November 13, 2018

SUBJECT: Management Report

1. ENGINEERING

A. No items to report.

2. WATER QUALITY

- A. Chlorine Levels: Average levels maintained in the storage and distribution system ranged from a low of 0.08 mg/L to a high of 0.25 mg/L. Chlorination point (the point where chlorine is introduced into the distribution system) averages ranged from 0.25 mg/L to 0.74 mg/L.
- B. Bacteria Samples: A total of 48 routine bacteria samples were collected at test points for the storage and distribution system during this past month. In addition 7 special bacteria samples were collected. All routine and special samples indicated ABSENT for Colilert.
- C. Fluoride Samples: A total of 15 fluoride samples were collected at established test points for the storage and distribution system, and 6 fluoride samples were taken from potable water production wells. Fluoride levels in the distribution system ranged from a low of 1.1 mg/L to a high of 1.9 mg/L. Fluoride measurements collected at the wells ranged from a low of 0.39 to a high of 2.1 mg/L.
- D. General Physical: A total of 13 general physical samples were collected from established locations as a part of routine testing requirements. Levels reported for color are <3.0-15 for threshold odor and <0.1 – 5.0 for turbidity.

TWENTYNINE PALMS WATER DISTRICT
Water Production Report
FY 2018/2019

Groundwater Source													
	Mesquite Springs Basin	Fortynine Palms Basin	Eastern Basin	Indian Cove Basin	Total Produced	Total Prior Yr	%Increase Decrease prior year	%Increase Decrease from 2013	New Service	Active Account	Prior Year	%Increase (Decrease)	Main Leaks
July	140.59	77.374	32.165	24.176	274.305	292.785	-6.31%	-11.50%	3				1
August	161.772	56.956	37.467	24.471	280.666	269.139	4.28%	-3.95%	5	7,776	7,703	0.93%	1
Sept.	132.623	53.667	33.600	24.591	244.481	232.006	5.37%	0.11%	0				1
October	131.134	45.084	22.702	14.670	213.590	213.888	-0.14%	1.06%	4	N/A	N/A		0
Nov.					0.000								
Dec.					0.000								
Jan.					0.000								
Feb.					0.000								
March					0.000								
April					0.000								
May					0.000								
June					0.000								
Totals	566.119	233.081	125.934	87.908	1013.042	1007.818	0.52%		12				3

Production Totals Expressed in Acre Feet

NOTE: Year to Date Mesquite Springs Basin regeneration production of **6.231** acre feet = **1.09%** treatment loss.

Total Connections in District = 8,110

5.3

TWENTYNINE PALMS WATER DEPARTMENT

FINANCIAL REPORT

For The Month Of

Sept 2018

***PRELIMINARY -SUBJECT TO YEAR-END
AND AUDIT ADJUSTMENTS***

**TWENTYNINE PALMS WATER DEPARTMENT
STATEMENT OF INVESTMENTS AND RESERVES
For the Period Ending September 30, 2018
(Unaudited)**

<u>Operating Funds & Internal Reserves:</u>	<u>Prior Balance</u>	<u>Deposits</u>	<u>Disbursements</u>	<u>Current Balance</u>	<u>Market</u>
Operating Funds - LAIF	\$ 4,073,291	\$ -	\$ (3,125)	\$ 4,070,166	\$ 4,061,343
Election Fund Reserve - LAIF	20,925	-	-	20,925	20,879
Internal Operating Reserve - LAIF	168,438	-	-	168,438	168,073
Capital Funds for Primary Infrastructure - LAIF	71,882	1,625	-	73,507	73,348
Capital Funds for Secondary Infrastructure - LAIF	55,749	1,500	-	57,249	57,125
Total Investments	\$ 4,390,285	\$ 3,125	\$ (3,125)	\$ 4,390,285	\$ 4,380,769

CERTIFICATION

I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively.

Cindy Byerrum, CPA
Contract CPA

*** Market values are adjusted on this report on a quarterly basis and recorded in the District's financials statements at the end of the fiscal year*

**Twentynine Palms Water Department
Statement of Revenues and Expenses
For the Period Ending September 30, 2018
(Unaudited)**

	Sept 2018	Aug 2018	YTD	Budget	YTD 25%	Prior YTD
1 Operating Revenues	\$ 406,615	\$ 422,407	\$ 1,234,228	\$ 4,212,800	29%	\$ 1,178,611
2 Non-Operating Revenues	55,503	53,464	168,964	704,700	24%	157,103
Total Revenue Available to						
3 Fund Operations & Capital/R&R	462,118	475,871	1,403,192	4,917,500	29%	1,335,714
4 Operating Expenses	263,850	406,636	947,591	3,962,500	24%	927,757
5 Non-Operating Expenses	24,909	24,909	74,727	298,700	25%	49,072
Net Revenues Available to Fund						
6 Capital Related Expenditures	173,360	44,326	380,874	656,300	58%	358,885

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

**Twentynine Palms Water Department
Detail Statement of Revenues and Expenses
For the Period Ending September 30, 2018
(Unaudited)**

	Sept 2018	Aug 2018	YTD	Budget	YTD 25%	Prior YTD
1 Operating Revenues						
2 Water Sales	\$ 293,648	\$ 304,821	\$ 886,703	\$ 2,861,200	31%	\$ 856,354
3 RTS	102,233	101,851	306,747	1,242,500	25%	286,470
4 Other Operating Revenue	10,735	15,735	40,779	109,100	37%	35,787
5 Total Operating Revenues	406,615	422,407	1,234,228	4,212,800	29%	1,178,611
6 Non-Operating Revenues						
7 Capital Impact Fees	3,125	3,885	8,960	-	0%	2,725
8 Water Availability Assessment	49,258	49,258	147,775	591,100	25%	147,775
9 Interest Revenue	-	-	5,322	73,700	7%	3,325
10 Other Penalties	-	-	3,082	34,900	9%	2,699
11 Reimbursed Expenses	2,811	5	2,896	5,000	58%	4,210
12 Other Non-Operating Revenue	309	316	930	-	0%	(3,631)
13 Total Non-Operating Revenues	55,503	53,464	168,964	704,700	24%	157,103
14 Total Revenues	462,118	475,871	1,403,192	4,917,500	29%	1,335,714
15 Operating Expenditures						
16 Source of Supply						
17 Labor & Benefits	2,033	1,466	3,920	8,600	46%	1,351
18 Direct Expenses	21,786	19,479	66,080	325,200	20%	67,817
19 Total Source of Supply	23,819	20,945	70,000	333,800	21%	69,168
20 Pumping						
21 Labor & Benefits	136	115	500	4,900	10%	-
22 Direct Expenses	9,151	15,511	38,328	117,900	33%	32,735
23 Total Pumping	9,287	15,626	38,828	122,800	32%	32,735
24 Transmission & Distribution						
25 Labor & Benefits	64,202	97,401	223,269	1,121,100	20%	199,751
26 Direct Expenses	21,725	30,113	79,072	265,400	30%	62,222
27 Total Transmission & Distribution	85,927	127,514	302,341	1,386,500	22%	261,974
28 Treatment Wells						
29 Labor & Benefits	4,440	6,925	14,782	48,400	31%	11,944
30 Direct Expenses	1,142	3,418	6,410	31,900	20%	6,487
31 Total Treatment Wells	5,582	10,343	21,192	80,300	26%	18,431
32 Treatment Facility						
33 Labor & Benefits	20,607	29,359	68,802	224,800	31%	52,812
34 Direct Expenses	13,792	65,244	102,398	382,600	27%	118,237
35 Total Treatment Facility	34,399	94,603	171,200	607,400	28%	171,050
36 Customer Accounts						
37 Labor & Benefits	20,076	29,785	65,797	197,700	33%	49,788
38 Direct Expenses	2,428	397	4,191	55,400	8%	719
39 Total Customer Accounts	22,505	30,182	69,988	253,100	28%	50,506
40 General Administration						
41 Outside Services	20,574	22,002	71,541	293,700	24%	93,161
42 Direct Expenses	20,469	23,763	62,027	313,900	20%	63,655
43 Total General Admin.	41,042	45,766	133,568	607,600	22%	156,816
44 Employee Salaries						
45 Direct Labor	101,969	168,498	361,723	1,357,200	27%	311,332
46 Less Transfer to Operations	79,228	125,431	274,179	1,057,400	26%	230,041
47 Total General & Admin. Salaries	22,741	43,067	87,544	299,800	29%	81,291

**Twentynine Palms Water Department
Detail Statement of Revenues and Expenses
For the Period Ending September 30, 2018
(Unaudited)**

	Sept 2018	Aug 2018	YTD	Budget	YTD 25%	Prior YTD
48 Employee Benefits						
48 Health Benefits	10,381	15,801	37,179	166,600	22%	33,282
49 Vacation / Sick Payouts	2,610	-	2,610	45,700	6%	38,023
50 Retirement Expenses	2,157	2,157	6,971	28,900	24%	9,352
51 Total Employee Benefits	15,148	17,958	46,761	241,200	19%	80,657
52 Board of Directors						
53 Directors' Fees	400	625	1,850	15,000	12%	2,000
54 Direct Expenses	3,000	8	4,319	15,000	29%	3,130
55 Total Board of Directors	3,400	633	6,169	30,000	21%	5,130
56 Total Operating Expenditures	263,850	406,636	947,591	3,962,500	24%	927,757
57 Non-Operating Expenditures						
58 Unfunded PERS	9,909	9,909	29,727	118,700	25%	23,472
59 Unfunded OPEB Liability	15,000	15,000	45,000	180,000	25%	25,600
60 Total Non-Operating Expenditures	24,909	24,909	74,727	298,700	25%	49,072
61 Total Expenditures	288,759	431,545	1,022,318	4,261,200	24%	976,829
Net Revenues Available to Fund Capital						
62 Related Expenditures	173,360	44,326	380,874	656,300	58%	358,885
63 Carryover Projects	-	-	-	(495,000)	0%	(11,402)
64 Capital Improvement Projects	(8,316)	(40,133)	(49,043)	(1,700,000)	3%	(17,880)
65 Repair, Rehabilitation, & Maintenance	(26,571)	(15,733)	(64,124)	(380,000)	17%	(12,472)
66 Capital Outlay	(19,683)	(18,688)	(128,352)	(488,500)	26%	(33,040)
67 Transfer From Special Revenue	6,593	5,841	22,766	91,100	25%	21,763
68 Increase (Decrease) In Fund Balance	\$ 125,381	\$ (24,386)	\$ 162,122	\$ (2,316,100)	-7%	\$ 305,854

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

**Twentynine Palms Water Department
Special Revenue Fund
For the Period Ending September 30, 2018
(Unaudited)**

	<u>Sept 2018</u>	<u>Aug 2018</u>	<u>YTD</u>	<u>Budget</u>	<u>YTD 25%</u>	<u>Prior YTD</u>
1 Tower Revenues	\$ 9,925.95	\$ 9,174.65	\$ 32,766.29	\$ 131,100.00	25%	\$ 31,763.34
2 Less Transfers Out to Fire	\$ -	\$ -	\$ -	\$ -	N/A	\$ -
3 Less Transfers Out To Water	\$ (6,592.62)	\$ (5,841.32)	\$ (22,766.30)	\$ (91,100.00)	25%	\$ (21,763.35)
4 Transfer to PARS Trust	<u>\$ (3,333.33)</u>	<u>\$ (3,333.33)</u>	<u>\$ (9,999.99)</u>	<u>\$ (40,000.00)</u>	25%	<u>\$ (9,999.99)</u>
Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

**Twentynine Palms Water Department
 Carryover CIP/Current CIP and R&M/Capital Outlay
 For the Period Ending September 30, 2018
 (Unaudited)**

Carryover Capital Approved in Previous Years	Budget FY 18/19	Current Year Expenditures	Remaining Budget / (Over Budget)
District Projects			
1 GW Mgmt. Plan & Urban Water Mgmt. Plan	\$ 45,000	\$ -	\$ 45,000
2 Treatment Feasibility & Exploration Costs	150,000	-	150,000
3 Salt Nutrient Monitoring Wells	100,000	-	100,000
4 Asset Management Plan	100,000	-	100,000
5 USGS Study	100,000	-	100,000
6 Total Carryover Capital Approved in Previous Years	495,000	-	495,000
Capital Improvement Plan			
8 Chromium VI and Flouride for Well 11B	500,000	-	500,000
9 Fluoride Variance (Expiring) - TP-2, W12, W16	1,200,000	-	1,200,000
10 Well 11-B	-	49,043	(49,043)
11 Total Capital Improvement Plan	1,700,000	49,043	1,650,957
Repairs, Rehabilitation, & Maintenance			
13 Plant 6 Electrical and Well Upgrade	75,000	6,408	68,592
14 Emergency Repairs, Unspecified	50,000	7,954	42,046
15 Repiping/Distribution System Upgrades	50,000	18,365	31,635
16 Reservoir Recoating / Cathodic Protection	20,000	-	20,000
17 Meter Replacement Program	50,000	27,384	22,616
18 Well Rehabilitation	75,000	4,013	70,987
19 Fluoride Plant Instrumentation\Coating	10,000	-	10,000
20 Treated Water Reservoir Coating	50,000	-	50,000
21 Total Repairs & Maintenance	380,000	64,124	315,876
Capital Outlay			
23 Vehicle/Equipment Replacements	175,000	101,812	73,188
24 Computer/Technology Replacements	30,000	2,835	27,165
25 GIS	25,000	3,000	22,000
26 Administrative Building\Office Remodel	75,000	9,856	65,144
27 Fencing Upgrade	20,000	10,850	9,150
28 Energy Efficiency Projects	150,000	-	150,000
29 One-Time Existing Conditions Sampling Event	13,500	-	13,500
30 Total Capital Outlay	488,500	128,352	360,148
31 TOTAL	\$ 3,063,500	\$ 241,519	\$ 2,821,981

5.4

**NO
MATERIAL
PROVIDED**