

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	12
Statement of Activities.....	14
Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	17
Statement of Cash Flows – Proprietary Funds.....	18
Statement of Fiduciary Assets and Liabilities.....	20
Notes to Basic Financial Statements.....	21
Required Supplementary Information:	
Schedule of Funding Progress for Other Postemployment Benefits.....	45
Schedule of the District’s Proportionate Share of the Net Pension Liability.....	46
Schedule of Contributions.....	47
Supplementary Information.....	48
Schedule of Operating Expenses.....	49
Restricted Plant Benefit Charges and Disclosures.....	50



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

433 N. CAMDEN DR., SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
the Georgetown Divide Public Utility District
Georgetown, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the fiduciary fund of the Georgetown Divide Public Utility District (District) as of and for the fiscal year ended June 30, 2015, and the related notes to the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and fiduciary fund of the District as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note 1 to the financial statements, effective July 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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, the Schedule of Funding Progress for Other Postemployment Benefits, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of Contributions on pages 4-11 and 45-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Georgetown Divide Public Utility District's basic financial statements. The Schedules of Operating Expenses and Restricted Plant Benefit Charges and Disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Operating Expenses and Restricted Plant Benefits Charges and Disclosures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Operating Expenses and Restricted Plant Benefits Charges and Disclosures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2016, 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 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.

Report on Summarized Comparative Information

We have previously audited the District's basic financial statements as of and for the fiscal year ended June 30, 2014, and our report dated March 2, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 9, 2016

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis June 30, 2015

As management of the Georgetown Divide Public Utility District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the audited financial statements and accompanying notes that follow this section.

Financial Highlights

The fiscal year was once again challenging from an economic perspective. Total revenue for the fiscal year ending June 30, 2015 was \$3,613,736, a decrease of \$201,425 or 5.28% from the previous fiscal year. Total expenses were \$3,805,397, a decrease of \$39,714 or 1.03% from the previous fiscal year. The decrease in net position was \$3,247,469, including a prior period adjustment for (\$3,055,808) for the fiscal year.

Operating revenue totaled \$1,962,452 for the fiscal year ended June 30, 2015, a decrease of \$332,086 or 14.47% from the previous fiscal year. Operating expenses totaled \$3,707,525 a decrease of \$65,701 or 1.74% from the previous fiscal year.

Non-operating revenue was \$1,651,284, an increase of \$130,661 or 8.59%. Non-operating expense was \$97,872, an increase of \$25,987 or 36.15%. The remaining non-operating revenue supplements operating revenue to cover operating expenses and capital improvements.

Other significant financial activities were:

- Not filling certain positions.
- Investing \$53,214 towards the design of the Auburn Lake Trails Water Treatment Plant Retrofit Project.
- Due to the State of California mandating water use reductions, residential water revenue was down. Also, as a result of the reduction mandates, the irrigation season was shortened, resulting in lower revenues.
- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, requiring the recording of the District's proportionate share of the CalPERS retirement liability.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information, and optional Supplementary Information.

The required financial statements are the Statement of Net Position at June 30, 2015; the Statement of Activities for the fiscal year ended June 30, 2015 at the government-wide level; the Statement of Net Position– Proprietary Funds at June 30, 2015; the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds for the fiscal year ended June 30, 2015; and the Statement of Cash Flows – Proprietary Funds for the fiscal year ended June 30, 2015 at the fund level. The final required financial statement is the Statement of Fiduciary Assets and Liabilities. The financial statements also include comprehensive notes which summarize the official accounting policies of the District.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis June 30, 2015

The financial statements, except for the cash flow statement, are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The cash flow statement is an exception because that statement shows the receipt and payment of cash for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

Required Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The statement also provides information about the nature and amounts of investments in assets and obligations to District creditors as liabilities. The statement also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of the related cash flows.

All of the current fiscal year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the District's operations over the past fiscal year and can be used to determine whether the District has successfully recovered all of its costs through its rates, fees, and other charges. The District's net position and credit worthiness can also be determined from this statement.

The primary purpose of the *Statement of Cash Flows* is to provide information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It explains where cash came from, cash usage, and the change in the cash balance during the reporting period.

The *Statement of Fiduciary Assets and Liabilities* is provided to report on assets held in an agency capacity for others and which cannot be used to support the District's operating activities.

Financial Analysis of the District

Has the financial condition of the District improved or deteriorated as a result of this year's operations? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position attempts to answer this question. Net position may be a useful indicator over time as to the District's financial position. But, there may be other non-economic factors that could cause a change in the District's financial situation.

Statement of Net Position

The Statement of Net Position is a snapshot in time that shows assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2015. Net Position decreased by \$3,247,469 to \$16,628,042 in fiscal year 2015. The majority of this decrease is due to the implementation of GASB Statement No. 68. Total assets and deferred outflows of resources increased by \$42,779 and liabilities and deferred inflows of resources increased by \$3,290,248 from the previous fiscal year. There is a decrease in net capital assets, mainly from depreciation offset by current fiscal year additions. A summary of the District's Statement of Net Position is presented in Table A-1.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Management's Discussion and Analysis
June 30, 2015**

**Table A-1
Condensed Statement of Net Position**

	6/30/2015	6/30/2014	\$ Increase (Decrease)	% Increase (Decrease)
Current assets	\$ 6,930,493	\$ 3,552,482	\$ 3,378,011	95.1%
Restricted assets	3,023,063	6,121,674	(3,098,611)	-50.6%
Capital assets, net of accumulated depreciation	12,754,161	13,295,944	(541,783)	-4.1%
Deferred outflows of resources	305,162		305,162	n/a
Total assets and deferred outflows				
outflows of resources	23,012,879	22,970,100	42,779	0.2%
Current liabilities	138,114	152,646	(14,532)	-9.5%
Current restricted liabilities	7,719	12,855	(5,136)	-40.0%
Non-current liabilities	5,400,595	2,929,088	2,471,507	84.4%
Deferred inflows of resources	838,409		838,409	n/a
Total liabilities and deferred inflows of resources	6,384,837	3,094,589	3,290,248	106.3%
Net investment in capital assets	11,836,954	12,187,963	(351,009)	-2.9%
Restricted	2,659,962	5,602,017	(2,942,055)	-52.5%
Unrestricted	2,131,126	2,085,531	45,595	2.2%
Total net position	\$ 16,628,042	\$ 19,875,511	\$ (3,247,469)	-16.3%

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides information on the nature and source of assets represented on the Statement of Net Position. It also shows that the expenses exceeded revenues by \$191,661. Ending net position totaled \$16,628,042. Total revenues decreased by \$201,425 in 2015 totaling \$3,613,736. Operating revenue decreased by \$332,086. The Statement of Revenues, Expenses, and Changes in Net Position lists the operating revenues and the non-operating revenues together and compares them to the operating and non-operating expenses. Table A-2 depicts total revenues and total expenses and the resulting changes in net position.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Management's Discussion and Analysis
June 30, 2015**

**Table A-2
Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	Fiscal Year Ended 6/30/2015	Fiscal Year Ended 6/30/2014	\$ Increase (Decrease)	% Increase (Decrease)
Operating revenues	\$ 1,962,452	\$ 2,294,538	\$ (332,086)	-14.5%
Non-operating revenues and contributions	1,651,284	1,520,623	130,661	8.6%
Total Revenues	3,613,736	3,815,161	(201,425)	-5.3%
Operating expenses	3,707,525	3,773,226	(65,701)	-1.7%
Non-operating expenses	97,872	71,885	25,987	36.2%
Total Expenses	3,805,397	3,845,111	(39,714)	-1.0%
Changes in net position	(191,661)	(29,950)	(161,711)	539.9%
Beginning net position, restated	16,819,703	19,905,461	(3,085,758)	-15.5%
Ending net position	\$ 16,628,042	\$ 19,875,511	\$ (3,247,469)	-16.3%

Operating Revenues

In a purely business environment, operating revenues are meant to cover operating expenses, retire debt and provide for future improvements by accumulating reserves. The rural nature of the District allows for the receipt of property taxes which are used in conjunction with the operating revenues to pay for operating expenses and other needs. Due to drought conditions and mandated conservation practices, water use decreased over the prior fiscal year. Operating revenues are depicted in Table A-3.

**Table A-3
Condensed Operating Revenues**

	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Water Sales - Residential	\$1,236,737	\$1,497,583	(\$260,846)	-17.42%
Water Sales - Commercial	170,797	233,755	(62,958)	-26.93%
Water Sales - Irrigation	157,407	187,705	(30,298)	-16.14%
Water Disposal Fees and Charges	344,857	340,340	4,517	1.33%
Penalties	48,532	34,218	14,314	41.83%
Connections	4,111	780	3,331	427.05%
Other Operating Revenues	<u>11</u>	<u>157</u>	<u>(146)</u>	<u>-92.99%</u>
Total Operating Revenues	<u>\$1,962,452</u>	<u>\$2,294,538</u>	<u>(\$332,086)</u>	<u>-14.47%</u>

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Management's Discussion and Analysis
June 30, 2015**

Operating Expenses by Department

Total operating expenses decreased \$65,701 or 1.74% to \$3,707,525. The largest expense decrease was in Transmission and Distribution – Treated Water and Water Treatment due to the continued minimum amount of staffing. The decrease to On-site Wastewater Disposal was due to position vacancies. Hydroelectric activities are combined with the administrative activities as they are not material enough to present separately. Source of Supply expenses decreased due to personnel adjustments. Operating expenses are depicted in Table A-4.

**Table A-4
Operating Expenses by Department**

	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Source of Supply	\$231,538	\$273,696	(\$42,158)	-15.40%
Transmission and Distribution – Raw Water	576,995	533,782	43,213	8.10%
Water Treatment	540,882	543,592	(2,710)	-.49%
Transmission and Distribution – Treated Water	540,249	620,552	(80,303)	-12.94%
Customer Service	260,774	207,892	52,882	25.44%
Administrative and Hydroelectric	721,814	698,983	22,831	3.27%
Depreciation and Amortization	672,901	693,720	(20,819)	-3.00%
On-site Wastewater Disposal Zone	<u>162,372</u>	<u>201,009</u>	<u>(38,637)</u>	<u>-19.22%</u>
Total Operating Expenses	<u>\$3,707,525</u>	<u>\$3,773,226</u>	<u>(\$65,701)</u>	<u>-1.74%</u>

Operating Revenues vs. Operating Expenses

The District's operating loss increased by \$266,385. Table A-5 compares operating revenues to operating expenses and depicts the District's reliance on other revenue for operations.

**Table A-5
Operating Revenues vs Operating Expenses**

	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Operating Revenues	\$1,962,452	\$2,294,538	(\$332,085)	-14.47%
Operating Expenses	<u>3,707,525</u>	<u>3,773,226</u>	<u>(65,701)</u>	<u>-1.74%</u>
Operating Loss	<u>(\$1,745,073)</u>	<u>(\$1,478,688)</u>	<u>(\$266,385)</u>	<u>18.01%</u>

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis June 30, 2015

Non-operating Revenues and Expenses

The District's non-operating income is vital to covering operations. Property taxes increased this fiscal year and interest income declined. Table A-6 compares non-operating revenues and expenses.

Table A-6
Non-Operating Revenues and Expenses

	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2014</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Property Taxes – General	\$1,379,559	\$1,326,152	\$53,407	4.03%
Interest Income	44,764	41,502	3,262	7.86%
Restricted Benefit Charges		11,600	(11,600)	-100.00%
Lease Revenue	49,356	48,399	957	1.98%
Hydroelectric Royalty Payments	47,240	47,979	(739)	-1.54%
SMUD Payment	107,825		107,825	
Other	<u>22,540</u>	<u>44,991</u>	<u>(22,451)</u>	<u>-49.90%</u>
Total Non-Operating Revenues (Including Property Owner Contributions)	<u>1,651,284</u>	<u>1,520,623</u>	<u>130,661</u>	<u>8.59%</u>
Total Non-operating Expenses	<u>97,872</u>	<u>71,885</u>	<u>25,987</u>	<u>36.15%</u>
Non-operating Income less Non-operating Expense	<u>\$1,553,412</u>	<u>\$1,448,738</u>	<u>\$104,674</u>	<u>7.23%</u>

Capital Assets

The District's investment in capital assets for the fiscal year was \$131,118 while depreciation expense was \$672,901. The investment in capital improvements include but are not limited to:

- \$53,214 for moving the Auburn Lake Trails Water Treatment Plant Retrofit project forward,
- \$40,670 for stumpy meadow holding pond repair.

Additional information about District capital assets can be obtained in Note 4 of the notes to the financial statements.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis June 30, 2015

Long-term Debt and Debt Administration

At June 30, 2015, the District had \$5,400,595 in long-term debt, including compensated absences, other postemployment benefit obligations, and the net pension liability. This is \$2,471,507 higher than the prior fiscal year, which is attributable to the addition of the net pension liability during the fiscal year (GASB Statement No. 68). The District continues to perform debt administration functions previously performed by the County on the District's behalf for certain 1915 Act bonds. Additional information about District long-term debt can be obtained in Note 5 of the notes to the financial statements.

CalPERS Pension Plan

Assembly Bill 340 was recently passed by the California Legislature in an effort to reduce CalPERS pension costs in the long run. The District has participated in a CalPERS Pension Plan since February of 1972. There have been amendments to the contract with CalPERS over the years. CalPERS requires the District to be part of a small employer pool and the 2006 contract change which require payments to reduce a side fund. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS. During the fiscal year ended June 30, 2015, the District implemented GASB Statement Nos. 68 and 71, which required the District to record the proportionate share of the pension liability on the books of the District.

Postemployment Benefits Other Than Pensions

The District has been endeavoring to fund these benefit commitments for many years and implemented *Governmental Accounting Standards Board Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in fiscal year 2010. On April 11, 2006, the District adopted Ordinance 2006-01 regarding retiree health benefits implementing caps on the amount the District would pay towards these types of benefits. A calculation of the future liability for these benefits has been prepared utilizing the simplified method allowed by the statement for small employers. Utilizing this method, it is estimated that the District saved approximately \$850,000 by instituting the caps. The estimated actuarial liability at June 30, 2015 is \$1,532,949. The District has set aside \$621,236 for this obligation. As the District administers this plan without a trust, the designated assets set aside for these benefits are not recognized in the notes to the financial statements. Additional information about postemployment benefits other than pensions can be obtained in Note 13 of the notes to the financial statements.

Economic Factors and Rates

The District's customer base continues to grow at a slow rate. The District completed a Water System Reliability Study in fiscal year 2002. This study has been utilized as a basis for long-term maintenance and capital improvement plans for the District. The District reviewed its financial reserves and updated its financial reserve policy in fiscal year 2006. The updated reserve policy provides a guide for development of future rates and fees to adequately support the capital and operation needs of the District.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Georgetown Divide Public Utility District. After the financial report is approved by the Board of Directors, it can be found under the financial section on the District's website (gd-pud.org). Copies of the report are also provided to the El Dorado County libraries in Placerville and Georgetown. A copy will be available for review at the District office, located at 6425 Main Street, Georgetown, CA 95634. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the General Manager of the District, Georgetown Divide Public Utility District, P.O. Box 4240, Georgetown, CA 95634-4240.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Statement of Net Position
June 30, 2015
(With Comparative Totals as of June 30, 2014)**

	Business-type Activities	
	2015	2014
<u>Assets</u>		
Current Assets:		
Cash and investments	\$ 6,398,651	\$ 3,015,425
Receivables:		
Accounts	425,170	432,510
Interest	1,372	1,299
Inventory	10,704	10,002
Deposits and prepaid expenses	94,596	93,246
	<hr/>	<hr/>
Total Current Assets	6,930,493	3,552,482
	<hr/>	<hr/>
Restricted Assets:		
Cash and investments	2,666,510	5,624,161
Receivables:		
Interest	4,819	4,006
Current assessments	56,014	65,776
Non-current assessments receivable	294,176	427,731
Prepaid expenses	1,544	
	<hr/>	<hr/>
Total Restricted Assets	3,023,063	6,121,674
	<hr/>	<hr/>
Capital assets - net of accumulated depreciation	12,754,161	13,295,944
	<hr/>	<hr/>
Total Assets	22,707,717	22,970,100
	<hr/>	<hr/>
<u>Deferred Outflows of Resources</u>		
Pension	305,162	
	<hr/>	<hr/>
Total Deferred Outflows of Resources	305,162	
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	23,012,879	22,970,100
	<hr/>	<hr/>

(Continued)

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Statement of Net Position (Continued)
June 30, 2015
(With Comparative Totals as of June 30, 2014)

	Business-type Activities	
	2015	2014
<u>Liabilities</u>		
Current Liabilities:		
Accounts payable	\$ 92,188	\$ 86,310
Accrued expenses	30,428	53,271
Deposits payable		752
Unearned revenue	15,498	12,313
	<u>138,114</u>	<u>152,646</u>
Total Current Liabilities		
Current Liabilities Payable from Restricted Assets:		
Accrued interest payable	6,548	7,894
Accounts payable		3,790
Unearned revenue	1,171	1,171
	<u>7,719</u>	<u>12,855</u>
Total Current Liabilities Payable from Restricted Assets		
Noncurrent Liabilities:		
Due in one year	117,750	229,492
Due in more than one year	5,282,845	2,699,596
	<u>5,400,595</u>	<u>2,929,088</u>
Total Noncurrent Liabilities		
Total Liabilities	<u>5,546,428</u>	<u>3,094,589</u>
<u>Deferred Inflows of Resources</u>		
Pension	<u>838,409</u>	
Total Deferred Inflows of Resources	<u>838,409</u>	
Total Liabilities and Deferred Inflows of Resources	<u>6,384,837</u>	<u>3,094,589</u>
<u>Net Position</u>		
Investment in capital assets	11,836,954	12,187,963
Restricted for new facilities	2,236,016	5,126,623
Restricted for debt service	423,946	475,394
Unrestricted	2,131,126	2,085,531
	<u>16,628,042</u>	<u>19,875,511</u>
Total Net Position	<u>\$ 16,628,042</u>	<u>\$ 19,875,511</u>

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Statement of Activities
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Contributions and Grants	2015	2014
	Business-type activities:				
Water	\$ 3,614,760	\$ 1,617,595	\$ -	\$ (1,997,165)	\$ (1,662,526)
Wastewater Disposal	<u>190,637</u>	<u>344,857</u>	<u>-</u>	<u>154,220</u>	<u>111,953</u>
Total business-type activities	<u>\$ 3,805,397</u>	<u>\$ 1,962,452</u>	<u>\$ -</u>	<u>(1,842,945)</u>	<u>(1,550,573)</u>
	General Revenues				
	Taxes:				
				1,379,559	1,326,152
				44,764	41,502
				<u>226,961</u>	<u>152,969</u>
		Total general revenues		<u>1,651,284</u>	<u>1,520,623</u>
		Change in net position		<u>(191,661)</u>	<u>(29,950)</u>
		Net position at beginning of fiscal year		19,875,511	19,905,461
		Prior period adjustments		<u>(3,055,808)</u>	<u>-</u>
		Net position at beginning of fiscal year, restated		<u>16,819,703</u>	<u>-</u>
		Net position at end of fiscal year		<u>\$ 16,628,042</u>	<u>\$ 19,875,511</u>

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Statement of Net Position - Proprietary Funds

June 30, 2015

(With Comparative Totals as of June 30, 2014)

	Enterprise Funds		Totals	
	Water	Wastewater Disposal	2015	2014
<u>Assets</u>				
Current Assets:				
Cash and investments	\$ 5,695,382	\$ 703,269	\$ 6,398,651	\$ 3,015,425
Receivables:				
Accounts	415,563	9,607	425,170	432,510
Interest	616	756	1,372	1,299
Inventory	10,704		10,704	10,002
Deposits and prepaid expenses	93,611	985	94,596	93,246
Total Current Assets	6,215,876	714,617	6,930,493	3,552,482
Restricted Assets:				
Cash and investments	2,442,161	224,349	2,666,510	5,624,161
Receivables:				
Interest	4,610	209	4,819	4,006
Current assessments	56,014		56,014	65,776
Non-current assessments receivable	294,176		294,176	427,731
Deposits and prepaid expenses	1,544		1,544	
Total Restricted Assets	2,798,505	224,558	3,023,063	6,121,674
Capital Assets - net of accumulated depreciation	12,494,694	259,467	12,754,161	13,295,944
Total Assets	21,509,075	1,198,642	22,707,717	22,970,100
<u>Deferred Outflows of Resources</u>				
Pension	294,786	10,376	305,162	
Total Deferred Outflows of Resources	294,786	10,376	305,162	
Total Assets and Deferred Outflows of Resources	\$ 21,803,861	\$ 1,209,018	\$ 23,012,879	\$ 22,970,100

(Continued)

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Statement of Net Position - Proprietary Funds (Continued)

June 30, 2015

(With Comparative Totals as of June 30, 2014)

	Enterprise Funds		Totals	
	Water	Wastewater Disposal	2015	2014
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	\$ 89,870	\$ 2,318	\$ 92,188	\$ 86,310
Accrued expenses	29,481	947	30,428	53,271
Deposits payable				752
Unearned revenue	10,918	4,580	15,498	12,313
Total Current Liabilities	130,269	7,845	138,114	152,646
Current Liabilities Payable from Restricted Assets:				
Accrued interest payable	6,548		6,548	7,894
Accounts payable				3,790
Unearned revenue	1,171		1,171	1,171
Total Current Liabilities Payable from Restricted Assets	7,719		7,719	12,855
Noncurrent Liabilities:				
Due in one year	115,913	1,837	117,750	229,492
Due in more than one year	5,146,340	136,505	5,282,845	2,699,596
Total Long-Term Liabilities	5,262,253	138,342	5,400,595	2,929,088
Total Liabilities	5,400,241	146,187	5,546,428	3,094,589
<u>Deferred Inflows of Resources</u>				
Pension	809,903	28,506	838,409	
Total Deferred Inflows of Resources	809,903	28,506	838,409	
Total Liabilities and Deferred Inflows of Resources	6,210,144	174,693	6,384,837	3,094,589
<u>Net Position</u>				
Net Investment in capital assets	11,577,487	259,467	11,836,954	12,187,963
Restricted for new facilities	2,011,667	224,349	2,236,016	5,126,623
Restricted for debt service	423,946		423,946	475,394
Unrestricted	1,580,617	550,509	2,131,126	2,085,531
Total Net Position	\$ 15,593,717	\$ 1,034,325	\$ 16,628,042	\$ 19,875,511

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)

	Enterprise Funds		Totals	
	Water	Wastewater Disposal	2015	2014
Operating Revenues:				
Water sales:				
Residential	\$ 1,236,737	\$ -	\$ 1,236,737	\$ 1,497,583
Commercial	170,797		170,797	233,755
Irrigation	157,407		157,407	187,705
Installations and connections	4,111		4,111	780
Waste disposal:				
Zone charges		310,661	310,661	310,840
Design fees		1,200	1,200	900
Escrow fees		32,996	32,996	28,600
Penalties	48,532		48,532	34,218
Other	11		11	157
Total Operating Revenues	<u>1,617,595</u>	<u>344,857</u>	<u>1,962,452</u>	<u>2,294,538</u>
Operating Expenses:				
Source of supply	231,538		231,538	273,696
Transmission and distribution - raw water	576,995		576,995	533,782
Water treatment	540,882		540,882	543,592
Transmission and distribution - treated water	540,249		540,249	620,552
Customer service	260,774		260,774	207,892
Administrative and hydroelectric	721,814		721,814	698,983
Depreciation and amortization	644,636	28,265	672,901	693,720
On-Site Wastewater Disposal Zone		162,372	162,372	201,009
Total Operating Expenses	<u>3,516,888</u>	<u>190,637</u>	<u>3,707,525</u>	<u>3,773,226</u>
Operating Income (Loss)	<u>(1,899,293)</u>	<u>154,220</u>	<u>(1,745,073)</u>	<u>(1,478,688)</u>
Non-operating Revenues:				
Tax revenue - general	1,379,559		1,379,559	1,326,152
Interest income	42,857	1,907	44,764	41,502
Restricted benefits charges				11,600
Lease revenue	49,356		49,356	48,399
SMUD payment	107,825		107,825	
Hydroelectric royalty payments	47,240		47,240	47,979
Other	22,540		22,540	44,991
Total Non-operating Revenues	<u>1,649,377</u>	<u>1,907</u>	<u>1,651,284</u>	<u>1,520,623</u>
Non-operating Expenses:				
Interest	31,515		31,515	35,402
Loss on disposal capital assets				11,945
Other	66,357		66,357	24,538
Total Non-operating Expenses	<u>97,872</u>		<u>97,872</u>	<u>71,885</u>
Non-operating Income (Loss)	<u>1,551,505</u>	<u>1,907</u>	<u>1,553,412</u>	<u>1,448,738</u>
Change in Net Position	<u>(347,788)</u>	<u>156,127</u>	<u>(191,661)</u>	<u>(29,950)</u>
Net Position, Beginning of Fiscal Year	18,844,845	1,030,666	19,875,511	19,905,461
Prior Period Adjustments	<u>(2,903,340)</u>	<u>(152,468)</u>	<u>(3,055,808)</u>	
Net Position, Beginning of Fiscal Year, Restated	<u>15,941,505</u>	<u>878,198</u>	<u>16,819,703</u>	<u>19,905,461</u>
Net Position, End of Fiscal Year	<u>\$ 15,593,717</u>	<u>\$ 1,034,325</u>	<u>\$ 16,628,042</u>	<u>\$ 19,875,511</u>

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2015

(With Comparative Totals for the Fiscal Year Ended June 30, 2014)

	Enterprise Funds		Totals	
	Water	Wastewater Disposal	2015	2014
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,632,894	\$ 339,331	\$ 1,972,225	\$ 2,296,816
Payments to suppliers for goods and services	(932,437)	(93,220)	(1,025,657)	(1,363,620)
Payments to or on behalf of employees for services	(1,819,304)	(74,295)	(1,893,599)	(1,724,234)
Net Cash Provided (Used) By Operating Activities	(1,118,847)	171,816	(947,031)	(791,038)
Cash Flows from Noncapital Financing Activities:				
Property taxes	1,379,559		1,379,559	1,326,152
Assessment receivable payments	143,317		143,317	77,034
Restricted benefits charges received				11,600
Other revenues	119,136		119,136	141,369
Other expenses	(66,357)		(66,357)	(24,538)
Net Cash Provided By Noncapital Financing Activities	1,575,656		1,575,656	1,531,617
Cash Flows from Capital and Related Financing Activities:				
Acquisition of property, equipment, and special studies	(131,118)		(131,118)	(259,584)
Principal payments on long-term debt	(190,774)		(190,774)	(194,054)
Interest payments on long-term debt	(32,861)		(32,861)	(35,695)
Net Cash Used by Capital and Related Financing Activities	(354,753)		(354,753)	(489,333)
Cash Flows from Investing Activities:				
Proceeds from maturities of investments	400,000		400,000	400,000
Interest received	42,396	1,482	43,878	42,689
Net Cash Provided by Investing Activities	442,396	1,482	443,878	442,689
Net Increase in Cash and Cash Equivalents	544,452	173,298	717,750	693,935
Cash and Cash Equivalents, Beginning of Fiscal Year	7,285,266	754,320	8,039,586	7,345,651
Cash and Cash Equivalents, End of Fiscal Year	\$ 7,829,718	\$ 927,618	\$ 8,757,336	\$ 8,039,586
Reconciliation to the Statement of Net Position:				
Cash and investments	\$ 5,695,382	\$ 703,269	\$ 6,398,651	\$ 3,015,425
Restricted cash and investments	2,442,161	224,349	2,666,510	5,624,161
Total cash and investments	8,137,543	927,618	9,065,161	8,639,586
Less: investments that do not meet the definition of cash equivalents	(200,000)		(200,000)	(600,000)
Total Cash and Cash Equivalents	\$ 7,937,543	\$ 927,618	\$ 8,865,161	\$ 8,039,586

(Continued)

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)**

	Enterprise Funds		Totals	
	Water	Wastewater Disposal	2015	2014
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,899,293)	\$ 154,220	\$ (1,745,073)	\$ (1,478,688)
Noncash items included in operating income (loss):				
Depreciation	644,636	28,265	672,901	666,093
Amortization				27,627
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Decrease (Increase) in operating assets and deferred outflows of resources:				
Accounts receivable	13,218	(5,878)	7,340	202
Inventory	(702)		(702)	(5,769)
Deposits and prepaid expenses	(3,624)	730	(2,894)	6,060
Deferred outflow - pension	11,239	395	11,634	
Increase (decrease) in operating liabilities and deferred inflows of resources:				
Accounts payable	5,909	(3,822)	2,087	(58,705)
Accrued expenses	(22,404)	(439)	(22,843)	16,223
Deposits payable	(752)		(752)	
Compensated absences	3,194	(3,779)	(585)	(62,313)
Postemployment benefits	76,540		76,540	96,159
Deferred inflow - pension	809,903	28,506	838,409	
Net pension liability	(759,544)	(26,734)	(786,278)	
Unearned revenue	2,833	352	3,185	2,073
Net Cash Provided (Used) By Operating Activities	<u>\$ (1,118,847)</u>	<u>\$ 171,816</u>	<u>\$ (947,031)</u>	<u>\$ (791,038)</u>

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Statement of Fiduciary Assets and Liabilities

June 30, 2015

(With Comparative Totals for June 30, 2014)

	Agency Fund	
<u>Assets</u>	2015	2014
Cash and investments	\$ 98,709	\$ 88,498
Prepaid expenses	1,235	
Receivables:		
Interest	52	26
Current assessments	4,885	4,619
Non-current assessments receivable	165,553	172,595
Total Assets	\$ 270,434	\$ 265,738
 <u>Liabilities</u>		
Current Liabilities:		
Accounts payable	\$ -	\$ 1,195
Accrued interest payable	3,076	2,365
Unearned revenue	73,088	63,037
Total Current Liabilities	76,164	66,597
Noncurrent Liabilities:		
Due in one year	5,066	4,871
Due in more than one year	189,204	194,270
Total Noncurrent Liabilities	194,270	199,141
Total Liabilities	\$ 270,434	\$ 265,738

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements June 30, 2015

Note 1: Significant Accounting Policies

A. Organization and Description

The reporting entity, the Georgetown Divide Public Utility District (District), was created by the electorate, June 4, 1946, under the California Public Utility District Act of 1921. The District operates under a governing five-member Board of Directors (Board) elected at-large for four-year overlapping terms. The District's management is under the direction of the General Manager, who also serves as Clerk, and ex-officio Secretary of the Board, who is appointed by and serves at the pleasure of the Board.

B. Reporting Entity

The District's basic financial statements include the operations of all organizations for which the District's Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based upon the aforementioned oversight criteria, there are no component units in this report which met the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and 61.

The basic financial statements include the accounts of two enterprise activities provided by the District: (1) raw and treated water services, and (2) wastewater disposal services in the Auburn Lake Trails (A.L.T.) subdivision.

C. Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (District). These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the District's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational need of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements June 30, 2015

Note 1: Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements

The Fund Financial Statements provide information about the District's funds, including the fiduciary fund. Separate statements for each fund category - *proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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 assets. 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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains one fiduciary fund, an agency fund. The agency fund uses the accrual basis of accounting.

D. Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major proprietary funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of all fund-type totals. The District may also select other funds that it believes should be presented as major funds. The District reports all its proprietary funds as major funds.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements

June 30, 2015

Note 1: Significant Accounting Policies (Continued)

D. Major Funds (Continued)

The District reported the following major proprietary funds:

Water

This fund accounts for the activities of providing raw and treated water services to the customers. Raw water service is also known as irrigation water.

Wastewater Disposal

This fund accounts for the activities of monitoring wastewater disposal of the residents of the Auburn Lake Trails subdivision. The area is also known as the On-Site Wastewater Disposal Zone. The On-Site Wastewater Disposal Zone is comprised of all the lots in the Auburn Lake Trails Subdivision, including the lots connected to the Community Disposal System.

Additionally, the District reports a fiduciary agency fund to account for the debt service activities for the Stewart Mine, Greenwood, Cool-Cherry Acres, Spanish Dry Diggings and Water Line Extensions 77-5 Water Assessment Districts. The District's administration of this debt is a purely custodial function.

E. Basis of Accounting

The government-wide financial statements are reported using the “*economic resources*” measurement focus and the *full accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

F. Budget and Budgeting

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect the following July 1. The budgets are used as a management tool and are not a legal requirement.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Inventory

Inventories of supplies are stated at cost. Cost is determined on a first-in, first-out basis.

I. Restricted Assets

These assets consist of certificates of deposit, short-term investments, and receivables which are restricted for debt service and other legal obligations.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements June 30, 2015

Note 1: Significant Accounting Policies (Continued)

J. Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. The District capitalizes capital assets valued at over \$1,000 and having a useful life of at least three years. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets which range from 30 to 100 years for the plant and pipelines and 3 to 15 years for other equipment.

K. Compensated Absences

All earned vacation, which is payable upon termination or retirement, is accrued as are compensated absences, in accordance with GASB Statement No. 16.

L. Property Taxes

The District receives property taxes from El Dorado County (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. The District's property taxes are levied each July 1, on the assessed values as of the prior January 1 for all real and personal property located in the District. Property sold after the assessment date (January 1) is reassessed and the amount of the supplemental property tax levied is prorated. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31.

The District participates in the County "Teeter Plan" method of property tax distribution and thus receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Comparative Data

Comparative total data for the prior fiscal year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position, operations, and cash flows. Certain reclassifications may have been made to the prior fiscal year financial statements to conform to the current fiscal year presentation.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements June 30, 2015

Note 1: Significant Accounting Policies (Continued)

O. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

P. Pension Plans

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

Q. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27. This Statement is effective for periods beginning after June 30, 2014. The primary purpose of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Implementation of GASB Statement No. 68 did have an impact on the District's financial statements for the fiscal year ended June 30, 2015, see Note 11 and Note 16.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the District's financial statements for the fiscal year ended June 30, 2015, see Note 11 and Note 16.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 2: Cash and Investments

Classification

The cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or District agreements:

Statement of Net Position:

Unrestricted cash and investments	\$ 6,398,651
Restricted cash and investments	2,666,510

Statement of Fiduciary Net Position:

Cash and investments	<u>98,709</u>
----------------------	---------------

Total cash and investments	<u><u>\$ 9,163,870</u></u>
----------------------------	----------------------------

Cash and Investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 425
Deposits with financial institutions	132,154
Investments	<u>9,031,291</u>
Total Cash and Investments	<u><u>\$ 9,163,870</u></u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	\$50 million
Certificates of Deposit	5 Years	None	None
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None

B. Investments Authorized by Debt Agreements

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements

June 30, 2015

Note 2: Cash and Investments (Continued)

B. Investments Authorized by Debt Agreements (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Money Market Funds	N/A	None	None

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>					<u>More Than 60 Months</u>
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>	<u>49-60 Months</u>	
State Investment Pool (LAIF)	\$ 6,865,917	\$ 6,865,917	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit	200,000		200,000				
Money Market Funds	1,937,312	1,937,312					
Held by debt trustees: Money Market Funds	28,062	28,062					
	<u>\$ 9,031,291</u>	<u>\$ 8,831,291</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 2: Cash and Investments (Continued)

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool (LAIF)	\$ 6,865,917	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,865,917
Certificates of Deposit	200,000	N/A					200,000
Money Market Funds	1,937,312	N/A					1,937,312
Held by debt trustees:							
Money Market Funds	28,062	N/A		28,062			
Total	\$ 9,031,291		\$ -	\$ 28,062	\$ -	\$ -	\$ 9,003,229

D. Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. Only investments with LAIF and the Money Market Funds exceed 5% or more of total District investments. The Money Market Funds are collateralized for the amount over the Federal Deposit Insurance Corporation amount or backed by United States Treasuries.

E. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2015, \$1,825,209 of the District's deposits and investments with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

F. Investment in State Investment Pool

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

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 2: Cash and Investments (Continued)

Restricted cash and investments are identified by use as follows at June 30, 2015:

	<u>Water</u>	<u>Waste Disposal</u>	<u>Total</u>
Debt Service:			
Kelsey South	\$ 211,968	\$ -	\$ 211,968
Pilot Hill South	46,568		46,568
Kelsey North	120,396		120,396
State Revolving Fund	<u>51,562</u>		<u>51,562</u>
Total Debt Service Cash and Investments	<u>430,494</u>		<u>430,494</u>
 New Facilities:			
Capital Facility Charges	1,615,069		1,615,069
Water Development	396,598		396,598
Community Disposal System Replacement And Expansion		<u>224,349</u>	<u>224,349</u>
Total New Facilities Cash and Investments	<u>2,011,667</u>	<u>224,349</u>	<u>2,236,016</u>
Total Restricted Cash and Investments	<u>\$ 2,442,161</u>	<u>\$ 224,349</u>	<u>\$ 2,666,510</u>

Note 3: Assessments Receivable and Long-term Receivable

Assessments receivable to the District are construction obligations of the benefited property owners of the Kelsey North, Kelsey South, Pilot Hill North, Pilot Hill South, and Stewart Mine Water Assessment Districts. El Dorado County collects the special assessments semi-annually in order to pay the related projects' Department of Water Resources or United States Department of Agriculture construction debts as they mature. The assessments receivable balances at June 30, 2015 were as follows:

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Water Restricted Assessments Receivable	\$ 56,014	\$ 294,176	\$ 350,190
Fiduciary Assessments Receivable	<u>4,885</u>	<u>165,553</u>	<u>170,438</u>
Total Assessments Receivable	<u>\$ 60,899</u>	<u>\$ 459,729</u>	<u>\$ 520,628</u>

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 4: Capital Assets

Purchased capital assets are recorded at cost when purchased. Donated capital assets are recorded at fair value at the date of donation. Capital assets are depreciated over estimated useful lives ranging from one hundred years (Stumpy Meadows Dam) to three years (small office equipment) using the straight-line method. Capital assets at June 30, 2015, consisted of the following:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Nondepreciable capital assets:				
Land and land right	\$770,975	\$ -	\$ -	\$770,975
Construction in progress	847,864	93,884		941,748
Total nondepreciable capital assets	<u>1,618,839</u>	<u>93,884</u>		<u>1,712,723</u>
Depreciable capital assets:				
General plant equipment and facilities	1,343,438	10,352		1,353,790
Water treatment	5,608,192	3,993		5,612,185
Transmission and distribution	13,422,322	22,889		13,445,211
Auburn Lake Trails septic facilities	847,372			847,372
Source of supply	6,758,452			6,758,452
Total depreciable capital assets	<u>27,979,776</u>	<u>37,234</u>		<u>28,017,010</u>
Less: accumulated depreciation	<u>(16,302,671)</u>	<u>(672,901)</u>		<u>(16,975,572)</u>
Net depreciable capital assets	<u>11,677,105</u>	<u>(635,667)</u>		<u>11,041,438</u>
 Net capital assets	 <u>\$13,295,944</u>	 <u>\$ (541,783)</u>	 <u>\$ -</u>	 <u>\$12,754,161</u>

Depreciation Allocations

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program was as follows:

Business-type Activities:

Water	\$ 644,636
Wastewater Disposal	28,265
Total Depreciation Expense-Business-type Activities	<u>\$ 672,901</u>

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2015

Note 5: Long-Term Debt

A. **Compensated Absences**

District employees accumulate earned but unused vacation benefits which can be converted to cash at termination of employment. It is estimated that up to two weeks per employee might be liquidated with expendable currently available financial resources in the next year. These vested benefits are reported as part of the noncurrent liabilities on the Statement of Net Position and totaled \$51,505 at June 30, 2015. It is anticipated that \$29,923 of these benefits will be used during the fiscal year ending June 30, 2016.

B. **Notes Payable**

Balance
June 30, 2015

Department of Water Resources:

Four long-term contracts have been entered into with the State of California Department of Water Resources (DWR) to finance the construction of the various water projects.

The Kelsey North Water Assessment District 1989-1 contract of \$630,000 is to be repaid by sixty semi-annual payments of \$15,398. These payments, due April 1 and October 1, beginning April of 1993 and ending October 1, 2027, include interest on the outstanding note balance at 3.3712%. Payments are made from assessments collected from the Assessment District.

\$ 312,003

The Pilot Hill South Water Assessment District 1989-3 contract of \$263,550 is to be repaid by sixty semi-annual payments of \$7,221. These payments, due April 1 and October 1, beginning April of 1993 and ending October 1, 2022, include interest on the outstanding note balance at 3.6024%. Payments are made from assessments collected from the Assessment District. This note was paid in full during the fiscal year ended June 30, 2015.

The Kelsey South Water Assessment District 1989-4 contract of \$666,750 is to be repaid by sixty semi-annual payments of \$17,836. These payments, due April 1 and October 1, beginning April of 1993 and ending October 1, 2022, includes interest on the outstanding note balance at 3.41%. Payments are made from assessments collected from the Assessment District.

234,311

The Walton Lake Water Treatment Plant Filter Replacement contract of \$400,511 is to be repaid by forty semi-annual payments of \$12,529. These payments, due April 1 and October 1, beginning October of 2010 and ending April 1, 2030, include interest on the outstanding note balance at 2.2836%.

316,738

Total Department of Water Resources Notes Payable

863,052

United States Bureau of Reclamation:

A non-interest bearing contract was entered into with the U.S. Bureau of Reclamation in 1977 to construct the Otter Creek Project. Annual principal payments of \$4,538 are due through January 1, 2018.

13,615

Total Notes Payable

\$ 876,667

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 5: Long-Term Debt (Continued)

B. Notes Payable (Continued)

Future minimum debt service requirements for notes payable are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 70,793	\$ 25,270	\$ 96,063
2017	72,929	23,134	96,063
2018	75,029	21,034	96,063
2019	72,692	18,833	91,525
2020	74,942	16,583	91,525
2021-2025	319,274	49,172	368,446
2026-2030	<u>191,008</u>	<u>11,269</u>	<u>202,277</u>
	<u>\$ 876,667</u>	<u>\$165,295</u>	<u>\$ 1,041,962</u>

C. Capital Lease

On November 27, 2006, the District entered into a long-term capital lease agreement with Verizon for the purpose of constructing a permanent cell tower. The first ten years of uncollected lease payments represent the cost of constructing the tower which is owned by the District. If the lease is terminated within the first ten years, the District will owe Verizon the remaining construction cost. The first ten year period commenced November 1, 2008. The capital lease totaled \$155,731 based on discounting at 3% the monthly lease amount of \$1,500. The capital lease liability is being retired using a 3% interest rate as well. The balance of the capital lease at June 30, 2015 was \$40,540.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 17,034	\$ 966	\$ 18,000
2017	17,543	457	18,000
2018	<u>5,963</u>	<u>37</u>	<u>6,000</u>
	<u>\$ 40,540</u>	<u>\$ 1,460</u>	<u>\$ 42,000</u>

D. CalPERS Side Fund

During the 2005-06 fiscal year, the District was required to participate in the Public Employees Retirement System (PERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the pool and the funded status of the District's plan, in addition to the existing unfunded liability. The balance of the side fund is now included in the net pension liability amount as of June 30, 2015, as a result of the implementation of GASB Statement Nos. 68 and 71.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 5: Long-Term Debt (Continued)

E. Change in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at July 1, 2014	Additions	Repayments	Prior Period Adjustments	Balance at June 30, 2015	Due Within One Year
Notes payable	\$ 1,050,901	\$ -	\$ (174,234)	\$ -	\$ 876,667	\$ 70,793
Post-employment benefits	340,478	135,779	(59,239)		417,018	
Capital lease	57,080		(16,540)		40,540	17,034
Compensated absences	52,090		(585)		51,505	29,923
Net pension liability		1,405,962	(2,192,240)	4,801,143	4,014,865	
CalPERS side fund liability	1,428,539			(1,428,539)		
Total	\$ 2,929,088	\$ 1,541,741	\$ (2,442,838)	\$ 3,372,604	\$ 5,400,595	\$ 117,750

Note 6: Agency: Special Assessment Debt

The District acts as an agent for the Stewart Mine Road Water Assessment District 98-1 Bonds, issued on August 24, 1999. This debt was not included in the District's accounting records because the District had no obligation for the payment of these bonds other than in a fiduciary capacity. The principal amount outstanding at June 30, 2015 and June 30, 2014, was \$194,270 and \$199,141, respectively.

Construction relating to various improvement districts has been financed in part by assessment of benefited property owners in the form of special assessment bonds authorized under the Improvement Bond Act of 1915. Bonds in the amount of \$774,002 have been issued for the benefit of Greenwood, Cool-Cherry Acres, Spanish Dry Diggins, and Line Extensions 77-5 water improvement districts. These bonds were originally issued through Farmers Home Administration, later transferred to General Electric Capital Corporation and subsequently acquired by CapMark. During 2009 CapMark was acquired by Berkadia. The principal amount outstanding at June 30, 2015 and June 30, 2014 was \$34,000 and \$79,000, respectively.

Note 7: On-Site Wastewater Disposal Zone (O.S.W.D.Z.)

During the early part of 1984, it became apparent that a proposed sewer assessment district was not going to be approved and that the assimilation alternative of combining certain lots in the Auburn Lake Trails (A.L.T.) subdivision was a possibility. By letter dated April 24, 1984, Trans America Development Corporation (TADCO) and A.L.T. property owners jointly requested the formation of an on-site wastewater disposal zone which would be monitored by the District. The O.S.W.D.Z. was formed pursuant to the authority granted under Sections 6950 et seq. of the Health and Safety Code of the State of California and became operative by board resolution on March 19, 1985. The effective date for accounting for revenues and expenses was April 1, 1985.

The purpose of the O.S.W.D.Z. is to protect the ground and surface water within the Disposal Zone boundaries in compliance with Regional Water Quality Control Board requirements. The District's responsibility is to design and inspect new on-site disposal systems and to monitor the surface and ground water quality and system performance of existing systems.

The O.S.W.D.Z. assessment revenues charged will be restricted to pay the operating costs of the O.S.W.D.Z. No unrestricted District funds can be used to pay expenses of the O.S.W.D.Z.

Effective for the fiscal year ended June 30, 1998, the O.S.W.D.Z. Capital Expenditure Reserve was established. The O.S.W.D.Z. Capital Expenditure Reserve fund has had little activity over the years. The fund was inactivated May 13, 2008.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements

June 30, 2015

Note 7: On-Site Wastewater Disposal Zone (O.S.W.D.Z.) (Continued)

In addition to the O.S.W.D.Z., the District, by contract, has taken over operation of the Community Disposal System (C.D.S.) of 139 lots within the A.L.T. subdivision. These property owners pay additional assessments for operation and maintenance of the C.D.S. The C.D.S. Expansion Benefit Reserve was established July 1, 2000 and currently receives annual transfers in an effort to achieve the reserve level approved by the District in May 2005.

Note 8: Restricted Benefit Charges

This non-operating revenue is comprised of various benefit charges and interest earned on the corresponding deposits. The implementation of the Capital Facility Charges on July 1, 2008 replaced the previous treatment plant, pipeline, and storage benefit charges. Pursuant to District ordinance, this revenue is restricted in special accounts which are to be used exclusively as follows:

Water development charge funds: To develop alternate sources of raw water to meet long-term District requirements.

Capital Facility Charge Fund: For maintenance and/or improvements of the treatment plants, pipeline facilities, and storage facilities.

O.S.W.D.Z./C.D.S. replacement and expansion benefit charge funds: For maintenance, improvement, and/or expansion of the community disposal system as well as facilitating improvements in the O.S.W.D.Z.

Note 9: Net Position

Net Position is the excess of all the District's assets and deferred outflows of resources over all of its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions under GASB Statement No. 63. These captions apply only to net position, which are determined only at the government-wide level, proprietary funds, and fiduciary funds (trust funds only), and are described below.

Net Investment in Capital Assets

Investment in capital assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Net Position Restrictions

Restricted net position consists of constraints placed on net position use through external creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Net position restricted for new facilities represent the net assets accumulated from restricted benefit charges imposed by District ordinances for the maintenance and expansion of facilities. Net position restricted for debt service are required by the debt agreements.

Unrestricted Net Position

The term "unrestricted" describes the portion of net position which is not restricted as to use.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements

June 30, 2015

Note 9: Net Position (Continued)

The Board has designated portions of the unrestricted net position for specific operating purposes in an effort to provide for the prudent operations of the District.

Retiree: To provide for the estimated future retiree health insurance benefits of existing retirees and current employees who have bargained for the benefit.

Georgetown/Buckeye and Garden Valley: For use in activities specific to the designated area.

Hydroelectric: To provide for hydroelectric activities

Restricted and unrestricted net position is identified by use as follows as of June 30, 2015:

	<u>Water</u>	<u>Wastewater Disposal</u>	<u>Total</u>
Restricted Net Position:			
New Facilities:			
Water Development	\$ 396,598	\$ -	\$ 396,598
Capital Facility Charges	1,615,069		1,615,069
C.D.S. Replacement		43,928	43,928
C.D.S. Expansion		<u>180,421</u>	<u>180,421</u>
Total New Facilities Net Position	<u>2,011,667</u>	<u>224,349</u>	<u>2,236,016</u>
Debt Service:			
Kelsey North	117,758		117,758
Kelsey South	209,967		209,967
State Revolving	49,653		49,653
Pilot Hill South	<u>46,568</u>		<u>46,568</u>
Total Debt Service Net Position	<u>423,946</u>		<u>423,946</u>
Total Restricted Net Position	<u>\$ 2,435,613</u>	<u>\$ 224,349</u>	<u>\$ 2,659,962</u>
Unrestricted Net Position:			
Unrestricted Designated Net Position:			
Retiree	\$ 197,234	\$ -	\$ 197,234
Stumpy Meadows Emergency Reserve	2,186,477		2,186,477
Short-lived Asset Replacement	761,370		761,370
Georgetown/Buckeye	3		3
Garden Valley	107,042		107,042
Hydroelectric	<u>516,630</u>		<u>516,630</u>
Total Unrestricted Designated Net Position	<u>3,768,756</u>		<u>3,768,756</u>
Unrestricted Undesignated Net Position (Deficit)	<u>(2,188,139)</u>	<u>550,509</u>	<u>(1,631,630)</u>
Total Unrestricted Net Position	<u>\$ 1,580,617</u>	<u>\$ 550,509</u>	<u>\$ 2,131,126</u>

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements

June 30, 2015

Note 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWAJPIA), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The purpose of ACWAJPIA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expenses. The District pays annual premiums to the ACWAJPIA for its general liability, automobile, property, fidelity coverage, and workers' compensation. The agreement for formation of the ACWAJPIA provides that the ACWAJPIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$50,000 (property), \$100,000 (fidelity) and \$2,000,000 (general, automobile and public officials liability) for each insured event, except for workers compensation which will reinsure for claims in excess of \$2,000,000. The deductibles for the ACWAJPIA do not exceed \$2,500. Total premiums paid for fiscal year 2015 were \$134,276.

The District continues to carry commercial insurance for employee health and life insurance. The District also carries commercial insurance for dental and optical insurance for the employees represented by Stationary Engineers, Local 39 and all new employees hired after July 11, 2006.

Note 11: Defined Benefit Pension Plan

A. General Information about the Pension Plans

Plan Description—All qualified permanent and probationary employees are eligible to participate in the Local Government's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provision under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provision, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided—CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total services are eligible to retire at age 50 with statutorily reduces benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	Miscellaneous		
	Prior to June 19, 2006	On or after June 19, 2006 to December 28, 2012	On or after December 28, 2012
Benefit formula	2.7% @ 55	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	55
Monthly benefits, as a % of eligible compensation	2.7%	2.7%	2%
Required employee contribution rates	8%	8%	6.25%
Required employer contributions rates	48.262%	16.086%	6.25%

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 11: Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plans (Continued)

Contributions – Section 20814 (c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contribution for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Tier I	Tier II	PEPRA
Contributions -- employer	\$291,438	\$25,353	\$5

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

As of June 30, 2015, the Local Government reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$4,014,865

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Local Government’s proportion of the net pension liability was based on a projection of the Local Government’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Local Government’s proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Tier 1	Tier 2	PEPRA
Proportion - June 30, 2013	0.13853%	0.00799%	0.00000%
Proportion - June 30, 2014	0.15469%	0.00775%	0.00000%
Change - Increase (Decrease)	0.01616%	-0.00024%	0.00000%

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 11: Defined Benefit Pension Plan (Continued)

For the fiscal year ended June 30, 2015, the Local Government recognized pension expenses of \$298,718. At June 30, 2015, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 234,953	\$ -
Net differences between projected and actual earnings on pension plan investments		(804,694)
Adjustment due to differences in proportions	<u>70,209</u>	<u>(33,715)</u>
Total	<u>\$ 305,162</u>	<u>\$ (838,409)</u>

\$234,953 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended <u>June 30,</u>	
2016	\$ (188,141)
2017	(188,141)
2018	(190,746)
2019	<u>(201,172)</u>
Total	<u>\$ (768,200)</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3%-14.2% (1)
Investment Rate of Return	7.5% (2)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements

June 30, 2015

Note 11: Defined Benefit Pension Plan (Continued)

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 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 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.5 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.5 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 expenses and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down the nearest one quarter of one percent.

The table below reflects the 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 rates of return are net of administrative expenses.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 11: Defined Benefit Pension Plan (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate—The following presents the Local Government’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Local Government’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Tier I	Tier II	PEPRA
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$5,760,148	\$341,439	\$61
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$3,823,194	\$191,637	\$34
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$2,215,707	\$67,316	\$12

Pension Plan Fiduciary Net Position—Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Note 12: Description of Deferred Compensation Pension Plans

The District has two deferred compensation plans. All amounts of compensation deferred under the plans, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees and their beneficiaries. No part of the corpus or income of the trust shall revert to employer or be used for or diverted for purposes other than for the exclusive benefit of participants and their beneficiaries.

Only employee contributions were made to the Internal Revenue Code Section 457 deferred compensation plan or the Internal Revenue Code Section 401(a) defined contribution money purchase plan for the fiscal year ended June 30, 2015. The District does not make contributions on behalf of the employees.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements June 30, 2015

Note 12: Description of Deferred Compensation Pension Plans (Continued)

The District is the administrator of the plans. The International City Management Association(ICMA) Retirement Corporation holds the funds in a trust and also advises as to legality, files appropriate plan documentation, and reports the quarterly activities to each plan participant.

Note 13: Post-Employment Benefits Other Than Pensions

A. Plan Description

The District provides certain health insurance benefits to retired employees in accordance with a memorandum of understanding with International Union of Operating Engineers, Stationary Engineers, Local No. 39 (Union) and Ordinance 2006-01.

For employees who retire from the District after at least twenty (20) years of service with the District and who continue health insurance through a District-sponsored health insurance plan until the age of 65, the District will contribute up to \$435 per month of the health insurance premium for the retiree and/or the retiree's spouse. At the age of 65, the retiree is required to enroll in Medicare and the District will continue to contribute up to \$435 per month to a Medicare supplemental plan of the retiree's or retiree spouse's choice.

Effective February 7, 2006, the District extended the benefit described above to all new employees, as well as the employees who are part of the Union. However, the District administers a wide variety of other retirement benefits based on the plans in place when various long-term employees' retired and in conjunction with Ordinance 2006-01. The benefits for the few unrepresented and management employees as of April 11, 2006 are dictated by Ordinance 2006-01 as well. None of the previous arrangements are being extended to any new employees of the District.

B. Funding Policy

The District's policy is to contribute an amount sufficient to pay the estimated amount required to cover benefits for the existing employees who may retire with 20 years of service. For fiscal year 2014-15, the District paid \$96,439 for retiree benefits and received retiree contributions of \$37,200, for a net cost of \$59,239. Currently, there are 17 retirees who are receiving benefits. The District administers the plan described above and has accumulated \$621,236 in cash and investments for these benefits as of June 30, 2015. However, as the plan is not administered with an irrevocable trust, this amount cannot be considered for prefunding.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Notes to Basic Financial Statements
June 30, 2015**

Note 13: Post-Employment Benefits Other Than Pensions (Continued)

C. Annual OPEB and Net OPEB Obligation

As the District administers the non-pension post-employment benefits plan, the District records the annual retiree benefit expense as the annual premium expense adjusted to the annual required contribution (ARC). The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45's Alternative Measurement Method allowed for employers with less than 100 plan members (active employees and eligible retirees). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution	<u>\$ 135,779</u>
Annual OPEB cost (expense)	135,779
Contributions made	<u>(59,239)</u>
Increase in net OPEB obligation	76,540
Net OPEB obligation - beginning of fiscal year	<u>340,478</u>
Net OPEB obligation - end of fiscal year	<u><u>\$ 417,018</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation (Asset)
6/30/2013	\$ 161,204	41%	\$ 244,319
6/30/2014	161,204	41%	340,478
6/30/2015	135,779	44%	417,018

D. Funded Status and Funding Progress

As of June 30, 2015, the most recent Alternate Measurement Method valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,532,949, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,532,949. The covered payroll (annual payroll of active employees covered by the plan) was \$777,839, and the ratio of the UAAL to the covered payroll was 197 percent.

The Alternate Measurement Method valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements June 30, 2015

Note 13: Post-Employment Benefits Other Than Pensions (Continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Alternate Measurement Method valuation (valuation) method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 valuation, the attained age cost method was used. The valuation assumptions included a .5 percent investment rate of return, which is the expected long-term investment returns on plan assets, a projected salary increase assumption rate of 1.6 percent, and an annual healthcare cost trend rate of 3.6 percent. There are no assets designated for the plan as of June 30, 2015. The UAAL is being amortized over the average number of years remaining to be worked to reach the average retirement age of the active employees. The remaining amortization period at June 30, 2015 was eleven years.

Note 14: Revenue Limitation Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new, increase, or extended taxes and assessments subject to the provisions of Proposition 218 requires the voters' approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative process and may be rescinded in the future years by the voters.

The proposition also provides for a customer protest process when fees for services benefiting a property are proposed to be increased. The District follows this process when changes are contemplated for water sales and waste disposal zone charges.

Note 15: Contingent Liabilities

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor Agencies. Although such audits could generate expenditure disallowances under the term of the grants, it is believed that any required reimbursements will be immaterial.

On November 16, 2012, the El Dorado County Superior Court ruled in favor of the District in a suit brought against the District challenging the District's right and obligation to maintain infrastructure serving the public. The decision upholds the District's right and obligation to maintain public infrastructure.

At June 30, 2015, the District had commitments related to the design of the Auburn Lake Trials Water Treatment Plant and for future maintenance/updates for the mapping of District facilities in the amounts of \$34,220 and \$14,251, respectively.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements June 30, 2015

Note 15: Contingent Liabilities (Continued)

Compliance Order #01-09-04CO-002 was issued by the CA Dept. of Public Health on February 23, 2004, which required the District to provide surface water treatment that effectively reduces giardia cysts and viruses by 3 and 4 logs respectively, through filtration and disinfection at its Auburn Lake Trails Water Treatment Plant. Since then, regulations have added the requirement for the ALTWTP to effectively reduce cryptosporidium cysts by 2 logs. This later requirement is considered achieved when treatment requirements for giardia and viruses are being met. As of the date of these financial statements, the District is not in compliance with the Compliance Order. The ramifications of this non-compliance have not been determined, but may include possible fines and penalties.

Note 16: Prior Period Adjustments

A prior period adjustment of (\$3,055,808) was made on the statement of activities for an understatement of net pension liability of (\$4,801,143) in the prior fiscal year, an understatement of deferred outflow of resources-pension of \$316,796 in the prior fiscal year, and an overstatement of CalPERS side fund liability of \$1,428,539 in the prior fiscal year. This was a result of the implementation of GASB Statement Nos. 68 and 71.

A prior period adjustment of (\$2,903,340) was made on the statement of revenues, expenses, and changes in net position in the Water Fund for an understatement of net pension liability of (\$4,637,904) in the prior fiscal year, an understatement of deferred outflow of resources-pension of \$306,025 in the prior fiscal year, and an overstatement of CalPERS side fund liability of \$1,428,539 in the prior fiscal year. This was a result of the implementation of GASB Statement Nos. 68 and 71.

A prior period adjustment of (\$152,468) was made on the statement of revenues, expenses, and changes in net position in the Wastewater Disposal Fund for an understatement of net pension liability of (\$163,239) in the prior fiscal year and an understatement of deferred outflow of resources-pension of \$10,771 in the prior fiscal year. This was a result of the implementation of GASB Statement Nos. 68 and 71.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Required Supplementary Information
June 30, 2015**

Other Post-employment Benefits

Schedule of Funding Progress

Valuation Date	Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
6/30/2010	\$ 1,428,000	\$ -	\$ 1,428,000	0.0%	\$ 1,448,117	98.6%
6/30/2011	\$ 1,290,449	\$ -	\$ 1,290,449	0.0%	\$ 1,383,003	93.3%
6/30/2012	\$ 1,703,923	\$ -	\$ 1,703,923	0.0%	\$ 1,586,957	107.4%
6/30/2015	\$ 1,532,949	\$ -	\$ 1,532,949	0.0%	\$ 777,839	197.1%

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Required Supplementary Information
June 30, 2015

Prepared for the Georgetown Divide Public Utility District, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2015

Schedule of the District's Proportionate Share of the Net Pension Liability – Last 10 Years*

	<u>June 30, 2015</u>
Proportion of the net pension liability	0.16244%
Proportionate share of the net pension liability	\$ 4,014,865
Covered employee payroll	\$ 1,058,538
Proportionate Share of the net pension liability as a percentage of covered employee payroll	379.28%
Plan's fiduciary net position	\$ 11,715,109
Plan's total pension liability	\$ 15,729,974
Plan fiduciary net position as a percentage of total pension liability	74.48%

Notes to 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).

Change in Assumptions: None

***Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.**

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Required Supplementary Information
June 30, 2015**

Prepared for the Georgetown Divide Public Utility District, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2015

Schedule of Contributions – Last 10 Years*

	<u>June 30, 2015</u>
Contractual required contribution (actuarially determined)	\$ 234,953
Contributions in relation to the actuarially determined contributions	<u>(234,953)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	983,241
Contributions as a percentage of covered employee payroll	23.90%

Notes to Schedule

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

SUPPLEMENTARY INFORMATION

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
Schedule of Operating Expenses
For the Fiscal Year Ended June 30, 2015
(With Comparative Totals for the Fiscal Year Ended June 30, 2014)

	Source of Water Supply	Transmission and Distribution - Raw Water		Transmission and Distribution - Treated Water		Customer Service	Administrative and Hydroelectric	Site Wastewater Disposal Zone	2015	2014
			Water Treatment							
Salaries and part-time labor	\$ 73,229	\$ 277,552	\$ 162,393	\$ 249,993	\$ 168,149	\$ 189,105	\$ 40,176	\$ 1,160,596	\$ 1,219,907	
CalPERS benefits	19,558	69,171	49,662	65,128	25,600	33,960	11,206	274,285	117,840	
Payroll taxes	5,515	19,662	13,476	18,436	7,391	15,890	3,274	83,644	93,765	
Insurance - health and life plans	16,402	60,753	40,391	55,034	23,917	17,501	11,727	225,725	258,691	
Insurance - workers' compensation	11,056	30,749	7,023	17,309	2,187	1,944	5,862	76,130	79,616	
Insurance - District plan									3,654	
Accounting and audit fees						13,800	1,200	15,000	9,727	
Building maintenance and repairs						4,439		4,439	5,692	
Director stipends						23,600		23,600	23,621	
Engineering fees	36,312					3,802		40,114	14,672	
Insurance - general	2,919	13,998	11,488	11,541	7,823	5,096	5,281	58,146	55,737	
Legal - general		2,345				89,517		91,862	87,482	
Supplies, rentals and durable goods	3,222	39,174	61,941	71,234	3,629	6,616	3,267	189,083	175,520	
Office supplies		230	927	1,682	10,850	11,987	2,186	27,862	25,883	
Outside services	19,132	24,649	22,834	8,201		57,222	26,097	158,135	161,509	
Retiree benefits						156,439		156,439	164,770	
Development and travel						2,884		2,884	3,276	
Utilities	2,808	284	137,956	8,468	4,171	16,044	10,389	180,120	194,224	
Equipment and vehicle maintenance	3,413	14,598	1,563	9,911	5,776	11,038	3,504	49,803	53,508	
Vehicle operations	5,976	19,270	3,454	11,721		2,805	5,552	48,778	56,363	
Regulatory requirements and fees	31,979	674	27,765	7,738	368	4,431	32,633	105,588	113,003	
Other - County election admin.						6,466		6,466		
Other - County property tax admin.						19,065		19,065	24,549	
Other - Memberships				153		15,923		16,076	12,359	
Depreciation	115,216	73,805	180,010	245,313	16,827	13,465	28,265	672,901	666,093	
Amortization									27,627	
Other	17	3,886	9	3,700	913	12,240	18	20,783	124,138	
Total	\$ 346,754	\$ 650,800	\$ 720,892	\$ 785,562	\$ 277,601	\$ 735,279	\$ 190,637	\$ 3,707,525	\$ 3,773,226	

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

**Restricted Plant Benefit Charges
and Disclosures
For the Fiscal Year Ended June 30, 2015**

	Water Development	Capital Facility Charges	Short-lived Asset Replacement	Community Disp. System Rep. Benefit	Comm. Disp. System Expan. Benefit	Total
Balance at June 30, 2014	\$ 396,225	\$ 1,609,459	\$ 759,715	\$ 43,884	\$ 132,288	\$ 2,941,571
Activity for fiscal year ended June 30, 2015:						
Sources:						
Zone repair reimbursements						
Transfer per District Reserve Policy					48,000	48,000
Interest earned	776	7,216	1,656	92	294	10,034
Restricted benefit charges						
Total sources	776	7,216	1,656	92	48,294	58,034
Uses:						
Transfer for short-lived assets paid for by water general fund in fiscal year 2014-15						
Zone repairs materials						
CDS repairs						
Total Uses						
Balance at June 30, 2015	\$ 397,001	\$ 1,616,675	\$ 761,371	\$ 43,976	\$ 180,582	\$ 2,999,605