



# Tehachapi-Cummings County Water District

*Our Water • Our Future*

**Tehachapi-Cummings County Water District**  
Tehachapi, California

**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**



**TEHACHAPI-CUMMINGS  
COUNTY WATER DISTRICT  
Tehachapi, California**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2019

Prepared by:

LaMinda Madenwald, Business Manager

**Tehachapi-Cummings County Water District**  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2019

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	i - iv
Principal Officials	v
Organizational Chart	vi
Award for Financial Reporting	vii
 <b>II. FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	1 - 3
<b>Management's Discussion and Analysis</b>	4 - 10
 <b>Basic Financial Statements:</b>	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	14 - 32
 <b>Required Supplementary Information:</b>	
Schedule of Changes in the Net OPEB Liability and Related Ratios	33
Schedule of Plan Contributions - OPEB	34
Schedule of Proportionate Share of the Net Pension Liability	35
Schedule of Plan Contributions - Pension	36
 <b>Supplementary Information:</b>	
Rate Covenant	37
Combining Schedule of Net Position	38 - 39
Combining Schedule of Revenues, Expenses and Changes in Net Position	40 - 41
 <b>III. STATISTICAL SECTION</b>	
Statistical Section	42
Net Position by Component	43
Changes in Net Position	44
Assessed Value and Estimated Actual Value of Taxable Property	45
Direct and Overlapping Property Tax Rates	46
Property Levies and Collections	47
Principal Property Tax Payers	48
Principal Water Customers	49
Water Sales Revenue and Quantities Sold by Customer Class	50
Water Rates by Customer Class	51
Ratios of Outstanding Debt by Type	52
Direct and Overlapping Debt	53
Legal Debt Margin Information	54
Demographics and Economic Statistics	55
Principal Employers	56
Operating and Capacity Indicators	57 - 58

## **INTRODUCTORY SECTION**



# Tehachapi-Cummings County Water District

*Our Water • Our Future*

**Directors:**  
Kathy Cassil  
Jonathan Hall  
James Pack  
Robert W. Schultz  
Rick Zanutto

**Officers:**  
James Pack, *President*  
Robert W. Schultz, *Vice President*  
Tom Neisler, *General Manager*  
Catherine Adams, *Secretary*  
LaMinda Madenwald, *Treasurer*

December 18, 2019

To the Board of Directors and Citizens of the Tehachapi-Cummings County Water District:

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that law, we hereby issue the comprehensive annual financial report of the Tehachapi-Cummings County Water District for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefit, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Van Lant & Fankhanel, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

## **Profile of the Tehachapi-Cummings County Water District**

The Tehachapi-Cummings County Water District was organized on March 10, 1965 under provisions of the County Water District Law (Sections 30000 et seq. of the Water Code of the State of California). The District is located in the Tehachapi Mountains east of the Southern San Joaquin Valley and encompasses approximately 266,000 acres. The District provides an imported water supply, groundwater resource management and flood protection. The District imports State Water Project water from the California Aqueduct and sells this imported water to agricultural and municipal/industrial customers.

The local groundwater supply is located in three basins, which are the Brite, Cummings and Tehachapi Basins. The District is the court-appointed Watermaster for these three adjudicated basins. As Watermaster, the District protects the groundwater resources within the basins by administering the judgments and providing annual reports to the Kern County Superior Court.

The District is governed by a five-person Board of Directors elected “from divisions” to four-year staggered terms. "From divisions" means election of directors who are residents of the division from which they are elected by the voters of the entire District. The five divisions are roughly equal in acreage. The Directors are responsible for policies and decisions which govern the operations of the District.

The District has operated under the council-manager form of government since its inception. Policy making and legislative authority are vested in the Board of Directors. The Board is responsible for setting policy by ordinance, resolution or minute order, adopting the budget and hiring the general manager, legal counsel and auditor. The general manager is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the District, and the hiring of all District employees. The District serves a population of approximately 37,000.

The District's mission is to ensure the most reliable, cost effective water supply for our customers through the importation of State Water Project water and management of groundwater basins, and operate and maintain certain flood control structures to protect our customer's safety and property.

The annual budget serves as the foundation for the District's financial planning and control. All departments of the District are required to submit budget requests to the general manager on or before April 1 each year. The general manager and the business manager, together with an ad-hoc Budget Committee, prepare the draft budget. The Board conducts at least two public hearings on the proposed budget and adopts a preliminary budget no later than June 30 and a final budget no later than September 1. The budget is prepared by fund (e.g. general) and department (e.g. administration). Department heads may transfer resources within a department as they see fit. Transfers between funds must be approved by resolution of the Board.

#### **Information useful in assessing the District's Economic Condition**

The financial position information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

**Local economy.** Since the District receives no sales or fuel taxes that are sensitive to the business cycle, nonoperating revenues (primarily property taxes) tend to be stable. Property taxes from income-producing properties can be impacted by the business cycle, but generally, property taxes are more stable than revenues from other taxes. The District's tax base will increase by approximately 4% in fiscal 2020. Fiscal 2019 growth rate was approximately 4%.

The District's second largest source of revenue, imported water sales, decreased slightly (-2%) in fiscal year 2019 due to changes in customer class demand. M&I sales increased by 18% and AG sales decreased by -12%. Ag water deliveries in 2018 (these records are kept by calendar year) were 4,903 AF compared with 5,419 AF in 2017. M&I water deliveries were 1,373 AF in calendar year 2018 and 2.052 AF in calendar year 2017.

**State Water Project allocation.** The SWP allocation for 2019 is 75%. The District did not require the extraction of banked water supplies from the San Joaquin valley in 2018-19 to meet demand and recharge goals. The District entered 2019 with approximately 48 AF of SWP carryover water.

**Energy costs.** The District's water rates are driven by the price it pays for natural gas to power its pump plants. Natural gas prices have remained soft. Going forward, the District plans to lock in long-term natural gas supplies at prices that will stabilize its water rates at an affordable level for years to come. The District has contracted for the majority of its natural gas needs through 2022. There is a prudent limit to how much natural gas can be purchased in advance because of the variability of the State water supply.

**Air quality regulations.** The Valley Air Board limited the District's engines at Pump Plant 1 to 4,000 operating hours per year, restricting the amount of water that could be pumped. To increase pumping capacity, the District successfully replaced all four engines and its system-wide controls in fiscal 2016 by entering into an installment purchase agreement with Umpqua Bank, dated April 1, 2015. The agreement provided for up to \$7,000,000. The project was completed in fiscal year 2017 for approximately \$5,781,000. Debt service payments began in December of 2015 and will end in December of 2023.

**Workforce.** The District’s workforce consists of 20 full-time positions and two temporary summer helpers.

**Employee pension liability.** District employees are members of the California Public Employees’ Retirement System (CalPERS).

**Reserves.** Concurrently with the 2019-20 budget, the Board adopted a reserves policy, which sets forth reserve targets and an approach for accumulating reserves over time. The policy requires management to calculate full reserve targets and interim reserve targets and annually report to the Board the progress toward achieving those targets. As of June 30, 2019, all reserve targets are filled, with the exception of the three flood control improvement districts. Management will review the need for additional reserve contributions during budget development for fiscal year 2020-21. The following table shows the amounts as of June 30, 2019:

Reserves	Reserve Formula	Full Reserve Target	Interim Reserve Target	Actual Reserve 6/30/19	Reserve Target Met?
<b>Designated Reserves:</b>					
<b>General Fund</b>					
Working capital	90 days of operating expenses (PY audit)	\$1,688,800	\$1,688,800	4,255,000	Full - Yes
Water banking	Cost to replace or extract banked water	-	-	182,900	Full - Yes
<b>Tax Revenue Liability Fund</b>					
Tax revenue liability	50% of Kern County's liability estimate	251,800	125,900	607,400	Full - Yes
<b>Emergency Fund</b>					
Emergency	5% of general fund oper exps (PY audit)	337,800	168,900	386,700	Full - Yes
<b>Major Repairs / Overhaul Fd</b>					
Asset maintenance / replacement	5% of capital assets' book value (prior year audit)	1,592,900	796,450	1,597,400	Full - Yes
<b>Rate Stabilization Fund</b>					
Rate stabilization	1 to 5% of general fund operating exps	337,800	168,900	603,100	Full - Yes
<b>Equipment/Infrastructure - Replacemnet/Upgrade</b>					
CIP	20% mid-term CIP	2,000,000	1,000,000	50,000	n/a
<b>Restricted Reserves:</b>					
<b>State Payment Fund</b>					
Six-month operating	50% of current year expenditure budget	1,518,941	1,518,941	2,152,000	Full - Yes
Tax revenue liability	50% of Kern County's liability estimate	90,490	90,490	90,500	Full - Yes
<b>Prop 84 Grant Fund</b>					
Matching funds	closed as of 6/30/19	-	-	0	n/a
<b>Prop 1 Grant Fund</b>					
Matching funds	TBD per grant	TBD	TBD	0	n/a
<b>Improvement District No. 2</b>					
Asset maintenance / replacement	50% of construction cost indexed for inflation	241,700	241,700	86,600	No
<b>Improvement District No. 3</b>					
Asset maintenance / replacement	50% of construction cost indexed for inflation	537,200	537,200	152,600	No
<b>Assessment District No. 1</b>					
Asset maintenance / replacement	50% of construction cost indexed for inflation	1,540,200	1,540,200	861,800	No

### Awards

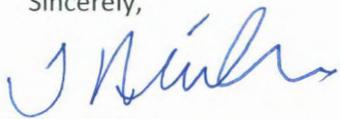
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tehachapi-Cummings County Water District for its comprehensive annual financial report for the fiscal year ended June 30, 2018, the tenth consecutive year of award. In

order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. I appreciate the dedicated efforts and professionalism that our staff members bring to the District. I would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Tehachapi-Cummings County Water District's fiscal policies.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. Neisler', is written over a light blue rectangular background.

Thomas P. Neisler  
General Manager

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT

List of Elected and Appointed Officials

June 30, 2019

Elected Officials

BOARD OF DIRECTORS

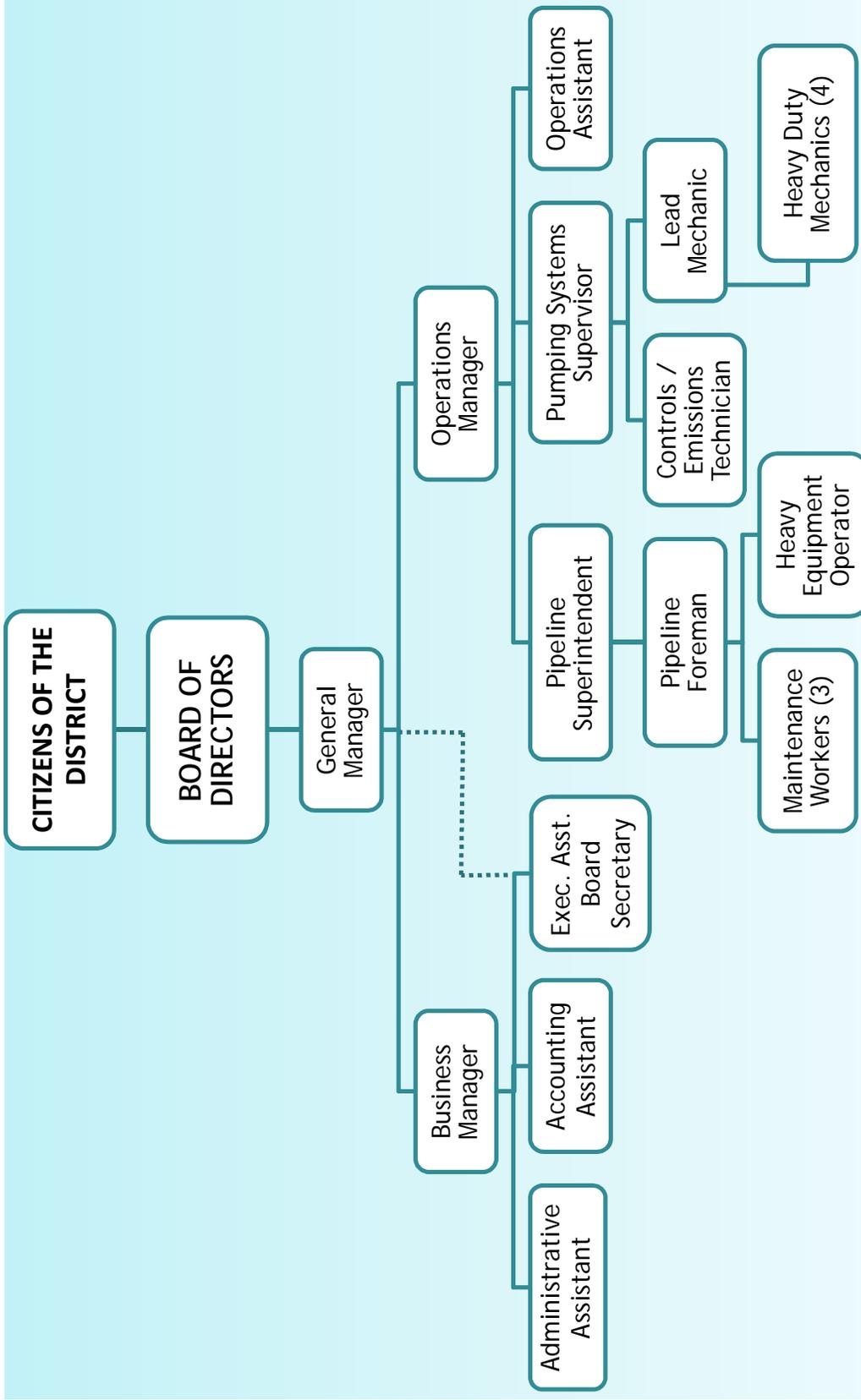
Kathy Cassil	December 2022
Jonathan Hall	December 2020
James Pack	December 2022
Robert W. Schultz	December 2022
Rick Zanutto	December 2020

Appointed Officials

James Pack	President
Robert W. Schultz	Vice-President
Thomas P. Neisler	General Manager
Catherine Adams	Secretary
LaMinda Madenwald	Treasurer

Tehachapi-Cummings County Water District  
22901 Banducci Road  
P.O. Box 326  
Tehachapi, California 93561  
(661) 822-5504 [www.tccwd.com](http://www.tccwd.com)

# TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT ORGANIZATION CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Tehachapi-Cummings County  
Water District, California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tehachapi-Cummings County Water District  
Tehachapi, California

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

We have audited the accompanying financial statements of the Tehachapi-Cummings County Water District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tehachapi-Cummings County Water District, as of June 30, 2019, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10, and other Required Supplementary Information as listed in the table of contents, 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the schedules listed in the supplementary information section of the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the supplementary information section of the table of contents 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 listed in the supplementary information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 on compliance.

*Van Lant & Fankhaed, LLP*

December 18, 2019

**Tehachapi-Cummings County Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

## **Discussion and Analysis**

As management of the Tehachapi-Cummings County Water 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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

## **Financial Highlights**

- The District's total combined cash balance increased \$1,189,002 (+10%). Restricted cash increased \$851,261 (+2%). Unrestricted cash increased \$337,741 (+4%).
- The District's total combined net position was \$20,524,761 at June 30, 2019, an increase of \$950,519 (+5%). Restricted net position increased \$802,767 (+23%). Unrestricted net position increased \$207,490 (+3%).
- During the year, the District's operating revenues decreased by \$94,246 (-3%).
- The District's operating expenses increased by \$1,255,993 (+13%).
- Total Long-term Liabilities decreased \$726,317 (-12%).

## **Overview of the Financial Statements**

This annual report includes the management's discussion and analysis report, the independent auditor's report, the basic financial statements of the District, and required supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements. The basic financial statements include three types of statements that present different views of the District:

### **Required Financial Statements**

**Government-wide financial statements.** The financial statements of the District report information using accounting methods similar to those used by private sector companies. The **Statement of Net Position** includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It also provides the basis of evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses and Change in Net Position**. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges.

**Tehachapi-Cummings County Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

The final required financial statement is the **Statement of Cash Flows**. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the cash balance during the reporting period.

The government-wide financial statements can be found on pages 11-13 of this report.

**Required supplementary information.** RSI provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information can be found on pages 33-36 of this report.

**Supplementary information.** In addition to the basic financial statements and required supplementary information, this report also presents other supplementary information.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Tehachapi-Cummings County Water District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District is an enterprise district providing water service. All of the funds of the Tehachapi-Cummings County Water District are related to its water enterprise; therefore, they are considered enterprise funds.

The combining schedules for all of the District's funds can be found on pages 38-41 of this report.

### **Government-wide Financial Analysis**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial strength. In the case of the Tehachapi-Cummings County Water District, assets exceed liabilities by \$20,524,761 at the close of the most recent fiscal year, an increase of \$950,519 compared with the prior year (see Table A-1).

In addition to assets and liabilities, the statement of net position reports separate sections for Deferred Outflows/Inflows of Resources. These sections represent, respectively, the consumption/acquisition of net position that applies to future periods and will not be recognized as an expense/revenue until then.

The largest portion of the Tehachapi-Cummings County Water District's net position (\$9,425,255) reflects its investment in capital assets (e.g. land, water infrastructure and equipment). The District uses these capital assets to provide services to citizens and its customers; consequently, these assets are not available for future spending.

**Tehachapi-Cummings County Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

A portion of the District's net position (\$4,361,160) is externally restricted by state law or debt covenants. See Note 4 on page 22 for additional information about restricted assets.

Unrestricted net position may be used to meet the District's ongoing obligations. As of June 30, 2019, the District shows an unrestricted net position of \$6,738,346, an improvement of \$207,490 from the prior year.

<i>June 30, 2019 and 2018 (000's)</i>			
	<i>2019</i>	<i>2018</i>	<i>Dollar Change</i>
Current and other assets	\$ 14,201	\$ 13,160	\$ 1,041
Capital assets	12,616	13,348	(732)
Total assets	26,817	26,508	309
Deferred outflows of resources	643	768	(125)
Current liabilities	1,511	1,527	(16)
Long-term liabilities	5,207	5,933	(726)
Total liabilities	6,718	7,460	(742)
Deferred inflows of resources	217	241	(24)
Net position:			
Net investment in capital assets	9,425	9,485	(60)
Restricted	4,361	3,558	803
Unrestricted	6,739	6,531	208
Total net position	\$ 20,525	\$ 19,574	\$ 951

**Changes in Net Position.** The District's total revenues were \$11,809,211. Approximately 70% of the District's revenue came from taxes and assessments during the fiscal year. Twenty-seven percent came from water sales and services, while 3% was related to other revenues. Operating revenues decreased -3% compared with the prior year. Nonoperating revenues increased 1% due to increased taxes and assessments.

During the year, revenues exceeded expenses by \$950,519 and net position increased by the same amount.

**Tehachapi-Cummings County Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b>Operating Revenues</b>				
Water sales	\$ 3,109	\$ 3,165	\$ (56)	-2%
Water services	93	131	(38)	-29%
Total operating revenues	<u>3,202</u>	<u>3,296</u>	<u>(94)</u>	<u>-3%</u>
<b>Nonoperating revenues</b>				
Taxes and assessments	8,162	8,044	118	1%
Benefit assessments	104	107	(3)	-3%
Operating grant	46	149	(103)	-69%
Interest and penalties	189	157	32	20%
Other revenues	107	26	81	312%
Gain on sale of capital assets	-	6	(6)	100%
Capital contributions	-	-	-	0%
Total nonoperating revenues	<u>8,608</u>	<u>8,489</u>	<u>119</u>	<u>1%</u>
Total revenues	<u>11,810</u>	<u>11,785</u>	<u>25</u>	<u>0%</u>
<b>Operating expenses</b>				
Source of supply	2,709	2,631	78	3%
Pumping	4,191	3,479	712	20%
Transmission and distribution	1,187	893	294	33%
General and administrative	1,798	1,684	114	7%
Depreciation	880	821	59	7%
Total operating expenses	<u>10,765</u>	<u>9,508</u>	<u>1,257</u>	<u>13%</u>
<b>Nonoperating expenses</b>				
Interest expense	94	111	(17)	-15%
Total nonoperating expenses	<u>94</u>	<u>111</u>	<u>(17)</u>	<u>-15%</u>
Total expenses	<u>10,859</u>	<u>9,619</u>	<u>1,240</u>	<u>13%</u>
Change in net position	951	2,166	(1,215)	
Net position -- beginning	<u>19,574</u>	<u>17,408</u>	<u>2,166</u>	
Net position -- ending	<u>\$ 20,525</u>	<u>\$ 19,574</u>	<u>\$ 951</u>	

- Operating revenue decreased \$94,246 (-3%). Sales of municipal & industrial water grew by 18%; while revenue from agricultural water sales decreased by -12%, due to changes in customer class demand.
- Operating expenses increased by \$1,255,993 (+13%) due to an overall increase in water pumping and distribution operating costs.
- Nonoperating revenues increased 1% primarily due to increases in tax and assessment related revenues.

**Tehachapi-Cummings County Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Capital Assets and Debt Administration**

**Capital Assets.** At June 30, 2019, the District had invested \$32,294,528 in a broad range of capital assets. (See Table A-3.) This amount represents a net decrease (including additions and deductions) of \$342,925 or -1% compared with last year due to removal of fully depreciated and obsolete assets. See Note 3 on page 22 for more information. Accumulated depreciation increased 2% primarily due to equipment acquisitions. The District's capital assets are 62% depreciated.

**June 30, 2019 and 2018  
(000's)**

	<b>2019</b>	<b>2018</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Land	\$ 779	\$ 779	\$ -	0%
Water system improvements	27,585	27,980	(395)	-1%
General office & equipment	3,710	3,658	52	1%
Flood control facilities	220	220	-	0%
Construction in progress	-	-	-	0%
	<u>32,294</u>	<u>32,637</u>	<u>(343)</u>	<u>-1%</u>
Accumulated depreciation	<u>(19,678)</u>	<u>(19,289)</u>	<u>(389)</u>	<u>2%</u>
Total	<u>\$ 12,616</u>	<u>\$ 13,348</u>	<u>\$ (732)</u>	<u>-5%</u>

**Long-term Liabilities.** At the end of the current fiscal year, the Tehachapi-Cummings County Water District had total debt outstanding of \$5,986,169, a decrease of \$ -11%. This amount includes the Umpqua Bank 2015 installment purchase financing loan and the combined pension and benefits liability. See Note 5 on page 23 for more information.

**Tehachapi-Cummings County Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Compensated Absences	249	240	9	4%
OPEB Liability	88	90	(2)	100%
Pension Liability	2,458	2,499	(41)	-2%
Installment purchase	3,191	3,863	(672)	-17%
Total	<u>\$ 5,986</u>	<u>\$ 6,692</u>	<u>\$ (706)</u>	<u>-11%</u>

**Economic Factors and Next Year's Budgets and Rates**

- Assessed valuation of the Tehachapi-Cummings County Water District will increase by approximately 4% in fiscal year 2019-20. A stable or growing tax base is extremely important for the District, as 70% of the general fund's total revenue in 2018-19 was from general property taxes, which are directly linked to assessed valuation.
- The 2019-20 tax rate reflects balanced State Water Project obligations, revenues and expenditures. The amount required to be collected from the tax levy decreased slightly from the previous fiscal year (0.051333% from 0.056778%) due to reserve balances.
- The Department of Water Resources provided a 2019 State Water Project allocation of 75%. The District did not require the extraction of banked water supplies in 2018-19 to meet demand and recharge goals.
- The sale of agricultural imported water is forecast to increase in 2019-20 by +5%.
- M&I water sales are forecast to decrease -13% in fiscal year 2019-20.
- No surplus water was sold in 2018-19.
- The District increased banked water supplies on its own account by 2,735 AF in 2018-19. The District will continue water banking on its own account.
- As of January 1, 2017, all term M&I customers were required to bank water and have executed the required contracts.
- The district has a contract with California Correctional Institution (CCI) to purchase high-quality disinfected tertiary recycled water. This recycled water, under a permit with the State to distribute it, is sold for golf course irrigation and for non-food crop agricultural irrigation.
- Investment earnings will be higher than the prior year due to greater cash balances and higher rates of return. For the fiscal year 2018-19, the average yield on money invested in the Kern County Treasury Pool was 2.03% and the average yield on money invested in the Local Agency Investment Fund (LAIF) was 2.428%.
- Employee benefit costs account for 38% of total salaries and benefits in the approved 2019-20 budget.
- Current staffing is 20 full-time employees plus two summer helpers.

***Tehachapi-Cummings County Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019***

- The District has met its goal of purchasing its supply of natural gas at a price of \$5/mmbtu or less over the past ten pumping seasons. As long as the price remains low, water rates should also be stable. The District can now purchase natural gas three years in advance under its contract with Shell. This will serve to stabilize costs and water rates. The district has contracted for the majority of its natural gas needs through 2022.
- The District's pressure zone water rates (developed in 2010) have resulted in revenues that more closely match costs, thereby reducing operating losses in the general fund.
- The adopted 2019-20 budget includes a reserves policy, which sets forth reserve targets and an approach to accumulating those reserves over time. As of June 30, 2019, all of the full reserve targets had been satisfied except for the flood control improvement district funds.
- As in prior years, the District will not establish a budget for depreciation expense.

All of these factors were considered in preparing the Tehachapi-Cummings County Water District's budget for the 2019-20 fiscal year. The Final budget for 2019-20 fiscal year was approved by the Board of Directors on August 21, 2019.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office at 22901 Banducci Road, Post Office Box 326, Tehachapi, California 93561 or by email at [tccwd@tccwd.com](mailto:tccwd@tccwd.com).

## **BASIC FINANCIAL STATEMENTS**

**Tehachapi-Cummings County Water District**  
**Statement of Net Position**  
June 30, 2019

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 9,019,767
Accounts Receivable	627,841
Accrued Interest Receivable	60,239
Taxes Receivable	6,157
Other Receivables	6,873
Prepaid Expenses and Refundable Deposits	<u>76,855</u>
Total Current Assets	<u>9,797,732</u>

Noncurrent Assets:

Restricted Assets:

Cash and Cash Equivalents	4,403,275
Capital Assets Not Being Depreciated:	
Land	680,084
Land Not in Use	99,355
Capital Assets, Net of Accumulated Depreciation	<u>11,836,820</u>
Total Noncurrent Assets	<u>17,019,534</u>
Total Assets	<u>26,817,266</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions	<u>642,875</u>
Total Deferred Outflows	<u>642,875</u>

**LIABILITIES**

Current Liabilities:

Accounts Payable	618,155
Accrued Wages Payable	114,311
Current Portion of Long-term Debt	<u>778,871</u>
Total Current Liabilities	<u>1,511,337</u>

Noncurrent Liabilities:

Compensated Absences Payable	159,524
Loan Payable, Less Current Portion	2,501,865
Net OPEB Liability	88,218
Net Pension Liability	<u>2,457,691</u>
Total Noncurrent Liabilities	<u>5,207,298</u>
Total Liabilities	<u>6,718,635</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions	<u>216,745</u>
--------------------------------------	----------------

**NET POSITION**

Net Investment in Capital Assets	9,425,255
Restricted For:	
Water Payment	3,223,779
Improvement Districts	1,137,381
Unrestricted	<u>6,738,346</u>
Total Net Position	<u>\$ 20,524,761</u>

**Tehachapi-Cummings County Water District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
Year Ended June 30, 2019

**OPERATING REVENUES**

Water Sales	\$ 3,108,692
Water Services	92,988
	92,988
Total Operating Revenues	3,201,680

**OPERATING EXPENSES**

Source of Supply	2,709,312
Pumping	4,190,602
Transmission and Distribution	1,186,672
General and Administrative	1,797,989
Depreciation	880,039
	880,039
Total Operating Expenses	10,764,614
Operating Income (Loss)	(7,562,934)

**NONOPERATING REVENUES (EXPENSES)**

Taxes and Assessments	8,161,988
Benefit Assessments	103,622
Grant Revenue	46,766
Interest and Penalties	187,820
Interest Expense	(94,078)
Other Revenues	107,335
	107,335
Total Nonoperating Revenues (Expenses)	8,513,453

Change in Net Position	950,519
Net Position - Beginning of Year	19,574,242
Net Position - End of Year	\$ 20,524,761

**Tehachapi-Cummings County Water District**  
**Statement of Cash Flows**  
Year Ended June 30, 2019

**Cash Flows from Operating Activities**

Cash Received from Customers	\$ 3,142,149
Cash Payments to Employees for Services	(2,678,053)
Cash Payments to Suppliers for Goods and Services	(7,140,779)
Other Operating Cash Receipts	100,462
Net Cash Provided (Used) by Operating Activities	<u>(6,576,221)</u>

**Cash Flows from Non-capital Financing Activities**

Receipts from Property Taxes and Assessments	8,285,641
Receipts from Grant Revenue	216,639
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>8,502,280</u>

**Cash Flows from Capital and Related Financing Activities**

Payments for Purchase and Construction of Property and Equipment	(148,094)
Payment on Long-Term Debt	(672,207)
Interest Paid on Long-Term Debt	(94,078)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(914,379)</u>

**Cash Flows from Investing Activities**

Receipt of Interest Income	177,322
Net Cash Provided (Used) by Investing Activities	<u>177,322</u>

Net Increase (Decrease) in Cash and Cash Equivalents 1,189,002

Cash and Cash Equivalents - Beginning of Year 12,234,040

Cash and Cash Equivalents - End of Year \$ 13,423,042

**Cash and Cash Equivalents as Reported in the Statement of Net Position**

Unrestricted Cash	\$ 9,019,767
Restricted Cash	<u>4,403,275</u>

**Total Cash and Cash Equivalents** \$ 13,423,042

**Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ (7,562,934)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	880,039
Other Revenue	107,335
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable - Water Customers	(59,531)
(Increase) Decrease in Other Receivables	(6,873)
(Increase) Decrease in Prepaid Expenses and Refundable Deposits	34,744
(Increase) Decrease in Deferred Outflows - Pensions	125,011
Increase (Decrease) in Accounts Payable	(28,730)
Increase (Decrease) in Accrued Wages Payables	(6,706)
Increase (Decrease) in Compensated Absences Payable	9,117
Increase (Decrease) in Deferred Inflows - Pension	(24,680)
Increase (Decrease) in Net OPEB Liability	(1,400)
Increase (Decrease) in Net Pension Liability	<u>(41,613)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (6,576,221)</u></u>

The accompanying notes are an integral part of this statement.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Summary of Significant Accounting Policies	15 - 19
2	Cash and Investments	19 - 21
3	Capital Assets	21 - 22
4	Restricted Assets	22 - 23
5	Long-term Liabilities	23
6	Defined Benefit Pension Plan	24 - 27
7	Other Postemployment Benefits (OPEB)	27 - 30
8	Risk Management	30 - 31
9	Commitments and Contingencies	31
10	Proposition 84 Implementation Grant	32
11	Implementation of New GASB Pronouncements	32

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The Tehachapi-Cummings County Water District (the "District") was established by local election held within the boundaries of the proposed District on February 16, 1965, and by resolution of the Kern County Board of Supervisors in accordance with the provisions of the County Water District Law, Division 12, Section 30,000 ET. seq., of the Water Code of the State of California. The District is a successor to the Tehachapi-Cummings Water Conservation District and by motion of the Board of Directors all of its existing assets, liabilities and equities were transferred to the newly formed District effective April 15, 1965. The District is governed by a Board of Directors comprised of five members who are voters within the District.

The District was formed to provide for the organization and management of water works by the acquisition or construction of water facilities for distribution and sale of water. The District's area is approximately 266,000 acres.

The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. Currently, the District has no such component units to report.

**B) Financial Reporting**

The District has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" Statement No. 34, as amended, established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of activities and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital asset; restricted; and unrestricted. These classifications, as stated in Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,*" which was implemented by the District in the 2012-13 fiscal year, are defined as follows:

Net Investment in Capital Assets Component of Net Position: This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position components as the unspent proceeds.

Restricted Component of Net Position: This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Component of Net Position: This component of net position consists of net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment of capital assets."

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Fund Accounting**

The District utilizes accounting for enterprise entities that account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or, (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

**D) Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of cash payments or receipts.

**E) Basis of Presentation**

The District's basic financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting* and conform to accounting principles generally accepted in the United States of America.

When both restricted and unrestricted resources are available for use, it is the District's practice to first expend restricted resources, subsequently utilizing unrestricted resources as needed.

**F) Accounts Receivable**

The District provides for probable uncollectible amounts in accounts receivable through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

**G) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District reports deferred outflows related to the pension and OPEB contributions in accordance with GASB Statements No. 68 and 75.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, which is a result of the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualifies for reporting in this category.

**H) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

**I) Capital Assets**

Capital assets are stated at cost and are being depreciated over their estimated useful lives, ranging from 5 to 50 years. The District uses a capitalization threshold of \$5,000. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. Depreciation of capital assets is computed principally on the straight-line method over the following estimated useful lives:

	Years
Buildings	40-50
Wells, Pipelines and Other Delivery Infrastructure	20-75
Transportation Equipment	7-15
Office Equipment	5-10

Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation are eliminated from the accounts and a gain or loss is included in operations.

**J) Flood Control Improvement Districts No. 2, No. 3, and Assessment Zone No. 1**

These three special improvement districts are maintained separate from other activities of the Tehachapi-Cummings County Water District, although falling within its jurisdiction. The District is responsible for the maintenance of the three flood control districts which impose a separate tax on property within their boundaries for maintenance of facilities. As special improvement districts, no depreciation of capital assets is recognized.

**K) Compensated Absences**

Accumulated unpaid employee vacation and sick leave benefits are accrued by the District. The total accumulated vacation and sick leave benefits included in these financial statements as compensated absences payable amounted to \$249,256 at June 30, 2019.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**L) Taxes Receivable and Allowance for Delinquent Taxes**

Unapportioned taxes in the County Treasury at year-end are recorded as current assets of the District. Delinquent taxes for the current year are only recognized as assets and are offset by an allowance of equal amount, having the effect of a zero balance for delinquent taxes receivable.

**M) Inventory of Water in Storage**

Water in the District's reservoir facility at June 30, 2019 measured approximately 1,373 acre-feet. Of this amount, 450 acre-feet is considered a minimum pool for emergency reserve. The remaining 950 acre-feet in storage on June 30, 2019 is for the purpose of agricultural peaking when the demand is greater than the system pumping capacity. Value of this water is not recorded as an asset of the District; said policy is consistent with prior years.

**N) Property Taxes**

Under California law, property taxes are assessed and collected by counties for up to 1 percent of assessed value, plus other increases as approved by affected voters. Property tax revenues are pooled and then allocated based on assessed valuation. Property taxes on the second rolls are payable in two installments, November 1 and February 1. Property tax payments become delinquent after December 10 and April 10, respectively.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1	
Levy Date	July 1 to June 30	
Due Date	November 1	- 1 <sup>st</sup> Installment
	February 1	- 2 <sup>nd</sup> Installment
Delinquent Date	December 10	- 1 <sup>st</sup> Installment
	April 10	- 2 <sup>nd</sup> Installment

**O) Cash and Cash Equivalents**

For purposes of reporting cash flows, the District considers highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents also include cash on hand and amounts deposited with banks and the Kern County Treasurer's office.

**P) Investments**

Investments are reported in the accompanying Statement of Net Position at fair value.

**Q) Interest**

The District incurs interest charges on long-term debt. There was no interest capitalized for the year ended June 30, 2019.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**R) Pensions**

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

**S) Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within curtailed defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**2) CASH AND INVESTMENTS**

Cash and Investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Current Assets - Cash	\$ 9,019,767
Noncurrent Assets - Restricted Cash	<u>4,403,275</u>
Total Cash	<u>\$ 13,423,042</u>

Cash and investments as of June 30, 2019 consist of the following:

Petty Cash	\$ 500
Deposits with Financial Institutions	1,477,421
Local Agency Investment Fund (LAIF)	1,560,360
Pooled with Kern County	<u>10,384,761</u>
Total Cash and Investments	<u>\$ 13,423,042</u>

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**2) CASH AND INVESTMENTS - Continued**

**Investments Authorized by the District's Investment Policy**

The District's investment policy authorizes investment of funds in the Investment Pool of the County of Kern and LAIF. The investment policy does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements.

**Disclosures Relating to Interest Rate Risk and Credit Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing funds only in the County investment pool and LAIF; however, the District does not have a formal policy regarding interest rate risk.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy regarding credit risk. Neither the County investment pool or LAIF are rated.

As of June 30, 2019, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		Less than 1 Year	1 Year to 5 Years	6 Years to 10 Years
County Pool	\$ 10,384,761	\$ 10,384,761	\$ -	\$ -
Local Agency Investment Fund	1,560,360	1,560,360	-	-
<b>Total</b>	<b>\$ 11,945,121</b>	<b>\$ 11,945,121</b>	<b>\$ -</b>	<b>\$ -</b>

**Concentration of Credit Risk**

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of year-end, the District had no investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investments pools) that represent 5% or more of total District investments.

**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.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**2) CASH AND INVESTMENTS - Continued**

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 government units by pledging securities in an undivided collateral pool held by depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2019, the District did not have deposits with financial institutions in excess of federal depository insurance limits, held in uncollateralized accounts.

**Fair Value of Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's fair value measurements are as follows:

*Investment in State Investment Pool*

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the 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.

*County Pool*

Cash funds deposited with the Kern County Treasurer's office are in a pooled money fund. The County of Kern Investment Pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27143. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral and, (3) savings accounts at savings and loan associations and banks, to the extent fully insured. 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 the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County, which are recorded on an amortized cost basis.

**3) CAPITAL ASSETS**

Presented below is the District's capital asset activity for the 2018-19 fiscal year:

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**3) CAPITAL ASSETS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 680,084	\$ -	\$ -	\$ 680,084
Land Not in Use	99,355	-	-	99,355
Construction in Progress	-	-	-	-
Capital Assets, Not Depreciated	<u>779,439</u>	<u>-</u>	<u>-</u>	<u>779,439</u>
Capital Assets Being Depreciated:				
Pumping Plants	12,694,906	20,416	(285,093)	12,430,229
Mainline Pipeline	4,330,473	-	(37,353)	4,293,120
Dam and Reservoir	2,001,598	-	-	2,001,598
Transmission and Distribution System	1,678,250	-	(92,813)	1,585,437
General Office, Shop, and Equipment	3,657,748	127,678	(75,760)	3,709,666
Emissions Reduction	5,476,360	-	-	5,476,360
Water Reclamation	388,990	-	-	388,990
Groundwater Recharge and Recovery	1,409,265	-	-	1,409,265
Flood Control Facilities	220,424	-	-	220,424
Capital Assets Being Depreciated	<u>31,858,014</u>	<u>148,094</u>	<u>(491,019)</u>	<u>31,515,089</u>
Less Accumulated Depreciation:				
Pumping Plants	(5,631,511)	(571,950)	285,093	(5,918,368)
Mainline Pipeline	(2,554,224)	(57,344)	37,353	(2,574,215)
Dam and Reservoir	(890,945)	(21,797)	-	(912,742)
Transmission and Distribution System	(1,348,240)	(17,046)	92,813	(1,272,473)
General Office, Shop, and Equipment	(2,011,103)	(179,065)	75,760	(2,114,408)
Emissions Reduction	(5,476,360)	-	-	(5,476,360)
Water Reclamation	(54,459)	(7,780)	-	(62,239)
Groundwater Recharge and Recovery	(1,315,827)	(25,057)	-	(1,340,884)
Flood Control Facilities	(6,580)	-	-	(6,580)
Total Accumulated Depreciation	<u>(19,289,249)</u>	<u>(880,039)</u>	<u>491,019</u>	<u>(19,678,269)</u>
Net Capital Assets, Depreciated	<u>12,568,765</u>	<u>(731,945)</u>	<u>-</u>	<u>11,836,820</u>
Total Capital Assets	<u>\$ 13,348,204</u>	<u>\$ (731,945)</u>	<u>\$ -</u>	<u>\$ 12,616,259</u>

**4) RESTRICTED ASSETS**

**Water Payment Fund:** This cash is restricted by tax assessment for payment of the District's obligations to the Kern County Water Agency for the District's share of State Water Project costs pursuant to contracts for agricultural water and municipal and industrial water.

**Improvement District #2 Fund:** This cash is restricted by tax assessment for flood control maintenance, operations and capital improvements within the boundaries of Improvement District #2.

**Improvement District # 3 Fund:** This cash is restricted by tax assessment for operations and improvements within Improvement District #3.

**Assessment Zone #1 Fund:** This cash is restricted by tax assessment for operations and improvements within Assessment Zone #1.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**4) RESTRICTED ASSETS - Continued**

Cash is restricted at June 30, 2019 as follows:

Water Payment Fund	\$	3,242,577
Improvement District #2		86,689
Improvement District #3		152,624
Assessment Zone #1		861,827
Customer Deposits		59,558
		\$ 4,403,275

**5) LONG-TERM LIABILITIES**

The following summarizes changes in long-term liabilities for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 240,139	\$ 86,450	\$ 77,333	\$ 249,256	\$ 89,732
Net OPEB Liability	89,618	8,930	10,330	88,218	-
Net Pension Liability	2,499,304	-	41,613	2,457,691	-
Direct Borrowings:					
2015 Installment Agreement	3,863,211	-	672,207	3,191,004	689,139
Total Long-term Liabilities	\$ 6,692,272	\$ 95,380	\$ 801,483	\$ 5,986,169	\$ 778,871

**2015 Installment Agreement**

As of April 1, 2015, the District entered into an installment purchase agreement with Umpqua Bank (Bank), to finance certain improvements to the District's water system (project). The Bank agreed to provide project funds of up to \$7,000,000, of which the District received \$5,780,810 at project completion. Installment payments include principal and interest at 2.51% per annum. Amounts borrowed are secured by net revenues received by the District from ownership and operation of the water system.

100% of the water system revenues are pledged to repayment of the bonds and approximate \$3.2 million per year. For the 2018-19 fiscal year, system net revenues were \$1,069,388, while total principal and interest payments on the installment purchase agreement totaled \$766,285. The installment purchase agreement contains a provision that in an event of default, outstanding amounts may become immediately due and payable.

The loan is a direct borrowing. The future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 689,138	\$ 77,061	\$ 766,199
2021	707,071	59,213	766,284
2022	725,180	41,104	766,284
2023	743,752	22,532	766,284
2024	325,863	4,158	330,021
Total	\$ 3,191,004	\$ 204,068	\$ 3,395,072

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**6) DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68.

Individual employers pay sponsor more than one rate plan in the miscellaneous pool. The District sponsors two rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2017 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2017 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications. The rate plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	8.444% + \$126,295	6.939% + \$524

**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 contributions for the Plan is 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District pays the required employee contribution on behalf of the employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District’s required contribution for the unfunded liability was \$123,226 in fiscal year 2019. The District’s contributions to the Plan for the year ended June 30, 2019 were \$241,653.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**6) DEFINED BENEFIT PENSION PLAN - Continued**

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

As of June 30, 2019, the District reported a liability of \$2,457,691 for its proportionate share of the net pension liability. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2017 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2017	0.06340%
Proportion - June 30, 2018	0.06521%
Change - Increase (Decrease)	0.00181%

For the year ended June 30, 2019, the District recognized pension expense of \$300,369. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 241,653	\$ -
Differences between actual and expected experience	62,208	-
Changes in assumptions	211,516	-
Change in employer's proportion	115,348	-
Differences between employer's contributions and proportionate share of contributions	-	216,745
Net differences between projected and actual earnings on plan investments	12,150	-
<b>Total</b>	<b>\$ 642,875</b>	<b>\$ 216,745</b>

\$241,653 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,		
2020	\$	190,639
2021		93,099
2022		(77,155)
2023		(22,106)
2024		-
Thereafter		-

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**6) DEFINED BENEFIT PENSION PLAN – Continued**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

- (1) Depending on age, service, and type of employment  
(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Long-term Expected Rate of Return** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

- (1) An expected inflation of 2.0% used for this period.  
(2) An expected inflation of 2.92% used for this period.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**6) DEFINED BENEFIT PENSION PLAN – Continued**

**Discount Rate** – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

		Miscellaneous
1% Decrease		6.15%
Net Pension Liability	\$	4,071,049
Current Discount Rate		7.15%
Net Pension Liability	\$	2,457,691
1% Increase		8.15%
Net Pension Liability	\$	1,125,890

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

**Payable to the Pension Plan** – At June 30, 2019, the District reported no payables for the year ended June 30, 2019.

**7) OTHER POSTEMPLOYMENT BENEFITS**

**General Information about the OPEB Plan**

**Plan Description**

The District has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan. A separate financial report is not prepared for the HC Plan.

**Benefits Provided**

The HC Plan provides employees who retire directly from the District, at a minimum age of 50, with a minimum of twenty-five years of service, a 50% cash subsidy for monthly medical insurance premiums for employee-only coverage. Payments cease at age 65 when the retiree is eligible for Medicare. Employees who retire directly from the District at a minimum age of 50 with a minimum of twenty-five years of full-time service are eligible to continue medical coverage as a participant with active employees at a blended premium rate until eligible for Medicare at age 65 as an implied subsidy.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**7) OTHER POST EMPLOYMENT BENEFITS – Continued**

**Employees Covered**

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Retirees currently receiving benefits	1
Active employees	<u>21</u>
Total	<u><u>22</u></u>

**Contributions**

The HC Plan and its contribution requirements are established by Board Resolution No. 21-11, Agreement and Election of TCCWD to Prefund Other Postemployment Benefits Through CalPERS, adopted 12/21/2011. The annual contribution is based on the actuarially determined contribution.

For the fiscal year ended June 30, 2019, the District’s cash contributions were \$13,210 in payments to the trust and the payments for retiree health benefits were \$8,372. In December of 2011 the District created a trust account with the California Public Employers’ Retiree Benefit Trust (CERBT) Fund.

**Net OPEB Liability**

The District’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Discount Rate	6.12%
Inflation	4.00%
Salary Increases	3.3% per annum, in aggregate
Investment Rate of Return	6.12%
Mortality Rate *	Derived using CalPERS’ Membership Data for all funds
Preretirement Turnover **	Derived using CalPERS’ Membership Data for all funds
Healthcare Trend Rate	7.00% HMO/7.50% PPO decreasing to 4.50% HMO/4.50% PPO

\*Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

\*\*The pre-retirement turnover information was developed based on CalPERS’ specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**7) OTHER POST EMPLOYMENT BENEFITS – Continued**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Rate of Return
US Large Cap	43%	7.950%
US Small Cap	23%	7.950%
Long-term Corporate Bonds	12%	5.295%
Long-term Government Bonds	6%	4.500%
Treasury Inflation Protected Securities	5%	7.950%
US Real estate	8%	7.950%
All Commodities	3%	7.950%
Total	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.12 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018 ( <i>Valuation Date June 30, 2017</i> )	\$ 166,274	\$ 76,656	\$ 89,618
Changes in the year:			
Service cost	3,397	-	3,397
Interest on the total OPEB liability	10,176	-	10,176
Employer Contributions	-	21,582	(21,582)
Actual Investment Income	-	3,850	(3,850)
Benefit payments, including refunds	-	(11,471)	11,471
Implicit Rate	(1,012)	-	(1,012)
Net changes	<u>12,561</u>	<u>13,961</u>	<u>(1,400)</u>
Balance at June 30, 2019 ( <i>Measurement Date June 30, 2019</i> )	<u>\$ 178,835</u>	<u>\$ 90,617</u>	<u>\$ 88,218</u>

**Sensitivity of the Net OPEB Liability to changes in the Discount Rate**

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2018:

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**7) OTHER POST EMPLOYMENT BENEFITS – Continued**

	1% Decrease (5.12%)	Discount Rate (6.12%)	1% Increase (7.12%)
Net OPEB liability (asset)	\$ 104,105	\$ 88,218	\$ 73,498

**Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB liability (asset)	\$ 72,443	\$ 88,218	\$ 104,949

**OPEB Plan Fiduciary Net Position**

CERBT issues a publicly available financial report that may be obtained from the California Public Employers' Retirement System (CalPERS) website.

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the District recognized OPEB expense of \$12,483. There were no deferred outflows or deferred inflows related to the net OPEB liability as of June 30, 2019.

**8) RISK MANAGEMENT**

The District is a member of the Association of California Water Agencies, Joint Powers Insurance Authority (JPIA). JPIA is a group of California Water Districts who have pooled funds to provide self-insurance coverage as follows:

Type of Coverage	Limits per Occurrence	
	Pooled Self-Insured	Excess Insurance
General, Automobile and Public Officials Liability	\$ 1,000,000	\$ 1,000,000 - 59,000,000
Property Insurance	\$ 50,000	\$ 50,000 - 100,000,000
Fidelity Insurance	\$ 100,000	\$ -
Dam Failure Liability	\$ 50,000	\$ 5,000,000
Workers' Compensation	\$ 2,000,000	\$ 2,000,000 - statutory

The District is in a group that has a \$5,000 retention level (deductible) per occurrence for property damage due to theft and natural causes. Property includes buildings, personal property, fixed equipment, mobile equipment, and turbines, generators and transformers. For mechanical damages to turbines, generators and transformers, the deductible ranges from \$10,000 to \$25,000. Also, included in the cost of the property insurance is fidelity insurance with a \$1,000 deductible. There is a \$1,000 deductible on mobile equipment and a \$2,500 deductible for licensed vehicles. The auto and general liability program no longer has a deductible.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**8) RISK MANAGEMENT – Continued**

Claims over the retention levels are insured by the group up to the self-insurance limits and by policies purchased by JPIA from various insurance companies for the excess. JPIA bills the District a deposit premium at the beginning of each policy year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are charged against the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the outstanding claims, the District is retrospectively billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District.

There have been no losses exceeding coverage limits during any of the previous three years.

**9) COMMITMENTS AND CONTINGENCIES**

**Water Supply Contract with Kern County Water Agency**

The District obtained its surface water supply in accordance with certain contracts signed in December 1966 with the Kern County Water Agency (Agency), amended to its current annual amount of 19,300 acre-feet of entitlement surface water, through the year 2039, for a supply of water for agricultural purposes and for municipal and industrial water purposes. To the extent water under these contracts is not taken, it can be returned for credit. Credit for water not taken is received the following calendar year.

The Kern County Water Agency will also guarantee the sale of excess municipal and industrial water to other members of the Agency. The Agency, in turn, obtained its surface water supply in 1963 when it signed a contract with the State of California, Department of Water Resources (DWR), to purchase annual surface water, currently contracted at 982,730 acre-feet, through the State Water Project (SWP) through the year 2039.

The District’s contract with the Agency provides for various separate charges, all of which are included in “Source of Supply” in Operating Expenses of the District’s Statement of Revenue and Expenses. The “fixed charge” component of the contract is not necessarily reduced by annual water supply deficiencies as the District is obligated to pay 100% of the annual fixed costs billed to the Agency. Under certain circumstances, fixed charges could be reduced by the DWR when the District receives less than its full entitlement in years of low water supply. Source of supply costs attributable to this contract were \$2,351,078 the year ended June 30, 2019.

**Natural Gas Purchase Commitment**

The District has entered into contracts with Shell Energy North America to purchase natural gas. These commitments vary in the amount of natural gas to be purchased and when the natural gas will be delivered to the District as follows:

Vendor	Delivery Period	Liability
Shell Energy North America	April 2020 - September 2022	\$ 2,197,413

**Property Tax Appeals**

Certain taxpayers within Kern County have made appeals to the County for reductions of their property taxes. These pending appeals may affect the amount of property taxes the District receives in the future. However, the amounts of any future reductions are currently unknown.

**Tehachapi-Cummings County Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2019

**10) PROPOSITION 84 IMPLEMENTATION GRANT**

The District was awarded a Proposition 84 grant for approximately \$680,000. The funds are paid to the District on a reimbursable basis and are to be spent on water conservation efforts with a goal to reduce potable water demand by approximately 109 acre feet per year.

**11) IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

GASB has issued the following Statements, which may impact the District's financial reporting requirements in the future:

*GASB 84 - Fiduciary Activities:* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

*GASB 87 – Leases:* This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

*GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period:* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

*GASB 90 – Majority Equity Interests:* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Tehachapi-Cummings County Water District**  
**Required Supplementary Information**  
Year Ended June 30, 2019

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

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2018	0.06521%	\$ 2,457,691	\$ 1,601,521	153.46%	79.39%
2017	0.06340%	2,499,304	1,525,054	163.88%	78.21%
2016	0.06031%	2,094,927	1,497,937	139.85%	79.96%
2015	0.05280%	1,448,016	1,339,895	108.07%	85.62%
2014	0.06760%	1,670,715	1,164,070	143.52%	83.02%

\*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

**Notes to schedule:**

Benefit Changes: None

Changes in assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%.

**Tehachapi-Cummings County Water District**  
**Required Supplementary Information**  
Year Ended June 30, 2019

**Schedule of Pension Plan Contributions**  
**Last 10 Years\***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 241,653	\$ (241,653)	\$ -	\$ 1,646,396	14.68%
2018	200,814	(200,814)	-	1,601,521	12.54%
2017	167,497	(167,497)	-	1,525,054	10.98%
2016	218,649	(218,649)	-	1,497,937	14.60%
2015	199,443	(199,443)	-	1,339,895	14.88%

\*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/13, 6/30/14, 6/30/15, 6/30/16, 6/30/17

**Tehachapi-Cummings County Water District**  
**Required Supplementary Information**  
Year Ended June 30, 2019

**Schedule of Changes in the Net OPEB Liability**  
**And Related Ratios**  
**Last Ten Fiscal Years\***

	Measurement Period	
	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 3,397	\$ 3,397
Interest on total OPEB liability	10,176	9,632
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments, including refunds	-	(3,290)
Implicit rate	(1,012)	(1,012)
Net change in total OPEB liability	12,561	8,727
Total OPEB liability - beginning	166,274	157,547
Total OPEB liability - ending (a)	<u>\$ 178,835</u>	<u>\$ 166,274</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 21,582	\$ 13,210
Actual Investment Income	3,850	3,754
Benefit payments	(11,471)	(3,290)
Administrative Expense	-	-
Net change in plan fiduciary net position	13,961	13,674
Plan fiduciary net position - beginning	76,656	62,982
Plan fiduciary net position - ending (b)	<u>\$ 90,617</u>	<u>\$ 76,656</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 88,218</u>	<u>\$ 89,618</u>
Plan fiduciary net position as a percentage of the total OPEB liability	50.67%	46.10%
Covered - employee payroll	\$ 1,646,396	\$ 1,601,521
Net OPEB liability as a percentage of covered payroll	5.36%	5.60%

\*Fiscal year 2018 was the first year of implementation; therefore, 10 years of information are not yet available.

**Notes to the Schedule:**

**Benefit Changes:** None

**Changes in Assumptions:** None

**Tehachapi-Cummings County Water District**  
**Required Supplementary Information**  
Year Ended June 30, 2019

**Schedule of Plan Contributions**  
**OPEB Plan**  
**Last Ten Years\***

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered-Employee Payroll
2019	\$ 21,582	\$ (21,582)	\$ -	\$ 1,646,396	1.31%
2018	13,210	(13,210)	-	1,601,521	0.82%

\*Fiscal year 2018 was the first year of implementation; therefore, 10 years of information are not yet available.

## **SUPPLEMENTARY INFORMATION**

**Tehachapi-Cummings County Water District**  
**Rate Covenant**  
Year Ended June 30, 2019

The District covenants that it shall prescribe, revise, and collect charges for Water Service that, after allowances for contingencies and errors in estimates, shall produce revenues sufficient in each fiscal year to produce net revenues equal to at least 1.25 times the sum of: (1) debt service payments related to the 2015 Installment Agreement, and (2) all debt service and any additional payments required with respect to outstanding debt of the District.

The rate covenant for the 2018-19 fiscal year is as follows:

Rate Covenant: Net Revenues + all other available revenues  
Installment payments due in the fiscal year

The rate covenant is calculated as follows:

General Activities:	
Operating Revenue	\$ 3,201,680
Nonoperating Revenue	5,284,575
Total Gross Revenue	8,486,255
Less: Operation and Maintenance Expenses	(8,296,906)
Add: Depreciation Expense	880,039
Net Revenues	\$ 1,069,388 (a)
Annual Debt Service:	
2015 Installment Agreement - Principal	\$ 672,207
2015 Installment Agreement - Interest	94,078
Total Debt Service in Fiscal Year 2018-19	\$ 766,285 (b)
Rate Covenant Calculation (a)/(b):	1.40 %

**Tehachapi-Cummings County Water District**  
**Combining Schedule of Net Position**  
June 30, 2019

	General Activities	Major Repairs	Tax Revenue Liability	Emergency Repairs	Water Payment Fund
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 5,605,305	\$ 1,591,237	\$ 605,057	\$ 385,239	\$ -
Accounts Receivable	627,841	-	-	-	-
Accrued Interest Receivable	29,655	6,251	2,427	1,545	12,690
Taxes Receivable	-	-	-	-	-
Other Receivables	6,873	-	-	-	-
Prepaid Expenses and Refundable Deposits	49,793	-	-	-	-
Total Current Assets	<u>6,319,467</u>	<u>1,597,488</u>	<u>607,484</u>	<u>386,784</u>	<u>12,690</u>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	59,558	-	-	-	3,242,577
Total Restricted Assets	<u>59,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,242,577</u>
Capital Assets:					
Land	680,084	-	-	-	-
Pumping Plants	12,430,229	-	-	-	-
Mainline Pipeline	4,293,121	-	-	-	-
Dam and Reservoir	2,001,598	-	-	-	-
Transmission and Distribution System	1,585,437	-	-	-	-
General Office, Shop and Equipment	3,709,666	-	-	-	-
Emissions Reduction	5,476,360	-	-	-	-
Water Reclamation	388,990	-	-	-	-
Groundwater Banking and Recovery	1,409,265	-	-	-	-
Flood Control Facilities	6,580	-	-	-	-
Land Not In Use	99,355	-	-	-	-
Total Capital Assets	<u>32,080,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	<u>(19,678,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets, Net	<u>12,402,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>12,461,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,242,577</u>
Total Assets	<u>18,781,440</u>	<u>1,597,488</u>	<u>607,484</u>	<u>386,784</u>	<u>3,255,267</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred Outflows Related to Pensions	642,875	-	-	-	-
Total Deferred Outflows	<u>642,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Accounts Payable	585,229	-	-	-	31,488
Accrued Wages Payable	114,311	-	-	-	-
Current Portion of Long-term Debt	778,871	-	-	-	-
Total Current Liabilities	<u>1,478,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,488</u>
Noncurrent Liabilities:					
Compensated Absences Payable	159,524	-	-	-	-
Loan Payable, Less Current Portion	2,501,865	-	-	-	-
Net OPEB Liability	88,218	-	-	-	-
Net Pension Liability	2,457,691	-	-	-	-
Total Noncurrent Liabilities	<u>5,207,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,685,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,488</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows Related to Pensions	216,745	-	-	-	-
<b>NET POSITION</b>					
Net Investment in Capital Assets	9,211,411	-	-	-	-
Restricted	-	-	-	-	3,223,779
Unrestricted	3,310,450	1,597,488	607,484	386,784	-
Total Net Position	<u>\$ 12,521,861</u>	<u>\$ 1,597,488</u>	<u>\$ 607,484</u>	<u>\$ 386,784</u>	<u>\$ 3,223,779</u>

Improvement District No. 2	Improvement District No. 3	Assessment Zone No. 1	Water Banking Reserve	Equipment Infrastructure Replacement	Proposition 84 Grant	Water Rate Stabilization	Totals
\$ -	\$ -	\$ -	\$ 181,997	\$ 50,000	\$ -	\$ 600,932	\$ 9,019,767
-	-	-	-	-	-	-	627,841
394	676	3,390	933	34	-	2,244	60,239
-	-	6,157	-	-	-	-	6,157
-	-	-	-	-	-	-	6,873
-	-	27,062	-	-	-	-	76,855
<u>394</u>	<u>676</u>	<u>36,609</u>	<u>182,930</u>	<u>50,034</u>	<u>-</u>	<u>603,176</u>	<u>9,797,732</u>
<u>86,689</u>	<u>152,624</u>	<u>861,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,403,275</u>
<u>86,689</u>	<u>152,624</u>	<u>861,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,403,275</u>
-	-	-	-	-	-	-	680,084
-	-	-	-	-	-	-	12,430,229
-	-	-	-	-	-	-	4,293,121
-	-	-	-	-	-	-	2,001,598
-	-	-	-	-	-	-	1,585,437
-	-	-	-	-	-	-	3,709,666
-	-	-	-	-	-	-	5,476,360
-	-	-	-	-	-	-	388,990
-	-	-	-	-	-	-	1,409,265
5,907	197,208	10,729	-	-	-	-	220,424
-	-	-	-	-	-	-	99,355
<u>5,907</u>	<u>197,208</u>	<u>10,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,294,529</u>
-	-	-	-	-	-	-	(19,678,270)
<u>5,907</u>	<u>197,208</u>	<u>10,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,616,259</u>
<u>92,596</u>	<u>349,832</u>	<u>872,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,019,534</u>
<u>92,990</u>	<u>350,508</u>	<u>909,165</u>	<u>182,930</u>	<u>50,034</u>	<u>-</u>	<u>603,176</u>	<u>26,817,266</u>
-	-	-	-	-	-	-	642,875
-	-	-	-	-	-	-	642,875
12	280	1,146	-	-	-	-	618,155
-	-	-	-	-	-	-	114,311
-	-	-	-	-	-	-	778,871
<u>12</u>	<u>280</u>	<u>1,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,511,337</u>
-	-	-	-	-	-	-	159,524
-	-	-	-	-	-	-	2,501,865
-	-	-	-	-	-	-	88,218
-	-	-	-	-	-	-	2,457,691
-	-	-	-	-	-	-	5,207,298
<u>12</u>	<u>280</u>	<u>1,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,718,635</u>
-	-	-	-	-	-	-	216,745
5,907	197,208	10,729	-	-	-	-	9,425,255
87,071	153,020	897,290	-	-	-	-	4,361,160
-	-	-	182,930	50,034	-	603,176	6,738,346
<u>\$ 92,978</u>	<u>\$ 350,228</u>	<u>\$ 908,019</u>	<u>\$ 182,930</u>	<u>\$ 50,034</u>	<u>\$ -</u>	<u>\$ 603,176</u>	<u>\$ 20,524,761</u>

**Tehachapi-Cummings County Water District**  
**Combining Schedule of Revenues, Expenses and Change in Net Position**  
Year Ended June 30, 2019

	General Activities	Major Repairs	Tax Revenue Liability	Emergency Repairs	Water Payment Fund
<b>Operating Income</b>					
Water Sales	\$ 3,108,692	\$ -	\$ -	\$ -	\$ -
Water Services	92,988	-	-	-	-
Total Operating Income	<u>3,201,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating Expenses</b>					
Source of Supply	358,234	-	-	-	2,351,078
Pumping	4,190,602	-	-	-	-
Transmission and Distribution	1,186,672	-	-	-	-
General and Administrative	1,681,359	-	-	-	7,464
Depreciation	880,039	-	-	-	-
Total Operating Expenses	<u>8,296,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,358,542</u>
Operating Income (Loss)	<u>(5,095,226)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,358,542)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Taxes and Assessments	5,053,335	-	-	-	3,097,000
Benefit Assessments	-	-	-	-	-
Grant Revenue	46,766	-	-	-	-
Interest and Penalties	77,139	24,481	9,764	5,913	40,559
Interest Expense	(94,078)	-	-	-	-
Other	107,335	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>5,190,497</u>	<u>24,481</u>	<u>9,764</u>	<u>5,913</u>	<u>3,137,559</u>
Income Before Transfers	95,271	24,481	9,764	5,913	779,017
Transfers Between Funds	<u>(98,370)</u>	<u>39,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(3,099)	64,181	9,764	5,913	779,017
Net Position - Beginning of Year	<u>12,524,960</u>	<u>1,533,307</u>	<u>597,720</u>	<u>380,871</u>	<u>2,444,762</u>
Net Position - End of Year	<u>\$ 12,521,861</u>	<u>\$ 1,597,488</u>	<u>\$ 607,484</u>	<u>\$ 386,784</u>	<u>\$ 3,223,779</u>

Improvement District No. 2	Improvement District No. 3	Assessment Zone No. 1	Water Banking Reserve	Equipment Infrastructure Replacement	Proposition 84 Grant	Water Rate Stabilization	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,108,692
-	-	-	-	-	-	-	92,988
-	-	-	-	-	-	-	3,201,680
-	-	-	-	-	-	-	2,709,312
-	-	-	-	-	-	-	4,190,602
-	-	-	-	-	-	-	1,186,672
15,680	23,853	69,633	-	-	-	-	1,797,989
-	-	-	-	-	-	-	880,039
15,680	23,853	69,633	-	-	-	-	10,764,614
(15,680)	(23,853)	(69,633)	-	-	-	-	(7,562,934)
3,664	7,989	-	-	-	-	-	8,161,988
-	-	103,622	-	-	-	-	103,622
-	-	-	-	-	-	-	46,766
1,573	2,691	13,377	3,333	34	-	8,956	187,820
-	-	-	-	-	-	-	(94,078)
-	-	-	-	-	-	-	107,335
5,237	10,680	116,999	3,333	34	-	8,956	8,513,453
(10,443)	(13,173)	47,366	3,333	34	-	8,956	950,519
-	-	-	-	50,000	(41,330)	50,000	-
(10,443)	(13,173)	47,366	3,333	50,034	(41,330)	58,956	950,519
103,421	363,401	860,653	179,597	-	41,330	544,220	19,574,242
<u>\$ 92,978</u>	<u>\$ 350,228</u>	<u>\$ 908,019</u>	<u>\$ 182,930</u>	<u>\$ 50,034</u>	<u>\$ -</u>	<u>\$ 603,176</u>	<u>\$ 20,524,761</u>

THIS PAGE INTENTIONALLY LEFT BLANK

## **STATISTICAL SECTION**

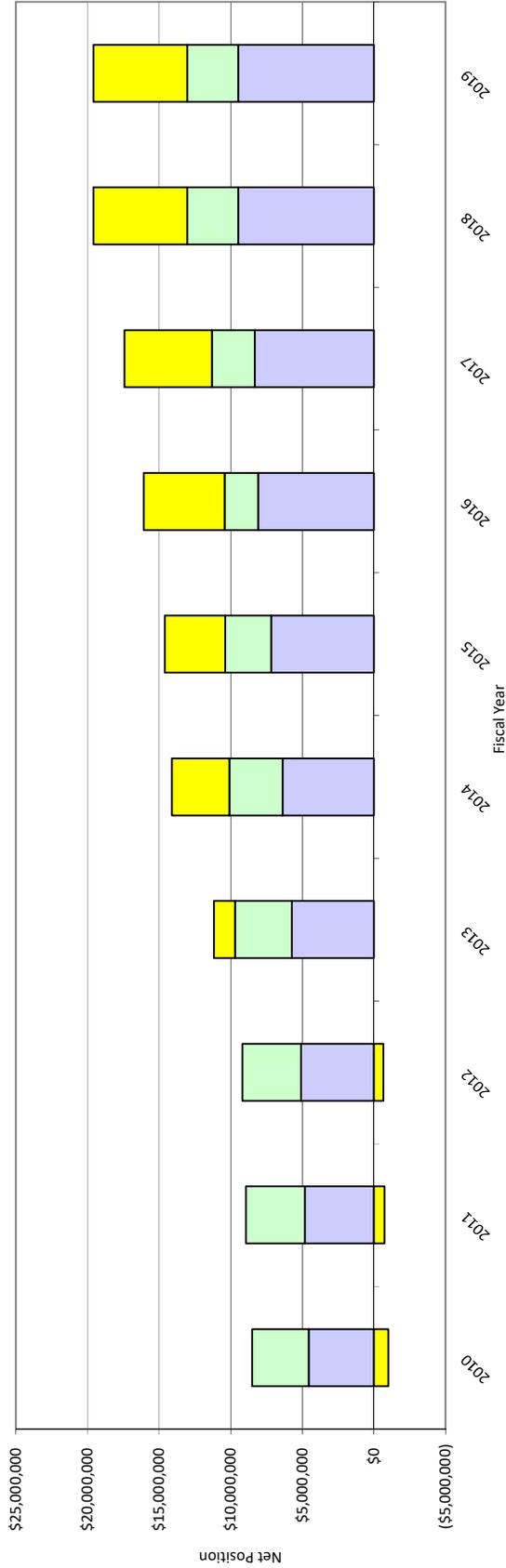
## STATISTICAL SECTION

This part of the Tehachapi-Cummings County Water District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	43
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the government's most significant local revenue source and property tax revenues. Additional information is provided for the agency's other significant own-source revenue, water rates and charges.	45
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	52
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	55

**Tehachapi-Cummings County Water District**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government										
Net investment in capital assets	\$ 4,547,984	4,817,714	5,097,703	5,730,318	6,365,364	7,171,929	8,090,795	8,313,751	9,484,993	9,484,993
Restricted	3,961,631	4,118,597	4,082,001	3,974,312	3,721,841	3,213,736	2,332,799	3,001,728	3,558,393	3,558,393
Unrestricted	(1,003,506)	(736,140)	(657,746)	1,469,712	4,016,721	4,214,735	5,641,709	6,093,012	6,536,020	6,536,020
<b>Total primary government net position</b>	<b>7,506,109</b>	<b>8,200,171</b>	<b>8,521,958</b>	<b>11,174,342</b>	<b>14,103,926</b>	<b>14,600,400</b>	<b>16,065,303</b>	<b>17,408,491</b>	<b>19,579,406</b>	<b>19,579,406</b>



**Notes:** Unrestricted net position in 2010 and later is affected by a prior-period adjustment pertaining to the booking of a liability for pension-related debt for a CalPERS side fund balance. That side-fund was paid in full in June 2012 with a new six-year financing in the amount of \$1,719,700. Note: Loan balance paid-in-full December 2016.

GASB 68 relating to the booking of net pension liability became effective in fiscal year 2015. A prior period adjustment of (\$2,079,960) affects unrestricted net position in 2015.

**Tehachapi-Cummings County Water District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Operating Revenue</b>										
Water sales	\$ 1,666,603	2,213,642	2,153,752	3,628,628	4,238,640	2,911,318	2,752,766	3,283,122	3,165,019	3,108,692
Water services	30,508	58,817	109,721	170,070	212,374	83,084	74,792	94,373	130,907	92,988
Total Operating Revenue	1,697,111	2,272,459	2,263,473	3,798,698	4,451,014	2,994,402	2,827,558	3,377,495	3,295,926	3,201,680
<b>Operating Expenses</b>										
Source of supply	1,948,106	2,039,033	1,807,335	2,012,630	2,251,965	2,175,844	2,930,542	2,359,233	2,631,392	2,709,312
Pumping	2,701,969	3,078,163	2,825,975	2,991,849	2,869,507	2,704,953	2,566,889	3,717,915	3,478,766	4,190,602
Transmission and distribution	836,386	854,949	805,735	811,078	970,506	859,971	1,097,929	1,566,557	893,107	1,186,672
General and administrative	1,159,459	1,141,240	1,184,938	1,231,926	1,209,872	1,720,254	1,473,593	1,698,386	1,684,384	1,797,989
Depreciation expense	405,449	513,231	407,561	394,875	389,980	384,693	507,970	705,045	820,972	880,039
Total Operating Expenses	7,051,369	7,626,616	7,031,544	7,442,358	7,691,830	7,845,715	8,576,923	10,047,136	9,508,621	10,764,614
Operating Loss	(5,354,258)	(5,354,157)	(4,768,071)	(3,643,660)	(3,240,816)	(4,851,313)	(5,749,365)	(6,669,641)	(6,212,695)	(7,562,934)
<b>Non-Operating Revenue (Expense)</b>										
Taxes and assessments	6,093,875	5,906,378	4,907,756	6,127,627	6,038,683	6,771,443	6,818,390	7,876,330	8,044,202	8,161,988
Benefit assessments	92,727	103,651	127,549	102,308	116,543	116,317	109,594	100,977	107,308	103,622
Grant Revenue	-	-	-	-	-	327,977	108,707	41,399	149,475	46,766
Interest and penalties	72,193	44,192	19,340	30,210	29,140	46,178	63,310	92,718	156,452	187,820
Interest expense	(112,115)	(89,503)	(68,461)	(103,447)	(82,259)	(48,827)	(91,729)	(137,272)	(110,863)	(94,078)
Gain (Loss) on sale of assets	(92,734)	-	7,100	8,030	4,600	6,169	112,500	-	6,334	-
Other revenues	148,403	137,121	96,574	114,916	63,693	208,490	93,496	38,677	25,538	107,335
Capital grants and contributions	446,618	152,689	-	16,400	-	-	-	-	-	-
Total Non-Operating Revenue (Expense)	6,648,967	6,254,528	5,089,858	6,296,044	6,170,400	7,427,747	7,214,268	8,012,829	8,378,446	8,513,453
Change in Net Position	1,294,709	900,371	321,787	2,652,384	2,929,584	2,576,434	1,464,903	1,343,188	2,165,751	950,519
Net Position - Beginning of year	8,398,265	7,506,109	8,200,171	8,521,958	11,174,342	14,103,926	14,600,400	16,065,303	17,408,491	19,574,242
Prior Period Adjustment	(2,186,865)	(206,309)	-	-	-	(2,079,960)	-	-	-	-
Net Position - End of year	\$ 7,506,109	8,200,171	8,521,958	11,174,342	14,103,926	14,600,400	16,065,303	17,408,491	19,574,242	20,524,761

**Tehachapi-Cummings County Water District**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value<sup>1</sup> as a Percentage of Actual Value</b>
2010	3,184,227	237,606	42,636	3,379,197	0.664	3,109,790	110.03%
2011	3,105,842	418,061	42,894	3,481,009	0.546	3,034,470	116.13%
2012	2,843,206	640,664	42,754	3,441,116	0.429	2,985,887	116.68%
2013	2,806,017	1,022,794	42,272	3,786,539	0.384	3,239,408	118.19%
2014	3,016,755	778,381	41,360	3,753,776	0.429	3,431,020	110.61%
2015	3,075,911	1,023,045	40,826	4,058,130	0.387	3,820,487	107.29%
2016	3,112,215	1,085,786	42,427	4,155,574	0.379	3,472,546	120.89%
2017	3,248,729	933,818	41,468	4,141,079	0.694	3,722,157	112.37%
2018	3,400,924	957,502	41,000	4,317,425	0.567	4,060,411	107.34%
2019	3,573,434	970,280	40,685	4,503,029	0.568	4,208,173	107.97%

**Source:** Kern County Auditor-Controller

**Note:** Estimated actual value is the prior year's estimated actual value times the change in population times the change in house values as expressed in dollars per square foot as reported by Kerndata.com. (Population is used as a proxy for growth and \$/sf for existing residential is a proxy for real estate market value) Unfortunately, this estimate does not take into consideration the taxable value of industrial improvements, such as, the two cement plants and the expansion of wind turbines on the east side of the district. Tax rate is per \$1,000 of assessed value.

<sup>1</sup> Includes tax-exempt property

**Tehachapi-Cummings County Water District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)**

Fiscal Year	TCCWD Debt Service Rate	County Operating Rate	KCWA Debt Service Rate	Overlapping			Total Direct & Overlapping Rates
				TUSD Debt Service Rate	TVHD Debt Service Rate	KCCD Debt Service Rate	
2010	0.066360	1.000000	0.010943	0.045908	0.025048	0.009401	1.157660
2011	0.054584	1.000000	0.009357	0.050094	0.023559	0.010117	1.147711
2012	0.042864	1.000000	0.014797	0.048748	0.029032	0.009057	1.144498
2013	0.038438	1.000000	0.010320	0.057412	0.026277	0.008502	1.140949
2014	0.042905	1.000000	0.010705	0.043529	0.084775	0.012644	1.194558
2015	0.038749	1.000000	0.011259	0.063958	0.073485	0.010450	1.197901
2016	0.037867	1.000000	0.013572	0.044537	0.078107	0.013571	1.187654
2017	0.069397	1.000000	0.013180	0.053490	0.080016	0.015316	1.231399
2018	0.056653	1.000000	0.017842	0.050000	0.080672	0.036249	1.241416
2019	0.056778	1.000000	0.016577	0.040475	0.071111	0.033625	1.218566

**Source:** Kern County Treasurer-Tax Collector

TCCWD: Tehachapi-Cummings County Water District

KCWA: Kern County Water Agency

TUSD: Tehachapi Unified School District

TVHD: Tehachapi Valley Hospital District

KCCD: Kern Community College District

**Tehachapi-Cummings County Water District  
Property Tax Levies and Collections  
General Fund  
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Prior Year Collections <sup>1</sup>	Total Collections	Delinquent Tax	
		Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2010	3,561,476	3,558,050	99.90%	12,640	3,570,690	3,426	0.10%
2011	3,765,173	3,757,338	99.79%	14,115	3,771,453	7,835	0.21%
2012	3,752,031	3,748,873	99.92%	(300)	3,748,573	3,158	0.08%
2013	4,219,151	4,215,417	99.91%	5,926	4,221,343	3,734	0.09%
2014	4,309,077	4,306,443	99.94%	(160,127)	4,146,316	2,634	0.06%
2015	4,666,872	4,664,301	99.94%	4,355	4,668,656	2,571	0.06%
2016	4,756,897	4,753,678	99.93%	(10,513)	4,743,165	3,219	0.07%
2017	4,695,481	4,690,481	99.89%	(18,320)	4,672,161	5,000	0.11%
2018	4,833,039	4,827,648	99.89%	(8,638)	4,819,010	5,391	0.11%
2019	5,062,850	5,053,669	99.82%	(11,077)	5,042,592	9,181	0.18%

This fund is on the "Teeter Plan" whereby the county covers delinquencies in the current year but keeps subsequent collections and penalties based on county estimates at year-end.

**Tehachapi-Cummings County Water District  
Property Tax Levies and Collections  
State Payment Fund  
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Prior Year Collections <sup>1</sup>	Total Collections	Delinquent Tax	
		Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2010	2,335,507	2,249,741	96.33%	107,993	2,357,734	85,766	3.67%
2011	2,004,002	1,862,672	92.95%	75,620	1,938,292	141,330	7.05%
2012	1,661,653	1,619,972	97.49%	(164,702)	1,455,270	41,681	2.51%
2013	1,560,455	1,528,933	97.98%	38,967	1,567,900	31,522	2.02%
2014	1,768,380	1,734,764	98.10%	(6,648)	1,728,116	33,616	1.90%
2015	1,838,998	1,838,406	99.97%	52,883	1,891,289	592	0.03%
2016	1,845,559	1,817,559	98.48%	32,956	1,850,515	28,000	1.52%
2017	2,924,384	2,871,752	98.20%	(7,952)	2,863,800	52,632	1.80%
2018	2,927,287	2,886,689	98.61%	67,327	2,954,016	40,598	1.39%
2019	3,132,776	3,092,405	98.71%	(2,498)	3,089,907	40,371	1.29%

[1] Includes penalties and redemptions

Source: Kern Count Auditor-Controller

**Tehachapi-Cummings County Water District  
Principal Property Tax Payers  
Current Fiscal Year and Nine Years Ago**

Property Owner	2019			2010		
	Assessed Value	Rank	Percentage of Total	Assessed Value	Rank	Percentage of Total
Alta Wind I Owner Lessor ABCD	\$ 314,848,000	1	6.99%			
Alta Wind XI LLC	176,145,000	2	3.91%			
Calaveras Cement Co	175,190,894	3	3.89%	209,569,854	1	6.20%
California Portland Cement Co	156,692,960	4	3.48%	209,347,709	2	6.20%
Coram California Development LP	127,697,353	5	2.84%			
Alta Wind II Owner Lessor ABCDE	127,166,880	6	2.82%			
Mustang Hills LLC	107,136,040	7	2.38%			
Windstar Energy LLC	103,042,042	8	2.29%			
Sunselect Prod Cal Inc	70,197,979	9	1.56%			
Crystal Organics Farms LLC/Grimmway Ent	19,767,343	10	0.44%	13,870,045	5	0.41%
GE Wind Energy LLC				18,916,843	3	0.56%
Home Depot USA Inc				13,082,760	6	0.39%
Calwind Resources Inc				9,222,883	10	0.27%
New Albertsons Inc				10,861,554	8	0.32%
Ennis Commercial Properties LLC				15,945,939	4	0.47%
Woodward of California Inc				10,805,887	9	0.32%
Chuck & Hyon K Yoo				12,512,256	7	0.37%
<b>Total</b>	<b>1,377,884,491</b>		<b>30.60%</b>	<b>524,135,730</b>		<b>15.51%</b>
<b>Total Assessed Value</b>	<b>4,503,028,625</b>		<b>100.00%</b>	<b>3,379,197,367</b>		<b>100.00%</b>

**Source:** First American Real Estate Solutions (Metroscan) and Kerndata.com.

**Tehachapi-Cummings County Water District**  
**Water Sales Revenue and Quantities Sold by Customer Class**  
**Last Ten Fiscal Years**

Fiscal Year	Water Sales Revenue				
	Agricultural	Municipal & Industrial	Surplus	Recycled	Total
2010	775,498	921,613	-	-	1,697,111
2011	686,409	1,021,090	564,960	-	2,272,459
2012	762,724	1,055,440	440,240	5,069	2,263,473
2013	1,520,585	1,132,845	1,123,709	21,559	3,798,698
2014	2,000,120	1,093,943	1,329,919	27,032	4,451,014
2015	2,053,503	703,478	204,530	32,891	2,994,402
2016	2,080,546	557,717	247,291	13,913	2,899,467
2017	2,472,006	856,251	-	34,106	3,362,363
2018	2,195,171	1,054,616	-	46,139	3,295,926
2019	1,922,369	1,245,419	-	33,892	3,201,680

Year	Quantity of Imported Water Sold (acre feet) <sup>1</sup>				
	Agricultural	Municipal & Industrial	Surplus	Recycled	Total
2009	1,763	2,276	-	-	4,039
2010	2,029	1,867	2,000	-	5,896
2011	1,051	2,152	2,000	-	5,203
2012	3,908	1,673	5,100	200	10,881
2013	4,239	2,359	3,227	257	10,082
2014	5,468	1,562	226	393	7,649
2015	4,349	1,309	226	158	6,042
2016	5,679	1,371	226	357	7,633
2017	5,419	2,052	-	509	7,980
2018	4,903	1,373	-	497	6,773

**Note:** [1]: Imported water records are maintained on a calendar year basis.

**Source:** Tehachapi-Cummings CWD audited financial statements and billing records.

**Tehachapi-Cummings County Water District  
Water Rates by Customer Class  
Last Ten Fiscal Years**

Fiscal Year	Monthly Meter Charge	Commodity Charge Per Acre Foot						
	All Customers	Agricultural			Term Municipal and Industrial			Regular Municipal Industrial (All Zones)
		Pressure Zone 1	Pressure Zone 2	Pressure Zone 3	Pressure Zone 1	Pressure Zone 2	Pressure Zone 3	
2010	4.50	309.00	412.00	575.00	363.00	485.00	676.00	1600.00
2011	4.50	309.00	412.00	575.00	363.00	485.00	676.00	1600.00
2012	4.50	309.00	412.00	575.00	363.00	485.00	676.00	1600.00
2013	4.50	309.00	388.00	575.00	363.00	456.00	676.00	1486.00
2014	4.50	363.00	456.00	676.00	363.00	456.00	676.00	1385.00
2015	4.50	363.00	456.00	676.00	363.00	456.00	676.00	1385.00
2016	4.50	363.00	436.00	676.00	363.00	436.00	676.00	1385.00
2017	4.50	363.00	436.00	676.00	363.00	436.00	676.00	1385.00
2018	4.50	363.00	436.00	676.00	363.00	436.00	676.00	1385.00
2019	4.50	363.00	436.00	676.00	363.00	436.00	676.00	1385.00

**Source:** Tehachapi-Cummings CWD Board resolutions.

**Notes:** Commodity charge includes state tax shift surcharge during fiscal years 2005 and 2006. In 2010 the district established three pressure zones with varying rates. In addition to the commodity charges, customers taking recharge water pay a \$15/AF surcharge and a 6% spreading loss surcharge.

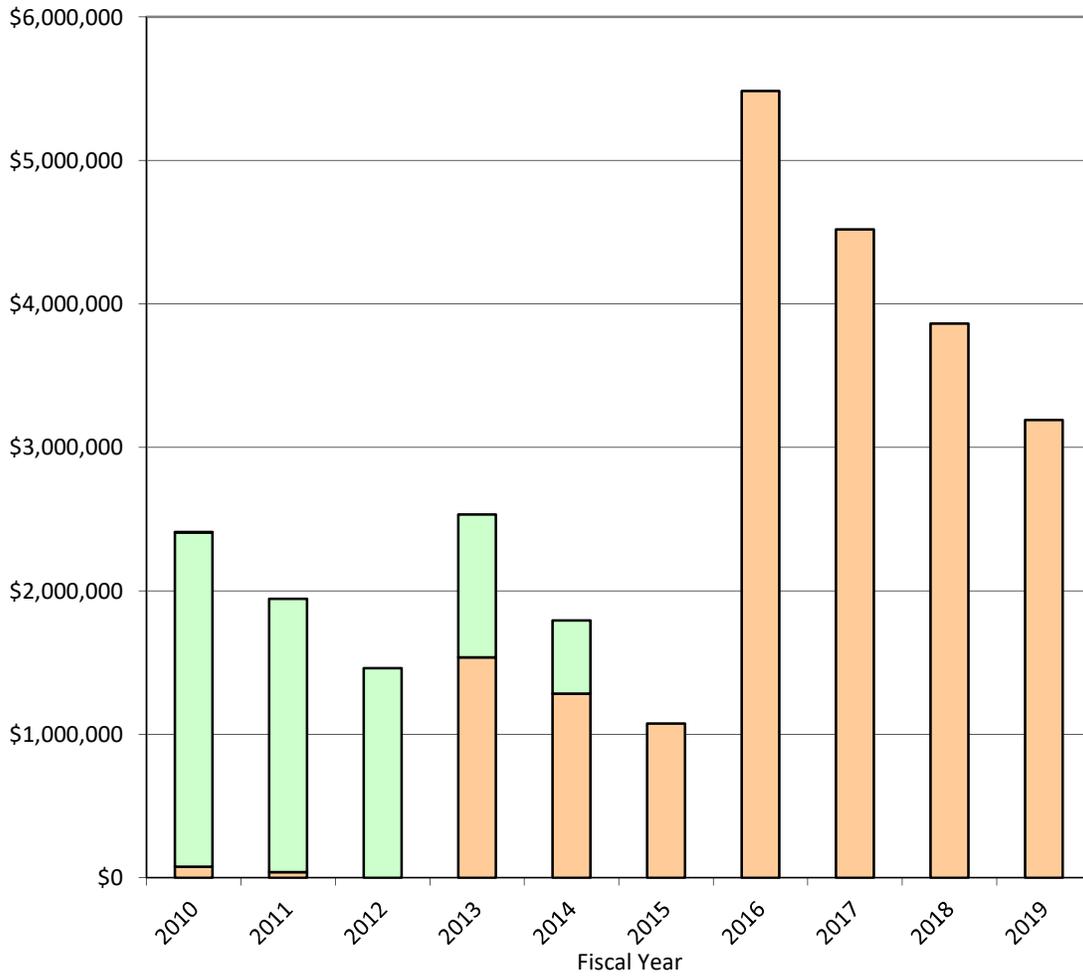
**Tehachapi-Cummings County Water District  
Principal Water Customers  
Current Fiscal Year and Ten Years Ago**

<b>Customer</b>	<b>2019</b>			<b>2010</b>		
	<b>Annual Water Sales</b>	<b>Rank</b>	<b>Percentage of Total</b>	<b>Annual Water Sales</b>	<b>Rank</b>	<b>Percentage of Total</b>
Grimmway Farms f.k.a. Crystal Organic	\$ 995,227	1	31.08%	\$ 477,458	1	28.13%
Bornt & Sons Farms	841,691	2	26.29%			
Bear Valley Community Services Dist	207,666	3	6.49%	227,057	2	13.38%
Golden Hills Community Services Dist	190,338	4	5.94%			
City of Tehachapi	88,506	5	2.76%	77,536	6	4.57%
Stallion Springs Community Svc Dist.	76,158	6	2.38%	123,182	4	7.26%
California Correctional Institute	52,547	7	1.64%	191,682	3	11.29%
Blattner	39,635	8	1.24%			
Valley Sod f.k.a. Tehachapi Turf	39,149	9	1.22%	31,214	10	1.84%
Lehr Brothers f.k.a. Kundert Brothers Farms	26,511	10	0.83%	54,148	8	3.19%
Jin Chung			0.00%	61,406	7	3.62%
Oak Tree Affiliates				96,462	5	5.68%
California Portland Cement Co.				32,177	9	1.90%
<b>Total</b>	<b>2,557,428</b>		<b>79.88%</b>	<b>1,372,322</b>		<b>80.86%</b>
<b>Total Water Sales</b>	<b>3,201,680</b>		<b>100.00%</b>	<b>1,697,111</b>		<b>100.00%</b>

**Source:** TCCWD billing records.

**Tehachapi-Cummings County Water District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Business-type Activities			Total		
	General Obligation Bonds	Bank Loans / Installment Purchases	Certificates of Participation	Debt	Per Capita	As a Share of Personal Income
2010	-	77,705	2,330,000	2,407,705	66.33	0.26%
2011	-	39,628	1,905,000	1,944,628	52.04	0.20%
2012	-	-	1,460,000	1,460,000	38.83	0.14%
2013	-	1,536,000	995,000	2,531,000	66.93	0.23%
2014	-	1,283,400	510,000	1,793,400	47.11	0.17%
2015	-	1,074,252	-	1,074,252	28.30	0.10%
2016	-	5,484,300	-	5,484,300	153.62	0.49%
2017	-	4,518,632	-	4,518,632	125.67	0.39%
2018	-	3,863,211	-	3,863,211	105.28	0.33%
2019	-	3,191,004	-	3,191,004	85.94	0.25%



**Tehachapi-Cummings County Water District  
Direct and Overlapping Debt  
As of June 30, 2019**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Debt:			
Tehachapi Unified School District	\$ 9,251,000	97.50%	\$ 9,019,843
Kern Community College District	246,946,099	5.57%	13,760,860
Bear Valley Community Service Dist.	668,000	100.00%	668,000
Tehachapi Valley Healthcare District	60,190,254	95.29%	<u>57,352,671</u>
Total overlapping debt			80,801,374
TCCWD Direct Debt	3,191,004	100.00%	<u>3,191,004</u>
Total direct and overlapping debt			<u><u>\$ 83,992,378</u></u>

**Source:** Business office of noted agencies and Kern County Auditor-Controller.

Note: Estimated percentage applicable is determined by comparing the assessed value of each of the taxing entities with that of the district. Bear Valley CSD is fully contained within the district; therefore, 100% of their debt overlaps.

**Tehachapi-Cummings County Water District**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 513,275	\$ 528,585	\$ 522,581	\$ 574,322	\$ 569,270	\$ 614,843	\$ 629,700	\$ 627,382	\$ 653,764	\$ 681,557
Total debt applicable to limit	2,408	1,945	1,460	2,531	1,793	1,074	5,484	4,519	3,863	3,191
Legal Debt Margin	\$ 510,867	\$ 526,640	\$ 521,121	\$ 571,791	\$ 567,477	\$ 613,769	\$ 624,216	\$ 622,863	\$ 649,901	\$ 678,366

Total debt applicable to the limit as a percentage of debt limit	0.5%	0.4%	0.3%	0.4%	0.3%	0.2%	0.9%	0.7%	0.6%	0.5%
--	------	------	------	------	------	------	------	------	------	------

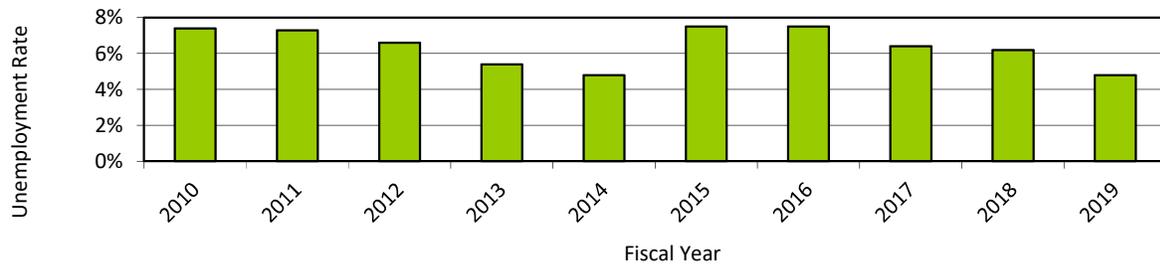
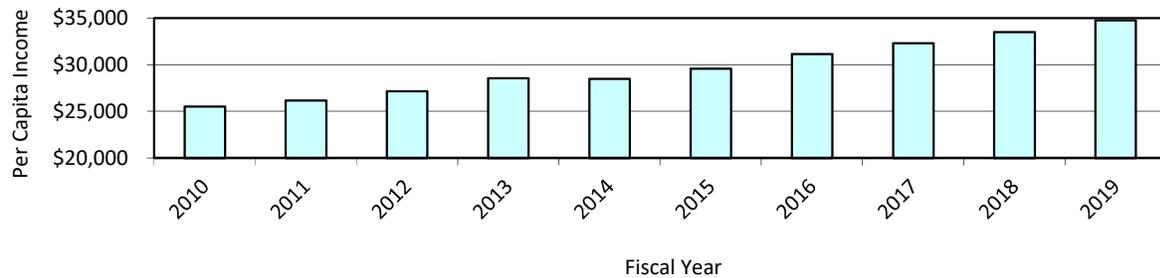
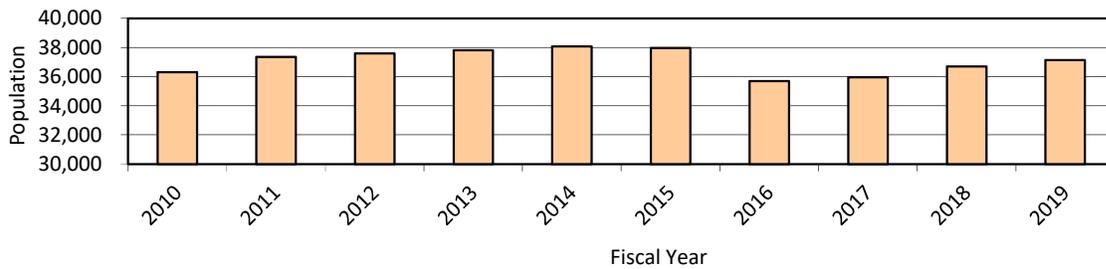
**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed value	\$ 4,503,029
Add back: exempt real property	40,685
Total assessed value	<u>4,543,714</u>
Debt limit (15% of total assessed value)	681,557
Debt applicable to limit:	
General obligation bonds	-
Bank loans / Installment Purchases	3,191
Certificates of participation	-
Total debt applicable to limit	<u>3,191</u>
Legal debt margin	<u>\$ 678,366</u>

Note: California Water Code does not specify a debt limit for county water districts. However, many other types of special districts in California have a statutory debt limit of 15% of assessed value of all taxable property in the district. We shall use this figure as a guide.

**Tehachapi-Cummings County Water District  
Demographics and Economic Statistics  
Last Ten Years**

Year	Population <sup>1</sup>	Personal Income (expressed in thousands)	Personal Income per Capita <sup>2</sup>	Unemployment Rate <sup>3</sup>
2010	36,300	926,739	25,530	7.4%
2011	37,367	977,930	26,171	7.3%
2012	37,595	1,020,988	27,157	6.6%
2013	37,813	1,079,488	28,548	5.4%
2014	38,067	1,084,221	28,482	4.8%
2015	37,964	1,122,599	29,570	7.5%
2016	35,700	1,112,347	31,158	7.5%
2017	35,957	1,161,697	32,308	6.4%
2018	36,694	1,229,020	33,494	6.2%
2019	37,131	1,291,526	34,783	4.8%



**Sources:** [1] Kern Council of Governments and California Department of Finance. 2016 figure is from the 2015 Regional Urban Water Management Plan (RUWMP).  
 [2] Annual growth figures provided by California Department of Finance. 2010 figure is the estimate from the "American FactFinder 2007-2011 American Community Survey 5-Year Estimates" provided by the U.S. Census Bureau.  
 [3] California Employment Development Department - June of each year

**Tehachapi-Cummings County Water District  
Principal Employers  
Current Fiscal Year and Nine Years Ago**

<b>Employer</b>	<b>Production/Services</b>	<b>2019</b>		<b>2010</b>	
		<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
California Correctional Inst.	State prison	1,678	1	1,700	1
Tehachapi Unified School Dist.	Public school system	542	2	420	2
Walmart	Retail	200	3		
Adventist Health	Healthcare	175	4		
Tehachapi Hospital	Healthcare			175	3
Lehigh Southwest Cement	Cement production	120	5	120	5
Home Depot	Retail store	107	6	115	6
Albertson's Supermarket	Retail grocery store	76	7	120	7
Big K Mart	Retail store	62	8	120	8
Waste Management	Waste hauler	70	9		
Benz Sanitation	Waste hauler			70	9
Save Mart	Retail grocery store	51	10	65	11
City of Tehachapi	Government	67	11	68	10
Terra-Gen Power, LLC	Wind energy	84	12		
Selecta Products, Inc.	Specialty switches	45	13	45	12
Chemtool, Inc.	Specialty lubricants	42	14	42	13
GE Wind Energy	Wind energy			150	4
<b>Total</b>		<b>3,319</b>		<b>3,210</b>	

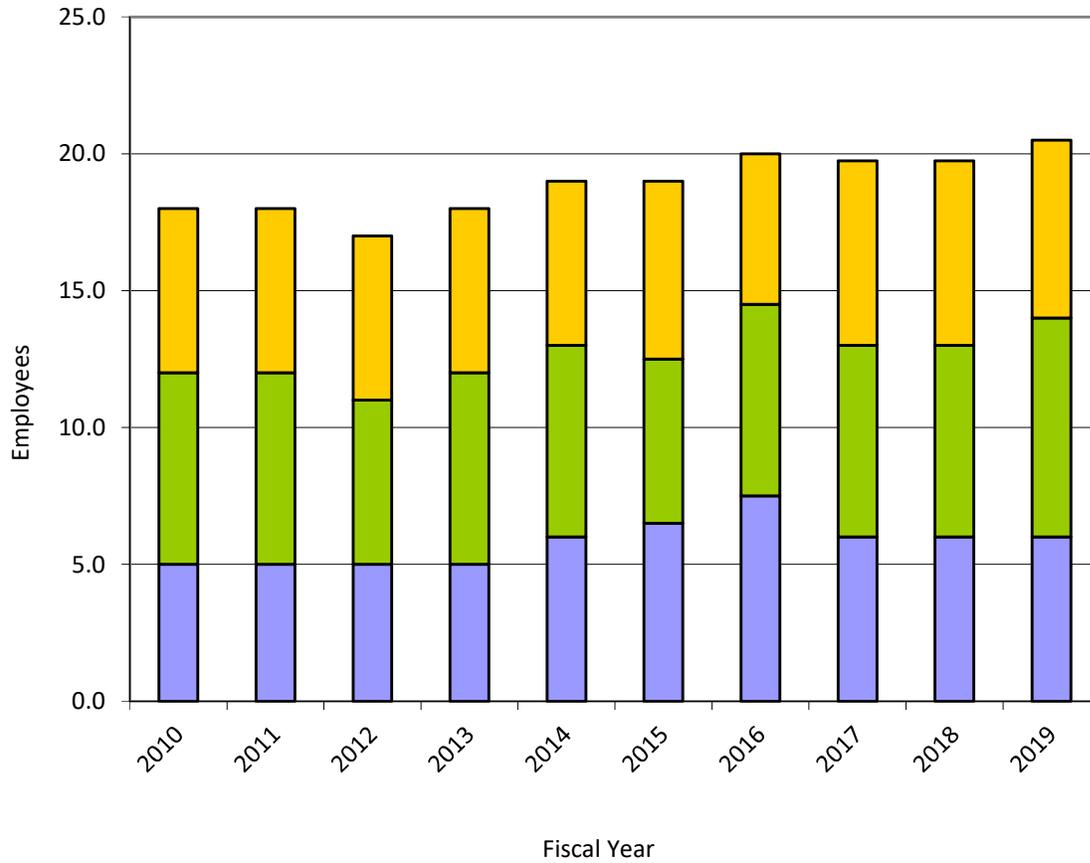
**Source:** Greater Tehachapi Chamber of Commerce.

**Note:** Data on total employment in the district is not available from any source.

**Tehachapi-Cummings County Water District  
Operating and Capacity Indicators  
Last Ten Fiscal Years**

**Full-time Equivalent District Employees by Department**

Fiscal Year	Administration	Pumping	Pipeline	Total
2010	5.0	7.0	6.0	18.0
2011	5.0	7.0	6.0	18.0
2012	5.0	6.0	6.0	17.0
2013	5.0	7.0	6.0	18.0
2014	6.0	7.0	6.0	19.0
2015	6.5	6.0	6.5	19.0
2016	7.5	7.0	5.5	20.0
2017	6.0	7.0	6.8	19.8
2018	6.0	7.0	6.8	19.8
2019	6.0	8.0	6.5	20.5



**Tehachapi-Cummings County Water District  
Operating and Capacity Indicators - Last Ten Years**

Year	Other Operating and Capacity Indicators										Watermaster Statistics											
	Water in					Water Stored					State Water			System			Groundwater Pumping (AF)			Banked Water (AF) <sup>2</sup>		
	Storage (AF) (Brite Lake)		In SJV GW Banks <sup>1</sup>			Imported		Project Allocation		Losses % of SWP		Tehachapi	Cummings		Brite	Tehachapi		Cummings		Tehachapi	Cummings	
	on June 30	Year	on June 30	on June 30	on June 30	Year	Year	Year	Year	% of SWP	Basin	Basin	Basin	Basin	Basin	Basin	Basin	Basin	Basin	Basin	Basin	Basin
2010	1,491	2009	0	5,856	40%	21.4%	4,589	4,406	346	4,476	7,640											
2011	1,340	2010	0	6,166	50%	12.7%	4,252	3,650	345	4,856	8,756											
2012	1,015	2011	9,379	6,004	80%	9.5%	4,471	2,875	346	7,108	8,764											
2013	1,051	2012	8,396	6,890	65%	12.6%	4,304	2,881	347	7,372	9,191											
2014	1,310	2013	4,020	7,367	35%	9.1%	5,302	3,404	347	7,276	9,597											
2015	1,366	2014	2,520	4,357	5%	22.3%	5,555	3,287	347	4,903	8,973											
2016	817	2015	2,520	5,160	20%	16.6%	5,541	3,629	347	4,572	8,510											
2017	1,407	2016	2,520	7,639	60%	12.6%	5,934	3,569	333	3,953	9,147											
2018	1,400	2017	8,360	10,453	85%	6.5%	5,782	3,437	341	5,812	11,176											
2019	1,373	2018	5,210	9,997	75%	8.7%	4,916	3,754	337	8,156	11,567											

Source: TCCWD Watermaster Records

Note: Water pumping statistics are maintained on a calendar year basis.

[1] : SJV GW Banks: San Joaquin Valley groundwater banks are Kern Water Bank and West Kern Water District.

[2] : Banked water includes artificial replenishment and return flows of applied imported water on TCCWD's account only.