TEHACHAPI-CUMMINGS
COUNTY WATER DISTRICT
Tehachapi, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

Prepared by:

John Martin, General Manager

Tehachapi-Cummings County Water District
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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INTRODUCTORY SECTION

Tehachapi-Cummings County Water District
1965 50th 2015
Our Water • Our Future

Directors:
David Hadley
Jonathan Hall
James Pack
Jean Prel
David E. Worden

Officers:
David E. Worden, *President*
Jean Prel, *Vice President*
John A. Martin, *General Manager*
Lori Bunn, *Secretary*

December 16, 2015

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, 2015.

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 benefits, 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, 2015 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 unqualified ("clean") opinion that the District's financial statements for the fiscal year ended June 30, 2015 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 38,000.

The District's mission is to ensure the most reliable, cost effective and highest quality water supply within the District through the importation of State Project Water, management of groundwater basins, as well as provide flood protection within specified areas of the District and within the jurisdiction of the District as defined in the State Water Code and pertinent statutes of the State of California.

The District’s one component unit, the Tehachapi-Cummings Emissions Reduction Facilities Corporation, is a California nonprofit public benefit corporation, created in 1994 to aid the financing of the replacement of all of the District’s engines and pumps at its four natural gas powered pump plants. The certificates of participation that were issued in 1994 were refinanced in 1999. The final payment was made August 1, 2014. The Corporation has since been dissolved.

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, together with an ad-hoc Budget Committee, prepares 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.

Factors Affecting Financial Condition

The 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 grow 2% in fiscal 2016. Fiscal 2015 growth rate was 8%. Weak residential values have been offset by the installation of large-scale wind turbine projects.

The District’s second largest source of revenue, imported water sales, held up well for agricultural deliveries, but suffered in regards to M&I deliveries from the state-mandated urban water conservation requirements. Ag water sales in 2014 (these records are kept by calendar year) were 5,468 acre-feet

compared with 4,239 AF in 2013, above the ten-year average of 3,579 AF. M&I water sales dropped to 1,562 AF in calendar year 2014 compared with 2,359 AF in 2013 – well below the ten-year average of 2,103 AF. M&I water sales will decrease in the near term because of state emergency regulations in 2015.

State Water Project allocation. The SWP allocation for 2015 is 20%. To accommodate this extreme condition, the District recovered some of its banked water supply in Tehachapi Basin and sold water from banked supplies in Cummings Basin. The District also recovered 1,500 AF of banked water from facilities in the San Joaquin Valley during the fiscal year. We will begin 2016 with no SWP carryover.

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. Some supply contracts have already been secured for 2016 and 2017. There is a limit to how much natural gas can be purchased in advance because of the variability of the State water supply. September 2015's fixed-price contracts had to be sold back at a loss due to the lack of SWP water. The drought resulted in more money than normal being spent on electricity for wells and less on natural gas.

Air quality regulations. The Valley Air Board has limited the District's engines at Pump Plant 1 to 4,000 operating hours per year, restricting the amount of water that can be pumped. To increase pumping capacity, the District will replace all four engines and its system-wide controls in fiscal 2016. An installment purchase agreement with Umpqua Bank, dated April 1, 2015, will provide up to $7,000,000 for the project. Debt service payments will begin in fiscal year 2015-16.

Workforce. The District's workforce consists of 19 authorized full-time positions (one currently vacant), one part-time position and three temporary summer helpers.

Employee pension liability. District employees are members of the California Public Employees' Retirement System (CalPERS). Because the District purchased prior service when it entered the system in 2004, it had a large unfunded accrued actuarial liability or "side-fund." The District refinanced the side fund with a loan from Umpqua Bank during fiscal 2013 to reduce its interest cost. The CalPERS side fund is now paid, replaced by a new debt service obligation to Umpqua Bank.

GASB 68 became operative for the District in fiscal 2015. A prior-period adjustment of -$2,079,960 was made to incorporate the net pension liability into the District's Statement of Net Position. This one-time adjustment negatively impacts net position in what was otherwise a very good year financially.

Other post-employment benefits (OPEB). The District provides limited medical insurance assistance to qualified retirees. GASB 45 requires that governments account for this obligation in the same way as retirement obligations. During fiscal year 2011-12 the District joined the California Employers' Retiree Benefit Trust Fund to manage the District's liabilities under this program. The District contributes its Annual Required Contribution to CERBT each year and performs actuarial valuations of its plan every two years to ensure compliance with the plan.

Reserves. Concurrently with the 2015-16 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, 2015 all reserve targets are filled, with the exception of the three flood control improvement districts. Actual reserves for major repairs/overhauls dipped below its full target this year because of the addition of capital assets being depreciated (the target is 5% of capital assets'

book value). Management will review the need for additional reserve contributions during budget development for fiscal year 2016-17. The following table shows the amounts as of June 30, 2015:

	Reserve Formula	Full Reserve Target	Interim Reserve Target	Actual Reserve 6/30/15	Reserve Target Met?
Designated Reserves:					
Working capital	90 days of operating expenses	$ 1,351,817	$ 1,351,817	$ 3,163,731	Full - Yes
Water banking reserve	Cost to spread 4,000 AF of imported SWP water	1,554,000	1,554,000	1,558,406	Full - Yes
Tax revenue liability reserve	50% of Kern County's liability estimate	329,225	164,613	354,725	Full - Yes
Emergency reserve	5% of general fund operating expenses	270,363	135,182	303,179	Full - Yes
Major repairs/overhauls	5% of capital assets' book value	1,240,702	620,351	1,216,696	Interim - Yes
Rate stabilization reserve	1 to 5% of general fund operating expenses	270,363	135,182	302,953	Full - Yes
Restricted Reserves:					
State Payment operating reserve	50% of current year expenditure budget	1,322,000	1,322,000	2,232,590	Full - Yes
State Payment tax revenue liability reserve	50% of Kern County's liability estimate	102,703	102,703	102,703	Full - Yes
Prop 84 grant reserve	Matching funds per grant	50,000	50,000	116,489	Full - Yes
Improvement District No. 2 flood control replacement	50% of construction cost indexed for inflation	226,273	226,273	84,542	No
Improvement District No. 3 flood control replacement	50% of construction cost indexed for inflation	502,813	502,813	176,975	No
Assessment District No. 1 flood control replacement	50% of construction cost indexed for inflation	1,441,594	1,441,594	616,926	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, 2014, the sixth 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.

Respectfully submitted,

John Martin
General Manager

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT

List of Elected and Appointed Officials

June 30, 2015

Elected Officials

BOARD OF DIRECTORS

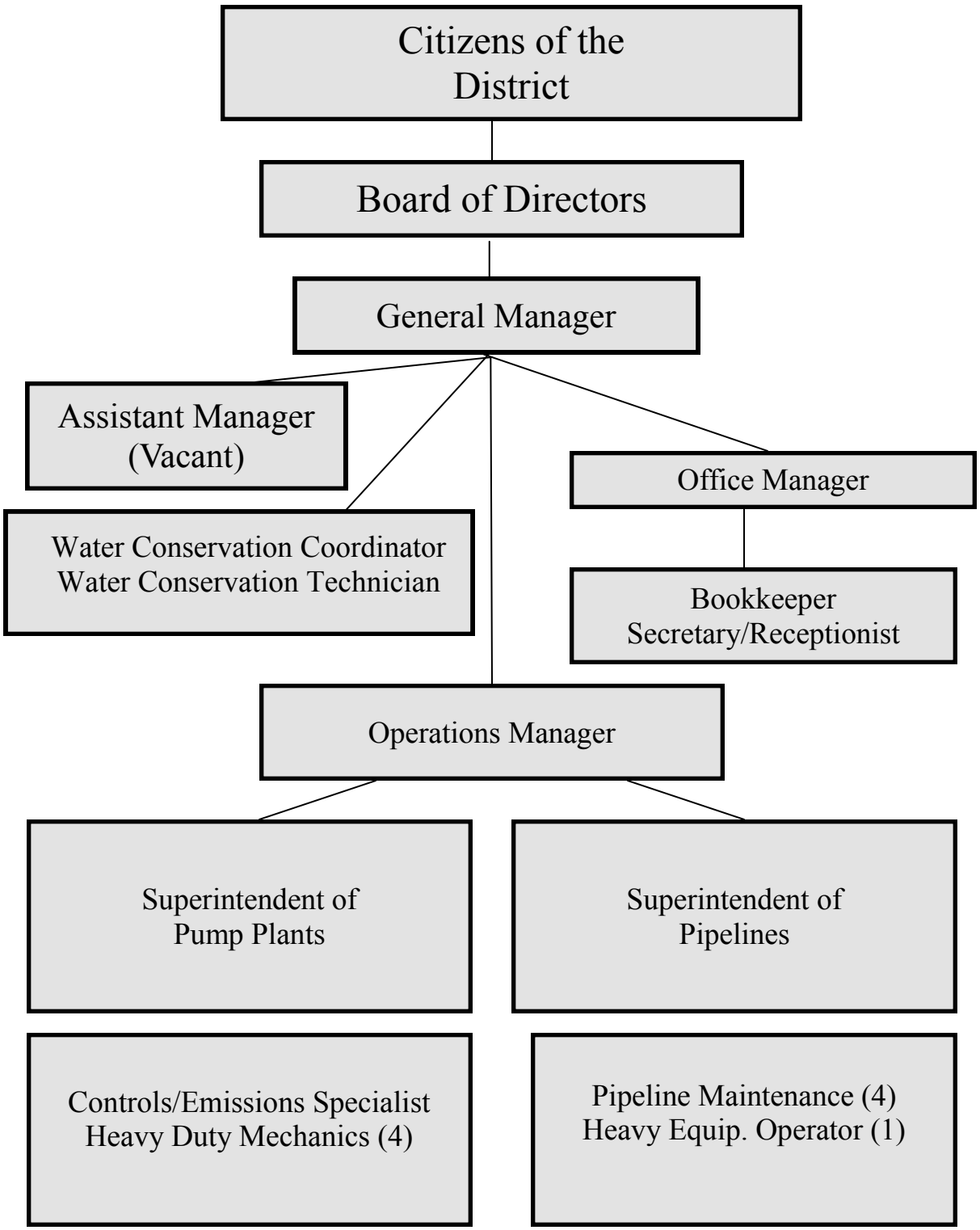
David R. Hadley	December 2016
Jonathan D. Hall	December 2016
James D. Pack	December 2018
Jean A. Prel	December 2018
David E. Worden	December 2018

Appointed Officials

David E. Worden	President
Jean A. Prel	Vice-President
Lori Bunn	District Secretary
John Martin	General Manager

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

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT ORGANIZATIONAL CHART—2015



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, 2014

Executive Director/CEO

FINANCIAL SECTION

Van Lant & Fankhanel, LLP
Certified Public Accountants

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, 2015, 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.

Van Lant & Fankhanel, LLP
25901 Kellogg Street
Loma Linda, CA 92354

909.856.6879

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, 2015, 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.

Change in Accounting Principle

As described in Note 5 to the financial statements, the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 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 November 25, 2015 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.

November 25, 2015

Management's 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, 2015. 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 $1,267,987 (+14%). Restricted cash decreased $470,998 (-13%). Unrestricted cash increased $1,738,985 (+33%).
- The District's total combined net position was $14,600,400 at June 30, 2015, an increase of $496,474, or +4%. Restricted net position decreased $508,105 (-14%). Unrestricted net position increased $198,014 (+5%).
- During the year, the District's operating revenues decreased by $1,128,635 or -25%.
- The District's operating expenses increased by $153,885 or +2%.
- Debt decreased $771,950 (-43%).
- During the year, the District booked a prior-year adjustment of ($2,079,960) for net pension liability as required by GASB 68.
- All debt service obligations were met and the coverage ratio for the 2012 side-fund refunding rate covenant was 3.52, which exceeded the minimum ratio of 1.25.

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 and liabilities. 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.

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 11-14 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 15-32 of this report.

Supplementary information. In addition to the basic financial statements and required supplementary information, this report also presents certain supplementary information, more particularly the District's debt service rate covenant coverage calculation, which can be found on page 33 of this report.

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 34-39 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 $14,600,400 at the close of the most recent fiscal year, an increase of $496,474 compared with the prior year (see Table A-1).

The largest portion of the Tehachapi-Cummings County Water District's net position ($7,171,929) 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.

A portion of the District's net position ($3,213,736) is externally restricted by state law or debt covenants. See Note 4 on page 23 for additional information about restricted assets.

Unrestricted net position may be used to meet the District's ongoing obligations. As of June 30, 2015 the District shows an unrestricted net position of $4,214,735, an improvement of $198,014 from the prior year.

Table A-1
Condensed Statements of Net Position
June 30, 2015 and 2014
(000's)

	2015	*2014*	*Dollar Change*	*Percentage Change*
Current and other assets	$ 11,302	$ 9,782	$ 1,520	16%
Capital assets	7,199	6,875	324	5%
Total assets	18,501	16,657	1,844	11%
Deferred outflows of resources	234	-	234	999%
Current liabilities	1,027	1,467	(440)	-30%
Long-term liabilities	2,475	1,086	1,389	128%
Total liabilities	3,502	2,553	949	37%
Deferred inflows of resources	633	-	633	999%
Net position:				
Net investment in capital assets	7,172	6,365	807	13%
Restricted	3,214	3,722	(508)	-14%
Unrestricted	4,214	4,017	197	5%
Total net position	$ 14,600	$ 14,104	$ 496	4%

Changes in Net Position. The District's total revenues were $10,470,976, including capital contributions. Approximately 66% of the District's revenue came from taxes and assessments during the fiscal year. Thirty-three percent came from water sales and services, while 1% was related to other revenues. Operating revenues declined compared with the prior year due to a significant drop in surplus water sales. Nonoperating revenues increased because the assessed valuation of the District increased 8%.

During the year, revenues exceeded expenses by $2,576,434. However, net position increased by only $496,474 because of a prior-year adjustment of ($2,079,960) for the posting of net pension liability as now required by GASB 68. Please note that the Statement of Net Position conforms to GASB 68 and now shows a net pension liability as well as two new items: (1) deferred outflows of resources (treated like an asset) and deferred inflows of resources (treated like a liability). Additional information about the district's CalPERS pension plans, net pension liability and the impact of GASB 68 may be found in Note 5 on page 24.

Table A-2
Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2015 and 2014
(000's)

	2015	*2014*	*Dollar Change*	*Percentage Change*
Operating Revenues				
Water sales	$ 2,911	$ 4,239	$ (1,328)	-31%
Water services	83	212	(129)	-61%
Operating grant	328	-	328	999%
Total operating revenues	3,322	4,451	(1,129)	-25%
Nonoperating revenues				
Taxes and assessments	6,772	6,039	733	12%
Benefit assessments	116	116	-	0%
Interest and penalties	46	29	17	59%
Other revenues	209	64	145	227%
Gain on sale of capital assets	6	5	1	20%
Capital contributions	-	-	-	0%
Total nonoperating revenues	7,149	6,253	896	14%
Total revenues	10,471	10,704	(233)	-2%
Operating expenses				
Source of supply	2,176	2,252	(76)	-3%
Pumping	2,705	2,870	(165)	-6%
Transmission and distribution	860	970	(110)	-11%
General and administrative	1,720	1,210	510	42%
Depreciation	385	390	(5)	-1%
Total operating expenses	7,846	7,692	154	2%
Nonoperating expenses				
Interest expense	49	82	(33)	-40%
Total nonoperating expenses	49	82	(33)	-40%
Total expenses	7,895	7,774	121	2%
Change in net position	2,576	2,930	(354)	
Net position -- beginning	14,104	11,174	2,930	
Prior period adjustment	(2,080)	-	(2,080)	
Net position -- ending	$ 14,600	$ 14,104	$ 496	

- Operating revenue decreased $1,128,635 (-25%). Sales of municipal & industrial water fell (-36%) due to state-mandated urban water conservation. Revenue from agricultural water sales grew by a slight 3%. Revenue from surplus water sales dropped -85%, with the Granite groundwater banking program being the only surplus water sale during the year.
- Operating expenses increased $153,885 (+2%) primarily due to much higher charges for State Water Project water. General fund operating expenses decreased $646,383 (-11%).

- Nonoperating revenues, primarily from property taxes, increased 14% mainly due to greater assessed valuation of the District.

Capital Assets and Debt Administration

Capital Assets. At June 30, 2015, the District had invested $25,861,601 in a broad range of capital assets. (See Table A-3.) This amount represents a net increase (including additions and deductions) of $662,019 or +3% compared with last year. See Note 3 on page 22 for more information. The District's capital assets are 72% depreciated.

Table A-3
Condensed Statements of Capital Assets
June 30, 2015 and 2014
(000's)

	2015	*2014*	*Dollar Change*	*Percentage Change*
Land	$ 779	$ 779	$ -	0%
Water system improvements	21,928	21,720	208	1%
General office & equipment	2,666	2,363	303	13%
Flood control facilities	220	220	-	0%
Construction in progress	268	117	151	129%
	25,861	25,199	662	3%
Accumulated depreciation	(18,662)	(18,324)	(338)	2%
Total	$ 7,199	$ 6,875	$ 324	5%

Long-term debt. At the end of the current fiscal year, the Tehachapi-Cummings County Water District had total debt outstanding of $1,021,450, a reduction of $771,950 during the year. Of this amount, $994,400 remains outstanding on a loan from Umpqua Bank, which was taken by the District for the purpose of refunding the pension-related debt owed to CalPERS for the pension side fund liability. The lower interest rate on the Umpqua Bank loan compared with the rate imputed by CalPERS results in a cost savings for the District. $27,050 is owed to Umpqua Bank on the 2015 installment purchase financing for initial costs for the new program. Umpqua approved up to $7,000,000 to replace all four engines at the district's Pump Plant 1 and replace all of the pumping system controls throughout. Construction will be completed during fiscal year 2015-16. See Note 6 on page 28 for more information. The 1994 certificates of participation (refinanced in 1999) were paid in full in August 2014.

Table A-4
Condensed Statements of Long-term Debt
June 30, 2015 and 2014
(000's)

	2015	*2014*	*Dollar Change*	*Percentage Change*
Certificates of participation	$ -	$ 510	$ (510)	-100%
Bank loan	994	1,283	(289)	-23%
Installment purchase	27	-	27	999%
Total	$ 1,021	$ 1,793	$ (772)	-43%

Economic Factors and Next Year's Budgets and Rates

- Assessed valuation of the Tehachapi-Cummings County Water District will increase 2% for fiscal year 2015-16. A stable or growing tax base is extremely important for the District, as 60% of the general fund's total revenue in 2014-15 was from general property taxes, which are directly linked to assessed valuation.
- The State Payment Fund currently has excess reserves; therefore, the tax rate adopted for 2015-16 has been reduced. For 2015-16 the rate is less than half of what it was in 2008-09.
- The Department of Water Resources provided a 2015 State Water Project allocation of 20%, which has created a local water supply crisis. In order to fill all agricultural water orders in 2015, the District recovered banked groundwater from Tehachapi Basin and recovered 1,500 acre-feet of its banked water supply in the San Joaquin Valley from the Kern Water Bank; 2,520 acre-feet remain. These actions increase the cost for the District's source of supply and electricity expense for well pumping, but the cost of natural gas is significantly lower because there is less water available to import. The District also sold its banked water in Cummings Basin to municipal customers but provided no recharge water in 2015. On balance, these actions reduced the District's operating loss during the fiscal year, but over the long-term the district's costs will increase as the water that was recovered from the district's banked supply will eventually need to be replaced. To prepare for the opportunity to import greater quantities of water when it becomes available from the State and to replace the banked water used this year, the District set aside $600,000 during the fiscal year for water banking locally, bringing the June 30, 2015 balance reserved for this purpose to $1,558,406. In addition, the agricultural water rate was increased effective May 1, 2014 to help cover the additional costs that the District will incur when it imports additional water to replace the groundwater pumped this year. The District will enter 2016 with no carryover water.
- Farming activity in the District has grown rapidly with organic vegetables becoming the preferred crop in the area. The sale of imported water for agricultural irrigation continues to increase. The 2015-16 budget forecast is 3% more than this year's actual figure.
- Municipal & industrial water deliveries are likely to slip even further, as all urban areas in California are now under mandatory water conservation requirements because of the drought.
- It is anticipated that no surplus water will be available for sale in 2015-16, except for the 226 acre-feet already under contract with Granite Construction for groundwater banking, the last

year of the four-year program. The Board will determine how much water is surplus and available for sale each year.

- When the drought ends, the District will resume its water banking at an accelerated pace on its own account. It is also encouraging its term M&I customers to bank water for their own accounts. The District's new term M&I contract requires that water purveyors bank water in the basins equivalent to a five-year supply of their imported SWP requirements.
- In 2011 the California Correctional Institution (CCI) completed its state-of-the-art wastewater treatment facility, which produces high-quality disinfected tertiary recycled water. One-third of this water is sold for golf course irrigation and two-thirds is sold for agricultural irrigation. Equipment and other failures at the plant resulted in CCI being unable to deliver recycled water during some months in 2015.
- Investment earnings will be higher than the prior year due to greater cash balances. The average yield on money invested in the Kern County Pool for fiscal year 2015-16 was 0.45%.
- Employee benefit costs account for 48% on top of salaries and wages in the approved 2015-16 budget.
- Current staffing is 1 part-time and 19 full-time employees plus three summer helpers.
- The District has met its goal of purchasing its supply of natural gas at a price of $5/mmbtu or less over the past seven 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'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 2015-16 budget includes a reserves policy, which sets forth reserve targets and an approach to accumulating those reserves over time. As of June 30, 2015 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 2015-16 fiscal year.

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.

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BASIC FINANCIAL STATEMENTS

Tehachapi-Cummings County Water District
Statement of Net Position
June 30, 2015

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 7,031,663
Accounts Receivable	526,810
Accrued Interest Receivable	15,040
Taxes Receivable	17,520
Grant Receivable	167,327
Other Receivables	28,171
Prepaid Expenses and Refundable Deposits	274,430
Total Current Assets	8,060,961
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	3,241,035
Capital Assets Not Being Depreciated:	
Land	680,084
Land Not in Use	99,355
Construction in Progress	268,131
Capital Assets, Net of Accumulated Depreciation	6,151,409
Total Noncurrent Assets	10,440,014
Total Assets	18,500,975
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Contributions	199,443
Pension Actuarial Amounts	34,387
Total Deferred Outflows of Resources	233,830
LIABILITIES	
Current Liabilities:	
Accounts Payable	585,890
Accrued Wages Payable	77,055
Current Portion of Long-term Debt	364,402
Total Current Liabilities	1,027,347
Noncurrent Liabilities:	
Compensated Absences Payable	93,869
Loan Payable, Less Current Portion	709,850
Net Pension Liability	1,670,715
Total Noncurrent Liabilities	2,474,434
Total Liabilities	3,501,781
DEFERRED INFLOWS OF RESOURCES	
Proportionate Share Contribution Differences	71,186
Pension Actuarial Amounts	561,438
Total Deferred Inflows of Resources	632,624
NET POSITION	
Net Investment in Capital Assets	7,171,929
Restricted For:	
Water Payment	2,335,293
Improvement Districts	878,443
Unrestricted	4,214,735
Total Net Position	14,600,400

The accompanying notes are an integral part of this statement.

Tehachapi-Cummings County Water District
Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2015

OPERATING REVENUES		
Water Sales	$	2,911,318
Water Services		83,084
Grant Revenue		327,977
Total Operating Revenues		3,322,379
OPERATING EXPENSES		
Source of Supply		2,175,844
Pumping		2,704,953
Transmission and Distribution		859,971
General and Administrative		1,720,254
Depreciation		384,693
Total Operating Expenses		7,845,715
Operating Income (Loss)		(4,523,336)
NONOPERATING REVENUES (EXPENSES)		
Taxes and Assessments		6,771,443
Benefit Assessments		116,317
Interest and Penalties		46,178
Interest Expense		(48,827)
Gain on Sale of Capital Assets		6,169
Other Revenues		208,490
Total Nonoperating Revenue (Expenses)		7,099,770
Change in Net Position		2,576,434
Net Position - Beginning of Year		14,103,926
Prior Period Adjustment		(2,079,960)
Net Position - End of Year	$	14,600,400

The accompanying notes are an integral part of this statement.

Tehachapi-Cummings County Water District
Statement of Cash Flows
Year Ended June 30, 2015

Cash Flows from Operating Activities	
Cash Received from Customers	$ 2,823,769
Cash Payments to Employees for Services	(1,491,189)
Cash Payments to Suppliers for Goods and Services	(5,885,047)
Other Operating Cash Receipts	419,209
Net Cash Provided (Used) by Operating Activities	(4,133,258)
Cash Flows from Non-capital Financing Activities	
Receipts from Property Taxes and Assessments	6,887,760
Payments on Loan	(289,000)
Interest Paid on Loan	(46,872)
Net Cash Provided (Used) by Non-Capital Financing Activities	6,551,888
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	16,098
Proceeds from Long-term Debt	27,050
Payments for Purchase and Construction of Property and Equipment	(718,239)
Payment on Long-Term Debt	(510,000)
Interest Paid on Long-Term Debt	(11,730)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,196,821)
Cash Flows from Investing Activities	
Receipt of Interest Income	46,178
Net Cash Provided (Used) by Investing Activities	46,178
Net Increase (Decrease) in Cash and Cash Equivalents	1,267,987
Cash and Cash Equivalents - Beginning of Year	9,004,711
Cash and Cash Equivalents - End of Year	$ 10,272,698
Cash and Cash Equivalents are Reported in the Statement of Net Position as Follows:	
Unrestricted Cash	$ 7,031,663
Restricted Cash	3,241,035
	$ 10,272,698

The accompanying notes are an integral part of this statement.

Tehachapi-Cummings County Water District
Statement of Cash Flows - Continued
Year Ended June 30, 2015

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$	(4,523,336)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:		
Depreciation		384,693
Other Revenue		208,490
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable, Water Customers		163,197
(Increase) Decrease in Other Receivables		(164,539)
(Increase) Decrease in Prepaid Expenses and Refundable Deposits		(250,746)
(Increase) Decrease in Deferred Outflows - Pensions		(30,992)
Increase (Decrease) in Accounts Payable		83,075
Increase (Decrease) in Accrued Wages Payables		8,485
Increase (Decrease) in Unearned Revenue		(35,803)
Increase (Decrease) in Compensated Absences Payable		3,677
Increase (Decrease) in Deferred Inflows - Pension		632,624
Increase (Decrease) in Net Pension Liability		(612,083)
Net Cash Provided (Used) by Operating Activities	$	(4,133,258)

The accompanying notes are an integral part of this statement.

Tehachapi-Cummings County Water District
Notes to Financial Statements
Year Ended June 30, 2015

NOTE	DESCRIPTION	PAGE
1	Summary of Significant Accounting Policies	16 - 20
2	Cash and Investments	20 - 21
3	Capital Assets	22
4	Restricted Assets	23
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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."

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.

The District has implemented Governmental Accounting Standards Board No. 40 (GASB Statement No. 40), *Deposits and Investments Risk Disclosures - an Amendment of GASB Statement No. 3*. This statement addresses common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk.

As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposits and investment polices related to the risk identified in this statement also are required to be disclosed.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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) 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.

H) 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.

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.

I) Flood Control Improvement Districts No. 2, No. 3, and Assessment District 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 fixed assets is recognized.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J) 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 $146,671 at June 30, 2015.

K) 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.

L) Inventory of Water in Storage

Water in the District's reservoir facility at June 30, 2015 measured approximately 1,366 acre-feet. Of this amount, 250 acre-feet is considered a minimum pool for emergency reserve. The remaining 1,116 acre-feet in storage on June 30, 2015 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.

M) 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	- 1st Installment
	February 1	- 2nd Installment
Delinquent Date	December 10	- 1st Installment
	April 10	- 2nd Installment

N) 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.

O) Investments

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P) Interest

The District incurs interest charges on long-term debt. There was no interest capitalized for the year ended June 30, 2015.

Q) 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.

2) CASH AND INVESTMENTS

Cash and Investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Current Assets - Cash	$ 7,031,663
Noncurrent Assets - Restricted Cash	3,241,035
Total Cash	$10,272,698

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

Deposits with Financial Institutions	$ 5,000
Petty Cash	200
Pooled with Kern County	10,267,498
Total Cash and Investments	$10,272,698

Cash funds deposited with the Kern County Treasurer's office are in a pooled money fund. 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.

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. The investment policy does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements.

2) CASH AND INVESTMENTS - Continued

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, 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 nor the investments held by the bond trustee are rated.

As of June 30, 2015, the District had the following investments and maturities:

		Investment Maturities		
	Fair Value	Less than 1 Year	1 Year to 5 Years	6 Years to 10 Years
County Pool	$ 10,267,498	$10,267,498	$ -	$ -
Total	$ 10,267,498	$10,267,498	$ -	$ -

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. 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, 2015, the District did not have deposits with financial institutions in excess of federal depository insurance limits.

3) CAPITAL ASSETS

Capital assets are presented as follows:

	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	117,137	150,994	-	268,131
Total Capital Assets, Not Being Depreciated	896,576	150,994	-	1,047,570
Capital Assets, Being Depreciated:				
Pumping Plants	5,186,280	207,383	-	5,393,663
Mainline Pipeline	4,330,473	-	-	4,330,473
Dam and Reservoir	2,001,598	-	-	2,001,598
Transmission and Distribution System	1,646,272	-	-	1,646,272
General Office, Shop and Equipment	2,362,340	359,862	(56,220)	2,665,982
Emissions Reduction	6,781,409	-	-	6,781,409
Water Reclamation	388,990	-	-	388,990
Groundwater Recharge and Recovery	1,385,220	-	-	1,385,220
Flood Control Facilities	220,424	-	-	220,424
Total Capital Assets, Being Depreciated	24,303,006	567,245	(56,220)	24,814,031
Less Accumulated Depreciation:				
Pumping Plants	(4,257,227)	(118,442)	-	(4,375,669)
Mainline Pipeline	(2,321,153)	(59,610)	-	(2,380,763)
Dam and Reservoir	(803,757)	(21,797)	-	(825,554)
Transmission and Distribution System	(1,225,804)	(41,665)	-	(1,267,469)
General Office, Shop and Equipment	(1,694,963)	(106,383)	46,289	(1,755,057)
Emissions Reduction	(6,781,409)	-	-	(6,781,409)
Water Reclamation	(23,340)	(7,780)	-	(31,120)
Groundwater Recharge and Recovery	(1,211,177)	(28,577)	-	(1,239,754)
Flood Control Facilities	(5,388)	(439)	-	(5,827)
Total Accumulated Depreciation	(18,324,218)	(384,693)	46,289	(18,662,622)
Total Capital Assets Being Depreciated, Net	5,978,788	182,552	(9,931)	6,151,409
Capital Assets, Net of Depreciation	$ 6,875,364	$ 333,546	$ (9,931)	$ 7,198,979

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.

Emission Reduction Project Fund

The cash and investments included here are restricted by contract for future debt service payments pertaining to the certificates of participation issued in 1999.

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 flood control maintenance, operation and capital improvements within the boundaries of Improvement District #3.

Assessment Zone #1 Fund

This cash is restricted by tax assessment for flood control maintenance, operations and capital improvements within the boundaries of Assessment Zone #1.

The restricted assets at June 30, 2015 are as follows:

Cash

Water Payment Fund	$ 2,326,291
Emission Reduction Fund	-
Improvement District #2	84,421
Improvement District #3	176,722
Assessment Zone #1	608,864
Customer Deposits	44,737
	$ 3,241,035

5) DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans 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 Plans are cost-sharing multiple-employer defined benefit pension plans 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, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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

	Miscellaneous	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
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	1.09% to 2.42%	1% to 2.5%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	8.906%	6.50%

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 Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

	Miscellaneous
Contributions - employer	$ 128,776
Contributions - employee (paid by employer)	70,667

5) DEFINED BENEFIT PENSION PLAN - Continued

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

As of June 30, 2015, the District reported a liability of $1,670,715 for its proportionate share of the net pension liability. The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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 plans 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, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	0.0697%
Proportion - June 30, 2014	0.0676%
Change - Increase (Decrease)	-0.0021%

For the year ended June 30, 2015, the District recognized pension expense of $188,992. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 199,443	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	34,387	71,186
Net differences between projected and actual earnings on plan investments	-	561,438
Total	$ 233,830	$ 632,624

$199,443 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2016	$ (153,501)
2017	(153,501)
2018	(150,874)
2019	(140,361)
2020	-
Thereafter	-

5) DEFINED BENEFIT PENSION PLAN - Continued

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

	Miscellaneous
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

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

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

(3) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

5) DEFINED BENEFIT PENSION PLAN - Continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.
(2) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the 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	6.50%
Net Pension Liability	$ 2,976,698
Current Discount Rate	7.50%
Net Pension Liability	$ 1,670,715
1% Increase	8.50%
Net Pension Liability	$ 586,873

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, 2015, the District reported no payables for the year ended June 30, 2015.

6) LONG-TERM LIABILITIES

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 had received $27,050 as of June 30, 2015. The District will be required to repay amounts borrowed upon completion of the project. Installment payments will 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. A repayment schedule will be provided upon project completion.

2012 CalPERS Refunding Loan

In August 2012, the District entered into a loan agreement with UMPQUA Bank for the purpose of refunding the CalPERS "Side Fund." Under the terms of the agreement, the District received a loan for $1,719,700 with principal and interest payments due semi-annually beginning December 31, 2012 at an interest rate of 3.870%. The debt service requirements are payable from net revenues of the District.

The future debt service requirements on the 2012 CalPERS Refunding Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 311,600	$ 35,469	$ 347,069
2017	331,200	23,220	354,420
2018	351,600	10,205	361,805
Total	$ 994,400	$ 68,894	$ 1,063,294

The following summarizes long-term liabilities transactions for the year ended June 30, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Long-term Liabilities:					
Compensated Absences Payable	$ 142,996	$ 55,153	$ (51,478)	$ 146,671	$ 52,802
Certificates of Participation	510,000	-	(510,000)	-	-
2015 Installment Agreement	-	27,050	-	27,050	-
2012 CalPERS Refunding Loan	1,283,400	-	(289,000)	994,400	311,600
Total Long-term Liabilities	$ 1,936,396	$ 82,203	$ (850,478)	$ 1,168,121	$ 364,402

7) 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:

7) RISK MANAGEMENT - Continued

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. 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 amount of 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.

8) 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.

8) COMMITMENTS AND CONTINGENCIES - Continued

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 $2,032,610 for the year ended June 30, 2015.

Surplus Water Sale to Kern Westside Districts

The agreement provides for the sale over a five-year period beginning in calendar year 2012 of a portion of Tehachapi-Cummings County Water District's (TCCWD) annual State Water Project (SWP) amount to Kern Westside Districts (KWD), in amounts to be determined annually by TCCWD, pursuant to the following general terms: TCCWD retains the first 3,000 acre-feet of deliverable water and any additional amount of SWP water as determined by TCCWD to meet its in-district needs. KWD must purchase all such available water and take delivery during each calendar year. This program will allow TCCWD to sell a portion of its SWP allocation in order to raise money so it can take delivery of SWP water in excess of its immediate needs and enhance its groundwater banking program within its service area. Although TCCWD will be selling water under this program, its ultimate goal is to increase groundwater stored in its basins. KWD will pay the rate as calculated from TCCWD's statement of charges as billed by the Kern County Water Agency, so that TCCWD is fully reimbursed for its cost of SWP water. In addition, KWD will pay an additional $100,000 during years wherein TCCWD makes more than 3,000 acre feet available.

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.

9) 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 a water conservation efforts with a goal to reduce potable water demand by approximately 109 acre feet per year.

10) IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. The District has elected not to early implement this statement and has not determined its effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Tehachapi-Cummings County Water District
Required Supplementary Information
For the Year Ended June 30, 2015

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

		2015
Proportion of the net pension liability		0.0676%
Proportion share of the net pension liability	$	1,670,715
Covered-employee payroll	$	1,164,070
Proportion share of the net pension liability as percentage of covered-employee payroll		143.52%
Plan's fiduciary net position	$	8,173,667
Plan fiduciary net position as a percentage of the total pension liability		83.03%

Notes to schedule:

Benefit Changes: none

Changes in assumptions: none

* - Fiscal year 2015 was the first year of implementation; therefore, only one year is shown.

Tehachapi-Cummings County Water District
Required Supplementary Information
For the Year Ended June 30, 2015

Schedule of Plan Contributions
Last Ten Years*

	2015
Contractually required contribution (actuarially determined)	$ 199,443
Contributions in relation to the actuarially determined contributions	$ 199,443
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 1,164,070
Contributions as a percentage of covered-employee payroll	17.13%

Notes to schedule

Valuation date: June 30, 2013

* - Fiscal year 2015 was the first year of implementation; therefore, only one year is shown.

SUPPLEMENTARY INFORMATION

Tehachapi-Cummings County Water District
Rate Covenant
Year Ended June 30, 2015

The District has covenanted to establish, maintain, and collect gross revenues (but excluding the items referred to in subsection (iv) of the definition thereof) in each fiscal year sufficient to provide net revenues which, together with all other available revenues will be equal to at least 1.25 times the sum of: (1) the annual loan repayments due each fiscal year, (2) the amount of installment payments due in the fiscal year under the terms of the 1999 installment agreement, and, (3) the aggregate amount debt service or other payments due in such fiscal year with respect to outstanding debt of the District.

The rate covenant for 2015 was as follows:

Rate Covenant: $\frac{\text{Net Revenues + all other available revenues}}{\text{Installment payments due in the fiscal year}}$

Rate Covenant: $\frac{\$3,015,236}{\$857,602} = 3.52$

The rate covenant is calculated as follows:

General Activities:		
Operating Revenue	$	2,994,402
Nonoperating Revenues		4,996,536
Total Gross Revenue		7,990,938
Less: Operation and Maintenance Expenses		(5,407,267)
Add: Depreciation Expense		384,693
Add: Interest Expense		46,872
		(4,975,702)
Net Revenues	$	3,015,236
Annual Debt Service:		
Certificates of Participation - Principal	$	510,000
Certificates of Participation - Interest		11,730
2012 Refunding Loan - Principal		289,000
2012 Refunding Loan - Interest		46,872
Total Debt Service in Fiscal Year 2014-15	$	857,602

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Tehachapi-Cummings County Water District
Combining Schedule of Net Position
June 30, 2015

	General Activities	Major Repairs	Tax Revenue Liability	Emergency Fund	Water Payment Fund
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 3,271,862	$ 1,215,069	$ 354,243	$ 302,803	$ -
Accounts Receivable	526,810	-	-	-	-
Accrued Interest Receivable	5,912	1,627	482	376	3,629
Taxes Receivable	10,325	-	-	-	5,376
Grant Receivables	-	-	-	-	-
Other Receivables	28,171	-	-	-	-
Due from Other Funds	14,738	-	-	-	-
Prepaid Expenses and Refundable Deposits	268,992	-	-	-	-
Total Current Assets	4,126,810	1,216,696	354,725	303,179	9,005
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	44,737	-	-	-	2,326,291
Total Restricted Assets	44,737	-	-	-	2,326,291
Capital Assets:					
Land	680,084	-	-	-	-
Pumping Plants	5,393,663	-	-	-	-
Mainline Pipeline	4,330,473	-	-	-	-
Dam and Reservoir	2,001,598	-	-	-	-
Transmission and Distribution System	1,646,272	-	-	-	-
General Office, Shop and Equipment	2,665,982	-	-	-	-
Emissions Reduction	6,781,409	-	-	-	-
Water Reclamation	388,990	-	-	-	-
Groundwater Banking and Recovery	1,385,220	-	-	-	-
Flood Control Facilities	6,580	-	-	-	-
Construction in Progress	268,131	-	-	-	-
Land Not In Use	99,355	-	-	-	-
Total Capital Assets	25,647,757	-	-	-	-
Less Accumulated Depreciation	(18,662,622)	-	-	-	-
Total Capital Assets, Net of Accumulated Depreciation	6,985,135	-	-	-	-
Total Noncurrent Assets	7,029,872	-	-	-	2,326,291
Total Assets	11,156,682	1,216,696	354,725	303,179	2,335,296
DEFERRED OUTFLOW OF RESOURCES					
Deferred Pension Contributions	199,443	-	-	-	-
Pension Actuarial Amounts	34,387	-	-	-	-
Total Deferred Outflows of Resources	233,830	-	-	-	-

Emission Reduction Project Funds	Improvement District No. 2	Improvement District No. 3	Assessment Zone No. 1	Water Banking Reserve	Proposition 84 Grant	Water Rate Stabilization	Totals
$ -	$ -	$ -	$ -	$ 1,556,995	$ 28,113	$ 302,578	$ 7,031,663
-	-	-	-	-	-	-	526,810
-	114	240	825	1,411	49	375	15,040
-	7	13	1,799	-	-	-	17,520
-	-	-	-	-	167,327	-	167,327
-	-	-	-	-	-	-	28,171
-	-	-	-	-	713	-	15,451
-	-	-	5,438	-	-	-	274,430
-	121	253	8,062	1,558,406	196,202	302,953	8,076,412
-	84,421	176,722	608,864	-	-	-	3,241,035
-	84,421	176,722	608,864	-	-	-	3,241,035
-	-	-	-	-	-	-	680,084
-	-	-	-	-	-	-	5,393,663
-	-	-	-	-	-	-	4,330,473
-	-	-	-	-	-	-	2,001,598
-	-	-	-	-	-	-	1,646,272
-	-	-	-	-	-	-	2,665,982
-	-	-	-	-	-	-	6,781,409
-	-	-	-	-	-	-	388,990
-	-	-	-	-	-	-	1,385,220
-	5,907	197,208	10,729	-	-	-	220,424
-	-	-	-	-	-	-	268,131
-	-	-	-	-	-	-	99,355
-	5,907	197,208	10,729	-	-	-	25,861,601
-	-	-	-	-	-	-	(18,662,622)
-	5,907	197,208	10,729	-	-	-	7,198,979
-	90,328	373,930	619,593	-	-	-	10,440,014
-	90,449	374,183	627,655	1,558,406	196,202	302,953	18,516,426
-	-	-	-	-	-	-	199,443
-	-	-	-	-	-	-	34,387
-	-	-	-	-	-	-	233,830

Continued

Tehachapi-Cummings County Water District
Combining Schedule of Net Position - Continued
June 30, 2015

	General Activities	Major Repairs	Tax Revenue Liability	Emergency Fund	Water Payment Fund
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Accounts Payable	$ 521,622	$ -	$ -	$ 3	$ 3
Accrued Wages Payable	77,055	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Current Portion of Long-term Debt	364,402	-	-	-	-
Total Current Liabilities	963,079	-	-	3	3
Noncurrent Liabilities:					
Compensated Absences Payable	93,869	-	-	-	-
Bonds Payable, Less Current Portion	-	-	-	-	-
Loan Payable, Less Current Portion	709,850	-	-	-	-
Net Pension Liability	1,670,715	-	-	-	-
Total Noncurrent Liabilities	2,474,434	-	-	-	-
Total Liabilities	3,437,513	-	-	3	3
DEFERRED INFLOWS OF RESOURCES					
Proportionate Share Contribution Differences	71,186	-	-	-	-
Pension Actuarial Amounts	561,438	-	-	-	-
Total Deferred Inflows of Resources	632,624	-	-	-	-
NET POSITION					
Net Investment in Capital Assets	6,958,085	-	-	-	-
Restricted	-	-	-	-	2,335,293
Unrestricted	362,290	1,216,696	354,725	303,176	-
Total Net Position	7,320,375	1,216,696	354,725	303,176	2,335,293

Emission Reduction Project Funds	Improvement District No. 2	Improvement District No. 3	Assessment Zone No. 1	Water Banking Reserve	Proposition 84 Grant	Water Rate Stabilization	Totals
$ -	$ -	$ -	$ -	$ -	$ 64,262	$ -	$ 585,890
-	-	-	-	-	-	-	77,055
-	-	-	-	-	-	-	-
-	-	-	-	-	15,451	-	15,451
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	364,402
-	-	-	-	-	79,713	-	1,042,798
-	-	-	-	-	-	-	93,869
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	709,850
-	-	-	-	-	-	-	1,670,715
-	-	-	-	-	-	-	2,474,434
-	-	-	-	-	79,713	-	3,517,232
-	-	-	-	-	-	-	71,186
-	-	-	-	-	-	-	561,438
-	-	-	-	-	-	-	632,624
-	5,907	197,208	10,729	-	-	-	7,171,929
-	84,542	176,975	616,926	-	-	-	3,213,736
-	-	-	-	1,558,406	116,489	302,953	4,214,735
-	90,449	374,183	627,655	1,558,406	116,489	302,953	14,600,400

Tehachapi-Cummings County Water District
Combining Schedule of Revenues, Expenses and Change in Net Position
Year Ended June 30, 2015

	General Activities	Major Repairs	Tax Revenue Liability	Emergency Fund	Water Payment Fund
Operating Income					
Water Sales	$ 2,911,318	$ -	$ -	$ -	$ -
Water Services	83,084	-	-	-	-
Grant Revenue	-	-	-	-	-
Total Operating Income	2,994,402	-	-	-	-
Operating Expenses					
Source of Supply	143,234	-	-	-	2,032,610
Pumping	2,704,953	-	-	-	-
Transmission and Distribution	859,971	-	-	-	-
General and Administrative	1,314,416	-	-	3	4,822
Depreciation	384,693	-	-	-	-
Total Operating Expenses	5,407,267	-	-	3	2,037,432
Operating Income (Loss)	(2,412,865)	-	-	(3)	(2,037,432)
Non-Operating Revenues (Expenses)					
Taxes and Assessments	4,812,107	-	-	-	1,949,552
Benefit Assessments	-	-	-	-	-
Interest and Penalties	16,642	5,358	1,591	1,214	11,777
Interest Expense	(46,872)	-	-	-	-
Gain on Sale of Capital Assets	6,169	-	-	-	-
Other	208,490	-	-	-	-
Total Non-Operating Revenues (Expenses)	4,996,536	5,358	1,591	1,214	1,961,329
Income Before Transfers	2,583,671	5,358	1,591	1,211	(76,103)
Tranfers Between Funds	(783,241)	23,000	-	31,000	-
Change in Net Position	1,800,430	28,358	1,591	32,211	(76,103)
Net Position - Beginning of Year	7,599,905	1,188,338	353,134	270,965	2,411,396
Prior Period Adjustment	(2,079,960)	-	-	-	-
Net Position - End of Year	$ 7,320,375	$ 1,216,696	$ 354,725	$ 303,176	$ 2,335,293

Emission Reduction Project Funds	Improvement District No. 2	Improvement District No. 3	Assessment Zone No. 1	Water Banking Reserve	Proposition 84 Grant	Water Rate Stabilization	Totals
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,911,318
-	-	-	-	-	-	-	83,084
-	-	-	-	-	327,977	-	327,977
-	-	-	-	-	327,977	-	3,322,379
-	-	-	-	-	-	-	2,175,844
-	-	-	-	-	-	-	2,704,953
-	-	-	-	-	-	-	859,971
-	42	74	39,532	-	361,365	-	1,720,254
-	-	-	-	-	-	-	384,693
-	42	74	39,532	-	361,365	-	7,845,715
-	(42)	(74)	(39,532)	-	(33,388)	-	(4,523,336)
-	3,474	6,310	-	-	-	-	6,771,443
-	-	-	116,317	-	-	-	116,317
10	372	780	2,585	4,406	190	1,253	46,178
(1,955)	-	-	-	-	-	-	(48,827)
-	-	-	-	-	-	-	6,169
-	-	-	-	-	-	-	208,490
(1,945)	3,846	7,090	118,902	4,406	190	1,253	7,099,770
(1,945)	3,804	7,016	79,370	4,406	(33,198)	1,253	2,576,434
(1,759)	-	-	-	600,000	100,000	31,000	-
(3,704)	3,804	7,016	79,370	604,406	66,802	32,253	2,576,434
3,704	86,645	367,167	548,285	954,000	49,687	270,700	14,103,926
-	-	-	-	-	-	-	(2,079,960)
$ -	$ 90,449	$ 374,183	$ 627,655	$ 1,558,406	$ 116,489	$ 302,953	$ 14,600,400

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 district's overall financial health.

Contents **Page**

Financial Trends 41

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

Revenue Capacity 43

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. Additional information is provided for the agency's other significant own-source revenue, water rates and charges.

Debt Capacity 50

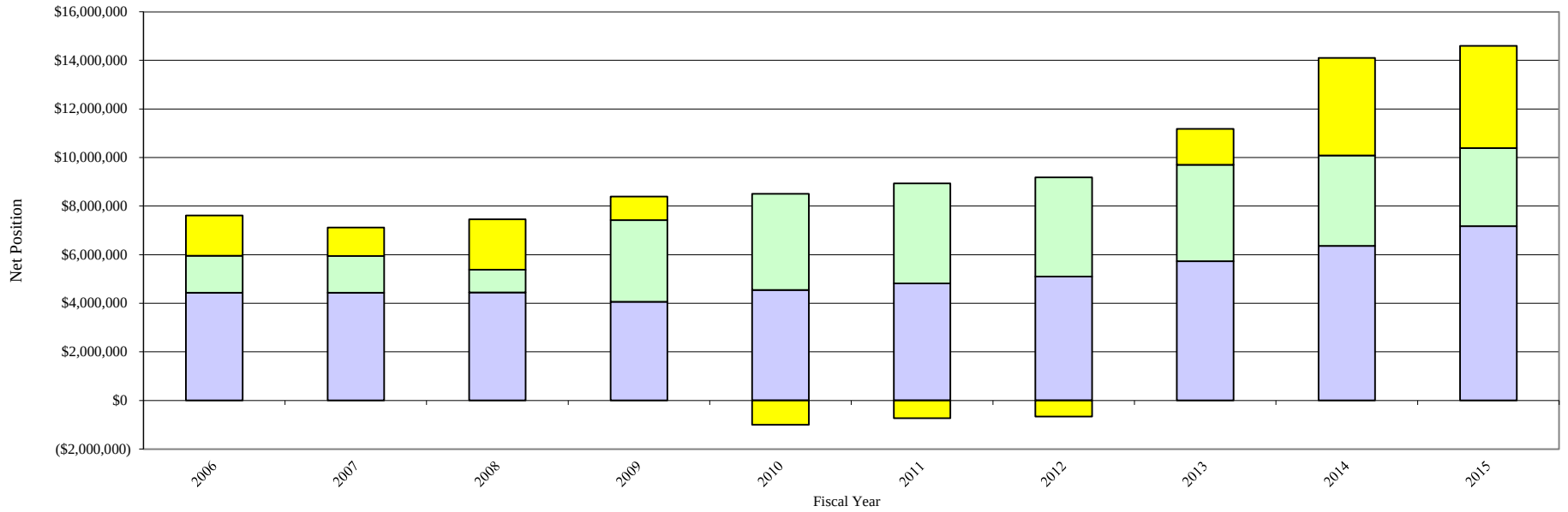
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information 53

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

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

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Primary government										
Net investment in capital assets	$ 4,439,117	4,439,118	4,447,542	4,061,009	4,547,984	4,817,714	5,097,703	5,730,318	6,365,364	7,171,929
Restricted	1,513,801	1,505,466	931,863	3,367,140	3,961,631	4,118,597	4,082,001	3,974,312	3,721,841	3,213,736
Unrestricted	1,661,670	1,171,297	2,081,248	970,116	(1,003,506)	(736,140)	(657,746)	1,469,712	4,016,721	4,214,735
Total primary government net position	7,614,588	7,115,881	7,460,653	8,398,265	7,506,109	8,200,171	8,521,958	11,174,342	14,103,926	14,600,400



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.

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									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Operating Revenue										
Water sales	$ 2,468,216	2,120,423	3,212,744	2,320,361	1,666,603	2,213,642	2,153,752	3,628,628	4,238,640	2,911,318
Water services	1,780	3,230	2,660	21,918	30,508	58,817	109,721	170,070	212,374	83,084
Grant Revenue	-	-	-	-	-	-	-	-	-	327,977
Total Operating Revenue	2,469,996	2,123,653	3,215,404	2,342,279	1,697,111	2,272,459	2,263,473	3,798,698	4,451,014	3,322,379
Operating Expenses										
Source of supply	259,703	947,143	1,871,526	2,157,524	1,948,106	2,039,033	1,807,335	2,012,630	2,251,965	2,175,844
Pumping	2,780,410	3,338,902	3,904,314	2,408,043	2,701,969	3,078,163	2,825,975	2,991,849	2,869,507	2,704,953
Transmission and distribution	988,603	1,084,889	1,184,682	1,123,787	836,386	854,949	805,735	811,078	970,506	859,971
General and administrative	2,037,302	2,234,409	1,885,579	2,476,398	1,159,459	1,141,240	1,184,938	1,231,926	1,209,872	1,720,254
Depreciation expense	798,479	798,814	791,164	752,775	405,449	513,231	407,561	394,875	389,980	384,693
Total Operating Expenses	6,864,497	8,404,157	9,637,265	8,918,527	7,051,369	7,626,616	7,031,544	7,442,358	7,691,830	7,845,715
Operating Loss	(4,394,501)	(6,280,504)	(6,421,861)	(6,576,248)	(5,354,258)	(5,354,157)	(4,768,071)	(3,643,660)	(3,240,816)	(4,523,336)
Non-Operating Revenue (Expense)										
Taxes and assessments	4,730,358	5,745,431	6,637,647	6,962,832	6,093,875	5,906,378	4,907,756	6,127,627	6,038,683	6,771,443
Benefit assessments	3,409	2,975	3,226	19,276	92,727	103,651	127,549	102,308	116,543	116,317
Interest and penalties	115,669	176,538	174,634	86,188	72,193	44,192	19,340	30,210	29,140	46,178
Interest expense	(167,108)	(151,805)	(139,865)	(119,528)	(112,115)	(89,503)	(68,461)	(103,447)	(82,259)	(48,827)
Gain (Loss) on sale of assets	(4,260)	(7,670)	(10,486)	(9,532)	(92,734)	-	7,100	8,030	4,600	6,169
Other revenues	191,868	16,328	101,478	574,624	148,403	137,121	96,574	114,916	63,693	208,490
Capital grants and contributions	-	-	-	-	446,618	152,689	-	16,400	-	-
Total Non-Operating Revenue (Expense)	4,869,936	5,781,797	6,766,634	7,513,860	6,648,967	6,254,528	5,089,858	6,296,044	6,170,400	7,099,770
Change in Net Position	475,435	(498,707)	344,773	937,612	1,294,709	900,371	321,787	2,652,384	2,929,584	2,576,434
Net Position - Beginning of year	7,139,153	7,614,588	7,115,880	7,460,653	8,398,265	7,506,109	8,200,171	8,521,958	11,174,342	14,103,926
Prior Period Adjustment	-	-	-	-	(2,186,865)	(206,309)	-	-	-	(2,079,960)
Net Position - End of year	$ 7,614,588	7,115,881	7,460,653	8,398,265	7,506,109	8,200,171	8,521,958	11,174,342	14,103,926	14,600,400

Note: Prior period adjustments are as follows: 2010 - CalPERS side fund pension-related debt; 2011 - prior-period depreciation; 2015 - net pension liability per GASB 68.

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

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[1] as a Percentage of Actual Value
2006	$ 2,126,514	$ 168,348	$ 37,547	$ 2,257,315	$ 1.012	$ 5,077,008	45.20%
2007	2,496,068	198,547	38,318	2,656,297	0.862	5,167,621	52.14%
2008	2,945,282	189,201	39,772	3,094,711	0.892	4,280,895	73.22%
2009	3,191,941	185,785	41,417	3,336,309	0.947	3,196,370	105.67%
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%

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.

[1] 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	Overlapping					Total Direct & Overlapping Rates
		County Operating Rate	KCWA Debt Service Rate	TUSD Debt Service Rate	TVHD Debt Service Rate	KCCD Debt Service Rate	
2006	0.101195	1.000000	0.010638	0.057986	0.035246	0.009630	1.214695
2007	0.086239	1.000000	0.008349	0.015944	0.007097	0.005283	1.122912
2008	0.089213	1.000000	0.010017	0.043727	0.021849	0.008036	1.172842
2009	0.094669	1.000000	0.008404	0.041620	0.018615	0.009053	1.172361
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

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	Total Collections	Delinquent Tax	
		Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2006	$ 2,462,694	$ 2,461,161	99.94%	$ 8,688	$ 2,469,849	$ 1,533	0.06%
2007	2,851,072	2,835,488	99.45%	8,588	2,844,076	15,584	0.55%
2008	3,259,536	3,256,099	99.89%	28,198	3,284,297	3,437	0.11%
2009	3,466,472	3,463,733	99.92%	35,731	3,499,464	2,739	0.08%
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%

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 [1]	Total Collections	Delinquent Tax	
		Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2006	$ 2,318,321	$ 2,265,814	97.74%	$ 73,580	$ 2,339,394	$ 52,507	2.26%
2007	2,327,983	2,264,092	97.26%	91,746	2,355,838	63,891	2.74%
2008	2,850,316	2,730,523	95.80%	79,033	2,809,556	119,793	4.20%
2009	3,105,443	2,973,872	95.76%	112,612	3,086,484	131,571	4.24%
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%

[1] Includes penalties and redemptions

Source: Kern Count Auditor-Controller

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

	2015			2008		
Property Owner	**Assessed Value**	**Rank**	**Percentage of Total**	**Assessed Value**	**Rank**	**Percentage of Total**
Alta Wind I Owner Lessor ABCD	$ 324,180,000	1	7.91%			
Alta Wind XI LLC	253,075,000	2	6.17%			
California Portland Cement Co	146,734,372	3	3.58%	114,866,919	1	3.66%
Alta Wind II Owner Lessor ABCDE	146,152,800	4	3.57%			
Brookfield Tehachapi I	122,115,119	5	2.98%			
Calaveras Cement Co	110,453,005	6	2.69%	29,925,163	3	0.95%
Windstar Energy LLC	109,870,276	7	2.68%			
Mustang Hills LLC	107,800,000	8	2.63%			
Crystal Organic Farms LLC	19,869,679	9	0.48%			
Brookfield Tehachapi III	18,765,000	10	0.46%			
GE Wind Energy LLC				34,454,798	2	1.10%
Home Depot USA Inc				11,518,160	4	0.37%
Calwind Resources Inc				10,162,440	5	0.32%
New Albertsons Inc				10,090,799	6	0.32%
Woodward of California Inc				9,702,521	7	0.31%
Ennis Commercial Properties LLC				9,035,778	8	0.29%
La Ryan Investments LLC				8,070,207	9	0.26%
Emster XIII LLC				6,500,000	10	0.21%
Total	1,359,015,251		33.15%	129,459,866		4.13%
Total Assessed Value	4,098,955,844		100.00%	3,134,483,172		100.00%

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

Note: District began keeping these records in fiscal year 2008.

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

	2015			2009		
Customer	**Annual Water Sales**	**Rank**	**Percentage of Total**	**Annual Water Sales**	**Rank**	**Percentage of Total**
Bornt & Sons Farms	$ 954,761	1	31.88%	$		
Crystal Organic Farms	784,040	2	26.18%	477,954	1	20.41%
Granite Construction Company	204,530	3	6.83%			
Bear Valley Community Services Dist	147,163	4	4.91%	285,913	2	12.21%
California Correctional Institute	119,929	5	4.01%	167,669	3	7.16%
Stallion Springs Community Svc Dist.	98,124	6	3.28%	46,305	9	1.98%
City of Tehachapi	84,078	7	2.81%	91,503	7	3.91%
Kundert Brothers Farms	72,552	8	2.42%	91,824	6	3.92%
Golden Hills Community Services Dist	68,400	9	2.28%			
Tehachapi Turf	56,192	10	1.88%	106,256	5	4.54%
Oak Tree Affiliates			0.00%	115,948	4	4.95%
California Portland Cement Co.				90,698	8	3.87%
Jin Chung				39,293	10	1.68%
Total	2,589,769		86.49%	1,513,363		64.61%
Total Water Sales	2,994,402		100.00%	2,342,279		100.00%

Source: TCCWD billing records.

Note: District began compiling these records in fiscal year 2009.

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
2006	$ 1,426,260	$ 901,034	$ -	$ -	$ 2,327,294
2007	1,274,624	814,865	-	-	2,089,489
2008	1,824,842	1,390,562	-	-	3,215,404
2009	1,214,250	1,128,029	-	-	2,342,279
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

Year	Quantity of Imported Water Sold (acre feet) [1]				
	Agricultural	Municipal & Industrial	Surplus	Recycled	Total
2005	4,609	1,941	0	0	6,550
2006	4,139	1,948	0	0	6,087
2007	4,948	3,141	0	0	8,089
2008	3,634	2,112	0	0	5,746
2009	1,763	2,276	0	0	4,039
2010	2,029	1,867	2,000	0	5,896
2011	1,051	2,152	2,000	0	5,203
2012	3,908	1,673	5,001	200	10,782
2013	4,239	2,359	3,227	257	10,082
2014	5,468	1,562	226	393	7,649

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

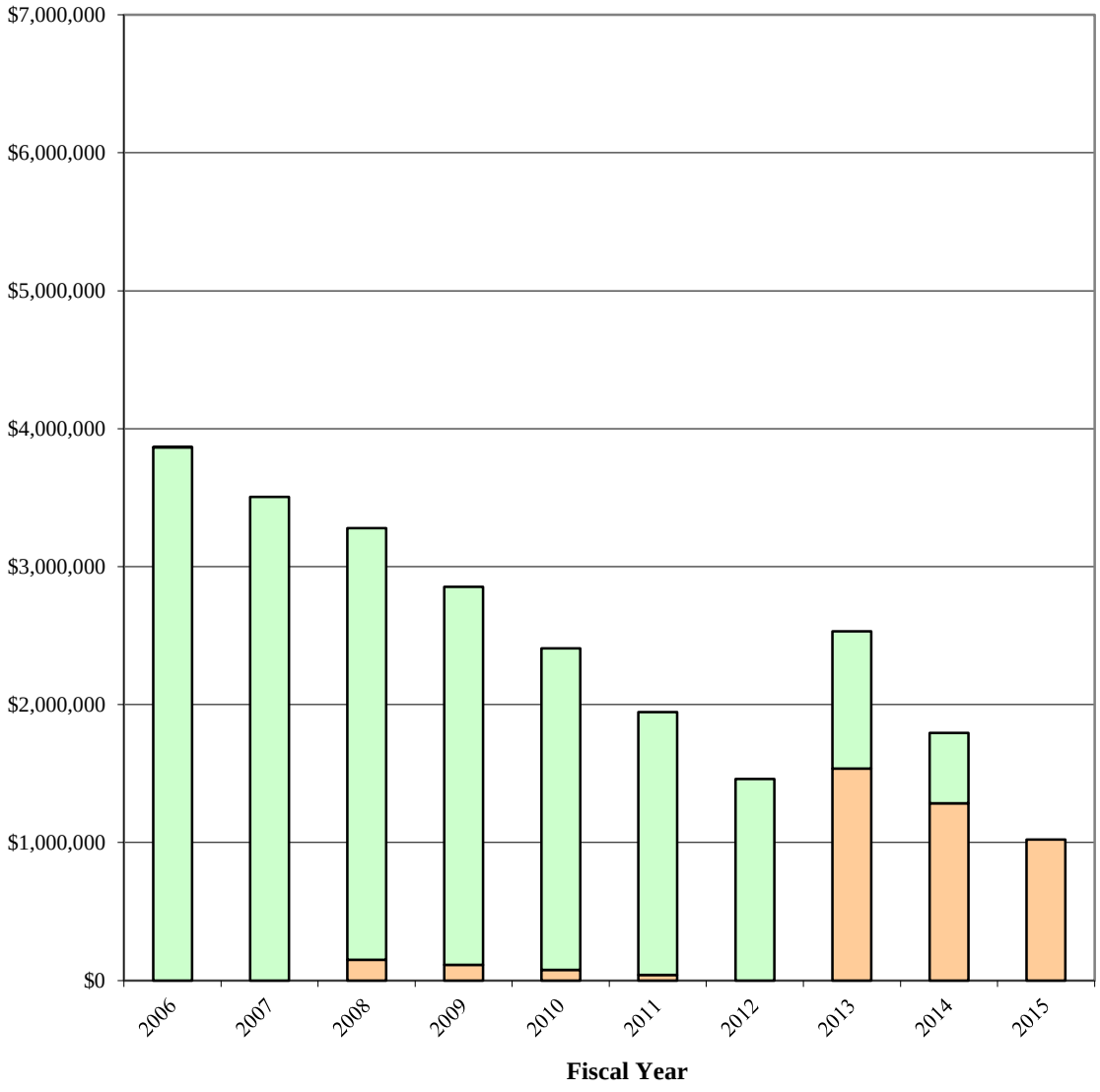
Fiscal Year	Monthly Meter Charge	Commodity Charge Per Acre Foot						
		Agricultural			Term Municipal and Industrial			Regular Municipal
	All Customers	Pressure Zone 1	Pressure Zone 2	Pressure Zone 3	Pressure Zone 1	Pressure Zone 2	Pressure Zone 3	Industrial (All Zones)
2006	$ 4.50	$ 362.00	$ 362.00	$ 362.00	$ 528.00	$ 528.00	$ 528.00	$ 784.00
2007	4.50	318.00	318.00	318.00	409.00	409.00	409.00	1125.00
2008	4.50	318.00	318.00	318.00	409.00	409.00	409.00	1125.00
2009	4.50	368.00	368.00	368.00	456.00	456.00	456.00	1109.00
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

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
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Business-type Activities			Total		
Fiscal Year	General Obligation Bonds	Bank Loans / Installment Purchases	Certificates of Participation	Debt	Per Capita	As a Share of Personal Income
2006	$ -	$ -	$ 3,865,000	$ 3,865,000	$ 116.85	0.45%
2007	-	-	3,505,000	3,505,000	102.29	0.38%
2008	-	149,445	3,130,000	3,279,445	92.97	0.33%
2009	-	114,291	2,740,000	2,854,291	78.89	0.28%
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	-	1,021,450	-	1,021,450	26.91	0.09%



Tehachapi-Cummings County Water District
Direct and Overlapping Debt
As of June 30, 2015

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Tehachapi Unified School District	$ 17,218,445	97.14%	$ 16,725,476
Kern Community College District	234,750,855	5.17%	12,133,692
Bear Valley Community Service Dist.	1,140,000	100.00%	1,140,000
Tehachapi Valley Healthcare District	61,715,188	93.90%	57,949,532
Total overlapping debt			87,948,700
TCCWD Direct Debt	1,021,450	100.00%	1,021,450
Total direct and overlapping debt			$ 88,970,150

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									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Debt limit	$344,229	$404,192	$470,172	$506,659	$513,275	$528,585	$522,581	$574,322	$ 569,270	$ 614,843
Total debt applicable to limit	3,865	3,505	3,279	2,854	2,408	1,945	1,460	2,531	1,793	1,074
Legal Debt Margin	$340,364	$400,687	$466,893	$503,805	$510,867	$526,640	$521,121	$571,791	$ 567,477	$ 613,769
Total debt applicable to the limit as a percentage of debt limit	1.1%	0.9%	0.7%	0.6%	0.5%	0.4%	0.3%	0.4%	0.3%	0.2%

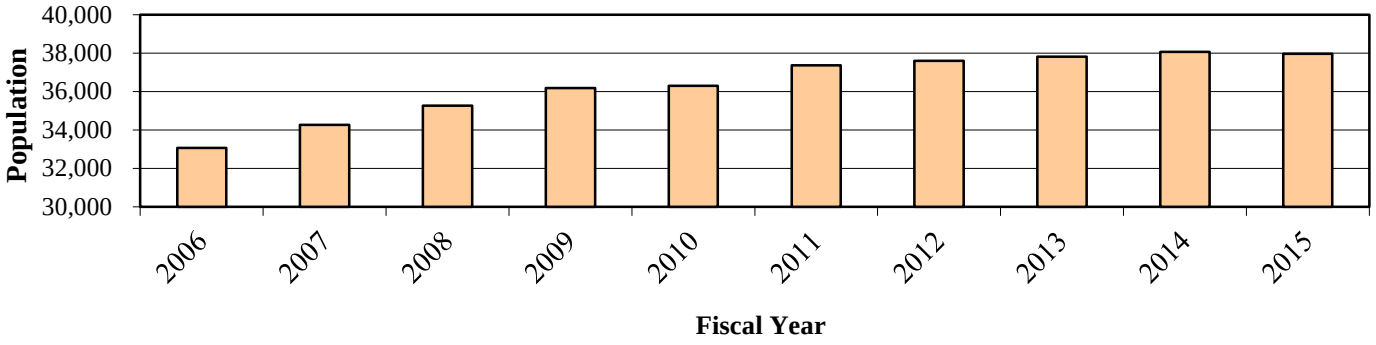
Legal Debt Margin Calculation for Fiscal Year 2015

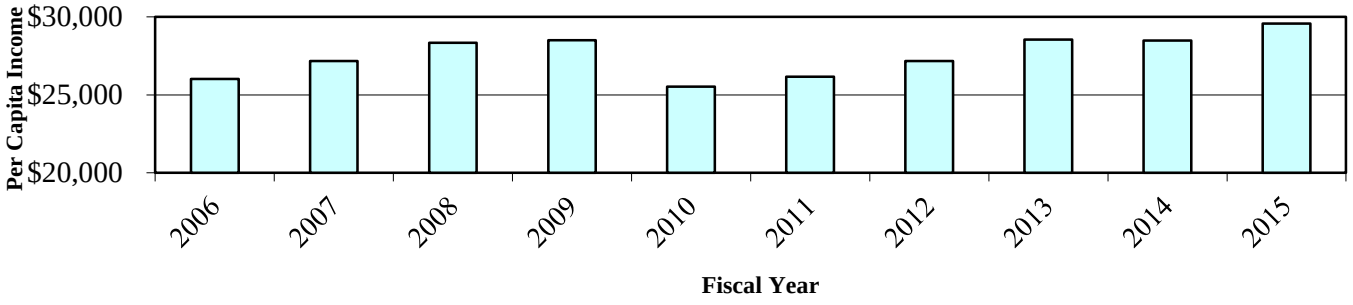
Assessed value	$4,058,130
Add back: exempt real property	40,826
Total assessed value	4,098,956
Debt limit (15% of total assessed value)	614,843
Debt applicable to limit:	
General obligation bonds	-
Bank loans / Installment Purchases	1,021
Certificates of participation	-
Total debt applicable to limit	1,021
Legal debt margin	$ 613,822

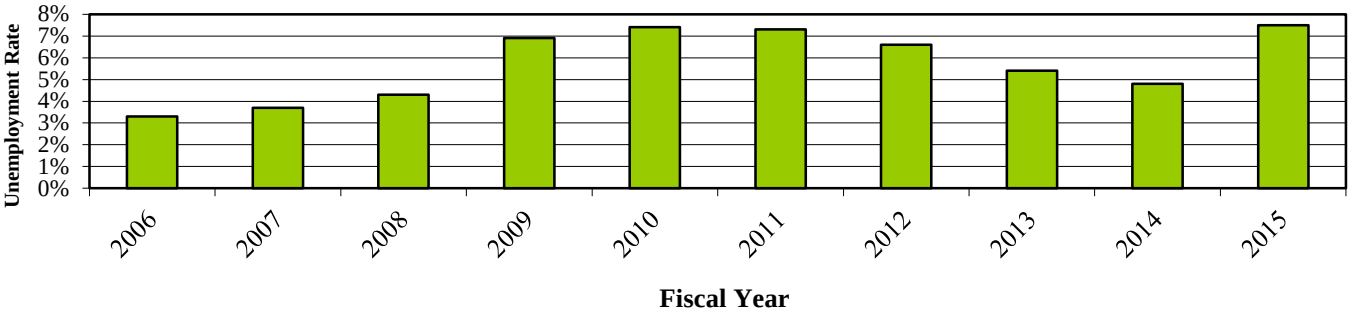
Note: California Water Code does not specify a debt limit for county water districts. However, many other types of special districts in California have a statutory debt limit of 15% of assessed value of all taxable property in the district. We shall use this figure as a guide.

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

Year	Population [1]	Personal Income (expressed in thousands)	Personal Income per Capita [2]	Unemployment Rate [3]
2006	33,077	860,700	26,021	3.3%
2007	34,265	931,023	27,171	3.7%
2008	35,273	999,527	28,337	4.3%
2009	36,180	1,031,571	28,513	6.9%
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%







Sources: [1] Kern Council of Governments and California Department of Finance

[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 Extimates" 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 Ten Years Ago

		2015		2005	
Employer	**Production/Services**	**Employees**	**Rank**	**Employees**	**Rank**
California Correctional Inst.	State prison	1,911	1	1,700	1
Tehachapi Unified School D.	Public school system	464	2	447	2
Tehachapi Hospital	Healthcare	175	3	150	4
Lehigh Southwest Cement	Cement production	120	4	123	5
Home Depot	Retail store	115	5		
Albertson's Supermarket	Retail grocery store	112	6	120	6
K Mart	Retail store	107	7	120	6
Benz Sanitation	Trash/septic/propane	70	8	70	8
SaveMart Supermarket	Retail grocery store	65	9	65	9
City of Tehachapi	Government	58	10		
GE Energy	Wind energy production/manuf.			400	3
Selecta Switch	Electrical parts manufacturing			45	10
Total		3,197		3,240	

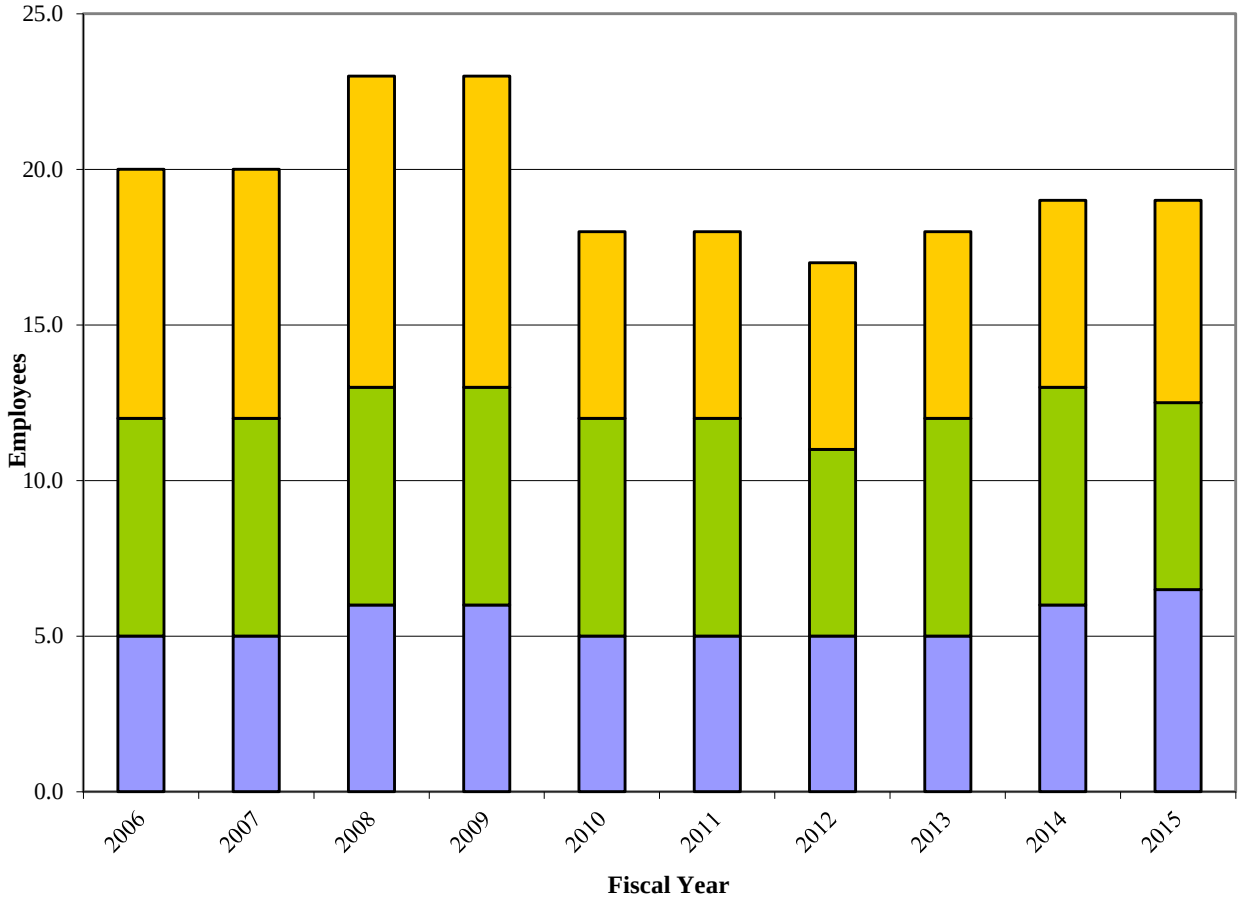
Source: Greater Tehachapi Chamber of Commerce.

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
2006	5.0	7.0	8.0	20.0
2007	5.0	7.0	8.0	20.0
2008	6.0	7.0	10.0	23.0
2009	6.0	7.0	10.0	23.0
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



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

Other Operating and Capacity Indicators

Year	Water in Storage (AF) (Brite Lake) on June 30	Water Stored In SJV GW Banks [1] on June 30	Year	State Water Imported	State Water Project Allocation	System Losses % of SWP	Watermaster Statistics: Groundwater Pumping (AF) Tehachapi Basin	Groundwater Pumping (AF) Cummings Basin	Groundwater Pumping (AF) Brite Basin	Banked Water (AF) [2] Tehachapi Basin	Banked Water (AF) [2] Cummings Basin
2006	1,106	0	2005	6,443	90%	10.4%	4,315	3,647	325	4,427	6,028
2007	1,220	0	2006	6,424	100%	19.4%	4,648	3,900	328	4,407	6,768
2008	1,350	0	2007	7,868	60%	13.3%	4,632	3,729	328	4,634	6,811
2009	1,527	0	2008	6,304	35%	19.2%	5,127	3,964	328	4,283	6,934
2010	1,491	0	2009	5,856	40%	21.4%	4,589	4,406	346	4,476	7,640
2011	1,340	0	2010	6,166	50%	12.7%	4,252	3,650	345	4,856	8,756
2012	1,015	9,379	2011	6,004	80%	9.5%	4,471	2,875	346	7,108	8,764
2013	1,051	8,396	2012	6,890	65%	12.6%	4,304	2,881	347	7,372	9,191
2014	1,310	4,020	2013	7,367	35%	9.1%	5,302	3,404	347	7,276	9,597
2015	1,366	2,269	2014	4,357	5%	22.3%	5,555	3,287	347	4,903	8,973

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.