



GOLETA WATER DISTRICT

GOLETA, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2014 and 2013





Mission

To provide an adequate supply of quality water at the most reasonable cost to the present and future customers within the Goleta Water District

Comprehensive Annual Financial Report

For the Fiscal Years Ended

June 30, 2014 and 2013

GOLETA WATER DISTRICT

4699 Hollister Avenue
Goleta, California 93110-1999

(805) 964-6761

www.goletawater.com

Prepared by:
Administration Department

THIS PAGE INTENTIONALLY LEFT BLANK

Board of Directors as of June 30, 2014

| Name | Title | Elected/ Appointed | Current Term |
|--------------------|----------------|-----------------------|-----------------|
| Bill Rosen | President | Elected | 12/12 - 12/16 |
| Lauren Hanson | Vice President | Elected | 12/12 - 12/16 |
| Bert Bertrando | Director | Elected | 12/10 - 12/14 |
| Jack Cunningham | Director | Elected | 12/10 - 12/14 |
| Richard Merrifield | Director | Elected | 12/12 - 12/16 |

John McInnes, General Manager

David Matson, Assistant General Manager

Jonathan Wunderlich, Administrative Manager/CFO

Tom Bunosky, Operations Manager

THIS PAGE INTENTIONALLY LEFT BLANK

**Goleta Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2014 and 2013**

Table of Contents

| | |
|---|----------|
| TABLE OF CONTENTS..... | i |
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1-3 |
| FINANCIAL SECTION | |
| Independent Auditor’s Report..... | 5-7 |
| Management’s Discussion and Analysis..... | 9-19 |
| Basic Financial Statements: | |
| Statement of Net Position..... | 20-21 |
| Statement of Revenues, Expenses and Changes in Net Position | 22 |
| Statement of Cash Flows..... | 23-24 |
| Notes to the Basic Financial Statements | 25-55 |
| Required Supplementary Information (Unaudited) | 56-57 |
| STATISTICAL INFORMATION SECTION | |
| Statistical Section - Table of Contents..... | 59 |
| Changes in Net Position by Component - Previous Ten Fiscal Years..... | 60-61 |
| Operating Revenues by Source - Previous Ten Fiscal Years | 62 |
| Operating Expenses by Activity - Previous Ten Fiscal Years..... | 63 |
| Non-Operating Revenues and Expenses – Previous Ten Fiscal Years..... | 64 |
| Revenue Base - Previous Ten Fiscal Years | 65 |
| Customers by Type - Previous Ten Fiscal Years..... | 66 |
| Revenue Rates - Previous Ten Fiscal Years..... | 67 |
| Ten Largest Water Users - Current Fiscal Year versus Fiscal Year 2003-04..... | 68 |
| Ratio of Outstanding Debt by Type - Previous Ten Fiscal Years | 69 |
| Pledged-Revenue Coverage - Previous Ten Fiscal Years | 70 |
| Demographic and Economic Statistics - Previous Ten Fiscal Years..... | 71 |
| Operating and Capacity Indicators - Previous Ten Fiscal Years..... | 72 |
| LIST OF ACRONYMS | |
| List of Acronyms and Abbreviations..... | 73 |

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION



THIS PAGE INTENTIONALLY LEFT BLANK



March 3, 2015

The Honorable Board of Directors and Customers of Goleta Water District

The Comprehensive Annual Financial Report (CAFR) of the Goleta Water District (District) for the fiscal year (FY) ending June 30, 2014 provides the Board of Directors, customers, and the investment community with detailed information about the financial condition and operating results of the District. Based upon a comprehensive set of internal control practices and procedures in place, the District management team believes that these financial statements are free of material misstatements.

Throughout FY 2013-14, the District continued to enhance internal control practices by strengthening existing accounting systems; establishing additional management procedures; and improving, instituting, and documenting comprehensive organizational policies. These objectives will continue into 2015 with process improvements in the District's accounting, purchasing, project accounting, and inventory areas.

The District financial statements have been audited by the Santa Barbara County Auditor-Controller's Internal Audit Division, selected by the Board of Directors (Board). Their audit report contains an unmodified ("clean") opinion, which is included in the financial section of this CAFR. Management's Discussion and Analysis (MD&A) immediately follows the auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements, and should be read in conjunction with, this transmittal letter.

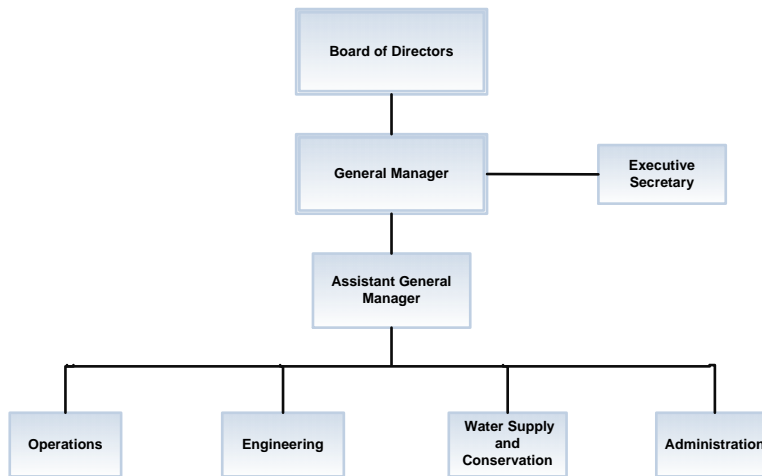
Overview

During FY 2013-14 the District strengthened its financial condition through continued implementation of the Board-adopted 5-year Financial Plan. The revenue environment has remained stable and is supported by rate adjustments needed to address the costs of providing ongoing water service to District customers. In addition to a Board-adopted rate increase, relatively dry weather resulted in an increase in water consumption by 6.9% compared to last year, enhancing District revenues. At the same time, the District continued to manage costs and meet its commitment to build a cash reserve, while simultaneously investing in critical capital to increase the sustainability of District operations.

District Profile

Established on November 17, 1944, the Goleta Water District encompasses an area extending along the south coast of Santa Barbara County west from the Santa Barbara City limits to El Capitan. The District, which spans approximately 29,000 acres (45 square miles), is bound on the south by the ocean and on the north by the foothills of the Santa Ynez Mountains. The District provides water service to approximately 87,000 people through 270 miles of pipeline via 16,542 individual customer accounts. The District manages a complex set of treatment and distribution systems, along with a water supply portfolio that includes Lake Cachuma, an adjudicated ground water basin, recycled water, and the State Water Project.

The District operates under the general direction of an elected five-member Board, who serve four-year terms. Elections for two or three directors are held every two years. The Board employs a General Manager to oversee approximately 60 employees. Staffing is organized into four departments including operations, engineering, water supply and conservation, and administration.



Economic Conditions

The local economy in the Goleta area is stable and diverse, where large employers include the University of California Santa Barbara (UCSB) and regional health providers. The District’s service area is also home to an advanced industrial sector where approximately 80 research and aerospace firms specialize in electronics, telecommunications, medical research, national security and remote sensing manufacturing. The agricultural sector is another significant water user, with local production focusing primarily on lemons and avocados.

The Goleta economy showed continued signs of improvement during FY 2013-14, evidenced by better employment figures and retail/office vacancy rates, along with the addition of new service accounts resulting from the completion of development projects and property improvements. Overall revenue is influenced by these economic conditions, particularly since the District receives no taxes and collects the majority of its operating revenue through user charges. Consistent with continued improvements in the local economy, three consecutive years of declining water use reversed in FY 2011-12. This trend continued through FY 2013-14 as revenue from water sales was eight percent higher compared to the prior year.

Climate Conditions

Goleta has a mild climate, with high temperatures normally within ten degrees of 70° year-round and low temperatures that rarely fall below 40°. Annual rainfall typically averages 17 inches, though it varies from year to year. Such weather variability influences District revenue as conservation-minded customers are quick to reduce water use when cool and wet weather conditions occur. In FY 2013-14, Goleta precipitation levels were below typical weather patterns, with a cumulative rainfall of 6.57 inches, or 38.6% of normal levels, driving up seasonal revenues that are very sensitive to rainfall. In addition, the National Oceanic and Atmospheric Administration’s Climatological Rankings reported that for the twelve months ended June 30, 2014, the State of California recorded its 1st warmest and 3rd driest period (Data and statistics since January 1895). This combination of dry and warm weather resulted in increased revenues for the District which were coupled with active cost controls to produce positive financial results detailed in this CAFR.

Financial Planning

The District Board adopts an annual Budget, establishing a short-term spending plan to achieve the financial goals described in the 2011 Cost of Service study and the 5-year Financial Plan. Actual financial results are reviewed throughout the year to ensure the District's goals are met, and revenues and expenses are balanced. Together, these foundational documents and oversight activities help to ensure reliable and cost-effective service delivery for District customers, and support the financial achievements described in this CAFR. Some of the notable achievements for FY 2013-14 included:

- Completed the \$19.1 million Refunding Revenue Certificates of Participation Series 2014A to refund all of the outstanding 2003 Revenue Certificates of Participation and generated \$5.5 million to finance certain improvements to the District's water system. This refinancing also resulted in significant interest savings while keeping the same amortization term and annual debt service payments.
- District's credit rating was upgraded from A to A+ by Standard and Poor's.
- Achieved compliance with District Code Section 4.08.120-C Reserve Policy ensuring sufficient unrestricted contingency reserve necessary to meet (i) significant unexpected capital project requirements, (ii) a cash equivalent for a fixed period of operations and maintenance expenditures, and (iii) such other reserves as the Board of Directors deems appropriate.
- Continued rehabilitation of the District's ground water production facilities as identified in the Infrastructure Improvement Plan and District Budget.
- Drought preparedness – adopted and implemented a series of general and programmatic outreach components in response to exceptional drought conditions, including rebate incentive programs, water budgets and surveys, a water saving incentive program, and other drought planning and water conservation programs.

Looking ahead, the District will continue implementing projects and programs to ensure reliable and sustainable water service for all District customers.

Thank you to the Board of Directors for their leadership and support of our efforts to plan and implement the financial management practices needed to fulfill the policy goals they set each year.

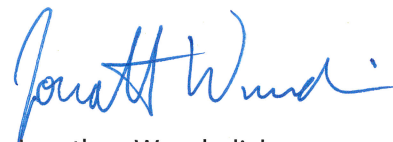
Respectfully submitted,



John McInnes
General Manager



David Matson
Assistant General Manager



Jonathan Wunderlich
Administrative Manager/CFO

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION



THIS PAGE INTENTIONALLY LEFT BLANK

County of Santa Barbara

Robert W. Geis, C.P.A.
Auditor-Controller

Theo Fallati, C.P.A.
Assistant Auditor-Controller



Administration Building
105 E. Anapamu Street, Rm. 303
Santa Barbara, CA 93101
(805) 568-2100

Mailing Address:
P.O. Box 39
Santa Barbara, CA 93102-0039
Fax (805) 568-2016

Office of the Auditor-Controller

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Goleta Water District
Goleta, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Goleta Water District (District) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 Goleta Water District'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 Goleta Water District'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 the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Goleta Water District as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

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 9–19 and the schedule of funding progress for the District's Other Post Employment Benefits on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

Change in Accounting Principal

As discussed in Note 1 to the financial statements, in fiscal year 2014 the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015 on our consideration of Goleta Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 Goleta Water District's internal control over financial reporting and compliance.



Heather Fletcher, CPA

Audit Manager

Santa Barbara, California

March 3, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

This annual report consists of a series of financial statements, including the *Statement of Net Position*, the *Statement of Revenues, Expenses and Changes in Net Position*, and the *Statement of Cash Flows*. These statements were completed using the accrual basis of accounting, which recognizes a full year of revenues and expenses regardless of when cash is received or paid. Each statement provides information about the activities and performance of the District using best practice governmental accounting methods similar to those used by private sector companies.

- *The Statement of Net Position* summarizes District investments (assets), deferred outflows and inflows, as well as its obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing liquidity and financial flexibility.
- *The Statement of Revenues, Expenses and Changes in Net Position* is a record of District revenue and expenses. Providing a measure of District financial performance over the year, this statement can also be used to determine District cost recovery through its rates and other charges, illustrating overall resource management efficacy and credit worthiness.
- *The Statement of Cash Flows* provides information about District cash receipts and cash payments. The statement reflects net changes in cash resulting from operations, investments, debt service, and non-operating income.

Summary Analysis

District net position, or the difference between assets, deferred outflows and inflows, and liabilities, measures the financial health of the organization. Over time, increases or decreases in District net position also indicate the relative fiscal sustainability of the policy choices that govern administrative operations. It is important to keep these indicators in context with other non-financial factors such as changes in economic conditions, population growth, climate, zoning, or the regulatory environment. Since financial statements include a year-over-year comparison, this MD&A presents 3 years of financial information. Specific attention is placed on comparing FY 2014 to FY 2013; however, analysis is provided comparing FY 2013 to FY 2012 when significant.

Overall during FY 2014 and FY 2013, the District continued progressing towards establishing financial stability. Expenditures were managed to ensure the cash flow goals established in its 5-year financial plan were achieved. Coupled with the result of these actions, operating revenue increased and the District was able to invest in a number of critical infrastructure projects outlined in the Infrastructure Improvement Plan (IIP). Unrestricted cash as of June 30, 2014 was \$7,611,895 compared to \$6,440,725 as of June 30, 2013, and \$3,895,203 as of June 30, 2012.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Financial Highlights

- During FY 2014, District net position increased \$1,368,574 (2.5%) to \$56,466,661 from \$55,098,087 the net position at the end of FY 2013. Additionally, operating revenues increased by \$2,392,649; operating expenses increased by \$3,777,281; and unrestricted and restricted cash and cash equivalents increased by \$5,647,985 when compared to FY 2013. The FY 2014 increase in net position is an indicator of the District's continuing financial stability improvement. FY 2013 operating revenue increased by \$4,339,389, operating expenses increased by \$1,380,088 and the District increased unrestricted and restricted cash and cash equivalents by \$814,033 when compared to FY 2012.
- Water consumption sales increased by \$1,834,552 (8.3%) and \$3,503,246 (18.8%) in FY 2014 and FY 2013, respectively. Additionally, the monthly service charge increased by \$505,157 (5.7%) and \$908,775 (11.4%) in FY 2014 and FY 2013, respectively. These increases were primarily a result of a 7% and 11% rate increase effective on July 1, 2013 and July 1, 2012. The remaining increase in water consumption sales is attributable to dryer weather conditions that drove higher water usage.
- New Water Supply Charge Revenue decreased by \$599,332 (71.4%) in FY 2014 as compared to FY 2013. This contrasts significantly with FY 2013, when New Water Supply Charge Revenue increased by \$656,936 (359.2%) as compared to FY 2012. In FY 2013, a specific developer responded to improved economic conditions by purchasing water for new water service ahead of new rates and charges effective July 1, 2013. In FY 2014 developers approached new projects with greater caution and timing differences in project commencements delayed purchases of new water service.
- During FY 2014 and FY 2013, operating expenses, excluding depreciation and amortization, increased \$3,777,281 (16.8%) and \$1,380,088 (6.6%), respectively. Specific increases included water supply costs associated with capital improvements made by a surface water provider, costs associated with well operations to produce water from in-ground sources, costs of critical repairs and maintenance made to District water systems, and additional costs to comply with new Federal water treatment regulations.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Condensed Statement of Net Position - Analysis:

| | 2014 | 2013* | Current Year Increase / (Decrease) | 2012* |
|--|---------------|---------------|--|---------------|
| Assets: | | | | |
| Current assets | \$ 32,411,588 | \$ 23,365,324 | \$ 9,046,264 | \$ 19,690,817 |
| Non-current assets | 3,685,227 | 7,168,949 | (3,483,722) | 7,219,388 |
| Capital assets, net | 83,461,916 | 85,263,731 | (1,801,815) | 84,312,085 |
| Total assets | 119,558,731 | 115,798,004 | 3,760,727 | 111,222,290 |
| Deferred outflows of resources: | 1,585,341 | 1,705,497 | (120,156) | 1,888,460 |
| Liabilities: | | | | |
| Current liabilities | 5,545,629 | 5,010,512 | 535,117 | 4,107,887 |
| Non-current liabilities | 59,131,782 | 57,394,902 | 1,736,880 | 58,016,277 |
| Total liabilities | 64,677,411 | 62,405,414 | 2,271,997 | 62,124,164 |
| Net position: | | | | |
| Net investment in capital | 30,052,804 | 33,186,044 | (3,133,240) | 31,456,427 |
| Restricted for debt service | 2,788,360 | 6,295,982 | (3,507,622) | 6,291,947 |
| Restricted cash and cash equivalents | 7,218,851 | 2,742,036 | 4,476,815 | 4,473,525 |
| Unrestricted | 16,406,646 | 12,874,025 | 3,532,621 | 8,764,687 |
| Total net position | \$ 56,466,661 | \$ 55,098,087 | \$ 1,368,574 | \$ 50,986,586 |

*restated

- Current assets increased during FY 2014 by \$9,046,264 (38.7%) primarily due to a \$5,647,985 increase in restricted and unrestricted cash and cash equivalents due to a favorable debt restructuring, a \$2,314,907 increase in Accounts Receivable, and a \$460,653 increase in prepaid expenses to Central Coast Water Authority (CCWA). In addition to higher rates and increased consumption, the increase in accounts receivable is primarily due to the conversion to a new billing platform in January 2014. The conversion caused a delay and as a result of a "catch-up" effort, some customers received more than one cycle bill toward the end of FYE 2014 (see Note 3 for further information).
- Non-current assets decreased by \$3,483,722 during FY2014 primarily as result of the release of \$3,520,070 of debt reserve related to the refunding of the 2003 Certificates of Participation in January 2014.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Condensed Statement of Net Position – *Analysis (continued)*:

- Net capital assets decreased \$1,801,815 (2.1%) during FY 2014 primarily due to lower additions of construction related projects and recognition of a \$497,873 impairment charge resulting from permanent construction stoppages and project discontinuations due to lack of funding and changes in capital priorities. During FY 2014, several significant water production assets, such as the San Ricardo Well rehabilitation project and the recycled water booster pump replacements, were completed and placed into production.
- Deferred outflows of resources decreased \$120,156 (7.0%) during FY 2014 primarily due to the addition of \$40,865 related to the 2014 Series A Certificates of Participation offset against the related amortization of \$161,021.
- Current liabilities increased during FY 2014 by \$535,117 (10.7%) primarily as a result of a \$494,263 increase in customer advances and deposits and accrued expenses and timing differences in paying expenditures and salaries.
- Non-current liabilities increased during FY 2014 by \$1,736,880 (3.0%) due primarily to \$2,444,593 in unamortized premium related to the 2014 Series A Certificates of Participation offset against \$1,095,000 in principal reductions, a \$98,585 increase in long-term compensated absences and a \$477,027 increase in unfunded post-employment benefits.
- During FY 2014, the District increased unrestricted net position by \$3,532,621 (27.4%) when compared to the end of FY 2013.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Condensed Statement of Revenues, Expenses and Changes in Net Position – Analysis:

| | <u>2014</u> | <u>2013*</u> | <u>Current Year Increase/ (Decrease)</u> | <u>2012*</u> |
|--|----------------------|----------------------|--|----------------------|
| Revenues: | | | | |
| Operating revenues | \$ 33,868,571 | \$ 31,475,922 | \$ 2,392,649 | \$ 27,136,533 |
| Non-operating revenues | 319,841 | 933,093 | (613,252) | 290,094 |
| Total revenues | <u>34,188,412</u> | <u>32,409,015</u> | <u>1,779,397</u> | <u>27,426,627</u> |
| Expenses: | | | | |
| Operating expenses | 26,209,042 | 22,431,761 | 3,777,281 | 21,051,673 |
| Depreciation | 4,387,462 | 4,291,712 | 95,750 | 4,230,480 |
| Non-operating expenses | 2,527,846 | 2,623,519 | (95,673) | 3,375,881 |
| Total expenses | <u>33,124,350</u> | <u>29,346,992</u> | <u>3,777,358</u> | <u>28,658,034</u> |
| Net income (loss) before capital contributions | 1,064,062 | 3,062,023 | (1,997,961) | (1,231,407) |
| Capital contributions | <u>304,512</u> | <u>1,049,478</u> | <u>(744,966)</u> | <u>348,495</u> |
| Change in net position | 1,368,574 | 4,111,501 | (2,742,927) | (882,912) |
| Net position, beginning of year | <u>55,098,087</u> | <u>50,986,586</u> | <u>4,111,501</u> | <u>51,869,498</u> |
| Net position, end of year | <u>\$ 56,466,661</u> | <u>\$ 55,098,087</u> | <u>\$ 1,368,574</u> | <u>\$ 50,986,586</u> |

*restated. For FY 2012, the cumulative impact of implementing GASB 65 is reflected in Non-operating expenses. See additional disclosure in Note 1 Deferred Outflows of Resources.

- District total operating revenues in FY 2014 and FY 2013 were \$33,868,571 and \$31,475,922, an increase \$2,392,649 (7.6%) and \$4,339,389 (16.0%), respectively, compared to prior fiscal year, primarily due to scheduled water and monthly service charge rate increases effective July 1, 2013 (7%) and July 1, 2012 (11%). Water consumption increased modestly in FY 2013 as customers responded to persistent dry weather patterns and improvement in the local economy. The dryer weather conditions persisted into FY 2014 which resulted in higher water consumption; however, customers began responding to voluntary consumption reductions after the District declared a Stage I water shortage on March 11, 2014 and called for a voluntary 20% water use reduction.
- District non-operating revenue decreased \$613,252 (65.7%) and increased \$642,999 (221.7%) in FY 2014 and FY 2013, respectively, primarily due to higher new water supply charges in FY 2013.
- District operating expenses excluding depreciation increased \$3,777,281 (16.8%) and \$1,380,088 (6.6%) for FY 2014 and FY 2013, respectively, reflecting the continuation of previously delayed system maintenance and increased ground water production costs associated with operating the District's wells. Other contributors to the increase include cost assessments by water providers and the filling of vacant positions to complete key District initiatives.
- District non-operating expenses decreased \$95,673 (3.6%) and \$752,362 (22.3%) in FY 2014 and FY 2013, respectively, primarily due to the 2003 Refunding Certificates of Participation and the issuance of the \$19.1M 2014 Series A Certificates of Participation. The refunding resulted in a decrease of \$252,434 (9.9%) in interest expense in FY 2014 offset against a non-recurring expenditure of \$199,306 related to debt issuance.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Revenues – Analysis:

| | <u>2014</u> | <u>2013*</u> | <u>Current Year Increase/ (Decrease)</u> | <u>2012*</u> |
|-----------------------------------|----------------------|----------------------|--|----------------------|
| Operating revenues: | | | | |
| Water consumption sales | \$ 24,005,806 | \$ 22,171,254 | \$ 1,834,552 | \$ 18,668,008 |
| Monthly meter service charges | 9,411,946 | 8,906,789 | 505,157 | 7,998,014 |
| Conveyance charges | 147,635 | 133,961 | 13,674 | 193,749 |
| Other charges and services | 303,184 | 263,918 | 39,266 | 276,762 |
| Total operating revenues | <u>33,868,571</u> | <u>31,475,922</u> | <u>2,392,649</u> | <u>27,136,533</u> |
| Non-operating revenues: | | | | |
| Interest and investment earnings | 44,002 | 61,671 | (17,669) | 71,525 |
| New water supply charge | 240,509 | 839,841 | (599,332) | 182,905 |
| Other non-operating revenues, net | 35,330 | 31,581 | 3,749 | 35,664 |
| Total non-operating revenues | <u>319,841</u> | <u>933,093</u> | <u>(613,252)</u> | <u>290,094</u> |
| Total revenues | <u>\$ 34,188,412</u> | <u>\$ 32,409,015</u> | <u>\$ 1,779,397</u> | <u>\$ 27,426,627</u> |

*restated

- In FY 2014, total operating revenue increased \$ 2,392,649 (7.6%), as water consumption sales increased by \$1,834,552 (8.3%) and monthly meter service charges by \$505,157 (5.7%). The District adopted a 7% rate increase effective July 1, 2013. The District also experienced a 6.9% increase in water consumption when compared with FY 2013 levels resulting from the combination of continued dry warm weather and improvement in the local economy. Offsetting this trend, customers responded to a voluntary reduction in consumption when the District declared a Stage 1 drought on March 11, 2014. In FY 2013, the increase of \$4,339,389 (16.0%) in operating revenues was attributable to the 11% rate increase adopted on July 1, 2012 and the combination of dry warm weather and improvement in the local economy that drove higher consumer consumption during this period.
- FY 2014 non-operating revenue decreased when compared to FY 2013 by \$613,252 (65.7%) primarily due to a reduction in new water supply charges which generally represent a “one time” charge to new water customers and are less consistent. When comparing FY 2013 to FY 2012, total non-operating revenue increased \$642,999 (221.7%) as a specific project developer completed applications in 2013 to secure water rights for new water service at lower existing rates.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Expenses – Analysis:

| | 2014 | 2013* | Current Year Increase/ (Decrease) | 2012* |
|---------------------------------------|----------------------|----------------------|---|----------------------|
| Operating expenses: | | | | |
| Source of supply | \$ 14,304,469 | \$ 12,048,975 | \$ 2,255,494 | \$ 11,699,420 |
| Water treatment | 2,371,480 | 2,527,904 | (156,424) | 2,426,226 |
| Transmission and distribution | 3,614,773 | 2,941,150 | 673,623 | 2,489,968 |
| Customer accounts | 1,262,580 | 1,053,854 | 208,726 | 935,180 |
| General and administrative | 4,655,740 | 3,859,878 | 795,862 | 3,500,879 |
| Depreciation | 4,387,462 | 4,291,712 | 95,750 | 4,230,480 |
| Total operating expenses | <u>30,596,504</u> | <u>26,723,473</u> | <u>3,873,031</u> | <u>25,282,153</u> |
| Non-operating expenses: | | | | |
| Interest expense – long-term debt | 2,295,542 | 2,547,976 | (252,434) | 3,345,265 |
| Loss on disposition of capital assets | - | 44,927 | (44,927) | - |
| Amortization expense | 32,998 | 30,616 | 2,382 | 30,616 |
| Debt Issuance Costs | 199,306 | - | 199,306 | - |
| Total non-operating expenses | <u>2,527,846</u> | <u>2,623,519</u> | <u>(95,673)</u> | <u>3,375,881</u> |
| Total expenses | <u>\$ 33,124,350</u> | <u>\$ 29,346,992</u> | <u>\$ 3,777,358</u> | <u>\$ 28,658,034</u> |

*restated. For FY 2012, the cumulative impact of implementing GASB 65 is reflected in Non-operating expenses. See additional disclosure in Note 1 Deferred Outflows of Resources.

In 2014, total operating expenses increased by \$3,873,031 (14.5%) as compared to 2013.

- Source of Supply costs are largely fixed and include amounts paid to Cachuma Operation and Maintenance Board (COMB); Cachuma Conservation Release Board (CCRB); Goleta Sanitary District (GSD) for recycled water; well operations and maintenance project costs; and the Central Coast Water Authority (CCWA). The \$2,255,494 (18.7%) increase was primarily due to \$1,476,146 in higher State Water Project costs; \$270,200 increased CCRB fees related to a water rights project; \$447,521 increased well operations and maintenance and \$129,179 increased water conservation programs expense. These increases were partially offset by lower COMB operations and maintenance costs of \$198,469 FY 2014.
- Water treatment costs decreased \$156,424 (6.2%) primarily related to a \$175,368 reduction in payroll costs; \$52,398 reduction in chemical and filtering costs and water quality testing; offset by a \$71,338 increase in other costs including contracted services and professional and consulting fees.
- Transmission and distribution costs increased \$673,623 (22.9%) as a result of increased water system-related repair and maintenance activities, a \$278,178 increase in payroll costs, and a \$227,463 increase in contracted services and professional and consulting fees.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Expenses – Analysis: (continued)

- Customer accounts increased by \$208,726 (19.8%) primarily as a result of increased billing and related services.
- General and administration costs increased in FY 2014 by \$795,862 (20.6%) due to increases in payroll of \$237,734 as a result of lower allocations to capital projects; a \$171,797 increase in OPEB and general costs offset by a \$102,245 decrease in professional and consulting fees. Additionally, the District recorded an impairment charge of \$489,575 in the Engineering Department as a result of permanent construction stoppages and project discontinuations due to lack of funding and changes in priorities for capital allocations.

In 2013, total operating expenses increased by \$1,441,320 (5.7%) as compared to 2012.

- Sources of Supply increased by \$349,555 (3.0%) primarily due to a \$350,795 increase in COMB operations and maintenance costs; a \$235,991 increase of CCRB fees related to a water rights project; a \$272,170 increase in well operations and maintenance; and a \$149,491 increase in water conservation programs expense. These increases were partially offset by lower CCWA costs of \$619,891 due to credits provided by CCWA.
- Water treatment costs increased \$101,678 (4.2%) primarily due to \$36,062 of increased cost for additional chemicals, filtering and water quality testing in response to regulatory changes and increased water consumption and \$60,923 of increased cost related to completed projects.
- Transmission and distribution costs increased \$451,182 (18.1%) as a result of increased water system-related repair and maintenance activities.
- Customer accounts costs increased by \$118,674 (12.7%) due to facility and organization changes.
- General and administration costs increased by \$358,999 (10.3%) resulting from an increase in labor including benefits offset by decreases in other costs.

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Capital Assets – Analysis:

| | <u>Balance 2013</u> | | <u>Additions</u> | | <u>Transfer/ Deletions</u> | | <u>Balance 2014</u> |
|---------------------------|-------------------------|----|--------------------|----|--------------------------------|----|-------------------------|
| Capital assets: | | | | | | | |
| Non-depreciable assets | \$ 8,655,256 | \$ | 3,801,913 | \$ | (7,218,775) | \$ | 5,238,394 |
| Depreciable assets | 145,266,821 | | 6,002,409 | | - | | 151,269,230 |
| Accumulated depreciation | <u>(68,658,346)</u> | | <u>(4,387,362)</u> | | - | | <u>(73,045,708)</u> |
| Total capital assets, net | <u>\$ 85,263,731</u> | \$ | <u>5,416,960</u> | \$ | <u>(7,218,775)</u> | \$ | <u>83,461,916</u> |

| | <u>Balance 2012</u> | | <u>Additions</u> | | <u>Transfer/ Deletions</u> | | <u>Balance 2013</u> |
|---------------------------|-------------------------|----|--------------------|----|--------------------------------|----|-------------------------|
| Capital assets: | | | | | | | |
| Non-depreciable assets | \$ 6,245,801 | \$ | 5,324,338 | \$ | (2,914,883) | \$ | 8,655,256 |
| Depreciable assets | 142,535,063 | | 2,855,775 | | (124,017) | | 145,266,821 |
| Accumulated depreciation | <u>(64,468,779)</u> | | <u>(4,291,712)</u> | | 102,145 | | <u>(68,658,346)</u> |
| Total capital assets, net | <u>\$ 84,312,085</u> | \$ | <u>3,888,401</u> | \$ | <u>(2,936,755)</u> | \$ | <u>85,263,731</u> |

At June 30, 2014 and June 30, 2013, District capital investment, net of accumulated depreciation, totaled \$83,461,916 and \$85,263,731, respectively, increasing from \$84,312,085 at June 30, 2012. Capital asset investments include: land, land rights, water treatment plant, transmission and distribution systems, wells, tanks, reservoirs, pumps, buildings and structures, equipment, vehicles and construction-in-process projects. In FY 2014, the District recorded an impairment charge of \$497,873 resulting from permanent construction stoppages and project discontinuations due to lack of funding and changes in priorities for capital projects. Throughout FY 2014 and FY 2013, the District continued to fund capital improvements to the existing distribution system as well as other property plant and equipment. Specific projects included the San Ricardo well rehabilitation and the improvements at the Goleta Sanitary District Recycled Water Treatment plant (See Note 5-Capital Assets for additional detail).

Goleta Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013

Debt – Analysis:

| | Balance 2013* | Adjustments/ Additions | Principal Payments/ Amortization | Balance 2014 |
|------------------------------------|--------------------------|-----------------------------------|---|-------------------------|
| Debt: | | | | |
| Certificates of participation, net | \$ <u>53,783,184</u> | \$ <u>2,344,593</u> | \$ <u>(1,133,325)</u> | \$ <u>54,994,452</u> |

| | Balance 2012* | Adjustments/ Additions | Principal Payments/ Amortization | Balance 2013* |
|------------------------------------|--------------------------|-----------------------------------|---|--------------------------|
| Debt: | | | | |
| Certificates of participation, net | \$ <u>54,744,118</u> | \$ <u>(934)</u> | \$ <u>(960,000)</u> | \$ <u>53,783,184</u> |

* restated

- On January 22, 2014, the Districted restructured a portion of its debt at a \$2,603,224 premium and issued the \$19,050,000 2014A Certificates of Participation and refunded \$19,150,000 of Certificates of Participation issued in 2003. In addition to refunding debt, the District was able to release the \$3,520,070 reserve held by the bond trustee on the 2003 Certificates of Participation. To defease the 2003 Certificates of Participation, the District irrevocably placed \$19,349,495 in a trust which will be used to pay the bond holders as the bonds mature.
- During FY 2014 and 2013, net long-term debt decreased by \$1,133,325 and \$960,000 due to principal payments and the amortization of the related debts (see Note 9: Long-Term Debt for additional detail).

Conditions Affecting Current Financial Position

Management has noted certain items as potential issues that may affect its current financial position in the footnotes to the financial statements (see Note 14: Commitments and Contingencies for additional detail).

Notes to the Basic Financial Statements

The notes following the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Requests for Information

This financial report is designed to provide District officers, investors, customers, stakeholders, and other interested parties with an overview of the District's financial condition, as well as insight into current fiscal practices and overall management oversight. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District Administrative Manager/CFO at 4699 Hollister Avenue, Goleta, CA 93110-1999.

**Goleta Water District
Statement of Net Position
June 30, 2014 and 2013**

| ASSETS | 2014 | 2013* |
|---|--------------------|--------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 7,611,895 | \$ 6,440,725 |
| Restricted – cash and cash equivalents | 7,218,851 | 2,742,036 |
| Accrued interest receivable | 3,501 | 4,208 |
| Accounts receivable – water sales and services, net | 7,941,489 | 5,626,582 |
| Accounts receivable – other | 372,914 | 77,910 |
| Water-in-storage inventory | 441,980 | 242,643 |
| Materials and supplies inventory | 469,122 | 341,228 |
| Prepaid source of supply costs | 8,168,780 | 7,708,127 |
| Prepaid expenses and other deposits | 183,056 | 181,865 |
| Total Current Assets | 32,411,588 | 23,365,324 |
| NON-CURRENT ASSETS: | | |
| Restricted – investments | 3,411,381 | 6,924,022 |
| Prepaid water supply renegotiation costs, net | 214,311 | 244,927 |
| Prepaid bond insurance premiums, net | 59,535 | - |
| Capital assets, not being depreciated | 5,238,394 | 8,655,256 |
| Depreciable capital assets, net | 78,223,522 | 76,608,475 |
| Total Non-Current Assets | 87,147,143 | 92,432,680 |
| Total Assets | 119,558,731 | 115,798,004 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Total Deferred Outflows of Resources | 1,585,341 | 1,705,497 |

(continued)

**restated*

See accompanying notes to the basic financial statements

Goleta Water District
Statement of Net Position (Continued)
June 30, 2014 and 2013

| LIABILITIES | 2014 | 2013* |
|---|----------------------|----------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | 1,237,649 | 1,367,439 |
| Accrued wages and related payables | 287,766 | 200,348 |
| Customer advances and deposits | 2,065,377 | 1,571,114 |
| Accrued interest payable on certificates-of-participation | 623,021 | 628,040 |
| Long-term liabilities – due within one year: | | |
| Compensated absences | 286,816 | 248,571 |
| Certificates-of-participation payable | 1,045,000 | 995,000 |
| Total Current Liabilities | 5,545,629 | 5,010,512 |
| NON-CURRENT LIABILITIES: | | |
| Long-term liabilities – due in more than one year: | | |
| Compensated absences | 788,527 | 689,942 |
| Other post employment benefits payable | 4,393,803 | 3,916,776 |
| Certificates-of-participation payable | 53,949,452 | 52,788,184 |
| Total Non-Current Liabilities | 59,131,782 | 57,394,902 |
| Total Liabilities | 64,677,411 | 62,405,414 |
| NET POSITION: | | |
| Net investment in capital assets | 30,052,804 | 33,186,044 |
| Restricted for debt service | 2,788,360 | 6,295,982 |
| Restricted cash and cash equivalents | 7,218,851 | 2,742,036 |
| Unrestricted | 16,406,646 | 12,874,025 |
| TOTAL NET POSITION | \$ 56,466,661 | \$ 55,098,087 |

* restated

See accompanying notes to the basic financial statements

Goleta Water District
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

| | 2014 | 2013* |
|---|----------------------|----------------------|
| OPERATING REVENUES: | | |
| Water consumption sales | \$ 24,005,806 | \$ 22,171,254 |
| Monthly service charges | 9,411,946 | 8,906,789 |
| Conveyance charges | 147,635 | 133,961 |
| Other charges and services | 303,184 | 263,918 |
| Total operating revenues | 33,868,571 | 31,475,922 |
| OPERATING EXPENSES: | | |
| Source of supply | 14,304,469 | 12,048,975 |
| Water treatment | 2,371,480 | 2,527,904 |
| Transmission and distribution | 3,614,773 | 2,941,150 |
| Customer accounts | 1,262,580 | 1,053,854 |
| General and administrative | 4,655,740 | 3,859,878 |
| Total operating expenses | 26,209,042 | 22,431,761 |
| Operating income before depreciation | 7,659,529 | 9,044,161 |
| Depreciation expense | (4,387,462) | (4,291,712) |
| Net operating income | 3,272,067 | 4,752,449 |
| NON-OPERATING REVENUE (EXPENSE): | | |
| Interest and investment earnings | 44,002 | 61,671 |
| New water supply charges | 240,509 | 839,841 |
| Interest expense – long-term debt | (2,295,542) | (2,547,976) |
| Debt issuance costs | (199,306) | - |
| Amortization expense | (32,998) | (30,616) |
| Loss on sale/disposition of capital assets, net | - | (44,927) |
| Other non-operating revenues, net | 35,330 | 31,581 |
| Total non-operating loss, net | (2,208,005) | (1,690,426) |
| Net income before capital contributions | 1,064,062 | 3,062,023 |
| CAPITAL CONTRIBUTIONS: | | |
| State capital grant | - | 278,885 |
| Capital contributions | 304,512 | 770,593 |
| Capital contributions | 304,512 | 1,049,478 |
| INCREASE IN NET POSITION | 1,368,574 | 4,111,501 |
| NET POSITION, BEGINNING OF YEAR, AS RESTATED | 55,098,087 | 50,986,586 |
| NET POSITION, END OF YEAR | \$ 56,466,661 | \$ 55,098,087 |

* restated

See accompanying notes to the basic financial statements

**Goleta Water District
Statement of Cash Flows
For the Years Ended June 30, 2014 and 2013**

| | 2014 | 2013* |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash receipts from customers for water sales and services | \$ 31,752,922 | \$ 29,577,814 |
| Cash paid to employees for salaries and wages | (9,327,811) | (8,836,521) |
| Cash paid to vendors and suppliers for materials and services | (17,125,407) | (13,264,523) |
| | <hr/> | <hr/> |
| Net Cash Provided by Operating Activities | 5,299,704 | 7,476,770 |
| | <hr/> | <hr/> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and construction of capital assets | (2,430,647) | (5,243,358) |
| Proceeds from capital grants | - | 278,885 |
| Proceeds from new water supply charges | 240,509 | 839,841 |
| Proceeds from capital contributions | 304,512 | 770,593 |
| Proceeds from long-term debt | 21,453,729 | - |
| Defeasance of long-term debt | (19,150,000) | - |
| Principal paid on long-term debt | (995,000) | (960,000) |
| Certificate of participation issuance costs | (199,306) | - |
| Interest paid on long-term debt | (2,432,866) | (2,369,145) |
| Loss from the sale/disposition of capital assets | - | (44,927) |
| | <hr/> | <hr/> |
| Net Cash Used in Capital and Related Financing Activities | (3,209,069) | (6,728,111) |
| | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments (proceeds from sale) | 3,512,641 | (837) |
| Interest and investment earnings | 44,709 | 66,211 |
| | <hr/> | <hr/> |
| Net Cash Provided by Investing Activities | 3,557,350 | 65,374 |
| | <hr/> | <hr/> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,647,985 | 814,033 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 9,182,761 | 8,368,728 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 14,830,746 | \$ 9,182,761 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Reconciliation of cash and cash equivalents to statement of net financial position: | | |
| Cash and cash equivalents | \$ 7,611,895 | \$ 6,440,725 |
| Restricted assets – cash and cash equivalents | 7,218,851 | 2,742,036 |
| | <hr/> | <hr/> |
| Total Cash and Cash Equivalents | \$ 14,830,746 | \$ 9,182,761 |
| | <hr/> <hr/> | <hr/> <hr/> |

* restated

See accompanying notes to the basic financial statements

Goleta Water District
Statement of Cash Flows (Continued)
For the Years Ended June 30, 2014 and 2013

| | 2014 | 2013* |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating Income | \$ 3,272,067 | \$ 4,752,449 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 4,387,462 | 4,291,712 |
| Other non-operating revenue | 35,330 | 56,471 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in assets: | | |
| Accounts receivable – water sales and services, net | (2,314,907) | (2,246,503) |
| Accounts receivable – other | (295,004) | 230,052 |
| Water-in-storage inventory | (199,337) | 180,006 |
| Materials and supplies inventory | (127,894) | (45,923) |
| Prepaid Central Coast Water Authority source of supply costs | (460,653) | (982,478) |
| Prepaid expenses and other deposits | (61,916) | (4,400) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | (130,982) | 537,376 |
| Accrued wages and related payables | 87,418 | 200,146 |
| Customer advances and deposits | 494,263 | 118,343 |
| Compensated absences | 136,830 | 62,784 |
| Post employment retirement benefits | 477,027 | 326,735 |
| Total adjustments | 2,027,637 | 2,724,321 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 5,299,704 | \$ 7,476,770 |

* restated

| | 2014 | 2013 |
|--|------------|-------------|
| <u>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES:</u> | | |
| Capital Contributions | \$ 304,512 | \$ 476,015 |
| Disposition of Asset | \$ - | \$ (44,927) |
| Capitalized Interest on Fixed Asset Additions | \$ 154,999 | \$ 239,456 |
| Impairment Charge of Capital Assets | \$ 497,873 | \$ - |

See accompanying notes to the basic financial statements

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

Established on November 17, 1944, the Goleta Water District (the District) encompasses an area extending along the south coast of Santa Barbara County west from the Santa Barbara city limits to El Capitan. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

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

The Goleta Water District Financing Corporation (Corporation) was incorporated in May 1993. The Corporation is a California nonprofit public benefit corporation formed to assist the District by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by the District and leasing or selling such property to the District and as such has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of the District, as it is in substance part of the District's operations. No separate financial statements are prepared for the Corporation.

Basis of Accounting and Measurement Focus

The District operates as a utility enterprise and the accompanying basic financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under full accrual accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting.

An enterprise fund 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 the District's principal ongoing operations. The principal operating revenues of the District are water sales and related services. Operating expenses for the District include water purchases, water production, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses consist of new water supply charges, grant funding, investment income, interest expense, and other miscellaneous revenues.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies - continued

Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

Net Position

In the Statement of Net Position, net position is classified in the following categories:

- *Net investment in capital assets* – This amount is the District’s net investment in its various capital assets and includes capital assets net of accumulated depreciation and capital-related deferred outflows of resources and reduced by capital-related borrowings and deferred inflows of resources.
- *Restricted for debt service* – This amount is restricted for various bond issues and is not available for the general needs of the District. These funds must be maintained at specific levels and are restricted by certain bond covenants.
- *Restricted cash and cash equivalents* – This amount is restricted for custodial costs due to third parties for customer funded capital projects and specific capital projects which are eligible for funding from restricted bond proceeds.
- *Unrestricted* - This amount of net position consists of net position that does not meet the definition of *net investment in capital assets or restricted*.

New Accounting Pronouncements

| | | |
|------------------|---|---|
| Statement No. 67 | <i>Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25</i> | The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. There was no impact to the financial statements. |
| Statement No.70 | <i>Accounting and Financial Reporting for Non-exchange Financial Guarantees</i> | The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. There was no impact to the financial statements. |

Assets, Liabilities and Net Position

1. Use of Estimates

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

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies - continued

Assets, Liabilities and Net Position - continued

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

3. Investments and Investment Policy

In accordance with the District's investment policy, the Board of Directors delegates the investment authority of the District to the General Manager. In accordance with the Government Code sections, collateral established as security for District funds will be those securities specified by law as eligible for collateral for deposits of local public agencies.

Investment of District moneys not required for immediate expenditure will be made in securities or other certificates of indebtedness as provided for by law for the investment of public funds.

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

4. Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the provision for doubtful accounts and the write-off of those accounts.

5. Federal and State Capital and Operating Grants

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the statement of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net position.

6. Water-In-Storage Inventory

On October 1 of each year, 9,322 acre-feet of water is allocated to the District as a result of District participation in the Cachuma Lake Project. If all of the allocation is not used in the current year, it is stored in the Cachuma Lake Project for use the following year. In addition, an amount of unused water carried over from prior years, if available, is also stored in the facility. The District has its own facilities for storing water in which stored water carries no cost. This stored water is subject to loss through evaporation, natural disasters, dam ruptures, excess rainfall and dam spillage at the various facilities. The losses are not covered by insurance.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies - continued

Assets, Liabilities and Net Position – continued

7. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, pipe and pipe fittings for construction and repair of District water transmission and distribution systems. Inventory is valued at cost using the weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed or capitalized when individual items are used in internally constructed projects.

8. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

9. Restricted Assets

Certain assets of the District are restricted in use by ordinance or debt covenant, and accordingly are shown as restricted assets on the accompanying statement of net position. Certificates of Participation reserve funds and construction funds set aside from Certificates of Participation proceeds are restricted for future debt service payments and construction projects. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

10. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Interest and indirect costs incurred during the construction phase of capital assets are reflected in the capitalized value of the asset constructed. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|--------------------------------------|--------------|
| Transmission and distribution system | 20-50 years |
| Recycled water system | 33 1/3 years |
| Water treatment plant/equipment | 10-30 years |
| Wells | 25 years |
| Pumping equipment | 25 years |
| Structures and improvements | 15-50 years |
| Other plant and equipment | 5-25 years |
| Capitalized interest | 50 years |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies - continued

Assets, Liabilities and Net Position – continued

11. Prepaid Water Supply Renegotiation Costs

Renegotiation costs represent the capital portion of expenses incurred by the Cachuma Project Authority (CPA) on behalf of the Goleta Water District and others in order to renegotiate the Lake Cachuma water supply contract with the U.S. Bureau of Reclamation. A new agreement was developed in April 1996, and renegotiation costs are amortized over the term of the new contract, which is 25 years.

12. Prepaid Bond Insurance Premiums

Prepaid bond insurance premium issuance costs will be amortized using the straight-line method over the remaining life of the respective debt service.

13. Deferred Outflows of Resources

In June 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The deferred charge on the refunding reported in the District's statement of net position qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

GASB 65 also requires debt issuance costs (except prepaid insurance costs) to be recognized as an expense in the period incurred. Previously, these costs were amortized over the life of the related debt issuance. The District implemented GASB 65 in FY 2014 and restated its FY 2013 basic financial statements. The details of this restatement are as follows:

| | |
|---|----------------------|
| Net position at June 30, 2012, as previously reported | \$ 51,724,950 |
| Prior period adjustment for GASB 65 implementation | (738,364) |
| Net position at June 30, 2012, as restated | <u>\$ 50,986,586</u> |

For the year ended June 30, 2013 this change decreased net position by \$693,569, as compared to the amounts previously reported. The details of this restatement are as follows:

| | |
|--|----------------------|
| Net position at June 30, 2012, as restated | \$ 50,986,586 |
| Change in net position, as previously reported for June 30, 2013 | 4,066,706 |
| Prior period adjustment for GASB 65 implementation | 44,795 |
| Net position at June 30, 2013, as restated | <u>\$ 55,098,087</u> |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies - continued

Assets, Liabilities and Net Position – continued

The effect on the June 30, 2013 Statement of Net Position was as follows:

| | | |
|---|----|-----------------------|
| Decrease in unamortized debt issuance costs | \$ | 526,340 |
| Decrease in gain/loss on defeasement of debt | | <u>167,229</u> |
| Total decrease in net position (net investment in capital assets) | \$ | <u><u>693,569</u></u> |

14. Compensated Absences

District personnel policies provide for accumulation of vacation, sick leave and compensated time-off. Liabilities for vacation, sick leave and compensated time-off are recorded when benefits are earned to the extent it is probable that benefits will result in termination payments. Cash payment of unused vacation, a percentage of earned sick time and compensated time-off is available to qualified employees when retired or terminated.

15. Customer Advances and Deposits

Customer advances represent deposits received in aid of construction, which are refundable if the applicable construction costs are less or do not take place. Customer advances are reclassified to Contributed capital when the applicable construction project is completed.

16. Water Sales

Water sales are normally billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30 has been accrued at year-end.

17. New Water Supply Charges

New water supply charge revenue was described in previous years as capacity charges. All new water service connections are subject to the new water supply charge, a one-time charge; currently \$45,361 per acre foot for potable water. The purpose is to recover a portion of the costs that developed additional new water supplies necessary to provide such additional service. The conditions letter issued by the District to the applicant pursuant to District Code Section 5.08.20 (F) includes the amount of the new water supply charge for the new service. The new water supply charge must be paid prior to issuance of a Can and Will Serve Letter or application approval at the date of this reporting period. The formula for determining this charge, described in the District's Code at Appendix A (12), is based on the type of project and required service size. Project types include single-family residential, multiple-family residential, landscape and recreation irrigation, agricultural irrigation, commercial and other nonresidential uses and expanded service to existing structures or uses. This charge varies for potable, non-potable, and recycled water service.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies - continued

18. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or by real estate developers desiring services that require capital expenditures to connect to the District's transmission and distribution system.

19. Budgetary Policies

The District adopts an annual budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

20. Reclassifications

Certain prior year balances have been reclassified in order to conform to current year presentation. These reclassifications had no effect upon reported net position. The District reclassified \$1,705,497 of deferred outflows of resources as of June 30, 2013 in order to conform to the current year presentation. The reclassification had no effect on prior year reported net position.

21. Future GASB Statements

GASB Statements listed below will be implemented in future financial statements:

| | | |
|------------------|---|--|
| Statement No. 68 | <i>Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27</i> | The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. |
| Statement No.69 | <i>Accounting and Financial Reporting for Government Combinations and Disposals of Government Operations</i> | The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. |
| Statement No.71 | <i>Pension Transition for Contributions Made After the Measurement Date of a Government's beginning net pension liability</i> | The provisions of this Statement are effective simultaneously with the provisions of Statement 68 |

The above Future GASB Statements are not expected to have a material effect on the fiscal year 2013-14 financial statements, except for the following:

The implementation of GASB Statement No. 68 (GASB 68) in fiscal year 2014-15 will require a prior period adjustment to net position to recognize the District's actuarially determined net pension liability. This statement provides requirements for how pension costs and obligations are measured and reported in the basic financial statements. When an organization's pension liability exceeds the pension plan's net assets available for paying benefits, there is a net pension liability. Governments will now be required to report that

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 1: Reporting Entity and Summary of Significant Accounting Policies – continued

amount as a liability in their basic financial statements. In addition, GASB 68 requires that projected benefit payments be discounted to their actuarial present value using a single rate that reflects (1) a long-term expected rate of return on pension plan investments to the extent that the pension plan's fiduciary net position is projected to be sufficient to pay benefits and pension plan assets are expected to achieve that rate and (2) a tax-exempt, high quality municipal bond rate to the extent that the conditions under (1) are not met. The net impact has not been determined as of the audit opinion date.

Note 2: Cash and Investments

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

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 7,611,895 | \$ 6,440,725 |
| <i>Restricted – cash and cash equivalents</i> | 7,218,851 | 2,742,036 |
| Restricted – investments | <u>3,411,381</u> | <u>6,924,022</u> |
| Total Cash and Investments | <u>\$ 18,242,127</u> | <u>\$ 16,106,783</u> |

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

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|----------------------|----------------------|
| Cash on hand | \$ 1,100 | \$ 1,100 |
| Deposits with financial institutions | 14,829,646 | 9,181,661 |
| Investments | <u>3,411,381</u> | <u>6,924,022</u> |
| Total Cash and Investments | <u>\$ 18,242,127</u> | <u>\$ 16,106,783</u> |

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

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

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 2: Cash and Investments – continued

| Authorized Investment Types* | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|------------------|---------------------------------|----------------------------------|
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Obligations | 5 years | None | None |
| Time Deposits, Non-negotiable | 5 years | None | None |
| Money Market Funds | N/A | 20% | None |
| Santa Barbara County Pooled Investment Fund | N/A | None | None |
| State of California’s Local Agency Investment Fund (LAIF) | N/A | None | None |
| Local Government Investment pools (Joint Power Authority Pools) | N/A | None | None |

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

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

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|--|------------------|---------------------------------|----------------------------------|
| U.S. Treasury Obligations | None | None | None |
| U.S. Agency Obligations | None | None | None |
| Bankers Acceptances | None | None | None |
| Commercial Paper | 180 days | 30% | 10% |
| Corporate bonds, debentures, and notes | None | None | None |
| Interest bearing accounts – state or national banks or state or national savings and loans | None | None | None |
| Local Agency Investment Funds | None | None | None |
| Money Market Mutual Funds | None | None | None |
| Investment Contracts | None | None | None |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 2: Cash and Investments – continued

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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the 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. The District has deposits with various banks with various bank balances as of June 30, 2014 and 2013, respectively. Of the bank balances, up to \$250,000 in 2014 and 2013 are federally insured. At June 30, 2014, the remaining \$2,626,559 on deposit in excess of the federally insured amount was collateralized with securities held by the pledging financial institutions agent. At June 30, 2013, the District held \$663,985 on deposit in excess of the federally insured amount which was uncollateralized. The remaining \$3,519,897 was collateralized with securities held by the pledging financial institutions agent.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Interest Rate Risk

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

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 2: Cash and Investments – continued

of its fair value are to changes in market interest rates. During FY 2014 and FY 2013, the District managed its liquidity needs by investing only in short-term securities. Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity date.

Investments at June 30, 2014, consisted of the following:

| | Amount | Remaining Maturity (in Months) | | | |
|---|---------------------|--------------------------------|-----------------|-----------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More than 60 Months |
| Held by bond trustee: | | | | | |
| California State Treasurer – LAIF | \$ 3,397,314 | \$ 3,397,314 | \$ - | \$ - | \$ - |
| Dreyfus Treasury and Agency Cash Management | 14,067 | 14,067 | - | - | - |
| Total | \$ 3,411,381 | \$ 3,411,381 | \$ - | \$ - | \$ - |

Investments at June 30, 2013, consisted of the following:

| | Amount | Remaining Maturity (in Months) | | | |
|---|---------------------|--------------------------------|-----------------|-----------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More than 60 Months |
| Certificates-of-deposit | \$ 8,003 | \$ 8,003 | \$ - | \$ - | \$ - |
| Held by bond trustee: | | | | | |
| California State Treasurer – LAIF | 6,915,900 | 6,915,900 | - | - | - |
| Dreyfus Treasury and Agency Cash Management | 119 | 119 | - | - | - |
| Total | \$ 6,924,022 | \$ 6,924,022 | \$ - | \$ - | \$ - |

Credit 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. Investment ratings were obtained from Standard and Poor’s Ratings Services. Presented below is the minimum legal rating required, where applicable, by the California Government Code or debt agreements, and the actual rating as of year-end for each investment type.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 2: Cash and Investments – continued

Credit ratings at June 30, 2014, consisted of the following:

| Investment Type | Amount | Min Legal Rating | Exempt from Disclosure | S&P Ratings | | |
|---|---------------------|------------------------|------------------------------|------------------|-------------|-------------|
| | | | | AAA | AA- | BB- |
| Held by bond trustee: | | | | | | |
| California State Treasurer - LAIF | \$ 3,397,314 | Not rated | \$ 3,397,314 | \$ - | \$ - | \$ - |
| Dreyfus Treasury and Agency Cash Management | 14,067 | AAA | - | 14,067 | - | - |
| Total | \$ 3,411,381 | | \$ 3,397,314 | \$ 14,067 | \$ - | \$ - |

Credit ratings at June 30, 2013, consisted of the following:

| Investment Type | Amount | Min Legal Rating | Exempt from Disclosure | S&P Ratings | | |
|---|---------------------|------------------------|------------------------------|---------------|-------------|-------------|
| | | | | AAA | AA- | BB- |
| Certificates-of-deposit Fund | \$ 8,003 | N/A | \$ 8,003 | \$ - | \$ - | \$ - |
| Held by bond trustee: | | | | | | |
| California State Treasurer - LAIF | 6,915,900 | Not Rated | 6,915,900 | - | - | - |
| Dreyfus Treasury and Agency Cash Management | 119 | AAA | - | 119 | - | - |
| Total | \$ 6,924,022 | | \$ 6,923,903 | \$ 119 | \$ - | \$ - |

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code other than money market funds which are limited to 20% of the District's portfolio at the time of initial purchase. Investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

| Issuer | Investment type | Reported Amount | |
|----------------------------------|---------------------------|-----------------|--------------|
| | | 2014 | 2013 |
| Held by bond trustee: | | | |
| California State Treasurer -LAIF | LAIF | \$ 3,397,314 | \$ 6,915,900 |
| Dreyfus Treasury and Agency | U.S. Treasury Obligations | \$ 14,067 | \$ 119 |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 3: Accounts Receivable - Water Sales and Services, Net

The balance at June 30, consists of the following:

| | 2014 | 2013 |
|--|--------------|--------------|
| Accounts receivable - water sales and services | \$ 8,096,063 | \$ 5,750,452 |
| Allowance for uncollectible accounts | (154,574) | (123,870) |
| | \$ 7,941,489 | \$ 5,626,582 |

The June 30, 2014 accounts receivable amount represents a balance that is above a normal operating balance. This unusually high balance is primarily related to issues associated with the conversion to a new billing platform in January 2014. The conversion caused a delay and as a result of a “catch-up” effort, some customers received more than one cycle bill toward the end of FY 2014. As part of the new billing system, customer bills are generated in cycles. As a result of the monthly billing cut-offs, the following accounts receivable accruals have been recorded:

- For the fiscal years ended June 30, 2014 and 2013, \$1,298,344 and \$2,276,421, respectively, were attributable to accrued revenue as bills were not produced by the fiscal year end. These amounts were produced and mailed out subsequent to fiscal year end.
- At June 30, 2013, an accrual of \$568,324 related to estimated billings that were not completed. The accrual was reversed and replaced with actual billings during FY 2014.

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the provision for doubtful accounts and the write-off of those accounts.

Note 4: Prepaid Central Coast Water Authority Source of Supply Costs

In 1991, the voters of the District elected to participate in the State Water Project (SWP). As a result, the District joined in the formation of the Central Coast Water Authority (CCWA) in August 1991. The purpose of the Central Coast Water Authority is to provide for the financing, construction, operation, and maintenance of certain local (non- state owned) facilities required to deliver water from the SWP to certain water purveyors and users in Santa Barbara County.

Each project participant, including the District, has entered into a Water Supply Agreement to provide for the development, financing, construction, operation and maintenance of the CCWA Project. The purpose of the Water Supply Agreement is to assist in carrying out the purposes of CCWA with respect to the CCWA Project by: (1) requiring CCWA to sell, and the Santa Barbara Project participants to buy, a specified amount of water from CCWA (“take or pay”); and (2) assigning the project participant’s entitlement rights in the State Water project to CCWA. Although the District does have an ongoing financial interest pursuant to the Water Supply Agreement between the District and CCWA, the District does not have an equity interest in the CCWA Project.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 4: Prepaid Central Coast Water Authority Source of Supply Costs – continued

Each project participant is required to pay to CCWA an amount equal to its share of the total cost of “fixed project costs” and certain other costs in the proportion established in the Water Supply Agreement. This includes the project participant’s share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power and replacement costs of the DWR facilities), debt service on CCWA bonds and all CCWA operation and administrative costs.

CCWA is composed of eight voting members, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Votes on the Board are approximately apportioned between the entities based upon each entity’s allocation of State water entitlement. The District’s share of the project, based upon number of acre-feet of water, is 17.2%. Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

Each project participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. Each project participant has agreed, in its Water Supply Agreement, to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payment required pursuant to the Water Supply Agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

Per CCWA, the District’s estimated payments for State Water infrastructure for the next ten fiscal years are summarized below:

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|----------------------|
| 2015 | \$ 8,239,113 |
| 2016 | 8,087,599 |
| 2017 | 8,035,119 |
| 2018 | 7,748,547 |
| 2019 | 7,594,275 |
| 2020-2024 | <u>33,494,405</u> |
| Total | \$ <u>73,199,058</u> |

Additional information and complete financial statements for the CCWA are available at www.ccwa.com or for public inspection at 255 Industrial Way, Buellton, CA, Monday through Friday, between the hours of 8 a.m. and 5 p.m.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 5: Capital Assets

Changes in capital assets for the current year were as follows:

| | <u>Balance 2013</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>Balance 2014</u> |
|---|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Capital Assets, not being depreciated: | | | | |
| Land and land rights | \$ 549,325 | \$ - | \$ - | \$ 549,325 |
| Construction-in-process | <u>8,105,931</u> | <u>3,801,913</u> | <u>(7,218,775)</u> | <u>4,689,069</u> |
| Total Capital Assets, not being depreciated | <u>8,655,256</u> | <u>3,801,913</u> | <u>(7,218,775)</u> | <u>5,238,394</u> |
| Depreciable Capital Assets: | | | | |
| Transmission and distribution system | 56,514,469 | 2,446,941 | - | 58,961,410 |
| Recycled water system | 24,435,706 | 557,301 | - | 24,993,007 |
| Water treatment plant/equipment | 40,282,548 | 217,259 | - | 40,499,807 |
| Wells | 8,484,165 | 1,841,354 | - | 10,325,519 |
| Pumping equipment | 2,692,341 | 231,310 | - | 2,923,651 |
| Structures and improvements | 3,206,589 | - | - | 3,206,589 |
| Other plant and equipment | 7,777,881 | 310,510 | - | 8,088,391 |
| Capitalized interest | <u>1,873,122</u> | <u>397,734</u> | <u>-</u> | <u>2,270,856</u> |
| Total Depreciable Capital Assets | 145,266,821 | 6,002,409 | - | 151,269,230 |
| Accumulated Depreciation: | | | | |
| Transmission and distribution system | (26,644,354) | (1,441,452) | - | (28,085,806) |
| Recycled water system | (14,886,620) | (810,768) | - | (15,697,388) |
| Water treatment plant/equipment | (13,468,096) | (1,106,537) | - | (14,574,633) |
| Wells | (3,546,281) | (344,264) | - | (3,890,545) |
| Pumping equipment | (1,796,789) | (60,017) | - | (1,856,806) |
| Structures and improvements | (1,500,937) | (121,970) | - | (1,622,907) |
| Other plant and equipment | (6,665,145) | (464,373) | - | (7,129,518) |
| Capitalized interest | <u>(150,124)</u> | <u>(37,981)</u> | <u>-</u> | <u>(188,105)</u> |
| Total Accumulated Depreciation | <u>(68,658,346)</u> | <u>(4,387,362)</u> | <u>-</u> | <u>(73,045,708)</u> |
| Total Depreciable Capital Assets, Net | <u>76,608,475</u> | <u>1,615,047</u> | <u>-</u> | <u>78,223,522</u> |
| Total Capital Assets, Net | <u>\$ 85,263,731</u> | <u>\$ 5,416,960</u> | <u>\$ (7,218,775)</u> | <u>\$ 83,461,916</u> |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 5: Capital Assets – continued

Changes in capital assets for the prior year were as follows:

| | <u>Balance 2012</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>Balance 2013</u> |
|--|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Capital Assets, not being depreciated: | | | | |
| Land and land rights | \$ 549,325 | \$ - | \$ - | \$ 549,325 |
| Construction-in-process | 5,696,476 | 5,324,338 | (2,914,883) | 8,105,931 |
| Total Capital Assets, not being depreciated | <u>6,245,801</u> | <u>5,324,338</u> | <u>(2,914,883)</u> | <u>8,655,256</u> |
| Depreciable Capital Assets: | | | | |
| Transmission and distribution system | 54,488,944 | 2,056,855 | (31,330) | 56,514,469 |
| Recycled water system | 24,423,837 | 11,869 | - | 24,435,706 |
| Water treatment plant/equipment | 40,259,756 | 30,876 | (8,084) | 40,282,548 |
| Wells | 8,483,906 | 17,427 | (17,168) | 8,484,165 |
| Pumping equipment | 2,673,191 | 19,150 | - | 2,692,341 |
| Structures and improvements | 3,206,589 | - | - | 3,206,589 |
| Other plant and equipment | 7,436,853 | 408,463 | (67,435) | 7,777,881 |
| Capitalized interest | 1,561,987 | 311,135 | - | 1,873,122 |
| Total Depreciable Capital Assets | <u>142,535,063</u> | <u>2,855,775</u> | <u>(124,017)</u> | <u>145,266,821</u> |
| Accumulated Depreciation: | | | | |
| Transmission and distribution system | (25,418,063) | (1,235,405) | 9,114 | (26,644,354) |
| Recycled water system | (14,076,667) | (809,953) | - | (14,886,620) |
| Water treatment plant/equipment | (12,372,285) | (1,103,895) | 8,084 | (13,468,096) |
| Wells | (3,296,620) | (267,173) | 17,512 | (3,546,281) |
| Pumping equipment | (1,737,155) | (59,634) | - | (1,796,789) |
| Structures and improvements | (1,379,257) | (121,680) | - | (1,500,937) |
| Other plant and equipment | (6,069,848) | (662,732) | 67,435 | (6,665,145) |
| Capitalized interest | (118,884) | (31,240) | - | (150,124) |
| Total Accumulated Depreciation | <u>(64,468,779)</u> | <u>(4,291,712)</u> | <u>102,145</u> | <u>(68,658,346)</u> |
| Total Depreciable Capital Assets, Net | <u>78,066,284</u> | <u>(1,435,937)</u> | <u>(21,872)</u> | <u>76,608,475</u> |
| Total Capital Assets, Net | <u>\$ 84,312,085</u> | <u>\$ 3,888,401</u> | <u>\$ (2,936,755)</u> | <u>\$ 85,263,731</u> |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 5: Capital Assets – continued

During FY 2014, major capital asset additions included various projects and upgrades to District transmission and distribution systems, recycled system and wells. A portion of these additions were constructed by the District and transferred out of construction-in-process upon completion of these various projects. In FY 2014, the District recorded an impairment charge of \$497,873 resulting from permanent construction stoppages and project discontinuations due to lack of funding and changes in priorities for capital allocations. These impairment losses are reportable as direct operating expenses.

During FY 2013, major capital asset additions included various projects and upgrades to District transmission and distribution systems, meters and service connections, other plant equipment and related capital interest. A portion of these additions were constructed by the District and transferred out of construction-in-process upon completion of these various projects.

The amount of interest costs capitalized in FY 2014 and FY 2013 were \$154,999 and \$239,456, respectively. Total interest costs incurred during FY 2014 and FY 2013 were \$2,450,541 and \$2,787,432, respectively.

Construction-In-Process

The District has been involved in various construction projects throughout the fiscal year. The balances of the various construction projects that comprise the construction-in-process balances at June 30 are as follows:

| | <u>2014</u> | <u>2013</u> |
|--|-----------------------------|-----------------------------|
| Corona Del Mar – Sludge Bed Construction | \$ 1,154,612 | \$ 1,091,609 |
| Corona Del Mar – Process Improvements | 741,286 | 228,221 |
| Architectural Improvements | 467,653 | - |
| Van Horne Generator Replacement | 401,408 | 267,336 |
| UCSB Sierra Madre | 171,491 | |
| Residences at Sandpiper | 170,418 | 119,076 |
| La Riata Improvement Zone | 167,336 | |
| Airport Well | 146,077 | - |
| 7000 Hollister | 136,398 | - |
| USBR Title Transfer | 124,690 | 115,430 |
| Arc Flash Protection | - | 135,892 |
| Capitalized Interest | - | 445,893 |
| GWD/CSB Interconnect project | - | 150,612 |
| Recycled Water Booster Pumps | - | 630,050 |
| San Ricardo well rehabilitation | - | 2,619,378 |
| Other minor projects <\$100,000 | 1,007,700 | 2,302,434 |
| | <u> </u> | <u> </u> |
| Construction-in-Process | <u>\$ 4,689,069</u> | <u>\$ 8,105,931</u> |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 6: Prepaid Bond Insurance Premiums

The prepaid balance relates to the bond insurance issuance costs for the 2014A Certificates of Participation. The prepaid charges are being amortized over a 10 year period, consistent with the terms of the Certificates of Participation. The prepaid charges net balances are as follows.

The balance at June 30, consists of the following:

| | 2014 | 2013 |
|--------------------------|-----------|------|
| Prepaid charges | \$ 61,916 | \$ - |
| Accumulated amortization | (2,381) | - |
| Prepaid Charges, Net | \$ 59,535 | \$ - |

Note 7: Deferred Outflows of Resources

The deferred outflow of resources balance relates to deferred losses on Certificates of Participations.

The balance at June 30, consists of the following:

| | Balance 2013 | Loss/ (Gain) | Amortization | Balance 2014 |
|-------------------------------------|-----------------|-----------------|--------------|-----------------|
| Deferred charge from 2010 refunding | \$ 1,705,497 | \$ - | \$ (163,974) | \$ 1,541,523 |
| Deferred charge from 2014 refunding | - | 40,865 | 2,953 | 43,818 |
| Deferred Outflows of Resources | \$ 1,705,497 | \$ 40,865 | \$ (161,021) | \$ 1,585,341 |

Note 8: Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off and are accrued as earned to the extent it is probable that benefits will result in termination payments. The District's liability for compensated absences is determined annually.

Changes to compensated absences for 2014, were as follows:

| Balance 2013 | Earned | Taken | Balance 2014 | Current Portion | Long-Term Portion |
|-----------------|------------|--------------|-----------------|--------------------|----------------------|
| \$ 938,513 | \$ 834,733 | \$ (697,903) | \$ 1,075,343 | \$ 286,816 | \$ 788,527 |
| | | | | | |

Changes to compensated absences for 2013, were as follows:

| Balance 2012 | Earned | Taken | Balance 2013 | Current Portion | Long-Term Portion |
|-----------------|------------|--------------|-----------------|--------------------|----------------------|
| \$ 875,729 | \$ 633,567 | \$ (570,783) | \$ 938,513 | \$ 248,571 | \$ 689,942 |
| | | | | | |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 9: Long-Term Debt Included in Non-Current Liabilities

Changes in long-term debt amounts for the current year were as follows:

| | Balance 2013 | Additions/ (Deletions) | Principal Payments/ Amortization | Balance 2014 |
|-------------------------------------|----------------------|---------------------------|--|----------------------|
| Debt: | | | | |
| 2003 Certificates of participation | \$ 20,145,000 | \$ (19,150,000) | \$ (995,000) | \$ - |
| 2010A Certificates of participation | 33,915,000 | - | - | 33,915,000 |
| 2014A Certificates of participation | - | 19,050,000 | - | 19,050,000 |
| Total Debt | <u>\$ 54,060,000</u> | <u>\$ (100,000)</u> | <u>\$ (995,000)</u> | <u>\$ 52,965,000</u> |
| Unamortized (discount) premium, net | (276,816) | 2,444,593 | (138,325) | 2,029,452 |
| Total Net Debt | 53,783,184 | 2,344,593 | (1,133,325) | 54,994,452 |
| Less Current Portion | (995,000) | (1,045,000) | 995,000 | (1,045,000) |
| Net Long-Term Debt | <u>\$ 52,788,184</u> | <u>\$ 1,299,593</u> | <u>\$ (138,325)</u> | <u>\$ 53,949,452</u> |

2003 Refunding Certificates of Participation Payable

The 2003 Certificates of Participation (2003 COP) in the amount of \$47,000,000 were executed on October 16, 2003. The funds were used to refund the 1993 Goleta Water District Refunding Revenue Certificates of Participation and to finance certain improvements to the District's water supply, treatment and distribution systems.

The 2003 COP has been fully refunded with the issuance of the \$33,915,000 2010 Series A Revenue Certificates of Participation followed by the issuance of the \$19,050,000 2014 Series A Revenue Certificates of Participation. For financial reporting purposes, the refunded portion of 2003 Certificates of Participation is considered defeased and not reported in these financial statements.

Following are the three capital improvement projects financed from the certificates of participation proceeds:

- Upgrades and improvements to the District's Corona del Mar Treatment Plant, which were needed to meet state and federal water quality standards;
- Replacement and enlargement of the Patterson Reservoir, which were needed to add additional water storage capacity; and
- Rehabilitation of six Aquifer Storage and Recovery (ASR) wells, which were necessary to meet demand during droughts, peak use periods and emergencies.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 9: Long-Term Debt – continued

2010 Series A Certificates of Participation Payable

On August 26, 2010, the District issued the \$33,915,000 2010 Series A Revenue Certificates of Participation to (i) refund a portion of the 2003 COP; (ii) refund outstanding bank loans and related financing costs; (iii) refund outstanding amounts under a loan contract with the State Water Resources Control Board; (iv) fund \$5,000,000 of improvements to the water system; (v) fund a reserve; and (vi) pay related costs of execution and delivery of the 2010A Series Certificates of Participation.

The advance refunding of the 2003 COP resulted in an economic loss of approximately \$1,706,930 and a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.6 million. The difference, reported in the accompanying financial statements as Deferred Outflows of Resources, is being charged to interest through the fiscal year ended June 30, 2025 using the straight line method.

Interest is payable semi-annually on March 1st and September 1st of each year commencing March 1, 2012, with interest rates ranging from 4.25% to 5.00%. Principal payments are scheduled to commence on September 1, 2025 and continue through September 1, 2035. The revenue certificates of participation are secured by a pledge of District revenues.

The capital improvement projects financed from \$5,000,000 of the certificates of participation proceeds include:

- Cathedral Oaks Highway 101 overcrossing;
- Old Town Goleta waterline replacement;
- Santa Barbara County El Embarcadero system improvements;
- San Antonio well purchase;
- Anita Wellhead treatment plant;
- Relocation of the Goleta Beach recycled waterline;
- Recycled water booster pump controls rebuild; and
- Other plant and infrastructure replacements.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 9: Long-Term Debt – continued

Annual debt service payments are as follows:

| Fiscal Year(s) | Principal | Interest | Total |
|----------------------|---------------|---------------|---------------|
| 2015 | \$ - | \$ 1,649,738 | \$ 1,649,738 |
| 2016 | - | 1,649,738 | 1,649,738 |
| 2017 | - | 1,649,738 | 1,649,738 |
| 2018 | - | 1,649,738 | 1,649,738 |
| 2019 | - | 1,649,738 | 1,649,738 |
| 2020-2024 | - | 8,248,688 | 8,248,688 |
| 2025-2029 | 10,305,000 | 7,330,575 | 17,635,575 |
| 2030-2034 | 16,015,000 | 3,964,619 | 19,979,619 |
| 2035-2036 | 7,595,000 | 384,375 | 7,979,375 |
| Total | 33,915,000 | \$ 28,176,947 | \$ 62,091,947 |
| Less current portion | - | | |
| Total Non-Current | \$ 33,915,000 | | |

2014 Series A Certificates of Participation Payable

On January 22, 2014, the District issued the \$19,050,000 2014 Series A Revenue Certificates of Participation to (i) refund a portion of the 2003 Revenue Certificates of Participation; (ii) fund \$5,540,575 of improvements to the water system; and (iii) pay related costs of execution and delivery of the 2014A Series Certificates of Participation.

The advanced refunding resulted in an economic loss of approximately \$199,495 and a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$40,865. The difference, reported in the accompanying financial statements as Deferred Outflows of Resources, is being charged to interest through the fiscal year ended June 30, 2025 using the straight line method.

Interest is payable semi-annually on June 1st and December 1st of each year commencing June 1, 2014, with interest rates ranging from 2.00% to 5.00%. Principal payments are scheduled to commence on December 1, 2014 and continue through December 1, 2024. The revenue certificates of participation are secured by a pledge of District revenues.

The capital improvement projects intended to be financed from \$5,540,575 of the certificates of participation proceeds include:

- Improvements to the Corona del Mar Water Treatment Plant for process enhancements;
- Distribution system reliability improvements, including booster systems upgrades, new valves, system interconnection improvements and mainline replacements;
- Meter replacements;

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 9: Long-Term Debt – continued

- Well augmentations to support groundwater pumping and injections capabilities;
- Renewable energy generating projects; and
- Other plant and infrastructure replacements.

Annual debt service payments are as follows:

| Fiscal Year(s) | Principal | Interest | Total |
|----------------------|---------------|--------------|---------------|
| 2015 | \$ 1,045,000 | \$ 866,850 | \$ 1,911,850 |
| 2016 | 1,065,000 | 840,425 | 1,905,425 |
| 2017 | 1,105,000 | 802,350 | 1,907,350 |
| 2018 | 1,150,000 | 757,250 | 1,907,250 |
| 2019 | 1,200,000 | 704,250 | 1,904,250 |
| 2020-2024 | 10,145,000 | 2,379,625 | 12,524,625 |
| 2025 | 3,340,000 | 83,500 | 3,423,500 |
| Total | 19,050,000 | \$ 6,434,250 | \$ 25,484,250 |
| Less current portion | (1,045,000) | | |
| Total Non-Current | \$ 18,005,000 | | |

Note 10: Other Post Employment Benefits Payable (OPEB)

In addition to the pension benefits described in Note 12, the District provides other post employment benefits.

Plan Description - Eligibility

The District administers its post employment benefits plan (Plan), a single-employer defined benefit plan. The following requirements must be satisfied in order to be eligible for lifetime post employment medical benefits: (1) Attainment of age 50, 5 years of consecutive full-time service, and (2) Retirement from CalPERS and from the District (the District must be the last employer prior to retirement).

Membership in the OPEB Plan consisted of the following members as of June 30:

| | 2014 | 2013 | 2012 |
|---|------|------|------|
| Active plan members | 59 | 59 | 59 |
| Retirees and beneficiaries receiving Benefits | 47 | 47 | 46 |
| Total Plan Membership | 106 | 106 | 105 |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 10: Other Post Employment Benefits Payable (OPEB) - continued

Plan Description – Benefits

The District offers post employment health care, dental care and vision care benefits to retired employees who satisfy the eligibility rules. Retirees may enroll in any plan available through the Goleta Water District and Association of California Water Agencies Joint Powers Insurance Authority, but are not eligible to change plans. The benefit provisions and the contribution requirements of Plan members and the District are established and may be amended by the Board of Directors and the Service Employees International Union Local 620 (SEIU).

Funding Policy

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 13.3% of the annual covered payroll.

The District contributes a fixed amount for health care benefits, a fixed amount for dental care, and 100% of the premium for vision. The District funds the plan on a pay-as-you-go basis and records a liability for the difference between pay-as-you-go and the actuarially determined ARC cost.

Annual OPEB Cost and Net OPEB Obligation

The balance at June 30, consists of the following:

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|----------------------------|----------------------------|----------------------------|
| Annual OPEB expense: | | | |
| Annual required contribution (ARC) | \$ 850,507 | \$ 675,588 | \$ 675,588 |
| Interest on net OPEB obligation | 176,255 | 179,502 | 162,819 |
| Adjustment to annual required contribution | <u>(182,176)</u> | <u>(167,424)</u> | <u>(151,863)</u> |
| Total Annual OPEB Expense | 844,586 | 687,666 | 686,544 |
| Change in net OPEB payable obligation: | | | |
| Age adjusted contributions made | <u>(367,559)</u> | <u>(360,931)</u> | <u>(352,875)</u> |
| Total Change in Net OPEB Payable Obligation | 477,027 | 326,735 | 333,669 |
| OPEB Payable - Beginning of Year | <u>3,916,776</u> | <u>3,590,041</u> | <u>3,256,372</u> |
| OPEB Payable – Fiscal Year End | <u><u>\$ 4,393,803</u></u> | <u><u>\$ 3,916,776</u></u> | <u><u>\$ 3,590,041</u></u> |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 10: Other Post Employment Benefits Payable (OPEB) - continued

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

| Fiscal Year Ended | Annual OPEB Cost | Age Adjusted Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation Payable |
|-------------------------|------------------------|---------------------------------|---|--------------------------------|
| 2014 | \$ 844,586 | \$ 367,559 | 43.5% | \$ 4,393,803 |
| 2013 | \$ 687,666 | \$ 360,931 | 52.5% | \$ 3,916,776 |
| 2012 | \$ 686,544 | \$ 352,875 | 51.4% | \$ 3,590,041 |

Funded Status and Funding Progress of the Plan

Using the most recent actuarial valuation dated July 1, 2014, the following is the funded status of the Plan:

| Actuarial Valuation Date | Actuarial Accrued Liability (AAL) (a) | Actuarial Value of Plan Assets (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percent of Covered Payroll ((b-a)/c) |
|--------------------------------|---|--|--|--------------------------|---------------------------|--|
| 7/01/2014 | \$ 9,964,857 | \$ - | \$ 9,964,857 | 0.00% | \$ 6,387,131 | 156.02% |

Actuarial Methods and Assumptions

In FY 2014, the District retained a professional actuary to independently assess the District OPEB liability. The actuarial methods and assumptions were updated, including techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The required supplemental schedule of funding progress immediately following the notes presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 10: Other Post Employment Benefits Payable (OPEB) – continued

Based on the historical average retirement age of the covered group, active plan members were assumed to retire at age 60. At retirement, 80% of retirees are assumed to be married and marital status is adjusted to reflect mortality. Life expectancy was based on the CalPERS mortality for miscellaneous employees. The probability of remaining employed until the assumed retirement age and employees' expected future working lifetimes were developed using the CalPERS turnover rate of miscellaneous employees for other employees.

Based on the number of plan participants, GASB Statement 45 requires the District to examine the existing liability for retiree benefits as well as future annual expected premium costs triennially. The District's Actuarial Study of Retiree Health Liabilities was last prepared on August 28, 2014 as of July 1, 2014 and a revaluation is not required until July 1, 2017 unless a major plan change is likely to cause a material change in accrual costs and/or liabilities.

The following is a summary of the actuarial assumptions and methods used by a certified actuary when determining District OPEB obligations:

| | |
|-------------------------------|---------------------------------------|
| Valuation date | July 1, 2014 |
| Actuarial cost method | Entry age normal cost method |
| Amortization method | Level percent of payroll amortization |
| Remaining amortization period | 27 years as of the valuation date |
| Actuarial assumptions: | |
| Investment rate of return | 4.50% |
| Projected salary increase | 2.75% |
| Inflation - discount rate | 2.75% |
| Individual salary growth | 2.75% |
| Trend | 4.00% |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 11: Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Actual employee contributions for FY 2014 and 2013 were \$211,375 and \$209,333, respectively. Market value of all plan assets held in trust by the District's three deferred compensation plans at June 30, 2014 and 2013 amounted to \$3,760,421 and \$3,165,641, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

Note 12: Defined Benefit Pension Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by State statute and the District. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

Funding Policy

On August 9, 2011, as a result of negotiations with SEIU, a two-tiered retirement program was introduced similar to programs instituted by other agencies participating in the CalPERS. On January 1, 2013, the State of California implemented legislation setting a new maximum benefit, a lower-cost pension formula with requirements to work longer in order to reach full retirement age and a cap on the amount used to calculate a pension for new members hired on or after January 1, 2013, creating a three-tier retirement program for the District.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 12: Defined Benefit Pension Plan - continued

- All employees hired prior to January 1, 2012 are members of the CalPERS 2.7% at 55 Risk Pool Retirement Plan for which the contribution rate is 8% of their annual covered salaries;
- Employees hired during calendar year 2012 or employees hired on or after January 1, 2013 who have been in the CalPERS systems are members of the CalPERS 2.0% at 55 Risk Pool Retirement Plan for which the contribution rate is 7% of their annual covered salaries;
- Employees hired on or after January 1, 2013 who have not previously participated in the CalPERS system or who have been out of the CalPERS system for more than six months are members of the CalPERS 2.0% at 62 Risk Pool Retirement Plan for which the contribution rate is 6.25% of their annual covered salaries;
- Currently, the District makes a portion of contributions required of District employees on their behalf and for their account. Employees in all plans currently contribute 1% of their annual covered salaries to their accounts;
- Effective July 1, 2014, the District will no longer be permitted to make a portion of the contributions on behalf of its employees in the CalPERS 2% at 62 Risk Pool Retirement Plan.
- Effective January 1, 2015, employees not paying the full employee portion of CalPERS will transition over a three year period to full payment of the full employee portion of CalPERS.
- Effective January 1, 2018, all other employees are required to pay up to 50% of the normal costs of their pension benefit; up to 8% of the contribution rate.
- The District is required to contribute any actuarially determined remaining amounts necessary to fund the benefits for its members.
- At the time the District joined the existing risk pool, CalPERS created a Risk Pool Side Fund to account for the difference between the funded status of the pool and the funded status of the District's plan. As of June 30, 2014 and June 30, 2013, the estimated side fund liability were \$2,183,708 and \$2,423,529, respectively.

The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2014, 2013 and 2012, as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2014, 2013 and 2012, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

Three Years CalPERS Funding Information:

| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation | APC Percentage of Payroll |
|-------------|---------------------------|-------------------------------|------------------------|---------------------------|
| 2012 | \$ 1,526,755 | 100% | - | 29.159% |
| 2013 | \$ 1,692,754 | 100% | - | 27.405% |
| 2014 | \$ 1,785,906 | 100% | - | 27.961% |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 13: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2014, the District participated in the liability and property programs and Worker's Compensation Program of the ACWA/JPIA as follows:

General and auto liability, and public officials and employees' errors and omissions: Total risk financing pooled self-insurance limits of \$2,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers in the amount of \$58 million which increases the limits on the insurance coverage noted above.

In addition to the above, the District has retained the following insurance coverage:

Employee dishonesty coverage up to \$100,000 per occurrence includes public employee dishonesty, forgery or alteration and computer fraud coverage; and

Excess Crime Coverage for up to \$1,000,000 per occurrence.

Property loss coverage: Total risk financing pooled self-insurance limits of \$100,000 subject to a \$10,000 deductible per occurrence. ACWA/JPIA has purchased coverage for its members with a total policy limit (all members) of \$100 million.

Boiler and machinery coverage: Total risk financing pooled self-insurance limits of \$100,000 per occurrence, subject to various deductibles depending on the type of equipment.

Workers' compensation insurance up to California statutory limits for all work related injuries and illnesses covered by California law. The ACWA/JPIA liability limit is \$2 million per accident/disease. ACWA/JPIA has purchased excess coverage for its members with a total policy limit (all members) from \$2 million to Statutory Limits.

After a sustained period of low claims by the District, ACWA/JPIA refunded approximately \$6,000 in April 2014 as part of a rate stabilization program that is designed to calibrate premiums versus claims for each pooled insurance program. Settled claims have not exceeded any of the coverage amounts in any of the last two fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2014 and 2013. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). IBNR claims payable as of June 30, 2014 and 2013 were \$7,745 and \$0, respectively.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 14: Commitments and Contingencies

Goleta West Conduit Project

The California State Health Department requires that all surface water supplied to customers be filtered and meet certain requirements as part of the treatment process. Currently, the District supplies treated surface water to customers on its Goleta West Conduit. The water is not filtered, does not meet the Health Department's requirements and therefore, cannot be used for domestic consumption. In order to provide potable water to these customers for domestic consumption the District currently provides bottled water. A pipeline, booster pump station and reservoir might be built in the future depending on regulations and requirements of the EPA and State Health Department. The District has completed an analysis of treatment alternatives for necessary system improvements to provide filtered potable water to these customers which could be used for domestic consumption. The cost was found to be prohibitive for the limited number of customers.

The Cachuma Lake Project - Seismic Safety of Bradbury Dam

On December 19, 1994, the U.S. Bureau of Reclamation (Bureau), the owner of Bradbury Dam, issued a letter indicating that as part of the ongoing Safety of Dams evaluation of Bradbury Dam, the Bureau determined that dam failure would likely occur during a large earthquake. The Bureau further determined that there was a risk to the downstream public should failure occur when the reservoir is above Elevation 750 feet. Immediate actions were needed to reduce this risk. Foundation modifications have been completed, and the reservoir can now be operated safely at Elevation 750 feet, which is the design capacity of the reservoir.

The total cost of the seismic modification project as proposed by the Bureau was \$45.3 million. The Member Units are required to collectively contribute 15% of the project's total cost for a total obligation of \$6.8 million. The amount and manner in which costs are apportioned among Member Units is according to the following: the obligation is split 48.7% municipal and industrial and 51.3% irrigation with a fifty year total repayment period beginning October 2002. The District's share is based on the same 36.25% which is applied to the Cachuma entitlement. The District is required to make annual payments of \$59,765 through October 2015, \$94,847 commencing October 2016 through 2026, and \$35,082 commencing October 2027 through 2051 to finance the project. The District's future obligations are as follows:

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|----------------------------|
| 2015 | \$ 59,765 |
| 2016 | 94,847 |
| 2017 | 94,847 |
| 2018 | 94,847 |
| 2019 | 94,847 |
| Thereafter | <u>1,540,979</u> |
| Total | \$ <u><u>1,980,132</u></u> |

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 14: Commitments and Contingencies – continued

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from advances for construction. At June 30, 2014, the District held \$943,733 related to such agreements.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would be insignificant.

Goleta Sanitary District Recycled Water Facility

Since 1995, as an environmental sustainability effort, the District has delivered recycled water to certain users in the community. This is done under the Agreement for Construction and Operation of the Goleta Sanitary District/Goleta Water District Wastewater Reclamation Project, by and between the District and the Goleta Sanitary District, dated October 15, 1990, and as amended by Amendment No. 1, Amendment No. 2, and Amendment No. 3 thereto. The Recycled Water Project has a capacity of approximately 3,000 acre-feet per year and the District is currently delivering approximately 1,000 acre-feet per year to the University of California at Santa Barbara, several golf courses and other users previously using potable water for irrigation purposes. Per the agreement, the distribution system is owned and operated by the District, separate from the reclamation plant which is owned and operated by the Goleta Sanitary District. While the District has capitalized the assets associated with the distribution and recognizes the associated depreciation in these financial statements, the financial statements have not included any liability associated with replacing the reclamation plant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes that there are no legal matters that will materially affect its financial statements.

Goleta Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2014 and 2013

Note 15: Subsequent Events

Successor Labor Contract

The District Board of Directors, on August 12, 2014, approved and authorized the President of the Board of Directors to enter into a successor labor agreement between the District and SEIU Local 620, for the term July 1, 2014 through June 30, 2017.

Drought

The District Board of Directors declared a Stage II Water Shortage Emergency on September 9, 2014. The District set a 25% district-wide reduction target in water usage to help extend available water supplies. The declaration is consistent with the requirements of the District's adopted Drought Preparedness and Water Shortage Contingency Plan and statewide emergency conservation regulations recently adopted by the State Water Resources Control Board. The District Board also amended the District Code to further specify unlawful use of water, such as through a fire hydrant or fire line, through a waterline with no meter, or from another account holder or property.

Non-exchange Financial Guarantee

On July 25, 2014, the District guaranteed \$2,016,000 of the seven year \$3,200,000 line of credit of the Cachuma Operations and Maintenance Board (COMB), a legally separate entity in which the District is a member agency. On July 25, 2014, COMB secured two loans: (1) \$2,000,000 non-revolving line-of-credit and (2) \$1,200,000 revolving line-of-credit to finance an emergency pumping project to cause and allow the pumping of water through installation of a floating platform mounted system to the existing lake inlet tower as the water levels at Lake Cachuma continue to diminish due to the current severe draught conditions. Both lines-of-credit mature on July 25, 2021, with quarterly interest payments. In the event that COMB is unable to make a payment, the District will be required to make that payment up to its guarantee amount of \$2,016,000.

Required Supplementary Information

Goleta Water District
 Required Supplementary Information (Unaudited)
 For the Fiscal Years Ended June 30, 2014 and 2013

Schedule of Funding Status – Other Post Employment Benefits Obligation

| Actuarial Valuation Date | Actuarial Accrued Liability (AAL) (a) | Actuarial Value of Plan Assets (b) | Unfunded Actuarial Accrued Liability (UAAL) (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percent of Covered Payroll ((b-a)/c) |
|--------------------------------|---|---|--|--------------------------|---------------------------|--|
| 7/01/2014 | \$ 9,964,857 | \$ - | \$ 9,964,857 | 0.00% | \$ 6,387,131 | 156.02% |
| 7/01/2011 | \$ 8,151,680 | \$ - | \$ 8,151,680 | 0.00% | \$ 5,104,324 | 159.70% |
| 6/30/2010 | \$ 16,079,140 | \$ - | \$ 16,079,140 | 0.00% | \$ 5,051,116 | 318.33% |
| 6/30/2009 | \$ 15,530,050 | \$ - | \$ 15,530,050 | 0.00% | \$ 4,623,141 | 335.92% |

Note:

This Schedule of Funding Status is presented for the year(s) that an actuarial study has been prepared from the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or more often if there are significant changes to the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed based on the year ending June 30, 2017.

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL INFORMATION SECTION



THIS PAGE INTENTIONALLY LEFT BLANK

Goleta Water District Statistical Section Unaudited

The statistical section of the Comprehensive Annual Financial Report presents detailed information for context, and to better understand the information contained in the financial statements, note disclosures, and required supplementary information.

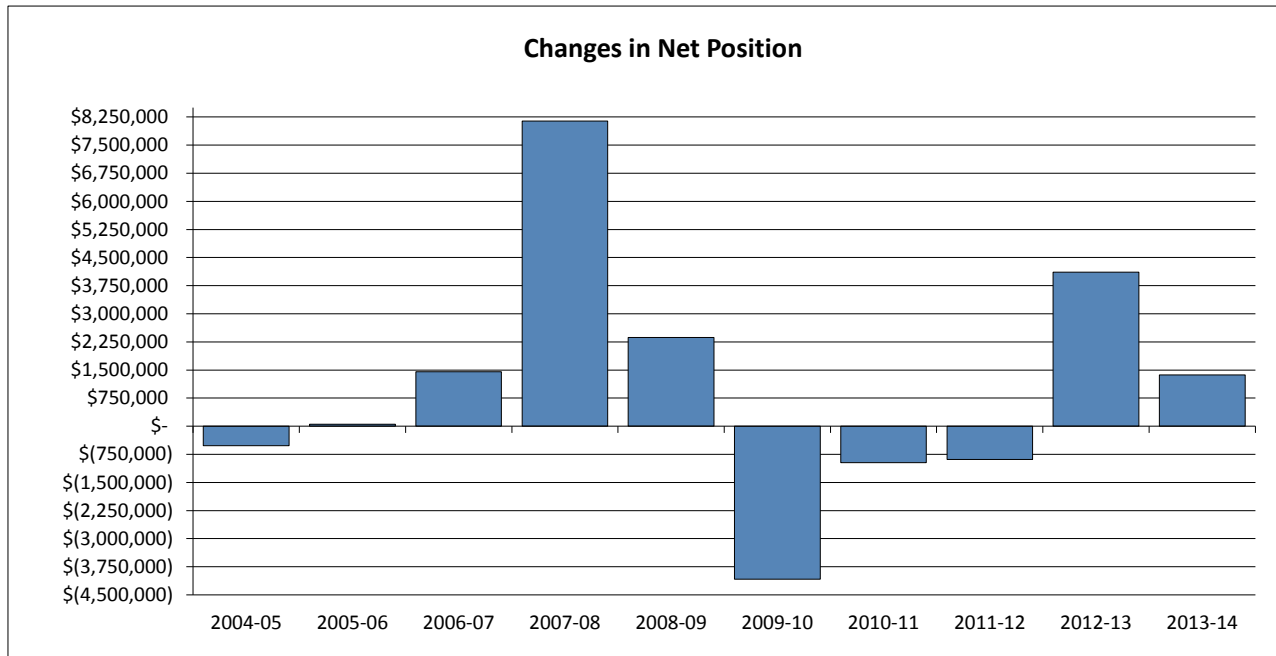
Table of Contents

| | |
|--|-------|
| Financial Trends | 60-64 |
| Provides historical context to help the reader understand how District financial performance has changed over time. | |
| Revenue Capacity | 65-68 |
| Helps the reader assess the District's most significant sources of revenue. | |
| Debt Capacity | 69-70 |
| Informs the reader regarding the affordability of District debt and its ability to assume additional debt in the future. | |
| Demographic Information | 71 |
| Offers indicators to help the reader understand the community environment within which the District operates. | |
| Operating Information | 72 |
| Contains staffing levels and infrastructure data to help the reader understand how the District provides its services. | |

**Goleta Water District
Changes in Net Position by Component
Previous Ten Fiscal Years
Unaudited**

Schedule 1

| Description | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Changes in net position: | | | | | |
| Operating revenues (see Schedule 2) | \$ 19,028,366 | \$ 19,820,429 | \$ 23,275,841 | \$ 26,147,078 | \$ 25,245,709 |
| Operating expenses (see Schedule 3) | (18,143,671) | (18,477,813) | (19,099,548) | (20,806,256) | (22,717,232) |
| Depreciation and amortization | (2,845,015) | (3,052,138) | (3,148,347) | (1,620,145) | (3,951,664) |
| Operating income | (1,960,320) | (1,709,522) | 1,027,946 | 3,720,677 | (1,423,187) |
| Net non-operating revenue(expense) (see Schedule 4) | 197,532 | 307,975 | (392,509) | 3,541,627 | 3,510,204 |
| Net income before capital contributions | (1,762,788) | (1,401,547) | 635,437 | 7,262,304 | 2,087,017 |
| Capital contributions | 1,244,384 | 1,457,127 | 822,157 | 875,732 | 277,963 |
| Changes in net position | <u>\$ (518,404)</u> | <u>\$ 55,580</u> | <u>\$ 1,457,594</u> | <u>\$ 8,138,036</u> | <u>\$ 2,364,980</u> |
| Net position by component: | | | | | |
| Net investment in capital assets ⁽¹⁾ | \$ 18,876,833 | \$ 29,061,204 | \$ 35,613,775 | \$ 41,625,111 | \$ 42,404,294 |
| Restricted | 19,599,556 | 10,625,609 | 6,419,910 | 3,459,351 | 3,670,054 |
| Unrestricted | 4,899,167 | 3,744,323 | 2,855,045 | 7,942,304 | 9,317,398 |
| Total net position | <u>\$ 43,375,556</u> | <u>\$ 43,431,136</u> | <u>\$ 44,888,730</u> | <u>\$ 53,026,766</u> | <u>\$ 55,391,746</u> |

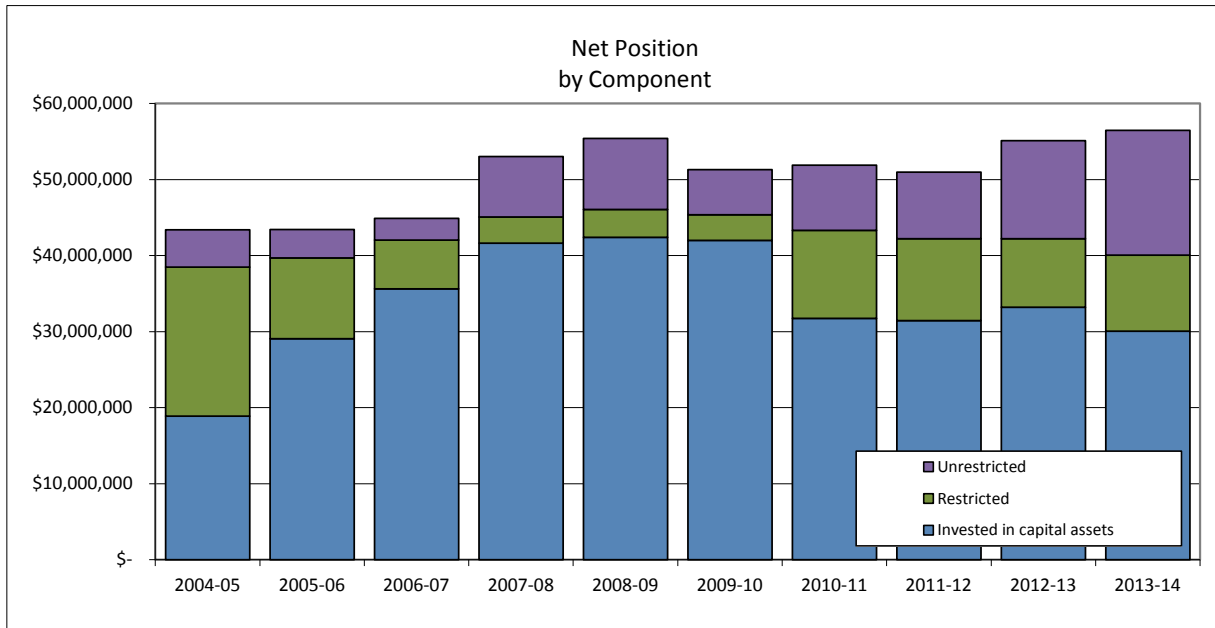


Source: Goleta Water District Audited Financial Statements

**Goleta Water District
Changes in Net Position by Component
Previous Ten Fiscal Years
Unaudited**

**Schedule 1
(continued)**

| Description | 2009-10 | 2010-11 ⁽³⁾ | 2011-12 ⁽²⁾ | 2012-13 ⁽²⁾ | 2013-14 |
|---|-----------------------|------------------------|------------------------|------------------------|----------------------|
| Changes in net position: | | | | | |
| Operating revenues (see Schedule 2) | \$ 23,875,390 | \$ 22,975,387 | \$ 27,136,533 | \$ 31,475,922 | \$ 33,868,571 |
| Operating expenses (see Schedule 3) | (22,829,750) | (19,107,945) | (21,051,673) | (22,431,761) | (26,209,042) |
| Depreciation | (4,639,138) | (4,640,497) | (4,230,480) | (4,291,712) | (4,387,462) |
| Operating income | (3,593,498) | (773,055) | 1,854,380 | 4,752,449 | 3,272,067 |
| Net non-operating revenue(expense) (see Schedule 4) | (1,734,390) | (481,665) | (3,085,787) | (1,690,426) | (2,208,005) |
| Net income before capital contributions | (5,327,888) | (1,254,720) | (1,231,407) | 3,062,023 | 1,064,062 |
| Capital contributions | 1,246,321 | 287,292 | 348,495 | 1,049,478 | 304,512 |
| Changes in net position | <u>\$ (4,081,567)</u> | <u>\$ (967,428)</u> | <u>\$ (882,912)</u> | <u>\$ 4,111,501</u> | <u>\$ 1,368,574</u> |
| Net position by component: | | | | | |
| Net investment in capital assets ⁽¹⁾ | \$ 41,984,446 | \$ 31,738,373 | \$ 31,456,427 | \$ 33,186,044 | \$ 30,052,804 |
| Restricted | 3,389,233 | 11,580,096 | 10,765,472 | 9,038,018 | 10,007,211 |
| Unrestricted | 5,936,500 | 8,551,029 | 8,764,687 | 12,874,025 | 16,406,646 |
| Total net position | <u>\$ 51,310,179</u> | <u>\$ 51,869,498</u> | <u>\$ 50,986,586</u> | <u>\$ 55,098,087</u> | <u>\$ 56,466,661</u> |



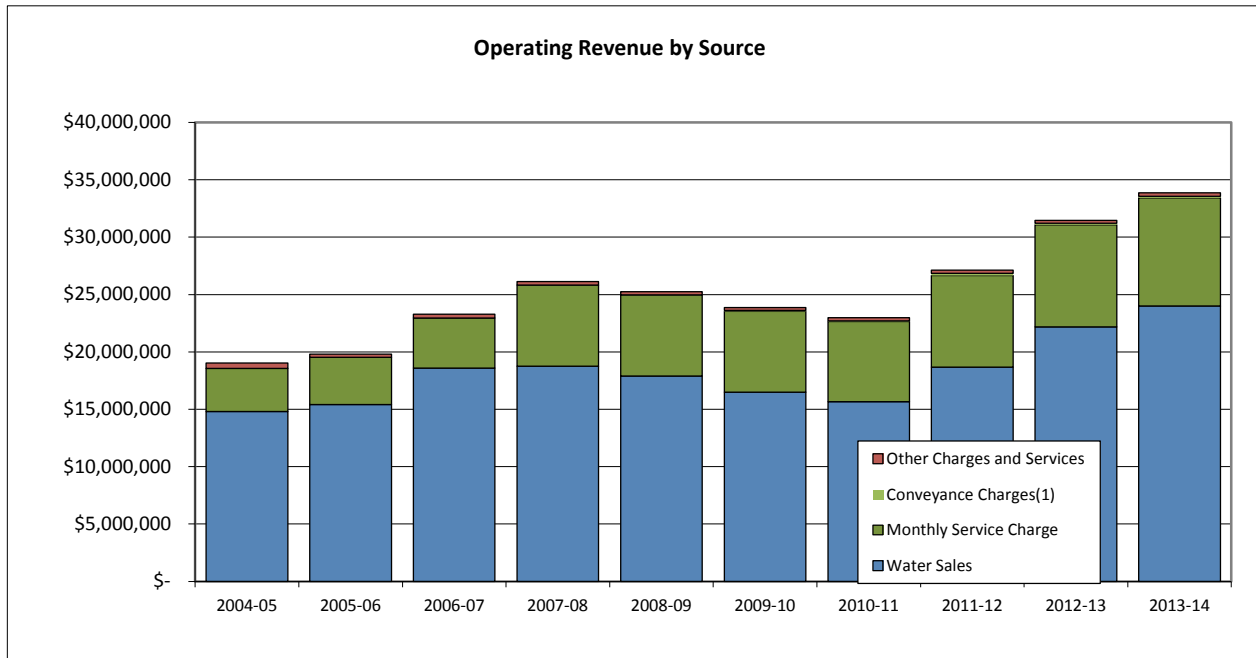
Note: (1) Net of related debt
(2) Restated

(3) In fiscal year 2012-13, the District recorded a prior period adjustment to properly capitalize interest costs incurred during the construction phase of capital assets for the fiscal years 2005-06 through 2012-13. This schedule has not been revised to reflect the restated amounts for fiscal years 2005-06 through 2009-10. Instead, the cumulative effect of the restatement on net position for these years of \$1,526,747 is included in the FY 2010-11 net position balance.

**Goleta Water District
Operating Revenues by Source
Previous Ten Fiscal Years
Unaudited**

Schedule 2

| Fiscal Year | Water Sales | Monthly Charge | Conveyance Charges⁽¹⁾ | Other Charges and Services | Total Operating Revenue |
|--------------------|--------------------|-----------------------|---|-----------------------------------|--------------------------------|
| 2004-05 | \$ 14,809,298 | \$ 3,755,733 | \$ - | \$ 463,335 | \$ 19,028,366 |
| 2005-06 | 15,425,971 | 4,117,481 | - | 276,977 | 19,820,429 |
| 2006-07 | 18,582,563 | 4,380,462 | - | 312,816 | 23,275,841 |
| 2007-08 | 18,750,446 | 7,073,409 | - | 323,223 | 26,147,078 |
| 2008-09 | 17,891,753 | 7,086,522 | - | 267,434 | 25,245,709 |
| 2009-10 | 16,493,699 | 7,052,721 | 60,951 | 268,019 | 23,875,390 |
| 2010-11 | 15,672,687 | 6,987,420 | 49,225 | 266,055 | 22,975,387 |
| 2011-12 | 18,668,008 | 7,998,014 | 193,749 | 276,762 | 27,136,533 |
| 2012-13 | 22,171,254 | 8,906,789 | 133,961 | 263,918 | 31,475,922 |
| 2013-14 | 24,005,806 | 9,411,946 | 147,635 | 303,184 | 33,868,571 |



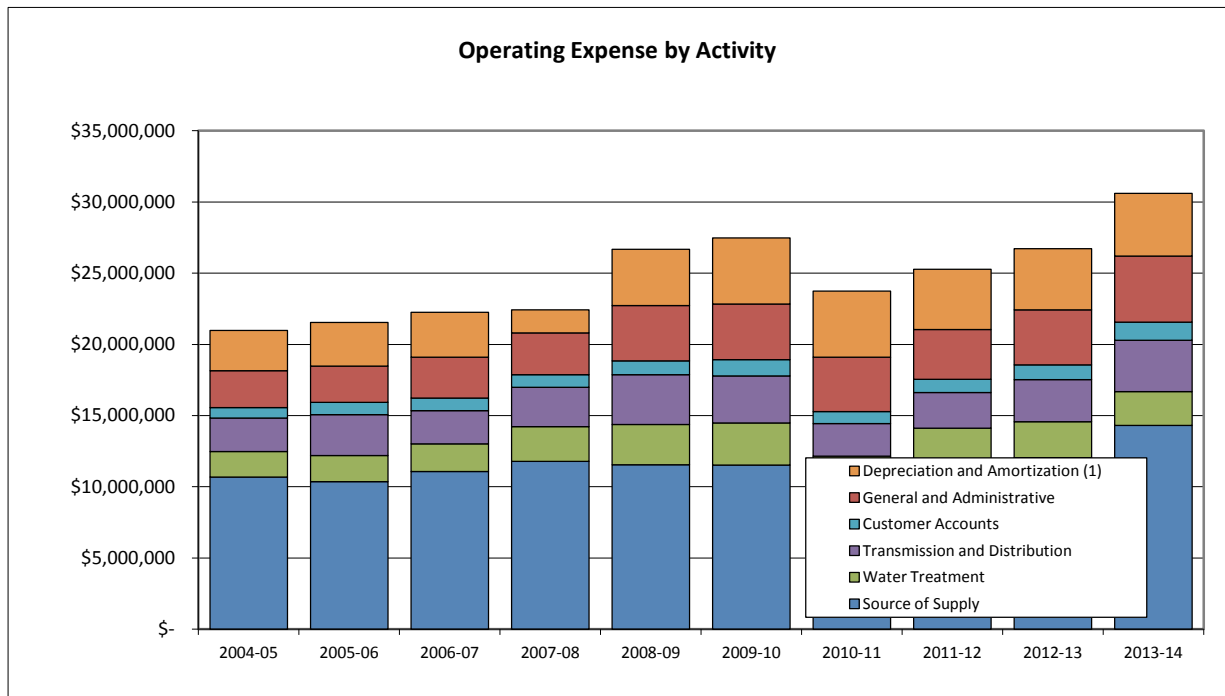
Note: (1) Conveyance Charges were classified as Water consumption revenue in FYs 2004-2009.

Source: Goleta Water District Audited Financial Statements

**Goleta Water District
Operating Expenses by Activity
Previous Ten Fiscal Years
Unaudited**

Schedule 3

| Fiscal Year | Source of Supply | Water Treatment | Transmission and Distribution | Customer Accounts | General and Administrative | Depreciation and Amortization (1) | Total Operating Expenses |
|--------------------|-------------------------|------------------------|--------------------------------------|--------------------------|-----------------------------------|--|---------------------------------|
| 2004-05 | \$ 10,686,375 | \$ 1,781,205 | \$ 2,359,677 | \$ 736,126 | \$ 2,580,288 | \$ 2,845,015 | \$ 20,988,686 |
| 2005-06 | 10,364,501 | 1,836,761 | 2,860,188 | 857,214 | 2,559,149 | 3,052,138 | 21,529,951 |
| 2006-07 | 11,069,528 | 1,946,499 | 2,339,804 | 882,476 | 2,861,241 | 3,148,347 | 22,247,895 |
| 2007-08 | 11,777,844 | 2,437,979 | 2,773,177 | 891,142 | 2,926,114 | 1,620,145 | 22,426,401 |
| 2008-09 | 11,556,246 | 2,824,069 | 3,486,767 | 973,101 | 3,877,049 | 3,951,664 | 26,668,896 |
| 2009-10 | 11,522,500 | 2,958,871 | 3,293,092 | 1,146,336 | 3,908,951 | 4,639,138 | 27,468,888 |
| 2010-11 | 9,968,271 | 2,190,570 | 2,280,486 | 846,299 | 3,822,319 | 4,640,497 | 23,748,442 |
| 2011-12 | 11,699,420 | 2,426,226 | 2,489,968 | 935,180 | 3,500,879 | 4,230,480 | 25,282,153 |
| 2012-13 | 12,048,975 | 2,527,904 | 2,941,150 | 1,053,854 | 3,859,878 | 4,291,712 | 26,723,473 |
| 2013-14 | 14,304,469 | 2,371,480 | 3,614,773 | 1,262,580 | 4,655,740 | 4,387,462 | 30,596,504 |



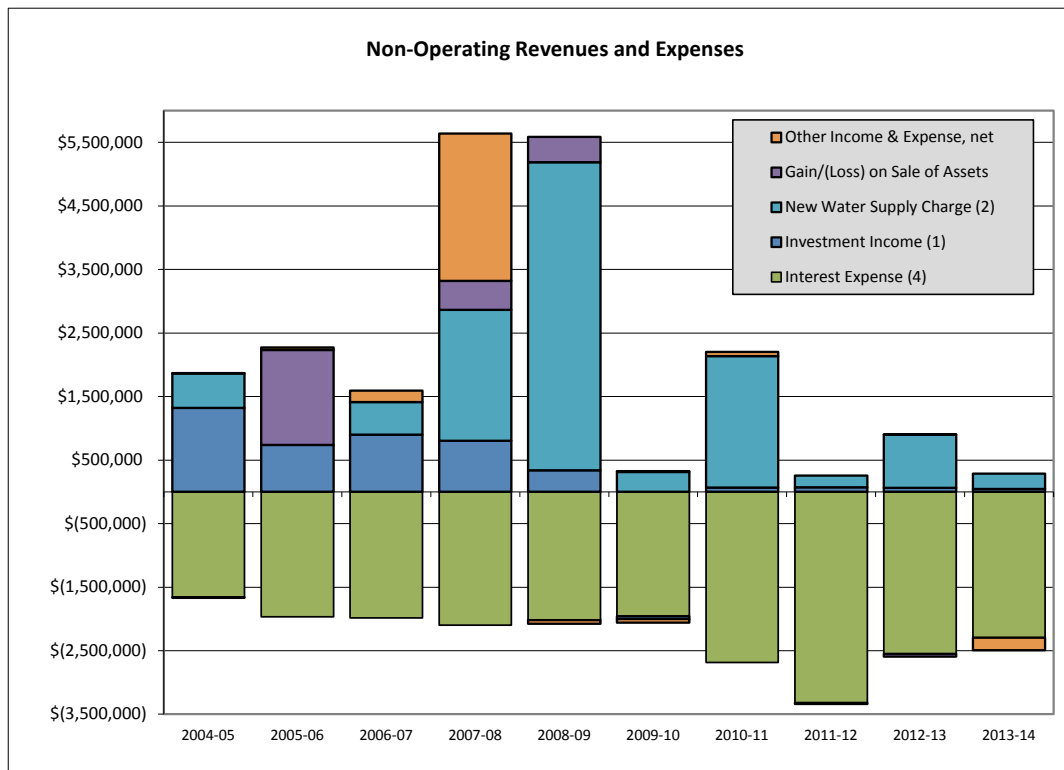
Note: (1) Fiscal year 2012-13, the District recorded a prior adjustment to properly capitalize interest costs incurred during the construction phase of capital assets for the fiscal years 2005-06 through 2012-13. Additional depreciation expense of \$58,360 recorded for fiscal years 2005-06 through 2009-10 as a result of the restatement is not reflected in this schedule.

Source: Goleta Water District Audited Financial Statements

**Goleta Water District
Non-Operating Revenues and Expenses
Previous Ten Fiscal Years
Unaudited**

Schedule 4

| <u>Fiscal Year</u> | <u>Investment Income ⁽¹⁾</u> | <u>New Water Supply Charge ⁽²⁾</u> | <u>Gain/(Loss) on Sale of Assets</u> | <u>Interest Expense ⁽⁴⁾</u> | <u>Other Income & Expense, net</u> | <u>Net Non-operating Revenues/(Expenses)</u> |
|--------------------|---|---|--------------------------------------|--|--|--|
| 2004-05 | \$ 1,319,565 | \$ 544,117 | \$ (9,612) | \$ (1,657,837) | \$ 1,299 | \$ 197,532 |
| 2005-06 | 736,719 | - | 1,496,104 | (1,966,097) | 41,249 | 307,975 |
| 2006-07 | 898,501 | 515,955 | - | (1,985,205) | 178,240 | (392,509) |
| 2007-08 | 803,891 | 2,058,188 | 456,725 | (2,098,927) | 2,321,750 ⁽³⁾ | 3,541,627 |
| 2008-09 | 338,908 | 4,846,624 | 402,230 | (2,017,803) | (59,755) | 3,510,204 |
| 2009-10 | (43,888) | 310,949 | 12,929 | (1,958,678) | (55,702) | (1,734,390) |
| 2010-11 | 67,164 | 2,069,370 | - | (2,683,811) | 65,611 | (481,666) |
| 2011-12 | 71,525 | 182,905 | - | (3,320,687) | (19,530) | (3,085,787) |
| 2012-13 | 61,671 | 839,841 | (44,927) | (2,547,976) | 965 | (1,690,426) |
| 2013-14 | 44,002 | 240,509 | - | (2,295,542) | (196,974) | (2,208,005) |



Notes:

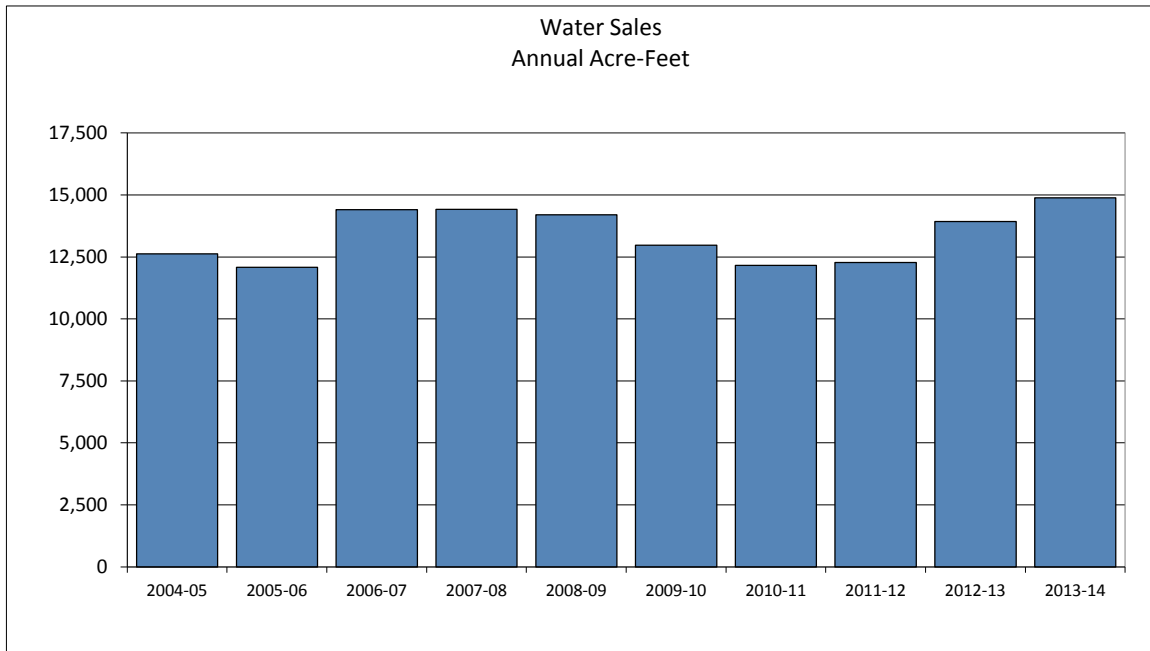
- (1) Includes interest income and realized and unrealized gains and losses on investments.
- (2) In FY 2004 System Development Fees (New Water Supply Charges) were classified as Operating Revenue and in FY 2005 as Capital Contribution in the Goleta Water District Audited Financial Statements.
- (3) Includes one-time accrual reversal of \$2,184,000 for post employments benefits.
- (4) In fiscal year 2012-13, the District recorded a prior period adjustment to properly capitalize interest costs incurred during the construction phase of capital assets for the fiscal years 2005-06 through 2012-13. Interest incurred of \$1,585,409 that was previously reported as expense during fiscal years 2009-10 and was capitalized as a result of the restatement is not reduced from the interest expense amounts presented in this schedule.

Source: Goleta Water District Audited Financial Statements

**Goleta Water District
Revenue Base
Previous Ten Fiscal Years
Unaudited**

Schedule 5

| Fiscal Year | Water Sales (acre feet) |
|------------------------|--|
| 2004-05 | 12,619 |
| 2005-06 | 12,077 |
| 2006-07 | 14,406 |
| 2007-08 | 14,415 |
| 2008-09 | 14,198 |
| 2009-10 | 12,971 |
| 2010-11 | 12,161 |
| 2011-12 | 12,275 |
| 2012-13 | 13,923 |
| 2013-14 | 14,884 |



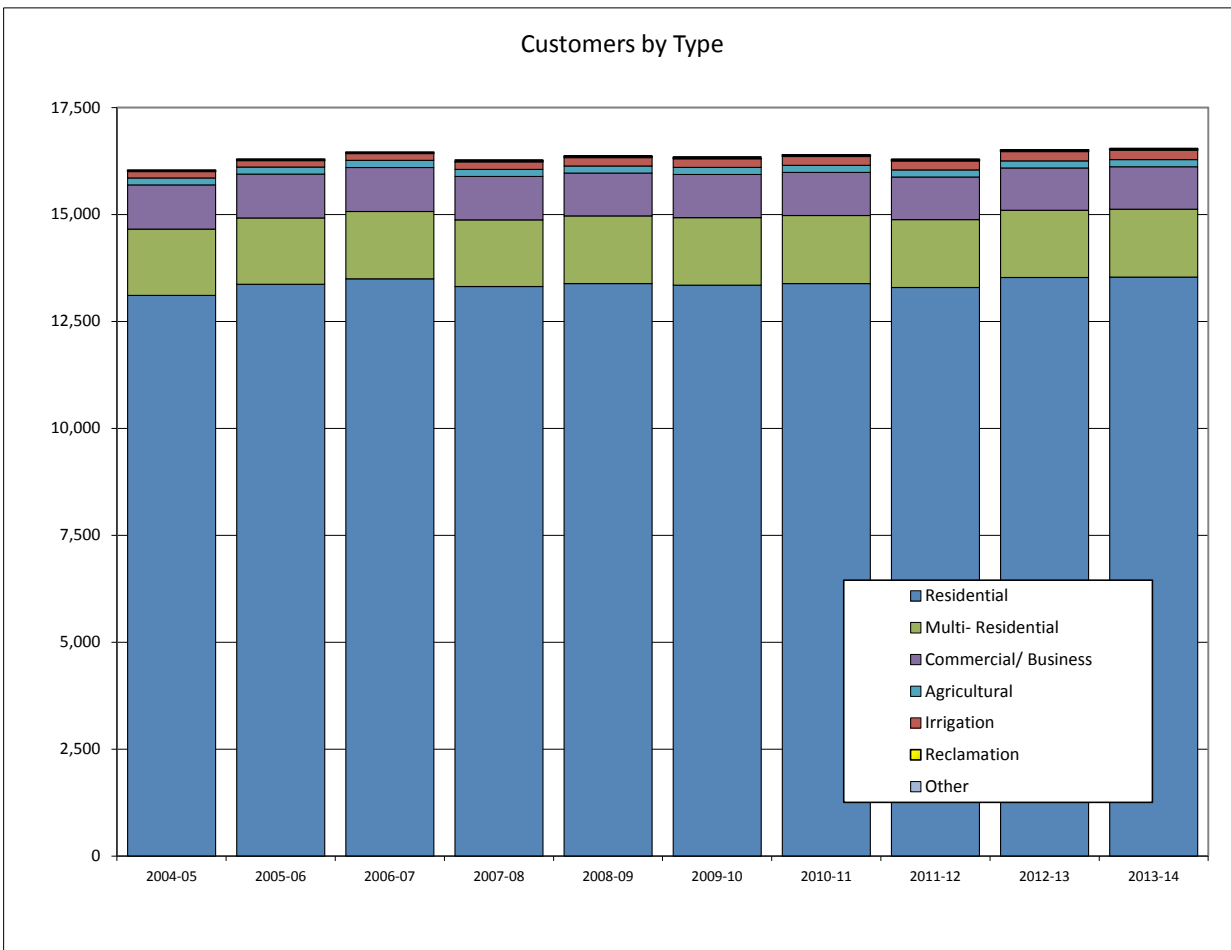
Note: See Schedule 2 "Revenue by Source" for information regarding water sales.

Sources: Goleta Water District Annual Continuing Disclosure Annual Report

**Goleta Water District
Customers by Type
Previous Ten Fiscal Years
Unaudited**

Schedule 6

| Fiscal Year | Residential | Multi-Residential | Commercial/ Business | Agricultural | Recreation Irrigation | Reclamation | Other | Total |
|-------------|-------------|-------------------|-------------------------|--------------|--------------------------|-------------|-------|--------|
| 2004-05 | 13,109 | 1,550 | 1,034 | 162 | 153 | 31 | - | 16,039 |
| 2005-06 | 13,369 | 1,551 | 1,026 | 164 | 154 | 32 | - | 16,296 |
| 2006-07 | 13,497 | 1,574 | 1,028 | 168 | 162 | 30 | - | 16,459 |
| 2007-08 | 13,317 | 1,558 | 1,016 | 164 | 180 | 32 | 8 | 16,275 |
| 2008-09 | 13,386 | 1,582 | 1,002 | 165 | 199 | 32 | 7 | 16,373 |
| 2009-10 | 13,348 | 1,579 | 1,010 | 165 | 205 | 32 | 7 | 16,346 |
| 2010-11 | 13,386 | 1,591 | 1,009 | 164 | 212 | 32 | 7 | 16,401 |
| 2011-12 | 13,294 | 1,587 | 997 | 165 | 213 | 32 | 7 | 16,295 |
| 2012-13 | 13,528 | 1,572 | 989 | 165 | 221 | 36 | 7 | 16,518 |
| 2013-14 | 13,537 | 1,587 | 993 | 167 | 222 | 35 | 1 | 16,542 |



Sources: Goleta Water District

**Goleta Water District
Revenue Rates
Previous Ten Fiscal Years
Unaudited**

Schedule 7

| | Fiscal Year | | | | | | | | | |
|--|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Monthly Service Charges⁽¹⁾ | | | | | | | | | | |
| Meter Size | | | | | | | | | | |
| 5/8" & 3/4" ⁽²⁾ | \$ 16.40 | \$ 17.71 | \$ 18.42 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Ultra low flow ⁽²⁾ | - | - | - | 9.21 | 9.21 | 9.21 | 9.21 | 10.68 | 11.87 | 12.70 |
| Low flow ⁽²⁾ | - | - | - | 18.42 | 18.42 | 18.42 | 18.42 | 21.37 | 23.74 | 25.40 |
| All other ⁽²⁾ | - | - | - | 27.63 | 27.63 | 27.63 | 27.63 | 32.05 | 35.61 | 38.10 |
| 1" | 22.22 | 24.00 | 24.96 | 46.06 | 46.06 | 46.06 | 46.06 | 53.43 | 59.36 | 63.52 |
| 1 1/2" | 36.40 | 39.31 | 40.88 | 92.10 | 92.10 | 92.10 | 92.10 | 106.84 | 118.69 | 127.00 |
| 2" | 51.72 | 55.86 | 58.09 | 147.38 | 147.38 | 147.38 | 147.38 | 170.96 | 189.94 | 203.23 |
| 3" | 86.40 | 93.31 | 97.04 | 276.33 | 276.33 | 276.33 | 276.33 | 320.54 | 356.12 | 381.05 |
| 4" | 131.38 | 141.89 | 144.57 | 460.55 | 460.55 | 460.55 | 460.55 | 534.24 | 593.54 | 635.09 |
| 6" | 239.70 | 258.88 | 269.23 | 921.09 | 921.09 | 921.09 | 921.09 | 1,068.46 | 1,187.06 | 1,270.16 |
| 8" | 353.02 | 381.26 | 396.51 | 1,473.76 | 1,473.76 | 1,473.76 | 1,473.76 | 1,709.56 | 1,899.32 | 2,032.28 |
| 10" | 466.34 | 503.65 | 523.79 | 3,500.72 | 3,500.72 | 3,500.72 | 3,500.72 | 4,060.84 | 4,511.59 | 4,827.40 |
| Water Usage Charges (per HCF)⁽¹⁾ | | | | | | | | | | |
| User Type | | | | | | | | | | |
| Urban | | | | | | | | | | |
| Conservation ⁽²⁾ | \$ 3.29 | \$ 3.55 | \$ 3.55 | \$ 3.55 | \$ 3.55 | \$ 3.55 | \$ 3.55 | \$ 4.12 | \$ 4.58 | \$ 4.90 |
| Urban ⁽³⁾ | 3.29 | 3.55 | 3.71 | 3.71 | 3.71 | 3.71 | 3.71 | 4.30 | 4.78 | 5.12 |
| Urban Agriculture | 0.95 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.16 | 1.29 | 1.38 |
| Goleta West Conduit Agriculture | 0.95 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.06 | 1.18 | 1.26 |
| Recreation Irrigation | 2.38 | 2.57 | 2.68 | 2.68 | 2.68 | 2.68 | 2.68 | 3.11 | 3.45 | 3.70 |
| Reclaimed | 2.01 | 2.17 | 2.17 | 2.17 | 2.17 | 2.17 | 2.17 | 2.49 | 2.76 | 2.96 |

Notes:

(1) Rates as of June 30 of each fiscal year.

(2) Monthly service charges converted to a tiered structure effective July 1, 2007. 5/8" & 3/4" Meters are based on average 12 month water use. Ultra low flow (4 or less HCF), Low flow (greater than 4 but less than 8 HCF), and All other 5/8" & 3/4" meter rates (greater than 8 HCF).

(3) Residential agricultural customers are charged at Urban rate unless usage exceeds 11 HCF per dwelling for any given month.

Source: Goleta Water District Board of Directors-approved rate ordinances

**Goleta Water District
Ten Largest Water Users
Current Fiscal Year versus Fiscal Year 2003-04
Unaudited**

Schedule 8

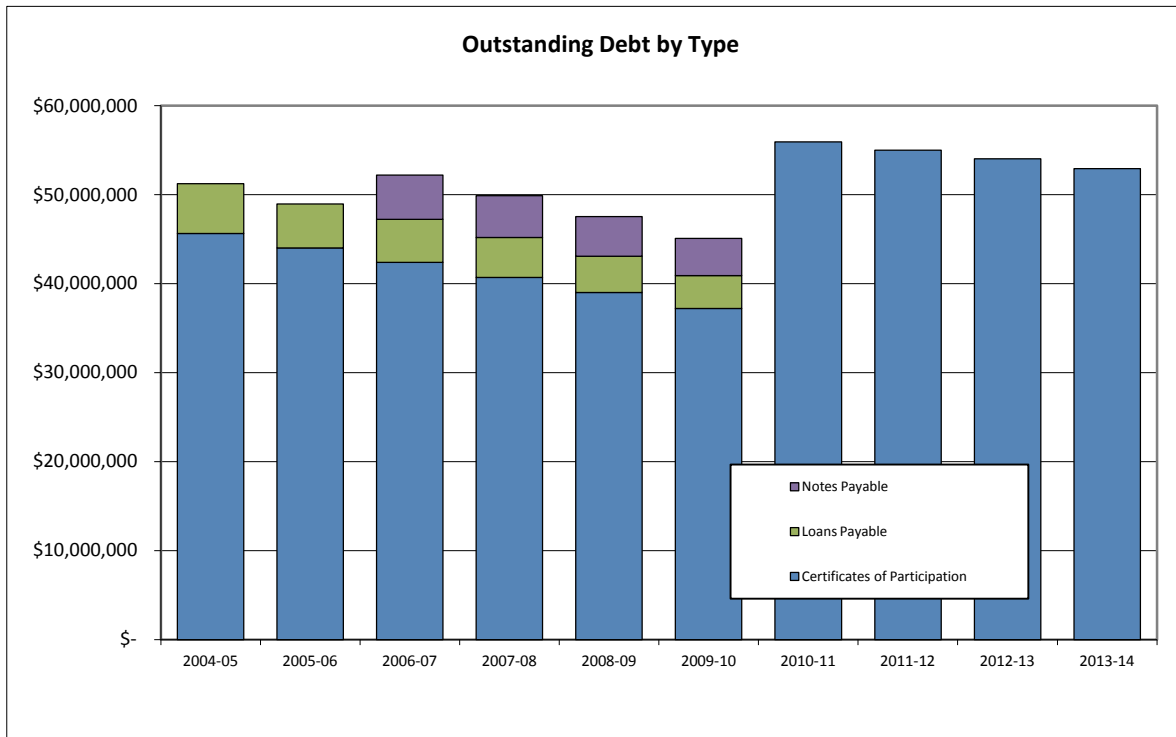
| FY 2013-14 | | | FY 2003-04 | | |
|---|----------------------------|---|--------------------------------|----------------------------|---|
| Name | Water Sales (Acre Feet) | Percentage of Total Water Purchased | Name | Water Sales (Acre Feet) | Percentage of Total Water Purchased |
| Univ of Calif at Santa Barbara | 991 | 6.66% | Univ of Calif at Santa Barbara | 820 | 5.81% |
| Cavaletto Ranches, LLC | 771 | 5.18% | Glen Annie Golf Club | 363 | 2.57% |
| Sandpiper Golf Course | 322 | 2.16% | Sandpiper Golf Course | 305 | 2.16% |
| Glen Annie Golf Club | 304 | 2.04% | Cavaletto Ranches, LLC | 270 | 1.91% |
| Dos Pueblos Schulte Ranch | 284 | 1.91% | County of Santa Barbara | 203 | 1.44% |
| Rancho Tres Canadas | 255 | 1.71% | Roy Butera | 194 | 1.38% |
| Wallover Inc | 241 | 1.62% | Ag-Land Service | 183 | 1.30% |
| County of Santa Barbara | 209 | 1.40% | Bacara Resort Services, Inc. | 170 | 1.21% |
| Roy Butera | 165 | 1.11% | Rancho Tres Canadas | 242 | 1.72% |
| Las Varas Ranch | 146 | 0.98% | Por La Mar Nursery | 144 | 1.02% |
| Total attributable to ten largest water users | <u>3,688</u> | <u>24.77%</u> | | <u>2,894</u> | <u>20.52%</u> |
| Total water sales (acre feet) | <u>14,884</u> | <u>100.00%</u> | | <u>14,104</u> | <u>100.00%</u> |

Sources: Goleta Water District
CCWA FY 2003/2004 Continuing Disclosure Annual Report

**Goleta Water District
Ratio of Outstanding Debt by Type
Previous Ten Fiscal Years
Unaudited**

Schedule 9

| Fiscal Year | Notes Payable | Certificates of Participation | Loans Payable | Total | | |
|-------------|---------------|-------------------------------|---------------|---------------|------------|-------------------------------|
| | | | | Debt | Per Capita | As a Share of Personal Income |
| 2004-05 | \$ - | \$ 45,655,000 | \$ 5,596,077 | \$ 51,251,077 | 1,671 | 0.054% |
| 2005-06 | - | 44,040,000 | 4,922,476 | 48,962,476 | 1,594 | 0.060% |
| 2006-07 | 4,941,625 | 42,395,000 | 4,860,321 | 52,196,946 | 1,730 | 0.063% |
| 2007-08 | 4,705,415 | 40,715,000 | 4,476,921 | 49,897,336 | 1,663 | 0.064% |
| 2008-09 | 4,457,920 | 39,005,000 | 4,082,786 | 47,545,706 | 1,560 | 0.059% |
| 2009-10 | 4,197,810 | 37,225,000 | 3,677,615 | 45,100,425 | 1,450 | 0.060% |
| 2010-11 | - | 55,945,000 | - | 55,945,000 | 1,863 | 0.063% |
| 2011-12 | - | 55,020,000 | - | 55,020,000 | 1,842 | 0.064% |
| 2012-13 | - | 54,060,000 | - | 54,060,000 | 1,804 | 0.064% |
| 2013-14 | - | 52,950,000 | - | 52,950,000 | 1,753 | 0.068% |



Source: Goleta Water District Audited Financial Statements

**Goleta Water District
Pledged-Revenue Coverage
Previous Ten Fiscal Years
Unaudited**

Schedule 10

| Fiscal Year | Operating | Operating | Net Available | | Debt Service | | Coverage |
|-------------|---------------|-------------------------|---------------|--------------------------|--------------|--------------|----------|
| | Revenues | Expenses ⁽¹⁾ | Revenues | Principal ⁽²⁾ | Interest | Total | Ratio |
| 2004-05 | \$ 19,028,366 | \$ (18,143,671) | \$ 884,695 | \$ 1,697,917 | \$ 1,657,837 | \$ 3,355,754 | 0.26 |
| 2005-06 | 19,820,429 | (18,477,813) | 1,342,616 | 1,977,799 | 1,966,097 | 3,943,896 | 0.34 |
| 2006-07 | 23,275,841 | (19,099,548) | 4,176,293 | 2,076,332 | 1,985,205 | 4,061,537 | 1.03 |
| 2007-08 | 26,147,078 | (20,806,256) | 5,340,822 | 2,299,610 | 2,109,143 | 4,408,753 | 1.21 |
| 2008-09 | 25,245,709 | (22,717,232) | 2,528,477 | 2,351,630 | 2,031,131 | 4,382,761 | 0.58 |
| 2009-10 | 23,875,390 | (22,829,750) | 1,045,640 | 2,445,281 | 1,970,974 | 4,416,255 | 0.24 |
| 2010-11 | 22,975,387 | (19,107,945) | 3,867,442 | 885,000 | 1,933,861 | 2,818,861 | 1.37 |
| 2011-12 | 27,136,533 | (21,051,673) | 6,084,860 | 925,000 | 2,351,948 | 3,276,948 | 1.86 |
| 2012-13 | 31,475,922 | (22,431,761) | 9,044,161 | 960,000 | 2,369,145 | 3,329,145 | 2.72 |
| 2013-14 | 33,868,571 | (26,209,042) | 7,659,529 | 995,000 | 2,432,866 | 3,427,866 | 2.23 |

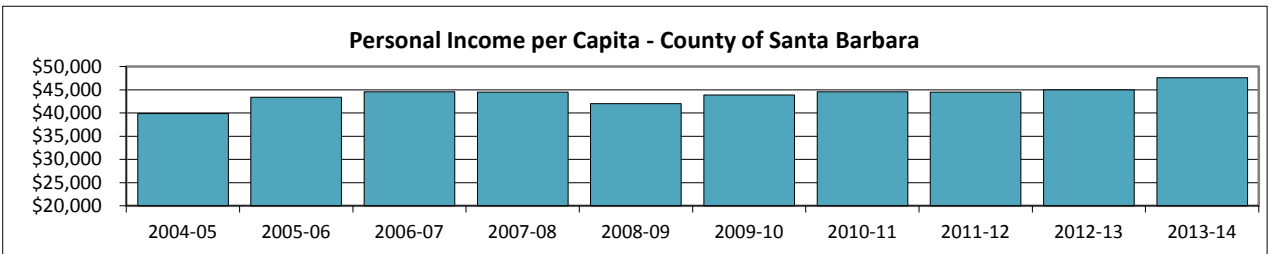
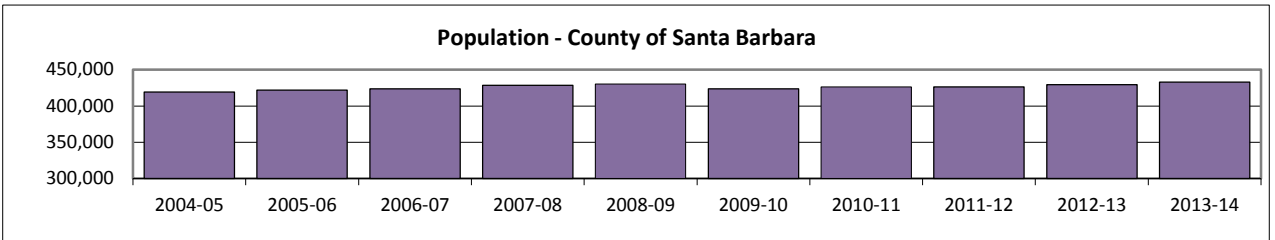
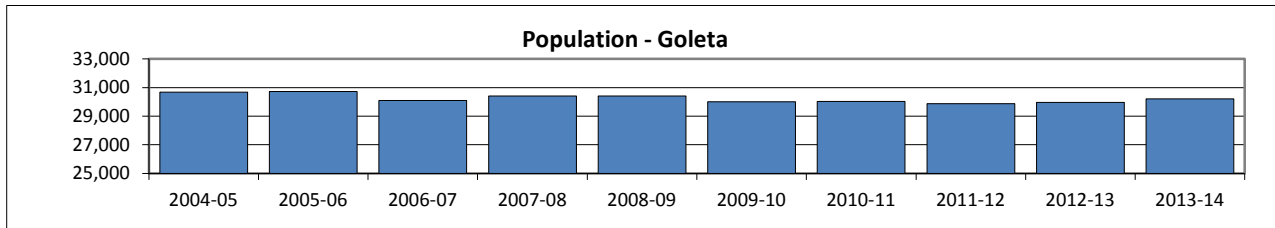
Notes: (1) Excludes depreciation expense.
(2) Excludes payments associated with refinancing.

Source: Goleta Water District Audited Financial Statements

**Goleta Water District
Demographic and Economic Statistics
Previous Ten Fiscal Years
Unaudited**

Schedule 11

| Fiscal Year | Goleta ⁽¹⁾ | | County of Santa Barbara ⁽³⁾ | | |
|-------------|---------------------------|----------------------|--|-------------------------------|----------------------------|
| | Population ⁽²⁾ | Unemployment Rate | Population ⁽²⁾ | Personal Income (\$ billions) | Personal Income per Capita |
| 2004-05 | 30,679 | 4.00% | 419,000 | 16.7 | 39,900 |
| 2005-06 | 30,721 | 3.50% | 422,000 | 18.3 | 43,400 |
| 2006-07 | 30,096 | 3.80% | 423,540 | 18.9 | 44,600 |
| 2007-08 | 30,400 | 5.20% | 428,655 | 19.1 | 44,500 |
| 2008-09 | 30,404 | 8.20% | 430,333 | 18.1 | 42,000 |
| 2009-10 | 30,001 | 8.80% | 423,740 | 18.6 | 43,900 |
| 2010-11 | 30,032 | 8.90% | 426,189 | 19.0 | 44,600 |
| 2011-12 | 29,863 | 7.90% | 426,351 | 19.0 | 44,500 |
| 2012-13 | 29,962 | ⁽⁴⁾ 6.30% | 429,200 | ⁽⁴⁾ 19.3 | 45,000 |
| 2013-14 | 30,202 | ⁽⁴⁾ 5.40% | 433,000 | ⁽⁴⁾ 20.6 | 47,600 |



- Notes:**
- (1) A substantial portion of the District lies within the City and is therefore a reasonable basis for determining District demographic and economic statistics.
 - (2) Population as of January 1.
 - (3) County data is updated annually, and is representative of District conditions and experience.
 - (4) Estimated amounts per California Department of Finance.

Sources: California Department of Finance and California Labor Market Info

**Goleta Water District
Operating and Capacity Indicators
Previous Ten Fiscal Years
Unaudited**

Schedule 12

District Employees by Department (Actual on Payroll at June 30)

| Department | Fiscal Year | | | | | | | | | |
|------------------------|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| General Management | 3 | 3 | 3 | 4 | 2 | 3 | 3 | 3 | 3 | 3 |
| Operations Management | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water Treatment | 13 | 13 | 12 | 14 | 10 | 10 | 10 | 12 | 11 | 10 |
| Distribution | 16 | 14 | 9 | 9 | 16 | 16 | 14 | 16 | 14 | 14 |
| Water Quality | 0 | 0 | 1 | 2 | 2 | 2 | 2 | 6 | 8 | 8 |
| Warehouse | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Meter Services | 7 | 7 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Engineering Services | 11 | 11 | 11 | 12 | 11 | 10 | 7 | 4 | 4 | 5 |
| Customer Service | 2 | 2 | 3 | 3 | 3 | 2 | 1 | 1 | 1 | 1 |
| Accounting and Finance | 4 | 3 | 3 | 3 | 4 | 5 | 4 | 7 | 8 | 8 |
| Payroll | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Human Resources | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | 61 | 58 | 52 | 57 | 58 | 58 | 51 | 59 | 59 | 59 |

Other Operating and Capacity Indicators

| Fiscal Year | District Area (Square Miles) | Miles of Water Mains | Number of Wells | Number of Fire Hydrants | System Capacity (MGD) |
|--------------------|---|---------------------------------|----------------------------|------------------------------------|----------------------------------|
| 2004-05 | 45 | 264 | 9 | 1,393 | 29 |
| 2005-06 | 45 | 265 | 9 | 1,402 | 29 |
| 2006-07 | 45 | 265 | 9 | 1,410 | 29 |
| 2007-08 | 45 | 266 | 9 | 1,422 | 29 |
| 2008-09 | 45 | 266 | 9 | 1,437 | 29 |
| 2009-10 | 45 | 270 | 9 | 1,448 | 29 |
| 2010-11 | 45 | 270 | 9 | 1,455 | 29 |
| 2011-12 | 45 | 270 | 9 | 1,468 | 29 |
| 2012-13 | 45 | 270 | 9 | 1,466 | 29 |
| 2013-14 | 45 | 270 | 9 | 1,474 | 29 |

Sources: Goleta Water District - Administrative Services and Engineering Departments

LIST OF ACRONYMS



THIS PAGE INTENTIONALLY LEFT BLANK

List of Acronyms and Abbreviations

| | |
|-----------------|--|
| ACWA | Association of California Water Agencies |
| AFY | Acre Feet per Year |
| APC | Annual Pension Cost |
| ARC | Annual Required Contribution |
| ASR | Aquifer Storage and Recovery |
| BUREAU | U.S. Bureau of Reclamation |
| CAFR | Comprehensive Annual Financial Report |
| CalPERS | California Public Employees' Retirement System |
| CCRB | Cachuma Conservation and Release Board |
| CCWA | Central Coast Water Authority |
| CIP | Capital Improvement Projects |
| COMB | Cachuma Operation and Maintenance Board |
| COP | Certificates of Participation |
| CPA | Cachuma Project Authority |
| CSDA | California Special Districts Association |
| CUWCC | California Urban Water Conservation Council |
| DWR | Department of Water Resources |
| EPA | Environmental Protection Agency |
| FASB | Financial Accounting Standards Board |
| FTE | Full time equivalent |
| FY | Fiscal Year |
| GAAP | Generally Accepted Accounting Principles |
| GASB | Governmental Accounting Standards Board |
| GFOA | Government Finance Officers Association |
| GIS | Geographic Information System |
| GSD | Goleta Sanitary District |
| GWC | Goleta West Conduit |
| GWD | Goleta Water District |
| HCF | Hundred Cubic Feet |
| IBNR | Incurred But Not Reported |
| IIP | Infrastructure Improvement Plan |
| JPIA | Joint Powers Insurance Authority |
| LAFCO | Local Agency Formation Commission |
| LAIF | Local Agency Investment Fund |
| MD&A | Management's Discussion and Analysis |
| MGD | Million Gallons Per Day |
| NWSC | New Water Supply Charge |
| OPEB | Other Post Employment Benefits |
| SEIU | Service Employees International Union |
| SLGS | State and Local Government Series |
| SWP | State Water Project |
| SWRCB | State Water Resources Control Board |
| UAAL | Unfunded Actuarial Accrued Liability |