SOUTH COAST WATER DISTRICT

Basic Financial Statements

For the Year Ended June 30, 2015
(with Independent Auditors' Report Thereon)

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SOUTH COAST WATER DISTRICT

Basic Financial Statements

For the Year Ended June 30, 2015

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DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
South Coast Water District
Laguna Beach, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of the South Coast Water District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of South Coast Water District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in note 4 to the financial statements, during the year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

The financial statements of South Coast Water District for the fiscal year ended June 30, 2014 were audited by other auditors whose report dated September 10, 2014 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *required supplementary information related to the pension plan* 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 *supplementary information* is presented for purposes of additional analysis and are not a required part of the basic financial statements. The *supplementary information* has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
November 4, 2015

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June 30, 2015

The intent of the management's discussion and analysis is to provide highlights of the South Coast Water District's (the District) financial activities for the fiscal year ended June 30, 2015. Readers are encouraged to read this section in conjunction with the accompanying financial statements.

The District's Operations - an Overview

The District operates under the authority of the California Water Code and engages in various activities classified as "proprietary". These activities are accounted for much like that of a private business and use the full accrual method of accounting for transactions. The major activities include; acquisition of water from the Metropolitan Water District through Municipal Water District of Orange County; sale and delivery of water; collection, treatment and disposal of wastewater; sales and delivery of recycled water. The District also owns and operates a fleet of vehicles and other rolling stock to support the various operating activities.

Basic Financial Statements

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, the District's basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, statement of fiduciary net position, and a statement of changes in fiduciary net position.

The statement of net position includes the District's assets, liabilities and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). This statement also provides the basis of evaluating the capital structure of the District and assessing the overall liquidity and financial flexibility. The difference between the assets, liabilities and deferred inflows is shown as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses and changes in net position accounts for the current year's revenues and expenses. This statement measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The statement of cash flows reports cash receipts, cash disbursements, and net changes in cash resulting from operations and investments during the reporting period.

The statement of fiduciary net position is used to account for resources held for the benefit of the Joint Regional Water Supply System (JRWSS). This statement is not reflected in the District's statement of net position because the resources of the JRWSS are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Basic Financial Statements (Continued)

The statement of changes in fiduciary net position reports the current year's increases and decreases of JRWSS' net assets.

The notes to the basic financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by Generally Accepted Accounting Principles (GAAP) that are not otherwise present in the financial statements.

Changes in the Financial Condition of the District

Statements of Net Position
June 30, 2015 and 2014

	2014/15	2013/14	Increase/(Decrease) Amount	% Change
Assets				
Current assets	$ 67,720,317	$ 66,760,139	$ 960,178	1.4%
Capital assets, net	142,637,218	138,716,648	3,920,570	2.8%
Other assets	8,489,128	8,009,295	479,833	6.0%
Total assets	218,846,663	213,486,082	5,360,581	2.5%
Deferred outflows of resources				
Contributions	937,929	-	937,929	0.0%
Actuarial	41,748	-	41,748	0.0%
Total deferred outflows	979,677	-	979,677	0.0%
Liabilities				
Current liabilities	7,421,520	6,483,160	938,360	14.5%
Other liabilities	591,458	706,034	(114,576)	-16.2%
Long-term debt outstanding	35,400,389	37,243,581	(1,843,192)	-4.9%
Net pension liability	7,805,073	-	7,805,073	0.0%
Total liabilities	51,218,440	44,432,775	6,785,665	15.3%
Deferred inflows of resources				
Refunding	536,748	573,331	(36,583)	-6.4%
Actuarial	2,622,866	-	2,622,866	0.0%
Additional deferral	132,612	-	132,612	0.0%
Total deferred inflows	3,292,226	573,331	2,718,895	474.2%
Net Position				
Net investment in capital assets	107,007,231	101,766,953	5,240,278	5.1%
Unrestricted	58,308,443	67,488,341	(9,179,898)	-13.6%
Total Net Position	$165,315,674	$ 169,255,294	$ (3,939,620)	-2.3%

Changes in the Financial Condition of the District (Continued)

Overall the financial position of the District decreased for the fiscal year ended June 30, 2015. Assets and deferred outflows exceeded liabilities and deferred inflows by $165,315,674 at the close of the year, a decrease of $3,939,620.

The following denotes explanations for some of the major changes between fiscal years, as shown in the table above:

Current assets increased by $1.0 million overall primarily due to an increase in the District's cash and investments of $2.2 million; an increase in other receivables of $0.5 million; offset by a decrease in utility accounts receivable of $1.6 million and a decrease of $0.1 million in all other categories of current assets combined.

Capital assets increased by $3.9 million primarily due to an increase in construction in progress of $5.7 million; an increase in operating assets being added to the system totaling $3.7 million; and an offset of depreciation expense net deleted assets totaling $5.5 million.

Other assets increased by $0.5 million primarily due to an increase in the District's investment in joint venture.

Current liabilities increased by $1.0 million primarily due to an increase of $0.5 million in accounts payable and an overall increase of $0.5 million in the other current liability categories.

Long-term debt outstanding decreased by $1.8 million primarily due to debt payments that are due in the 2015/2016 year. Also see Note 5 to the basic financial statements regarding debt issuances and outstanding balances.

Net Pension Liability is $7.8 million. This new to the District's financial statements as a result of the implementation of GASB 68: Accounting and Financial Reporting for Pensions

By far, the largest portion of the Districts net position (64.7%) represents its investment in capital assets. These capital assets are used to provide services to its customers and are not available for future spending.

The District's net position decreased by $3.9 million, (-2.3%) over the prior year. This can be attributed to net non-operating revenue of $6.7 million; a loss from operations of $0.4 million; contributed capital of $0.3 million and a prior period adjustment of $10.5 million decreasing net position due to the implementation of GASB 68.

Changes in the Financial Condition of the District (Continued)

Statements of
Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014

	2014/15		2013/14		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% Change
Operating revenues:						
Water sales	$16,236,389	52.8%	$17,439,450	55.7%	$(1,203,061)	-6.9%
Sewer service charges	12,812,048	41.7%	12,210,786	39.0%	601,262	4.9%
Recycled water	1,439,432	4.7%	1,411,162	4.5%	28,270	2.0%
Recreation facilities	251,604	0.8%	261,269	0.8%	(9,665)	-3.7%
Total operating revenues	30,739,473	100.0%	31,322,667	100.0%	(583,194)	-1.9%
Non-operating revenues:						
Property taxes – general and bond levy	5,626,192	75.7%	5,376,662	82.2%	249,530	4.6%
Standby charges	8,904	0.1%	9,141	0.1%	(237)	-2.6%
Investment income	194,283	2.6%	115,022	1.8%	79,261	68.9%
Other revenues	795,491	10.7%	516,430	7.9%	279,061	54.0%
Rental income	759,253	10.2%	638,688	9.8%	120,565	18.9%
Grant Revenue	204,593	2.8%	0	0.0%	204,593	0.0%
Gain on disposal of capital assets	77,542	1.0%	34,869	0.5%	42,673	122.4%
Share of joint venture income (expenses)	(233,290)	-3.1%	(153,024)	-2.3%	(80,266)	-52.5%
Total non-operating revenues	7,432,968	100.0%	6,537,788	100.0%	895,180	13.7%
Total Revenues	38,172,441		37,860,455		311,986	0.8%
Operating expenses:						
Source of supply	5,934,856	19.1%	6,172,350	20.0%	(237,494)	-3.8%
Groundwater recovery facility	531,460	1.7%	565,177	1.8%	(33,717)	-6.0%
Recycled water	1,101,808	3.5%	716,697	2.3%	385,111	53.7%
Pumping expense	1,124,003	3.6%	1,067,834	3.4%	56,169	5.3%
Sewer treatment plant	2,084,904	6.7%	2,125,949	6.9%	(41,045)	-1.9%
Transmission and distribution	4,561,273	14.6%	3,861,885	12.5%	699,388	18.1%
Recreation facilities	317,364	1.0%	256,403	0.8%	60,961	23.8%
General and administrative	8,191,511	26.3%	9,083,167	29.4%	(891,656)	-9.8%
Depreciation	7,315,469	23.5%	7,077,400	22.9%	238,069	3.4%
Total operating expenses	31,162,648	100.0%	30,926,862	100.0%	235,786	0.8%

	2014/15		2013/14		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% Change
Non-operating expenses:						
Interest - certificates of participation	$ 580,432	82.5%	$ 788,860	65.9%	$ (208,428)	-26.4%
Interest – bond	23,580	3.4%	42,655	3.6%	(19,075)	-44.7%
Other expenses	98,819	14.1%	365,817	30.5%	(266,998)	-73.0%
Total non-operating expenses	702,831	100.0%	1,197,332	100.0%	(494,501)	-41.3%
Total Expenses	31,865,479		32,124,194		(258,715)	-0.8%
Income before contributions	6,306,962		5,736,261		570,701	9.9%
Capital contributions –contributed Assets	-	0.00%	1,319,058	71.7%	(1,319,058)	- 100.0%
Capital contributions – connection fees	340,665	100.0%	521,160	28.3%	(180,495)	-34.6%
Total capital contributions	340,665	100.0%	1,840,218	100.0%	(1,499,553)	-81.5%
Change in net position	6,647,627		7,576,479		(928,852)	-12.3%
Net position at beginning of year, as restated	158,668,047		161,678,815		(3,010,768)	-1.9%
Net position at end of year	$165,315,674		$169,255,294		$(3,939,620)	-2.3%

The following denotes explanations for some of the major changes between fiscal years as shown in the table on the previous page.

Revenues - Combined revenues for the fiscal year totaled $38,172,441 compared to a prior year of $37,860,455. This is an increase of approximately 0.8%. The table at the bottom of page 7 presents a comparison of revenues by major source for the two fiscal years 2014/15 and 2013/14.

Expenses - Combined expenses for the fiscal year totaled $31,865,479 compared to a prior year of $32,124,194. This is a decrease of approximately 0.8%. The table on page 7 presents a comparison of expenses by category for the two fiscal years 2014/15 and 2013/14.

Changes in the Financial Condition of the District (Continued)

Operating Revenues - Total operating revenues decreased this year by $0.6 million (-1.9%) over the previous year's total to end at $30.7 million. This is primarily attributed to the $1.2 million decrease in potable water sales due to the Governor's mandatory water reduction for the District of 24%.

Total Non-operating Revenues – Total non-operating revenues increased this year by $1.0 million (13.7%) over the previous year total to end at $7.4 million. This is primarily attributed to increases in the amount of property taxes, interest income, other revenues, and rental income from the San Juan Creek property received by the District. In addition the District also received $0.2 million in grant funds for the District's conservation rebate programs.

Operating Expenses – Total operating expenses increase this year by $0.2 million (0.8%) over the previous year's total to end at $31.2 million. This is primarily attributed to increases in operating costs for recycled water, an increase in costs for transmission and distribution as well as for the Dana Hills Tennis Center. These increases were offset by decreases in the other operating cost line items.

Total Non-operating Expenses - Total non-operating expenses decreased by $0.5 million (41.3%) over the previous year's total to end at $0.7 million. This is primarily due to fewer project costs being written off from the construction in process account during the fiscal year as well as reduced interest expense as a result of an increase in capitalized interest.

Capital Contributions – Capital contributions decreased this year by $1.5 million (-81.5%) over the previous year's total to end at $0.3 million. This is primarily due a decrease in connection fees received this year compared to last year as well as no contributed assets accepted by the District during the year.

Net Position

The financial condition of the District decreased from the previous year. The District's net position decreased by $3,939,620 to $165,315,674. This is a -2.3% decrease from the prior year and can be illustrated from the table on page 7 that compares the various categories of assets, liabilities, deferred inflows, deferred outflows and net position for the two fiscal years 2014/15 and 2013/14.

Changes in the Financial Condition of the District (Continued)

Capital Expenditures

During the year, expenditures in capital projects totaled $9.4 million. Three major projects currently underway and where expenditures in the current fiscal year exceeded $0.5 million include the Del Prado Water Main Replacement for $2.6 million, Sewer Tunnel Permanent Repair project for $1.0 million and the Recycled Waterline to the Harbor for $0.8 million.

Long-Term Debt

At June 30, 2015, the District had a net of $38.4 million, which includes current and noncurrent in long-term debt outstanding, a net decrease of $1.8 million. The long-term debt consists of loans payable, revenue bonds, GO bonds, compensated absences and unamortized deferred amounts for premiums/discounts and refundings. The amount of debt due within the current year totaled $2.4 million. More detailed information about the District’s long-term debt is presented in Note 5 to the basic financial statements.

Capital Assets

Net of accumulated depreciation, the District reported capital assets of $142,637,218 in fiscal year 2014/15 compared to $138,716,648 in fiscal year 2013/14. A comparison of the change is provided below by major category. Also see Note 3 to the basic financial statements for further information regarding capital assets.

Capital Assets
For the Fiscal Years Ended June 30, 2015 and 2014

			Increase/Decrease	%
	2014/15	**2013/14**	**Amount**	**Change**
Land	$ 2,053,609	$ 2,053,609	$ -	0.0%
Intangible plant	35,326,784	37,262,486	(1,935,702)	-5.2%
Source of supply	21,700,775	21,700,775	-	0.0%
Pumping plant	16,238,178	16,022,123	216,055	1.3%
Treatment plants	27,429,057	25,412,680	2,016,377	7.9%
Transmission and distribution	70,682,245	69,274,399	1,407,846	2.0%
Sewer collection system	39,937,915	38,092,251	1,845,664	4.8%
General plant	18,249,108	18,112,435	136,673	0.8%
Recreation facilities	1,239,440	1,239,440	-	0.0%
Construction in progress	20,660,586	14,902,106	5,758,480	38.6%
Total capital assets	253,517,697	244,072,304	9,445,393	3.9%
Less accumulated depreciation	(110,880,479)	(105,355,656)	(5,524,823)	5.2%
Net capital assets	$ 142,637,218	$138,716,648	$ 3,920,570	2.8%

Capital Assets (Continued)

Significant additions to capital assets include the $5.9 million of completed projects for 2014/2015 with the three largest categories being $2.0 million in treatment plant projects, $1.8 million in sewer collection system projects and $1.4 million in transmission and distribution plant projects.

The three largest projects completed as of June 30, 2015 were the Dana Point Town Center Sewer Improvements ($1.5 million), the District's share of the capital projects for the Coastal Treatment Plant through the South Orange County Wastewater Authority ($1.4 million) and the 2A Reservoir Rehabilitation ($0.7 million).

Contacting the District's Financial Management

This financial report is designed to provide the South Coast Water District's elected officials, citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have any questions regarding this report or need additional financial information, please contact the District's Finance Department.

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BASIC FINANCIAL STATEMENTS

SOUTH COAST WATER DISTRICT

Statement of Net Position

June 30, 2015
(with prior year data for comparison purposes only)

	2015	2014
ASSETS		
Current assets:		
Cash and investments (Note 2)	$ 63,695,453	$ 61,481,742
Utility accounts receivable	1,852,879	3,421,363
Property taxes receivable	351,957	356,988
Accrued interest receivable	80,035	53,558
Other receivables	1,059,618	588,540
Prepaid expenses	219,326	189,276
Materials and supplies inventory	461,049	474,842
Current portion of prepaid PERS contribution	-	193,830
Total current assets	67,720,317	66,760,139
Noncurrent assets:		
Capital assets: (Note 3)		
Not being depreciated	22,714,195	16,955,715
Being depreciated (net of accumulated depreciation)	119,923,023	121,760,933
Net capital assets	142,637,218	138,716,648
Other assets:		
Investment in joint venture (Note 7)	8,369,962	7,905,139
Other assets	119,166	104,156
Total other assets	8,489,128	8,009,295
Total noncurrent assets	151,126,346	146,725,943
Total assets	218,846,663	213,486,082
DEFERRED OUTFOWS		
Deferred Outflows of Resources - Contributions	937,929	-
Deferred Outflows of Resources - Actuarial	41,748	-
Total Deferred Outflows	979,677	-

SOUTH COAST WATER DISTRICT

Statement of Net Position

June 30, 2015

(Continued)

	2015	2014
LIABILITIES		
Current liabilities:		
Accounts payable	$ 3,761,559	$ 3,232,583
Accrued salaries and benefits	201,374	133,433
Advances from developers	225,815	28,975
Customer deposits	153,096	150,804
Accrued interest payable	641,445	663,261
Current portion of loans payable, net (Note 5)	351,466	351,466
Current portion of bonds payable, net (Note 5)	1,491,726	1,436,086
Current portion of compensated absences (Note 5)	595,039	486,552
Total current liabilities	7,421,520	6,483,160
Noncurrent liabilities: (Note 5)		
Loans payable, net	1,423,419	1,774,885
Bonds payable, net	33,976,970	35,468,696
Compensated absences, net	591,458	706,034
Net pension liability (Note 4)	7,805,073	-
Total noncurrent liabilities	43,796,920	37,949,615
Total liabilities	51,218,440	44,432,775
DEFERRED INFLOWS		
Deferred Inflow of Resources - Refunding	536,748	573,331
Deferred Inflow of Resources - Actuarial	2,622,866	-
Deferred Inflow of Resources - Additional Deferral	132,612	-
Total deferred inflows	3,292,226	573,331
NET POSITION		
Net investment in capital assets	107,007,231	101,766,953
Unrestricted	58,308,443	67,488,341
Total net position	$ 165,315,674	$ 169,255,294

See accompanying notes to the basic financial statements

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SOUTH COAST WATER DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2015
(with prior year data for comparison purposes only)

	2015	2014
Operating revenues:		
Water sales	$ 16,236,389	$ 17,439,450
Sewer service charges	12,812,048	12,210,786
Recycled water	1,439,432	1,411,162
Recreation facilities	251,604	261,269
Total operating revenues	30,739,473	31,322,667
Operating expenses:		
Source of supply	5,934,856	6,172,350
Groundwater recovery facility	531,460	565,177
Recycled water	1,101,808	716,697
Pumping expense	1,124,003	1,067,834
Sewer treatment plant	2,084,904	2,125,949
Transmission and distribution	4,561,273	3,861,885
Recreation facilities	317,364	256,403
General and administrative	8,191,511	9,083,167
Depreciation	7,315,469	7,077,400
Total operating expenses	31,162,648	30,926,862
Income (Loss) from operations	(423,175)	395,805
Non-operating revenues (expenses):		
Property taxes – general and bond levy	5,626,192	5,376,662
Standby charges	8,904	9,141
Investment income	194,283	115,022
Other revenues	795,491	516,430
Rental income (net of expenses)	759,253	638,688
Grant revenue	204,593	-
Interest – certificates of participation	(580,432)	(788,860)
Interest – bond	(23,580)	(42,655)
Gain on disposal of capital assets	77,542	34,869
Share of joint venture income (expenses)	(233,290)	(153,024)
Other expenses	(98,819)	(365,817)
Total non-operating revenues (loss)	6,730,137	5,340,456
Income before contributions	6,306,962	5,736,261
Capital contributions - contributed assets	-	1,319,058
Capital contributions - connection fees	340,665	521,160
Total capital contributions	340,665	1,840,218
Change in net position	6,647,627	7,576,479
Net position at beginning of the year, as restated (Note 14)	158,668,047	161,678,815
Net position at end of the year	$ 165,315,674	$ 169,255,294

See accompanying notes to the basic financial statements

SOUTH COAST WATER DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2015
(with prior year data for comparison purposes only)

	2015	2014
Cash flows from operating activities:		
Cash received from customers	$ 31,851,817	$ 31,182,898
Cash payments to employees for services	(3,882,763)	(3,756,313)
Cash payments to suppliers for goods and services	(19,454,727)	(18,515,975)
Standby charges received	8,904	9,141
Rental income received	759,253	638,688
Grant revenue reveived	204,594	-
Other expenses	(98,819)	(99,650)
Other operating revenues	795,491	516,430
Net cash provided by operating activities	10,183,750	9,975,219
Cash flows from noncapital financing activities:		
Proceeds from property taxes, general levy	5,631,223	5,256,650
Net cash provided by noncapital financing activities	5,631,223	5,256,650
Cash flows from capital and related financing activities:		
Acquisitions and construction of capital assets	(10,951,479)	(9,444,185)
Proceeds from sale of capital assets	78,001	304,374
Repayment of notes, bonds and certificates of participation	(1,814,718)	(1,757,199)
Interest paid	(1,618,377)	(1,679,103)
Water and sewer connection fees received	340,665	521,160
Receipts (return) of customer deposits and developer advances	196,840	(8,645)
Net cash used for capital and related financing activities	(13,769,068)	(12,063,598)
Cash flows from investing activities:		
Investment redemptions and sales	15,375,512	26,669,075
Investment purchases	(24,301,309)	(11,480,082)
Interest income received	167,806	108,089
Net cash provided by investing activities	(8,757,991)	15,297,082
Total increase in cash and cash equivalents	(6,712,086)	18,465,353
Cash and cash equivalents at beginning of year	49,253,412	30,788,059
Cash and cash equivalents at end of year (Note 2)	$ 42,541,326	$ 49,253,412

See accompanying notes to the basic financial statements

SOUTH COAST WATER DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2015
(with prior year data for comparison purposes only)

(Continued)

	2015	2014
Reconciliation of loss from operations to net cash provided by operating activities:		
Income (loss) from operations	$ (423,175)	$ 395,805
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Operating activities:		
Depreciation	7,315,469	7,077,400
Rental income received	759,253	638,688
Grant revenue received	204,594	-
Standby charges and other revenues	8,904	9,141
Other revenues (expenses)	696,672	416,780
Changes in deferred inflows and outflows	1,775,801	-
Changes in assets and liabilities:		
Decrease (increase) in utility accounts receivable	1,568,484	(46,197)
Decrease (increase) in other receivables	(458,432)	(97,785)
Decrease (increase) in prepaid PERS contribution	969,148	193,830
Decrease (increase) in pension liablity	(2,782,174)	-
Decrease (increase) in prepaid expenses	(30,050)	2,616
Decrease (increase) in net OPEB asset	(12,646)	(21,540)
Decrease (increase) in other assets	(15,010)	(16,910)
Decrease (increase) in materials and supplies inventory	13,793	(49,809)
Increase (decrease) in accounts payable	528,975	1,402,791
Increase (decrease) in accrued expenses	67,941	30,083
Increase (decrease) in deposits payable	2,292	4,213
Increase (decrease) in compensated absences	(6,089)	36,113
Net cash provided by operating activities	$ 10,183,750	$ 9,975,219
Reconciliation of cash and cash equivalents to statement of net position:		
Current cash and investments	$ 62,796,774	$ 60,148,768
Restricted cash and investments:		
Debt agreements	898,679	1,332,974
Total cash and investments	63,695,453	61,481,742
Less investments with maturities greater than 3 months	(21,154,127)	(12,228,330)
Cash and cash equivalents (Note 2)	$ 42,541,326	$ 49,253,412
Supplemental disclosure of noncash capital and related financing and investing activities:		
Share of joint venture revenues (expenses)	$ (464,823)	$ (153,024)
Contributed assets from developers	$ 340,665	$ 1,840,218

See accompanying notes to the basic financial statements

SOUTH COAST WATER DISTRICT

Statement of Fiduciary Net Position - Trust Fund

June 30, 2015

(with prior year data for comparison purposes only)

	JRWSS Trust	
ASSETS	2015	2014
Current assets:		
Cash and investments (Note 2)	$ 4,178,371	$ 3,910,853
Accounts receivable:		
Water	16,474	36,402
Other	99,524	100,170
Accrued interest receivable	5,334	6,958
Prepaid expenses and deposits	7,195	8,824
Current portion of notes receivable (Note 11)	405,000	390,000
Total current assets	4,711,898	4,453,207
Noncurrent assets:		
Notes receivable (Note 11)	875,000	1,280,000
Capital assets (Note 12)		
Not being depreciated	567,069	7,316,291
Being depreciated (net of accumulated depreciation)	28,451,153	20,007,145
Net capital assets	29,018,222	27,323,436
Total noncurrent assets	29,893,222	28,603,436
Total assets	34,605,120	33,056,643
LIABILITIES		
Current liabilities:		
Accounts payable	670,554	177,075
Interest payable	5,333	6,958
Retentions payable	118,779	-
Current portion of notes payable (Note 11)	405,000	390,000
Total current liabilities	1,199,666	574,033
Noncurrent liabilities:		
Notes payable (Note 11)	875,000	1,280,000
Capital deposits	565,271	6,529,599
Total noncurrent liabilities	1,440,271	7,809,599
Total liabilities	2,639,937	8,383,632
NET POSITION		
Net investment in capital assets	29,018,222	27,323,436
Unrestricted	2,946,961	(2,650,425)
Total net position	$ 31,965,183	$ 24,673,011

SOUTH COAST WATER DISTRICT

Statement of Changes in Fiduciary Net Position - Trust Fund

For the Year Ended June 30, 2015

(with prior year data for comparison purposes only)

	JRWSS Trust	
Additions	2015	2014
Contributions:		
Water sales and charges	$ 201,869	$ 232,440
Maintenance and operation advances	1,708,001	1,719,577
Investment income	76,540	99,066
Participant contributions for projects	8,645,621	675,024
Property taxes	1,239,457	1,174,069
Total additions	11,871,488	3,900,176
Deductions		
Water purchases	201,869	232,440
Direct operating expenses	1,051,904	1,128,596
Administrative and general expenses	404,742	371,961
Depreciation	1,040,018	1,016,229
Interest expense	74,488	91,208
Refunds to participants	1,806,295	1,416,548
Total deductions	4,579,316	4,256,982
Change in net position	7,292,172	(356,806)
Net position at beginning of year	24,673,011	25,029,817
Net position at end of year	$ 31,965,183	$ 24,673,011

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Description of Reporting Entity

The South Coast Water District (the District) was formed in 1932 under the California Water Code. The District serves an area of approximately 10 square miles, encompassing portions of the Cities of Dana Point, Laguna Beach, San Clemente and San Juan Capistrano.

Effective July 1, 1976, in accordance with Orange County Reorganization No. 31, the District was designated as the successor to the South Laguna Sanitary District for the purpose of succeeding to all rights, duties and obligations of the South Laguna Sanitary District. These sewer functions are performed by the District under the title of the South Coast Water District Improvement District No. 1-S. The Improvement District serves an area of approximately 2,750, acres all located within the water operation boundaries.

In February 1997, the District entered into an agreement for the detachment of the Laguna Sur/Monarch Point Community of the District to be annexed to Moulton Niguel Water District (the Reorganization RO96-05). This reorganization was effective July 1, 1997.

In June 1998, the District was the primary filing applicant in a request for consolidation filed with the Local Agency Formation Commission of Orange County (LAFCO). In October 1998, LAFCO adopted a resolution (RO97-18) effective January 1, 1999 and provided for the consolidation of the South Coast Water District and the Capistrano Beach Water District, and the dissolution of the Dana Point Sanitary District. The District was established as the successor agency.

The consolidated District originally established four separate financial zones comprising the areas within: (1) The Original South Coast Water District; (2) Dana Point Sanitary District; (3) Capistrano Beach Water District; and (4) Capistrano Beach Water Sewer Improvement District No. 1. The financial zones separately accounted for assets, reserves, bond obligations and operations. Rates, charges and assessments for water and sewer services varied between financial zones. Based on a Financial Equalization Study, completed in 2002, the District implemented an Asset Equalization Charge and no longer maintained separate accounting by service area.

(1) Summary of Significant Accounting Policies, (Continued)

(a) Organization and Description of Reporting Entity, (Continued)

Effective July 1, 1999, the portion of the original South Coast Water District that lies within the City of Laguna Beach was annexed to the City of Laguna Beach. The agreement between the District and the City of Laguna Beach provides for the District to continue both water and sewer service to this area for several years. The agreement provides for annual extensions of the service provided unless terminated by either party.

Effective March 31, 2000, in accordance with LAFCO resolution (RO 99-07), the District was designated the contract operator for future operations and maintenance of the system and facilities of the former Tri-Cities Municipal Water District (TCMWD), which was legally consolidated with Coastal Municipal Water District, the successor agency. The net assets of TCMWD, other than TCMWD board and LAFCO directed operating and other cash reserves, transferred over to the participating agencies, equal to their respective ownership percentages, were assigned to the District to be held in trust and used for the benefit of the agreement participants (See Note 7).

The District's water supply is purchased from the Metropolitan Water District through the Municipal Water District of Orange County.

The financial statements present the District and its component units. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority on the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District.

The District's reporting entity includes the South Coast Water District Financing Authority (the Financing Authority), a California nonprofit public benefit corporation, formed for the purpose of providing financial assistance to the District. Although the District and the Financing Authority are legally separate entities, the District's Board of Directors is financially responsible for the Financing Authority and, therefore, the accompanying financial statements include the accounts and records of the Financing Authority using the blending method as required by accounting principles generally accepted in the United States of America. There are no separate financial statements for the Financing Authority.

The South Coast Water District owns and operates the Dana Hills Tennis Center.

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to business enterprises, where the intent of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the economic resources measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with the District's activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred regardless of the timing of cash flow.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, delivering water, and collecting, treating and disposing of wastewater in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses and Changes in Net Position.

(1) Summary of Significant Accounting Policies, (Continued)

(c) Joint Powers Agreements

The District is a participant in both the South Orange County Wastewater Authority (SOCWA) and in the San Juan Basin Authority (SJBA) for the purpose of operating and maintaining wastewater delivery, treatment and disposal facilities as well as management of regional groundwater and recycled water facilities.

South Orange County Wastewater Authority (a California Joint Powers Authority)

The District is a member of the South Orange County Wastewater Authority (SOCWA). SOCWA collects, treats, beneficially reuses and disposes of wastewater in South Orange County. SOCWA operates four wastewater treatment plants (WWTP) in the region. SOCWA has ten member agencies, including three cities and seven water districts. A Board of Directors consisting of representatives from member agencies governs SOCWA. The Board of Directors controls the operations of SOCWA, including selection of management and approval of the annual budget. SOCWA has Project Committees that member agencies participate in financially at various levels, depending on their capacity rights. Each WWTP is a project, as well as various other physical facilities such as outfall pipelines.

(1) Summary of Significant Accounting Policies, (Continued)

(c) Joint Powers Agreements, (Continued)

South Orange County Wastewater Authority (a California Joint Powers Authority), (Continued)

The District deposits money with SOCWA to cover its share of operation and capital in the project committees the District participates in. The District has no equity interest in SOCWA and does not receive a share of operating results. Construction deposits made to SOCWA for capital projects are recorded as capital assets.

To obtain complete financial information from SOCWA please contact SOCWA's Director of Finance at 34156 Del Obispo Street, Dana Point, CA 92629.

San Juan Basin Authority (a California Joint Powers Authority)

The District is also a member of the San Juan Basin Authority (SJBA) a joint powers authority formed to secure and develop water rights for its member agencies. It currently has permits for using the San Juan Groundwater Basin as an underground storage reservoir. A Board of Directors consisting of representatives from member agencies governs SJBA. The Board of Directors oversees contracts and approves the annual budget. SJBA has Project Committees that member agencies participate in financially at various levels based upon ownership or usage. The District deposits money with SJBA to cover its share of costs in the respective projects.

The District has no equity interest in SJBA and does not receive a share of operating results. Construction deposits made to SJBA for capital projects are recorded as capital assets.

To obtain complete financial information from SJBA contact South Coast Water District's Director of Finance.

(1) Summary of Significant Accounting Policies, (Continued)

(d) Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(e) Cash and Investments

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

(f) Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indenture, by law, or contractual obligations to be used for specified purposes, such as servicing bonded debt and construction of capital assets.

(g) Materials and Supplies Inventory

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

(h) Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

(i) Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been established for utility accounts receivable. District management believes all amounts are collectible. Amounts over 60 days are not significant for the fiscal year ended June 30, 2015.

(1) Summary of Significant Accounting Policies, (Continued)

(j) Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed bi-monthly on 30-day cycles. Sewer customers are also billed and included with the water billing. In certain areas of the District, the sewer billing is handled by another water utility agency, but is accrued as revenues by the District each month. Collections are forwarded monthly, based on actual receipts. Unbilled water and wastewater charges are accrued for the period from the last meter reading through year-end and are included in accounts receivable. Unbilled accounts receivable amounted to $708,098 at June 30, 2015.

(k) Compensated Absences

The District has a policy whereby an employee can accumulate sick leave and vacation. The sick leave is to be used for extended periods of sickness; however, upon termination or retirement, a portion will be paid as additional benefits. Upon completion of employment, employees with three years or more service will be paid for 50% of the then unused sick leave at regular payroll rates in effect at the date of the termination. The District has provided for these future costs by accruing unused sick leave and vacation of $696,813 and $489,684, respectively, and are included in compensated absences in the accompanying statement of net position.

(l) Bond Discount/Premium

Bond discount and premium are deferred and amortized over the term of bonds. Net bond premium and discounts are presented as a reduction or addition of the face amount of bonds payable. The remaining unamortized amount of unamortized bond discount and bond premium amounted to $538,575 and $520,991 at June 30, 2015, respectively.

(1) Summary of Significant Accounting Policies, (Continued)

(m) Capital Assets

Capital assets are stated at cost with an initial cost of $5,000. Contributed capital assets are recorded at fair market value at the time they are received and consist primarily of portable water, recycled water and sewer systems contributed by real estate developers. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the capital assets as follows:

Tract facilities, reservoirs, transmission connections, recreation facilities, collection lines and administrative building	50 years
Conservation facilities, reclamation terminals, intangible plant, source of supply, pumping plants and sewer connections	40 years
Groundwater recovery facility	30 years
Collection system	33 years
Meters	12 years
Power operated equipment, office furniture and automotive	10 years
Tools and computer hardware	5 years
Computer software	3 years

The District incurs interest charges on the Revenue Bonds. Interest expense of $983,132 has been capitalized as an addition to the cost of construction for the year ended June 30, 2015.

(1) Summary of Significant Accounting Policies, (Continued)

(n) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District has deferred outflows of resources related to actuarial, contribution and additional deferrals related to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has two types of these items. One is the deferred gain on refunding which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is shown as deferred and amortized over the life of the refunded or refunding debt. The second type is related to actuarial information related to pensions.

(o) Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(1) Summary of Significant Accounting Policies, (Continued)

(p) Property Taxes

Property tax in California is levied in accordance with Article XIIA of the State Constitution at 1% of countywide assessed valuations. The property taxes are placed in a pool, and then allocated to the local governmental units.

Property tax revenue is recognized in the fiscal year in which taxes are levied.

The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	First installment - November 10
	Second installment - February 10
Delinquent date:	First installment - December 11
	Second installment - April 11

(q) Use of Estimates

The financial statements are prepared in accordance with generally accepted accounting principles in the United States and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

(r) Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

(1) Summary of Significant Accounting Policies (Continued)

(r) Pensions (Continued)

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	June 30, 2013 to June 30, 2014

(s) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements and notes to basic financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Investments

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

Statement of Net Position:	
Cash and investments	$63,695,453
Statement of Fiduciary Net Position:	
Cash and investments	4,178,371
Total cash and investments	$67,873,824

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

Cash on hand	$ 4,825
Deposits with financial institutions - District	2,779,604
Deposits with financial institutions - JRWSS	2,150,044
Investments	62,939,351
Total cash and investments	$67,873,824

Cash and cash equivalents for the Statements of Cash Flows as of June 30, 2015 consist of the following:

Cash on hand	$ 4,825
Deposits with financial institutions - District	2,779,604
Money market funds	5,928,931
Investments - LAIF	31,822,808
Investments - CAMP	2,005,158
Total cash and cash equivalents	$42,541,326

(2) Cash and Investments, (Continued)

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

The table below identifies the *investment types* that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, if more restrictive) that address *interest rate risk* and *concentration of credit risk.* This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. The District's investment policy also contains certain allocation goals or targets that are viewed to be general guidelines to promote diversification, rather than restrictions. The District determines conformity to any percentage limitations or guidelines contained in the District's investment policy or the California Government Code by comparing the specified investment balance as of a given date to the total par value of the District's cash and investment portfolio as of the beginning of the fiscal year containing that date.

Investment Types Authorized by State Law	Authorized By Investment Policy	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	Yes	5 years	20%	$500,000
U.S. Treasury Obligations	Yes	5 years	50%	None
U.S. Government Sponsored Agency Securities	Yes	5 years	60%	15%
Banker's Acceptances	Yes	180 days	20%	$1 million
Commercial Paper	Yes	270 days	25%	$1 million
Negotiable Certificates of Deposits	Yes	5 year	10%	$250,000
Repurchase Agreements	Yes	1 year	20%	$5 million
Medium-Term Notes	Yes	5 years	15%	$500,000
Money Market Mutual Funds	Yes	N/A	20%	10%
Orange County Pooled Investment Funds	Yes	N/A	20%	None
California Asset Management Program	Yes	N/A	20%	None
Local Agency Investment Funds (LAIF)	Yes	N/A	40%	None
Variable (Floating) Rate Notes	Yes	N/A	N/A	None
CalTrust Investment Program	Yes	N/A	20%	None

N/A - Not Applicable

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is 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 and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored Agency Securities	None	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificate of Deposit	30 days	None	None
State Obligations	None	None	None
Repurchase Agreements	270 days	None	None

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

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

Investment Type	Total	6 Months Or Less	7 - 12 Months	13 - 24 Months	More than 25 Months
Money market mutual funds	$6,712,484	$6,712,484	$ -	$ -	$ -
U.S. Treasury	17,099,870	-	1,014,060	16,085,810	-
Federal Agency Securities	3,052,620	-	2,050,210	1,002,410	-
Negotiable Certificates of Deposit	1,001,938	500,568	501,370	-	-
California Asset Management Plan (CAMP)	2,005,158	2,005,158	-	-	-
Local Agency Investment Fund (LAIF)	31,822,808	31,822,808	-	-	-
Held by bond trustee:					
Money market mutual funds	1,244,473	1,244,473	-	-	-
Totals	$62,939,351	$42,285,491	$3,565,640	$17,088,220	$ -

Disclosures Relating to 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements and Moody's and Standard and Poor's actual rating as of year-end for each investment type:

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk, (Continued)

Investment Type	Total as of June 30, 2015	Minimum Legal Rating	Ratings as of Year End AAA	Other AA+	Aaa	Not Rated	Exempt
Money market mutual funds	$ 6,712,484	Aaa	$ -	$ -	$6,712,484	$ -	$ -
U.S. Treasury	17,099,870		-	-	-	-	17,099,870
Federal Agency Securities	3,052,620	N/A	-	3,052,620	-	-	-
Negotiable Certificates of Deposit	1,001,938	N/A	-	-	-	1,001,938	-
California Asset Management Plan (CAMP)	2,005,158	N/A	2,005,158	-	-	-	-
Local Agency Investment Fund (LAIF)	31,822,808	N/A	-	-	-	31,822,808	-
Held by bond trustee:							
Money market mutual funds	1,244,473	AAA	1,244,473	-	-	-	-
Totals	$62,939,351		$3,249,631	$3,052,620	$6,712,484	$32,824,746	$17,099,870

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.

(2) Cash and Investments, (Continued)

Concentration of Credit Risk, (Continued)

The District has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% of more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local 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.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the District.

(2) Cash and Investments, (Continued)

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.

Investment in California Asset Management Program (CAMP)

The District invests in this investment trust, which is similar to a money market mutual fund. The fund invests primarily in certificates of deposit, commercial paper, and U.S. Government and Agency obligations. The District is a voluntary participant in the investment pool.

The CAMP Cash Reserve Portfolio (the Pool) is exempt from registration with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940, but operates in a manner consistent with SEC Rule 2a-7, "Money Market Funds", of that Act. Accordingly, the Pool meets the definition of a "2a7-like pool" set forth in GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and External Investment Pools"*. While the Pool itself is exempt from SEC registration, the Pool's investment advisor and administrator, PFM Asset Management, LLC, is registered with the SEC as an investment advisor under the Investment Advisors Act of 1940. PFM Asset Management, LLC has also filed a notice with the California Department of Corporations, as well as various other states, as an investment advisor under state securities laws. In addition, the Pool also meets the definition of "Municipal Fund Security" outlined by Municipal Securities Rulemaking Board (MSRB) Rule 0-12, therefore contracts with prospective investors relating to shares of the Pool are conducted through PFM Asset Management's wholly-owned subsidiary, PFMAM, Inc., a broker-dealer which is registered with the SEC and MSRB, and is a member of the National Association of Securities Dealers (NASD). The Pool also files an income tax return annually with the Internal Revenue Service, though the net income of the Pool is generally exempt from federal income tax.

(3) Capital Assets

Changes in capital assets for the year ended June 30, 2015 were as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, nondepreciable:				
Land and land rights	$ 2,053,609	$ -	$ -	$ 2,053,609
Construction in progress	14,902,106	11,024,507	(5,266,027)	20,660,586
Total capital assets, nondepreciable	16,955,715	11,024,507	(5,266,027)	22,714,195
Capital assets, depreciable:				
Intangible plant	37,262,486	-	(1,935,702)	35,236,784
Source of supply	21,700,775	-	-	21,700,775
Pumping plant	16,022,123	216,055	-	16,238,178
Treatment plants	25,412,680	2,016,377	-	27,429,057
Transmission and distribution	69,274,399	1,407,846	-	70,682,245
Sewer collection system	38,092,251	1,845,664	-	39,937,915
General plant	18,112,435	438,373	(301,700)	18,249,108
Recreation facilities	1,239,440	-	-	1,239,440
Total capital assets, depreciable	227,116,589	5,924,315	(2,237,402)	230,803,502
Less accumulated depreciation for:				
Intangible plant	26,010,081	1,562,459	(1,488,946)	26,083,594
Source of supply	12,614,241	523,884	-	13,138,125
Pumping plant	4,945,584	420,358	-	5,365,942
Treatment plants	9,540,264	671,713	-	10,211,977
Transmission and distribution	24,639,776	1,706,797	-	26,346,573
Sewer collection system	15,451,828	822,299	-	16,274,127
General plant	11,368,498	1,582,232	(301,700)	12,649,030
Recreation facilities	785,384	25,727	-	811,111
Total accumulated depreciation	105,355,656	7,315,469	(1,790,646)	110,880,479
Total capital assets Depreciable, net	121,760,933	(1,391,154)	(446,756)	119,923,023
Capital assets, net	$138,716,648	$9,633,353	$(5,712,783)	$142,637,218

(4) Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Local Government's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefits payments	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.0%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	11.522%	6.25%

(4) Pension Plan, (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate for those employees hired prior to January 1, 2013 is 6.891 percent of annual pay, and the average employer's contribution rate is 10.781 percent of annual payroll. The active employee contribution rate for those employees hired on or after January 1, 2013 is 6.308 percent of annual pay, and the average employer's contribution rate is 6.250 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

(4) Pension Plan, (Continued)

Actuarial Methods and Assumptions used to determine Total Pension Liability, (Continued)

Actuarial Cost Method	Entry Age Normal in accordance with the Requirements of GASB Statement No. 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses: includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rates should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

(4) Pension Plan, (Continued)

Discount Rate, (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

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

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and

(4) Pension Plan, (Continued)

Discount Rate, (Continued)

long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

*An expected inflation of 2.5% used for this period
**An expected inflation of 3.0% used for this period

Allocation of Net Pension Liability and Pension Expense to Individual Employers

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS

(4) Pension Plan, (Continued)

Allocation of Net Pension Liability and Pension to Individual Employers, (Continued)

determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available and proportional allocations of individual plan amounts as of the valuation date are used where not available.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using the standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.

    Note: for purposes of FNP in this step (2) and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

    The plan's FNP as of the Measurement date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or

(4) Pension Plan, (Continued)

Allocation of Net Pension Liability and Pension to Individual Employers, (Continued)

unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

(7) The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4). The plan's proportionate share of risk pool pension expense is developed as the sum of the related proportionate shares of the components of the aggregate pension expense.

The following table shows the Plan's proportionate share of the net pension liability over the measurement period:

	Plan Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Plan Net Pension Liability (c) = (a) – (b)**
Balance at: 6/30/2013 (VD)	$43,406,838	$32,742,301	$10,664,537
Balance at: 6/30/2014 (MD)	$45,989,963	$38,184,890	$7,805,073
Net Changes during 2013-14	$2,583,125	$5,442,589	$(2,859,464)

The Entity's proportionate share for each plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous		**Pepra**
Proportion – June 30, 2013	.32546%		.00001%
Proportion – June 30, 2014	.31580%		.00001%
Change – Increase (Decrease)	(.00966%)		0%

(4) Pension Plan, (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate – 1% (6.5%)	**Current Discount Rate (7.5%)**	**Discount Rate +1% (8.5%)**
Plan's net Pension Liability	$13,906,227	$7,805,073	$2,741,695

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and Actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

(4) Pension Plan, (Continued)

Recognition of Gains and Losses, (Continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (June 30, 2013), the NPL is $10,664,537.

For the measurement period ending June 30, 2014 (the measurement date), the South Coast Water District recognized a pension expense of $706,874 for the Plan (the pension expense for the risk pool for the measurement period is $239,824,465).

As of June 30, 2014, the South Coast Water District reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between Expected and Actual Experience	$0	$0
Change in Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	(2,622,866)
Adjustment due to Differences in Proportions	$41,748	
Total	**$41,748**	**$(2,622,866)**

(4) Pension Plan, (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources related to Pensions, (Continued)

In addition to the figures shown in the table above, each employer is required to recognize an employer-specific type of deferred inflows and deferred outflows. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. This deferral and the corresponding amortization amount are calculated separately by each employer. The employer's pension expense is adjusted for the amortization of the amortization of this additional deferral. This item is required to be amortized over the plan's Expected Average Remaining Service Lives (EARSL). The additional deferred inflow at June 30, 2015 is $132,612.

Amounts reported as deferred outflows and deferred inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	**Deferred Outflows/(Inflows) of Resources**
2015	$ (640,806)
2016	(640,806)
2017	(643,791)
2018	(655,715)
2019	0
Thereafter	0

In addition to the above amounts, $937,929 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

(5) Long-Term Debt

The following is a summary of long-term debt at June 30, 2015:

	Balance at 6/30/2014	Additions	Deletions	Balance at 6/30/2015	Current	Non-Current
Compensated Absences	$ 1,192,586	$601,128	$(607,217)	$ 1,186,497	$595,039	$591,458
2000 State revolving loan	2,538,462	-	(423,079)	2,115,383	423,078	1,692,305
Less unamortized loan discount	(412,111)	-	71,612	(340,499)	(71,612)	(268,887)
Bonds payable	36,877,920	-	(1,391,640)	35,486,280	1,447,280	34,039,000
Less unamortized discount	(560,118)	-	21,543	(538,575)	(21,543)	(517,032)
Add unamortized premium	586,980	-	(65,989)	520,991	65,989	455,002
	$40,223,719	$601,128	$(2,394,770)	$38,430,077	$2,438,231	$35,991,846

2000 State Revolving Loan

On December 2, 1998, the District entered into a loan agreement with the State of California, acting by and through the State Water Resources Control Board for the District purchase and improvements at the Victoria Wastewater Treatment Plant. On December 21, 2000, the District received the first phase of funding in the amount of $3,650,192. On November 18, 2004, the District received its final payment of $2,720,860. The loan bears no interest with annual principal payment of $423,078 maturing on June 30, 2020. The amount payable as of June 30, 2015 is $2,115,383 which includes $340,499 in imputed interest.

Total 2000 State Revolving Loan outstanding as of June 30, 2015, net of unamortized loan premium, was as follows:

Principal outstanding at June 30, 2015	$2,115,383
Less unamortized loan discount (imputed interest)	(340,499)
Net loan outstanding at June 30, 2015	$1,774,884

(5) Long-Term Debt, (Continued)

2000 State Revolving Loan, (Continued)

The annual requirements to service the outstanding balance at June 30, 2015 are as follows:

Year Ending June 30	Principal	Unamortized Loan Discount	Total
2016	$ 423,078	$ (71,612)	$ 351,466
2017	423,078	(71,612)	351,466
2018	423,078	(71,612)	351,466
2019	423,078	(71,612)	351,466
2020	423,071	(54,051)	369,020
Total	$2,115,383	$(340,499)	$1,774,884

Amortization expense was $71,612 for the year ended June 30, 2015.

(5) Long-Term Debt, (Continued)

2011A Refunding General Obligation Bonds

In June 2011, the South Coast Water District issued $2,965,000 of Refunding General Obligation Bonds, Series 2011A. The 2011A Bonds were issued to provide funds (1) to currently refund the District's outstanding General Obligation Bonds, Issue of 2000, in the aggregate principal amount of $3,585,000; and (2) to pay costs incurred in connection with the issuance of the Bonds.

The 2011A Bonds include principal installments due in varying amounts from $220,000 to $590,000 annually from July 1, 2012 to July 1, 2017 with interest ranging from 2.0% to 4.0%.

Principal outstanding at June 30, 2015	$1,375,000
Plus unamortized premium	67,164
Net Bonds outstanding at June 30, 2015	$1,442,164

The annual requirements to service the outstanding Bonds at June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 565,000	$ 43,700	$ 608,700
2017	590,000	20,600	610,600
2018	220,000	4,400	224,400
Total	$1,375,000	$68,700	$1,443,700

(5) Long-Term Debt, (Continued)

2010A Refunding Revenue Bonds

In June 2010, the South Coast Water District Financing Authority issued $17,485,000 of Refunding Revenue Bonds, Series 2010A. The 2010A Bonds were issued to provide funds (1) to currently refund certain outstanding obligations of the District including the 2003 Bonds, the 1998 Water Enterprise Certificates, the 1998 Wastewater Enterprise Certificates and the 1995 Bonds; (2) to acquire certain improvements for the 2010 Projects; and (3) to pay costs incurred in connection with the issuance of the 2010A Bonds. The 2010 Projects include: (1) the acquisition and construction of portions of the improvements to enlarge and stabilize the Beach Interceptor Sewer Tunnel, including the installation of a new pipeline, and the acquisition of entitlements in connection therewith; (2) the acquisition and construction of improvements to the District's Water System and Recycled Water System, including the District's share of improvements to Joint Regional Water Supply System facilities serving the District; (3) acquisition and construction of improvements for the expansion and upgrade of the Groundwater Recovery Facility; and (4) the acquisition and construction of improvements to the Wastewater System.

The 2010A Bonds include principal installments due in varying amounts from $560,000 to $1,375,000 annually through February 1, 2029 with interest ranging from 2.0% to 5%.

Principal outstanding at June 30, 2015	$14,280,000
Plus unamortized premium	453,827
Net Bonds outstanding at June 30, 2015	$14,733,827

(5) Long-Term Debt, (Continued)

2010A Refunding Revenue Bonds, (Continued)

The annual requirements to service the outstanding Bonds at June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 730,000	$ 714,000	$ 1,444,000
2017	765,000	677,500	1,442,500
2018	805,000	639,250	1,444,250
2019	845,000	599,000	1,444,000
2020	885,000	556,750	1,441,750
2021-2025	5,135,000	2,074,000	7,209,000
2026-2030	5,115,000	1,023,000	6,138,000
Total	$14,280,000	$6,283,500	$20,563,500

2010B Revenue Bonds (Build America Bonds)

In June 2010, the South Coast Water District Financing Authority issued $19,350,000 of Revenue Bonds, Series 2010B. The 2010B Bonds were issued to provide funds (1) to acquire certain improvements for the 2010 Projects; and (2) to pay costs incurred in connection with the issuance of the 2010B Bonds. The 2010 Projects include: (1) the acquisition and construction of portions of the improvements to enlarge and stabilize the Beach Interceptor Sewer Tunnel, including the installation of a new pipeline, and the acquisition of entitlements in connection therewith; (2) the acquisition and construction of improvements to the District's Water System and Recycled Water System, including the District's share of improvements to Joint Regional Water Supply System facilities serving the District; (3) acquisition and construction of improvements for the expansion and upgrade of the Groundwater Recovery Facility; and (4) the acquisition and construction of improvements to the Wastewater System.

(5) Long-Term Debt, (Continued)

2010B Revenue Bonds (Build America Bonds), (Continued)

The 2010B Bonds include principal installments due in varying amounts from $1,440,000 to $2,115,000 annually from February 1, 2030 to February 1, 2040 with interest payable annually beginning February 1, 2011 at 6%.

These bonds are designated as "Build America Bonds" under the provision of Section 6431(f) and 54AA of the Internal Revenue Code of 1986. The District expects to receive on or before each interest payment date a direct cash subsidy payment from the United States Department of Treasury equal to 32% of the interest payable on the bonds so long as the bonds are outstanding. The net interest rate after consideration for the subsidy is 3.72%.

Total 2010B Bonds outstanding as of June 30, 2015, net of unamortized discount and deferred charges were as follows:

Principal outstanding at June 30, 2015	$19,350,000
Less unamortized discount	(538,575)
Net Bonds outstanding at June 30, 2015	$18,811,425

The annual requirements to service the outstanding Bonds at June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ -	$ 1,161,000	$ 1,161,000
2017	-	1,161,000	1,161,000
2018	-	1,161,000	1,161,000
2019	-	1,161,000	1,161,000
2020	-	1,161,000	1,161,000
2021-2025	-	5,805,000	5,805,000
2026-2030	1,440,000	5,805,000	7,245,000
2031-2035	8,100,000	4,437,900	12,537,900
2036-2040	9,810,000	1,810,800	11,620,800
Total	$19,350,000	$23,663,700	$43,013,700

(5) Long-Term Debt, (Continued)

1998 Water Revenue Refunding Bonds

As a result of LAFCO resolution (RO 99-97), the District, for the Capistrano Beach Water Service Area, became responsible for its proportional share, 37.60%, of the Water Revenue Refunding Bonds Series 1998 in conjunction with the financing of construction and acquisition of a transmission pipeline from a new water supply source. The serial bonds bear interest at 4.10% to 5.00% and mature in various amounts through 2018. There are other water districts responsible for their proportional share of the 62.4% of the bonds. Payment of the principal and interest on the bonds is guaranteed by a municipal bond guaranty insurance policy. The required rate covenant is 115%. The required reserve for debt service was $473,750. As of June 30, 2015, the reserve was $473,806.

The annual requirements to service the outstanding bonds at June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 405,000	$ 53,875	$ 458,875
2017	430,000	33,000	463,000
2018	445,000	11,125	456,125
Total	$1,280,000	$ 98,000	$1,378,000
District's share (37.6%)	$481,280	$36,848	$518,128

(6) Pledged Revenues

The District has pledged its revenues, net of specified operating expenses, to repay $1.0 million in water revenue refunding bonds issued in 1998 and $36.3 million in water revenue bonds issued in 2010. Proceeds from the bonds provided financing for the construction of various capital facilities of the District. The bonds are payable from District net revenues and are payable through 2040. Coverage of net revenues for annual principal and interest payments in future years are expected to approximate that of the current year (see below). Total future principal and interest remaining to be paid on the bonds is $64,095,328.

Debt service paid for the current year and net revenues for the current year are as follows:

Gross Revenues	$38,746,395
Less excluded revenues	(675,346)
Includable revenues	38,071,049
All expenses	32,329,824
Less excludable expenses	(7,919,481)
Includable expenses	24,410,343
Net revenues	13,660,706
Debt service	2,689,860
Coverage percentage	508%
Maximum required coverage percentage	125%

(7) Investment in Joint Venture

Pursuant to Orange County Local Agency Formation Commission Reorganization No. RO99-07, Tri-Cities Municipal Water District (TCMWD) was consolidated with Coastal Municipal Water District (CMWD) wherein CMWD became the legal successor-in-interest to TCMWD, and TCMWD ceased to exist effective March 31, 2000. In addition, CMWD transferred ownership of all miscellaneous assets and liabilities, not otherwise provided for by separate agreements, to be held by the District as trustee and transferred all other powers, rights and duties of TCMWD to be held by the District as trustee. The succeeding agency became Joint Regional Water Supply System (JRWSS).

(7) Investment in Joint Venture, (Continued)

The agreement also provided for the District to act as a trustee for the remaining assets and liabilities not transferred under the direct ownership. There are nine members who participate in JRWSS, including the District.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position reflect the activities of the Joint Regional Water Supply System (JRWSS) that are held in trust (with the South Coast Water District as trustee). The District's interest in joint venture assets is reflected on the statement of net position of the District as "investment in joint venture" in the amount of $8,369,962 at June 30, 2015 as required under the equity method of accounting for investments.

(8) Other Post-Employment Benefits

Plan Description

The District provides post-employment health care benefits with requirements depending on the employees initial employment date as follows: for employees of record as of May 18, 1988, five years of full-time continuous employment with the District is required. In addition, the employee must be at least 50 years of age and have participated in the PERS plan for at least 5 years as well as receiving service retirement benefits pursuant to the terms and conditions of the District PERS plan. The District provides medical insurance for the retired employee and employee's eligible spouse from the date of retirement until both become eligible to receive Medicare benefits. The obligation of the District is to provide the plan of insurance, and the specific terms and conditions may vary from time to time. The District pays the full premium cost of Medicare supplemental coverage.

For employees commencing employment subsequent to May 18, 1988, 20 years of full-time continuous employment is required. In addition, the employee must be at least 50 years of age and have participated in PERS as well as receiving service retirement benefits pursuant to PERS plan requirements. The District provides medical insurance for the retired employee from the date of retirement until the retired employee is eligible to receive Medicare benefits. The obligation of the District is to provide the plan of insurance, and the specific terms and conditions may vary from time to time. The Medicare supplement insurance is provided at the District's expense.

Funding Policy and Annual OPEB Cost

The contribution requirements of the District are established and may be amended annually by the Board of Directors. The District's annual other post employment benefit (OPEB) cost (expense) for the plan is calculated based on the *annual required contribution of the employer (ARC),* an amount actuarially determined in accordance with

(8) Other Post-Employment Benefits, (Continued)

Funding Policy and Annual OPEB Cost, (Continued)

the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/13	$713,000	100.0%	$0
06/30/14	$736,000	100.0%	$0
06/30/15	$643,000	100.0%	$0

Funding Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability for benefits at June 30, 2013 was $4.8 million and the covered payroll (annual payroll of active employees covered by plan) was $6.9 million, with a ratio of the UAAL to the covered payroll of 69.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(9) Other Post-Employment Benefits, (Continued)

Funding Status and Funding Progress, (Continued)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(A)	(B)	(B-A)	(A/B)	(C)	[(B-A)/C]
6/30/10	$ 684,000	$ 5,860,000	$ 5,176,000	11.67%	$ 6,622,000	78.2 %
6/30/11	1,148,000	6,820,000	5,672,000	16.83%	6,679,000	84.9 %
6/30/13	2,304,000	7,068,000	4,764,000	32.60%	6,896,000	69.1 %

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.25% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially, reduced by decrements of .5% per year to an ultimate rate of 5% after the seventh year. Both rates included a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 20 years. It is assumed the District's payroll will increase 3.25% per year.

(9) Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destructions of assets, errors and omissions, injuries to employees and natural disasters. In an effort to manage its risk exposure, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority).

The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Section 6500 et seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2015 as a member of the Authority, the District participated in the insurance programs as follows:

Property Loss - The District retains risk of loss of $1,000 to $50,000 depending on the property type (deductible amount); the Authority is self-insured up to $100,000 and insurance coverage has been purchased to cover losses ranging from $100,000 to $100,000,000 limited to insurable loss.

General and Auto Liability - The District is insured up to $60,000,000 per occurrence with no deductible; the Authority is self-insured up to $2,000,000 and excess insurance coverage has been purchased to cover losses ranging from $2,000,001 to $60,000,000.

Public Official's Errors and Omissions - The District is insured up to $60,000,000 per occurrence with no deductible; the Authority is self-insured up to $2,000,000 and excess insurance coverage has been purchased to cover losses ranging from $2,000,001 to $60,000,000.

Underground Storage Tank Pollution Liability - The District is insured up to $3,500,000 annual aggregate per incident with $10,000 deductible per incident; the Authority is self-insured up to $500,000 and excess insurance coverage has been purchased to cover losses ranging from $500,000 to $3,500,000.

Fidelity Coverage - The District is insured up to $100,000 per occurrence with $1,000 deductible for employee dishonesty, forgery or alteration, and computer fraud.

Workers' Compensation - The District is insured for statutory limits. The District is insured up to $4,000,000 per accident and $4,000,000 per disease; the Authority is self-insured up to $2,000,000 and excess insurance coverage had been purchased.

(9) Risk Management, (Continued)

Roy Bradt Dam Failure Liability - The District is insured up to $5,000,000 per occurrence with $50,000 deductible.

There have been no settlements that have exceeded its insurance coverage for the past three years and there we no reductions in the District's insurance coverage during the years ended 2015, 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 by not reported (IBNR). There were no IBNR claims payable as of June 30, 2015, 2014 and 2013.

(10) Contingencies and Commitments

Lawsuits - The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's management that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Contract Commitments - The District had $2,297,525 outstanding contract commitments at June 30, 2015. The three largest contracts outstanding include:

Project Description	Contract Amount	Balance to Complete
Dana Point Town Center, Phase 2	$4,163,862	$359,427
Sewer Tunnel Rehabilitation	3,452,039	981,557
Recycled Water Extension Project	1,472,448	507,544

(11) JRWSS Note Receivable/Note Payable

1998 Water Revenue Refunding Bonds

In March, 1998, the $6,005,000 principal amount of the 1998 Water Revenue Refunding Bonds for the former Tri-Cities Municipal Water District, now called the Joint Regional Water Supply System (JRWSS), were issued to refund the 1992 Certificates of Participation which were issued to finance the construction and acquisition of a transmission pipeline from a new water supply source. The serial bonds bear interest at 4.10% to 5.00% and mature in various amounts through 2018. Payment of the principal and interest on the bonds is guaranteed by a municipal bond guaranty insurance policy. The required rate covenant is 115%. Three participating agencies in JRWSS are responsible for the yearly principal and interest payments. The City of San Clemente participates with 54.4%, South Coast Water District, for the former Capistrano Beach Water District, participates with 37.6% and SONGS (SCE) participates with 8.0%. JRWSS carries both a note receivable and note payable in the financial records for the total principal amount due on the bonds. The City of San Clemente, South Coast Water District and SONGS are billed annually for their portion of the annual principal and interest payments. JRWSS makes the appropriate payments for the bonds after funds are received. JRWSS reduces the note receivable and note payable when the annual principal payment is made.

The annual requirements to service the outstanding bonds at June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Total
2016	$ 405,000	$53,875	$ 458,875
2017	430,000	33,000	463,000
2018	445,000	11,125	456,125
Total	$ 1,280,000	$ 98,000	$1,378,000

(12) JRWSS Capital Assets

Changes in capital assets for the year ended June 30, 2015 were as follows:

	Balance at June 30,2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, nondepreciable:				
Land and land rights	$ 838,406	$ 22,949	$ -	$ 861,355
Construction in progress	6,477,885	2,734,804	(8,645,620)	567,069
Total capital assets, Nondepreciable	7,316,291	2,757,753	(8,645,620)	1,428,424
Capital assets, depreciable:				
Intangible plant	2,481,746	-	-	2,481,746
Source of supply	7,471,292	2,897,441	-	10,368,733
Transmission and distribution	28,621,629	5,725,230	-	34,346,859
General plant	716,196	-	-	716,196
Total capital assets, Depreciable	39,290,863	2,897,441	-	47,913,534
Less accumulated depreciation for:				
Intangible plant	1,178,829	62,044	-	1,240,873
Source of supply	6,273,957	110,070	-	6,384,027
Transmission and distribution	11,356,304	804,810	-	12,161,114
General plant	474,628	63,094	-	537,722
Total accumulated depreciation	19,283,718	1,040,018	-	20,323,736
Total capital assets, depreciable, net	20,007,145	1,857,423	-	27,589,798
Capital assets, net	$27,323,436	$10,340,406	$(8,645,620)	$29,018,222

(13) Operating Leases

As of June 30, 2015, the District has operating leases with various companies to rent space on District occupied property. The operating leases are on a month-to-month basis with the District receiving monthly lease payments totaling $75,434.

(14) Restatement of Net Position

Net Assets at July 1, 2014 was restated as follows:

Net Assets, July 1, 2014, as originally reported	$169,255,294
Implementation of GASB 68 – to account for net pension liability, eliminate the prior prepaid PERS asset and record deferred outflows at the Beginning of the fiscal year	(10,587,247)
Net Assets, July 1, 2014, as restated	$158,668,047

During the year the District implemented GASB 68 resulting in recording a net pension liability and deferred outflow of resources as a prior period adjustment. It is not practical to restate the 2014 partial comparative financial information due to the unavailability of information.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH COAST WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE (FOR EMPLOYEES HIRED PRIOR TO JANUARY 1, 2013)

Plan's Proportion of the Net Pension Liability (Asset)	0.12543%
Plan's Proportionate Share of the net Pension Liability (Asset)	$7,804,909
Plan's Covered-Employee Payroll	$6,984,917
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	111.74%
Plan's Proportion of the Fiduciary Net Position	.31580%
Plan's Share of Risk Pool FNP	$38,184,089
Plan's Additional Payments to Side Fund during Measurement Period	0
Plan's Proportionate Share of the Fiduciary Net Position (*sum of the two preceding lines)*	$38,184,089
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions	$1,032,560

SOUTH COAST WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE (FOR EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2013)

Plan's Proportion of the Net Pension Liability (Asset)	0.00000%
Plan's Proportionate Share of the net Pension Liability (Asset)	$164
Plan's Covered-Employee Payroll	$101,550
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	.16%
Plan's Proportion of the Fiduciary Net Position	.00001%
Plan's Share of Risk Pool FNP	$801
Plan's Additional Payments to Side Fund during Measurement Period	0
Plan's Proportionate Share of the Fiduciary Net Position (*sum of the two preceding lines)*	$801
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.01%
Plan's Proportionate Share of Aggregate Employer Contributions	$22

SOUTH COAST WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

SCHEDULE OF PLAN CONTRIBUTIONS
(FOR EMPLOYEES HIRED PRIOR TO JANUARY 1, 2013)

	Fiscal Year 2013-14	Fiscal Year 2014-15
Actuarially Determined Contribution	$ 805,875	$ 868,974
Contributions in Relation to the Actuarially Determined Contribution	(805,875)	(868,974)
Contribution Deficiency (Excess)	$ 0	$ 0
Covered-Employee Payroll	$6,984,917	$5,795,226
Contributions as a Percentage of Covered-Employee Payroll	11.54%	15.0%

Notes to Schedule:
Benefit Changes: None
Changes of Assumptions: None

SOUTH COAST WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

SCHEDULE OF PLAN CONTRIBUTIONS
(FOR EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2013)

	Fiscal Year 2013-14	Fiscal Year 2014-15
Actuarially Determined Contribution	$ 46,733	$ 68,955
Contributions in Relation to the Actuarially Determined Contribution	(46,733)	(68,955)
Contribution Deficiency (Excess)	$ 0	$ 0
Covered-Employee Payroll	$101,550	$1,146,660
Contributions as a Percentage of Covered-Employee Payroll	46.02%	6.01%

Notes to Schedule:
Benefit Changes: None
Changes of Assumptions: None

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SUPPLEMENTARY INFORMATION
(UNAUDITED)

SOUTH COAST WATER DISTRICT
Joint Regional Water Supply System
General Expenses Allocation by Facilities - JRWSS
For the Year Ended June 30, 2015

	General Allocation Factor #1	JTM Allocation Factor #1	Bradt Reservoir Allocation Factor #11	WIP Line Allocation Factor #10
Operating expenses:				
Labor, benefits and related costs	$ 262,072	$ 123,605	$ 104,774	$ 37,623
Materials, repairs and contractors	63,325	12,299	109,444	13,923
Utilities	17,309	4,708	27,028	3,694
Water testing	4,353	15,673	9,185	10,924
Engineering	235	1,819	-	-
Licenses & Permits	226	-	-	-
Total operating expenses	347,520	158,104	250,431	66,164
General and administrative expenses:				
Labor, benefits and related costs	223,617	-	100	-
Office supplies and maintenance	42,370	-	1,934	-
Utilities	15,267	-	-	-
Insurance	23,879	-	-	-
Professional fees	60,030	-	-	-
Regulatory fees	2,925	-	22,263	-
Dues and subscriptions	12,141	-	-	-
Total general and administrative expenses	380,229	-	24,297	-
Total general expenses	$ 727,749	$ 158,104	$ 274,728	$ 66,164

LTM Line Allocation Factor #9	Schlegel Allocation Factor #12	San Onofre Feeder Allocation Factor #13	Total
$ 64,470	$ 52,561	$ 26,791	$ 671,896
85	24,088	1,626	224,790
19,508	4,242	-	76,489
7,453	12,509	14,191	74,288
2,161	-	-	4,215
-	-	-	226
93,677	93,400	42,608	1,051,904
-	-	-	223,717
-	216	-	44,520
-	-	-	15,267
-	-	-	23,879
-	-	-	60,030
-	-	-	25,188
-	-	-	12,141
-	216	-	404,742
$ 93,677	$ 93,616	$ 42,608	$ 1,456,646

SOUTH COAST WATER DISTRICT
Joint Regional Water Supply System
General Expenses Allocated by Participants - JRWSS
For the Year Ended June 30, 2015

Participant	General Allocation Factor #1	JTM Allocation Factor #1	Bradt Reservoir Allocation Factor #11
Irvine Ranch Water District	$ 7,132	$ 1,549	$ -
El Toro Water District	2,838	617	-
Moulton Niguel Water District	313,878	68,190	13,462
Capistrano Valley Water District	72,848	15,826	2,912
SCWD (CBWD Service Area)	89,731	19,494	71,896
City of San Clemente	209,082	45,423	165,249
Camp Pendleton	2,838	617	1,842
State Parks	1,092	237	742
SCE (SONGS)	28,309	6,150	18,627
Total	$ 727,748	$ 158,103	$ 274,729

WIP Line Allocation Factor #10	LTM Line Allocation Factor #9	Schlegel Allocation Factor #12	San Onofre Feeder Allocation Factor #13	Total
$ -	$ -	$ -	$ -	$ 8,681
-	-	-	-	3,455
-	-	-	-	395,530
-	-	-	-	91,586
41,353	-	-	-	222,474
24,812	81,162	54,606	-	580,334
-	1,096	-	3,737	10,130
-	440	-	1,497	4,008
-	10,979	39,010	37,375	140,450
$ 66,165	$ 93,677	$ 93,616	$ 42,609	$ 1,456,646

SOUTH COAST WATER DISTRICT
Joint Regional Water Supply System
Budget Allocation Factors by Participant - JRWSS
For the Year Ended June 30, 2015

	Allocation Factor 1	Allocation Factor 2	Allocation Factor 3	Allocation Factor 4	Allocation Factor 5	Allocation Factor 6	Allocation Factor 7	Allocation Factor 8
Participant	System Wide	Unit 1 Reach 1	Unit 1 Reach 2	Unit 2 Reach 3	Unit 2 Reach 4	Unit 3 Reach 5	Unit 3 Reach 6	Unit 3 Reach 7
Irvine Ranch Water District	0.98%	5.66%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
El Toro Water District	0.39%	2.26%	2.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Moulton Niguel Water District	43.13%	48.64%	51.56%	62.50%	53.57%	40.61%	17.61%	0.00%
Capistrano Valley Water District	10.01%	16.97%	17.98%	0.00%	0.00%	0.00%	0.00%	0.00%
South Coast Water District	12.33%	7.17%	7.60%	10.16%	12.58%	16.09%	22.32%	27.09%
City of San Clemente	28.73%	16.72%	17.72%	23.69%	29.33%	37.51%	52.04%	63.16%
Camp Pendleton	0.39%	0.23%	0.24%	0.32%	0.39%	0.51%	0.71%	0.86%
State Parks	0.15%	0.09%	0.10%	0.13%	0.16%	0.20%	0.28%	0.34%
SCE (SONGS)	3.89%	2.26%	2.40%	3.20%	3.97%	5.08%	7.04%	8.55%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Allocation Factor 9	Allocation Factor 10	Allocation Factor 11	Allocation Factor 12	Allocation Factor 13	Allocation Factor 14	Allocation Factor 15
Local Trans Main	Water Import Pipe	Bradt Reservoir	Schlegel Reservoir	SCWD Pass-through O&M SONGS PPL	Debt Service COP's	Master Plan Facilities Replacement Reserve
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	4.90%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	1.06%	0.00%	0.00%	0.00%	0.00%
0.00%	62.50%	26.17%	0.00%	0.00%	37.60%	27.09%
86.64%	37.50%	60.15%	58.33%	0.00%	54.40%	63.16%
1.17%	0.00%	0.67%	0.00%	8.77%	0.00%	0.86%
0.47%	0.00%	0.27%	0.00%	3.51%	0.00%	0.34%
11.72%	0.00%	6.78%	41.67%	87.72%	8.00%	8.55%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%