

Cachuma Operation & Maintenance Board

CAFR



Comprehensive Annual Financial Report

For the Fiscal Years Ended

June 30, 2020 and 2019



A California Joint Powers Authority

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Cachuma Operation and Maintenance Board
Santa Barbara, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended
June 30, 2020 and 2019

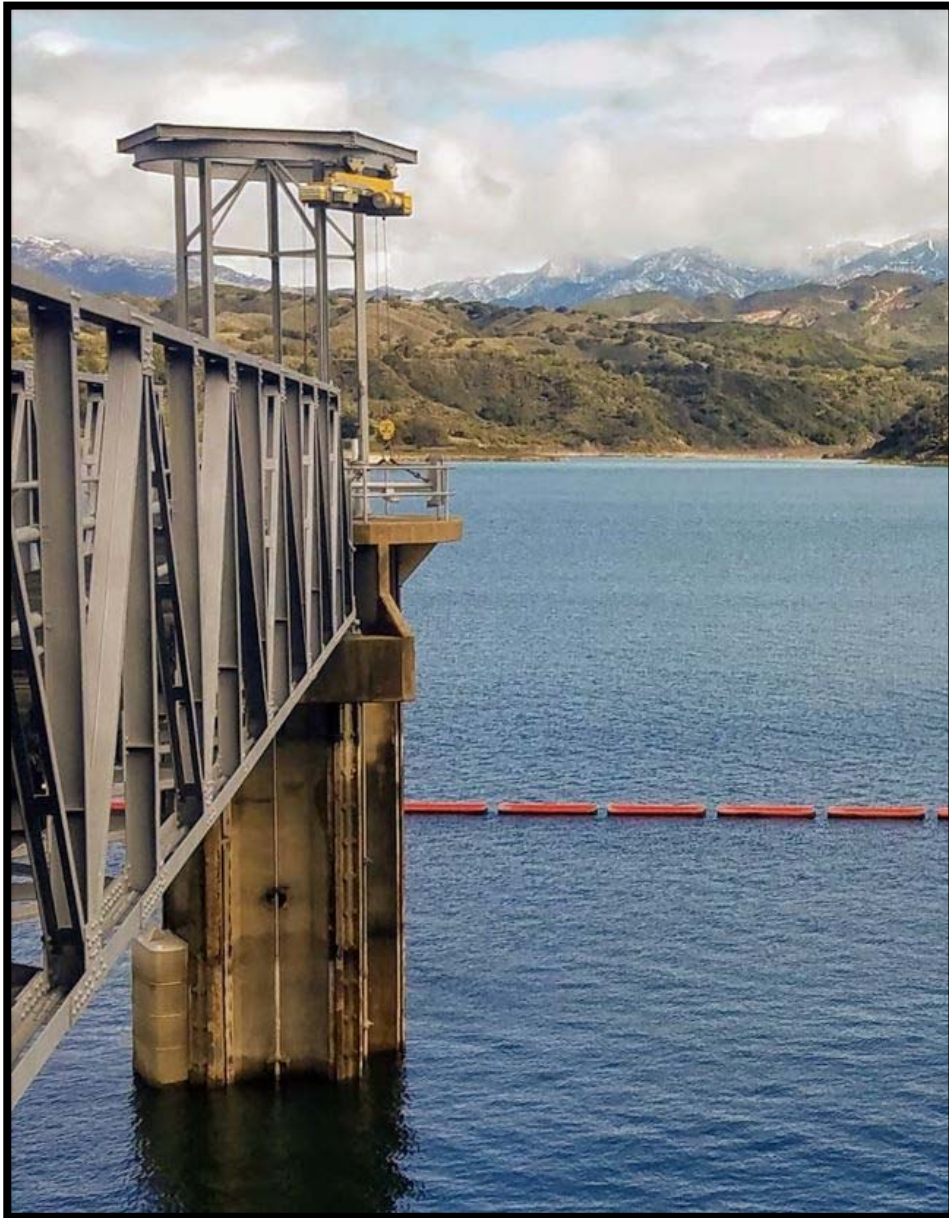
Staff Contributors:

Janet Gingras, General Manager
Edward Lyons, Administrative Manager / CFO
Dorothy Turner, Administrative Assistant II
Perri Wolfe, Administrative Analyst

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Our Mission

*To provide a reliable source of water to our member agencies
in an efficient and cost effective manner
for the betterment of our community.*



Lake Cachuma, North Portal Intake Tower

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**Cachuma Operation and
Maintenance Board**

**BOARD OF DIRECTORS
AS OF JUNE 30, 2020**

NAME	TITLE	MEMBER AGENCY
Polly Holcombe	President	Carpinteria Valley Water District
Kristen Sneddon	Vice President	City of Santa Barbara
Lauren Hanson	Director	Goleta Water District
Cori Hayman	Director	Montecito Water District

GENERAL MANAGER

Janet L. Gingras

DIVISION MANAGERS

Edward Lyons, Administrative Manager / CFO

Joel Degner, Engineer / Operations Division Manager

Tim Robinson, Fisheries Division Manager

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**INTRODUCTORY
SECTION**

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Cachuma Operation & Maintenance Board

December 10, 2020

Honorable Members of the Board of Directors
Cachuma Operation and Maintenance Board

The Comprehensive Annual Financial Report (CAFR) of the Cachuma Operation and Maintenance Board (COMB) for Fiscal Years ended June 30, 2020 and 2019 is presented as prepared by COMB's Administrative Division.

The report is presented to provide the COMB Board, its Member Agencies, stakeholders and the community detailed information about the financial condition and operating results of COMB as measured by the financial activity of COMB. COMB staff worked collectively through our auditors and followed guidelines set forth by the Governmental Accounting Standards Board to prepare this report. The CAFR is presented in conformity with generally accepted accounting principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Bartlett Pringle Wolf, LLP (BPW), certified public accountants, have issued an unmodified ("clean") opinion on COMB's financial statements for years ended June 30, 2020 and 2019.

The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This introduction and the MD&A are complementary reports, which together are intended to provide a comprehensive view of the COMB's finances and operations.

Profile of COMB

The Cachuma Project was constructed in the early 1950s by the United States Department of the Interior, U.S. Bureau of Reclamation under contract with the Santa Barbara County Water Agency on behalf of the Cachuma Project Member Units. The current Cachuma Project Member Units are the Carpinteria Valley Water District, City of Santa Barbara, Goleta Water District, Montecito Water District, and Santa Ynez River Water Conservation District-Improvement District No. 1.

The Cachuma Project Member Units entered into contracts with the Santa Barbara County Water Agency for the purpose of receiving water from the Cachuma Project for use and benefit of the Member Units. Over the past sixty years, the Project has been the principal water supply for the Santa Ynez Valley and the South Coast Communities, delivering water to approximately 200,000 people.

Cachuma Operation and Maintenance Board is a California Joint Powers Authority (JPA) formed in 1956 by the Cachuma Member Units pursuant to an agreement with the U.S. Bureau of Reclamation (Reclamation). The agreement transferred to COMB the responsibility to repair, replace, operate and maintain all Cachuma Project facilities exclusive of Bradbury Dam.

Since 1956, the JPA membership has changed. The current Member Agencies of COMB are the Goleta Water District, the City of Santa Barbara, Montecito Water District and the Carpinteria Valley Water District. The Santa Ynez River Conservation District, ID No. 1 (ID No.1), an original member of the JPA, notified the COMB Board of its intent to unilaterally withdraw from COMB on May 27, 2016. A Separation Agreement was entered into by ID No. 1 and COMB, and was approved by all parties effective August 28, 2018.

Officials of COMB

COMB operates under the general direction of four elected officials who are appointed by their individual representative water agencies/councils to serve on the COMB Board of Directors. The Board engages an external General Counsel for legal matters and a Certified Public Accounting Firm for external audit review. The Board directly employs a General Manager to oversee administration and day-to-day operations of all divisions. An executive team performs under the direction of the General Manager and consists of three managers responsible for effective operation of the Administrative Division, the Operations Division, the Fisheries Division and Engineering.

The Board of Directors is responsible for governance and policy creation, and provides direction for implementation of those policies to the General Manager.

Overview**Transferred Project Works Contract**

On February 24, 1956, the U.S. Bureau of Reclamation, the original Cachuma Project Member Units, and the Santa Barbara County Water Agency entered into a contract that provided for the transfer of Operation and Maintenance (O&M) of Transferred Project works to the original Member Units. The O&M contract has been amended by amendatory contracts since that time, one of which was executed with COMB as the contractor. In March 2003, Reclamation entered into a new contract with the Cachuma Operation and Maintenance Board for the operation and care of the transferred project works including the Tecolote Tunnel and the South Coast Conduit system. The contract remains in effect through September 30, 2020. COMB initiated the contract renewal process with Reclamation during fiscal year 2019-20. Shortly after the end of the fiscal year and before the contract expiration date, Reclamation and COMB executed a three-year amendatory contract to allow for the completion of a long-term agreement.

COMB is responsible for diversion of water to the South Coast through the Tecolote Tunnel, and operation and maintenance of the South Coast Conduit pipeline, flow control valves, meters, and instrumentation at control stations, and turnouts along the South Coast Conduit and at four regulating reservoirs. COMB coordinates closely with the Bureau of Reclamation and Member Agencies' staff to ensure that water supplies meet daily demands. COMB staff reads meters and accounts for Project water deliveries on a monthly basis, and performs repairs and preventive maintenance on Project facilities and equipment. COMB safeguards Project lands and rights-of-way on the South Coast as the contractor for Reclamation. COMB is responsible for issuing Project water production and use reports, operations reports, fisheries reports, and financial and investment reports which track operation and maintenance expenditures.

National Marine Fisheries Service**Biological Opinion and Fish Management Plan**

The United States Bureau of Reclamation currently operates and maintains Bradbury Dam and associated water transport and delivery structures, collectively known as the Cachuma Project on and near the Santa Ynez River for several local water agencies. The Santa Ynez River is about 900 square miles in watershed area with Bradbury Dam located approximately 48 miles from the Pacific Ocean.

The National Marine Fisheries Services (NMFS) is the United States federal agency that oversees protection of Southern California steelhead (*Oncorhynchus mykiss*, *O. mykiss*). The Cachuma Project Biological Opinion (BO) and the Lower Santa Ynez River Fish Management Plan (FMP) were issued in 2000 for implementation of steelhead management actions developed over many years of study by the Cachuma Project Member Units. The BO addresses the effects of the proposed Cachuma Project operations on steelhead and its designated critical habitat in accordance with Section 7 of the Endangered Species Act of 1973.

**National Marine Fisheries Service
Biological Opinion and Fish Management Plan (Continued)**

The goal is to provide physical projects and management strategies that will protect, enhance, restore and create new habitat for spawning and rearing of endangered steelhead, while keeping a balance between fish management, other ecological needs, and the delivery of adequate water supplies to customers of local water agencies and groundwater recharge.

On behalf of the U. S. Bureau of Reclamation, COMB is responsible for implementation of the 2000 Biological Opinion and Fish Management Plan related to the Cachuma Project on the Santa Ynez River. These activities include ongoing scientific studies along the river, monitoring and recording changing conditions, and implementation of fish passage improvements as outlined in the 2000 Biological Opinion. In addition, a consensus based, long-term Fish Management Program was developed which provides protection for steelhead/rainbow trout downstream of Bradbury Dam through a combination of water releases from Bradbury Dam through the Hilton Creek watering system, and the removal or modification of numerous fish passage barriers to steelhead on tributaries to the mainstem Santa Ynez River. By implementing these actions, stakeholders in the Cachuma Project have created significant additional habitat for steelhead within the Santa Ynez River watershed.

Drought Response and Management

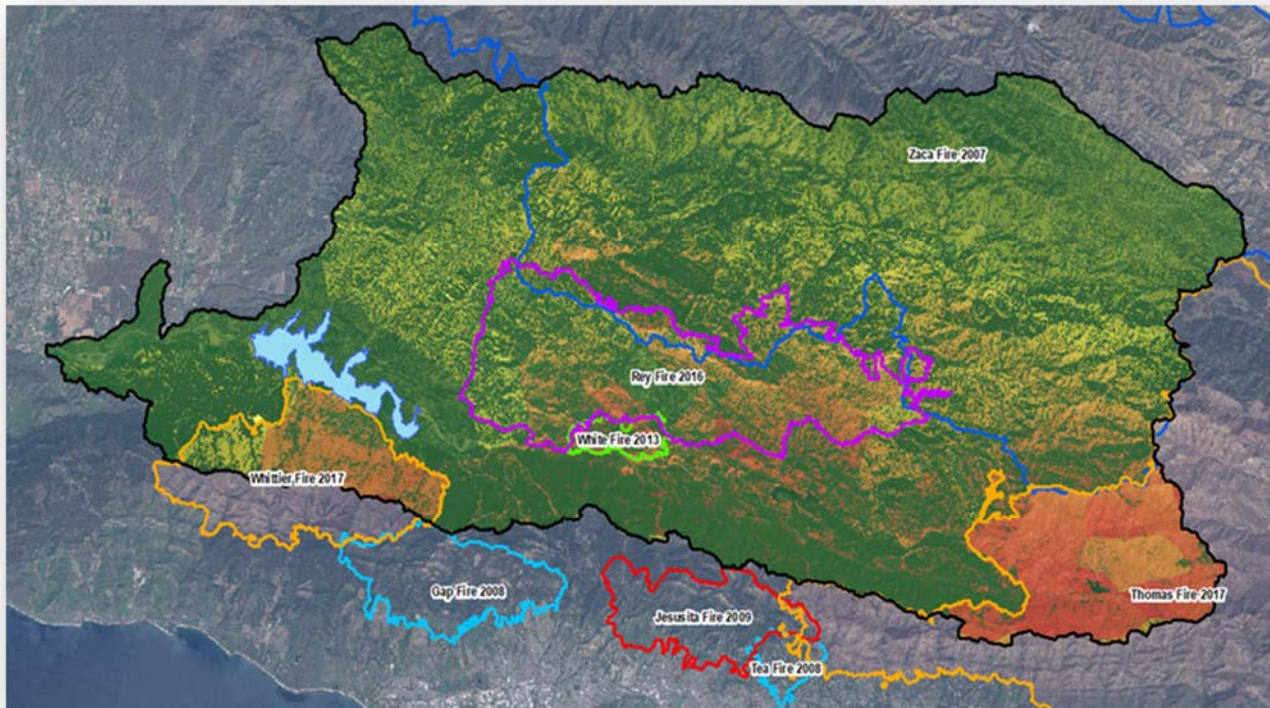
Efficient use of water has long been a priority within the Cachuma Project Service Area. Water purveyors are dependent on local water supplies, and have experienced periodic droughts including 1989-91, and the recent multi-year drought which commenced in 2012. During a drought period, the COMB Member Agencies dramatically increase their conservation efforts in order to minimize the impact of water shortages on the community. Drought conditions can last many years. The reductions in Cachuma Project water supplies have a major impact on water supply management for the COMB Member Agencies.

During the drought that began in 2012, COMB was responsible for the implementation of the Emergency Pumping Facility Project (EPFP), which allowed water to be pumped and conveyed during the time when lake levels were extremely low and unable to flow via gravity into the Tecolote Tunnel. After an all-time low of 7% reservoir capacity during 2016, Lake Cachuma rebounded to approximately 73% capacity during the February 2019 storms and subsequent inflows.

In March 2019, the United States Drought Monitor removed drought conditions from Santa Barbara County. However, the COMB Member Agencies continue to face a water supply shortage until such time that their respective groundwater basins have been recharged and supplemental water obligations are repaid.

Drought Response and Management (Continued)

Additionally, the period from 2012 to 2016 was the driest on record for precipitation and runoff in the Santa Ynez River watershed above Bradbury Dam. The watershed was adversely affected by a series of wildfires that resulted from the dry weather conditions. These were: the Zaca Fire (2007), White Fire (2010), Rey Fire (2016), Whittier Fire (2017), and Thomas Fire (2017). These five fires burned approximately 180,000 acres, or two-thirds of the watershed.



In the spring of 2019, a sequence of storms brought above average rainfall to the watershed, raising water storage to a high level of 80.9% reservoir capacity (May 30, 2019). As the reservoir and watershed continue to recover, COMB has launched the following two separate initiatives to analyze the impact to the watershed and improve water quality and water storage in Lake Cachuma with the goal of reducing the impact of future events.

Lake Cachuma Emergency Pumping Facility Secured Pipeline Project is a more permanent version of previous Emergency Pumping Facilities (EPF), having a bottom-mounted permanent pipeline component. The EPF Secured Pipeline Project will make available the use of an additional 20,500 acre-feet of reservoir water and imported water until sufficient inflow to the lake occurs and the reservoir level returns to a normal operating condition for gravity feed.

Drought Response and Management (Continued)

A similar facility was temporarily installed and operated in the 1957-1958 and 1990-1991, and the occasional need for such a facility was envisioned when the reservoir was originally designed and constructed in 1953 by the U.S. Department of the Interior, Bureau of Reclamation.

Lake Cachuma Water Quality and Sediment Management Study - The two-year study, which was completed in fiscal year 2019-20, established management actions to address raw surface water quality and sedimentation today, and in the future. The study encompassed not only fire impacts, but also the identification and characterization of issues, development of mitigation and control projects, and management actions that included sampling and data collection, in-lake treatment, erosion control, and watershed management. The study also focused on the impact of drought on fluctuating lake levels, water supply, and water quality. The study was developed in coordination with COMB's Member Agencies.

Coronavirus (COVID-19)

On January 30, 2020, the World Health Organization declared the novel coronavirus outbreak, COVID-19, a "Public Health Emergency of International Concern" and on March 10, 2020, declared it a pandemic. Immediately following the declaration, COMB and its member agencies increased their regional coordination and communication to ensure safe and secure water service to the region.

Public water supplies remain safe to drink due to numerous robust treatment processes used by local water agencies. California's comprehensive and safe drinking water standards require a multistep treatment process that includes filtration and disinfection. This process removes and kills viruses, including coronaviruses such as COVID-19, as well as bacteria and other pathogens. According to the Environmental Protection Agency (EPA), the World Health Organization (WHO), and the Centers for Disease Control and Prevention (CDC) the COVID-19 virus has not been detected in drinking water supplies, and based on current evidence, the risk to water supplies remains low.

COMB coordinates closely with the Santa Barbara County Health Department and follows all guidelines by the California Department of Public Health (CDPH) and Centers for Disease Control and Prevention (CDC). Additionally, COMB has recently updated its emergency response plans and is well prepared to maintain operations in the event of a crisis. COMB's top priority is to keep its employees, member agency staff, contractors and vendors safe and healthy so we can continue to serve our community.

Local Economy

Santa Barbara County is located approximately 100 miles north of Los Angeles and 300 miles south of San Francisco. The largest employment sectors include services, wholesale and retail trade, public administration, farming and manufacturing. The mild climate, picturesque coastline, scenic mountains, and numerous parks and beaches make Santa Barbara County a popular tourist and recreational area. The County spans over 2,700 square miles and includes an estimated population of 451,840.

Local Economy (Continued)

At the beginning of calendar year 2020, the actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, and quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus, and actions taken to mitigate it, have and are expected to continue to have an adverse impact on national and regional economies and the financial markets.

Locally in Santa Barbara, businesses and residents were also negatively impacted by various economic shutdowns and restrictions. The County's average unemployment rate during fiscal year 2019-20 increased from 3.9% to 6.1%. The June 2020 County unemployment rate of 11.6% was well below the State rate of 15.1% and above the national unemployment rate of 11.2%.

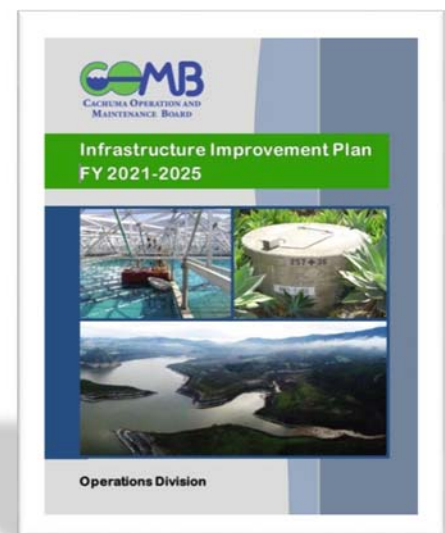
Countywide estimated retail sales decreased 5.7% to 7.45 billion for fiscal year 2019-20. The Leisure and Hospitality sector was also greatly impacted by the coronavirus outbreak. Overall, countywide estimated room sales decreased by 19% to \$417.1 million. Countywide estimated Transient Occupancy Tax (TOT) revenue decreased by 18.9% to \$49.2 million and countywide hotel demand and room rates decreased by 81% and 47% respectively with a hotel occupancy rate of 15%.

The real estate market however continued its upward trend, but with moderated growth in price increases. The countywide median home prices increased 6.76% to \$639,450. In the southern portion of Santa Barbara County, median home prices have increased slightly to \$1,120,000.

Financial Planning

The Cachuma Operation and Maintenance Board operates under an annual budget which is adopted by the Board of Directors in accordance with established short and long term financial plans. The Government Finance Officers Association recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting. COMB has developed a comprehensive five-year Infrastructure Improvement Plan (IIP) that is used as an internal guideline for forecasting, budgeting and long term financial planning. COMB has updated the plan for FY 2021-25.

The IIP formalizes the strategy for implementation of capital projects and programs needed to carry out the goals and policy objectives of the Board. The IIP is organized and structured to identify and prioritize rehabilitation projects necessary to protect, improve, and sustain a reliable source of water conveyed from the Cachuma Project to the South Coast communities of Santa Barbara County.



Financial Planning (Continued)

COMB staff actively pursues outside funding sources for all infrastructure improvement projects. Outside funding sources, such as grants, are used to finance only those improvement projects that are consistent with the Five-Year Infrastructure Improvement Project Plans and COMB priorities, and whose operating and maintenance costs have been included in future operating budget forecasts.

Board policy requires that all projects to be approved through Committee and by the Board prior to commencement.

FY 2019-20 Accomplishments

During fiscal year 2019-20, COMB continued to focus its efforts on water supply reliability, infrastructure improvements, environmental stewardship, policies and financial responsibility, and improving workforce capabilities. Outlined below are highlights of accomplishments during this past fiscal year.

Engineering DivisionSouth Coast Conduit Pipeline (SCC) Rehabilitation and Protection Measures

- Completed the Sycamore Canyon Slope Stabilization project that was funded through a FEMA Public Assistance Program Grant. Staff provided construction management for the project, which was completed on schedule and within budget. Staff submitted a project completion report to FEMA and CalOES for final closeout and reimbursement of project costs.
- Completed emergency protection measures for the South Coast Conduit in San Jose Creek and prepared a project completion report for the U.S. Army Corps of Engineers and Regional Water Quality Control Board.
- Completed Schedule D and E of the South Coast Conduit Air Vacuum Air Release/Blow Off (AVAR/BO) Rehabilitation project that involved 11 structures rehabilitated in a 72-hour shutdown window.

Lake Cachuma Secured Pipeline Project

- Contracted and coordinated with an external engineering firm to prepare the design specifications for the secured pipeline project at Lake Cachuma.
- Received a Notice of Funding Opportunity of \$750,000 from the United States Bureau of Reclamation WaterSMART Drought Response Program to be applied towards future construction costs.

Engineering Division (Continued)

Lake Cachuma Water Quality and Sediment Management Study

- Managed a two-year study on behalf of, and in coordination with, the COMB Member Agencies for addressing raw surface water quality and sedimentation issues at Lake Cachuma.
- Provided technical assistance to two separate environmental and water resources engineering firms that were engaged to complete the study.
- Installed, calibrated and maintained a solar-powered water quality monitoring-buoy at the Lake Cachuma North Portal Intake Tower to provide real-time data on water quality.
- Upgraded and calibrated the water quality YSI Sonde to take profiles including chlorophyll a and phycocyanin concentrations.
- Performed supplemental water quality sampling at Lake Cachuma. Incorporated water quality profiling at the Lake Cachuma North Portal Intake Tower and provided data to the South Coast water treatment plant's technical staff as part of a monthly sampling program.

America's Water Infrastructure Act Compliance

- Prepared a Risk and Resilience Assessment and Emergency Response Plan for the Cachuma Project system in coordination with the COMB Member Agencies.
- Developed a Supervisory Control and Data Acquisition (SCADA) Master Plan to manage system upgrades.
- Developed a Cybersecurity Response Plan to improve the resiliency of the COMB IT network and computer system.
- Created a Power Outage Plan to prepare for unexpected power outages.

Planning and Reporting

- Updated the COMB Infrastructure Improvement Plan for FY 2021-2025.
- Continued advancement of COMB's internal water accounting model to automate and improve monthly water accounting reports.
- Enhanced the Lake Cachuma elevation projection model for water supply and conveyance planning purposes.
- Updated Geographic Information Systems (GIS) mapping of the South Coast Conduit (SCC) incorporating elevations based on drawings to allow evaluation of depth of cover at key locations (slopes/creek crossings). Revised SCC alignment based on potholing conducted within the easement of the South Coast Conduit.
- Digitized historical collection of Manager's Report of Operations (MROs) from the 1950s until present.

Engineering Division (Continued)

Planning and Reporting (Continued)

- Created a digital reconstruction of the original 1954 bathymetry survey and presented results and techniques to the Environmental Systems Research Institute (ESRI) User Conference.

Staff Development

- Completed AWWA Utility Risk and Resilience Certification Program.
- Engineer / Operations Division Manager passed the Water Distribution Operator Certification (Level 3) offered by the State Water Resources Control Board's Division of Drinking Water.
- Program Analyst passed the Water Distribution Operator Certification (Level 2) offered by the State Water Resources Control Board's Division of Drinking Water.

Operations Division

Infrastructure Improvement Projects

- Provided construction management for the Sycamore Canyon Slope Stabilization project. Project was completed on schedule and within budget.
- Successfully performed the Schedule D shutdown of the South Coast Conduit Air Vacuum Air Release/Blow Off (AVAR/BO) Rehabilitation project in the Montecito area. External contractor rehabilitated 8 structures in the Montecito area with construction management performed by COMB staff.
- Successfully performed the Schedule E shutdown of the South Coast Conduit Air Vacuum Air Release/Blow Off (AVAR/BO) Rehabilitation project in the Summerland area. External contractor rehabilitated three AVAR-BO structures with construction management performed by COMB staff.
- Provided construction management of external contractor to install rock slope protection at Lake Cachuma North Portal access road.
- Provided construction management of an external contractor for the completion of San Jose Emergency repair project. Project was completed on schedule and within budget.
- Assisted external consultant with the replacement of two outdated programmable logic controller (PLC) systems at Lauro Control Station and Cater Treatment Plant.
- Installed, maintained, and calibrated a solar-powered water quality monitoring-buoy at the Lake Cachuma North Portal Intake Tower.
- Monitored external contractor engaged to connect Glen Annie Turnout (GATO) meters and Programmable Logic Controllers (PLC) to the emergency backup generator to maintain power during outages.

Operations Division (Continued)

Structure Maintenance and Inspection

- Operated and maintained the South Coast Conduit, which consists of 26.5 mile of pipeline with a combined 124 blow off and air vent structures, 43 turnout structures, 20 meters and 4 regulating reservoirs.
- Participated in the Routine Operation & Maintenance inspection with US Bureau of Reclamation Engineering staff and completed three recommendations following inspections (coated Lauro influent line, installed air vent at Barger Pass turnout and raised air vent at 230+51).
- Received and reviewed 1,253 Underground Service Alerts (Dig Alerts) and took appropriate action as necessary.
- Performed a leakby test on Toro Canyon Isolation Valve to verify function.
- Performed weekly inspections of major facilities.
- Performed routine dam inspections and instrumentation reports (all reservoirs).
- Performed monthly North Portal elevator maintenance with external contractors.
- Performed monthly water quality sampling.
- Revegetated and planted native plants and trees at San Jose Creek and Sycamore Canyon project sites.
- Removed vegetation at all structure sites to ensure defensible space as required by the Santa Barbara County Fire Marshal.
- Performed North and South reach structure maintenance as part of the annual Operating Division work plan.
- Monitored numerous construction projects adjacent to and within the United States Bureau of Reclamation right-of-way to ensure the protection of the South Coast Conduit.

Staff Recruitment and Development

- Hired a new Operations Supervisor and Water Service Worker.
- Attended US Bureau of Reclamation dam tender training.
- Attended Confined Space Training provided through the ACWA/JPIA Safety Program.
- Two staff members completed course work for the Water Service Worker certification program. Exams were postponed due to the COVID-19 pandemic.
- Conducted staff safety meetings.

Fisheries Division

NMFS Biological Opinion (BiOp) and Fish Management Plan

- Conducted all 2000 BiOp compliance monitoring in the LSYR basin and its tributaries including Lake Cachuma water quality monitoring.
- Conducted all monitoring, analyses and reporting as requested by US Bureau of Reclamation in compliance with the State Water Board Order WR 2019-0148.
- Completed the Water Year (WY) 2017, WY2018 and WY2019 Annual Monitoring Reports and Summaries.
- Wrote and successfully implemented the WY2019 Migrant Trapping Plan to stay within Incidental Take Limits as stipulated in the 2000 BiOp.
- Conducted all WY2020 Fish Passage Supplementation monitoring and reporting.
- Collaborated with California Department of Fish and Wildlife on their DIDSON Fish Migration Program in Salsipuedes Creek during the *O. mykiss* migration season.
- Completed all Hilton Creek Gravel Augmentation implementation and reporting for the last of a 2-year program.
- Carefully monitored Hilton Creek during any high flow, delivery system maintenance or interruption of flow events and provided reports to the United States Bureau of Reclamation.
- Completed construction of the Quiota Creek Crossing 8 Fish Passage Enhancement Project, the last identified fish passage project within the Quiota Creek drainage along South Refugio Road.
- Completed all reporting and reimbursements for the Quiota Creek Crossing 8 Fish Passage Enhancement Project.
- Applied for and received a grant award from the National Fish and Wildlife Foundation for the South Side Erosion Control and Reforestation Project at Quiota Creek Crossing 8.
- Deployed a new state of the art YSI Sonde for water quality monitoring.
- Worked closely with the United States Bureau of Reclamation on all requested testing, modifications or operations of the Bradbury Dam, Hilton Creek Watering System and Hilton Creek Emergency Backup System to safeguard the fishery downstream of the dam.

Oak Tree Program

- Planted 311 mitigation oak trees near Lake Cachuma as part of the surcharge operation at the Dam.
- Completed the 2018 Annual Oak Tree Survey and reported the status of the Lake Cachuma Oak Tree Restoration Program to the Oak Tree Committee and COMB Board.

Fisheries Division (Continued)

Oak Tree Program (Continued)

- Maintained a rigorous watering effort of the mitigation trees in the Lake Cachuma Oak Tree Restoration Program throughout a very dry season that has shown positive results in sustaining those trees in multiple areas around the lake and below the dam.

Staff Development

- Obtained a state of the art backpack Electro-Fisher unit and had four full-time staff complete a weeklong training course conducted by United States Fish and Wildlife Service in Electro-fishing that certifies staff in its use.
- Presented and participated in two professional conferences in Fisheries Science and GIS technologies.
- Gave an invited talk at the July meeting of the California Fish Passage Advisory Committee (FishPAC) (a group consisting of members from California Department of Transportation, California Department of Fish and Wildlife, National Marine Fisheries Service, and United States Fish and Wildlife Service) on bridge installations on South Refugio Road.
- Co-authored a paper published in California Fish and Wildlife Journal entitled "Occurrences of Steelhead Trout (*Oncorhynchus mykiss*) in southern California, 1994-2018".

Administrative Division

CAFR Audit and Budget Process

- Fiscal Year 2017-18 Comprehensive Annual Financial Report (CAFR) was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- Fiscal Year 2018-19 Audited Financial Statements received an unmodified ("clean") opinion.
- Successfully completed a Single Audit requirement in compliance with two Federal grant awards received in Fiscal Year 2018-19. Received an unmodified ("clean") opinion.
- Expanded the FY 2020-21 Annual Operating Budget document.

Cachuma Transferred Project Works Contract

- Initiated renewal discussions with United States Bureau of Reclamation for the Cachuma Transferred Project Works Contract.
- Executed a three-year amendatory contract shortly after the end of the fiscal year and before the contact expiration date so that a long-term agreement can be negotiated.

Administrative Division (Continued)

Risk Management

- Developed a Cybersecurity Response Plan to improve the resiliency of the COMB IT network and computer system.
- Recipient of ACWA/JPIA Presidents Special Recognition Award for low loss ratio in the Liability and Property Insurance programs.
- Recognized a 31% decrease in COMB's auto and general liability insurance policy premiums as compared to the past two fiscal years.
- Established operational protocols and implemented business continuity practices in response to the COVID-19 local emergency and global pandemic.

Grant Funding

- Participated in the Santa Barbara County Integrated Regional Water Management (IRWM) 2019 Plan update, which was adopted by the County Board of Supervisors.
- Assisted with the application process for additional FEMA funding for the Sycamore Canyon Slope Stabilization project.
- Received an ACWA JPIA Wellness Grant to be used for an employee wellness program.
- Advancement of COMB's grant tracking matrix.

Information Technology and Communications

- Advancement of IT network and infrastructure and security protocols.
- Completed an internal assessment of telephone hardware/software and long distance service costs that resulted in a 35.8% reduction in annual communication costs.
- Upgraded COMB's email platform to reduce external exposure against malware attacks and to protect the current IT infrastructure.

Planning and Reporting

- Updated COMB's Personnel Policy and Employee Handbook.
- Developed a Cybersecurity Response Plan.
- Created COVID-19 Preparedness and Response Plan.
- Advancement of Water Accounting model.
- Advancement of Infrastructure and Habitat Improvement Project Tracking activities and costs.

Administrative Division (Continued)**Staff Development**

- COMB staff participated in required Sexual Harassment Prevention training sponsored by ACWA/JPIA in compliance with California AB 1825, AB 2053 and AB 1661.
- COMB staff participated in required biennial hands-on first aid, cardiac-pulmonary resuscitation (CPR) and automated external defibrillator (AED) training.

Independent Audit

Under the terms and provisions of the Joint Powers Authority Agreement, the Cachuma Operation and Maintenance Board requires that its financial statements be audited by a Certified Public Accountant selected and approved by the Board of Directors. This requirement has been satisfied and the auditor's report is included in the financial section of this report.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to COMB for its CAFR for the fiscal years ended June 30, 2019 and 2018. This was the third consecutive year COMB has achieved this prestigious award. In order to be awarded a Certificate of Achievement, COMB had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. The Certificate of Achievement is valid for a period of one fiscal year. However, we believe our current Comprehensive Annual Financial Report meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting to the GFOA to determine its eligibility for a subsequent certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Administration Division. I wish to thank the members of that division for their assistance in providing the data necessary to prepare this report. Recognition is also given to the COMB Board of Directors for their unfailing support for maintaining the highest standards of professionalism in governance of the Cachuma Operation and Maintenance Board. I am pleased to present this report to the Board of Directors.

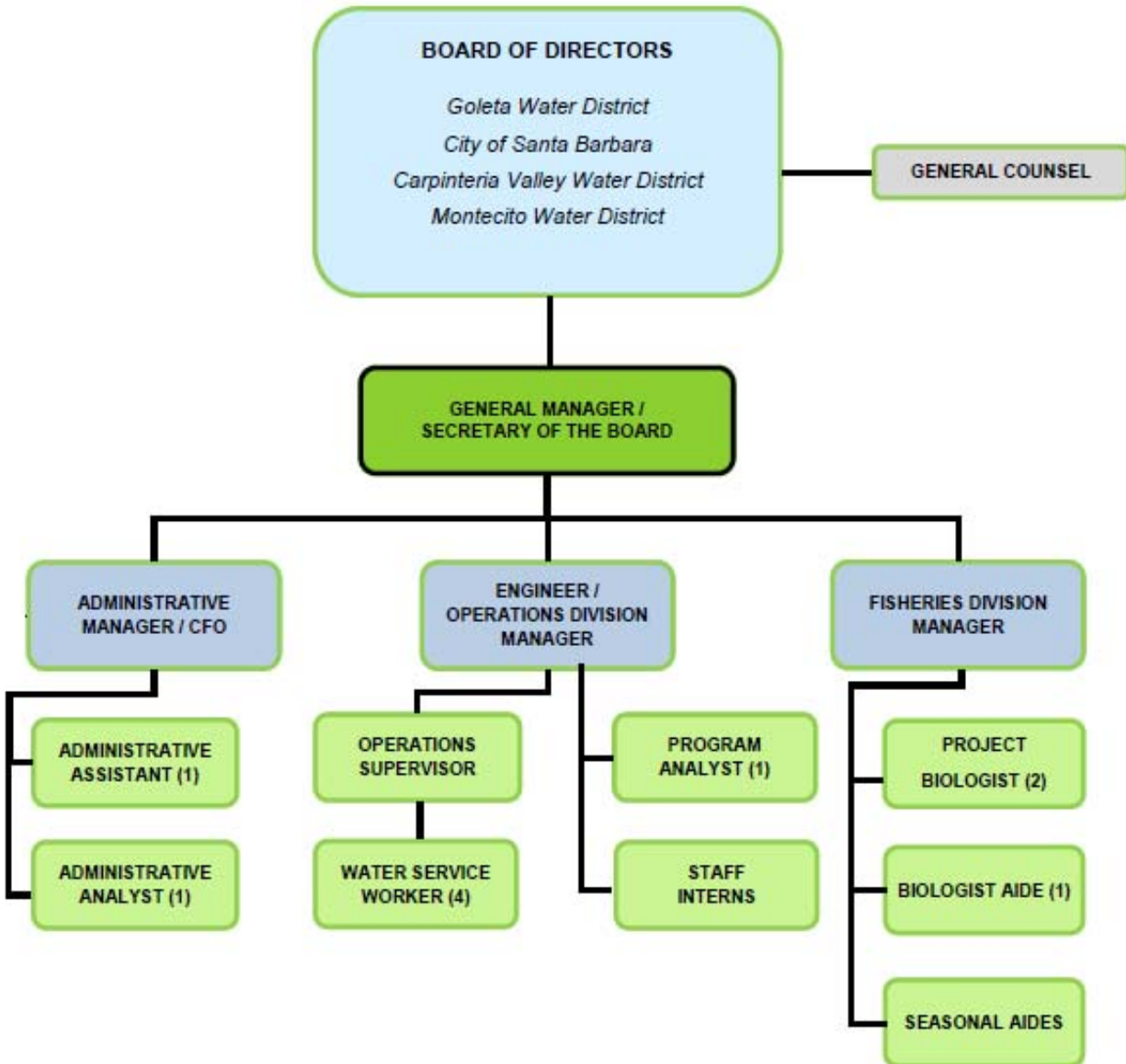
Respectfully submitted,



Janet Gingras
General Manager

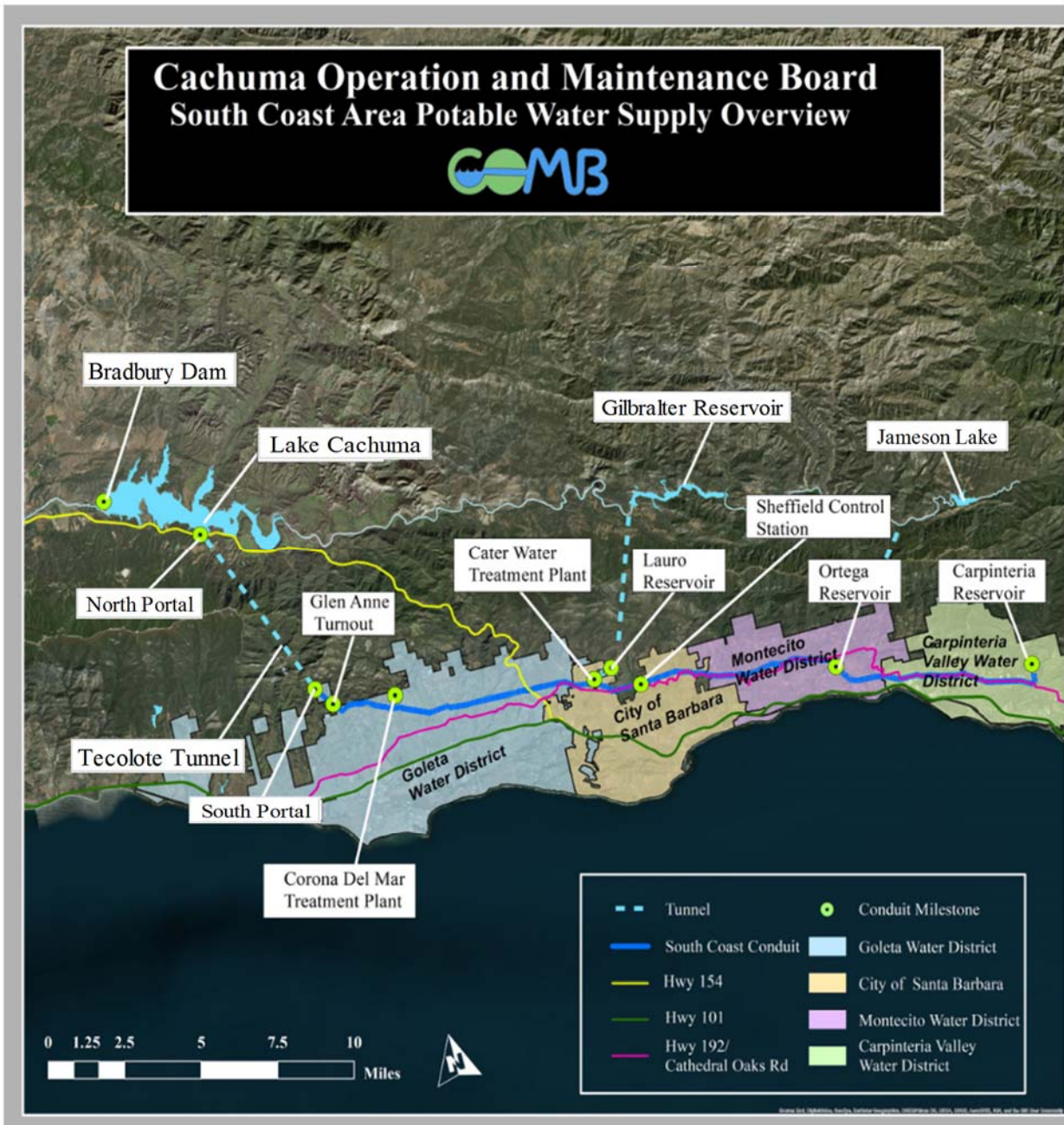
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COMB ORGANIZATIONAL CHART



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CACHUMA PROJECT FACILITIES MAP



Water from Lake Cachuma is conveyed to the South Coast Member Units through the Tecolote Tunnel intake tower at the east end of the reservoir. The Tecolote Tunnel extends 6.4 miles through the Santa Ynez Mountains from Lake Cachuma to the western terminus of the South Coast Conduit, a concrete pipeline that extends 26 miles from the Tecolote Tunnel outlet to the Carpinteria Valley Water District. COMB is responsible for diversion of water to the South Coast through the Tecolote Tunnel, and operation and maintenance of the South Coast Conduit pipeline, flow control valves, meters, and instrumentation at control stations, and turnouts along the South Coast Conduit and at four regulating reservoirs. COMB coordinates closely with the Bureau of Reclamation and Member Units' staff to ensure that water supplies meet daily demands.

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**Cachuma Operation and Maintenance
Board, California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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**FINANCIAL
SECTION**

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Financial Section
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cachuma Operation and Maintenance Board

Report on the Financial Statements

We have audited the accompanying statement of net position of Cachuma Operation and Maintenance Board ("COMB") as of June 30, 2020 and 2019 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise COMB'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 as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts; 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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net financial position of the Cachuma Operation and Maintenance Board, as of June 30, 2020 and 2019, and the changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 22 through 37, the California Public Employees' Retirement System - Schedule of Cachuma Operation and Maintenance Board's Proportionate Share of the Net Pension Liability on page 79, California Public Employees' Retirement System - Schedule of Cachuma Operation and Maintenance Board's Contributions on page 80, and Other Post-Employment Benefits (OPEB) Plan – Schedule of Changes in the Net OPEB Liability and Related Ratios on page 81 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise COMB's basic financial statements. The supplemental schedule of operation and maintenance, general and administrative and other maintenance expense on pages 82 through 83 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of operation and maintenance, general and administrative and other maintenance expense is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of operation and maintenance, general and administrative and other maintenance expense is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of COMB'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 COMB's internal control over financial reporting and compliance.

Bartlett, Pringh + Wolf, LLP
Santa Barbara, California
December 10, 2020

Management's Discussion and Analysis

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

This section presents management's analysis of the financial condition and activities of the Cachuma Operation and Maintenance Board (COMB) for the fiscal years ended June 30, 2020 and 2019. This information should be read in conjunction with the financial statements and the additional information included herewith.

OVERVIEW OF THE FINANCIAL STATEMENTS

COMB operates as a proprietary fund-type. All proprietary fund-types use a flow of economic resources measurement focus. Under this measurement focus, all assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the Statement of Net Position and where appropriate, total net position (i.e., fund equity) are segregated into invested in capital and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net position.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

Summary of Organization and Business

COMB is a Joint Powers Authority and public entity in the County of Santa Barbara, organized and existing in accordance with Government Code Section 6500 et seq., and operating pursuant to the 1996 Amended and Restated Agreement for the Establishment of a Board of Control, dated May 23, 1996 ("Amended and Restated Agreement"), as amended by an Amendment to the Amended and Restated Agreement made effective September 16, 2003 and a Second Amendment to the Amended and Restated Agreement made effective November 20, 2018 (collectively the "Joint Powers Agreement" or "JPA"). The Cachuma Project Member Units entered into the Joint Powers Agreement to exercise their common power to provide for the rights to, the facilities of, and the operation, maintenance and use of the United States, Department of the Interior, Bureau of Reclamation project known as the Cachuma Project, including storage, treatment, transport and appurtenant facilities, and all necessary tangible and intangible property and rights. In particular, the Member Units expressed their desire to create COMB for the purpose of providing authority for the financing of "costs" for the capture, development, treatment, storage, transport and delivery of water; and for repayment of notes, bonds, loans, warrants, and revenue bonds as may be issued to finance facilities, operations or services. In September 2010, the Cachuma Operation and Maintenance Board approved a budget adjustment effective January 2011 to transfer from Cachuma Conservation and Release Board (CCRB) the implementation of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion.

Management’s Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Summary of Organization and Business (Continued)

COMB currently has a staff of 15 full time employees. Of these, four are employed in an administrative capacity and eleven are in field operations.

COMB is presently composed of four Member Agencies, all of which are public agencies: the Carpinteria Valley Water District, the Goleta Water District, the Montecito Water District, and the City of Santa Barbara. A founding Member Unit of COMB, the Summerland Water District, reorganized with the Montecito Water District, with Montecito Water District as the successor agency. Another founding Member Unit of COMB, the Santa Ynez River Water Conservation District, assigned its Member Unit water contract to the Santa Ynez River Water Conservation District, Improvement District No. 1.

On May 27, 2016, Santa Ynez River Water Conservation District, Improvement District No. 1 (ID No. 1) notified the COMB Board of its stated intent to withdraw from the Agreement. A Separation Agreement was entered into by ID No. 1, COMB, and the remaining COMB Member Agencies and was approved by all parties effective August 28, 2018. ID No. 1 continues to be a member of the Cachuma Project, which carries certain benefits and obligations associated with the Project as outlined in various agreements.

Under the Joint Powers Agreement, each of the four Member Agencies appoints a representative to the COMB Board of Directors. The following table shows number of votes each has on the Board of Directors:

<u>Member Unit</u>	<u>Board Representation</u>
Carpinteria Valley WD	1 vote
Goleta Water District	2 votes
Montecito Water District	1 vote
City of Santa Barbara	2 votes
Total	6 votes

Votes representing a majority of the number of votes authorized under the Joint Powers Agreement are required for the approval of any decision, other than adjournment, which requires action of the Board of Directors. In addition, the affirmative vote of at least three representatives to the Board of Directors is necessary for the approval of such a decision.

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Summary of Organization and Business (Continued)

The unanimous consent of the representatives of all the Member Agencies is required for COMB to take action on the following matters:

1. Approval of a Cachuma Project Master Contract amendment, renewal or extension;
2. A matter involving water rights of any party;
3. Acquisition of significant facilities from the United States;
4. Issuance of bonds, loans or other forms of indebtedness in excess of one million (\$1,000,000) dollars.

A decision of COMB authorizing a capital expenditure in excess of one million dollars or incurring an indebtedness or obligation in excess of one million dollars is not effective unless it has been ratified by a resolution approved by all of the Member Agencies.

Operating Assessments

Current operations of COMB are funded by assessment of the Member Agencies, with the assessments based on the Member Agencies' Cachuma Project entitlement percentages. The four COMB Member Agencies also fund the operation and maintenance portion of the annual budget as well as the cost of special projects for other Cachuma Project storage and conveyance facilities that serve the South Coast of Santa Barbara County. These facilities include the Tecolote Tunnel, the South Coast Conduit (SCC), and four dams and reservoirs (Glen Annie, Lauro, Ortega and Carpinteria). During the fiscal year ended June 30, 2020, COMB conducted and/or completed a number of special studies and projects using revenue provided by these assessments. These projects included storage of key components of the Emergency Pumping Facility, improvements to the South Coast Conduit; and rehabilitation and betterment of control stations, valves and structures.

In September 2010, the Cachuma Operation and Maintenance Board approved a budget adjustment effective January 2011 to transfer from Cachuma Conservation and Release Board (CCRB) the implementation of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion. All four Member Agencies fund the general and administrative portion of the annual budget as well as the cost of special projects. All four Member Agencies also fund the Santa Ynez River Fisheries Program and related activities. Pursuant to the Separation Agreement between COMB and ID No. 1, starting in Fiscal Year 2017-18 and going forward, certain actual expenditures incurred by COMB will be collected from ID No. 1 through an invoice issued quarterly to it by COMB.

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Grant Program

COMB has developed a grant program by utilizing a team of staff members to write proposals, administer grants and carry out grant contracts. They have applied for and received various federal and state contracts for habitat enhancement, fisheries projects within the Lower Santa Ynez River drainage and South Coast pipeline improvement projects. The utilization of these grants has assisted the Member Agencies in accomplishing required fisheries restoration and habitat improvement projects as well as vital infrastructure improvement projects.

In fiscal year 2018-19, the COMB Fisheries Division applied for and received a federal grant award from the California Department of Fish and Wildlife Fisheries Restoration Grant Program (CDFW-FRGP) for \$1,010,700. Funds were applied towards the fish passage improvement at Crossing Number 8 on Quiota Creek, a tributary to the lower Santa Ynez River. Construction was completed during the fiscal year 2019-20. This fish passage improvement project will provide improved access to the perennial reaches of Quiota Creek and restore habitat to enhance conditions for steelhead.

In fiscal year 2019-20, the COMB Fisheries Division applied for and received a grant award from the National Fish and Wildlife Foundation for \$43,973. Funds will be applied towards the South Side Erosion and Restoration Project at Quiota Creek Crossing Number 8. The project is scheduled to commence early fiscal year 2020-21.

In fiscal year 2019-20, the COMB Engineering Division submitted a request to CalOES and FEMA for Final Close Out and Reimbursement following the completion of the Sycamore Canyon Slope Stabilization Project. FEMA approved the request seeking full reimbursement project costs of \$599,493. Final reimbursement is expected to occur in fiscal year 2020-21.

Additionally, the COMB Engineering Division submitted and received a notification of funding opportunity from the US Bureau of Reclamation USBR WaterSmart Drought Response Program for \$750,000. Funds will be applied towards the construction of the Lake Cachuma Emergency Pumping Facility – Secured Pipeline Project. The engineering and design for the project will be completed during Fiscal Year 2020-21.

Management's Discussion and Analysis

COMB Committees

COMB has five standing committees: the Administrative Committee (financial, personnel and legal matters), the Operations Committee, the Fisheries Committee, the Public Outreach Committee, and the Lake Cachuma Oak Tree Committee. Each committee is composed of two Board members and one alternate Board member. Appointments to the committees are made by the President of the Board. The committees meet with staff on an as-needed basis and make recommendations to the Board of Directors with regard to capital improvements, finance, and other matters. From time-to-time, COMB utilizes ad-hoc committees, which are temporary in nature.

FINANCIAL HIGHLIGHTS

The following table shows a condensed version of COMB's statement of net position with corresponding analysis regarding significant variations.

	Year Ended			2020-2019 Variance		2019-2018 Variance	
				Dollars	Percent	Dollars	Percent
	June 30, 2020	June 30, 2019	June 30, 2018	Change	Change	Change	Change
Assets:							
Current Assets	\$ 2,701,308	\$ 2,343,145	\$ 3,324,583	\$ 358,163	15.3%	\$ (981,438)	-29.5%
Restricted Assets	134,356	701,834	763,180	(567,478)	-80.9%	(61,346)	-8.0%
Property, Plant & Equipment	184,192	163,783	156,918	20,409	12.5%	6,865	4.4%
Other Assets	5,043,469	5,282,882	5,515,313	(239,413)	-4.5%	(232,431)	-4.2%
Total Assets	\$ 8,063,325	\$ 8,491,644	\$ 9,759,994	\$ (428,319)	-5.0%	\$ (1,268,350)	-13.0%
Deferred Outflows of Resources:							
Deferred pensions	\$ 336,263	\$ 497,820	\$ 581,365	\$ (161,557)	-32.5%	\$ (83,545)	-14.4%
Deferred other post employment benefits	944,061	214,063	-	729,998	100.0%	214,063	0.0%
Total Deferred Outflows of Resources	\$ 1,280,324	\$ 711,883	\$ 581,365	\$ 568,441	79.9%	\$ 130,518	22.5%
Liabilities:							
Current Liabilities	\$ 2,054,127	\$ 2,352,121	\$ 3,474,523	\$ (297,994)	-12.7%	\$ (1,122,402)	-32.3%
Long-Term Liabilities	12,538,903	12,887,519	13,297,932	(348,616)	-2.7%	(410,413)	-3.1%
Total Liabilities	14,593,030	15,239,640	16,772,455	(646,610)	-4.2%	(1,532,815)	-9.1%
Deferred Inflows of Resources:							
Deferred pensions	\$ 143,105	\$ 141,294	\$ 149,386	\$ 1,811	1.3%	\$ (8,092)	-5.4%
Deferred other post employment benefits	716,377	-	-	716,377	100.0%	-	0.0%
Total Deferred Inflows of Resources	\$ 859,482	\$ 141,294	\$ 149,386	\$ 718,188	508.3%	\$ (8,092)	-5.4%
Net Position:							
Invested in Capital Assets	\$ 184,192	\$ 163,783	\$ 156,918	\$ 20,409	12.5%	\$ 6,865	4.4%
Unrestricted	(6,293,055)	(6,341,190)	(6,737,400)	48,135	0.8%	396,210	5.9%
Total Net Position	\$ (6,108,863)	\$ (6,177,407)	\$ (6,580,482)	\$ 68,544	1.1%	\$ 403,075	6.1%

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Statement of Net Position Analysis

June 30, 2020 Comparison to June 30, 2019

Total assets reported as of June 30, 2020 decreased by \$428,319 (5.0%) as compared to June 30, 2019. The changes are noted below.

- Current assets include cash and cash equivalents, prepaid assets and accounts receivable. During fiscal year 2020, current assets increased by \$358,163 (15.3%) as compared to fiscal year 2019. The increase in current assets was attributed to an increase of \$122,943 in cash and cash equivalents and an increase in accounts receivable of \$232,824. The increase in cash and cash equivalents was primarily due to unexpended funds scheduled for return to the COMB member agencies in fiscal year 2021. The increase in accounts receivable represents an outstanding assessment receivable from a non-member agency for fiscal year 2020 and a grants receivable FEMA (DR-4308) for the Sycamore Canyon Slope Stabilization Project.
- Restricted assets include funds deposited into the Warren Act Trust Fund and the Renewal Fund. Restricted assets decreased \$567,478 (80.9%) in fiscal year 2020 due to less funds deposited into the Warren Act Trust Fund. Deposits into the Warren Act Trust Fund are variable in nature and are directly tied to the annual amount of State Water Project Water delivered to the lake on behalf of the State Water Project (SWP) participants during each calendar year. Funds are reviewed by the Funds Committee in the spring of each year for use in the upcoming fiscal year.
- The value of property, plant, and equipment increased \$20,409 (12.5%) in fiscal year 2020 primarily due to the purchase of a new COMB fleet vehicle, a water quality buoy and additional field equipment for the COMB Operations and Fisheries divisions. This increase was offset by current year depreciation expense.
- Other assets decreased in fiscal year 2020 by \$239,413 (4.5%) primarily due to a decrease in the Bradbury and Lauro SOD Act assessments receivable, as described in Note 6 - SOD Act Assessments Receivable and Contracts Payable in the Notes to the Basic Financial Statements.
- Deferred outflows and deferred inflows are related to accounting for pension liabilities associated with GASB 68. This is further detailed in Note 12 - Pension Plan, in the Notes to the Basic Financial Statements.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Statement of Net Position Analysis (Continued)

June 30, 2020 Comparison to June 30, 2019

Total liabilities reported as of June 30, 2020 decreased by \$646,610 (4.2%) as compared to June 30, 2019. The changes are noted below.

- Current liabilities represent the balance in accounts payable, the current portion due (within one year) of long term debt, payable to member units, accrued wages and deferred revenue account balances. Current liabilities decreased by \$297,994 (12.7%) in fiscal year 2020 as compared to fiscal year 2019. The net change in current liabilities was primarily attributable to a decrease in deferred revenue of \$567,478 and offset by an increase in the amount payable to member units of \$322,718. The balance in the deferred revenue is directly tied to the balance in the Warren Act Trust Fund and Renewal fund. Deposits into the Warren Act Trust Fund and Renewal Fund are variable in nature and are directly tied to the annual amount of State Water Project Water delivered to the lake on behalf of the State Water Project (SWP) participants during each calendar year. The balance in payable to member units can fluctuate due to current year unexpended funds and carryover funds for project expenditures delayed or placed on hold.
- Long term liabilities decreased by \$348,616 (2.7%) in FY 2020 primarily due by a decrease in notes payable and SOD Act contract payable resulting from loan repayments of \$690,374. This amount was offset to the recognition of an additional GASB 75 OPEB liability of \$181,485 and net pension liability of \$160,273. Note 13 – Other Post-employment Benefits (OPEB) contains detailed information regarding accounting under GASB 75. Note 12 – Pension Plan contains detailed information regarding accounting under GASB 68.

Total net position reported as of June 30, 2020 increased by 68,544 (1.1%) as compared to June 30, 2019. The changes are noted below.

- The invested in capital assets increased \$20,409 in fiscal year 2020 primarily due to a change in the value of property, plant and equipment as previously described.
- Unrestricted net position increased \$48,135 in fiscal year 2020. Unrestricted net position remains in a deficit position due to previous years' recognition of the GASB 68 pension liability and GASB 74 OPEB liability.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Statement of Net Position Analysis

June 30, 2019 Comparison to June 30, 2018

Total assets reported as of June 30, 2019 decreased by \$1,268,350 (13.0%) as compared to June 30, 2018. The changes are noted below.

- Current assets include cash and cash equivalents, prepaid assets and accounts receivable. During fiscal year 2019, current assets decreased by \$981,438 (29.5%) as compared to fiscal year 2018. The decrease in current assets was attributed to a decrease of \$738,453 in cash and cash equivalents and a decrease in accounts receivable of \$247,179. The decrease in cash and cash equivalents was primarily due to prior year unexpended funds that were returned to the COMB member agencies during the fiscal year. The decrease in accounts receivable resulted from the collection of an outstanding assessment receivable from a non-member agency as well as and the reimbursement of claims under FEMA (DR-4353) Thomas Fire and Debris Flow disaster.
- Restricted assets include funds deposited into the Warren Act Trust Fund and the Renewal Fund. Restricted assets decreased \$61,346 (8.0%) in fiscal year 2019 due to less funds deposited into the Warren Act Trust Fund. Deposits into the Warren Act Trust Fund are variable in nature and are directly tied to the annual amount of State Water Project Water delivered to the lake on behalf of the State Water Project (SWP) participants during each calendar year. Funds are reviewed by the Funds Committee in the spring of each year for use in the upcoming fiscal year.
- The value of property, plant, and equipment increased \$6,865 (4.4%) in fiscal year 2019 primarily due to the purchase of a new COMB fleet vehicle and additional field equipment for the COMB Operations and Fisheries divisions. This increase was offset by current year depreciation expense.
- Other assets decreased in fiscal year 2019 by \$232,431 (4.2%) primarily due to a decrease in the Bradbury and Lauro SOD Act assessments receivable, as described in Note 6 - SOD Act Assessments Receivable and Contracts Payable in the Notes to the Basic Financial Statements.
- Deferred outflows and deferred inflows are related to accounting for pension liability associated with GASB 68. This is further detailed in Note 12 - Pension Plan, in the Notes to the Basic Financial Statements.

Management's Discussion and Analysis**FINANCIAL HIGHLIGHTS (Continued)****Statement of Net Position Analysis (Continued)**

June 30, 2019 Comparison to June 30, 2018

Total liabilities reported as of June 30, 2019 decreased by \$1,532,815 (9.1%) as compared to June 30, 2018. The changes are noted below.

- Current liabilities represent the balance in accounts payable, the current portion due (within one year) of long term debt, payable to member units, accrued wages and deferred revenue account balances. Current liabilities decreased by \$1,122,402 (32.3%) in fiscal year 2019 as compared to fiscal year 2018. The net change in current liabilities was primarily attributable to a decrease in the amount payable to member units of \$1,251,689 and was offset by an increase in deferred revenue by \$132,631. The balance in payable to member units liability account and deferred revenue can fluctuate due to current year unexpended funds and carryover funds for project expenditures delayed or placed on hold. The balance in the deferred revenue can also fluctuate and is directly tied to the balance in the Warren Act Trust Fund and Renewal fund.
- Long term liabilities decreased by \$410,413 (3.1%) in FY 2019 primarily due by a decrease in notes payable and SOD Act contract payable resulting from loan repayments of \$666,531. This amount was offset to the recognition of GASB 75 OPEB liability in the amount of \$232,431. Note 13 – Other Post-employment Benefits (OPEB) contains detailed information regarding accounting under GASB 75.

Total net position reported as of June 30, 2019 increased by \$403,075 (6.1%) as compared to June 30, 2018. The changes are noted below.

- The invested in capital assets increased \$6,865 in fiscal year 2019 primarily due to a change in the value of property, plant and equipment as previously described.
- Unrestricted net position increased \$396,210 in fiscal year 2019 primary due to the collection of loan assessments from member agencies related to the Emergency Pumping Facilities project. Unrestricted net position remains in a deficit position due to previous years' recognition of the GASB 68 pension liability and GASB 74 OPEB liability.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

The following table shows a condensed version of COMB's Statement of Revenues, Expenses, and Changes in Net Position, with corresponding analysis regarding significant variances.

	Condensed Statement of Revenues, Expenses and Changes in Net Position							
	Year Ended			2020-2019 Variance		2019-2018 Variance		
	June 30, 2020	June 30, 2019	June 30, 2018	Dollars Change	Percent Change	Dollars Change	Percent Change	
Operating Revenues (Expenses):								
Operating Revenues	\$ 6,686,085	\$ 6,827,119	\$ 3,545,146	\$ (141,034)	-2.1%	\$ 3,281,973	92.6%	
Operating Expenses, excluding Depreciation Expense	(6,482,474)	(6,283,533)	(3,795,688)	(198,941)	3.2%	(2,487,845)	65.5%	
Depreciation	(66,068)	(56,583)	(55,097)	(9,485)	16.8%	(1,486)	2.7%	
Operating Income (Deficit)	137,543	487,003	(305,639)	(349,460)	71.8%	792,642	259.3%	
Non-operating Revenues	23,405	31,476	16,551	(8,071)	-25.6%	14,925	90.2%	
Non-operating Expenses	(92,404)	(115,404)	(134,132)	23,000	-19.9%	18,728	-14.0%	
Non-operating expenses	(68,999)	(83,928)	(117,581)	14,929	-17.8%	33,653	-28.6%	
Change in Net Position	68,544	403,075	(423,220)	(334,531)	-83.0%	826,295	-195.2%	
Net Position at beginning of year	(6,177,407)	(6,580,482)	(2,217,274)	403,075	-6.1%	(4,363,208)	196.8%	
Prior period adjustment	-	-	(3,939,988)	-	0.0%	3,939,988	100.0%	
Net Position at End of Year	\$ (6,108,863)	\$ (6,177,407)	\$ (6,580,482)	\$ 68,544	-1.1%	\$ 403,075	-6.1%	

Statement Analysis

June 30, 2020 Comparison to June 30, 2019

The net position reported as of June 30, 2020 increased by \$68,544 as compared to June 30, 2019. The changes are noted below.

- Operating revenues decreased \$141,034 (2.1%) in fiscal year 2020 as compared to fiscal year 2019. The net change in operating revenue was due to a decrease in grant revenue of \$313,236 and offset by an increase in operating assessments of \$172,155. In fiscal year 2019, COMB received grant revenues of \$1,886,408 related to the completion of two fish passage projects completed during that year. In fiscal year 2020, COMB received grant revenues of \$1,010,700 related to the completion of one fish passage project. During the fiscal year, COMB also recognized \$562,024 in grant funding from FEMA and CalOES for the Sycamore Canyon Slope Stabilization Project.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Statement Analysis (Continued)

June 30, 2020 Comparison to June 30, 2019

- Operating expenses decreased \$198,941 in fiscal year 2020 as compared to fiscal year 2019. The change in operating expenses was attributed to a decrease in Quiota Creek crossing habitat enhancement of \$891,523 related to two fish passage projects completed in fiscal year 2019. COMB completed one fish passage project in fiscal year 2020. This amount was offset by an increase in special projects costs of \$576,098 related to the Sycamore Canyon Slope Stabilization Project and other infrastructure improvements projects for the South Coast Conduit, which is owned by the U.S. Bureau of Reclamation.
- Non-operating revenues decreased \$8,071 (25.6%) due to a decrease in the effective yield rate for amounts held on deposit. The average annual yield for fiscal year 2019-20 was 1.936% as compared to fiscal year 2018-19 of 2.266%.
- Non-operating expenses, which consist primarily of interest expense, decreased \$23,000 (19.9%) in FY 2020 due to decrease in notes payable and SOD Act contract payable resulting from loan repayments.
- The change in net position at end of year increased by \$68,544 in fiscal year 2020. Net Position remains in a deficit position due to previous years' recognition of the GASB 68 pension liability and GASB 74 OPEB liability.

Statement Analysis

June 30, 2019 Comparison to June 30, 2018

The net position reported as of June 30, 2019 increased by \$403,075 as compared to June 30, 2018. The changes are noted below.

- Operating revenues increased \$3,281,973 (92.6%) in fiscal year 2019 as compared to fiscal year 2018. The change in operating revenue was due to an increase in operating assessments of \$1,603,245 combined with an increase in grants revenue of \$1,700,142. The increase in member assessments was primarily attributable to an adjustment recorded in fiscal year 2018 for unexpended funds assessed and held by COMB for project expenditures delayed or placed on hold due to the drought. These funds were returned to the Member Agencies in fiscal year 2019. In fiscal year 2019, COMB received grant revenues of \$1,886,408 related to the completion of two fish passage projects completed during that year. COMB did not complete any fish passage projects in fiscal year 2018.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Statement Analysis

June 30, 2019 Comparison to June 30, 2018

- Operating expenses increased \$2,487,845 (65.5%) in fiscal year 2019 as compared to fiscal year 2018. The change in operating expenses was attributed to increase in Quiota Creek crossing habitat enhancement of \$1,791,037 related to two fish passage projects completed in fiscal year 2019. Additionally, in fiscal year 2019, COMB completed maintenance and improvement to the South Coast Conduit and appurtenant facilities, which is owned by the US Bureau of Reclamation resulting in an additional expense of \$561,976 as compared to prior year.
- Non-operating revenues increased \$14,925 (90.2%) due to an increase in the effective yield rate for amounts held on deposit. The average annual yield for fiscal year 2018-19 was 2.266% as compared to fiscal year 2017-18 of 1.376%.
- Non-operating expenses, which consist primarily of interest expense, decreased \$18,728 (14.0%) in FY 2019 due to decrease in notes payable and SOD Act contract payable resulting from loan repayments.
- The change in net position at end of year increased by \$403,075 in fiscal year 2019 mainly due to the collection of loan assessments from member agencies related to the Emergency Pumping Facilities project.

Capital Assets

The following table provides a summary of COMB's capital assets and changes from the prior year.

	Capital Assets							
	Year Ended			2020-2019 Variance		2019-2018 Variance		
	June 30, 2020	June 30, 2019	June 30, 2018	Dollars Change	Percent Change	Dollars Change	Percent Change	
Vehicles	\$ 468,728	\$ 475,733	\$ 445,724	\$ (7,005)	-1.5%	\$ 30,009	6.7%	
Office Furniture and Equipment	306,053	355,186	443,923	(49,133)	-13.8%	(88,737)	-20.0%	
Field Equipment	550,153	537,804	594,001	12,349	2.3%	(56,197)	-9.5%	
Mobile Offices Used for Facilities	97,803	97,803	97,803	-	0.0%	-	0.0%	
Resurfacing	38,351	38,351	38,351	-	0.0%	-	0.0%	
Total Capital Assets	1,461,088	1,504,877	1,619,802	(43,789)	-2.9%	(114,925)	-7.1%	
Accumulated Depreciation	(1,276,896)	(1,341,094)	(1,462,884)	64,198	-4.8%	121,790	-8.3%	
Net Capital Assets	\$ 184,192	\$ 163,783	\$ 156,918	\$ 20,409	12.5%	\$ 6,865	4.4%	

Note 9 - Capital Assets, in the Notes to Basic Financial Statements, contains additional information on COMB's capital assets.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Debt Administration

Series 2004A Refinance Bonds

COMB and the Cachuma Project Authority (CPA) merged in 1996, with COMB as the successor agency. With this merger, COMB assumed responsibility for the oversight and payment of the Series 1993 CPA revenue bonds. However, the bonds are not recorded on the books of COMB because, under Joint Participation Agreements between COMB and three Agencies, these Agencies are obligated to make the bond principal and interest payments on behalf of COMB. The Series 1993 bonds were refinanced by COMB in the first quarter of fiscal year 2004/05. Note 14 – Commitments and Contingencies – 1993 Cachuma Project Bonds, in the Notes to Basic Financial Statements, contains additional information on the Series 2004A Refinance Bonds

Safety of Dams Repayment Contracts

Under the terms and conditions of a repayment contract executed in 2002, COMB is responsible for payment to the United States for fifteen percent (15%) of the total amount of Safety of Dams (SOD) Act funds expended by the United States for structural stability and related work at Bradbury Dam.

The debt total under the contract as executed is approximately \$6,791,000 plus interest and is to be repaid through annual payments over a 50-year period. COMB assesses the Member Agencies annually to collect the revenue for the payment due that year, with the assessments calculated in accordance with each Member Agencies' Cachuma Project entitlement percentages.

The funds expended by Reclamation through June 30, 2013 on the Lauro Dam rehabilitation project as identified in the re-payment schedule for this project are approximately \$6,731,580. The fifteen percent obligation plus interest during construction equates to approximately \$1,009,737 for the Lauro SOD Act repayment debt which appears in the long term liability account. All work activities related to the Lauro SOD Act rehabilitation project have been completed as of June 30, 2012.

Work activities during the current fiscal year related to the completion of the Bradbury Dam SOD Act rehabilitation were relatively minor and produced an inconsequential increase to the overall debt obligation. Note 6 – SOD Act Assessments Receivable and Contracts Payable, in the Notes to Basic Financial Statements, contains additional information on the Safety of Dams Repayment Contracts.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Debt Administration (Continued)

American Riviera Bank Emergency Pumping Facility Project Notes Payable

During fiscal year ending 2015, COMB contracted for the construction of the Emergency Pumping Facilities Project (Project) to provide continued delivery of water from Lake Cachuma to the COMB Member Agencies until sufficient inflow occurs and the reservoir level returns to normal operating conditions. In order to implement this large-scale project, three of the four COMB Member agencies agreed to finance their proportionate share through a commercial financing arrangement with the Bank of Santa Barbara, which merged with American Riviera Bank during 2016.

The note consisted of two separate financing facilities: 1) A revolving line of credit (\$1.2 million) for a period of 24 months followed by a fixed 60 months of principal and interest, 2) A non-revolving line of credit (\$2.0 million) for a period of 24 months followed by a fixed 60 months of principal and interest. The districts participating in the financing included Goleta Water District, Montecito Water District, and Carpinteria Valley Water District. The City of Santa Barbara did not participate in the financing and chose to fund the project through quarterly assessments. Santa Ynez River Water Conservation District, Improvement District No. 1 was indemnified by the four South Coast Member Agencies and therefore not responsible for any project costs. COMB secured financing for the project. The three districts participating in the debt obligation provided the guarantee for repayment of their allocated percentage. In addition, the districts are held solely liable for any interest rate increase caused by a downgrade of their individual credit rating. The original financing terms included the conversion from lines of credit to a sixty-month repayment loan as of July 25, 2016. Carpinteria Valley Water District paid their obligation in full during fiscal year 2017.

Note 7 – Notes Payable, in the Notes to Basic Financial Statements, contains additional information on the American Riviera Bank Emergency Pumping Facility Project Notes Payable.

Pension Plan Accounting

In June 2012, the Governmental Accounting Standards Board (GASB) issued two new standards that substantially changed the accounting and financial reporting of public employee pension plans and the state and local governments that participate in such plans. GASB Statement No. 67, *Financial Reporting for Pension Plans* revises existing guidance for the financial reports of most governmental pension plans.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Pension Plan Accounting (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB Statement No. 67 is applicable to CalPERS and effective for financial statements for fiscal years beginning after June 15, 2013. GASB Statement No. 68 is applicable to employers and effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 68 requires employers to recognize a liability as employees earn their pension benefits. To the extent that a long-term obligation to provide pension benefits (total pension liability) is larger than the value of the assets available in the plan (fiduciary net position) to pay pension benefits, the employers must report a net pension liability on the employer's accrual-based financial statements for the first time.

A cost-sharing multiple-employer plan (cost-sharing plan) is one in which the participating employers pool their assets and their obligations to provide defined pension benefits, such as employers participating in risk pools. Under the new GASB standards, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements. Note 12 – Pension Plan, in the Notes to Basic Financial Statements, contains detailed information regarding these balances.

Other Postemployment Benefits

In June 2015, GASB issued two new standards that changed the accounting and financial reporting of postemployment benefits other than pensions. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* amended GASB Statement No. 43. GASB 74 became effective for financial statements for fiscal years beginning after June 15, 2016. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* amended GASB Statement No. 45. GASB 75 became effective for financial statements for fiscal years beginning after June 15, 2017.

Under GASB Statement No. 75, government employers that sponsor OPEB plans will recognize a net OPEB liability in their statement of net position which is the difference between the total OPEB liability (actuarial accrued liability using the entry age actuarial cost method) and fiduciary net position (plan assets at fair value).

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (Continued)

Other Postemployment Benefits (Continued)

Agencies that provide OPEB to employees without the use of a trust are required to report the total OPEB liability for all employees statement of net position. In addition, the annual required contribution (ARC) is to be replaced with OPEB expense and follows the same calculation as required under GASB Statement No. 68. Under GASB Statement No. 75, actuarial valuations are required every two years.

The new standards also require government agencies that offer OPEB plans to provide additional and detailed disclosures and supplementary information about OPEB liabilities and related assumptions to allow for better assessments of reasonableness of OPEB measurements. Note 13 – Other Post-employment Benefits (OPEB), in the Notes to Basic Financial Statements, contains detailed information regarding these balances.



Cachuma Operation and Maintenance Board Meeting Room

Basic Financial Statements

STATEMENT OF NET POSITION

June 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash (Note 3)	\$ 582,693	\$ 533,255
Investments, cash equivalents (Note 3)	1,385,505	1,312,000
Restricted Assets (Note 4)	134,356	701,834
Assessment receivable	302,764	250,694
Grant receivable	180,754	-
Prepaid insurance	10,179	14,765
Current portion of SOD Act assessments receivable (Note 6)	<u>239,413</u>	<u>232,431</u>
Total current assets	<u>2,835,664</u>	<u>3,044,979</u>
Capital Assets (Note 9)		
Vehicles	468,728	475,733
Office furniture and equipment	306,053	355,186
Field equipment	550,153	537,804
Modular administrative offices	97,803	97,803
Resurfacing	<u>38,351</u>	<u>38,351</u>
Subtotal	1,461,088	1,504,877
Less: accumulated depreciation	<u>(1,276,896)</u>	<u>(1,341,094)</u>
Capital assets, net	<u>184,192</u>	<u>163,783</u>
Other Assets		
Long-term assessments receivable SOD Act (Note 6)	<u>5,043,469</u>	<u>5,282,882</u>
Total other assets	<u>5,043,469</u>	<u>5,282,882</u>
Total noncurrent assets	<u>5,227,661</u>	<u>5,446,665</u>
Total assets	<u>8,063,325</u>	<u>8,491,644</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred pensions (Note 12)	336,263	497,820
Deferred other post employment benefits (Note 13)	<u>944,061</u>	<u>214,063</u>
Total deferred outflows of resources	<u>1,280,324</u>	<u>711,883</u>
Total assets and deferred outflows of resources	<u>\$ 9,343,649</u>	<u>\$ 9,203,527</u>

See accompanying notes

Basic Financial Statements

STATEMENT OF NET POSITION

June 30, 2020 and 2019

LIABILITIES

	<u>2020</u>	<u>2019</u>
Current Liabilities		
Accounts payable	\$ 227,384	\$ 300,430
Accrued vacation and sick leave benefits	183,339	182,133
Payable to member agencies	766,421	443,703
Unearned revenue	134,355	701,833
Accrued interest	52,227	57,465
Current portion of notes payable (Note 7)	450,988	434,126
Current portion of SOD Act contract payable (Note 6)	239,413	232,431
Total current liabilities	<u>2,054,127</u>	<u>2,352,121</u>
Long-Term Liabilities		
Net other post employment benefit liability (Note 13)	5,565,697	5,384,212
Notes payable (Note 7)	36,596	487,557
Net pension liability (Note 12)	1,893,141	1,732,868
SOD Act contract payable, net of current portion (Note 6)	<u>5,043,469</u>	<u>5,282,882</u>
Total long-term liabilities	<u>12,538,903</u>	<u>12,887,519</u>
Commitments and Contingencies (Note 14)		
Total liabilities	<u>14,593,030</u>	<u>15,239,640</u>

DEFERRED INFLOWS OF RESOURCES

Deferred pensions (Note 12)	143,105	141,294
Deferred other post employment benefits (Note 13)	<u>716,377</u>	-
Total deferred inflows of resources	<u>859,482</u>	<u>141,294</u>

NET POSITION

Net investment in capital assets	184,192	163,783
Unrestricted:		
Accumulated deficit	<u>(6,293,055)</u>	<u>(6,341,190)</u>
Total net position	<u>\$ (6,108,863)</u>	<u>\$ (6,177,407)</u>

See accompanying notes

Basic Financial Statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Operating assessments from member agencies	\$ 4,390,673	\$ 4,273,688
Operating assessment from non-member agency	55,170	-
Grant revenue	1,573,172	1,886,408
Warren Act Trust Fund (Note 4)	576,293	569,521
Cachuma Project Betterment Fund (Note 5)	90,000	90,000
Other revenues	777	7,502
Total operating revenues	<u>6,686,085</u>	<u>6,827,119</u>
Operating Expenses		
Operation and maintenance division:		
Operation and maintenance	1,416,525	1,046,011
General and administrative	852,836	859,378
Emergency pumping facility project	162,204	109,939
Special projects	1,583,949	1,007,851
Fisheries division:		
Operation and maintenance	707,309	720,535
General and administrative	429,373	281,969
Fishery related projects	129,122	148,608
Quiota Creek crossing habitat enhancement	1,199,457	2,090,980
Other habitat enhancement	1,699	18,262
Depreciation	66,068	56,583
Total operating expenses	<u>6,548,542</u>	<u>6,340,116</u>
Net Operating Gain (Loss)	<u>137,543</u>	<u>487,003</u>
Non-Operating Revenues (Expenses)		
Interest income	23,405	31,476
Interest expense	(92,038)	(115,404)
Loss on sale of capital asset	(366)	-
Total non-operating expenses	<u>(68,999)</u>	<u>(83,928)</u>
Change in net position	68,544	403,075
Net Position, beginning of year	<u>(6,177,407)</u>	<u>(6,580,482)</u>
Net Position, end of year	<u>\$ (6,108,863)</u>	<u>\$ (6,177,407)</u>

See accompanying notes

Basic Financial Statements

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Cash received from member agencies	\$ 4,626,204	\$ 4,623,046
Cash received from non member agency	-	-
Cash received from other sources	777	7,502
Cash received from grantor	1,392,418	2,007,674
Cash received from Cachuma Betterment Fund	90,000	90,000
Cash received from Renewal and Warren Act Funds	576,293	569,521
Cash payments to suppliers for operations	(4,307,009)	(5,942,647)
Cash payments to employees	(1,428,862)	(1,297,384)
Net cash provided by operating activities	<u>949,821</u>	<u>57,712</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Increase (decrease) in restricted assets	(567,478)	(61,346)
(Increase) decrease in deferred revenue	567,478	61,346
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition of capital assets	(86,477)	(63,449)
Principle payments on notes payable	(434,099)	(417,994)
Interest payments on notes payable	(27,636)	(76,622)
Interest payments on SOD Act contract payable	(69,640)	(43,741)
Principle payments on SOD Act contract payable	(232,431)	(225,836)
Net cash flows used by capital and related financing activities	<u>(850,283)</u>	<u>(827,642)</u>
<u>Cash Flows From Investing Activities</u>		
Interest received	23,405	31,476
Sale (purchase) of investments	(73,505)	715,904
Net cash flows provided (used) by investing activities	<u>(50,100)</u>	<u>747,380</u>
Net increase (decrease) in cash	49,438	(22,550)
Cash and Cash Equivalents - Beginning of Year	<u>533,255</u>	<u>555,805</u>
Cash and Cash Equivalents - End of Year	<u>\$ 582,693</u>	<u>\$ 533,255</u>

See accompanying notes

Basic Financial Statements

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Reconciliation of net operating gain to net cash provided by operating activities</u>		
Net operating gain	\$ 137,543	\$ 487,003
Adjustments to reconcile net operating gain to net cash provided by operating activities:		
Depreciation expense	66,068	56,583
Loss of sale of capital asset	(366)	-
Changes in operating assets and liabilities		
Assessments receivable	(52,070)	123,522
Grant receivable	(180,754)	121,266
Prepaid insurance	4,586	4,791
Current portion of SOD Act assessment receivable	232,431	225,836
Accounts payable	(73,046)	(53,133)
Payable to member units	322,718	(1,057,712)
Accrued vacation and sick leave benefits	1,206	32,048
OPEB liability	181,485	305,245
Net pension liability	160,273	(49,127)
Deferred outflows of resources - OPEB	(729,998)	(214,063)
Deferred inflow of resources - OPEB	716,377	-
Deferred outflows of resources - pension	161,557	83,545
Deferred inflows of resources - pension	1,811	(8,092)
Net cash provided by operating activities	<u>\$ 949,821</u>	<u>\$ 57,712</u>

See accompanying notes

Notes to the Basic Financial Statements

Note 1 – Organization

The Cachuma Operation and Maintenance Board (COMB) is a joint powers agency organized to operate and maintain the water delivery system of the Cachuma Project located in Santa Barbara County. COMB's member agencies (Member Agencies) consist of four water purveyors as follows: Carpinteria Valley Water District, City of Santa Barbara, and Goleta Water District, Montecito Water District.

On May 27, 2016, Santa Ynez River Water Conservation District, Improvement District No. 1 (ID No. 1) notified the COMB Board of its stated intent to withdraw from the Agreement. A Separation Agreement was entered into by ID No. 1, COMB, and the remaining COMB Member Agencies and was approved by all parties effective August 28, 2018. ID No. 1 continues to be a member of the Cachuma Project which carries certain benefits and obligations associated with the Project as outlined in various agreements.

The Member Agencies entered into a Joint Exercise of Powers Agreement to exercise their common power to provide for the rights to, the facilities of, and the operation, maintenance and use of the United States, Department of the Interior, Bureau of Reclamation project known as the Cachuma Project, including storage, treatment, transport and appurtenant facilities, and all necessary tangible and intangible property rights. In September 2010, the Cachuma Operation and Maintenance Board approved a budget adjustment effective January 2011 to transfer from CCRB the implementation activities of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion.

Note 2 – Summary of Significant Accounting Policies

A) Basis of Accounting

COMB operates as a proprietary fund type. All proprietary fund types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net position. Where appropriate, net total position are segregated into net position invested in capital assets and unrestricted position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Notes to the Basic Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

A) Basis of Accounting (Continued)

All proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recognized at the time the related liabilities are incurred regardless of when paid.

COMB distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with COMB's principal ongoing operations. The principal operating revenues of COMB are assessments of the Member Agencies and grant monies received. Operating expenses for COMB include maintenance and administrative expenses, depreciation on capital assets and litigation costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements of COMB have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles.

B) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes demand deposits and money market accounts, but does not include restricted cash or funds invested in the Local Agency Investment Fund (LAIF).

C) Capital Assets

Property and equipment are stated at cost. COMB's capitalization threshold is \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally 5 years. Title to the assets of the Cachuma Project is with the United States of America; the assets are not recorded as assets of COMB. Costs relating to capital improvements, rehabilitation, betterment, maintenance and modifications are therefore reported as expenditures when incurred by COMB.

Notes to the Basic Financial Statements**Note 2 – Summary of Significant Accounting Policies (Continued)**D) Investments

Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

E) Accrued Vacation and Sick Pay

Employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences vest and accumulate and are accrued when they are earned.

F) Unspent Operating Assessments

The operating assessments represent amounts received from COMB's Member Agencies to fund current operations. To the extent that revenues exceed expenses in a given year, they are constructively returned to the Member Agencies in subsequent years.

G) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the COMB's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2020
Measurement Period:	July 1, 2019 – June 30, 2020

Notes to the Basic Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

H) Pension Plan

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

The following timeframes are used for pension reporting:

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Measurement Period:	July 1, 2018 – June 30, 2019

I) Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows is classified into three components as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Restricted – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." Unrestricted, reserved net position represents unrestricted assets which are segregated by the Board of Directors for specific future uses.

Notes to the Basic Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

I) Net Position (Continued)

When an expense is incurred for purposes for which both unrestricted and restricted resources are available for use, it is COMB's policy to apply restricted assets first, then unrestricted resources.

J) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. COMB's principal areas that include estimates are the liabilities and related receivables for Safety of Dams Act construction in process, useful lives of capitalized assets and the liability for other postemployment benefits. It is at least reasonably possible that the significant estimates used will change within the next year.

K) Unearned Revenue

Deferred revenue consists of the unspent Renewal Fund and Warren Act Trust fund money that is restricted for Lake Cachuma projects. Each year, the Fund Committees decide how to spend these funds and revenue is recognized when the money is spent. See Note 4 for disclosures on restricted cash.

L) Implementation of New Governmental Accounting Standards Board (GASB) Statements

For the year ended June 30, 2020, COMB implemented the following Governmental Accounting Standards Board (GASB) Statements:

Notes to the Basic Financial Statements

Note 2 – Summary of Significant Accounting Policies (Continued)

L) Implementation of New Governmental Accounting Standards Board (GASB) Statements (Continued)

Statement No. 90	"Majority Equity Interests - an amendment of GASB Statement No. 14 and No. 61"	The requirements of this statement are effective for periods beginning after June 15, 2019. (FY 19/20)
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The adoption of this statement did not have a material impact on COMB.

M) Future Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board Statements listed below will be implemented in future financial statements. These statements will be evaluated by COMB to determine if they will have a material impact to the financial statements once effective.

Statement No. 84	"Fiduciary Activities"	The requirements of this statement are effective for periods beginning after December 15, 2019. (FY 20/21)
Statement No. 87	"Leases"	The requirements of this statement are effective for periods beginning after June 15, 2020. (FY 21/22)
Statement No. 89	"Accounting for Interest Cost Incurred Before the End of a Construction Period"	The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Notes to the Basic Financial Statements

Note 3 – Cash and Investments

Investments Authorized by COMB's Investment Policy

Under the provisions of COMB's investment policy, the agency may invest in state or national banks, state or federal saving and loan associations, the State of California Local Agency Investment Fund (LAIF), or may invest as provided in the California Government Code.

Investment in Local Agency Investment Fund (LAIF)

LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the COMB's investment in this pool is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. LAIF invests some of its portfolio in derivatives. Detailed information on derivative investments held by this pool is not readily available. Investments in LAIF are not rated by a national rating agency.

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. COMB did not have any investments with fair values that are considered to be highly sensitive to changes in interest rates.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, COMB 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. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of COMB and are held by either the counter-party or the counter-party's trust department or agent but not in COMB's name.

Notes to the Basic Financial Statements**Note 3 – Cash and Investments (Continued)**Custodial Credit Risk (Continued)

All cash is entirely insured or collateralized. The California Government Code requires California banks and savings and loans associations to secure COMB's deposits by pledging government securities, which equal at least 110% of COMB's deposits. California law also permits financial institutions to secure COMB's deposits by the pledging of first trust deed mortgage notes in excess of 150% of the COMB's deposits. COMB may waive collateral requirements for deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC).

None of COMB's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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. COMB's investment in the Local Agency Investment Fund is not rated.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, COMB was not exposed to concentration of credit risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, COMB was not exposed to foreign currency risk.

Notes to the Basic Financial Statements

Note 3 – Cash and Investments (Continued)

Cash and investments as of June 30, 2020 and 2019 consist of the following:

	2020	
	Carrying Amount	Fair Value
Cash in banks and on hand	\$ 717,049	\$ 717,049
Local Agency Investment Fund (LAIF)	1,385,505	1,385,505
Total cash and investments, at fair value	<u>\$ 2,102,554</u>	<u>\$ 2,102,554</u>
	2019	
	Carrying Amount	Fair Value
Cash in banks and on hand	\$ 1,235,089	\$ 1,235,089
Local Agency Investment Fund (LAIF)	1,312,000	1,312,000
Total cash and investments, at fair value	<u>\$ 2,547,089</u>	<u>\$ 2,547,089</u>

Investment in Local Agency Investment Fund (LAIF)

COMB 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 COMB's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon COMB's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The amortized cost approximates fair value. LAIF invests some of its portfolio in derivatives. Detailed information on derivative investments held by this pool is not readily available. Investments in LAIF are not rated by a national rating agency.

Note 4 – Restricted Assets

The Trust Fund is a requirement of the Warren Act contract between the Central Coast Water Authority (CCWA) and Reclamation for the transport of State Water Project water through Cachuma Project facilities.

Notes to the Basic Financial Statements

Note 4 – Restricted Assets (Continued)

A memorandum of understanding (MOU) creating the Trust Fund established a two person Fund Committee and an Advisory Committee. One member of the Fund Committee is appointed by the Member Agencies through COMB. The other member of the Fund Committee is a representative from Reclamation. CCWA and the Advisory Committee can attend the Trust Fund Committee meetings but have no vote.

The Renewal Fund is a requirement of the Cachuma Project Renewal Master Contract between Reclamation and the Santa Barbara County Water Agency. The contract provides for water service from the Cachuma Project to the five Cachuma Project Member Units. The Cachuma Project Renewal Master Contract specified that five years after adoption of the first Annual Plan, the Contractor (Santa Barbara County) shall be substituted for the Contracting Officer (Reclamation) for the Renewal Fund discussions; this change in representation began in WY2003 and Santa Barbara County has been the representative since that time.

Through COMB Board Resolution No. 249 adopted in 1997, the COMB Member Agencies agreed to merge the processes for implementation and administration of the Cachuma Project Warren Act Trust Fund and the Cachuma Project Master Contract Renewal Fund under a single committee (referred to as the “Funds Committee”). The Funds Committee composition dictates that the voting members of the Funds Committee are Reclamation, COMB and Santa Barbara County. Both the Trust Fund and the Renewal Fund require annual and five-year plans. To date, the annual and five-year plans have authorized the combined funds to be used for implementation of the Biological Opinion (BO)/Fish Management Plan (FMP). Pursuant to the Renewal Master Contract, COMB administers both the Trust Fund and the Renewal Fund accounts.

Summary of restricted cash and investments as of June 30:

	2020	2019
Trust Fund	\$ 124,140	\$ 691,618
Renewal Fund	10,216	10,216
Total Restricted Cash	<u>\$ 134,356</u>	<u>\$ 701,834</u>

Notes to the Basic Financial Statements**Note 5 – Cachuma Project Betterment Fund**

Since the Cachuma Project was completed in the mid-1950s, the Santa Barbara County Water Agency has collected \$100,000 per year in taxes for the betterment of the Cachuma Project. For the first 40 years, these funds were used to pay down the capital cost of constructing the Cachuma Project. The authorized uses of these funds were broadened in 1995 pursuant to the Renewal Master Contract. The County Water Agency was still obligated to provide \$100,000 annually to the Cachuma Project. However, under Article 8 (b), the funds could be used for any beneficial purpose consistent with the Water Agency Act within the Santa Ynez River watershed or the Cachuma Project service area. Each fiscal year, representatives from the Cachuma Project Member Units and the County Water Agency must mutually agree on the activities to be funded by the County Water Agency's \$100,000 contribution. To date, the Betterment Fund has been combined with the Trust Fund and Renewal Fund revenues to offset the costs of the Fisheries Program. On January 1, 2011, the balance of the Betterment fund was transferred from Cachuma Conservation Release Board to COMB to support the Fisheries Program.

Note 6 – SOD Act Assessments Receivable and Contract Payable**Bradbury Dam**

On July 1, 2002, COMB executed a repayment contract with U.S. Bureau of Reclamation in the Department of Interior of the United States (Reclamation). Under the terms of the agreement and in accordance with the United States Safety of Dams (SOD) Act, COMB will reimburse Reclamation for fifteen percent (15%) of the total amount of SOD Act funds expended by Reclamation to preserve the structural integrity of Bradbury Dam and related Cachuma Project facilities.

COMB entered into a repayment contract with Reclamation when the project was deemed to be substantially complete. The repayment contract, as executed, calls for a repayment of 15% of a total authorized cost of \$45,276,008 or approximately \$6,791,000 plus interest, as appropriate, over a 50-year period.

Notes to the Basic Financial Statements

Note 6 – SOD Act Assessments Receivable and Contract Payable (Continued)

Bradbury Dam (Continued)

The repayment obligation has been allocated fifty-one and three tenths percent (51.3%) to irrigation uses (Irrigation Allocation) or \$3,483,989 and forty eight and seven tenths percent (48.7%) to municipal and industrial (M&I) uses (M&I Allocation) or \$3,307,412. The Irrigation allocation bears no interest and repayment commenced in fiscal year end 2017. Interest during construction in the amount of \$325,477 was added to the M&I Allocation. During construction COMB made advances in the amount of \$1,496,148 that were applied against the M&I Allocation amounts. Accounting for advances made by COMB during construction, the balance due under the M&I Allocation contract was \$2,136,741.

COMB will assess the Member Agencies annually amounts equal to the obligation due Reclamation. The annual payment requirements at June 30, 2020 to retire the contract as of October 1, 2051, including interest payments at 5.856%, are presented in the following table. This table does not include adjustments that will be made to the Bradbury Dam repayment contract due to additional incurred costs or for payments that will be required under the Lauro Dam repayment contract.

	M&I Allocation		Irrigation Allocation	Total
	Principal	Interest		
2021	\$ 110,696	\$ 54,174	\$ 96,778	\$ 261,648
2022	117,179	47,691	96,778	261,648
2023	124,041	40,829	96,778	261,648
2024	131,305	33,565	96,778	261,648
2025	138,994	25,876	96,778	261,648
2026 - 2030	302,883	26,857	483,890	813,630
2031 - 2035	-	-	483,890	483,890
2036 - 2040	-	-	483,890	483,890
2041 - 2045	-	-	483,890	483,890
2046 - 2050	-	-	483,890	483,890
2051 - 2052	-	-	193,524	193,524
	<u>\$ 925,098</u>	<u>\$ 228,992</u>	<u>\$ 3,096,864</u>	<u>\$ 4,250,954</u>

Notes to the Basic Financial Statements**Note 6 – SOD Act Assessments Receivable and Contract Payable (Continued)**Bradbury Dam (Continued)

The interest expense for the Bradbury Dam SOD Act contract payable was \$54,174 and \$66,082 for the years ended June 30, 2020 and 2019, respectively.

The total cost of the Bradbury Dam SOD Act project is to be reevaluated and the repayment agreement amended as necessary by Reclamation and COMB when all phases of the work are completed. Total project costs as of June 30, 2020 were \$48,321,547, \$3,045,539 higher than the total cost authorized under the repayment contract. It is management's opinion that COMB will be responsible for reimbursing Reclamation 15% of the total construction costs in excess of the costs per the original repayment contract.

As of June 30, 2020, an additional liability of \$456,831 was recorded for construction costs incurred in excess of the original repayment agreement. This is an estimate based on management's best judgment which may be adjusted as more current information becomes available.

Reclamation can also reevaluate the ability of COMB's Member Agencies to repay the Irrigation Allocation every five years, commencing in fiscal year end 2008. No adjustment has been made to the Irrigation Allocation balance to reflect a discount due to the non-interest bearing feature of the contract.

Lauro Dam

On March 21, 2007, COMB executed a repayment contract with U.S. Bureau of Reclamation in the Department of Interior of the United States (Reclamation). Under the terms of the agreement and in accordance with the United States Safety of Dams (SOD) Act, COMB will reimburse Reclamation for fifteen percent (15%) of the total amount of SOD Act funds expended by Reclamation to preserve the structural integrity of Lauro Dam and reservoir; total costs not to exceed \$17,314,125. The primary contract for construction of the modification project was awarded by Reclamation in September 2005 and the work was deemed substantially complete in February 2007.

Notes to the Basic Financial Statements

Note 6 – SOD Act Assessments Receivable and Contract Payable (Continued)

Lauro Dam (Continued)

The total costs of the Lauro Dam SOD Act project was to be re-evaluated and repayment agreement amended as necessary. During 2017, the Reclamation completed its final accounting for the project and issued a final repayment schedule. The repayment obligation has been allocated fifty and seventy two one hundredths percent (50.72%) to irrigation uses (Irrigation Allocation) or \$512,139, and forty nine and twenty eight hundredths percent (49.28%) to municipal and industrial (M&I) uses (M&I Allocation) or \$497,598. The Irrigation allocation bears no interest

COMB will assess the South Coast Member Agencies annually amounts equal to the obligation due October 1, 2057, including interest payments at 4.556%, are presented in the following table. This table represents the final repayment contract received during fiscal year 2017.

	M&I Allocation		Irrigation Allocation	Total
	Principal	Interest		
2021	\$ 19,712	\$ 15,466	\$ 12,227	\$ 47,405
2022	20,610	14,568	12,227	47,405
2023	21,549	13,629	12,227	47,405
2024	22,531	12,647	12,227	47,405
2025	23,557	11,620	12,227	47,404
2026 - 2030	134,897	40,990	61,136	237,023
2031 - 2035	96,600	8,933	61,136	166,669
2036 - 2040	-	-	61,136	61,136
2041 - 2045	-	-	61,136	61,136
2046 - 2050	-	-	61,136	61,136
2051 - 2055	-	-	61,136	61,136
2056 - 2058	-	-	36,682	36,682
	<u>\$ 339,456</u>	<u>\$ 117,853</u>	<u>\$ 464,633</u>	<u>\$ 921,942</u>

The interest expense for the Lauro Dam SOD Act contract payable was \$15,466 and \$17,146 for the years ended June 30, 2020 and 2019, respectively.

Management deems the assessments receivable related to the Bradbury and Lauro Dams SOD Act projects to be fully collectable.

Notes to the Basic Financial Statements

Note 6 – SOD Act Assessments Receivable and Contract Payable (Continued)

The total SOD Act liability at June 30, 2020 and 2019 is composed of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Bradbury Dam repayment contract:		
M&I principal	\$ 925,098	\$ 1,029,669
Irrigation principal	<u>3,096,864</u>	<u>3,193,644</u>
Total Bradbury Dam repayment contract excluding interest	4,021,962	4,223,313
Bradbury Dam liability for 15% of additional costs incurred over repayment contract	<u>456,831</u>	<u>456,831</u>
Total Bradbury Dam SOD Act liability	4,478,793	4,680,144
Lauro Dam repayment contract:		
M&I principal	339,456	358,308
Irrigation principal	<u>464,633</u>	<u>476,861</u>
Total Lauro SOD Act liability	<u>804,089</u>	<u>835,169</u>
Total SOD Act Liability	5,282,882	5,515,313
Less current portion	<u>(239,413)</u>	<u>(232,431)</u>
Long-term portion of SOD Act liability	<u>\$ 5,043,469</u>	<u>\$ 5,282,882</u>

Notes to the Basic Financial Statements

Note 7 – Notes Payable

On July 25, 2014, COMB entered into two notes payable agreements with American Riviera Bank for a total of \$3,200,000 to finance the Emergency Pumping Facilities Project on behalf of Goleta Water District, Carpinteria Valley Water District, and Montecito Water District (participating member agencies). Per the agreement, COMB may draw upon these funds similar to a line of credit until July 25, 2016, at which time a repayment schedule will be provided for the balance of funds drawn. As of June 30, 2016 and 2015, the total outstanding balance on the notes payable was \$2,601,317.

Beginning on August 25, 2014 and until July 25, 2016, COMB was required to make monthly interest payments on the unpaid balance at an initial interest rate of 3.00%. At the end of the straight line of credit period, COMB will make principal and interest payments based on the repayment schedule that will be provided for the balance of funds drawn. The interest rate for the repayment schedule will be established based on the Prime rate as of July 25, 2016.

COMB will make payments on behalf of the participating member agencies and will assess Goleta Water District, Carpinteria Valley Water District and Montecito Water District each member units' share of the debt service payment quarterly.

The loans were guaranteed by the participating member agencies as follows:

	<u>Amount</u>	<u>Allocation</u>
Goleta Water District	\$ 2,016,000	63%
Carpinteria Valley Water District	608,000	19%
Montecito Water District	576,000	18%
	<u>\$ 3,200,000</u>	<u>100%</u>

As a condition of notes payable, at least \$2 million dollars of the notes was required to be spent on capital infrastructure of the Emergency Pumping Facilities Project. In addition, COMB is also required to maintain a deposit relationship at American Riviera Bank. The participating member agencies are required at all times during the loan to set and maintain member unit customer water rates at a level sufficient to pay all outstanding annual member agency debt service and to set aside such debt service revenues in a special district reserve account maintained at a rate of 1.25 to 1 of annual debt service reserve for each dollar outstanding debt service payments due in any particular year.

Notes to the Basic Financial Statements

Note 7 – Notes Payable (Continued)

On July 25, 2016, the draw down period on the notes payable ended and COMB received repayment agreements. The combined outstanding balance on the notes was \$2,601,317 at July 25, 2016. Per the repayment agreements, the notes are due over a period of 5 years with combined monthly payments of \$47,384, including principal and interest. The interest rates on the notes are 3.5%. COMB will make payments on behalf of the participating member units and will assess Goleta Water District, Carpinteria Valley Water District and Montecito Water District each member units' share of the debt service payment quarterly.

The following table shows the allocation of the final notes payable balance by participating Member Agency.

	<u>Amount</u>	<u>Allocation</u>
Goleta Water District	\$ 1,638,830	63%
Carpinteria Valley Water District	494,250	19%
Montecito Water District	468,237	18%
	<u>\$ 2,601,317</u>	<u>100%</u>

On August 19, 2016, Carpinteria Valley Water District paid its allocation of the notes payable in full.

On September 1, 2016, American Riviera Bank issued a revised repayment schedule to incorporate Carpinteria Valley Water District's payment. The notes are due over a period of 5 years with combined monthly payments of \$38,478, including principal and interest. The interest rates on the notes are 3.75%. COMB will make payments on behalf of the participating member agencies and will assess Goleta Water District and Montecito Water District each member agencies' share of the debt service payment quarterly.

The total annual requirements to amortize the notes payable, including the allocation between Goleta Water District and Montecito Water District, as of June 30, 2020 are as follows:

Notes to the Basic Financial Statements

Note 7 – Notes Payable (Continued)

	Principal	Interest	Total	Goleta Water District	Montecito Water District
2021	\$ 450,988	\$ 10,745	\$ 461,733	\$ 360,153	\$ 101,580
2022	36,596	114	36,710	28,634	8,076
	<u>\$ 487,584</u>	<u>\$ 10,859</u>	<u>\$ 498,443</u>	<u>\$ 388,787</u>	<u>\$ 109,656</u>

The interest expense for the notes payable was \$27,636 and \$43,741 for the for the years ended June 30, 2020 and 2019, respectively.

Note 8 – Long-Term Debt

Changes in long term debt amounts for years ended June 30, 2020 and 2019 were as follows:

	Beginning Balance 2020	Additions	Principal Payments	Adjustments	Ending Balance 2020
SOD Act Liabilities	\$ 5,515,313	\$ -	\$ (232,431)	\$ -	\$ 5,282,882
Notes payable	921,683	-	(434,099)	-	487,584
	<u>\$ 6,436,996</u>	<u>\$ -</u>	<u>\$ (666,530)</u>	<u>\$ -</u>	<u>\$ 5,770,466</u>

	Beginning Balance 2019	Additions	Principal Payments	Adjustments	Ending Balance 2019
SOD Act Liabilities	\$ 5,741,149	\$ -	\$ (225,836)	\$ -	\$ 5,515,313
Notes payable	1,339,677	-	(417,994)	-	921,683
	<u>\$ 7,080,826</u>	<u>\$ -</u>	<u>\$ (643,830)</u>	<u>\$ -</u>	<u>\$ 6,436,996</u>

Notes to the Basic Financial Statements

Note 9 – Capital Assets

The following is a summary of capital assets which include property, plant and equipment at June 30, 2020 and 2019.

	Beginning			Ending
	Balance 2020	Additions	Deletions	Balance 2020
Vehicles	\$ 475,733	\$ 28,942	\$ (35,947)	\$ 468,728
Office furniture and equipment	355,186		(49,133)	306,053
Field equipment	537,804	57,535	(45,186)	550,153
Mobile offices used for facilities	97,803			97,803
Resurfacing	38,351			38,351
Total depreciable assets	<u>1,504,877</u>	<u>86,477</u>	<u>(130,266)</u>	<u>1,461,088</u>
Less: accumulated depreciation and amortization				
Vehicles	(388,037)	(38,114)	35,948	(390,203)
Office furniture and equipment	(332,520)	(8,806)	49,132	(292,194)
Field equipment	(484,383)	(19,148)	45,186	(458,345)
Mobile offices used for facilities	(97,803)			(97,803)
Resurfacing	(38,351)			(38,351)
Total accumulated depreciation and amortization	<u>(1,341,094)</u>	<u>(66,068)</u>	<u>130,266</u>	<u>(1,276,896)</u>
Net capital assets	<u>\$ 163,783</u>	<u>\$ 20,409</u>	<u>\$ -</u>	<u>\$ 184,192</u>

Notes to the Basic Financial Statements

Note 9 – Capital Assets (Continued)

	Beginning			Ending
	Balance 2019	Additions	Deletions	Balance 2019
Vehicles	\$ 445,724	\$ 30,009	\$ -	\$ 475,733
Office furniture and equipment	443,923	14,863	(103,600)	355,186
Field equipment	594,001	18,576	(74,773)	537,804
Mobile offices used for facilities	97,803	-	-	97,803
Resurfacing	38,351	-	-	38,351
Total depreciable assets	1,619,802	63,448	(178,373)	1,504,877
Less: accumulated depreciation and amortization				
Vehicles	(357,428)	(30,609)	-	(388,037)
Office furniture and equipment	(426,834)	(9,293)	103,607	(332,520)
Field equipment	(542,468)	(16,681)	74,766	(484,383)
Mobile offices used for facilities	(97,803)	-	-	(97,803)
Resurfacing	(38,351)	-	-	(38,351)
Total accumulated depreciation and amortization	(1,462,884)	(56,583)	178,373	(1,341,094)
Net capital assets	\$ 156,918	\$ 6,865	\$ -	\$ 163,783

Note 10 – Joint Powers Insurance Authority

COMB participates in the property and liability program organized by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). Employees working for COMB receive the benefits of this plan through the employee services agreement. ACWA/JPIA is a Joint Powers Authority created to provide a self-insurance program to water agencies in the State of California. The ACWA/JPIA is not a component unit of COMB for financial reporting purposes, as explained below.

Notes to the Basic Financial Statements

Note 10 – Joint Powers Insurance Authority (Continued)

ACWA/JPIA provides liability, property and workers' compensation insurance for approximately 300 water agencies for losses in excess of the member agencies specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA/JPIA is governed by a board comprised of members from participating agencies. The board controls the operations of ACWA/JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond the representation on the board. Each member shares surpluses and deficiencies proportionately to its participation in ACWA/JPIA.

Additional information and complete financial statements for the ACWA/JPIA are available for public inspection at 5620 Birdcage Street, Suite 200, Citrus Heights, CA, between the hours of 8 a.m. and 5 p.m., Monday through Friday.

Note 11 – Deferred Compensation Plan

COMB offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are maintained (until paid or made available to the participant or beneficiary) in a trust account held by State Street Bank and Trust and administered by Lincoln Financial Group. Participants have sole rights under the plan in an amount equal to the fair market value of the deferred for each participant. Contributions made by COMB for the employees to the plan for the years ended June 30, 2020 and 2019 were \$61,836 and \$62,803, respectively.

Notes to the Basic Financial Statements

Note 12 – Pension Plan

Plan Description

All qualified employees are eligible to participate in COMB's Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and local government resolution. Eligible employees hired after January 1, 2013 that are considered new members as defined by the Public Employees' Pension Reform Act (PEPRA) participate in the PEPRA Miscellaneous Plan. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at: <https://www.calpers.ca.gov/>

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, as discussed above. Members with five years of total service are eligible to retire at age 50 or 52 if in the PEPRA Miscellaneous Plan with statutorily reduced benefits. An optional benefit regarding sick leave was adopted. Any unused sick leave accumulates at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit, as well as the 1959 Survivor Benefit. The cost of living adjustments for all plans are applied as specified by the Public Employees' Retirement Law.

Contributions

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

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above, and as a dollar amount for contributions toward the unfunded liability. The District's required contribution for the unfunded liability was \$112,438 and \$89,204 for the fiscal years ended June 30, 2020 and 2019, respectively.

For employees hired prior to January 1, 2013 and for all classic members as defined by PEPPRA, the District pays the a portion of the employee's contribution in addition to the employer's contribution. Effective July 2017, all employees who are "Classic" employees as defined by CalPERS will begin contributing towards their employee member contribution under a phased-in method over the next five years (1.4% annual incremental increase each July 1st) not to exceed 7%. These contributions made on behalf of employees are included in operating expenses on the statement of revenues, expenses, and changes in net position, but are not included in pension expense as disclosed below.

The Plans' provisions and benefits in effect at June 30, 2020 and 2019, are summarized as follows:

Hire date	Miscellaneous Plan	
	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
Benefit payments	monthly for life	monthly for life
Retirement age	50 - Minimum	52 - Minimum
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates		
2020	7.00%	7.00%
2019	7.00%	6.50%
Required employer contribution rates		
2020	10.32%	7.07%
2019	9.41%	6.84%

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

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

As of June 30, 2020, COMB reported a liability of \$1,893,141 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. COMB's proportion of the net pension liability was based on a projection of their long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

COMB's proportionate share of the net pension liability for all Plans as of June 30, 2019 and 2018 (measurement dates) was as follows:

<u>Measurement Date June 30, 2019</u>		<u>Measurement Date June 30, 2018</u>	
Proportion – June 30, 2018	0.04598%	Proportion – June 30, 2017	0.04520%
Proportion – June 30, 2019	0.04728%	Proportion – June 30, 2018	0.04598%
Change – Increase (Decrease)	<u>0.00130%</u>	Change – Increase (Decrease)	<u>0.00078%</u>

For the years ended June 30, 2020 and 2019, COMB recognized pension expense of \$553,359 and \$217,250, respectively. COMB's contributions to the Plan for the years ended June 30, 2020 and 2019 were \$229,718 and \$190,925, respectively.

At June 30, 2020 and 2019, COMB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

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

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 229,718	\$ -	\$ 190,925	\$ -
Differences between expected and actual experience		(33,098)	66,487	(22,625)
Changes in assumptions	16,415	(32,001)	196,408	(47,272)
Changes in employer's proportion	51,086		35,433	-
Difference between the employer's contributions and the employer's proportionate share of contributions		(78,006)	-	(71,397)
Net differences between projected and actual earnings on plan investments	39,044		8,567	-
Total	<u>\$ 336,263</u>	<u>\$ (143,105)</u>	<u>\$ 497,820</u>	<u>\$ (141,294)</u>

Employer contributions of \$229,718 reported at June 30, 2020 as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

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

Fiscal Year Ended	
June 30	
2021	\$ (27,975)
2022	(25,380)
2023	10,107
2024	6,688
2025	-
Thereafter	-
	<u>\$ (36,560)</u>

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 and 2017 actuarial valuations (June 30, 2019 and 2018 measurement dates) were determined using the following actuarial assumptions:

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

Actuarial Assumptions (Continued)

	For the Year Ended June 30,	
	2020	2019
	Miscellaneous Plan	Miscellaneous Plan
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method, in accordance with the requirements of GASB Statement No. 68	Entry-Age Normal Cost Method, in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.75%
Projected Salary Increase	Varies by entry age and service (1)	Varies by entry age and service (1)
Investment Rate of Return	7.15%	7.15%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

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

Change of Assumptions

Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. Inflation rate was reduced from 2.75% to 2.50% during the measurement period ended June 30, 2018. Deferred inflows and outflows of resources for changes of assumptions represents the unamortized portion of the changes of assumptions related to prior measurement periods.

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the measurement periods ending June 30, 2019 and 2018, respectively. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods recently adopted by the CalPERS Board were used. For the Plan, the crossover test was performed for a miscellaneous agent rate plan and a safety agent rate plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investment. Based on the testing of the rate plans, the tests revealed the assets would not run out. Therefore, long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained on CalPERS’ website under the GASB 68 section.

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

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

The table below reflects the long-term expected arithmetic 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.

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

Discount Rate (Continued)

Asset Class	Measurement Date - June 30, 2019			Measurement Date - June 30, 2018		
	Net Strategic	Real Return	Real Return	Net Strategic	Real Return	Real Return
	Allocation	Years 1 - 10(a)	Years 11+(b)	Allocation	Years 1 - 10(a)	Years 11+(b)
Global Equity	50.00%	4.80%	5.98%	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%	13.00%	3.75%	4.93%
Liquidity	1.00%	1.00%	-0.92%	1.00%	1.00%	-0.92%

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents COMB's proportionate share of the net pension liability calculated using the discount rate of 7.15% at the measurement dates June 30, 2019 and June 30, 2018 as well as what COMB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

For the Fiscal Year Ended June 30, 2020		For the Fiscal Year Ended June 30, 2019	
1% Decrease	6.15%	1% Decrease	6.15%
Net Pension Liability	\$ 2,992,785	Net Pension Liability	\$ 2,785,058
Current Discount Rate	7.15%	Current Discount Rate	7.15%
Net Pension Liability	\$ 1,893,141	Net Pension Liability	\$ 1,732,868
1% Increase	8.15%	1% Increase	8.15%
Net Pension Liability	\$ 985,461	Net Pension Liability	\$ 864,302

Notes to the Basic Financial Statements

Note 12 – Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about all pension plan fiduciary net positions is available in the separately issued CalPERS financial reports.

Note 13 – Other Post-employment Benefits (OPEB)

Plan Description

COMB offers a single-employer post-retirement health insurance benefit plan (medical, dental, and vision service) to retired employees.

For employees hired before February 1, 2014, COMB pays 100% of insurance premiums for retired employees and their spouses/registered domestic partners. Under the Plan, a “retired employee” is a former employee of COMB who (i) performed a minimum of twelve (12) years of continuous service for COMB (or CalPERS covered service); (ii) is receiving a monthly retirement benefit from the Public Employees Retirement System (PERS); and (iii) was employed by COMB immediately prior to becoming eligible to receive benefits under PERS.

For employees hired on and after February 1, 2014, COMB pays 50% of the retiree insurance premiums after 12 years of covered service, with increases in premium payments coverage at 6.25% per covered year until COMB pays 100% of the insurance premium at 20 years of covered service. Under the Plan, a “retired employee” is a former employee of COMB who (i) performed a minimum of twelve (12) years of continuous service for COMB (or CalPERS covered service); (ii) is receiving a monthly retirement benefit from the Public Employees Retirement System (PERS); and (iii) was employed by COMB immediately prior to becoming eligible to receive benefits under PERS. The spouse of a retiree is not included in this coverage.

The Public Employees’ Pension Reform Act (PEPRA) became law in January 2013. Since that time, all retirees reaching Medicare eligible age must enroll in Medicare whereby Medicare becomes primary and their current health insurance coverage through ACWA/JPIA becomes secondary. The OPEB Plan does not have a stand alone report.

Notes to the Basic Financial Statements

Note 13 – Other Post-employment Benefits (OPEB) (Continued)

Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Participating active employees	14
Inactive employees or beneficiaries currently receiving benefits	<u>9</u>
Total	<u><u>23</u></u>

Funding Policy

COMB funds the plan on a pay as you go basis. COMB contributes up to the amount of the monthly premium for employees and dependents, plus administrative fees.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 based on the following actuarial methods and assumptions:

	<u>OPEB Plan</u>
Actuarial Cost Method:	Entry-Age Actuarial Cost Method in accordance with the requirements of GASB Statement No. 75
Actuarial Assumptions:	
Inflation	2.75%
Discount Rate	2.20%
Payroll Growth (1)	2.75%
Mortality Assumptions:	2017 CalPERS Active Mortality for Miscellaneous Employees
Mortality Tables	
Experience Studies:	Hired before 2013: 2017 CalPERS 2.0%@55 Rates for Miscellaneous Employees;
Retirement Tables	Hired after 2013: 2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees
Experience Studies: Turnover Table	2017 CalPERS Turnover for Miscellaneous Employees
Healthcare Trend Rate	4% per year

(1) Benefits are not dependent upon salary. Rate is used in applying the level percentage of projected payroll amortization method.

Notes to the Basic Financial Statements

Note 13 – Other Post-employment Benefits (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.2% and 3.5% for the measurement periods ending June 30, 2020 and 2019, respectively. The discount rate is the equivalent index rate for 20-year General Obligation Municipal Bonds with an average rating of A or higher. The Bond Buyer 20 Bond Index at June 30, 2020 was used.

Changes in the Net OPEB Asset

The changes in the net OPEB asset for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a) - (b)
Balance at June 30, 2019 (Measurement Date June 30, 2019)	\$ 5,384,212	\$ -	\$ 5,384,212
Changes Recognized for the Measurement Period:			
Service cost	99,286	-	99,286
Interest on Total OPEB Liability	186,517	-	186,517
Contributions - Employer	-	209,622	(209,622)
Benefit Payments	(209,622)	(209,622)	-
Expected versus actual experience	(730,130)	-	(730,130)
Assumption changes	835,434	-	835,434
Net Changes	181,485	-	181,485
Balance at June 30, 2020 (Measurement Date June 30, 2020)	\$ 5,565,697	\$ -	\$ 5,565,697

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	Current Discount Rate	
1% Decrease 1.2%	2.2%	1% Increase 3.2%
\$ 6,483,732	\$ 5,565,697	\$ 4,824,997

Notes to the Basic Financial Statements

Note 13 – Other Post-employment Benefits (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

Trend 1% Lower	Valuation Trend	Trend 1% Higher
\$ 4,739,547	\$ 5,565,697	\$ 6,609,837

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life, which was 10.3 years at measurement date June 30, 2019.

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

For the years ended June 30, 2020 and 2019, COMB recognized OPEB expense of \$320,352 and \$289,713, respectively.

At June 30, 2020 and 2019, COMB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Notes to the Basic Financial Statements

Note 13 – Other Post-employment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)

	June 30, 2020		June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ -	\$ (57,134)	\$ -	\$ -
Differences between expected and actual experience	-	(659,243)	-	-
Changes in assumptions	944,060	-	214,063	-
Total	<u>\$ 944,060</u>	<u>\$ (716,377)</u>	<u>\$ 214,063</u>	<u>\$ -</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30	
2021	\$ 34,550
2022	34,550
2023	34,550
2024	34,550
2025	34,550
Thereafter	112,067
	<u>\$ 284,817</u>

Note 14 – Commitments and Contingencies

1993 Cachuma Project Authority Bonds

In 1996 COMB merged with the Cachuma Project Authority (CPA) and as a result of this merger COMB became the agency responsible for the oversight and payment of the 1993 CPA bonds. These bonds have not been recorded on the books of COMB since three of the Member Agencies are obligated under Joint Participation Agreements to make the principal and interest payments on behalf of COMB.

Notes to the Basic Financial Statements

Note 14 – Commitments and Contingencies

1993 Cachuma Project Authority Bonds (Continued)

On August 19, 2004, COMB refinanced the 1993 CPA bonds with the 2004 Cachuma Operation and Maintenance Board Bonds (“Bonds”) for \$4,480,000 at varying interest rates from 3.000% to 4.625% on behalf of three Member Agencies. Each of the three Member Agencies participants has entered into one or more joint participation agreements with COMB pursuant to which the Member Agency is obligated to make certain payments with respect to certain additions, betterments, extensions or improvements to such Member Agencies’ water system. Such payments will constitute revenues pledged to secure the payment of the principal of and interest on the Bonds.

As of June 30, 2020, Carpinteria and Montecito have paid off their portion of the bond obligation, leaving only ID No. 1 with an outstanding bond obligation. ID No. 1 pays their share of the required payments, including interest and principal, directly to the bond issuer. No money is passed through COMB.

Legal Contingencies

In the ordinary course of conducting business, various legal proceedings may be pending; however, in the opinion of COMB’s management, the ultimate disposition of these matters will have no significant impact on the financial position of the COMB.

Emergency Pumping Facilities Project Operating Costs (EPFP)

As a part of the construction and operating agreement, COMB is obligated to pay \$98,000 a month for operating costs to Cushman Contracting until the pumping facility is disposed. In February 2017, significant rainfall raised the water level at Lake Cachuma and the pump was subsequently demobilized and placed on standby. Monthly costs for when the pump is on stand-by are \$3,500.

COMB staff regularly monitors projected lake elevation scenarios for planning purposes. If it becomes likely that the EPFP needs to be deployed during the current fiscal year, approval for a budget augmentation will be presented to the Board.

Exact timing of EPFP remobilization is dependent on certain factors including, but not limited to, future rainfall, lake elevation and member unit demands.

Notes to the Basic Financial Statements**Note 14 – Commitments and Contingencies** (Continued)Global Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restricted travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had are expected to contribute to have an adverse impact on the economics and financial markets of many countries, including the geographic area in which COMB operates.

Note 15 – Subsequent Events

Subsequent events have been evaluated through December 10, 2020 the date that the financial statements were available to be issued.

Required Supplementary Information

A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

AS OF JUNE 30, 2020

LAST 10 YEARS*

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF CACHUMA OPERATION AND MAINTENANCE BOARD'S

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.01848%	0.01798%	0.01797%	0.01766%	0.01690%	0.01800%
Proportionate share of the net pension liability	\$1,893,141	\$1,732,868	\$1,781,995	\$1,527,915	\$1,160,030	\$ 1,120,314
Covered payroll	\$1,247,498	\$1,165,740	\$1,086,753	\$ 933,496	\$1,030,191	\$ 1,021,786
Proportionate Share of the net pension liability as percentage of covered payroll	151.76%	148.65%	163.97%	163.68%	112.60%	109.64%
Plan fiduciary net position as a percentage of percentage of the total pension liability	76.84%	77.72%	76.04%	77.19%	81.67%	81.76%
Measurement date:	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Valuation date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date.

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future year's information will be displayed up to 10 years as information becomes applicable

See accompanying notes

Required Supplementary Information

**CACHUMA OPERATION AND MAINTENANCE BOARD
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2020
LAST 10 YEARS*
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

	Miscellaneous					
	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 229,718	\$ 190,925	\$ 180,892	\$ 161,108	\$ 139,831	\$ 133,619
Contributions in relation to the actuarially determined contributions	\$ 229,718	\$ 190,925	\$ 180,892	\$ 161,108	\$ 139,831	\$ 133,619
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,393,821	\$ 1,247,498	\$ 1,165,740	\$ 1,086,753	\$ 933,496	\$ 1,030,191
Contributions as a percentage of covered payroll	16.48%	15.30%	15.52%	13.30%	10.76%	12.97%

Notes to Schedule:

Funding valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019-2020 were derived from the June 30, 2017 funding valuation report.

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future year's information will be displayed up to 10 years as information becomes applicable

See accompanying notes

Required Supplementary Information

**CACHUMA OPERATION AND MAINTENANCE BOARD
OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020
LAST 10 YEARS***

	2020	2019	2018
Total OPEB liability:			
Service cost	\$ 99,286	\$ 89,531	\$ 87,135
Interest on the total OPEB liability	186,517	175,856	187,791
Expected versus actual experience	(730,130)	-	-
Changes of assumptions	835,434	238,389	-
Benefit payments	(209,622)	(198,531)	(190,895)
Net change in total OPEB liability	181,485	305,245	84,031
Total OPEB liability - beginning	5,384,212	5,078,967	4,994,936
Total OPEB liability - ending (a)	<u>\$ 5,565,697</u>	<u>\$ 5,384,212</u>	<u>\$ 5,078,967</u>
Fiduciary Net Position			
Employer contributions	\$ 209,622	\$ 198,531	\$ 190,895
Benefit payments	(209,622)	(198,531)	(190,895)
Net change in fiduciary net position	-	-	-
Total fiduciary net position - beginning	-	-	-
Total fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB asset - ending (a) - (b)	\$ 5,565,697	\$ 5,384,212	\$ 5,078,967
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered - employee payroll	\$ 1,393,821	\$ 1,268,927	\$ 1,257,371
Net OPEB asset as a percentage of covered payroll	399.31%	424.31%	403.94%
Valuation date	06/30/20	06/30/18	06/30/18
Measurement date	06/30/20	06/30/19	06/30/18

Notes to Schedule:

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future year's information will be displayed up to 10 years as information becomes applicable.

See accompanying notes

Other Supplementary Information

**SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE,
GENERAL AND ADMINISTRATIVE AND OTHER MAINTENANCE EXPENSE
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Operation and Maintenance Division		
Operation and Maintenance Expense		
Salaries and benefits	\$ 1,142,555	\$ 811,351
Contract labor	97,465	67,319
Equipment	3,938	6,946
Equipment rental	520	3,796
Materials and supplies	79,232	81,675
Vehicle maintenance	52,239	31,975
Other expenses	40,576	42,949
Total operation and maintenance expense	<u>\$ 1,416,525</u>	<u>\$ 1,046,011</u>
General and Administrative Expense		
Administration salaries	\$ 333,329	\$ 322,029
Accrued wages and vacation	4,606	3,516
Directors fees and expense	9,506	8,117
Legal and audit	39,475	104,000
Liability insurance	6,160	25,987
Health insurance and workers compensation	31,122	3,173
Retirement plan contributions	324,467	295,783
Payroll tax expense	20,463	18,205
Office supplies and expense	44,460	47,585
Administrative travel and conferences	1,076	16
Membership dues	9,957	9,856
Employee training	1,935	595
Public information	1,644	892
Other expenses	24,636	19,624
Total general and administrative expense	<u>\$ 852,836</u>	<u>\$ 859,378</u>
Special Projects		
Flow meter upgrades and SCADA system	\$ 35,133	\$ 3,248
COMB building / grounds repair	7,096	6,022
Intergrated regional water management plan	6,086	5,115
SCC structure rehabilitation	391,030	523,231
SCC lower reach lateral structure	82,879	17,194
SCC Rehabilitation - Thomas Fire Debris Flow	-	15,691
GIS and mapping	6,500	11,641
Cachuma watershed management study	260,760	183,531
Repair lateral 3 structure	-	88,385
SCC Isolation Valve Evaluation	25,756	-
San Jose Creek pipe stabilization	183,223	4,077
ROW management program	10,996	21,523
Rehabilitation - San Antonio Creek	-	73,296
Sycamore Canyon slope stabilization	574,490	54,897
Total special projects	<u>\$ 1,583,949</u>	<u>\$ 1,007,851</u>

See accompanying notes

Other Supplementary Information

SUPPLEMENTAL SCHEDULE OF OPERATION AND MAINTENANCE, GENERAL
AND ADMINISTRATIVE AND OTHER MAINTENANCE EXPENSE (CONTINUED)

For the Years Ended June 30, 2020 and 2019

	2020	2019
Fisheries Division		
Operation and Maintenance Expense		
Salaries and benefits	\$ 639,896	\$ 668,278
Contract labor	11,791	12,645
Vehicles and equipment	41,356	29,564
Materials and supplies	11,264	7,732
Other expenses	3,002	2,316
Total operating and maintenance expense	<u>\$ 707,309</u>	<u>\$ 720,535</u>
General and Administrative Expense		
Administration salaries	\$ 303,956	\$ 171,832
Health insurance and workers compensation	16,667	24,784
Retirement plan contributions	2,216	3,268
Payroll tax expense	8,354	9,781
Office supplies and expense	21,165	25,808
Administrative travel and conferences	1,093	1,895
Membership dues	6,227	4,966
Legal and audit	50,839	10,321
Accrued wages and vacation	1,214	1,894
Liability insurance	3,317	13,993
Other expenses	14,325	13,427
Total general and administrative expense	<u>\$ 429,373</u>	<u>\$ 281,969</u>
Fishery Related Projects		
FMP implementation	\$ 10,863	\$ 26,389
GIS and mapping	3,730	4,401
USGS stream gauge program	96,171	96,227
Tri county fish team funding	-	5,000
Oak tree restoration program	18,358	16,591
Total fishery related projects	<u>\$ 129,122</u>	<u>\$ 148,608</u>
Other Habitat Enhancement		
Tributary projects support	1,699	18,262
Total other habitat enhancement	<u>\$ 1,699</u>	<u>\$ 18,262</u>

See accompanying notes

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**STATISTICAL
SECTION**

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STATISTICAL SECTION NARRATIVE SUMMARY

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

	Page
<p><u>FINANCIAL TRENDS</u></p> <p>These schedules contain trend information to help the reader understand how COMB's financial performance and well-being have changed over time.</p>	85-91
<p><u>DEBT CAPACITY</u></p> <p>These schedules present information to help the reader assess the affordability of COMB's current level of outstanding debt.</p>	92
<p><u>ECONOMIC AND DEMOGRAPHIC INFORMATION</u></p> <p>These schedules offer economic and demographic indicators to help the reader understand the environment within which COMBs financial activities take place.</p>	93-94
<p><u>OPERATING INFORMATION</u></p> <p>These schedules contain service and infrastructure data to help the reader understand how the information in COMB's financial report relates to the activities performed by COMB.</p>	95-104

Schedule 1

Changes in Net Position and Net Position Component
Previous Ten Fiscal Years

	2010-11	2011-12	2012-13	2013-14	2014-15
Net position, beginning of year	\$ 535,564	\$ 140,805	\$ (174,886)	\$ 281,811	\$ 372,837
Operating revenues (see schedule 2) ⁽¹⁾	2,776,114	7,226,322	5,492,902	5,470,764	5,889,530
Operating expenses (see schedule 3) ⁽¹⁾	2,666,332	7,319,732	4,718,750	5,198,460	7,698,633
Depreciation	89,659	108,686	87,680	77,213	58,123
Net operating gain (loss)	20,123	(202,096)	686,472	195,091	(1,867,226)
Non-operating revenues (expenses)					
Non-operating revenues	18,065	511	424	399	1,551
Non-operating expenses	119,395	114,106	109,419	104,464	99,228
Total non-operating revenues (expense):	(101,330)	(113,595)	(108,995)	(104,065)	(97,677)
Change in net position	(81,207)	(315,691)	577,477	91,026	(1,964,903)
Prior Period Adjustment ^{(2), (3)}	-	-	-	-	(1,357,357)
Amount constructively returned to members	(313,552)	-	(120,780)	-	-
Net position, end of year	\$ 140,805	\$ (174,886)	\$ 281,811	\$ 372,837	\$ (2,949,423)
Invested in capital assets	234,542	243,717	198,875	142,007	199,564
Unrestricted					
Designated to be constructively returned	-	-	82,936	230,830	-
Accumulated earnings (deficit)	(93,737)	(418,603)	-	-	(3,148,987)
Total Net Position	\$ 140,805	\$ (174,886)	\$ 281,811	\$ 372,837	\$ (2,949,423)

Notes:

- (1) In September 2010, the COMB Board approved a budget adjustment effective January 2011 to transfer from Cachuma Conservation and Release Board the implementation of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion.
- (2) In FY 2014-15, COMB implemented GASB Statement No. 68 - Accounting and Financial Reporting for Pensions resulting in a prior period adjustment to establish the Net Pension Liability at June 30, 2014. Note 12 contains further detailed explanation.
- (3) In FY 2017-18, COMB implemented GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions resulting in a prior period adjustment to adjust the Net OPEB Liability at the end of June 30, 2017. Note 13 contains further detailed explanation.

Source: COMB's Annual Audited Financial Statements

Schedule 1 (continued)**Changes in Net Position and Net Position Component
Previous Ten Fiscal Years**

	2015-16	2016-17	2017-18	2018-19	2019-20
Net position, beginning of year	\$ (2,949,423)	\$ (1,987,863)	\$ (2,217,274)	\$ (6,580,482)	\$ (6,177,407)
Operating revenues (see schedule 2)	7,019,280	6,490,950	3,545,146	6,827,119	6,686,085
Operating expenses (see schedule 3)	5,811,811	6,534,603	3,795,688	6,283,540	6,482,474
Depreciation	72,380	65,118	55,097	56,576	66,068
Net operating gain (loss)	1,135,089	(108,771)	(305,639)	487,003	137,543
Non-operating revenues (expenses)					
Non-operating revenues	2,307	7,072	16,551	31,476	23,405
Non-operating expenses	175,836	127,712	134,132	115,404	92,404
Total non-operating revenues (expense)	(173,529)	(120,640)	(117,581)	(83,928)	(68,999)
Change in net position	961,560	(229,411)	(423,220)	403,075	68,544
Prior Period Adjustment ^{(2), (3)}	-	-	(3,939,988)	-	-
Amount constructively returned to members	-	-	-	-	-
Net position, end of year	\$ (1,987,863)	\$ (2,217,274)	\$ (6,580,482)	\$ (6,177,407)	\$ (6,108,863)
Invested in capital assets	205,908	147,311	156,918	163,783	184,192
Unrestricted					
Designated to be constructively returned	-	-	-	-	-
Accumulated earnings (deficit)	(2,193,771)	(2,364,585)	(6,737,400)	(6,341,190)	(6,293,055)
Total Net Position	\$ (1,987,863)	\$ (2,217,274)	\$ (6,580,482)	\$ (6,177,407)	\$ (6,108,863)

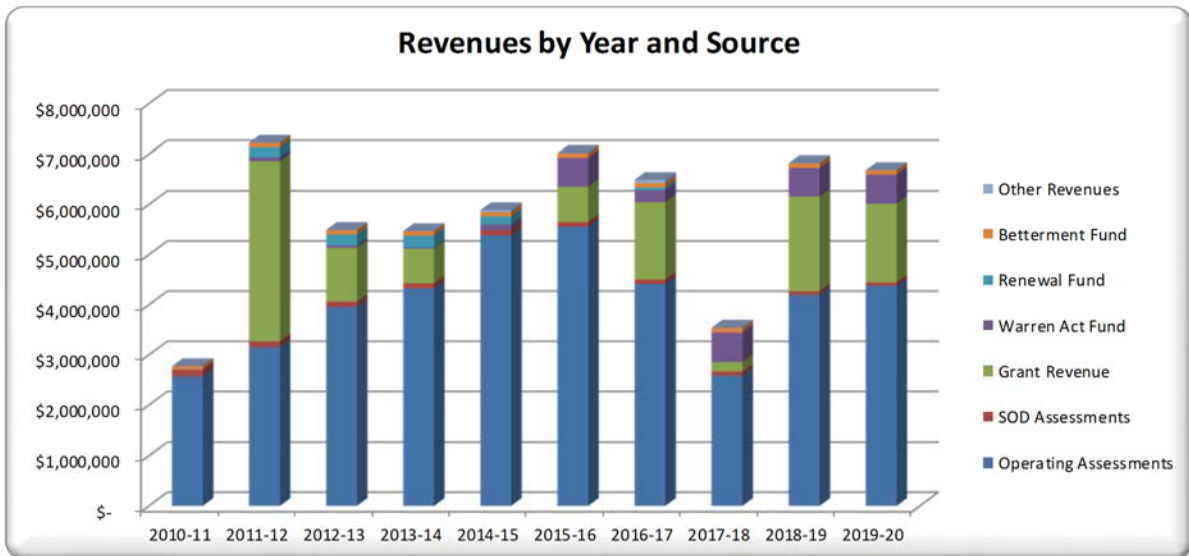
Notes:

- (1) In September 2010, the COMB Board approved a budget adjustment effective January 2011 to transfer from Cachuma Conservation and Release Board the implementation of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion.
- (2) In FY 2014-15, COMB implemented GASB Statement No. 68 - Accounting and Financial Reporting for Pensions resulting in a prior period adjustment to establish the Net Pension Liability at June 30, 2014. Note 12 contains further detailed explanation.
- (3) In FY 2017-18, COMB implemented GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions resulting in a prior period adjustment to adjust the Net OPEB Liability at the end of June 30, 2017. Note 13 contains further detailed explanation.

Source: COMB's Annual Audited Financial Statements

Schedule 2
Revenues by Source
Previous Ten Fiscal Years

Fiscal Year	Operating Assessments	SOD Assessments	Grant Revenue	Warren Act Fund	Renewal Fund	Cachuma Project Betterment Fund	Other Revenues	Total Revenues
2010-11 ⁽¹⁾	\$ 2,575,914	\$ 119,395	\$ -	\$ 7,231	\$ -	\$ 73,000	\$ 574	\$ 2,776,114
2011-12 ⁽²⁾	3,153,353	114,106	3,595,540	76,884	191,210	90,000	5,229	7,226,322
2012-13	3,955,261	109,419	1,072,139	43,559	219,770	90,004	2,750	5,492,902
2013-14	4,325,615	104,464	689,076	16,555	242,912	90,000	2,142	5,470,764
2014-15	5,389,631	99,228	-	113,434	159,887	90,000	37,350	5,889,530
2015-16	5,556,673	93,692	705,205	571,728	-	90,000	1,982	7,019,280
2016-17	4,415,207	89,479	1,542,476	238,306	52,872	90,000	62,610	6,490,950
2017-18	2,587,215	83,228	186,266	590,019	-	90,000	8,418	3,545,146
2018-19	4,197,066	76,622	1,886,408	569,521	-	90,000	7,502	6,827,119
2019-20	4,376,204	69,640	1,573,172	576,293	-	90,000	777	6,686,085
Total	\$ 45,756,829	\$ 1,210,415	\$ 11,250,282	\$ 2,803,530	\$ 866,651	\$ 883,004	\$ 169,329	\$ 62,940,040
% of Total	72.7%	1.9%	17.9%	4.5%	1.4%	1.4%	0.3%	125.5%



Notes:

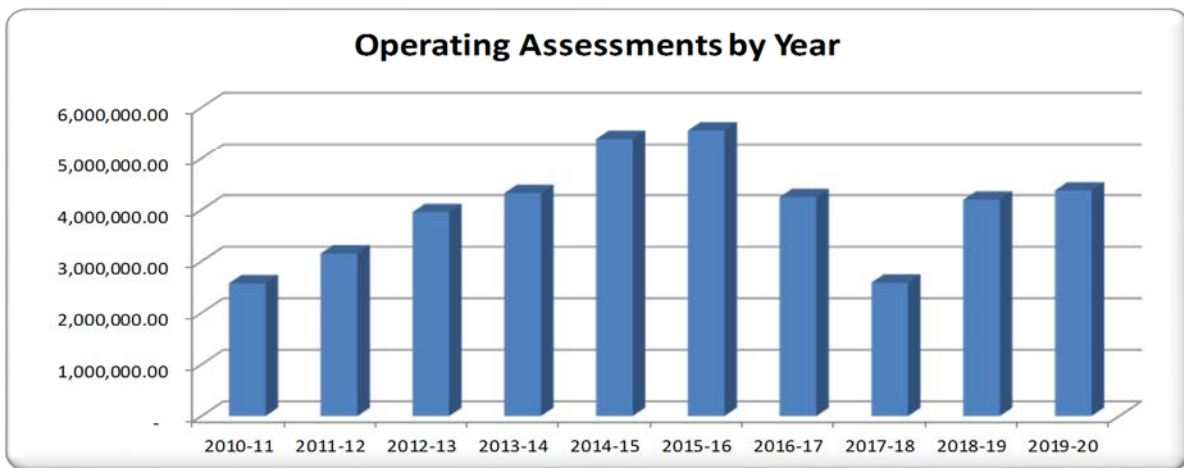
(1) In September 2010, the COMB Board approved a budget adjustment effective January 2011 to transfer from Cachuma Conservation and Release Board the implementation of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion.

(2) FY 2011-12 Grant Revenue includes Proposition 50 grant funds affiliated with the construction of the Modified Upper Reach Reliability Project (\$2.9M) and California Department of Fish and Wildlife grant funds affiliated with Quiota Creek Project (\$700k).

Source: COMB's Annual Audited Financial Statements

Schedule 3
Operating Assessments (Unaudited) ⁽¹⁾
Previous Ten Fiscal Years

Fiscal Year	Goleta Water District	City of Santa Barbara	Carpinteria Valley Water	Montecito Water District	Santa Ynez River Water Conservation District ID No. 1	Total
2010-11	\$ 1,060,922	\$ 828,017	\$ 320,087	\$ 302,887	\$ 64,001	\$ 2,575,914
2011-12	1,222,340	1,068,857	379,184	358,264	124,708	3,153,353
2012-13	1,559,795	1,384,702	472,489	445,550	92,725	3,955,261
2013-14	1,701,748	1,511,073	515,719	486,273	110,802	4,325,615
2014-15 ⁽²⁾	1,415,063	3,025,216	430,371	403,030	115,951	5,389,631
2015-16 ^{(3),(4)}	2,363,419	1,801,784	716,135	675,334	92,588	5,649,260
2016-17 ^{(3),(4),(5)}	1,672,907	1,192,299	903,824	479,177	151,424	4,399,631
2017-18 ⁽⁵⁾	1,181,845	729,668	250,699	339,518	85,484	2,587,215
2018-19 ⁽⁵⁾	1,850,921	1,323,609	452,646	529,872	40,017	4,197,066
2019-20	1,919,558	1,384,576	470,513	546,386	55,170	4,376,202



Notes:

- (1) Amounts reported exclude Safety of Dams (SOD) assessments.
- (2) In July 2014, COMB entered into two notes payable agreements with American Riviera Bank to finance the Emergency Pumping Facilities Project on behalf of Goleta Water District, Carpinteria Water District, and Montecito Water District. The City of Santa Barbara elected to fund its proportionate share (\$1.8M) of the project cost through their quarterly operating assessments.
- (3) On May 27, 2016, Santa Ynez River Water Conservation District, Improvement District No. 1 (ID No. 1) notified the COMB Board of its stated intent to unilaterally withdraw from the JPA Agreement. A Separation Agreement was entered into by ID No. 1, COMB and the South Coast Member Units and approved by all parties effective August 28, 2018. Pursuant to the Separation Agreement, starting in Fiscal Year 2017-18 and going forward, certain actual expenditures related to the 2000 BiOp and Oak Tree Mitigation activities incurred by COMB will be collected from ID No. 1 through an invoice issued quarterly to it by COMB.
- (4) Assessments for SYRWCD are recorded at gross amount billed for FY 2015-16, 2016-17 and 2017-18. See Note #2 above.
- (5) Amount reported is net of Unexpended Funds Credit resulting from current year unexpended funds and carryover funds for project expenditures delayed or placed on hold.

Source: COMB's Annual Approved Operating Budget

Schedule 4

Operating Expenses
Previous Ten Fiscal Years

	2010-11	2011-12	2012-13	2013-14	2014-15
Operating Expenses					
Operation and maintenance division					
Operation and maintenance	\$ 908,181	\$ 961,860	\$ 919,100	\$ 831,722	\$ 809,837
General and administrative	708,353	768,698	950,851	971,094	1,076,051
South Coast Conduit MURRP ⁽¹⁾	67,868	3,463,797	925,951	-	-
Drought Contingency Planning ⁽²⁾	-	-	-	307,649	-
Emergency pumping facility project ⁽³⁾	-	-	-	1,138,483	4,149,098
Special projects	374,254	379,212	88,191	68,522	425,804
Sub Total	2,058,656	5,573,567	2,884,093	3,317,470	6,460,790
Fisheries Division ⁽⁴⁾					
Operations and maintenance	236,580	468,355	475,717	524,767	539,134
General and administrative	72,826	266,663	331,226	343,852	346,347
Fishery related projects	180,439	252,864	178,660	123,248	224,563
Quiota Creek crossing habitat enhancement	-	729,317	771,070	799,225	122,541
Other habitat enhancement	70,874	28,966	77,984	89,898	5,258
Sub Total	560,719	1,746,165	1,834,657	1,880,990	1,237,843
Jesusita Fire Damage ⁽⁵⁾	46,957	-	-	-	-
Depreciation	89,659	108,686	87,680	77,213	58,123
Total Operating Expenses	\$ 2,755,991	\$ 7,428,418	\$ 4,806,430	\$ 5,275,673	\$ 7,756,756

Notes:

- (1) South Coast Conduit MURRP - represents capital improvement costs associated with pipeline improvements, the replacement or rehabilitation of certain infrastructure facilities for the portion of the South Coast Conduit between the South Portal of the Tecolote Tunnel and the Corona Del Mar Treatment Plant.
- (2) Drought Contingency Planning includes costs to develop an alternate method of delivering water into the North Portal Intake Tower due to decreasing lake levels associated with a drought condition.
- (3) Emergency Pumping Facility Project (EPFP) includes costs associated with design, build, operation and maintenance of a temporary pumping barge and pipeline to convey water from the Lake during ongoing drought conditions and low lake levels. In February 2017, the EPFP was demobilized following a significant rain event which raised the lake level to over 50% capacity. Key components of the EPFP have been purchased and stored should it become necessary to remobilize in the future.
- (4) In September 2010, the COMB Board approved a budget adjustment effective January 2011 to transfer from Cachuma Conservation and Release Board the implementation of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion.
- (5) Jesusita Fire Damage includes costs associated with the Lauro Reservoir Restoration Project following the Jesusita Fire.

Source: COMB's Annual Audited Financial Statements

Schedule 4 (Cont'd)

Operating Expenses

Previous Ten Fiscal Years

	2015-16	2016-17	2017-18	2018-19	2019-20
Operating Expenses					
Operation and maintenance division					
Operation and maintenance	\$ 761,405	\$ 883,276	\$ 844,066	\$ 1,046,011	\$ 1,416,525
General and administrative	725,474	826,355	845,091	859,378	852,836
South Coast Conduit MURRP ⁽¹⁾	-	-	-	-	-
Drought Contingency Planning ⁽²⁾	-	-	-	-	-
Emergency pumping facility project ⁽³⁾	2,158,739	1,800,628	160,123	109,939	162,204
Special projects	172,632	185,430	441,017	1,007,851	1,583,949
Sub Total	3,818,250	3,695,689	2,290,297	3,023,179	4,015,514
Fisheries Division ⁽⁴⁾					
Operations and maintenance	541,421	635,954	660,930	720,535	707,309
General and administrative	302,705	309,613	347,902	281,969	429,373
Fishery related projects	199,330	165,167	173,489	148,608	129,122
Quiota Creek crossing habitat enhancement	950,105	1,704,571	299,950	2,090,987	1,199,457
Other habitat enhancement	-	23,609	23,120	18,262	1,699
Sub Total	1,993,561	2,838,914	1,505,391	3,260,361	2,466,960
Jesusita Fire Damage ⁽⁵⁾	-	-	-	-	-
Depreciation	72,380	65,118	55,097	56,576	66,068
Total Operating Expenses	\$ 5,884,191	\$ 6,599,721	\$ 3,850,785	\$ 6,340,116	\$ 6,548,542

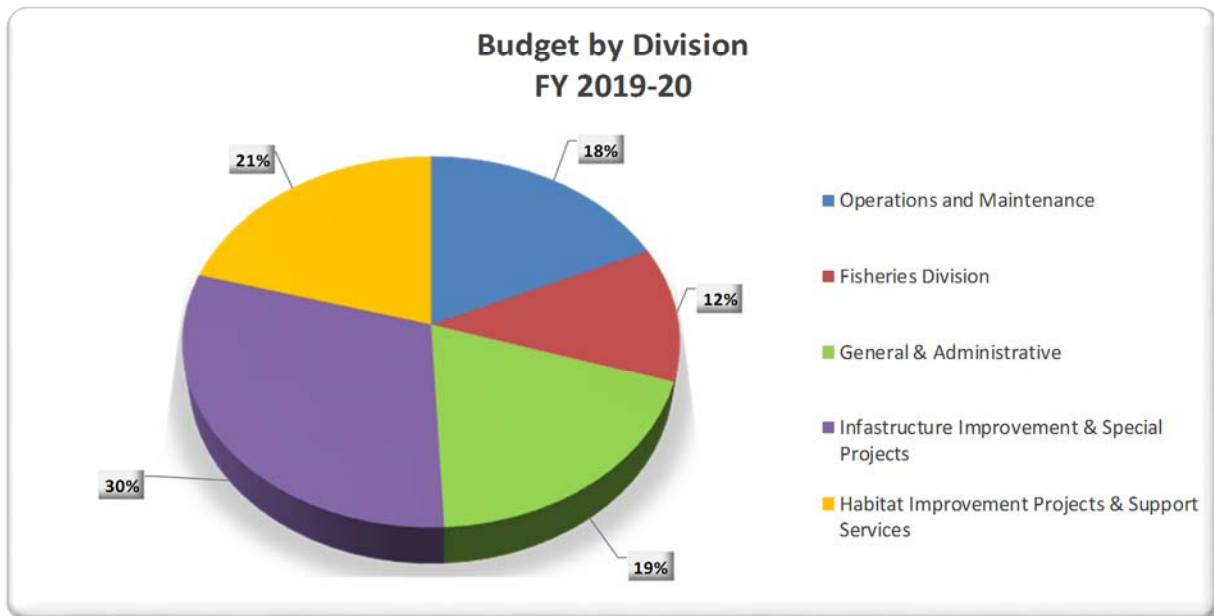
Notes:

- (1) South Coast Conduit MURRP - represents capital improvement costs associated with pipeline improvements, the replacement of rehabilitation of certain infrastructure facilities for the portion of the South Coast Conduit between the South Portal of the Tecolote Tunnel and the Corona Del Mar Treatment Plant.
- (2) Drought Contingency Planning includes costs to develop an alternate method of delivering water into the North Portal Intake Tower due to decreasing lake levels associated with a drought condition.
- (3) Emergency Pumping Facility Project (EPFP) includes costs associated with design, build, operation and maintenance of a temporary pumping barge and pipeline to convey water from the Lake during ongoing drought conditions and low lake levels. In February 2017, the EPFP was demobilized following a significant rain event which raised the lake level to over 50% capacity. Key components of the EPFP have been purchased and stored should it become necessary to remobilize in the future.
- (4) In September 2010, the COMB Board approved a budget adjustment effective January 2011 to transfer from Cachuma Conservation and Release Board the implementation of the Santa Ynez River Fisheries Program as required by the 2000 Biological Opinion.
- (5) Jesusita Fire Damage includes costs associated with the Lauro Reservoir Restoration Project following the Jesusita Fire.

Source: COMB's Annual Audited Financial Statements

Schedule 5
Budget History by Division
Previous Ten Fiscal Years

Fiscal Year	Operations and Maintenance	Fisheries Division	General and Administrative	Infrastructure Improvement & Special Projects	Habitat Improvement Projects & Support	Total
2010-11	\$ 1,035,762	\$ 658,208	\$ 1,041,126	\$ 307,500	\$ 594,000	\$ 3,636,596
2011-12	1,082,717	497,162	1,061,863	1,627,175	1,153,001	5,421,918
2012-13	1,033,944	501,193	1,103,289	3,349,500	1,167,000	7,154,926
2013-14	1,032,947	635,559	1,205,754	481,270	1,088,000	4,443,530
2014-15	1,059,736	634,641	1,315,450	5,454,000	447,000	8,910,827
2015-16	1,100,197	632,994	1,234,251	3,689,250	2,132,000	8,788,693
2016-17	1,097,375	691,118	1,082,056	2,561,250	2,283,000	7,714,799
2017-18	1,062,108	753,374	1,139,848	1,020,000	1,343,000	5,318,330
2018-19	1,101,747	763,409	1,191,679	2,116,400	2,349,996	7,523,231
2019-20	1,227,664	800,515	1,303,471	2,045,327	1,390,000	6,766,977

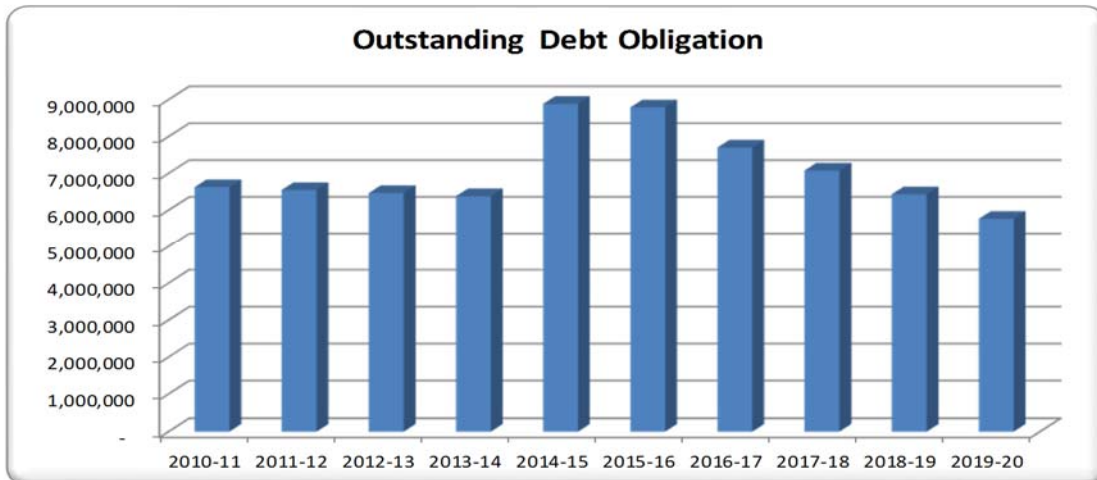


Source: COMB's Annual Approved Operating Budget

Schedule 6

**Outstanding Debt
Previous Ten Fiscal Years**

Fiscal Year	Bradbury SOD Act ⁽¹⁾	Lauro SOD Act ⁽²⁾	Note Payable EPFP ⁽³⁾	Total
2010-11	\$ 5,623,582	\$ 1,004,607	\$ -	\$ 6,628,189
2011-12	5,557,254	994,463	-	6,551,717
2012-13	5,487,042	981,823	-	6,468,865
2013-14	5,412,719	968,607	-	6,381,326
2014-15	5,334,043	954,789	2,601,317	8,890,149
2015-16	5,250,760	940,342	2,601,317	8,792,419
2016-17	5,065,822	894,904	1,742,137	7,702,863
2017-18	4,875,721	865,428	1,339,678	7,080,827
2018-19	4,680,144	835,169	921,683	6,436,997
2019-20	4,478,793	804,089	487,584	5,770,466



Notes:

(1) **Bradbury SOD Act**- A repayment contract with U.S. Bureau of Reclamation (USBR) whereas COMB will reimburse USBR for fifteen (15%) of the total Safety of Funds Act funds expended to preserve the structural integrity of Bradbury Dam and related Cachuma Project facilities.

(2) **Lauro SOD Act** - A repayment contract with U.S. Bureau of Reclamation (USBR) whereas COMB will reimburse USBR for fifteen (15%) of the total Safety of Funds Act funds expended to preserve the structural integrity of Lauro Dam and reservoir.

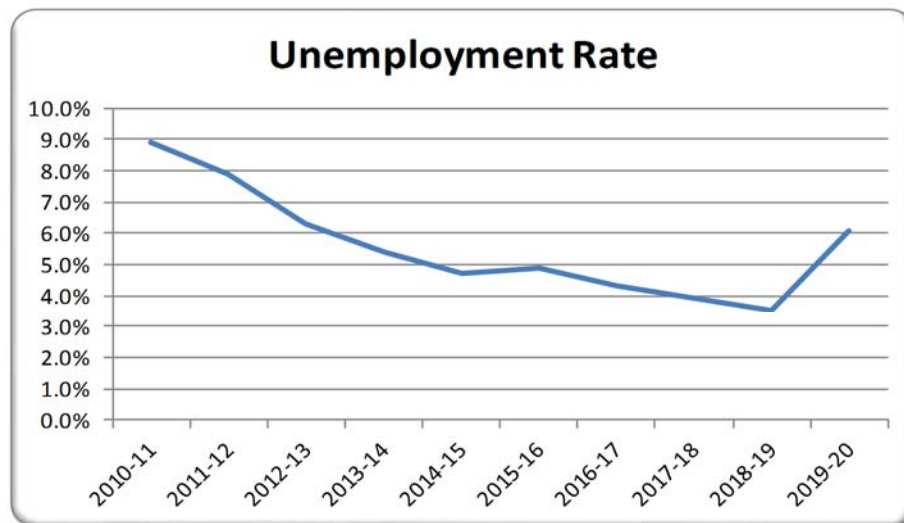
(3) **Notes Payable EPFP** - A notes payable agreement with American Riviera bank to finance the Emergency Pumping Facilities Project on behalf of Goleta Water District, Carpinteria Water District, and Montecito Water District.

Source: COMB's Annual Audited Financial Statements

[Schedule 7](#)

**Economic and Demographics Statistics
County of Santa Barbara**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Personal Income (per Capita)</u>	<u>Average Unemployment Rate</u>
2010-11	426,189	\$ 19,000,000	\$ 44,581	8.9%
2011-12	427,267	19,000,000	44,469	7.9%
2012-13	429,200	19,300,000	44,967	6.3%
2013-14	433,398	20,600,000	47,531	5.4%
2014-15	437,643	21,700,000	49,584	4.7%
2015-16	446,717	22,300,000	49,920	4.9%
2016-17	450,663	24,200,000	53,699	4.3%
2017-18	453,457	25,000,000	55,132	3.9%
2018-19	454,593	26,600,000	58,514	3.5%
2019-20	451,840	28,000,000	61,969	6.1%



Source: County of Santa Barbara

Schedule 8

Economic and Demographics Statistics

County of Santa Barbara

Top Ten Largest Employers - FYE 2020 and FY 2010As of June 30, 2020

Company or Organization	Jobs	Percent of Total County
University of California, Santa Barbara	4,300	2.3%
County of Santa Barbara	4,255	2.3%
Cottage Health System	3,245	1.8%
Vandenberg Air Force Base	2,500	1.4%
Marian Regional Medical Center	2,170	1.2%
Chumash Casino Resort	2,000	1.1%
Santa Maria-Bonita School District	1,400	0.8%
Santa Barbara Unified School District	1,200	0.7%
Sansum Clinic	1,200	0.7%
Santa Barbara City College	1,193	0.6%
Total ten largest	23,463	12.7%
Total all other	161,127	87.3%
Total companies or organizations	184,590	100.0%

As of June 30, 2010

Company or Organization	Jobs	Percent of Total County
Vandenberg Air Force Base	6,330	3.1%
University of California, Santa Barbara	6,230	3.1%
County of Santa Barbara	4,025	2.0%
Santa Barbara Unified School District	2,500	1.2%
Santa Barbara Cottage Hospital	2,468	1.2%
Santa Barbara City College	2,281	1.1%
Santa Maria-Bonita School District	1,886	0.9%
U.S. Postal Office	1,881	0.9%
City of Santa Barbara	1,687	0.8%
Chumash Casino Resort	1,500	0.7%
Total ten largest	30,788	15.3%
Total all other	171,912	84.7%
Total companies or organizations	202,700	100.0%

Source: County of Santa Barbara

Schedule 9

Miscellaneous Statistical Information

Cachuma Operation and Maintenance Board (COMB)

Form of government	Joint Powers Authority
Date of organization	January 1, 1957
Number of Full Time Staff	15
Lake Cachuma maximum storage (acre feet)	193,305
Tecolote Tunnel (miles)	6
South Coast Conduit (SCC) pipeline (miles)	26
SCC design capacity	45 million gallons per day
Number of reservoirs	4
Number of Structures Maintained	220
Number of Meters Maintained	28

COMB Member Agencies ⁽¹⁾

<u>COMB Member Agency</u>	<u>COMB Board Representation</u>
Goleta Water District	2 Votes
City of Santa Barbara	2 Votes
Montecito Water District	1 Vote
Carpinteria Valley Water District	1 Vote
Total	<u>6 Votes</u>

Cachuma Project Water Entitlement ⁽¹⁾

<u>Cachuma Project Member Unit</u>	<u>Entitlement (%)</u>	<u>Entitlement (AFY)</u>
Goleta Water District	36.25%	9,322
City of Santa Barbara	32.19%	8,277
Carpinteria Valley Water District	10.94%	2,813
Montecito Water District	10.31%	2,651
SYRWater Conservation District, ID No. 1	10.31%	2,651
Total Cachuma Project Allocation	<u>100.00%</u>	<u>25,714</u>

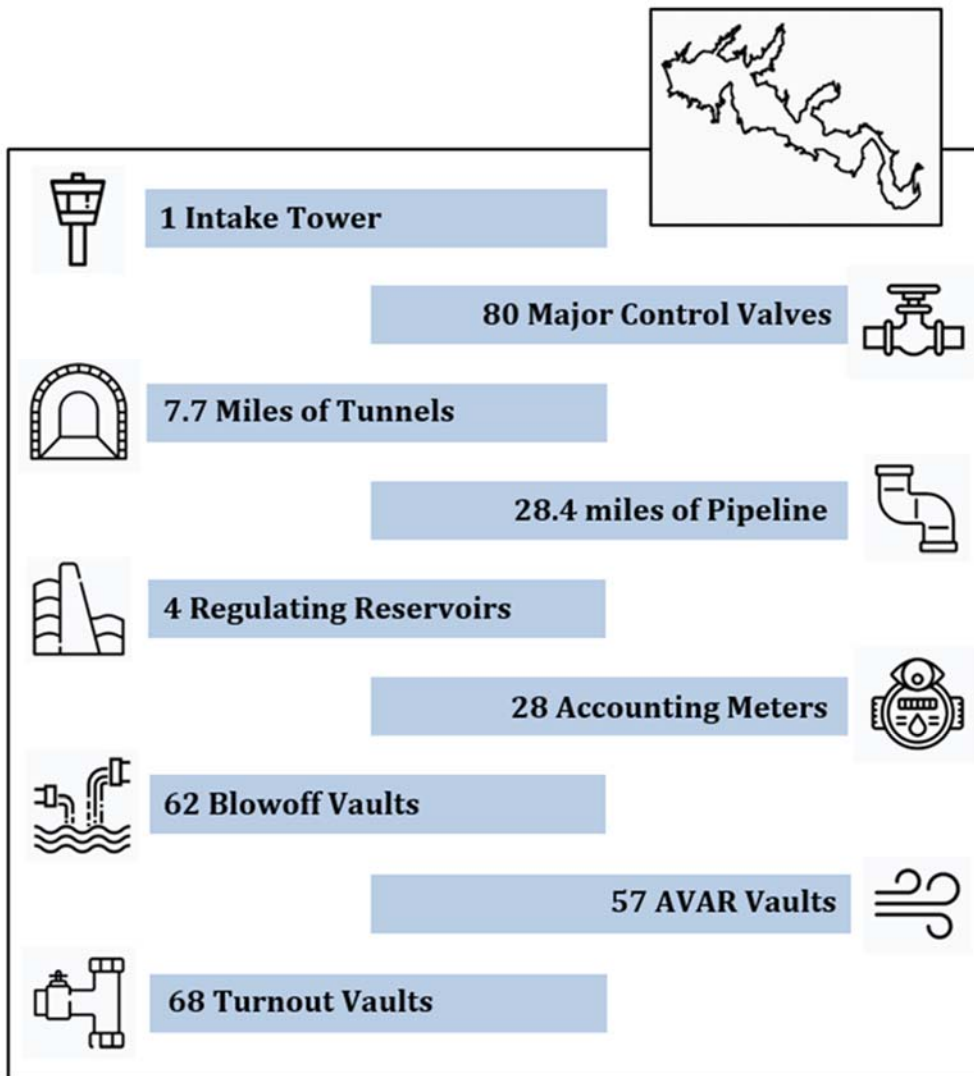
AFY - Acre feet per year

(1) On May 27, 2016, Santa Ynez River Water Conservation District, Improvement District No. 1 (ID No. 1) notified the COMB Board of its stated intent to unilaterally withdraw from the JPA Agreement. A Separation Agreement was entered into by ID No. 1, COMB and the COMB Member Agencies and approved by all parties effective August 28, 2018. ID No. 1 continues to be a member of the Cachuma Project which carries certain benefits and obligations associated with the Project as outlined in various agreements.

Schedule 10

COMB Managed Assets

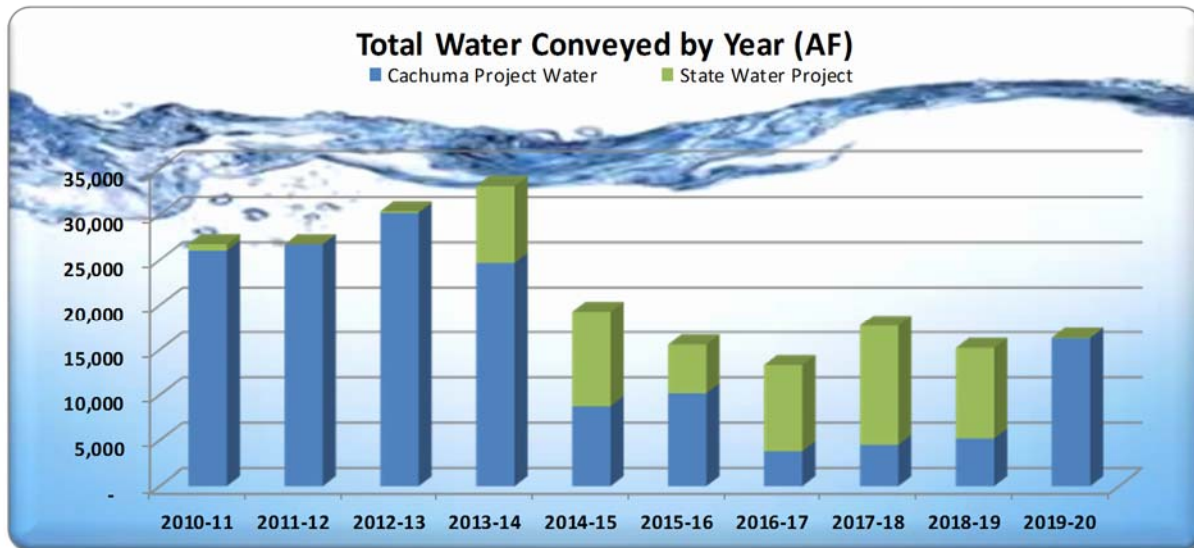
COMB, through a Transferred Project Works contract, is responsible for operating and maintaining the USBR facilities. COMB operates and maintains the Cachuma Project critical infrastructure assets that include the North Portal, Tecolote Tunnel, South Coast Conduit, Sheffield Tunnel, and Glen Anne, Lauro, Ortega, and Carpinteria Reservoir locations.



Schedule 11

**Total Water Conveyed by Source Via South Coast Conduit (Acre Feet)
Previous Ten Fiscal Years**

Fiscal Year	Cachuma Project Deliveries ⁽¹⁾	State Water Project Deliveries ^{(1),(2)}	Total
2010-11	26,026	718	26,744
2011-12	26,732	-	26,732
2012-13	30,180	193	30,373
2013-14	24,674	8,483	33,157
2014-15	8,750	10,506	19,256
2015-16	10,174	5,391	15,565
2016-17	3,787	9,519	13,306
2017-18	4,484	13,204	17,688
2018-19	5,192	10,008	15,201
2019-20	16,282	52	16,334



Notes:

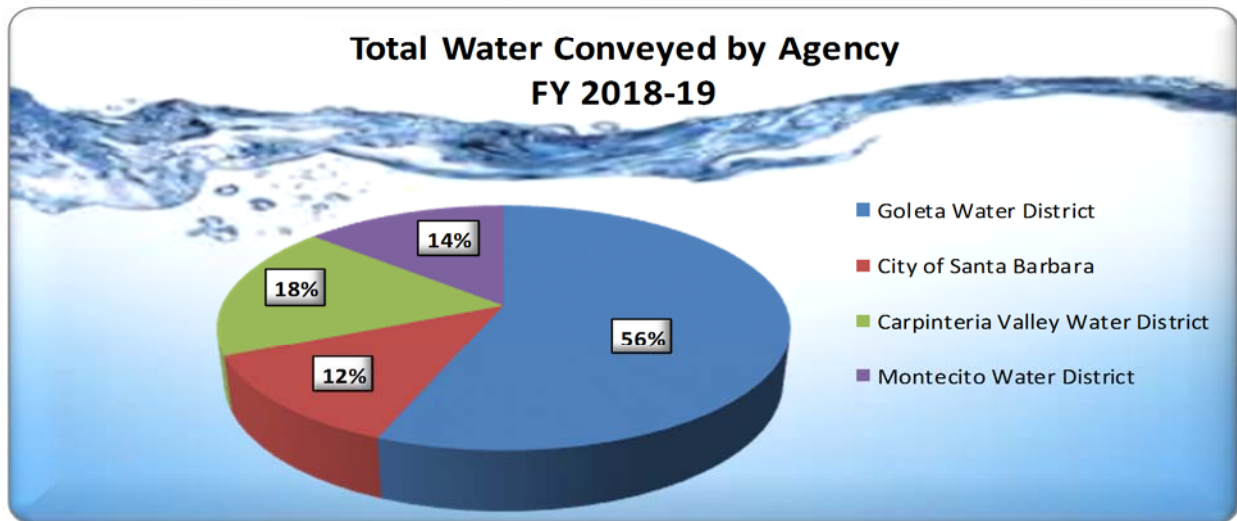
- (1) Reported in Acre Feet. One Acre Feet = 325,851 Gallons of Water
- (2) State Water Project deliveries includes both Table A Water and Supplemental Water Purchases.
- (3) Starting with Water Year 2014-15 (Oct-Sep), the annual Cachuma Project water allocation was reduced to 45% due to ongoing drought conditions and low lake level. Subsequent annual allocations were as follows: WY 2015-16 (0%), WY 2016-17 (40%), WY2017-18 (40%), WY 2018-19 and after (100%).

Source: Cachuma Monthly Water Reports

Schedule 12

Total Water Conveyed by Agency Via South Coast Conduit (Acre Feet) ^{(1),(2),(3)}
Previous Ten Fiscal Years

Fiscal Year	Goleta Water District	City of Santa Barbara	Carpinteria Valley Water District	Montecito Water District	Total
2010-11	11,456	9,082	3,100	3,106	26,744
2011-12	11,842	8,356	3,147	3,387	26,732
2012-13	11,789	10,409	3,647	4,528	30,373
2013-14	11,593	12,655	4,335	4,574	33,157
2014-15	7,296	7,684	1,855	2,421	19,256
2015-16	5,037	6,513	1,209	2,807	15,565
2016-17	4,949	3,940	1,916	2,501	13,306
2017-18	7,782	4,108	2,533	3,264	17,688
2018-19	7,330	3,051	2,212	2,608	15,201
2019-20	9,152	2,031	2,919	2,233	16,334



Notes:

(1) Reported in Acre Feet. One Acre Feet = 325,851 Gallons of Water

(2) Includes Cachuma Project and State Water Project [Table A Water] and Supplemental Water Purchases

(3) Santa Ynez River Water Conservation District, ID No. 1 receives its Project allocation through a State Water Project exchange agreement.

(4) Starting with Water Year 2014-15 (Oct-Sep), the annual Cachuma Project water allocation was reduced to 45% due to ongoing drought conditions and low lake level. Subsequent annual allocations were as follows: WY 2015-16 (0%), WY 2016-17 (40%), WY 2017-18 (40%), WY 2018-19 and after (100%).

Source: Cachuma Monthly Water Reports

Schedule 13

COMB Member Agency: Goleta Water District
Operating and Financial Statistics



Historic Water Connections and Sales Revenue

Fiscal Year	Connections	Water Sales	Water Deliveries (Acre Feet)
2009-10	16,346	\$ 16,493,699	12,971
2010-11	16,401	15,672,687	12,161
2011-12	16,295	18,668,008	12,275
2012-13	16,518	22,171,254	13,923
2013-14	16,542	24,005,806	14,884
2014-15	16,441	19,988,107	11,883
2015-16	16,474	29,771,141	10,773
2016-17	16,561	28,532,348	9,659
2017-18	16,578	33,222,142	10,799
2018-19	16,725	29,319,499	9,631

Top Ten Largest Customers
Fiscal Year 2018-19

Customer	Water Usage (Acre Feet)	Annual Payments
Public institution	953	\$ 3,323,236
Private grower	442	875,056
Private business	214	315,496
Private business	208	416,858
Public institution	163	713,954
Private business	123	492,341
Private grower	120	253,528
Private grower	120	211,679
Private business	83	367,172
Public institution	77	388,070
Total	2,503	\$ 7,357,392

Source: Goleta Water District's Annual Disclosure Report

Operating Income by Year

Fiscal Year	Operating Revenue	Operating Expenses	Depreciation and Amortization	Operating Income	COMB Operating Assessment	
					Amount Assessed	% of Operating Revenue
2009-10	\$ 23,875,390	\$ 22,829,750	\$ 4,639,138	\$ (3,593,498)	\$ 683,652	2.9%
2010-11	22,975,387	19,107,945	4,640,497	(773,055)	1,060,922	4.6%
2011-12	27,136,533	21,051,673	4,230,480	1,854,380	1,222,340	4.5%
2012-13	31,475,922	22,431,761	4,291,712	4,752,449	1,559,795	5.0%
2013-14	33,868,570	26,209,042	4,387,462	3,272,066	1,701,748	5.0%
2014-15	29,884,003	25,897,182	4,154,508	(167,687)	1,415,063	4.7%
2015-16	38,876,872	29,820,487	4,384,529	4,671,856	2,363,419	6.1%
2016-17	37,807,585	33,407,576	4,834,866	(434,857)	1,672,907	4.4%
2017-18	43,161,166	27,750,020	5,335,807	10,075,339	1,181,845	2.7%
2018-19	39,853,124	38,045,673	5,354,910	(3,547,459)	1,850,921	4.6%

Source: Goleta Water District's Comprehensive Audited Financial Report

Schedule 14

**COMB Member Agency: City of Santa Barbara (Water Agency)
Operating and Financial Statistics**



Historic Water Connections and Sales Revenues

Fiscal Year	Connections	Water Sales	Water Deliveries (Acre Feet)
2009-10	26,504	\$ 28,163,162	13,428
2010-11	26,761	27,181,923	13,284
2011-12	26,649	29,992,081	13,949
2012-13	26,797	32,683,467	14,366
2013-14	26,919	33,296,287	14,218
2014-15	26,921	31,512,114	10,775
2015-16	26,988	41,433,002	9,935
2016-17	27,111	46,187,721	9,009
2017-18	27,191	52,356,068	9,918
2018-19	27,280	48,959,080	9,201

**Top Ten Largest Customers
Fiscal Year 2018-19**

Customer	Water Usage (Acre Feet)	Annual Payments
Santa Barbara Unified School	74	\$ 408,467
Dario Pini	55	313,098
Santa Barbara Housing Authority	56	298,674
City of Santa Barbara - Parks	57	269,919
Santa Barbara Cottage Hospital	40	260,606
Santa Barbara Community College	32	258,441
Hilton S.B. Beachfront Resort	53	219,473
S.B. Highlans HOA Miramonte	36	162,856
Transition House	18	150,492
Mission Linen Supply	43	145,845
Total	464	\$ 2,487,871

Source: City of Santa Barbara's Annual Disclosure Report

Operating Income by Year

Fiscal Year	Operating Revenue	Operating Expenses	Depreciation and Amortization	Operating Income	COMB Operating Assessment	
					Amount Assessed	% of Operating Revenue
2009-10	\$ 32,359,324	\$ 22,601,074	\$ 6,311,601	\$ 3,446,649	\$ 606,375	1.9%
2010-11	31,158,324	21,996,149	6,458,709	2,703,466	828,017	2.7%
2011-12	36,264,961	21,912,137	6,559,738	7,793,086	1,068,857	2.9%
2012-13	38,171,567	23,577,521	6,877,890	7,716,156	1,384,702	3.6%
2013-14	36,485,258	27,674,540	6,147,740	2,662,978	1,511,073	4.1%
2014-15	34,904,018	31,823,469	6,212,153	(3,131,604)	3,025,216	8.7%
2015-16	45,268,312	27,096,809	6,922,670	11,248,833	1,801,784	4.0%
2016-17	52,079,204	28,869,221	6,834,563	16,375,420	1,192,299	2.3%
2017-18	57,233,749	34,798,396	8,137,922	14,297,431	729,668	1.3%
2018-19	55,383,611	40,004,358	9,309,100	6,070,153	1,323,609	2.4%

Source: City of Santa Barbara's Comprehensive Annual Financial Report - Water Agency Only

Schedule 15

**COMB Member Agency: Carpinteria Valley Water District
Operating and Financial Statistics**



Historic Water Connections and Sales Revenues

Fiscal Year	Connections	Water Sales	Water Deliveries (Acre Feet)
2009-10	4,326	\$ 10,089,936	3,825
2010-11	4,322	10,101,197	3,599
2011-12	4,339	10,575,216	3,871
2012-13	4,441	10,798,634	4,352
2013-14	4,444	11,229,175	4,551
2014-15	4,485	11,031,043	3,728
2015-16	4,501	12,023,205	3,604
2016-17	4,503	12,457,730	3,395
2017-18	4,506	12,776,055	3,870
2018-19	4,506	12,744,079	3,413

**Top Ten Largest Customers
Fiscal Year 2018-19**

Customer	Water Usage (Acre Feet)	Annual Payments
Circle G.	137	\$ 148,158
Schaff, Victor	48	46,288
Casistas Village Home Assn.	45	286,930
Cate School	43	105,883
Villa Del Mar HOA	41	251,416
Sandpiper Village	40	253,881
City of Carpinteria	30	117,811
Van Wingerden, William	28	30,010
Norman, Francis	27	27,221
Roberts Ranch	27	25,433
Total	465	\$ 1,293,031

Source: Carpinteria Valley Water District's Annual Disclosure Report

Operating Income by Year

Fiscal Year	Operating Revenue	Operating Expenses	Depreciation and Amortization	Operating Income	COMB Operating Assessment	
					Amount Assessed	% of Operating Revenue
2009-10	\$ 10,431,187	\$ 7,304,093	\$ 1,965,499	\$ 1,161,595	\$ 206,603	2.0%
2010-11	10,266,100	7,913,220	1,837,807	515,073	320,087	3.1%
2011-12	11,180,994	7,995,513	1,776,993	1,408,488	379,184	3.4%
2012-13	12,004,241	7,890,100	1,691,401	2,422,740	472,489	3.9%
2013-14	12,135,216	8,721,459	1,814,851	1,598,906	515,719	4.2%
2014-15	11,208,421	8,552,192	2,014,314	641,915	430,371	3.8%
2015-16	12,418,906	9,673,251	2,040,171	705,484	716,135	5.8%
2016-17	12,651,107	8,746,861	2,076,141	1,828,105	903,824	7.1%
2017-18	13,162,286	9,635,300	2,226,888	1,300,098	250,699	1.9%
2018-19	14,043,938	10,679,194	2,422,099	942,645	452,646	3.2%

Source: Carpinteria Valley Water District's Audited Financial Report

Schedule 16

**COMB Member Agency: Montecito Water District
Operating and Financial Statistics**

Historic Water Connections and Sales Revenues



Fiscal Year	Connections	Water Sales	Water Deliveries (Acre Feet)
2009-10	4558	\$ 9,429,322	5,274
2010-11	4575	8,401,945	4,715
2011-12	4577	9,345,967	5,302
2012-13	4585	10,573,025	5,945
2013-14	4597	11,260,539	5,775
2014-15	4593	6,752,280	3,331
2015-16	4601	7,652,442	3,440
2016-17	4602	7,470,909	3,127
2017-18	4604	8,925,156	3,783
2018-19	4619	8,380,077	3,424

**Top Ten Largest Customers
Fiscal Year 2018-19**

Customer	Water Usage (Acre Feet)	Annual Payments
Resort Hotel	89	\$ 397,113
Agriculture	73	225,131
Agriculture	54	157,803
Golf Club	53	243,444
Private College	44	201,914
Golf Club	38	195,071
Agriculture	29	89,754
Resort Hotel	24	88,060
Non-potable	24	18,740
Single Family Home	22	99,185
Total	450	\$ 1,716,215

Source: Montecito Water District's Annual Disclosure Report

Operating Income by Year

Fiscal Year	Operating Revenue	Operating Expenses	Depreciation and Amortization	Operating Income	COMB Operating Assessment	
					Amount Assessed	% of Operating Revenue
2009-10	\$ 12,821,314	\$ 11,010,188	\$ 1,499,637	\$ 311,489	\$ 194,913	1.5%
2010-11	11,786,504	10,699,323	1,834,008	(746,827)	302,887	2.6%
2011-12	12,739,111	10,981,413	1,800,870	(43,172)	358,264	2.8%
2012-13	13,965,538	10,944,473	2,451,304	569,761	445,550	3.2%
2013-14	16,557,720	13,892,389	1,230,954	1,434,377	486,273	2.9%
2014-15	14,992,036	14,264,988	1,202,407	(475,359)	403,030	2.7%
2015-16	20,063,580	14,786,806	1,187,824	4,088,950	675,334	3.4%
2016-17	18,583,907	13,251,900	1,227,523	4,104,484	479,177	2.6%
2017-18	18,541,652	14,537,109	1,246,226	2,758,317	339,518	1.8%
2018-19	17,943,599	15,553,982	1,183,710	1,205,907	529,872	3.0%

Source: Montecito Water District's Annual Audited Financial Report

Schedule 17

**Non-Member Agency: Santa Ynez River Conservation
Water District, Improvement District No. 1
Operating and Financial Statistics**



Historic Water Connections and Sales Revenues

Fiscal Year	Connections	Water Sales	Water Deliveries (Acre Feet)
2009-10	2579	\$ 5,096,678	5,416
2010-11	2519	5,009,463	5,255
2011-12	2515	5,371,780	5,260
2012-13	2598	5,531,585	5,371
2013-14	2624	6,889,450	5,358
2014-15	2618	6,157,964	4,341
2015-16	2664	5,868,155	3,712
2016-17	2672	6,367,009	3,511
2017-18	2692	7,798,410	3,817
2018-19	2709	7,671,886	3,323

**Top Ten Largest Customers
Fiscal Year 2018-19**

Customer	Water Usage (Acre Feet)	Annual Payments
Private Agriculture	115	\$ 57,861
Private Agriculture	86	46,600
Private Agriculture	82	42,337
Public Agency	56	239,342
Private Agriculture	53	27,143
Private Agriculture	24	11,271
Private Agriculture	23	10,851
Private Agriculture	17	7,529
Private Agriculture	16	7,280
Private Agriculture	14	6,841
Total	486	\$ 457,055

Source: Santa Ynez River Water Conservation District, ID No. 1 Annual Disclosure Report

Operating Income by Year

Fiscal Year	Operating Revenue	Operating Expenses	Depreciation and Amortization	Operating Income	COMB Operating Assessment	
					Amount Assessed	% of Operating Revenue
2009-10	\$ 7,894,489	\$ 7,245,293	\$ 690,573	\$ (41,377)	\$ 24,734	0.3%
2010-11	7,895,288	7,146,349	689,034	59,905	64,001	0.8%
2011-12	8,088,117	7,420,174	685,413	(17,470)	124,708	1.5%
2012-13	8,145,932	7,516,875	691,004	(61,947)	92,725	1.1%
2013-14	10,415,420	9,405,397	654,274	355,749	110,802	1.1%
2014-15	9,461,859	9,386,204	691,805	(616,150)	115,951	1.2%
2015-16	9,607,115	8,609,041	696,014	302,060	92,588	1.0%
2016-17	8,942,010	8,191,509	691,373	59,128	151,424	1.7%
2017-18	10,556,856	8,434,789	702,161	1,419,906	85,484	0.8%
2018-19	11,045,677	8,617,702	725,535	1,702,440	40,017	0.4%

Source: Santa Ynez River Water Conservation District, ID No. 1 Audited Financial Report

1) On May 27, 2016, Santa Ynez River Water Conservation District, Improvement District No. 1 (ID No. 1) notified the COMB Board of its stated intent to unilaterally withdraw from the JPA Agreement. A Separation Agreement was entered into by ID No. 1, COMB and the COMB Member Agencies and approved by all parties effective August 28, 2018. ID No. 1 continues to be a member of the Cachuma Project which carries certain benefits and obligations associated with the Project as outlined in various agreements.

Schedule 18Schedule of Insurance ⁽¹⁾

Valued at June 30, 2020

Company	Policy Period	Insurance Type	Pooled Coverage Limits	Coverages
ACWA Joint Powers Authority	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability JPIA pooled layer
Safety National Casualty Corporations	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
Market Global Reinsurance Company/Great American Insurance Company	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 10,000,000	Liability Umbrella Policy
Everest Reinsurance Company	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
Lloyd's of London (Brit Syndicate 2987)	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
Great American E&S Insurance Company	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
Hallmark Specialty Insurance Company	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
Illinois Union Insurance Company	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
Allied World National Insurance Company	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
General Security Indemnity Co of Arizona	10/01/19 - 10/01/20	General, E&O and Auto Liability	\$ 5,000,000	Liability Umbrella Policy
ACWA Joint Powers Authority	07/01/19 - 07/01/20	Property Insurance ⁽²⁾	\$ 100,000	Liability JPIA pooled layer
Alliant Property Insurance Program	07/01/19 - 07/01/20	Property Insurance ⁽²⁾	\$ 500,000,000	Liability Umbrella Policy
ACWA Joint Powers Authority	07/01/19 - 07/01/20	Excess Crime Coverage	\$ 100,000	Liability JPIA pooled layer
National Union Fire Insurance	07/01/19 - 07/01/20	Excess Crime Coverage	\$ 1,000,000	Liability Umbrella Policy
ACWA Joint Powers Authority	07/01/19 - 07/01/20	Workers' Compensation	\$ 2,000,000	Liability JPIA pooled layer
Safety National	07/01/19 - 07/01/20	Workers' Compensation	\$2,000,000 to statutory	Liability Umbrella Policy
Indian Harbor Insurance Co.	10/01/19 - 10/01/20	Cyber Liability	\$3,000,000 occ/ \$5,000,000 agg	Liability Umbrella Policy

Note:

(1) COMB participates in the property and liability program organized by the Association of California Water Agencies / Joint Powers Insurance Authority (ACWA/JPIA). ACWA/JPIA provides liability, property and workers' compensation insurance for approximately 300 water agencies for losses in excess of the member agencies specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers.

(2) Total Insurable Value - \$2,255,273

Source: ACWA Joint Powers Authority

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**LIST OF ACRONYMS
AND ABBREVIATIONS**

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LIST OF ACRONYMS AND ABBREVIATIONS

AAL	Actuarial Accrued Liability
ACWA	Association of California Water Agencies
AF	Acre Foot
AFY	Acre Feet per Year
ARC	Annual Required Contribution
BPW	Bartlett Pringle Wolf, LLP
BO	Biological Opinion
CAFR	Comprehensive Annual Financial Report
Cal OES	California Governor's Office of Emergency Services
CalPERS	California Public Employees' Retirement System
CCRB	Cachuma Conservation and Release Board
CCWA	Central Coast Water Authority
CDFW	California Department of Fish and Wildlife
City of SB	City of Santa Barbara
COMB	Cachuma Operation and Maintenance Board
COLA	Cost of Living Adjustment
CPA	Cachuma Project Authority
CVWD	Carpinteria Valley Water District
EPFP	Emergency Pumping Facilities Project
ESRI	Environmental Systems Research Institute
FEMA	Federal Emergency Management Agency
FMP	Fish Management Plan
FY	Fiscal Year
FYE	Fiscal Year End
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GWD	Goleta Water District
HIP	Habitat Improvement Plan

LIST OF ACRONYMS AND ABBREVIATIONS – CONT'D.

ID No. 1	Santa Ynez River Conservation Water District, ID No. 1
IIP	Infrastructure Improvement Plan
IRR	Irrigation
IRWM	Integrated Regional Water Management
IRWMP	Integrated Regional Water Management Program
JPA	Joint Power Agreement
JPIA	Joint Power Insurance Authority
LAIF	Local Agency Investment Fund
M&I	Municipal and Industrial
MDA	Management's Discussion and Analysis
MWD	Montecito Water District
MOU	Memorandum of Understanding
NFWF	National Fish and Wildlife Foundation
NMFS	National Marine Fisheries Services
NP	North Portal
OPEB	Other Post-Employment Benefits
PERF	Public Employees Retirement Fund
PEPRA	Public Employees' Pension Reform Act
ROW	Right of Way
SCADA	Supervisory Control and Data Acquisition
SCC	South Coast Conduit
SFR	Single Family Residential
SOD	Safety of Dams
SWP	State Water Project
SWRCB	State Water Resources Control Board
SYR	Santa Ynez River
TOT	Transient Occupancy Tax
UAAL	Unfunded Actuarial Accrued Liability
USGS	United States Geological Survey

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Cachuma Operation and Maintenance Board

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Santa Barbara, CA 93105

www.cachuma-board.org