

NEW ISSUE—FULL BOOK-ENTRY

**RATING: SERIES L S&P's: BBB—
SERIES M NOT RATED
(See "RATING" herein)**

In the opinion of Nossaman, Guthner, Knox & Elliott, Los Angeles, California, Special Counsel, under existing law, the portion of each Lease Payment due under the Lease Agreements designated as and evidencing and representing interest and received by the Owners of the Certificates is exempt from present State of California personal income taxes and, assuming compliance with certain covenants described herein, is excludable from gross income for federal income tax purposes. That portion of each Lease Payment representing interest will not be treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations; provided, however, that such interest may be included in the calculation of certain taxes, including the alternative minimum tax and the environmental tax imposed on corporations under the Internal Revenue Code of 1986, as amended. See "TAX EXEMPTION" herein.

**\$6,290,000
CERTIFICATES OF PARTICIPATION
(CALIFORNIA SPECIAL DISTRICTS
LEASE FINANCE PROGRAM)
1991 SERIES L**

**Evidencing Proportionate Interests of
the Owners Thereof in Lease Payments
to be Made by One or More of the
Following California Special Districts**

**LOS ANGELES COUNTY WEST MOSQUITO
ABATEMENT DISTRICT
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
RANCHO SIMI RECREATION AND PARK DISTRICT**

**\$3,670,000
CERTIFICATES OF PARTICIPATION
(CALIFORNIA SPECIAL DISTRICTS
LEASE FINANCE PROGRAM)
1991 SERIES M**

**Evidencing Proportionate Interests of
the Owners Thereof in Lease Payments
to be Made by One or More of the
Following California Special Districts**

**AMERICAN CANYON COUNTY WATER DISTRICT
ARROWBEAR PARK COUNTY WATER DISTRICT
MAMMOTH LAKES FIRE PROTECTION DISTRICT
PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
SAN DIEGO ASSOCIATION OF GOVERNMENTS
STINSON BEACH COUNTY WATER DISTRICT
TUOLUMNE COUNTY WATER DISTRICT NO. 1**

to the

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION FINANCE CORPORATION

Dated: June 1, 1991

Due: June 1, as shown below

Interest due with respect to the Series L and Series M Certificates (collectively, the "Certificates") is payable semiannually on June 1 and December 1, commencing December 1, 1991. The Certificates will be initially delivered in book-entry form only, registered to Cede & Co. as nominee of DTC. Interest and principal evidenced and represented by the Certificates are payable by Dai-ichi Kangyo Bank, Los Angeles, California, as Trustee, to DTC. DTC is required to remit such principal and interest to its Participants for subsequent disbursement to the beneficial owners of the Certificates. See "THE CERTIFICATES—Book-Entry Only System." Principal and premium, if any, with respect to the Certificates is payable at the principal corporate trust office of the Trustee in Los Angeles, California.

THE CERTIFICATES ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY AS DESCRIBED HEREIN.

Each Lessee has covenanted under its Lease Agreement that, so long as its Project or Site, as the case may be, is available for the Lessee's use, it will take such action as may be necessary to include all Lease Payments under the Lease Agreement in its annual budget and to make the necessary annual appropriations therefor. The Lease Payments are subject to abatement as described herein. See "RISK FACTORS" herein. The obligation of the Lessees to make Lease Payments do not constitute obligations of the Lessees for which the Lessees are obligated to levy or pledge any form of taxation or for which the Lessees have levied or pledged any form of taxation. Neither the Certificates nor the obligations of the Lessees to make Lease Payments under the Lease Agreements constitute a debt of the Lessees, the State of California or any of its political subdivisions or a pledge of the faith and credit of the Lessees.

The Certificates maturing on each of the dates identified in the maturity schedule represent proportionate interests of the owners thereof in Lease Payments to be made by one or more of the Lessees in the proportions indicated herein under the heading "THE CERTIFICATES—General Provisions."

**\$6,060,000 Serial Series L Certificates
(A detailed maturity schedule is set forth on the inside front cover.)
\$230,000 7.90% Term Series L Certificates due June 1, 2011—Price 100%
(Plus accrued interest from June 1, 1991)**

**\$2,590,000 Serial Series M Certificates
(A detailed maturity schedule is set forth on the inside front cover.)
\$1,080,000 8.1% Term Series M Certificates due June 1, 2021—Price 100%
(Plus accrued interest from June 1, 1991)**

The Certificates are offered to the public by the Underwriter when, as and if executed, delivered and received, subject to the approval of Nossaman, Guthner, Knox & Elliott, Los Angeles, California, Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Brown & Wood, San Francisco, California. It is anticipated that the Certificates in definitive form will be available for delivery in New York, New York, on or about June 27, 1991.

Prudential Securities Incorporated

Dated: June 21, 1991

MATURITY SCHEDULE

\$6,060,000 Serial Series L Certificates

<u>Maturity June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Maturity June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
1992.....	\$670,000	5.70%	100%	2000.....	\$455,000	7.70%	100%
1993.....	705,000	6.20	100	2001.....	490,000	7.70	100
1994.....	750,000	6.40	100	2002.....	25,000	7.75	100
1995.....	800,000	6.60	100	2003.....	30,000	7.80	100
1996.....	850,000	6.90	100	2004.....	30,000	7.80	100
1997.....	370,000	7.10	100	2005.....	35,000	7.80	100
1998.....	395,000	7.30	100	2006.....	35,000	7.80	100
1999.....	420,000	7.50	100				

\$2,590,000 Serial Series M Certificates

<u>Maturity June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Maturity June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
1992.....	\$270,000	6.00%	100%	2000.....	\$155,000	7.80%	100%
1993.....	280,000	6.50	100	2001.....	170,000	7.80	100
1994.....	300,000	6.70	100	2002.....	100,000	7.80	100
1995.....	185,000	7.00	100	2003.....	115,000	7.85	100
1996.....	205,000	7.20	100	2004.....	125,000	7.85	100
1997.....	125,000	7.30	100	2005.....	135,000	7.90	100
1998.....	135,000	7.50	100	2006.....	140,000	7.95	100
1999.....	150,000	7.70	100				

No dealer, broker, salesperson or other person has been authorized by the Lessor or the Lessees to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation may not be relied upon as having been authorized by the Lessor or the Lessees. This Official Statement does not constitute an offer to sell or a solicitation or an offer to buy nor shall there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Lessor or the Lessees since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

ADDITIONAL INFORMATION

All of the summaries of statutes, resolutions, opinions, agreements, financial and statistical data, and other related reports described in this Official Statement are made subject to the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection by written request mailed to CSDA Finance Corporation, 915 L Street, Suite 1000, Sacramento, California 95814.

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OFFICIAL STATEMENT

\$6,290,000
CERTIFICATES OF PARTICIPATION
(CALIFORNIA SPECIAL DISTRICTS
LEASE FINANCE PROGRAM)
1991 SERIES L

EVIDENCING PROPORTIONATE INTERESTS OF
THE OWNERS THEREOF IN LEASE PAYMENTS
TO BE MADE BY ONE OR MORE OF THE
FOLLOWING CALIFORNIA SPECIAL DISTRICTS

LOS ANGELES COUNTY WEST MOSQUITO
ABATEMENT DISTRICT
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
RANCHO SIMI RECREATION AND PARK DISTRICT

\$3,670,000
CERTIFICATES OF PARTICIPATION
(CALIFORNIA SPECIAL DISTRICTS
LEASE FINANCE PROGRAM)
1991 SERIES M

EVIDENCING PROPORTIONATE INTERESTS OF
THE OWNERS THEREOF IN LEASE PAYMENTS
TO BE MADE BY ONE OR MORE OF THE
FOLLOWING CALIFORNIA SPECIAL DISTRICTS

AMERICAN CANYON COUNTY WATER DISTRICT
ARROWBEAR PARK COUNTY WATER DISTRICT
MAMMOTH LAKES FIRE PROTECTION DISTRICT
PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
SAN DIEGO ASSOCIATION OF GOVERNMENTS
STINSON BEACH COUNTY WATER DISTRICT
TUOLUMNE COUNTY WATER DISTRICT NO. 1

to the

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION FINANCE CORPORATION

INTRODUCTION

This Official Statement, which includes the cover page, table of contents and Appendices (the "Official Statement"), provides certain information concerning the sale and delivery of two series of Certificates of Participation, 1991 Series L and 1991 Series M (collectively, the "Certificates" and individually, the "Series L Certificates" and the "Series M Certificates," respectively), in the aggregate principal amounts of \$6,290,000 and \$3,670,000, respectively, representing the proportionate interests of the registered owners thereof (the "Owners") in lease payments (the "Lease Payments") to be made by, with respect to the Series L Certificates, Los Angeles County West Mosquito Abatement District, McKinleyville Community Services District and Rancho Simi Recreation and Park District and with respect to the Series M Certificates, American Canyon County Water District, Arrowbear Park County Water District, Mammoth Lakes Fire Protection District, Public Cemetery District No. 1 of Kern County, San Diego Association of Governments, Stinson Beach

County Water District and Tuolumne County Water District No. 1 (individually, a "Lessee" and together, the "Lessees", alternatively, the "Series L Lessees" and the "Series M Lessees") as the rental in connection with projects involving the acquisition and/or construction of real property and equipment (individually for one Lessee, the "Project" and collectively, the "Projects") which Projects or other property will be leased from the CSDA Finance Corporation (the "Lessor") pursuant to separate Lease Agreements, each dated as of June 1, 1991 (the "Lease Agreements"). The project of one or more Lessee will be financed by means of an "asset-transfer," as described below. The project of said Lessee is referred to herein as a "Construction Project" and the property which it will lease from the Lessor pursuant to its Lease Agreement is a "Site" rather than the project being financed.

Each series of Certificates are being executed and delivered pursuant to separate Trust Agreements, each dated as of June 1, 1991 (collectively, the "Trust Agreement"), by and between the Lessor and Dai-Ichi Kangyo Bank of California, Los Angeles, California, as trustee (the "Trustee"). Each Certificate represents a proportionate interest of the Owner in the Lease Payments to be made by one or more of the Lessees, as specified in the respective Trust Agreement. (See "THE CERTIFICATES - General Provisions.") Pursuant to the Assignment Agreements, each dated as of June 1, 1991 (each, an "Assignment Agreement" and together, the "Assignment Agreements"), the Lessor has assigned to the Trustee, for the benefit of the respective Owners, its rights and remedies under the Lease Agreements, including its rights to amounts payable by each of the Lessees under the Lease Agreements.

The descriptions of the program, the Certificates, the Lease Agreements, the Assignment Agreements, the Trust Agreement, and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of those documents, which documents are available at the principal corporate trust office of the Trustee in Los Angeles, California. During the period of the offering of the Certificates, copies of such documents will also be available from the Underwriter named on the cover of this Official Statement. See "APPENDIX A - DEFINITIONS OF CERTAIN TERMS" for the definitions of some of the terms used in the Lease Agreements, the Trust Agreement and this Official Statement, and not otherwise defined.

Purpose

Proceeds of the Certificates will be applied to the acquisition, construction and refinancing of various projects, consisting of buildings, equipment and other capital improvements consisting of the Projects, to be leased to the Lessees under the Lease Agreements with the Lessor. As explained below under "Lease Financing Structures" the projects of Mammoth Lakes Fire Protection District, Rancho Simi Recreation and Park District and Stinson Beach County Water District will be financed by means of an "asset-transfer." The project of each such Lessee is referred to herein as a "Construction Project" and the property which it will lease from the Lessor pursuant to its Lease Agreement is a "Site" rather than the project being financed or refinanced.

Official Statement Describes Two Series of Certificates

The Series L Certificates are rated BBB- by Standard and Poor's Corporation. See "RATING" herein.

A default by any of the Series L Lessees will not constitute a default under the Series M Certificates and a default by any of the Series M Lessees will not constitute a default under the Series L Certificates.

While the provisions of each of the Series L and Series M Certificates are substantially identical, and are summarized herein as such, the Series L Certificates and Series M Certificates are separate and independent obligations and should be evaluated for investment purposes as separate securities.

Lease Financing Structures

The Lessees will enter into Lease Agreements with the Lessor, the aggregate Lease Payments under which are required to be sufficient to make all payments of principal of and interest represented by the Certificates. Pursuant to the Lease Agreements, the Lessor will lease to each Lessee, other than Mammoth Lakes Fire Protection District, Rancho Simi Recreation and Park District and Stinson Beach County Water District, the Project being financed and constructed by such Lessee together with the real property on which such Project is located, if any. Such real property will be owned by the applicable Lessee and leased to the Lessor pursuant to a Site Lease, under which the Lessee is the lessor, for lease-back to the Lessee pursuant to the Lease Agreement. The Lease financings for Mammoth Lakes Fire Protection District, Rancho Simi Recreation and Park District and Stinson Beach County

Water District are being structured as "asset-transfers." In an asset-transfer the Lessee leases a "Site" to the Lessor pursuant to a "Site and Facilities Lease," which Site is leased-back to the Lessee pursuant to a Lease Agreement. The Trustee on behalf of the Lessee is paid the entire amount of lease payments payable under the Site and Facilities Lease on the date of the Closing, which advance rental will be used to finance the "Construction Project" of an asset-transfer Lessee. Therefore, although in each case the Certificates represent interests in Lease Payments to be paid under the Lease Agreements, in asset transfer financings the property leased pursuant to the Lease Agreement is a Site rather than the Project, and the "Construction Project" being financed is not the subject of the Lease Agreement. See "DESCRIPTION OF THE PROJECTS AND CONSTRUCTION PROJECTS" for a description of the Projects and Construction Projects subject to the Lease Agreements.

Security for the Certificates

Each Lessee is obligated under its Lease Agreement to make Lease Payments as the rental for its Project or Site. Each Series L and Series M Certificate represents a proportionate interest of the Owner thereof in the Lease Payments to be made by all of the related Lessees as specified in the respective Trust Agreement. Each Lessee has covenanted under its Lease Agreement that so long as its Project or Site is available for the Lessee's use it will take such action as may be necessary to include its lease payments in its annual budget, and to make the necessary annual appropriations therefor. A Reserve Account is established for each Lessee from Series L and Series M Certificate proceeds for the benefit of the related Certificate Owners in the amount listed for each Lessee in the table under the caption "SOURCES AND USES OF PROCEEDS." THE RESERVE ACCOUNTS WHICH HAVE BEEN ESTABLISHED FOR EACH OF THE LESSEES ARE NOT POOLED AND ONE LESSEE'S RESERVE ACCOUNT IS NOT AVAILABLE TO MAKE UP A DEFICIENCY IN THE PAYMENT OF CERTIFICATES CAUSED BY ANOTHER LESSEE'S FAILURE TO PAY ITS LEASE PAYMENTS. IN ADDITION, NO LESSEE HAS COVENANTED TO PAY ANY OTHER LESSEE'S UNPAID LEASE PAYMENTS OR TO MAKE UP ANY DEFICIT IN THE PAYMENT TO CERTIFICATE OWNERS WHICH OCCURS BY REASON OF ANOTHER LESSEE'S NONPAYMENT OF ITS LEASE PAYMENTS. For this reason, one Series L Lessee's default in the payment of its Lease Payments will cause a default in payment (after that Series L Lessee's Reserve Account has been depleted) on the Series L Certificates, even though the remainder of the Series L Lessees continue to pay their Lease Payments in a timely manner. One Series M Lessee's default in the payment of its Lease Payments will cause a default in payment (after that Series M Lessee's Reserve Account has been depleted) on the Series M Certificates, even though the remainder of the

Series M Lessees continue to pay their Lease Payments in a timely manner. One Series L Lessee's default in the payment of its Lease Payment has no effect on the Series M Certificates and vice versa. The Lessor will assign to the Trustee, for the benefit of the Certificate Owners, its rights and remedies under the Lease Agreements, including its rights to receive amounts payable by each of the Lessees under the Lease Agreements. Lease Payments under the Lease Agreements may be abated during any period by reason of damage or destruction or eminent domain and the resulting loss of use and possession of a Lessee's Project or Site.

Rate Covenant

If the source of funds for Lease Payments are user charges, each Lessee covenants to impose and establish user charges at a level which will produce sufficient net revenues to pay Lease Payments coming due in each year, as permitted by law.

Form of Certificates

Certificates will be in fully registered form in denominations of \$5,000 each or any integral multiple thereof (and in irregular denominations if necessary in connection with a partial redemption).

Redemption

The Certificates are subject to redemption as described herein.

The Lessor and the Lessees

The Lessor, CSDA Finance Corporation, is a nonprofit public benefit corporation created for the purpose of aiding the financing of projects for various special districts in California. Each Lessee is a public agency of the State of California.

THE OBLIGATIONS OF THE LESSEES TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENTS ARE OBLIGATIONS PAYABLE FROM EACH LESSEE'S GENERAL FUND OR ANY OTHER SOURCE OF FUNDS LEGALLY AVAILABLE TO SUCH LESSEES FOR THE PAYMENT OF LEASE PAYMENTS. THE OBLIGATIONS OF THE LESSEES TO PAY LEASE PAYMENTS DO NOT CONSTITUTE OBLIGATIONS OF THE LESSEES FOR WHICH THE LESSEES ARE OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE LESSEES HAVE LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATIONS OF THE LESSEES TO PAY LEASE PAYMENTS UNDER THE LEASE AGREEMENTS DO NOT CONSTITUTE DEBTS OR INDEBTEDNESS OF THE LESSEES, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Abatement

The amount of Lease Payments due under the Lease Agreements will be adjusted or abated during any period in which by reason of damage or destruction or eminent domain there is interference with the use and possession of a Lessee's Project or Site. See "RISK FACTORS" herein.

ESTIMATED SOURCES AND USES OF PROCEEDS

SERIES L CERTIFICATES

SOURCES

Principal	\$6,290,000.00
Less Underwriter's Discount (1.8%)	(113,220.00)
Accrued Interest	<u>31,125.43</u>
TOTAL PROCEEDS	<u>\$6,207,905.43</u>

USES

Los Angeles County West Mosquito Abatement District Acquisition Account	\$1,700,000.00
Los Angeles County West Mosquito Abatement District Lease Payment Account (1)	9,073.64
Los Angeles County West Mosquito Abatement District Reserve Account	<u>196,500.00</u>
	<u>\$1,905,573.64</u>
McKinleyville Community Services District Acquisition Account	\$736,594.25
McKinleyville Community Services District Lease Payment Account (1)(2)	7,270.49
McKinleyville Community Services District Reserve Account	<u>86,500.00</u>
	<u>\$830,364.74</u>
Rancho Simi Recreation and Park District Acquisition Account	\$3,000,000.00
Rancho Simi Recreation and Park District Lease Payment Account (1)	17,565.17
Rancho Simi Recreation and Park District Reserve Account	<u>346,000.00</u>
	<u>\$3,363,565.17</u>
Subtotal Deposited to Lessee Accounts	<u>\$6,099,503.55</u>
Delivery Costs Account	<u>108,401.88</u>
TOTAL USES	<u>\$6,207,905.43</u>

(1) Includes accrued interest.
(2) Includes capitalized interest.

SERIES M CERTIFICATES

SOURCES

Principal	\$3,670,000.00
Less Underwriter's Discount (1.513%)	(55,530.00)
Accrued Interest	19,808.75
Mammoth Lakes Reserve Account Transfer	<u>57,000.00</u>
TOTAL PROCEEDS	<u>\$3,691,278.75</u>

USES

American Canyon County Water District Acquisition Account	\$158,935.67
American Canyon County Water District Lease Payment Account (1)(2)	3,450.38
American Canyon County Water District Reserve Account	<u>19,500.00</u>
	<u>\$181,886.05</u>
Arrowbear Park County Water District Acquisition Account	\$1,184,574.83
Arrowbear Park County Water District Lease Payment Account (1)(2)	58,051.67
Arrowbear Park County Water District Reserve Account	<u>142,500.00</u>
	<u>\$1,385,126.50</u>
Mammoth Lakes Fire Protection District Escrow Fund	\$583,500.50
Mammoth Lakes Fire Protection District Lease Payment Account(1)	3,269.50
Mammoth Lakes Fire Protection District Reserve Account	<u>57,000.50</u>
	<u>\$643,769.50</u>
Public Cemetery District No. 1 of Kern County Acquisition Account	\$300,000.00
Public Cemetery District No. 1 of Kern County Lease Payment Account(1)	1,863.33
Public Cemetery District No. 1 of Kern County Reserve Account	<u>35,500.00</u>
	<u>\$337,363.33</u>
San Diego Association of Governments Acquisition Account	\$300,000.00
San Diego Association of Governments Lease Payment Account(1)	1,644.86
San Diego Association of Governments Reserve Account	<u>35,500.00</u>
	<u>\$337,144.86</u>

Stinson Beach County Water District Acquisition Account	\$342,135.65
Stinson Beach County Water District Lease Payment Account (1)	2,298.47
Stinson Beach County Water District Reserve Account	<u>38,225.00</u>
	<u>\$382,659.12</u>
Tuolumne County Water District No. 1 Acquisition Account	\$297,335.44
Tuolumne County Water District No. 1 Lease Payment Account(1)(2)	5,807.51
Tuolumne County Water District No. 1 Reserve Account	<u>35,500.00</u>
	<u>\$338,642.95</u>
Subtotal Deposited to Lessee Accounts	<u>\$3,606,592.31</u>
Delivery Costs Account	<u>84,686.44</u>
TOTAL USES	<u>\$3,691,278.75</u>

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- (1) Includes accrued interest.
(2) Includes capitalized interest.

DESCRIPTION OF THE PROJECTS AND CONSTRUCTION PROJECTS

Proceeds from the sale of the Certificates will be used by the Lessees to acquire and/or construct the equipment and/or real property consisting of the Projects or Construction Project. Each Lessee is listed below with a description of its Project or Construction Project, the term of its Lease Agreement over which the costs of its Project or Construction Project is being financed and the estimated costs of its Project or Construction Project.

<u>SERIES L</u>	<u>Amount</u>	<u>Lease Term</u>
LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT		
Purchase an existing building to be used for operations.	\$1,700,000	5 years
Total Project	<u>\$1,700,000</u>	
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT		
Development of existing Pierson Park	\$430,000	20 years
Purchase telemetry control equipment for water system	\$120,000	5 years
Drilling a well approximately 400 feet deep	\$60,000	20 years
Purchase telemetry control equipment for sewer system	\$80,000	5 years
Recoating a bridge	\$50,000	5 years
Total Project	<u>\$740,000</u>	
RANCHO SIMI RECREATION AND PARK DISTRICT		
Construct a 26,500 square foot building on an existing 46 acre park site.	\$3,000,000	10 years
Total Project	<u>\$3,000,000</u>	

Rancho Simi Recreation and Park District ("Rancho Simi") has chosen to structure its financing as an "asset-transfer" transaction (See "INTRODUCTION - Lease Financing Structures"). The property subject to its Lease Agreement will be a 42.17 acre partially developed park site located between Leeds Street and Los Angeles Avenue on the west side of Stearns Street in the City of Simi Valley. There is presently a parking lot, a 600 square foot restroom/snack bar building, a softball diamond, one regular soccer field, and an interim soccer field. The value of this property is estimated by Rancho Simi to be \$7,350,000. No independent appraisal of the assets described has been obtained by Rancho Simi.

<u>SERIES M</u>	<u>Amount</u>	<u>Lease Term</u>
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AMERICAN CANYON COUNTY WATER DISTRICT

Relocate a 16 inch water main and replace it with a 20 inch water main.	\$160,000	10 years
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Total Project	<u>\$160,000</u>	
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ARROWBEAR PARK COUNTY WATER DISTRICT

Drilling a well approximately 300 feet deep and making improvements to the water system including the replacement of the four inch main feeder line with an eight inch line and replacement of several branch lines with six inch lines.	\$1,200,000	20 years
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Total Project	<u>\$1,200,000</u>	
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MAMMOTH LAKES FIRE PROTECTION DISTRICT

Refinance the construction costs of Fire Station #2 which was completed in 1987, further modify Fire Station #2 and reinforce the structure of Fire Station #1 in order to comply with present earthquake building standards (such Project was originally financed with a portion of the proceeds of the Certificates of Participation (California Special Districts Lease Financing Program), 1990 Series F).	\$ 583,500	19 years
 Total Project	 <u>\$ 583,500</u>	

Mammoth Lakes Fire Protection District ("Mammoth Lakes") has chosen to structure its financing as an "asset-transfer" transaction (See "INTRODUCTION - Lease Financing Structures"). The property subject to its Lease Agreement will be the Mammoth Lakes's Fire Station No. 1 consisting of a .91 acre site at 1536 Old Mammoth Road in Mammoth Lakes. The Fire Station is a two-story wood frame building with a two bay apparatus floor and living quarters, consisting of approximately 8,200 square feet. The value of this site is estimated by Mammoth Lakes to be approximately \$1,000,000. No independent appraisal of the assets described has been obtained by Mammoth Lakes.

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY

Purchase 20 acres of contiguous land located due east of the presently owned Wasco Memorial Park.	\$249,000	10 years
 Purchase a phone system, computer system and a back hoe.	 \$51,000	 10 years
 Total Project	 <u>\$300,000</u>	

SAN DIEGO ASSOCIATION OF GOVERNMENTS

Purchase computer and other office equipment	\$300,000	3 years
Total Project	<u>\$300,000</u>	

STINSON BEACH COUNTY WATER DISTRICT

Reimbursement for site development of newly purchased land.	\$109,000	30 years
Construct a 1,400 square foot administrative office.	\$241,000	30 years
Total Project	<u>\$350,000</u>	

Stinson Beach County Water District ("Stinson Beach") has chosen to structure its financing as an "asset-transfer" transaction (See "INTRODUCTION - Lease Financing Structures"). The property subject to its Lease Agreement will be Stinson Beach's water treatment filter plant and water storage reservoir consisting of a .5 acre site at 120 Laurel Avenue in Stinson Beach. The water treatment filter plant is a control laboratory/chemical building with a dual exterior multi-media filter plant. The water storage reservoir is a 320,000 gallon closed steel storage tank. The value of this property is estimated by Stinson Beach to be approximately \$1,000,000. No independent appraisal of the assets described has been obtained by Stinson Beach.

TUOLUMNE COUNTY WATER DISTRICT NO. 1

Purchase and install approximately 1600 water meters.	\$300,000	5 years
Total Project	<u>\$300,000</u>	

THE CERTIFICATES

General Provisions

The Series L Certificates will be executed and delivered in the aggregate principal amount of \$6,290,000. The Series M Certificates will be executed and delivered in the aggregate principal amount of \$3,670,000. The Certificates will be dated June 1, 1991, will represent interest from June 1, 1991 at the rates per annum set forth on the cover page hereof, payable semiannually on June 1 and December 1 of each year, commencing December 1, 1991 (individually, a "Payment Date"), and will mature on June 1 in each of the designated years in the principal amounts shown on the cover page.

Each Certificate shall represent interest from the Payment Date next preceding the date of execution thereof, unless (i) such Certificate is executed on or after the 16th day of the month preceding a Payment Date through such Payment Date, in which event it shall evidence interest from such Payment Date, or (ii) such Certificate is executed prior to November 15, 1991, in which event it shall evidence interest from the dated date of the Certificates; provided, however, that if, at the time of execution of any Certificate, interest is in default thereon, such Certificate shall evidence interest from the Payment Date to which interest has previously been paid or made available for payment thereon. Both the principal of and interest represented by the Certificates shall be payable in lawful money of the United States of America. Interest on the Certificates shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Each Certificate represents a proportionate interest in the Lease Payments under the related Lease Agreement. The payments of principal or interest made to the Owner of a Series L Certificate in any Fiscal Year are comprised of interests in Lease Payments made by the related Lessees in the proportions shown on the following schedule opposite the indicated Fiscal Year.

Proportional Interests in Lease Payments (Fiscal Year Basis) for Series L Certificates

	<u>Los Angeles County West</u>	<u>McKinleyville</u>	<u>Rancho Simi</u>
1992	43.02%	11.55%	45.25%
1993	42.88	11.70	45.43
1994	43.04	11.74	45.21
1995	42.97	11.74	45.29
1996	43.31	11.29	45.40
1997		10.45	89.55
1998		10.22	89.78
1999		10.03	89.97
2000		10.59	89.41
2001		10.25	89.75
2002		100.00	
2003		100.00	
2004		100.00	
2005		100.00	
2006		100.00	
2007		100.00	
2008		100.00	
2009		100.00	
2010		100.00	
2011		100.00	

Proportional Interests in Lease Payments (Fiscal Year Basis) for Series M Certificates

	<u>American Canyon</u>	<u>Arrowbear</u>	<u>Mammoth Lake</u>	<u>Cemetery District</u>	<u>San Diego Association</u>	<u>Stinson Beach</u>	<u>Tuolumne County</u>
1992	5.36%	26.76%	11.07%	9.33%	24.39%	6.77%	16.32%
1993	5.25	26.67	11.03	9.16	25.31	6.79	15.78
1994	5.05	27.09	10.82	9.76	24.70	6.71	15.87
1995	6.49	35.47	15.41	12.52		8.86	21.25
1996	7.34	35.40	14.81	13.01		8.62	20.82
1997	9.08	44.95	18.78	16.10		11.09	
1998	8.59	45.37	18.27	16.82		10.94	
1999	9.55	45.07	19.08	15.64		10.66	
2000	9.14	44.66	18.87	16.57		10.76	
2001	8.44	44.48	19.65	16.89		10.54	
2002		60.31	25.59			14.09	
2003		58.50	25.93			15.57	
2004		60.11	24.70			15.19	
2005		59.54	25.60			14.86	
2006		60.24	24.89			14.88	
2007		59.62	25.77			14.61	
2008		59.87	26.03			14.10	
2009		60.08	24.18			15.74	
2010		60.26	24.53			15.21	
2011		80.36				19.63	
2012						100.00	
2013						100.00	
2014						100.00	
2015						100.00	
2016						100.00	
2017						100.00	
2018						100.00	
2019						100.00	
2020						100.00	
2021						100.00	

The Certificates will be executed and delivered in fully registered form without coupons, in denominations of \$5,000 each or any integral multiple thereof. Subsequent to a redemption affecting all or a portion of the Certificates, the Owner of any Certificate which has been redeemed in part may be issued a Certificate not evenly divisible by \$5,000 (an "Irregular Denomination"). Principal and premium, if any, with respect to the Certificates will be payable at the principal corporate trust office of Dai-Ichi Kangyo Bank of California, Los Angeles, California, as Trustee. Interest with respect to the Certificates, except for interest payable at maturity or upon redemption in whole will be payable by check or draft mailed to the registered Owner of record as of the close of business on May 15 or November 15, as applicable, next preceding the Payment Date (the "Record Date"), or at such other address as the Owner may have filed with the Trustee for that purpose. Upon the written request from any Owner of any Certificate in a denomination of, or Certificates aggregating, at least \$1,000,000 in principal amount, received on or prior to the fifteenth day of the month preceding the applicable Payment Date, payment of interest may be made by wire in Federal Reserve Funds on the Payment Date with regard to which such payment is made.

Book-Entry-Only System

DTC will act as securities depository for the Certificates. The ownership of one fully registered Certificate for each maturity as set forth on the cover page hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve system, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

The DTC Participants will receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of each Certificate (the "Beneficial Owner") will be recorded through the records of the DTC Participant. Beneficial Owners will receive a written confirmation of their purchase providing details of the Certificate acquired. Transfers of ownership interests in the Certificate will be accomplished by book entries made by DTC and, in turn, by the DTC Participants which act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates.

So long as Cede & Co. is the registered owner of the Certificates, as nominee of DTC, references herein to the Owners or registered owners of the Certificates shall mean Cede & Co. and shall not mean the Beneficial Owners of the Certificates.

Each Lessee will recognize DTC or its nominee as the Owner for all purposes. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. The District will assume no responsibility or obligation with respect to the payments to or the providing of notices for DTC Participants or the persons for whom they act as nominees with respect to the Certificates. Each Lessee is not responsible or liable for sending transaction statements or for maintaining, supervising or reviewing such records.

Principal and interest payments evidenced and represented by the Certificates will be made to DTC or its nominee, Cede & Co., as registered owner of the Certificates. Upon receipt of moneys, DTC's current practice is to credit immediately the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time.

Procedures in the Event of Revision of Book-Entry Transfer System: Replacement Certificates. Certificates (the "Replacement Certificates") may be executed and delivered directly to

Owners of the Certificates other than DTC, or its nominee, but only in the event that (a) DTC determines not to continue to act as securities depository for the Certificates; or, (b) each Lessee has advised DTC that it does not wish DTC to continue as securities depository; or, (c) each Lessee has determined that interests of the Beneficial Owners might be adversely affected if the book-entry system of transfer is continued. Upon occurrence of any of the foregoing events each Lessee shall attempt to locate another qualified securities depository. If any Lessee fails to locate another qualified securities depository to replace DTC, such Lessee shall have caused to be authenticated and delivered Replacement Certificates, in certificated form. Principal and interest represented by the Replacement Certificates shall be payable by check or draft mailed to each Owner of such Replacement Certificate at the address of such Owner as it appears in the register maintained by or on behalf of such Lessee. The interest represented by the Certificates shall be payable on the respective Payment Dates by check mailed on such Payment Date by Dai-Ichi Kangyo Bank, Los Angeles, California, as Trustee, to the Owner thereof as of the close of business on the 15th day of the month immediately preceding the Payment Date. Replacement Certificates will be transferable only by presentation and surrender to the Trustee, together with an assignment duly executed by the Owner of the Replacement Certificates or by such Owner's representative in form satisfactory to the Trustee, and containing information required by the Trustee in order to effect such transfer.

DTC Practices. The Lessees can make no assurances that DTC, DTC Participants or other nominees of the Beneficial Owners will distribute redemption notices (referred to above) to the Beneficial Owners, or that they will do so on a timely basis or that DTC will act in a manner described in this Official Statement. The "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the "procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

Redemption

The Certificates are subject to redemption in whole or in part, without premium (except as provided in paragraph (d) below), at the principal amount to be redeemed, plus accrued interest to the date of redemption, as follows:

(a) Damage or Destruction of Project or Site. In the event the Trustee receives Net Proceeds of any insurance award resulting from damage or destruction to all or a portion of a Lessee's Project or Site and such Lessee certifies to the Trustee in writing that repair,

replacement or improvement of all or specified components (the "Unrepairable Components") of the damaged or destroyed part of such Project or Site is not economically feasible or in the best interest of such Lessee, such Net Proceeds will be used to redeem, on the earliest possible Payment Date, certificates in an amount equal to such Net Proceeds related to the Unrepairable Component, or in the case of a total destruction of the Project or Site, equal to the remaining unpaid principal amount under the applicable Lease Payment. See "LEASE AGREEMENTS - Insurance; Eminent Domain."

(b) Condemnation of Project or Site. In the event the Trustee receives Net Proceeds from any eminent domain proceedings relating to all or a portion of a Lessee's Project, such Net Proceeds will be used to redeem on the earliest possible Payment Date, Certificates as described under the caption "LEASE AGREEMENTS - Insurance; Eminent Domain," below.

(c) Unexpended Proceeds. In the event that the Trustee has not received Certificates of Completion with respect to all of a Lessee's Project or Construction Project on or prior to June 1, 1994 then all or part of that portion of the Certificates relating to the portion of the Project or Construction Project which such Lessee has not yet accepted will be redeemed on the first day immediately following June 1, 1994 for which notice of redemption can be timely given, from amounts remaining in such Lessee's Acquisition Account (defined herein under the heading "TRUST AGREEMENT - Funds and Accounts").

(d) Optional Redemption. The Series L Certificates maturing on or before June 1, 1996 are subject to redemption prior to maturity as a whole or in part (but not in an amount less than \$20,000) on any Payment Date, at the option of each respective Series L Lessee, in the event such Lessee exercises its option under its Lease Agreement to purchase its Project or Site or prepay in whole or in part the principal component of its Lease Payments in order to cause redemption in whole or in part (in an integral multiple of \$5,000 but not in an amount of less than \$20,000) of such related series of Certificates, at a redemption price equal to 102% of the principal amount of such related Series L Certificates to be redeemed, together with accrued interests to the redemption date. Such option may be exercised by a Series L Lessee by depositing sufficient funds with the Trustee at least thirty (30) days prior to the redemption date.

The Certificates maturing on or after June 1, 1999, are subject to redemption prior to maturity as a whole or

in part (but not in an amount less than \$20,000) on any Payment Date on or after June 1, 1998, at the option of each respective Lessee, in the event such Lessee exercises its option under its Lease Agreement to purchase its Project or Site or prepay in whole or in part the principal component of its Lease Payments in order to cause redemption in whole or in part (in an integral multiple of \$5,000 but not in an amount of less than \$20,000) of such related series of Certificates, at the redemption prices, expressed as percentages of the principal amount of such related series of Certificates to be redeemed, set forth in the table below, together with accrued interests to the redemption date. Such option may be exercised by a Lessee by depositing sufficient funds with the Trustee at least thirty (30) days prior to the redemption date.

<u>Redemption Date</u>	<u>Redemption Price</u>
June 1, 1998 and December 1, 1998	102 %
June 1, 1999 and December 1, 1999	101½
June 1, 2000 and December 1, 2000	101
June 1, 2001 and December 1, 2001	100½
June 1, 2002 and thereafter	100

(e) Mandatory Sinking Fund Redemption. (i) The Series L Certificates maturing on June 1, 2011 and the Series M Certificates maturing on June 1, 2021 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount of the Certificates to be redeemed plus accrued interest thereon to the redemption date on each June 1, commencing June 1, 2007 in the principal amounts and on the scheduled mandatory redemption dates as follows:

<u>SERIES L CERTIFICATES</u>		<u>SERIES M CERTIFICATES</u>	
<u>Redemption Date</u> <u>(June 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(June 1)</u>	<u>Principal Amount</u>
2007	\$40,000	2007	\$150,000
2008	40,000	2008	165,000
2009	45,000	2009	180,000
2010	50,000	2010	195,000
2011*	55,000	2011	150,000
		2012	15,000
		2013	20,000
		2014	20,000
		2015	20,000
		2016	20,000
		2017	25,000
		2018	25,000
		2019	30,000
		2020	30,000
		2021*	35,000

* Maturity.

THE CERTIFICATES ARE NOT SUBJECT TO REDEMPTION EXCEPT AS PROVIDED ABOVE.

In the event that, part, but not all, of that portion of the Certificates of a particular series representing interests in a related Lessee's Lease Payments is to be redeemed, the Certificates to be redeemed shall be selected by the Trustee from each maturity in accordance with the redemption instructions described below and by lot within a maturity.

For the purpose of the selection described above, all Certificates of a particular series registered in the name of the same Owner shall be aggregated and treated as a single Certificate held by such Owner. Notwithstanding any of the foregoing, in any such partial redemption the Trustee shall call the Certificates in integral multiples of \$5,000 with the exception of the Certificates allowable to any one Certificate Owner, which may include a Certificate in an amount not an integral multiple of \$5,000.

In order to determine that the aggregate Lease Payments (the "Revenues") securing each series of Certificates will be sufficient after any redemption (including a mandatory sinking fund redemption) to pay the principal of and interest on each series of Certificates until the maturity thereof, the Lessor is required to cause the Underwriter or its designee to prepare and deliver to the Trustee and the Lessor no later than forty-five (45) days prior to the date of each redemption (including a mandatory sinking fund redemption) (i) directions with respect to such redemption which shall set forth the principal amount of Certificates of each maturity to be redeemed pursuant to the terms of the Trust Agreement, (ii) the information necessary to make the adjustments to the sinking fund payments required as a result of such redemption and (iii) a Cash Flow Certificate which takes into account such redemption and its related effect on scheduled Lease Payments under the Lease Agreements. If, however, a Cash Flow Certificate cannot be delivered, the Lessor shall cause to be delivered to the Trustee redemption instructions which shall provide the information necessary to make the partial redemption and the adjustments to the mandatory sinking fund payments and maturity payments required as a result of such partial redemption ("Redemption Instructions").

If a Cash Flow Certificate cannot be delivered, the Trustee will redeem Certificates in a principal amount equal to the amount of available moneys in the manner set forth in the Redemption Instructions. In the event of a mandatory redemption, the Redemption Instructions will (i) identify which maturity of Certificates would have been reduced as a result of

such redemption in order to obtain a Cash Flow Certificate, (ii) specify the respective amounts of such reductions which would be necessary in order to obtain a Cash Flow Certificate and (iii) calculate the actual amount of reductions in the maturity payments identified in clause (i) above by allocating on a pro rata basis the amount of monies available for such redemption to the applicable scheduled maturity payments.

In the event a Cash Flow Certificate or Redemption Instructions are delivered with respect to a redemption for which the Trustee does not have monies available to redeem the entire amount scheduled for redemption, the Trustee shall redeem Certificates of the applicable series and maturity or maturities by lot up to a principal amount equal to the available monies.

When redemption is authorized or required, the Trustee shall give notice ("Redemption Notice") of the redemption of the Certificates. Such Redemption Notice shall specify: (a) the Certificates or designated portions thereof (in the case of redemption of the Certificates in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Certificates to be redeemed, (f) the Certificate numbers of the Certificates to be redeemed in whole or in part and, in the case of any Certificate to be redeemed in part only, the amount of such Certificate to be redeemed, and (g) the original execution date, interest rate and stated maturity date of each Certificate to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Certificate or portion thereof being redeemed the redemption price, together with interest accrued to the prepayment date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Subject to the provisions stated above, the Trustee is also required to take the following actions with respect to such Redemption Notice:

Notice of such redemption shall be given by first class mail, postage prepaid, not more than forty-five (45) days nor less than thirty (30) days prior to the date of redemption, to the Owners of any Certificates whose Certificates or a portion thereof are to be redeemed, provided that such notices shall be given immediately upon receipt of Net Proceeds from insurance or condemnation awards which are to be used to redeem Certificates or in other cases where the early payments under

the Lease Agreements do not include interest accruing to the date of the related Certificate redemption. Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Certificates. Each check or other transfer of funds issued by the Trustee for the purpose of redeeming Certificates shall bear the CUSIP number identifying, by issue and maturity, the Certificates being redeemed with the proceeds of such check or other transfer. The Trustee is required to use its best efforts (to the extent not inconsistent with the requirements of the Trust Agreement) to schedule redemption dates for redemptions for which interest will be paid under a Lease Agreement only to the date of payment of moneys to the Trustee rather than the date of redemption on such date that the Trustee receives such money. **As a result of the foregoing, Certificate Owners may receive notice of certain mandatory redemptions less than 30 days prior to the redemption date.**

Notice having been given as aforesaid, and the moneys for the redemption, including interests to the applicable redemption date, having been set aside in the Redemption Fund created under the Trust Agreement, the portion of the Certificates to be redeemed shall become due and payable on said redemption date, and, upon presentation and surrender of such Certificates at the office or offices specified in said notice, said Certificates shall be paid at the unpaid principal amount and premium, if any, with respect thereto, plus any unpaid and accrued interest to said redemption date. If, on said redemption date, moneys for the redemption of all the Certificates to be redeemed, together with interest to said redemption date, shall be held by the Trustee so as to be available therefor on such redemption date, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said redemption date, interest with respect to the portion of Certificates to be redeemed shall cease to accrue and become payable. If said moneys shall not be so available on said redemption date, interest with respect to such portion of Certificates shall continue to be payable until paid at the same rates as they would have been payable had they not been called for redemption.

Upon surrender of any Certificate for redemption of a portion of the total principal amount thereof, the Trustee shall execute, and deliver to the Owner thereof, a new Certificate or Certificates (one of which may be in Irregular Denomination), in an amount equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same principal payment date.

Source of Payment for the Certificates

Each Series L Certificate represents a proportionate interest in the Lease Payments to be made by the Series L Lessees to the Lessor (See "THE CERTIFICATES - General Provisions" to determine how each Lessee's Lease Payments relate to the various Certificate maturities). Each Series M Certificate represents a proportionate interest in the Lease Payments to be made by the Series M Lessees to the Lessor. The Lessor, pursuant to the Assignment Agreements, will assign its rights and remedies under the Lease Agreements to the Trustee for the benefit of the Owners of the related Certificates, including its right to receive Lease Payments thereunder. Principal and interest due with respect to each series of Certificates will be made from the Lease Payments payable by the related Lessees for the use and possession of each Lessee's Project or Site, insurance or condemnation Net Proceeds pertaining to a Project or Site to the extent that such Net Proceeds are not used for repair or replacement, interest or other income derived from the investment of the funds and accounts held by the Trustee for the Lessees pursuant to the related Trust Agreement, or in certain instances, from the Reserve Accounts established by the related Trust Agreement.

Each Lessee has covenanted under its Lease Agreement to make Lease Payments for the use and possession of its Project or Site and so long as its Project or Site is available for such Lessee's use to take such action each year as may be necessary to include all Lease Payments in its annual budget and annually to appropriate an amount necessary to make such Lease Payments. The amounts payable to the Trustee are to be used to make the payments of principal and interest due with respect to the Certificates. UNDER CALIFORNIA LAW, EVEN THOUGH THE LEASE AGREEMENT FOR EACH LESSEE BECOMES EFFECTIVE AS OF THE DATE OF THE LEASE AGREEMENT, THE OBLIGATION OF EACH LESSEE TO MAKE LEASE PAYMENTS (OTHER THAN TO THE EXTENT THAT FUNDS TO MAKE LEASE PAYMENTS ARE AVAILABLE IN SUCH LESSEE'S CAPITALIZED INTEREST SUBACCOUNT OF ITS LEASE PAYMENT ACCOUNT, RESERVE ACCOUNT AND, IN THE CASE OF TERMINATION OF SUCH LESSEE'S LEASE AGREEMENT OR PREPAYMENT OF SUCH LESSEE'S LEASE PAYMENTS, SUCH LESSEE'S ACQUISITION ACCOUNT) MAY BE ABATED IN WHOLE OR IN PART IF THE LESSEE DOES NOT HAVE FULL USE AND POSSESSION OF ITS PROJECT OR SITE.

The obligation of each Lessee to make Lease Payments does not constitute an obligation of such Lessee for which such Lessee is obligated to levy or pledge any form of taxation. Neither the Certificates nor the obligation of each Lessee to make Lease Payments constitutes an indebtedness of such Lessee, the State of California or any of its political subdivisions

within the meaning of the Constitution of the State of California or otherwise a pledge of the faith and credit of such Lessee.

A Reserve Fund is established under each Trust Agreement. Within the Reserve Fund there are established separate Reserve Accounts for each Lessee which are required to be funded from proceeds of the Certificates in the amount listed for each Lessee in the table entitled "SOURCES AND USES OF PROCEEDS" hereof (the "Reserve Requirements"). Amounts in the Reserve Account of each Lessee are to be used only for the payment of Lease Payments to the extent amounts in the Lessee's Lease Payment Account are insufficient therefor. One Lessee's Reserve Account is not available to make up a deficiency in the Lease Payment Account of any other Lessee. See "TRUST AGREEMENT - Funds and Accounts - Reserve Account" herein.

Pursuant to the Assignment Agreements, the Lessor will assign to the Trustee for the benefit of the Owners of the Certificates its rights and remedies under the Lease Agreements, including its rights to receive amounts payable by the Lessees under the Lease Agreements.

Lease Payments

Lease Payments are required to be made by the Lessees under the Lease Agreements each May 15 and November 15, commencing November 15, 1991 (individually, a "Due Date"), for use and possession of the Project or Site to the next occurring Due Date.

Lease Payments are required to be deposited in the related Lease Payment Account maintained by the Trustee. Pursuant to the Trust Agreement, on each Payment Date the Trustee will transfer from each Lessee's Lease Payment Account to the Certificate Payment Account created under the Trust Agreement an amount equal to the Lease Payments due from such Lessee on the preceding Due Date. On each Payment Date, the Trustee will withdraw from the Certificate Payment Account the aggregate amount of such Lease Payments of the Lessees and will apply such amounts to make principal and interest payments due with respect to the Certificates.

The Trust Agreement provides that the Lease Payments due on each Due Date from each respective Lessee, shall be reduced by the amount of earnings received by the Trustee as of such Due Date from the investment of certain funds held by the Trustee.

Included on the following pages are schedules of the aggregate semiannual Lease Payments, owed by each Lessee for its respective Project or Site.*

* The dates indicated on the schedules are Payment Dates with respect to the Certificates. The Due Dates for the related Lease Payments are the 15th day of the preceding calendar month, that is, the preceding May 15th with respect to the June 1 Payment Dates and November 15th with respect to the December 1 Payment Dates.

DATE	LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT				MCKINLEYVILLE COMMUNITY SERVICES DISTRICT			
	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL
12/1/91		\$62,817.50	\$ 62,817.50			\$31,061.25	\$ 31,061.25	
6/1/92	\$350,000.00	62,817.50	412,817.50	\$475,635.00	\$65,000.00	31,061.25	96,061.25	\$127,122.50
12/1/92		52,842.50	52,842.50			29,208.75	29,208.75	
6/1/93	365,000.00	52,842.50	417,842.50	470,685.00	70,000.00	29,208.75	99,208.75	128,417.50
12/1/93		41,527.50	41,527.50			27,038.75	27,038.75	
6/1/94	390,000.00	41,527.50	431,527.50	473,055.00	75,000.00	27,038.75	102,038.75	129,077.50
12/1/94		29,047.50	29,047.50			24,638.75	24,638.75	
6/1/95	415,000.00	29,047.50	444,047.50	473,095.00	80,000.00	24,638.75	104,638.75	129,277.50
12/1/95		15,352.50	15,352.50			21,998.75	21,998.75	
6/1/96	445,000.00	15,352.50	460,352.50	475,705.00	80,000.00	21,998.75	101,998.75	123,997.50
12/1/96						19,238.75	19,238.75	
6/1/97					20,000.00	19,238.75	39,238.75	58,477.50
12/1/97						18,528.75	18,528.75	
6/1/98					20,000.00	18,528.75	38,528.75	57,057.50
12/1/98						17,798.75	17,798.75	
6/1/99					20,000.00	17,798.75	37,798.75	55,597.50
12/1/99						17,048.75	17,048.75	
6/1/00					25,000.00	17,048.75	42,048.75	59,097.50
12/1/00						16,086.25	16,086.25	
6/1/01					25,000.00	16,086.25	41,086.25	57,172.50
12/1/01						15,123.75	15,123.75	
6/1/02					25,000.00	15,123.75	40,123.75	55,247.50
12/1/02						14,155.00	14,155.00	
6/1/03					30,000.00	14,155.00	44,155.00	58,310.00
12/1/03						12,985.00	12,985.00	
6/1/04					30,000.00	12,985.00	42,985.00	55,970.00
12/1/04						11,815.00	11,815.00	
6/1/05					35,000.00	11,815.00	46,815.00	58,630.00
12/1/05						10,450.00	10,450.00	
6/1/06					35,000.00	10,450.00	45,450.00	55,900.00
12/1/06						9,085.00	9,085.00	
6/1/07					40,000.00	9,085.00	49,085.00	58,170.00
12/1/07						7,505.00	7,505.00	
6/1/08					40,000.00	7,505.00	47,505.00	55,010.00
12/1/08						5,925.00	5,925.00	
6/1/09					45,000.00	5,925.00	50,925.00	56,850.00
12/1/09						4,147.50	4,147.50	
6/1/10					50,000.00	4,147.50	54,147.50	58,295.00
12/1/10						2,172.50	2,172.50	
6/1/11					55,000.00	2,172.50	57,172.50	59,345.00

(TABLE CONTINUED)

DATE	RANCHO SIMI RECREATION AND PARK DISTRICT				TOTAL SERIES L CERTIFICATE LEASE PAYMENTS			
	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL
12/1/91						\$215,483.75	\$215,483.75	
6/1/92	\$255,000.00	\$121,605.00	\$376,605.00	\$498,210.00	\$670,000.00	215,483.75	885,483.75	\$1,100,967.50
12/1/92		114,337.50	114,337.50			196,388.75	196,388.75	
6/1/93	270,000.00	114,337.50	384,337.50	498,675.00	705,000.00	196,388.75	901,388.75	1,097,777.50
12/1/93		105,967.50	105,967.50			174,533.75	174,533.75	
6/1/94	285,000.00	105,967.50	390,967.50	496,935.00	750,000.00	174,533.75	924,533.75	1,099,067.50
12/1/94		96,847.50	96,847.50			150,533.75	150,533.75	
6/1/95	305,000.00	96,847.50	401,847.50	498,695.00	800,000.00	150,533.75	950,533.75	1,101,067.50
12/1/95		86,782.50	86,782.50			124,133.75	124,133.75	
6/1/96	325,000.00	86,782.50	411,782.50	498,565.00	850,000.00	124,133.75	974,133.75	1,098,267.50
12/1/96		75,570.00	75,570.00			94,808.75	94,808.75	
6/1/97	350,000.00	75,570.00	425,570.00	501,140.00	370,000.00	94,808.75	464,808.75	559,617.50
12/1/97		63,145.00	63,145.00			81,673.75	81,673.75	
6/1/98	375,000.00	63,145.00	438,145.00	501,290.00	395,000.00	81,673.75	476,673.75	558,347.50
12/1/98		49,457.50	49,457.50			67,256.25	67,256.25	
6/1/99	400,000.00	49,457.50	449,457.50	498,915.00	420,000.00	67,256.25	487,256.25	554,512.50
12/1/99		34,457.50	34,457.50			51,506.25	51,506.25	
6/1/00	430,000.00	34,457.50	464,457.50	498,915.00	455,000.00	51,506.25	506,506.25	558,012.50
12/1/00		17,902.50	17,902.50			33,988.75	33,988.75	
6/1/01	465,000.00	17,902.50	482,902.50	500,805.00	490,000.00	33,988.75	523,988.75	557,977.50
12/1/01						15,123.75	15,123.75	
6/1/02					25,000.00	15,123.75	40,123.75	55,247.50
12/1/02						14,155.00	14,155.00	
6/1/03					30,000.00	14,155.00	44,155.00	58,310.00
12/1/03						12,985.00	12,985.00	
6/1/04					30,000.00	12,985.00	42,985.00	55,970.00
12/1/04						11,815.00	11,815.00	
6/1/05					35,000.00	11,815.00	46,815.00	58,630.00
12/1/05						10,450.00	10,450.00	
6/1/06					35,000.00	10,450.00	45,450.00	55,900.00
12/1/06						9,085.00	9,085.00	
6/1/07					40,000.00	9,085.00	49,085.00	58,170.00
12/1/07						7,505.00	7,505.00	
6/1/08					40,000.00	7,505.00	47,505.00	55,010.00
12/1/08						5,925.00	5,925.00	
6/1/09					45,000.00	5,925.00	50,925.00	56,850.00
12/1/09						4,147.50	4,147.50	
6/1/10					50,000.00	4,147.50	54,147.50	58,295.00
12/1/10						2,172.50	2,172.50	
6/1/11					55,000.00	2,172.50	57,172.50	59,345.00

(TABLE CONTINUED)

DATE	AMERICAN CANYON COUNTY WATER DISTRICT				ARROWBEAR PARK COUNTY WATER DISTRICT			
	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL
12/1/91		\$7,077.50	\$ 7,077.50			\$55,312.50	\$ 55,312.50	
6/1/92	\$15,000.00	7,077.50	22,077.50	\$29,155.00	\$35,000.00	55,312.50	90,312.50	\$145,625.00
12/1/92		6,627.50	6,627.50			54,262.50	54,262.50	
6/1/93	15,000.00	6,627.50	21,627.50	28,255.00	35,000.00	54,262.50	89,262.50	143,525.00
12/1/93		6,140.00	6,140.00			53,125.00	53,125.00	
6/1/94	15,000.00	6,140.00	21,140.00	27,280.00	40,000.00	53,125.00	93,125.00	146,250.00
12/1/94		5,637.50	5,637.50			51,785.00	51,785.00	
6/1/95	15,000.00	5,637.50	20,637.50	26,275.00	40,000.00	51,785.00	91,785.00	143,570.00
12/1/95		5,112.50	5,112.50			50,385.00	50,385.00	
6/1/96	20,000.00	5,112.50	25,112.50	30,225.00	45,000.00	50,385.00	95,385.00	145,770.00
12/1/96		4,392.50	4,392.50			48,765.00	48,765.00	
6/1/97	20,000.00	4,392.50	24,392.50	28,785.00	45,000.00	48,765.00	93,765.00	142,530.00
12/1/97		3,662.50	3,662.50			47,122.50	47,122.50	
6/1/98	20,000.00	3,662.50	23,662.50	27,325.00	50,000.00	47,122.50	97,122.50	144,245.00
12/1/98		2,912.50	2,912.50			45,247.50	45,247.50	
6/1/99	25,000.00	2,912.50	27,912.50	30,825.00	55,000.00	45,247.50	100,247.50	145,495.00
12/1/99		1,950.00	1,950.00			43,130.00	43,130.00	
6/1/00	25,000.00	1,950.00	26,950.00	28,900.00	55,000.00	43,130.00	98,130.00	141,260.00
12/1/00		975.00	975.00			40,985.00	40,985.00	
6/1/01	25,000.00	975.00	25,975.00	26,950.00	60,000.00	40,985.00	100,985.00	141,970.00
12/1/01						38,645.00	38,645.00	
6/1/02					65,000.00	38,645.00	103,645.00	142,290.00
12/1/02						36,110.00	36,110.00	
6/1/03					70,000.00	36,110.00	106,110.00	142,220.00
12/1/03						33,362.50	33,362.50	
6/1/04					80,000.00	33,362.50	113,362.50	146,725.00
12/1/04						30,222.50	30,222.50	
6/1/05					85,000.00	30,222.50	115,222.50	145,445.00
12/1/05						26,865.00	26,865.00	
6/1/06					90,000.00	26,865.00	116,865.00	143,730.00
12/1/06						23,287.50	23,287.50	
6/1/07					95,000.00	23,287.50	118,287.50	141,575.00
12/1/07						19,440.00	19,440.00	
6/1/08					105,000.00	19,440.00	124,440.00	143,880.00
12/1/08						15,187.50	15,187.50	
6/1/09					115,000.00	15,187.50	130,187.50	145,375.00
12/1/09						10,530.00	10,530.00	
6/1/10					125,000.00	10,530.00	135,530.00	146,060.00
12/1/10						5,467.50	5,467.50	
6/1/11					135,000.00	5,467.50	140,467.50	145,935.00

(TABLE CONTINUED)

DATE	MAMMOTH LAKES FIRE PROTECTION DISTRICT				PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY			
	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL
12/1/91		\$22,635.00	\$22,635.00			\$12,900.00	\$12,900.00	
6/1/92	\$15,000.00	22,635.00	37,635.00	\$60,270.00	\$25,000.00	12,900.00	37,900.00	\$50,800.00
12/1/92		22,185.00	22,185.00			12,150.00	12,150.00	
6/1/93	15,000.00	22,185.00	37,185.00	59,370.00	25,000.00	12,150.00	37,150.00	49,300.00
12/1/93		21,697.50	21,697.50			11,337.50	11,337.50	
6/1/94	15,000.00	21,697.50	36,697.50	58,395.00	30,000.00	11,337.50	41,337.50	52,675.00
12/1/94		21,195.00	21,195.00			10,332.50	10,332.50	
6/1/95	20,000.00	21,195.00	41,195.00	62,390.00	30,000.00	10,332.50	40,332.50	50,665.00
12/1/95		20,495.00	20,495.00			9,282.50	9,282.50	
6/1/96	20,000.00	20,495.00	40,495.00	60,990.00	35,000.00	9,282.50	44,282.50	53,565.00
12/1/96		19,775.00	19,775.00			8,022.50	8,022.50	
6/1/97	20,000.00	19,775.00	39,775.00	59,550.00	35,000.00	8,022.50	43,022.50	51,045.00
12/1/97		19,045.00	19,045.00			6,745.00	6,745.00	
6/1/98	20,000.00	19,045.00	39,045.00	58,090.00	40,000.00	6,745.00	46,745.00	53,490.00
12/1/98		18,295.00	18,295.00			5,245.00	5,245.00	
6/1/99	25,000.00	18,295.00	43,295.00	61,590.00	40,000.00	5,245.00	45,245.00	50,490.00
12/1/99		17,332.50	17,332.50			3,705.00	3,705.00	
6/1/00	25,000.00	17,332.50	42,332.50	59,665.00	45,000.00	3,705.00	48,705.00	52,410.00
12/1/00		16,357.50	16,357.50			1,950.00	1,950.00	
6/1/01	30,000.00	16,357.50	46,357.50	62,715.00	50,000.00	1,950.00	51,950.00	53,900.00
12/1/01		15,187.50	15,187.50					
6/1/02	30,000.00	15,187.50	45,187.50	60,375.00				
12/1/02		14,017.50	14,017.50					
6/1/03	35,000.00	14,017.50	49,017.50	63,035.00				
12/1/03		12,643.75	12,643.75					
6/1/04	35,000.00	12,643.75	47,643.75	60,287.50				
12/1/04		11,270.00	11,270.00					
6/1/05	40,000.00	11,270.00	51,270.00	62,540.00				
12/1/05		9,690.00	9,690.00					
6/1/06	40,000.00	9,690.00	49,690.00	59,380.00				
12/1/06		8,100.00	8,100.00					
6/1/07	45,000.00	8,100.00	53,100.00	61,200.00				
12/1/07		6,277.50	6,277.50					
6/1/08	50,000.00	6,277.50	56,277.50	62,555.00				
12/1/08		4,252.50	4,252.50					
6/1/09	50,000.00	4,252.50	54,252.50	58,505.00				
12/1/09		2,227.50	2,227.50					
6/1/10	55,000.00	2,227.50	57,227.50	59,455.00				

DATE	SAN DIEGO ASSOCIATION OF GOVERNMENTS			
	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL
12/1/91		\$11,387.50	\$ 11,387.50	
6/1/92	\$110,000.00	11,387.50	121,387.50	\$132,775.00
12/1/92		8,087.50	8,087.50	
6/1/93	120,000.00	8,087.50	128,087.50	136,175.00
12/1/93		4,187.50	4,187.50	
6/1/94	125,000.00	4,187.50	129,187.50	133,375.00
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DATE	STINSON BEACH COUNTY WATER DISTRICT			
	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL
		\$15,912.50	\$15,912.50	
6/1/92	\$5,000.00	15,912.50	20,912.50	\$36,825.00
12/1/92		15,762.50	15,762.50	
6/1/93	5,000.00	15,762.50	20,762.50	36,525.00
12/1/93		15,600.00	15,600.00	
6/1/94	5,000.00	15,600.00	20,600.00	36,200.00
12/1/94		15,432.50	15,432.50	
6/1/95	5,000.00	15,432.50	20,432.50	35,865.00
12/1/95		15,257.50	15,257.50	
6/1/96	5,000.00	15,257.50	20,257.50	35,515.00
12/1/96		15,077.50	15,077.50	
6/1/97	5,000.00	15,077.50	20,077.50	35,155.00
12/1/97		14,895.00	14,895.00	
6/1/98	5,000.00	14,895.00	19,895.00	34,790.00
12/1/98		14,707.50	14,707.50	
6/1/99	5,000.00	14,707.50	19,707.50	34,415.00
12/1/99		14,515.00	14,515.00	
6/1/00	5,000.00	14,515.00	19,515.00	34,030.00
12/1/00		14,320.00	14,320.00	
6/1/01	5,000.00	14,320.00	19,320.00	33,640.00
12/1/01		14,125.00	14,125.00	
6/1/02	5,000.00	14,125.00	19,125.00	33,250.00
12/1/02		13,930.00	13,930.00	
6/1/03	10,000.00	13,930.00	23,930.00	37,860.00
12/1/03		13,537.50	13,537.50	
6/1/04	10,000.00	13,537.50	23,537.50	37,075.00
12/1/04		13,145.00	13,145.00	
6/1/05	10,000.00	13,145.00	23,145.00	36,290.00
12/1/05		12,750.00	12,750.00	
6/1/06	10,000.00	12,750.00	22,750.00	35,500.00
12/1/06		12,352.50	12,352.50	
6/1/07	10,000.00	12,352.50	22,352.50	34,705.00
12/1/07		11,947.50	11,947.50	
6/1/08	10,000.00	11,947.50	21,947.50	33,895.00
12/1/08		11,542.50	11,542.50	
6/1/09	15,000.00	11,542.50	26,542.50	38,085.00
12/1/09		10,935.00	10,935.00	
6/1/10	15,000.00	10,935.00	25,935.00	36,870.00
12/1/10		10,327.50	10,327.50	
6/1/11	15,000.00	10,327.50	25,327.50	33,655.00
12/1/11		9,720.00	9,720.00	
6/1/12	15,000.00	9,720.00	24,720.00	34,440.00
12/1/12		9,112.50	9,112.50	
6/1/13	20,000.00	9,112.50	29,112.50	38,225.00
12/1/13		8,302.50	8,302.50	
6/1/14	20,000.00	8,302.50	28,302.50	36,605.00
12/1/14		7,492.50	7,492.50	
6/1/15	20,000.00	7,492.50	27,492.50	34,985.00
12/1/15		6,682.50	6,682.50	
6/1/16	20,000.00	6,682.50	26,682.50	33,365.00
12/1/16		5,872.50	5,872.50	
6/1/17	25,000.00	5,872.50	30,872.50	36,754.00
12/1/17		4,860.00	4,860.00	
6/1/18	25,000.00	4,860.00	29,860.00	34,720.00
12/1/18		3,847.50	3,847.50	
6/1/19	30,000.00	3,847.50	33,847.50	37,695.00
12/1/19		2,632.50	2,632.50	
6/1/20	30,000.00	2,632.50	32,632.50	35,265.00
12/1/20		1,417.50	1,417.50	
6/1/21	35,000.00	1,417.50	36,417.50	37,835.00

DATE	TUOLUMNE COUNTY WATER DISTRICT NO. 1				TOTAL SERIES M CERTIFICATES LEASE PAYMENTS			
	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL	PRINCIPAL	INTEREST	PERIOD TOTAL	FISCAL YEAR TOTAL
12/1/91		\$11,912.50	\$11,912.50			\$137,137.50	\$137,137.50	
6/1/92	\$65,000.00	11,912.50	76,912.50	\$88,825.00	\$270,000.00	137,137.50	407,137.50	\$544,275.00
12/1/92		9,962.50	9,962.50			129,037.50	129,037.50	
6/1/93	65,000.00	9,962.50	74,962.50	84,925.00	280,000.00	129,037.50	409,037.50	538,075.00
12/1/93		7,850.00	7,850.00			119,937.50	119,937.50	
6/1/94	70,000.00	7,850.00	77,850.00	85,700.00	300,000.00	119,937.50	419,937.50	539,875.00
12/1/94		5,505.00	5,505.00			109,887.50	109,887.50	
6/1/95	75,000.00	5,505.00	80,505.00	86,010.00	185,000.00	109,887.50	294,887.50	404,775.00
12/1/95		2,880.00	2,880.00			103,412.50	103,412.50	
6/1/96	80,000.00	2,880.00	82,880.00	85,760.00	205,000.00	103,412.50	308,412.50	411,825.00
12/1/96						96,032.50	96,032.50	
6/1/97					125,000.00	96,032.50	221,032.50	317,065.00
12/1/97						91,470.00	91,470.00	
6/1/98					135,000.00	91,470.00	226,470.00	317,940.00
12/1/98						86,407.50	86,407.50	
6/1/99					150,000.00	86,407.50	236,407.50	322,815.00
12/1/99						80,632.50	80,632.50	
6/1/00					155,000.00	80,632.50	235,632.50	316,265.00
12/1/00						74,587.50	74,587.50	
6/1/01					170,000.00	74,587.50	244,587.50	319,175.00
12/1/01						67,957.50	67,957.50	
6/1/02					100,000.00	67,957.50	167,957.50	235,915.00
12/1/02						64,057.50	64,057.50	
6/1/03					115,000.00	64,057.50	179,057.50	243,115.00
12/1/03						59,543.75	59,543.75	
6/1/04					125,000.00	59,543.75	184,543.75	244,087.50
12/1/04						54,637.50	54,637.50	
6/1/05					135,000.00	54,637.50	189,637.50	244,275.00
12/1/05						49,305.00	49,305.00	
6/1/06					140,000.00	49,305.00	189,305.00	238,610.00
12/1/06						43,740.00	43,740.00	
6/1/07					150,000.00	43,740.00	193,740.00	237,480.00
12/1/07						37,665.00	37,665.00	
6/1/08					165,000.00	37,665.00	202,665.00	240,330.00
12/1/08						30,982.50	30,982.50	
6/1/09					180,000.00	30,982.50	210,982.50	241,965.00
12/1/09						23,692.50	23,692.50	
6/1/10					195,000.00	23,692.50	218,692.50	242,385.00
12/1/10						15,795.00	15,795.00	
6/1/11					150,000.00	15,795.00	165,795.00	181,590.00
12/1/11						9,720.00	9,720.00	
6/1/12					15,000.00	9,720.00	24,720.00	34,440.00
12/1/12						9,112.50	9,112.50	
6/1/13					20,000.00	9,112.50	29,112.50	38,225.00
12/1/13						8,302.50	8,302.50	
6/1/14					20,000.00	8,302.50	28,302.50	36,605.00
12/1/14						7,492.50	7,492.50	
6/1/15					20,000.00	7,492.50	27,492.50	34,985.00
12/1/15						6,682.50	6,682.50	
6/1/16					20,000.00	6,682.50	26,682.50	33,365.00
12/1/16						5,872.50	5,872.50	
6/1/17					25,000.00	5,872.50	30,872.50	36,745.00
12/1/17						4,860.00	4,860.00	
6/1/18					25,000.00	4,860.00	29,860.00	34,720.00
12/1/18						3,847.50	3,847.50	
6/1/19					30,000.00	3,847.50	33,847.50	37,695.00
12/1/19						2,632.50	2,632.50	
6/1/20					30,000.00	2,632.50	32,632.50	35,265.00
12/1/20						1,417.50	1,417.50	
6/1/21					35,000.00	1,417.50	36,417.50	37,835.00

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates.

No Tax Pledge

The obligation of each Lessee to pay the Lease Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Lease Payments does not constitute a debt or indebtedness of any Lessee, the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction.

Appropriation

Although the Lease Agreements do not create a pledge, lien or encumbrance upon the funds of any Lessee, each Lessee is obligated under its Lease Agreement, so long as its Project or Site is available for its use and possession, to pay Lease Payments from any source of legally available funds (subject to certain exceptions) and each has covenanted in its Lease Agreement that, for so long as its Project or Site is available for its use, it will make the necessary annual appropriations within its budget for all Lease Payments. Some of the Lessee's are currently liable on other obligations payable from general revenues, and the Lease Agreements do not prohibit Lessees from incurring additional obligations payable from general revenues on a parity with or prior to the Lease Payments. See "APPENDIX B - INFORMATION CONCERNING THE LESSEES" and the respective Lessee's financial statements included in Appendix C.

Single Series L Lessee Default

The Series L Certificates represent proportionate interests in the Lease Payments of the Series L Lessees. Therefore, a payment default by one Series L Lessee would (after its Reserve Account has been depleted) lead to a payment default on the Series L Certificates, even if all other Series L Lessees were making their Lease Payments.

Single Series M Lessee Default

The Series M Certificates represent proportionate interests in the Lease Payments of the Series M Lessees. Therefore, a payment default by one Series M Lessee would (after its Reserve

Account has been depleted) lead to a payment default on the Series M Certificates, even if all other Series M Lessees were making their Lease Payments.

No Limit on Additional Debt

Each Lessee has the ability to enter into other obligations which may constitute additional charges against its general revenues. To the extent that additional obligations are incurred by each Lessee, the funds available to make Lease Payments may be decreased.

Abatement

The obligation of each Lessee under its Lease Agreement to pay Lease Payments is in consideration for the use and possession of its Project or Site. The obligation of the Lessee to make Lease Payments (other than to the extent that funds to make Lease Payments are available in the Lease Payment Account, the Reserve Account and, in the case of termination of the Lease Agreement or prepayment of the Lease Payments, the Acquisition Account created under the Trust Agreement) may be abated in whole or in part if a Lessee does not have full use and possession of its Project or Site. If all or part of the Project is not acquired, constructed, installed and accepted, a Lessee may not be obligated to make any, or all, of its Lease Payments. However, each Lessee has covenanted under its Lease Agreement to acquire, construct and install the Project, and to cause such acquisition, construction and installation to be completed on or prior to each Lessee's respective Acquisition Date, but in no case later than June 1, 1994. The Trust Agreement provides that in the event a Lessee has not accepted all portions of its Project on or prior to such Lessee's Acquisition Date, all or part of that portion of the Certificates representing interests in such Lessee's Lease Payments relating to the portion of the Project which such Lessee has not yet accepted shall be redeemed as described herein under the heading "THE CERTIFICATES - Redemption." In such event there can be no assurance however that moneys on deposit in such Lessee's Acquisition Account, Lease Payment Account and Reserve Account will be sufficient to pay the redemption price of such Certificates, or if sufficient, that moneys remaining in such Lessee's Reserve Account will equal or exceed such Lessee's reduced Reserve Requirement (as defined herein under "TRUST AGREEMENT - Funds and Accounts - Reserve Account"). Failure by any Lessee to observe and perform its covenants and agreements under the Lease Agreement for a period of 30 days after written notice of such failure and request that it be remedied has been given to such Lessee by the Lessor, the Trustee or the Owners of not less than 25% in

aggregate principal amount of the Certificates, constitutes an event of default under such Lease Agreement and permits the Trustee to pursue remedies at law or in equity to enforce such covenants and agreements.

The amount of Lease Payments due under the Lease Agreements will be adjusted or abated during any period in which by reason of damage or destruction or eminent domain there is interference with the use and possession of a Lessee's Project or Site. Such adjustment or abatement will end with the substantial completion or replacement, repair or reconstruction of the Project or Site. The Reserve Account for each Lessee, other than the Mammoth Lakes Fire Protection District ("Mammoth Lakes"), will be funded from Certificate proceeds in an amount equal to the lesser of 10% of the principal amount of the Certificates (less original issue discount, if any) attributable to such Lease Agreement, the maximum annual lease payment, or 125% of the average annual lease payment of such Lessee, and such funds may be used by the Trustee to make payments with respect to the Certificates in the event Lease Payments received by the Trustee are insufficient to pay principal and interest on the Certificates as such amounts become due. The Reserve Account for Mammoth Lakes will be funded in an amount equal to \$57,000 from moneys transferred from the reserve fund established with respect to a prior lease to be refinanced with the Lease to be executed by Mammoth Lakes. If damage or destruction or eminent domain proceedings with respect to the Project or Site result in abatement or adjustment of Lease Payments and the resulting Lease Payments, together with moneys in the above-described amounts, are insufficient to make all payments of principal and interest due with respect to the Certificates during the period that such Project or Site is being replaced, repaired or reconstructed, then such payments of principal and interest may not be made and no remedy is available to the Trustee or the Owners of the Certificates, under the Lease Agreements or Trust Agreement, for nonpayment under such circumstances.

If a Lessee's Project or Site is taken in part pursuant to eminent domain proceedings and the Lessee certifies to the Trustee that the remaining portion of such Project or Site is still useful for the purposes originally intended, the Net Proceeds from such eminent domain proceedings (unless used to repair or replace the Project or Site) will be used to redeem Certificates in an amount equal to such Net Proceeds. In such event, the Lessee's Lease Payment obligations will be proportionately abated under its Lease Agreement. In the event such Lessee certifies to the Trustee that the Project or Site has been taken in whole pursuant to such eminent domain proceedings or has been taken in part to such extent that the remaining

portion of the Project or Site is no longer useful for the purposes originally intended, all Net Proceeds, together with funds then on hand in such Lessee's Acquisition Account, Lease Payment Account and Reserve Account, will be applied to the redemption of the Certificates which represent interests in such Lessee's Lease Payments and the remaining Lease Payment obligations of such Lessee will be abated in full and the Lease Agreement terminated. In such event, there can be no assurance made that the amount of eminent domain Net Proceeds and other moneys available will be sufficient to redeem all of the outstanding Certificates representing interests in such Lessee's Lease Payments.

Notwithstanding the foregoing provisions of the Lease Agreements and the Trust Agreement specifying the extent of abatement in the event of a Lessee's failure to have use and possession of its Project or Site, such provisions may be superseded by operation of law, and, in such event, the resulting Lease Payments of the Lessee may not be sufficient to pay all of that portion of the remaining principal and interest with respect to the Certificates payable by the Lessee.

Limitation on Enforcement of Remedies

The enforcement of any remedies provided in the Lease Agreements and Trust Agreement could prove both expensive and time consuming. Although the Lease Agreements provide that the Trustee may take possession of the Project or Site then subject to a Lease Agreement and lease it if there is a default by the Lessee, and the Lease Agreements provide that the Trustee may have such rights of access to a Project or Site as may be necessary to exercise any remedies, portions of such Projects or Sites may not be easily recoverable since they may be affixed to property not owned by the Lessor and even if recovered, could be of little value to others. Furthermore, due to the essential nature to the governmental functions of each Lessee's Project or Site, it is not certain whether a court would permit the exercise of the remedies of repossession and leasing with respect thereto. The Projects or Construction Projects of certain Lessee's contain more than one component which are being financed over different lengths of time. A given component is subject to a Lease Agreement only during the period for which it is being financed. Following such time it is then released from the Lease Agreement and will not be available to the Trustee for re-leasing. See "DESCRIPTION OF THE PROJECTS AND CONSTRUCTION PROJECTS."

Bankruptcy

In addition to the limitations on remedies contained in the Lease Agreements and the Trust Agreement, the rights and

remedies provided in the Lease Agreements and the Trust Agreement may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Constitutional Limits

Amendments to the Constitution of the State of California approved by California voters in 1978 and 1979 relating to tax increase and appropriation limitations on local government agencies contain many uncertainties and ambiguities which will require clarification by the legislature or the courts. Accordingly the Lessees cannot determine what the precise effect of the amendments upon their operations and financial obligations will be. Each Lessee believes it is presently fulfilling all obligations under such amendments.

No Acceleration

IN THE EVENT OF A DEFAULT UNDER A LEASE AGREEMENT, THERE IS NO AVAILABLE REMEDY OF ACCELERATION OF THE TOTAL LEASE PAYMENTS DUE OVER THE TERM OF THE LEASE AGREEMENT. THE LESSEE WILL ONLY BE LIABLE FOR LEASE PAYMENTS ON AN ANNUAL BASIS AS THEY COME DUE, AND THE TRUSTEE WOULD BE REQUIRED TO SEEK SEPARATE JUDGMENTS FOR THE LEASE PAYMENTS. ANY SUCH SUIT FOR MONEY DAMAGES COULD BE SUBJECT TO LIMITATIONS ON LEGAL REMEDIES AGAINST PUBLIC DISTRICTS IN CALIFORNIA, INCLUDING A LIMITATION ON ENFORCEMENT OF JUDGMENTS AGAINST FUNDS NEEDED TO SERVE THE PUBLIC WELFARE AND INTEREST.

Drought Conditions in California

California is currently experiencing a drought. There can be no assurance that the drought will not adversely affect the financial condition of one or more of the Lessees due to unavailability of water, slowed or halted development or otherwise. Continuation of the drought conditions may adversely affect the ability of American Canyon County Water District and Tuolumne County Water District No. 1 to generate revenues and therefore have sufficiently available funds to make Lease Payments owed hereunder. See "APPENDIX B - INFORMATION GOVERNING THE LESSEES" hereto.

LEASE AGREEMENTS

The following is a brief outline of certain provisions contained in the Lease Agreements between the Lessees and the Lessor, and is not to be considered a full statement pertaining

thereto. Reference is made to the Lease Agreements for the complete text thereof. Copies of said documents are available from the Lessor.

The Lessor will enter into a Lease Agreement with each Lessee. The Lessor agrees under each Lease Agreement to cause funds to be deposited with the Trustee in an Acquisition Account created under the related Trust Agreement to provide for acquisition and installation of the related Lessee's Project or Construction Project. Each Lessee will have a separate Lease Agreement for its respective Project or Construction Project, as appropriate. Each Lessee agrees, as agent of the Lessor, to enter into purchase orders and contracts and provide for the complete acquisition and installation of its Project. Each Lessee has agreed that it will cause the work under said contracts to be diligently performed after the deposit of such funds with the Trustee, and has agreed that its Project will be acquired and installed on or prior to its respective Acquisition Date as set forth in the Trust Agreement.

Each Lessee agrees that upon substantial acquisition, construction and installation of any discrete portion of its Project it will take possession of that portion under the terms and provisions of its Lease Agreement. The Sites being leased in connection with the asset-transfer financings will be accepted in full on the date the Lease Agreement is entered into. Each Lessee, upon completion of acquisition, construction and installation of its Project reasonably satisfactory to such Lessee, but in any event not later than 30 days following completion of such acquisition, construction and installation, is required to deliver to the Trustee certification that its Project has been acquired, constructed, installed and accepted and that all Project acquisition, construction and installation costs have been paid (the "Certificate of Completion").

Each Lessee may change its Project or Construction Project specifications or Site so long as such change does not reduce the value of its Project, Construction Project or Site, as applicable, or substantially alter the nature of its Project, Construction Project or Site, as applicable, and so long as such Lessee deposits in its Acquisition Account sufficient funds to pay for any increase in costs of its Project or Construction Project resulting from such change. In the event that the costs of constructing, refinancing, repairing, modifying, improving, acquiring and installing a Lessee's Project or Construction Project are greater than the amount of funds deposited in or transferred to such Lessee's Acquisition Account, together with investment earnings thereon, such Lessee

has agreed to deposit into its Acquisition Account (but only from funds arising in the fiscal year in which such Lessee entered into its Lease Agreement) sufficient funds to pay such increased acquisition, construction and installation costs.

Title of each Project or Site will be retained by the respective Lessees and the Lessor will maintain a leasehold interest in the Projects or Sites. When each Lessee has paid or provided for the payment of all of the Lease Payments relating to its Project or Site, all right and interest of the Lessor to such Project or Site shall be transferred to and vest in such Lessee. The Projects of certain Lessees contain more than one component which are being financed over different lengths of time. A given component of a Project is subject to a Lease Agreement only during the period for which it is being financed following which it is then released from the Lease Agreement and will not be available to the Trustee for re-leasing. See "DESCRIPTION OF THE PROJECTS AND CONSTRUCTION PROJECTS."

Substitution of Projects or Sites

The Lease Agreements provide that a Lessee may substitute a new Project or Site, as applicable, for the Project or Site originally subject to its Lease upon satisfaction of the conditions set forth in the Lease Agreement, including the following:

(1) the delivery by the District of a certificate of a District Representative certifying:

(a) the fair market value of the Project or Site, or portion thereof to be released, and the fair market value, taking into account all encumbrances set forth in the title policy described in (3) below, of any property to be substituted for such Project or Site or portion thereof to be released;

(b) the disposition to be made of the Project or Site, or portion thereof to be released, and the consideration, if any, to be received therefor;

(c) that the disposition of the Project or Site, or portion thereof to be released, and the substitution therefor of the real property to be substituted for such Project or Site, or portion thereof to be released, if any, will not materially adversely affect the governmental functions of the District or its ability to fulfill its obligations under the Lease Agreement;

(d) that any real property to be substituted for the Project or Site, or portion thereof to be released, is necessary or useful to the governmental functions of the District; and

(e) that the fair market value, taking into account all encumbrances set forth in the title policy described in (3) below, of the property to be substituted, together with cash to be paid by the District to the Trustee, if any, is at least equal to the lesser of the fair market value of the Project or Site, or portion thereof to be released, or 115% of the original Principal Amount hereof;

(2) current appraisals of the fair market value of the site or portion thereof to be released and the fair market value, taking into account all encumbrances set forth in the title policy described in (3) below, of any real property to be substituted therefor, respectively, shall be prepared by a member of the American Institute of Real Estate Appraisers (MAI) who may be an employee of the District satisfactory to the Trustee supporting the certifications of (b) above;

(3) ALTA or CLTA title insurance policies in respect of the substituted real property insuring the District's fee title to the property to be substituted and insuring the Corporations leasehold interest therein; and

(4) an opinion of nationally recognized bond counsel to the effect that such release and substitution of property, if any, is permitted under the Lease Agreement and will not adversely affect the exclusion of the interest component of Lease Payments from gross income for federal income tax purposes.

The Districts agree in the Lease Agreements that any cash paid to the Trustee pursuant to the above provisions shall be deposited in the District's Redemption Fund. The release of any site or portion thereof shall not entitle the District to any postponement, abatement or diminution of the Lease Payments or other payments required to be made under the Lease Agreement.

Lease Payments

Each Lessee is required under its Lease Agreement to make Lease Payments on each Due Date for use and possession of its Project or Site.

Insurance; Eminent Domain

Each Lessee agrees to maintain or cause to be maintained with respect to its Project or Site and Construction Project

the following insurance against risk of physical damage to its Project or Site and Construction Project:

(i) Fire, Lightning and Extended Coverage, Vandalism and Malicious Mischief. Coverage shall be equal to 100 percent of replacement cost at the applicable Project or Site and Construction Project, or the principal amount of the Certificates then outstanding relating to the Lessee, whichever is greater. Extended coverage shall, as nearly as practicable include loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke, sprinkler damage, boiler explosion and other hazards normally covered by such insurance. Such insurance may be carried in conjunction with any other fire and extended coverage insurance carried by such Lessee and may be provided by self-insurance by such Lessee upon satisfaction of the conditions set forth in the Lease Agreement.

(ii) Public Liability and Property Damage. Minimum coverages shall be \$1,000,000 for personal injury or death per person and \$1,250,000 for personal injury or death per event (subject to a deductible of not to exceed \$50,000) and property damage insurance in the minimum coverage of \$500,000. Such insurance may be maintained in the form of a minimum \$1,250,000 single limit policy covering all such risks. Such insurance may be carried in conjunction with any other liability insurance coverage, and may be provided by self-insurance by the Lessee upon satisfaction of the conditions set forth in the Lease Agreement.

The above insurance may be maintained by the Lessees in the form of self-insurance so long as the applicable Lessee provides evidence to the Trustee and the Lessor that (i) the Lessee has segregated amounts in a special insurance reserve meeting the above requirements and restricted specifically to its Project or Site, or (ii) an Insurance Consultant certifies in writing to the Trustee and the Lessor that the Lessee's general insurance reserves are adequate to provide the necessary coverage and the Trustee may conclusively rely thereon.

All required insurance may include customary deductible amounts, and must be maintained under policies requiring at least thirty (30) days prior written notice before expiration, cancellation or reduction of the coverage provided thereby. Insurance proceeds will be made payable to the Trustee (except in the case of public liability and property damage insurance).

Each Lessee, other than Public Cemetery District No. 1 of Kern County (the "Cemetery District"), also is required

pursuant to its Lease Agreement to procure and maintain throughout the term of its Lease Agreement, rental interruption insurance to cover loss, total or partial, of the use of any part of the Project or Site as a result of any of the hazards covered in the insurance described in (i) above in an amount sufficient to pay the maximum annual amount of Lease Payments due under the Lease Agreement in any year.

The Lease to be executed by the Cemetery District does not require the Cemetery District to obtain any rental interruption insurance or earthquake insurance. The Project to be financed by the Cemetery District presently consists solely of the purchase of undeveloped land and the acquisition of equipment. See "DESCRIPTION OF THE PROJECTS AND THE CONSTRUCTION PROJECTS," herein.

The net proceeds of any insurance or award paid with respect to each Lessee's Project or Site resulting from any damage or destruction to such property shall be deposited with the Trustee in such Lessee's account in the Insurance and Condemnation Fund. Within one hundred and twenty (120) days of such deposit the Lessee shall certify in writing to the Trustee (a) as to whether the property has been damaged or destroyed in whole or in part, (b) as to whether Net Proceeds are to be utilized for the repair, replacement or improvement of all or specified components (the "Repairable Components") of the damaged or destroyed portion of such property and, if so, that sufficient funds, together with the Net Proceeds related to the Repairable Components, have been appropriated to pay the total cost of such repair, replacement or improvement, and (c) as to whether repair, replacement or improvement of all or specified components (the "Unrepairable Components") of the damaged or destroyed portion of such property is not economically feasible or in the best interest of the Lessee; provided that if the property has been damaged or destroyed in whole, the Lessee shall not certify that repair, replacement or improvement of all of the property is not economically feasible or in the best interest of the Lessee unless the Net Proceeds, together with funds then on hand in such Lessee's Acquisition Account, Lease Payment Account and Reserve Account are sufficient to prepay all of such Lessee's Lease Payments. If such certification is to the effect that Net Proceeds are to be utilized for the repair, replacement or improvement of Repairable Components and that sufficient funds, together with the Net Proceeds related to such Repairable Components, have been appropriated to pay the total cost of such repair, replacement or improvement, the Trustee will disburse pursuant to a written requisition of such Lessee, the Net Proceeds related to the Repairable Components to the Lessee in accordance with the Trust Agreement in order for the Lessee to cause the Repairable Components to be

repaired, replaced or improved to at least the same good order, repair and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished with said Net Proceeds, and the Trustee shall transfer any amounts indicated by such Lessee in writing to be excess Net Proceeds related to the Repairable Components to such Lessee's Lease Payment Account to be credited against the Lessee's next Lease Payment. If such certification is also, or alternatively, as the case may be, to the effect that repair, replacement or improvement of the Unrepairable Components is not economically feasible or in the best interest of the Lessee, then the Net Proceeds related to the Unrepairable Components will be used to redeem on the earliest possible Payment Date, all or part of that portion of the Certificates equal to the amount of such Net Proceeds related to the Unrepairable Components (or in the case of a redemption resulting from a total destruction of the Project or Site, equal to the remaining unpaid principal amount of such Lessee's related Lease Agreement); provided, that if such Lessee certifies to the Trustee that its Project or Site has been damaged or destroyed in whole and that repair, replacement and improvement of all of its Project or Site is not economically feasible or in the best interest of such Lessee, and Net Proceeds, together with funds then on hand in such Lessee's Acquisition Account, Lease Payment Account and Reserve Account (such accounts are described herein under the heading "TRUST AGREEMENT") and such other funds legally available to the Lessee, shall be applied to the redemption of the Certificates in an amount equal to such amounts, and the remaining Lease Payment obligations of such Lessee will be allotted in full under its Lease Agreement.

If any part of a Lessee's Project or Site is taken by eminent domain proceedings, the Net Proceeds therefrom shall be deposited in such Lessee's account in the Insurance and Condemnation Fund. Within one hundred and twenty (120) days of such deposit the Lessee shall certify in writing to the Trustee (a) as to whether such property has been taken in whole or in part pursuant to such proceedings, (b) as to whether the remaining portion of such property is still useful for the purposes originally intended and (c) as to whether it desires that any available Net Proceeds from such eminent domain proceedings be applied for repair or replacement of the property and, if so, that sufficient funds, together with such Net Proceeds, have been appropriated to pay the total cost of such repair and replacement. If such certification is to the effect that such property has been taken in whole pursuant to such eminent domain proceedings or has been taken in part to such extent that the remaining portion of such property is no longer useful for the purposes originally intended, the Trustee shall transfer all of such Net Proceeds to the Redemption Fund

to be applied to the redemption of Certificates. All Net Proceeds, together with all funds then on hand in the Lessee's Acquisition Account, Lease Payment Account and Reserve Account, and such other funds legally available to the Lessee shall be applied to the redemption of the Certificates in an amount equal to such moneys and the remaining Lease Payment obligations of the Lessee will be abated in full and the Lease Agreement terminated. In such event, there can be no assurance made that the amount of eminent domain Net Proceeds and other moneys available will be sufficient to redeem all Certificates representing interests in such Lessee's Lease Payments.

If such certification is to the effect that such property has been taken in part pursuant to such eminent domain proceedings and that the remaining portion of such property is still useful for the purposes originally intended, the Net Proceeds from such eminent domain proceedings (except to the extent that such proceeds are to be used to repair or replace the Project or Site as described herein under the heading "Lease Agreement - Project Insurance; Eminent Domain") will be used to redeem Certificates in an amount equal to the amount of such Net Proceeds; provided that, if such certification is also to the effect that the Lessee desires that any available Net Proceeds be applied for repair or replacement of its property, and that sufficient funds, together with such Net Proceeds, have been appropriated to pay the total cost of such repair and replacement, the Trustee disburse such net proceeds to the Lessee in accordance with the Trust Agreement in order for the Lessee to cause its property to be repaired, replaced or improved to at least the same good order, repair and condition as it was in prior to the eminent domain proceedings, insofar as the same may be accomplished with said Net Proceeds, and the Trustee shall transfer any excess proceeds to Lease Payment Account to be credited against such Lessee's next Lease Payment. In such event, the Lessee's Lease Payment obligations will be proportionately abated under its Lease Agreement, and the resulting Lease Payments of such Lessee will be sufficient to pay all of that portion of principal and interest on the remaining Outstanding Certificates.

Default and Remedies

The following constitute "events of default" under the Lease Agreements;

- (i) Failure by a Lessee to pay any Lease Payment or other payment required to be paid thereunder at the time specified therein;

(ii) Failure by a Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to such Lessee by the Lessor, the Trustee, or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificates then outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Lessor, the Trustee and such Owners will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by such Lessee within the applicable period and diligently pursued until the default is corrected;

(iii) The filing by a Lessee of a voluntary petition in bankruptcy, or failure by a Lessee promptly to lift any execution, garnishment or attachment, or the filing of an involuntary petition in bankruptcy against the Lessee which petition shall not have been withdrawn within sixty (60) days, or assignment by a Lessee for the benefit of creditors, or the entry by a Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to a Lessee in any proceeding instituted under the provisions of the federal bankruptcy law or under any similar acts which may hereafter be enacted.

An event of default by one Lessee under its Lease Agreement does not result in an event of default by the other Lessees under their respective Lease Agreements.

Upon an event of default specified in (i) or (iii) above, the Lessor shall proceed, and upon the occurrence of an event of default specified in (ii) above may proceed, or upon the written request of the Owners of not less than a majority of the aggregate principal amount of the Certificates then outstanding, the Lessor shall proceed to:

(i) Protect and enforce the defaulting Lessee's Lease Agreement by such judicial proceedings as the Lessor or its assignee shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in such Lease Agreement, or in aid of the exercise of any power granted in such Lease Agreement, or to enforce any other legal or equitable right vested in the Lessor or its assignee by such Lease Agreement or by law;

(ii) Take possession of portions of the defaulting Lessee's Project or Site then subject to the Lease Agreement and exclude such Lessee from using it until the default is cured, holding such Lessee liable for the Lease Payments and other amounts payable by such Lessee prior to such taking of its Project or Site under and pursuant to its Lease Agreement and the curing of such default; or

(iii) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the leaseholder of the defaulting Lessee's Project or Site then subject to the Lease Agreement, including termination of such Lessee's Lease Agreement and the repossession and lease of such Project or Site then subject to the Lease Agreement.

Although as described above, the Lease Agreements provide for the remedies of repossessions or lease, depending on the extent to which a particular Project or Site is essential to the related Lessee's governmental functions, it is questionable whether a court would permit the exercise of such remedies.

Amendment

The Lease Agreements may be amended in writing by agreement of the Lessor and the applicable Lessee, but no such amendment (except as provided below) shall become effective as to the Owners of the Certificates then Outstanding, unless and until approved by the Owners of a majority in aggregate principal amount of Certificates Outstanding; provided that no such amendment shall impair the right of any Owner to receive his proportionate share of any Lease Payments in accordance with his Certificate unless consented to by applicable Certificate Owner. Notwithstanding the foregoing, the Lease Agreements and the rights and obligations provided thereby may also be modified or amended at any time without the consent of any Owners of the Certificates, but only (1) for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Lease Agreements, (2) for the purpose of amending the legal description of the Projects or Sites to add additional property thereto and release property current secured thereby, as permitted by the Lease Agreements, or (3) in regard to questions arising under the Lease Agreements which the Lessees may deem necessary or desirable and not inconsistent with the Lease Agreements and which shall not materially adversely affect the interests of the Owners.

Other Provisions

Each Lessee has the right to remodel its Project or Site or to make modifications, substitutions and additions to it, provided such modifications, substitutions and additions do not damage such Project or Site, substantially alter its nature, cause it to be used for unauthorized purposes or reduce its value to a value less than that existing prior to such modifications, substitutions and additions. All such additions, substitutions and modifications become part of such Project or Site and subject to the provisions of the related Lease Agreement.

Each Lessee is responsible for the improvement, repair, and maintenance of its Project or Site and shall pay or arrange for payment of the cost of repair and replacement resulting from ordinary wear and tear.

Each Lessee shall pay any taxes, assessments and other governmental and utility charges relating to its Project or Site as due; provided, however, that the Lease Agreements permit any such taxes, assessments and charges to remain unpaid if the Lessee thereunder in good faith contests such taxes, assessments or charges unless the Lessor shall notify the Lessee that, in the opinion of independent counsel, such nonpayment will materially endanger the Lessor's interest in its Project or Site or subject any item of its Project or Site to loss or forfeiture in which event the Lessee shall promptly pay such taxes or charges or provide the Lessor with full security against any loss which may result from nonpayment, in form satisfactory to the Lessor.

The Lessor makes no warranty as to the value, design, condition, or fitness for the use by each Lessee of its Project or Site or any part thereof. Each Lessee has all rights with respect to the warranties of the contractors regarding its Project or Site, and the right to enforce such warranties against the contractors.

The Lessees shall, as agents of the Lessor, supervise the acquisition construction and installation of their respective Project or Sites and enter into any purchase orders or contracts required for completion of such Projects.

The Lessor has the right at all reasonable times to examine and inspect the Projects or Sites and to have reasonable access to the Projects or Sites to cause their proper maintenance in the event of failure by the Lessees to perform their obligations or as may be necessary to exercise the Lessor's remedies under the Lease Agreements.

The Lessor has assigned its rights under the Lease Agreements to the Trustee pursuant to the Assignment Agreements. The Lessees may assign their rights under their respective Lease Agreements, or sublease their respective Projects or Sites, under certain conditions contained in the Lease Agreements.

Termination

Each Lease Agreement terminates (i) upon the payment or prepayment of the related Lessee of all Lease Payments due during the term of such Lease Agreement, (ii) upon the occurrence of a default by the related Lessee and the Trustee's election to terminate the Lease Agreement, and (iii) upon taking the related Project or Site in whole pursuant to eminent domain proceedings or in part to such extent that the remaining portion of the Project or Site is no longer useful for the purposes originally intended.

TRUST AGREEMENT

The following is a brief outline of certain provisions contained in each Trust Agreement and is not to be considered a full statement as of the terms thereof. A copy of said document is available from the Lessor.

The Trustee is appointed pursuant to the Trust Agreement to act as a depository of amounts held thereunder. The Trust Agreement authorizes the Trustee to prepare, execute and deliver the Certificates. Transfers of the Certificates are to be registered in a register maintained by the Trustee.

Funds and Accounts

The Trust Agreement creates several types of funds and accounts to be maintained by the Trustee for the benefit of the Lessor and the related Lessees. One account of each type of account described below (other than the Certificate Payment Account and the Delivery Costs Account) is established for each Lessee. Except as otherwise noted, funds held by the Trustee in accounts for one Lessee are not available for the benefit of any other Lessee. Funds held under the Trust Agreement for one series of Certificates are not available for the benefit of the Trust Agreement of the other series of Certificates.

Acquisition Accounts -- A portion of the proceeds of the sale of the Certificates will be deposited in each Lessee's Acquisition Account. Amounts in each Acquisition Account will be disbursed by the Trustee to complete acquisition,

construction and installation of the related Project or Construction Project. The Trustee is not required to disburse funds from a Lessee's Acquisition Account to pay for costs of such Lessee's Project or Construction Project unless such Lessee delivers to the Trustee appropriate requisitions and certifications as required by the Trust Agreement. In the case of asset-transfer transactions and Projects which include a real property component, no disbursement may be made from the Lessee's Acquisition Account for payment of Acquisition Costs relating to such real property unless the Trustee has received a title insurance policy insuring the Lessee's fee title estate in the Site or Project Site and the Lessor's leasehold estate therein in an amount equal to the total principal amount of the Lessee's Lease Payments.

Upon completion of a Lessee's Project or Construction Project any amount remaining in the related Acquisition Account will be transferred to the related Lease Payment Account to be applied as a credit against subsequent Lease Payments due by that Lessee. Upon occurrence of one of the events which will result in termination of a Lessee's Lease Agreement, as described herein under the heading "LEASE AGREEMENTS - Termination," or upon redemption of Certificates for failure to accept all of a Lessee's Project or Construction Project by the respective Lessee's final Acquisition Date, as specified in the Lease Agreements, the Trustee will not make any further disbursements from such Lessee's Acquisition Account and all amounts at the time in such Acquisition Account will be transferred as provided in the Trust Agreement to such Lessee's Lease Payment Account (in the event of the termination of the Lease Agreement) to be credited against such Lessee's Lease Payment obligations or to the Redemption Fund (in the event of failure to accept all of the applicable Project or Construction Project) to be applied to the redemption of Certificates as described herein under the heading "THE CERTIFICATES - Redemption."

Lease Payment Accounts -- The Trustee will deposit in each Lessee's Lease Payment Account all Lease Payments received from such Lessee and any other amounts required by the related Lease Agreement or Trust Agreement. From proceeds of the Certificates and accrued interest the Trustee will deposit in the Capitalized Interest Subaccounts of certain Lessees, see "SOURCES AND USES OF PROCEEDS," amounts to be used for payment of the interest portion of their Lease Payment obligations.

In the event that on a Due Date there is not on deposit in a Lessee's Lease Payment Account an amount equal to such Lessee's Lease Payment obligation payable on such Due Date then the Trustee shall immediately transfer from such Lessee's

Reserve Account to its Lease Payment Account an amount necessary to increase the balance of the Lease Payment Account to an amount equal to such Lease Payment obligation.

The Trustee will withdraw from each Lessee's Lease Payment Account (including its Capitalized Interest Subaccount) on each Payment Date an amount equal to the Lease Payments due from that Lessee on the Due Date preceding such Payment Date. All such sums withdrawn from the Lease Payment Accounts will be deposited in the Certificate Payment Account.

Certificate Payment Account -- The Trustee will withdraw from the Certificate Payment Account on each Payment Date an amount equal to the Lease Payments due on or before such Payment Date, and will apply the same to the payment of such principal and interest to the Owners of the Certificates. If on any Payment Date the balance in the Certificate Payment Account is less than the amount of principal and interest due to the Owners of the Certificates, the Trustee shall apply the money on hand in the Certificate Payment Account first to the payment of interest past due, pro rata if necessary, and second to the payment of principal past due pro rata if necessary or as otherwise required by the Redemption Instructions.

Reserve Account -- Each Reserve Account other than Mammoth Lakes will be initially funded from the proceeds of the Certificates in an amount equal to the related Lessee's Reserve Requirement. The Reserve Account for each Lessee will be funded from Certificate proceeds in an amount equal to the lesser of 10% of the principal amount of the Certificates (less original issue discount, if any) attributable to such Lease Agreement, the maximum annual lease payment, or 125% of the average annual lease payment of such Lessee. The Reserve Account for Mammoth Lakes will be funded from moneys transferred from the reserve fund established with respect to a prior Lease to be refinanced with the Lease to be executed by Mammoth Lakes in an amount equal to \$57,000. If on any Due Date moneys on hand in a Lessee's Lease Payment Account do not equal such Lessee's Lease Payment obligations thereon, the Trustee shall immediately transfer moneys from such Lessee's Reserve Account to such Lessee's Lease Payment Account to make up such deficiency. Upon receipt of delinquent Lease Payment from such Lessee, such Lessee's Reserve Account shall be replenished. In addition, each Lessee's Reserve Account may be transferred to the Insurance and Condemnation Fund in the event of damage to its Project or Site for use as described in the Trust Agreement. Each Lessee is obligated under its Lease Agreement to replenish its Reserve Account to the extent of any withdrawal therefrom as provided in the Trust Agreement.

At any time the balance in the Lessee's Reserve Account and Lease Payment Account equal all Lease Payments remaining due under such Lessee's Lease Agreement, the Trustee will transfer all amounts in such Reserve Account to such Lease Payment Account to be applied to the payment of such Lease Payments as they become due and payable.

In the event that the principal component of Lease Payments of a Lessee are prepaid in part in order to cause redemption in part of those Certificates representing interests in such Lessee's Lease Payments (as described herein under "THE CERTIFICATES - Redemption"), the amount on hand in such Lessee's Reserve Account shall be reduced to an amount equal to the maximum annual Lease Payment obligations of such Lessee under its revised Lease Payment schedule or such lesser amount which, in the opinion of nationally recognized bond counsel, will not adversely affect the exclusion of interest paid with respect to the Certificates for federal income tax purposes, and the Trustee shall transfer the balance of such Lessee's Reserve Account to such Lessee's Redemption Fund.

Insurance and Condemnation Fund -- In the event the Trustee receives Net Proceeds of insurance in connection with damage or destruction of a Lessee's Project or Site or Net Proceeds from eminent domain proceedings, such proceeds will be deposited in such Lessee's account in the Insurance and Condemnation Fund and will be applied by the Trustee as described herein under "LEASE AGREEMENTS - Project Insurance; Eminent Domain."

Delivery Costs Account -- A portion of the proceeds from the sale of the Certificates will be deposited with the Trustee in the Delivery Costs Account and shall be applied to pay costs of the issuance and sale of the Certificates upon the instructions of the Lessor's authorized representative. Any funds remaining in this account after all such costs have been paid will be transferred to the Lease Payment Accounts of the Lessees, in the same proportion as the principal portion of Lease Payments payable by each Lessee under its Lease Agreement when originally executed bears to the total principal portion of the Lease Payments represented by the Certificates when originally executed and delivered.

Earnings Fund -- Except as otherwise set forth in written instructions for the Lessor or the Lessee in accordance with the Non-Arbitrage Certificates required to be delivered upon the delivery of the Certificates, the Trustee shall transfer all Investment Earnings on deposit in the funds and accounts (except the Excess Earnings Account and the Acquisition Account) established under the Indenture to the Earnings Fund; provided, however, that Investment Earnings on amounts held in

the Excess Earnings Account shall be deposited in the Earnings Transfer Account and Investment Earnings held in the Earnings Transfer Account shall be retained in the Earnings Transfer Account.

Investment of Moneys

The Trustee is required to invest and reinvest all moneys held under the Trust Agreement in Permitted Investments in accordance with written instructions from the Lessor; provided, however, that if the Trustee does not receive timely written instructions from the Lessor, it is required to invest any available amounts in a money market fund rated in the highest rating category by Standard & Poor's Corporation. See APPENDIX A - DEFINITIONS OF CERTAIN TERMS -- "Permitted Investments."

Notwithstanding any other provision of the Trust Agreement, all money held by the Trustee in any of the funds or accounts established pursuant to the Trust Agreement, other than money on deposit in the Delivery Costs Account, Lease Payment Account, the Certificate Payment Account, the Acquisition Accounts and the Reserve Fund, if invested in obligations directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), are required to be invested solely in obligations issued by the United States Treasury, in obligations guaranteed by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association, or in such other investments as may be permitted under the regulations issued pursuant to Section 149(b) of the Code, unless, in the opinion of nationally recognized bond counsel, another investment of such funds in Permitted Investments will not impair the exclusion of the interest component with respect to any Lease Payment from gross income for federal income tax purposes or its exemption from California personal income taxation. Moneys on deposit in the Lease Payment Account, the Capitalized Interest Subaccounts, the Redemption Fund and the Certificate Payment Account, if invested, shall only be invested in Permitted Investments, having a maturity on or before the date such funds are needed.

For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at cost, provided, however, that with respect to Reserve Accounts, either (A) seventy-five percent (75%) of the aggregate principal amount of the Permitted Investments in the Reserve Accounts are required to be invested in Permitted Investments maturing no longer than twenty-four (24) months from date of

purchase and the remainder of the Reserve Account may be invested in Permitted Investments maturing no later than 60 months from the date of purchase and (B) the Permitted Investments in the Reserve Accounts shall be capable of being liquidated at par at any time for purposes of making the transfers required with respect to delinquent or insufficient Lease Payments.

Certificates

The Trustee is directed by each Trust Agreement, upon written request of the Lessor, to prepare, execute and deliver to the Underwriter, each series of Certificates in their aggregate principal amounts.

The Trust Agreement contains procedures for transfers of the Certificates, for regulations with respect to exchanges and transfers, for conditions of delivery of temporary Certificates, for procedures for Certificates which are mutilated, lost, destroyed or stolen, for evidence of signatures of Certificate Owners and ownership of Certificates and for procedures with respect to payment of Certificates. The Trustee shall not be required to transfer or exchange any Certificate after the mailing of notice calling such Certificate or portion thereof for redemption, nor during the fifteen days preceding the giving of such notice of redemption.

The Trustee is appointed as a paying agent for the Certificates. Principal and premium, if any, of the Certificates is payable at the principal office of the Trustee in Los Angeles, California. Interest with respect to the Certificates is payable by check or draft of the Trustee mailed to the owner of record at the address shown on the certificate register required to be maintained by the Trustee (or at such other address as the Owner may have filed with the Trustee for that purpose) as of the May 15 or November 15 next preceding the interest payment date; provided, that, upon written request of an Owner of any Certificate in a denomination of, or Certificates aggregating at least \$1,000,000, received on or prior to the fifteenth day of the month preceding the applicable Payment Date, such interest may be paid by wire in Federal Reserve Funds on the Payment Date with regard to which such payment is made.

Limitation of Liability

The Trust Agreement contains certain provisions limiting the liability of the parties thereto, including, but not limited to, the following provisions:

(i) Neither the Lessor nor the Lessees shall have any obligation or liability to the Owners of the Certificates with respect to the performance by the Trustee of duties imposed upon it by the Trust Agreement;

(ii) Except as provided in the Trust Agreement, neither the Lessor nor the Trustee shall have any obligation or liability to the Owners of the Certificates with respect to the payment of the Lease Payments of the Lessees when due, or with respect to the performance by the Lessees of any other covenant made by them in the Lease Agreements; and

(iii) The Trustee shall not be responsible for the sufficiency or validity of the Lease Agreements or of the assignment made to it or rights to receive moneys pursuant to said Lease Agreements, or the value of or title to the Projects or Sites. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it under the terms of and in accordance with the Trustee Agreement.

No Owner of any Certificate shall have the right to institute any suit, or action or proceeding at law or in equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an event of default under a Lease Agreement; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then outstanding shall have made written request upon the Trustee to exercise its powers or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee. The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due shall not be impaired or affected without the consent of such Owner.

The Trustee, prior to the occurrence of an event of default, and after the curing of all events of default which may have occurred, undertakes to perform only such duties as are specifically set forth in the Trust Agreement. The Trustee is required, during the existence of any event of default (which has not been cured), to exercise such of the rights and powers vested in it by the Trust Agreement, and use the same

degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

Miscellaneous

Upon the occurrence of an event of default by and Lessee under its Lease Agreement, the Trustee, as assignee of the Lessor, shall exercise the remedies provided under such Lease Agreement and any other remedies which Trustee may have by contract or law.

The Trust Agreement may be amended by written consent among all parties, but no such amendment shall become effective as to the Owners of the Certificate until approved by the Owners of a majority in aggregate principal amount of the Certificate then outstanding, and no amendment shall impair the right of any Certificate Owner to receive his proportionate share of any Lease Payment without his consent. Notwithstanding the foregoing, the Trust Agreement may be amended at any time without the consent of any of the Certificate Owners (i) for the purpose of curing any ambiguity or defective provision or (ii) in regard to questions arising under the Trust Agreement which the Lessees may deem necessary and desirable and not inconsistent with the Trust Agreement and which shall not materially adversely affect the interests of the Owners.

The Trust Agreement terminates and becomes void when principal and interest due with respect to the Certificates has been paid in full or provision for payment thereof has been made by the deposit of cash or Federal Securities in an amount sufficient (together with interest earnings hereon) to pay said principal and interest.

THE LESSOR

The Lessor is the California Special Districts Association Finance Corporation. The Lessor is a nonprofit public benefit corporation created for the purpose of aiding the financing of projects for California special districts which are members of the California Special Districts Association (the "Association"). The Lessor's articles of incorporation and bylaws empower it to act as Lessor in this financing. In conjunction with the issuance of the Certificates, Public Financial Management, Inc., San Francisco, California served as marketing consultant to the Lessor.

The Association is a nonprofit corporation which has been incorporated in the State of California for approximately

20 years. Members of the Association consist solely of special districts of California. Such special districts may include any California local agencies except cities, counties and school districts. The purposes and objectives of the Association are to advance the vital public interest in effective, efficient and responsive local government, specifically by providing insurance, educational, financing and legislative advocacy services to California special districts.

THE LESSEES

Appendix B hereto contains certain general and financial information about each of the Lessees.

Each Lessee covenants to annually budget and appropriate sufficient funds to pay all Lease Payments due under its Lease Agreement. See "THE CERTIFICATES - Source of Payment for the Certificates" herein.

CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES AND APPROPRIATIONS

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt services on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-third of the voters on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

The United States Supreme Court recently struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Proposition 13 provides that property may only be reassessed up to 2% per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Proposition 13.

Based on this decision, however, property owners in California brought three suits challenging the acquisition value assessment provisions of Proposition 13. All three suits were dismissed by the trial court and subsequently appealed. In December 1990, the State Court of Appeals upheld Proposition 13 in two of the cases; in April 1991, the State Court of Appeals upheld Proposition 13 in the third case. On February 28, 1991, the California Supreme Court declined to hear the appeals of the two cases decided in December 1990. The United States Supreme Court decided on June 4, 1991 to hear an appeal of one of the cases decided by the State Court of Appeals in December 1990. Subsequently, the appellants in this case withdrew their appeal. Further appeals to the United States Supreme Court are expected. If the assessment rules of Article XIII A are ultimately struck down, it is not known what rules would become operative. Legislation would then be a possibility. The District cannot predict what impact any of these developments might have on the District or on the District's ability to meet its obligations.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in California no longer record property values on tax rolls at the

assessed value of 25 percent of market value which was expressed as \$4.00 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIII B to the California Constitution ("Article XIII B"). Under Article XIII B state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriations of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

ASSESSED VALUATION AND TAX COLLECTIONS

All of the Lessees receive property taxes through their respective County except San Diego Association of Governments. See "APPENDIX B - INFORMATION CONCERNING THE LESSEES." Prior to fiscal year 1981-1982, all properties in California generally were assessed by the applicable County Assessor at 25 percent of full cash value (market value). The State Board of Equalization assesses public utility properties at 25 percent of full cash value. Beginning in fiscal year 1981-1982 all property is assessed using full cash value. The State Constitution and sections of various Codes provide exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on

separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and property taxes on which are secured by a lien on real property sufficient; in the opinion of the applicable County Assessor, to secure payment on the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on December 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and June 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquent penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the applicable County Tax Collector. Changes in property valuation as a result of change of ownership or new construction are assessed as of the date of occurrence.

Property taxes on the unsecured roll are due as of March 1 and become delinquent, if unpaid, on August 31, of the fiscal year. A 10% penalty attaches to delinquent taxes on property on the unsecured rolls, and an additional penalty of 1.5% per month begins to accrue beginning December 1 of the fiscal year. The taxing authority has the following ways of collecting unsecured personal property taxes; (1) a civil action against the taxpayer; (2) filing a certificate in the office of the applicable County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing of a certificate of delinquency for record in the applicable County Recorder's office, in order to obtain a lien on certain property, improvements or possessory interest belonging or assessed to the assessee.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation now pending against the Lessor or the Lessees or, to the knowledge of their officers, threatened, restraining or enjoining the sale, execution or delivery of the Certificates or the Lease Agreements, or in any way contesting or affecting the validity of the Certificates or the Lease Agreements. See "APPENDIX B - INFORMATION CONCERNING THE LESSEE" for information relating to litigation pending against each Lessee.

RATING

The Series L Certificates have been assigned a rating of BBB- by Standard and Poor's Corporation. An explanation of the significance of such rating may be obtained from Standard and Poor's Corporation. This rating reflects the view of Standard and Poor's Corporation and neither the Underwriter, the Lessor or the Series L Lessees make any representation as to the appropriateness of the rating. Further, there is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely if, in the sole judgment of Standard and Poor's Corporation circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Series L Certificates.

No credit rating for the Series M Certificates has been sought, nor is it anticipated that any such rating will be applied for. There can be no guarantee that there will be a secondary market for the Series M Certificates or, if a secondary market exists, that such Series M Certificates can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX EXEMPTION

Under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the portion of the Lease Payments under the Lease Agreements designated as and comprising interest (the "Interest Portion") is excludable from gross income for federal income tax purposes if the Lease Payments satisfy restrictions relating to (1) limitations upon the use of proceeds for a private business use or a private loan, (2) reserve fund funding requirements, investment yield limitations and rebate requirements, (3) federal guarantee prohibitions, (4) registration requirements, and (5) information reporting requirements. No Lessee expects to violate any of said restrictions and each Lessee will covenant against such violation in its Lease Agreement or will take other actions to assure compliance with such restrictions.

In the opinion of Nossaman, Guthner, Knox & Elliott, Los Angeles, California, Special Counsel, subject, however to the

qualifications set forth below, under existing law, the portion of the Lease Payments designated as and comprising interest received by the owners of the Certificates is excluded from gross income for federal income tax purposes and the Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

The opinions set forth in the preceding sentences are subject to the conditions that the Lessor and each Lessee comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Lease Agreements in order that the Interest Portion be, or continue to be, excluded from gross income for federal income tax purposes. The Lessor and each Lessee will covenant to comply with each such requirement. Failure to comply with certain of such requirements may result in the inclusion of the Interest Portion in gross income for federal income tax purposes retroactive to the date of delivery of the Certificates. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring after the date of delivery of the Lease Agreements may affect the tax status of the Interest Portion due with respect to the Certificates.

Although Special Counsel has rendered an opinion that the Interest Portion is excluded from gross income for federal income tax purposes, the accrual or receipt of interest with respect to the Certificates may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and the recipient's other items of income or deduction. Special Counsel expresses no opinion regarding any such federal tax consequences arising with respect to the Lease Agreements and the Certificates. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Certificates.

In the further opinion of Special Counsel, the Interest Portion is exempt from California personal income taxes.

APPROVAL OF LEGALITY

Legal matters incident to the issuance of the Certificates are subject to the approving opinion of Nossaman, Guthner,

Knox & Elliott, Los Angeles, California, Special Counsel. Copies of such opinion will be available at the time of delivery of the Certificates. Certain matters will be passed upon for the Underwriter by Brown & Wood, San Francisco, California and for each Lessee by its counsel.

UNDERWRITING

The Certificates are being purchased by Prudential Securities Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Series L Certificates at a price equal to 98.2% of the principal amount of the Series L Certificates and the Series M Certificates at a price equal to 98.487% of the principal amount of the Series M Certificates, each, plus accrued interest in each case from June 1, 1991. The purchase agreement relating to the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

Certificates may be offered and sold to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time.

MISCELLANEOUS

The foregoing summaries do not purport to be complete and are expressly made subject to the provisions of the documents, copies of which may be obtained from the Trustee, or during the period of the offering, the Underwriter.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement does not constitute an agreement between the Lessor, the Lessees or the Underwriter and the purchasers or owners of any of the Certificates.

VERIFICATION OF MATHEMATICAL ACCURACY

Ernst & Young, a firm of independent certified public accountants, upon delivery of the Certificates, will deliver to the Lessor its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the

mathematical accuracy of computations prepared by the Underwriter relating to (a) the sufficiency of the anticipated receipts from the U.S. Treasury Obligations, together with the initial cash deposit, if any, to pay, when due, the lease payments of Mammoth Lakes Fire Protection District with respect to the Certificates of Participation (California Special Districts Lease Financing Program), 1990 Series F, and (b) the "yield" on the U.S. Treasury Obligations and on the Series M Certificates.

The report of Ernst & Young will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

This Official Statement, and its distribution and use by the Underwriter, has been duly authorized and approved by the Lessor and the Lessees.

AMERICAN CANYON COUNTY WATER DISTRICT

By: /s/ David Iund
Title: General Manager

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY

By: /s/ G.H. Grundy
Title: President

ARROWBEAR PARK COUNTY WATER DISTRICT

By: /s/ G. Van Berckelaer
Title: Chairman

RANCHO SIMI RECREATION AND PARK DISTRICT

By: /s/ James L. Meredith
Title: Chairman

CSDA FINANCE CORPORATION

By: /s/ William Hollingsworth
Title: President

SAN DIEGO ASSOCIATION OF GOVERNMENTS

By: /s/ Kenneth E. Sulzer
Title: Executive Director

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT

By: /s/ Nell Mirels
Title: President

STINSON BEACH COUNTY WATER DISTRICT

By: /s/ Kenneth K. Solin
Title: President

MAMMOTH LAKES FIRE PROTECTION DISTRICT

By: /s/ Willard Bauer
Title: Chairman

TUOLUMNE COUNTY WATER DISTRICT NO. 1

By: /s/ John S. Hinson
Title: President

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

By: /s/ Joe Walund
Title: President

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APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Acquisition Costs. The term "Acquisition Costs" with respect to each Project or Construction Project means the contract price paid or to be paid to the contractors therefor upon refinancing, modification, repair, improvement, acquisition, construction or delivery of any portion of the Projects and Construction Projects and related equipment, in accordance with the purchase order or contract therefor. Acquisition Costs include the costs of site preparation necessary for the installation of any Project or Construction Project. Acquisition Costs also include administrative, engineering, legal, financial and other costs incurred by the Lessees, the Lessor and the contractors in connection with the acquisition, delivery and installation by the Lessor of the Projects and Construction Projects.

Acquisition Date. The term "Acquisition Date" means the earlier of (i) the date when a Certificate of Completion is delivered to the Trustee or (ii) June 1, 1994.

Business Day. The term "Business Day" means any day of the year other than a Saturday, a Sunday, or any day on which the Trustee is not open for business.

Cash Flow Certificate. The term "Cash Flow Certificate" means a certificate of the Underwriter, or such other person that is acceptable to the Lessor and the Trustee, certifying that the anticipated or scheduled Revenues payable under the Lease Agreements will be sufficient in time and amount (together with funds then held under the Trust Agreement representing payments under a Lease Agreement and available therefor) to make all remaining scheduled payments of principal and interest on the Outstanding Certificates, including mandatory sinking fund payments, upon maturity or redemption, which certificate may not assume any prepayment (other than a prepayment which has been irrevocably noticed) or any reinvestment earnings following the maturity of an investment or asset.

Certificates of Completion. The term "Certificates of Completion" or "Certificate of Completion" means the certificate of an authorized officer of a Lessee certifying that all equipment and other property constituting its Project or Construction Project has been acquired, installed to the reasonable satisfaction of the District and has been accepted by that Lessee, and that all Acquisition Costs for that Lessee's Project or Construction Project have been paid.

Certificates. The terms "Certificates" or "Certificates of Participation" mean the certificates of participation executed and delivered by the Trustee pursuant to the Trust Agreement.

Closing Date. The term "Closing Date" means the date when the Certificates of Participation, duly executed by the Trustee, are initially delivered to the original purchaser thereof.

Code. The term "Code" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

Delivery Costs. The term "Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the Lessees or the Lessor relating to the financing of the Projects or the Construction Projects, including but not limited to filing costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, Certificate insurance premiums and outside legal fees of the insurer relating thereto, if any, legal fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, title insurance premiums, transportation and safekeeping of Certificates and charges and fees in connection with the foregoing.

Due Date. The term "Due Date" means November 15 and May 15 of each year, commencing November 15, 1991.

Federal Securities. The term "Federal Securities" means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

Insurance Consultant. The term "Insurance Consultant" means any person or firm knowledgeable with respect to insurance carried by, required for and available to districts.

Investment Earnings. The term "Investment Earnings" means investment earnings received in respect of money on deposit in any fund or account established under the Trust Agreement.

Lease Payments. The term "Lease Payments" means the Lease Payments payable by each Lessee under the Lease Agreement which it enters into with the Lessor.

Net Proceeds. The term "Net Proceeds," when used with respect to any insurance proceeds or condemnation award, means net proceeds received by the District from the property or casualty insurance award with respect to which that term is used after deduction for payment of any expenses incurred in the collection of such Net Proceeds.

Outstanding. The term "Outstanding" when used with reference to the Certificates, and as of any particular date, means all Certificates theretofore delivered except: (a) any Certificate cancelled by the Trustee at or before said date and (b) any Certificate in lieu of or in substitution for which another Certificate shall have been delivered pursuant to the Trust Agreement.

Owner. The term "Owner" or "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates, means any person who shall be the registered owner of any Outstanding Certificate.

Payment Dates. The term "Payment Dates" means June 1 and December 1 of each year, commencing December 1, 1991.

Permitted Encumbrances. The term "Permitted Encumbrances" means, with respect to the Projects or the Sites, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the Lessees may, pursuant to provisions of the Lease Agreements, permit to remain unpaid; (ii) the Trust Agreement; and (iii) the Lease Agreements; and (iv) such other encumbrances as are approved by the Lessor.

Permitted Investments. The term "Permitted Investments" means:

(i) Federal Securities;

(ii) bonds, debentures or notes or other evidence of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies: Export Import Bank of the United States, Federal Financing Bank, Federal Farm Credit Bank, Farmer's Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Corporation, the Government National Mortgage Association, Federal National Mortgage or Federal Home Loan Mortgage Corp.; provided that the amount of such investment shall not exceed ten percent of the aggregate amount of Outstanding Certificates.

(iii) certificates of deposits, time deposits, savings accounts of any bank (including the Trustee) or savings and loan association which are (a) fully insured by the FDIC or the FSLIC or (b) properly secured at all times by collateral described in clauses (i) and (ii) above.

(iv) Investment Agreements or other evidence of indebtedness payable in cash issued by any bank or bank holding company or any other corporation the unsecured debt which are rated (as of the date of the Investment Agreement) Aa or better by Moody's Investors Service ("Moody's") and AA or better by Standard and Poor's Corporation ("S&P").

(v) Repurchase agreements with any bank (including the Trustee), or primary dealer registered with Federal Reserve System fully secured by actually delivered collateral security described in clauses (i) or (ii) of this definition valued daily as having a market value at least equal to the amount so invested.

(vi) Money market funds invested in Federal Securities and rated in the highest category by S&P.

(vii) Commercial paper or banker's acceptances rated A-1+/P-1 by S&P and Moody's.

Principal Amount. The term "Principal Amount," when used with respect to Lease Payments due under any of the Lease Agreements, means the total principal component of Lease Payments then unpaid.

Projects. The term "Projects" means the various public improvements of the Lessees described in Exhibit C to the various Lease Agreements.

Requisitions. The term "Requisitions" means certificates executed by Authorized Officers of any of the Lessees and filed with the Trustee requesting disbursement from the Acquisition Accounts or the Insurance and Condemnation Fund held under the Trust Agreement.

Revenues. The term "Revenues" means all moneys deposited in the funds and accounts (other than the Earnings Fund) established pursuant to the Trust Agreement (including interest earnings thereon) and any and all amounts paid by Lessees pursuant to Lease Agreements, except to the extent that any of such moneys are to be paid to the United States government pursuant to the Non-Arbitrage Certificates.

Site. The term "Site" means the real property and improvements thereon described in a Site and Facility Lease.

Site and Facility Lease. The term "Site and Facility Lease" means a Site and Facility Lease, dated as of June 1, 1991 between a Lessee with a Construction Project and the Lessor.

Underwriter. The term "Underwriter" means Prudential Securities Incorporated, as original purchaser of the Certificates.

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APPENDIX B
INFORMATION CONCERNING THE LESSEES

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AMERICAN CANYON COUNTY WATER DISTRICT

American Canyon County Water District ("American Canyon") is a county water district formed in May 1961 pursuant to Division 12 of the California Water Code. American Canyon provides water, sewer and recreation services to approximately 8,500 residents within an unincorporated area of approximately 1,950 acres. This area includes southern Napa County and the entire Napa County Airport Industrial Area.

American Canyon purchases its water from the State Water Project and other surrounding water districts. American Canyon's facilities include water and wastewater plants, water reservoirs, and approximately 15 parks and recreational areas.

American Canyon is governed by a five-member Board of Directors elected by the residents of American Canyon. Directors serve four-year, overlapping terms. American Canyon operations are carried out under the direction of David Iund, general manager. Mr. Iund joined American Canyon in October 1970 and was appointed as a general manager in 1982.

In November 1991, a measure to incorporate American Canyon into the City of American Canyon will be put to the voters. Should this measure pass, American Canyon will dissolve and become a department of the City. The City will then assume all assets and liabilities of American Canyon, including its liabilities under American Canyon's Lease Agreement.

Certain of the material which follows relates to Napa County. Such material is included for informational purposes only, and it should not be inferred that Napa County is necessarily representative of American Canyon.

Drought

As a result of the present fifth consecutive year of drought experienced in the State of California, American Canyon has had to implement a four stage water conservation plan. Stage two, a 20% mandatory water reduction, is now in effect. American Canyon has incurred additional costs of hiring a drought consultant, reprogramming the computers to accommodate the drought conditions and paying a higher price for water. As well as implementing the water conservation plan, American Canyon has also increased water rates 38% effective June 6, 1991.

Sources of Funds For Lease Payments

Adequate funds to make Lease Payments for the Project are expected to come from ad valorem property taxes collected by the County of Napa and from American Canyon connection fees. American Canyon's Project consists of relocating a 16-inch water main and replacing it with a 20-inch water main. See "DESCRIPTION OF PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of American Canyon

Audited financial statements of American Canyon prepared by G & J Seiberlich & Co., certified public accountants, Napa, California for the fiscal year ending June 30, 1990, are attached hereto in Appendix C.

Revenues, Rates and Charges

The following table sets forth information concerning American Canyon's sources of revenues received in the fiscal year ending June 30, 1990.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Service Charges	\$1,354,912	35.3
Connection & Annexation Fees	1,338,035	35.0
Property Taxes	507,591	13.0
Other	66,693	1.7
Interest	<u>569,410</u>	<u>15.0</u>
TOTAL REVENUE	<u>\$3,836,641</u>	<u>100.0</u>

Source: American Canyon.

Statement of Revenue and Expenses

The following three year financial summary of American Canyon's revenues and expenditures has been derived from American Canyon's annual audited financial statements.

AMERICAN CANYON COUNTY WATER DISTRICT
REVENUES AND EXPENDITURES
(Years Ended June 30, 1988 through 1990)

	<u>June 30,</u> <u>1988</u>	<u>June 30,</u> <u>1989</u>	<u>June 30,</u> <u>1990</u>
Operating Revenues			
Service Charges	\$1,069,480	\$1,236,709	\$1,354,912
Connection and Annexation Fees	712,803	1,377,647	1,338,035
Property Taxes	390,993	435,000	507,591
Other	<u>99,541</u>	<u>63,584</u>	<u>66,693</u>
Total Operating Revenues	<u>\$2,272,817</u>	<u>\$3,112,940</u>	<u>\$3,267,231</u>
Expenses			
Operating Expenses			
Wages	\$ 357,545	\$ 411,984	\$ 477,806
Employee Benefits	62,444	29,282	27,322
Plant Expense	46,404	63,069	92,873
Maintenance	47,464	36,845	33,477
Water Purchases and Secondary Treatment	124,060	120,819	172,783
Equipment and Vehicle Operation	5,287	5,005	7,274
Equipment and Vehicle Maintenance	31,884	25,543	25,692
Professional and Outside Services	99,411	122,820	139,866
Program Costs	<u>10,791</u>	<u>4,024</u>	<u>2,310</u>
Total Operating Expenses	<u>\$ 785,290</u>	<u>\$ 819,391</u>	<u>\$ 979,403</u>
General and Administrative Expenses			
Utilities	\$ 53,443	\$ 60,413	\$ 59,016
Directors' Fees	13,600	14,400	16,050
Travel	2,889	3,728	4,556
Insurance	103,416	107,078	118,626
Taxes	406	414	419
Bad Debts	4,943	3,642	3,815
Election Expenses	-0-	1,852	-0-
Construction Inspection	-0-	4,791	12,183
Sewer Line Cleaning	-0-	450	-0-
Health Assessment	-0-	1,334	166
Depreciation	227,319	275,215	309,321
Amortization	<u>35,930</u>	<u>46,104</u>	<u>56,053</u>
Total General and Administrative Expenses	<u>\$ 441,946</u>	<u>\$ 519,421</u>	<u>\$ 580,205</u>
Total Expenses	<u>\$1,227,236</u>	<u>\$1,338,812</u>	<u>\$1,559,608</u>
Operating Income	<u>\$1,045,581</u>	<u>\$1,774,128</u>	<u>\$1,707,623</u>
Non-Operating Revenue (Expenses)			
Interest Revenue	228,220	447,527	569,410
Interest Expense	<u>(256,799)</u>	<u>(377,865)</u>	<u>(376,846)</u>
Net Non-Operating Revenue	<u>\$ (28,579)</u>	<u>69,662</u>	<u>192,564</u>
Net Income	<u>\$1,017,002</u>	<u>\$1,843,790</u>	<u>\$1,900,187</u>

Source: American Canyon.

Population

<u>Calendar Year</u>	<u>American Canyon</u>	<u>Napa County</u>
1990	8200	110,700
1989	8086	107,800
1988	7361	106,000
1987	6636	105,000
1986	6355	104,000

Source: American Canyon, as to American Canyon. State of California, Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Napa will increase its population at an annual average of 1.2% through 2020. It is also estimated that the County will add approximately 15,600 new households by the year 2020. The following table indicates the estimated population and household growth for the County over the next thirty years.

<u>County of Napa</u> <u>Estimated Population and Household Growth</u> <u>1990, 1995, 2000, 2020</u>		
<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	110,700	42,200
1995	116,700	44,800
2000	123,200	47,300
2020	147,500	57,800

Source: California State Department of Finance Report.

Economic Characteristics of Population

The following table is based on effective buying income as reported in the annual publication "Survey of Buying Power" published by Sales and Marketing Management Magazine. Effective buying income is defined as personal income less personal taxes and nontax payments. Personal income includes wages and salaries, other labor-related income, proprietor's income, rental income, dividends, personal interest income and

transfer payments. Deductions are then made for federal, state and local taxes, nontax payments (such as fines and penalties) and personal contributions for social insurance.

The following table represents a yearly comparison of effective buying income totals for Napa County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Napa County was approximately 14.6%. This increase is below that of the State.

EFFECTIVE BUYING INCOME
For Years 1985 through 1989
(in thousands)

<u>Year</u>	<u>Napa County</u>	<u>State of California</u>
1985	\$1,614,651	\$346,280,970
1986	1,728,063	380,811,129
1987	1,880,188	426,008,347
1988	1,801,704	426,174,001
1989	1,850,972	444,988,647

Median Household Income

1989	\$33,840	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

Construction

The following table summarizes building permits issued and permit valuations for the years 1986 to 1990.

NAPA COUNTY
BUILDING PERMIT VALUATION
(as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Valuation (000)</u>					
New Residential	\$69,062	\$75,164	\$111,725	\$149,058	\$139,382
Residential Alt/Add	13,937	15,020	16,801	19,832	21,533
Commercial	10,022	7,850	4,721	15,008	9,196
Industrial	6,657	18,922	16,110	28,923	14,162
Other:					
Nonresidential	8,152	7,293	8,030	9,933	9,728
Nonresidential Alt/Add	<u>12,522</u>	<u>14,690</u>	<u>14,893</u>	<u>17,897</u>	<u>29,078</u>
TOTAL	\$120,352	\$138,939	\$172,280	\$240,651	\$223,079
 <u>Number of New Housing Units:</u>					
Single	469	518	859	884	652
Multiple	<u>138</u>	<u>9</u>	<u>115</u>	<u>82</u>	<u>55</u>
Total Units	607	527	974	966	707

Source: Economic Sciences Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$279,211,169

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Napa County	4.232%	\$ 32,374
Napa County Certificates of Participation	4.232	664,076
Napa County Board of Education	4.232	13,286
Napa Valley Unified School District	6.247	66,530
Bay Area Pollution Control Authority	0.083	186
American Canyon County Water District	100.	80,000
American Canyon County Water District Certificates of Participation	100.	<u>4,563,273</u> (1)
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		<u>\$5,419,725</u>

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

Direct Debt (\$4,643,273) 1.66%

Total Debt 1.94%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$0

Source: California Municipal Statistics, Inc.

Debt

American Canyon's long-term debt obligations and obligations under capital leases are disclosed in American Canyon's audited financial statements for the year ended June 30, 1990 in Appendix C. American Canyon has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
Larry D. Adams	Post Office	1990/1994
A. Lloyd Bartee	Retired	1990/1994
Roger L. Cypher	Retired	1988/1992
Elcana C. Ellis	Retired	1990/1994
Pierre Freskan	Restaurant Owner	1988/1992

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ARROWBEAR PARK COUNTY WATER DISTRICT

Arrowbear Park County Water District ("Arrowbear") is a county water district formed under Division 12 of the California Water Code. Arrowbear provides water, sewer and fire fighting services to all residents within its boundaries. Arrowbear is located approximately 17 miles northeast of the city of San Bernardino in the San Bernardino Mountains. Due to the location and proximity to winter skiing and summer lake activities, the land within Arrowbear's boundaries is primarily recreational and the homes are generally vacation homes.

Arrowbear's water supply comes from an aquifer resulting from mountain snow build-up. Arrowbear maintains two wells each having capacities of 110 gallons per minute. Water is pumped from the wells into a treatment facility which removes impurities from the water. There are three storage tanks and 12 miles of pipeline. Arrowbear services 922 water connections.

Arrowbear is governed by a five-member Board of Directors elected by the residents of Arrowbear. Directors serve four-year, overlapping terms. Arrowbear operations are carried out under the direction of Richard L. Wymer, general manager. Mr. Wymer has been with Arrowbear since 1965 and has been the general manager since 1975. Mr. Wymer has attended engineering courses at San Bernardino Valley College and maintains a grade 3 water treatment certification and a grade 2 water distribution certification from the State of California. He is a member of the American Water Works Association.

Certain of the material which follows relates to San Bernardino County. Such material is included for informational purposes only, and it should not be inferred that San Bernardino County is necessarily representative of Arrowbear.

Source of Funds For Lease Payments

Funds to make Lease Payments are expected to come from a standby charge applied to each parcel of land in Arrowbear pursuant to Section 54984.6 of the California Government Code. On June 14, 1991 Arrowbear approved such standby charge. The standby charge will be collected at the same time and in the same manner as county property taxes, with the same penalties and procedures available for such taxes. Arrowbear's Project consists of drilling a well approximately 300 feet deep and making improvements to the water system including replacing the

four-inch main feeder line with an eight inch line and replacing several branch lines with six inch lines. See "DESCRIPTION OF PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of Arrowbear

Audited financial statements of Arrowbear for the fiscal year ended June 30, 1990, prepared by Rogers, Anderson, Malady & Scott, certified public accountants, San Bernardino, California, are attached hereto in Appendix C.

Revenues, Rates and Charges

The following table sets forth information concerning Arrowbear's sources of revenues received in the fiscal year ending June 30, 1990.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Water Fees	\$141,381	20.0
Sewer Fees	112,364	16.0
Sales to other Agencies	56,988	8.0
Installation Charges	15,362	2.0
Taxes	156,687	22.0
Standby Charges	68,052	9.0
Interest	122,996	17.0
Other	<u>44,563</u>	<u>6.0</u>
TOTAL REVENUE	<u>\$718,393</u>	<u>100.0</u>

Source: Arrowbear.

Revenues and Expenses

The following three year summary of Arrowbear's revenues and expenditures has been derived from Arrowbear's annual audited financial statements.

ARROWBEAR COUNTY WATER DISTRICT
REVENUES AND EXPENDITURES
(Years Ended June 30, 1988 through 1990)

	<u>June 30,</u> <u>1988</u>	<u>June 30,</u> <u>1989</u>	<u>June 30,</u> <u>1990</u>
REVENUES:			
User Fees	\$243,998	\$249,751	\$253,745
Sales to Other Agencies	-	-	56,988
Installation Charges	<u>5,950</u>	<u>16,700</u>	<u>15,362</u>
TOTAL REVENUES	<u>\$249,948</u>	<u>\$266,451</u>	<u>\$326,095</u>
OPERATING EXPENSES:			
Salaries and Wages	\$136,382	\$145,471	\$156,409
Benefits	60,823	49,370	65,340
Staff Development	4,066	7,458	10,653
Professional Services	20,376	38,127	51,098
Audit Fees	4,006	5,875	4,075
Insurance	48,875	53,668	55,613
Gas, Oil and Fuel	3,965	4,612	4,748
Vehicle Maintenance	3,235	5,651	8,726
Office Supplies	8,203	7,386	9,176
Utilities	11,859	8,921	10,673
System Maintenance	17,335	19,682	38,363
Power for Pumping	9,803	13,747	25,837
Depreciation and Amortization	85,466	91,105	97,626
Contractual Services	58,149	76,862	101,105
Dispatch	1,697	2,178	1,717
Rent	-	-	6,186
Miscellaneous	240	594	527
Fees for Meetings	7,882	8,300	6,342
Board Salaries	3,781	3,579	4,259
Board Benefits	892	1,634	1,827
Board Training	<u>1,155</u>	<u>3,250</u>	<u>3,513</u>
TOTAL EXPENSES	<u>\$488,190</u>	<u>\$547,470</u>	<u>\$663,813</u>
NON-OPERATING INCOME:			
Taxes	\$144,540	\$143,254	\$156,687
Standby Charges	52,457	50,713	68,052
Interest	113,933	121,605	122,966
Other	<u>33,629</u>	<u>37,613</u>	<u>44,563</u>
TOTAL NON-OPERATING REVENUES	<u>\$344,559</u>	<u>\$353,185</u>	<u>\$392,298</u>
NON-OPERATING EXPENSES:			
Master Plan Expenses	\$ 7,341	\$ 5,700	\$ -
Interest	<u>85,940</u>	<u>85,966</u>	<u>98,122</u>
TOTAL NON-OPERATING EXPENSES	<u>\$ 93,281</u>	<u>\$ 91,666</u>	<u>\$ 98,122</u>
EXTRAORDINARY EXPENSE			
Employee benefits	\$ 54,605	-	-
NET INCOME (LOSS)	<u>\$(44,569)</u>	<u>\$(19,500)</u>	<u>\$(43,542)</u>

Source: Arrowbear.

Although the audited financial statements show a net loss for each fiscal year, the Arrowbear cash flow for each year was positive and the book loss is a result of a decision by Arrowbear's Board not to charge for depreciation in their water rates. The District's sewer system was constructed with proceeds of assessment bonds, under which debt service is paid by property owners in the District, and the District has determined that any future sewer improvements are also likely to be funded with assessment bonds. Since future sewer improvements are not expected to be funded out of current revenues, the District's Board has decided not to charge for depreciation in its rates.

Population*

<u>Calendar Year</u>	<u>San Bernardino County</u>
1990	1,423,800
1989	1,335,400
1988	1,250,900
1987	1,174,000
1986	1,110,400

* The population of Arrowbear is seasonal - 270 registered voters. Approximately 15,000 persons on the weekend.

Source: Arrowbear, as to Arrowbear; State of California, Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of San Bernardino will increase its population at an annual average of 3.2% through 2020. It is also estimated that the County will add approximately 400,000 new households by the year 2020. The following table indicates the estimated population and household growth for the County over the next thirty years.

County of San Bernardino
 Estimated Population and Household Growth
1990, 1995, 2000, 2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	1,281,983	453,100
1995	1,475,210	516,700
2000	1,660,980	585,500
2020	2,287,881	859,000

Source: California State Department of Finance Report.

Economic Characteristics of Population

The following table represents a yearly comparison of effective buying income totals for San Bernardino County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Bernardino County was approximately 46%. This increase is above that of the State.

EFFECTIVE BUYING INCOME
 For Years 1985 through 1989
 (in thousands)

<u>Year</u>	<u>San Bernardino County</u>	<u>State of California</u>
1985	\$12,279,895	\$346,280,970
1986	13,741,897	380,811,129
1987	16,071,065	426,008,347
1988	16,662,854	426,174,001
1989	17,966,776	444,988,647

Median Household Income

1989	\$28,628	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon Water District Economic Characteristics of Population" on p. B-4 and 5 for a description of the Methodology used in compiling the above table.

Construction

The following chart summarizes building permits issued and permit valuations for the years 1986-1990.

UNINCORPORATED AREAS OF SAN BERNARDINO COUNTY BUILDING PERMIT VALUATION (as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Valuation (000)</u>					
New Residential	\$ 901,515	\$ 873,493	\$773,103	\$709,068	\$363,698
Residential Alt/Add	54,574	56,844	36,491	35,452	47,282
New Commercial/ Industrial	73,547	101,345	65,261	66,990	45,900
Other:					
Nonresidential	96,155	130,050	109,641	120,612	44,943
Nonresidential Alt/Add	<u>11,512</u>	<u>13,449</u>	<u>9,825</u>	<u>16,436</u>	<u>8,263</u>
TOTAL	\$1,137,203	\$1,175,181	\$994,321	\$948,558	\$510,086
<u>Number of New Housing Units:</u>					
Single	7,669	7,361	6,652	5,122	2,931
Multiple	<u>3,185</u>	<u>1,494</u>	<u>921</u>	<u>541</u>	<u>136</u>
Total Units	10,854	8,855	7,573	5,663	3,067

Source: Economic Sciences Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$57,232,075

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
San Bernardino County Building Authorities	0.120%	\$ 367,451
San Bernardino County Free Library Authority	0.165	800
Rim of the World Unified School District		
Certificates of Participation	2.310	157,080
Crestline Lake Arrowhead Water Agency	4.703	47,735
Arrowbear Park County Water District		
Certificates of Participation	100.	270,000 (1)
Arrowbear Park County Water District		
1915 Act Bonds	100.	<u>1,377,800</u>
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		<u>\$2,220,866</u>

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

<u>Direct Debt (\$270,000)</u>	<u>0.47%</u>
<u>Total Debt</u>	<u>3.88%</u>

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$0

Source: California Municipal Statistics, Inc.

Debt

Arrowbear's long-term debt obligations and obligations under capital leases are disclosed in Arrowbear's audited financial statements for the year ended June 30, 1990 in Appendix C. Arrowbear has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

ARROWBEAR PARK COUNTY WATER DISTRICT

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
Wesley Roy	Retired	1987/1991
G. Van Berckelaer	Manager	1989/1993
Arne Bjaanes	Private Contractor/Psychologist	1987/1991
Richard Tucker	Retired	1990/1991
Frank Reille	Retired	1991/1993

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LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT

The Los Angeles County West Mosquito Abatement District ("LACW") was formed on September 27, 1944, in accordance with Sections 2200 through 2426 of the California Health and Safety Code. LACW encompasses 600 square miles of the western portion of Los Angeles County including 23 cities and other unincorporated regions.

LACW is concerned with the control of mosquitoes, midges, black flies and other vectors within LACW boundaries. Control of insect pests is accomplished by abating vector breeding sources with the appropriate physical, chemical, or biological control measures. The majority of the LACW's activities consist of mosquito control, and are necessary on a continuous, routine, and area-wide basis, since mosquitoes have a significant affect on economic and public health. LACW has 14 full-time employees and 10 part-time employees for the six-month summer session. Facilities include one administration building, maintenance equipment and 23 vehicles.

LACW is governed by a thirteen-member Board of Directors appointed by the respective representing jurisdictions of LACW. Directors serve two or four-year overlapping terms. LACW operations are carried out under the direction of Norman Hauret, Manager. Mr. Hauret obtained a bachelor of arts in bacteriology and a bachelor of science in public health sanitation from the University of California, Los Angeles in 1948. He also earned a masters in public health from the University of California, Berkeley in 1950. Mr. Hauret is a member of the California Mosquito and Vector Control Association and the American Mosquito Control Association.

Certain of the material which follows relates to Los Angeles County. Such material is included for informational purposes only, and it should not be inferred that Los Angeles County is necessarily representative of LACW.

Sources of Funds For Lease Payments

Adequate funds to make Lease Payments for the Project are expected to come from a direct property assessment charged to all LACW residents. This assessment is collected at the same time and in the same manner as county property taxes and is subject to the same penalties and procedures available for property taxes. LACW's Project consists of purchasing a building to be used for operations. See "DESCRIPTION OF PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of LACW

Audited financial statements of LACW for the fiscal year ended June 30, 1990, prepared by the office of Ernest F. Howard, certified public accountant, Playa del Rey, California are attached hereto in Appendix C.

Revenue, Rates and Charges

The following table sets forth information concerning LACW's sources of revenues received in the fiscal year ending June 30, 1990.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Current Year Taxes	\$ 471,531	18.00
Prior-Year Taxes	17,067	1.00
Redemption Collections	17,080	1.00
Other Taxes Collected	19,240	1.00
Homeowners' Exemptions	10,094	.40
Interest	231,238	9.00
Augmentation Fund	119,420	4.50
Sign Rental	417	.01
Service Charge	<u>1,707,817</u>	<u>65.09</u>
TOTAL	<u>\$2,593,904</u>	<u>100.00</u>

Source: LACW.

The following table sets forth the service charge amounts and percent increase (decrease) assessed on all LACW residents since 1985.

<u>Fiscal Year</u>	<u>Amount Per Parcel</u>	<u>% Incease</u>
1985-1986	\$0.62	-
1986-1987	\$2.49	301.6
1987-1988	\$4.19	146.4
1988-1989	\$4.05	(3.3)
1989-1990	\$3.65	(9.8)
1990-1991	\$2.40	(34.2)

Source: LACW.

Statement of Revenue and Expenses

The following three year financial summary of LACW's revenues and expenditures has been derived from LACW's annual audited financial statements.

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT
DISTRICT REVENUES
AND EXPENSES
(Years Ended June 30, 1988 through 1990)

	<u>June 30,</u> <u>1988</u>	<u>June 30,</u> <u>1989</u>	<u>June 30,</u> <u>1990</u>
REVENUE			
Taxes Collected:			
Current Year			
Taxes Secured and Unsecured	\$ 225,135	\$ 450,166	\$ 471,531
Prior Year	10,323	11,451	17,067
Redemption Collections	8,387	11,714	17,080
Other Taxes Collected	<u>162,069</u>	<u>43,313</u>	<u>19,240</u>
Total Taxes Collected	\$ 405,914	\$ 516,644	\$ 524,918
Other Collections:			
Homeowners Exemptions	\$ 6,632	\$ 11,340	\$ 10,094
Interest on Bank Deposits (Spec. & Reg.)	44,553	96,273	231,238
Augmentation Fund Distributions	139,897	120,953	119,420
Sign Rental	110,865	1,000	417
Special Charge	<u>1,131,649</u>	<u>1,659,876</u>	<u>1,707,817</u>
TOTAL OTHER COLLECTIONS	\$1,433,596	\$1,889,442	\$2,068,986
TOTAL REVENUE	<u>\$1,839,510</u>	<u>\$2,406,086</u>	<u>\$2,593,904</u>
Expenditures:			
Salaries & Employee Benefits	\$ 465,682	\$ 525,464	\$596,077
Services & Supplies	317,287	271,497	295,215
Deferred Compensation	36,259	22,930	-0-
Additions to Fixed Assets	485,576	83,797	-0-
Handling Costs	<u>-</u>	<u>44,049</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$1,304,804	\$ 947,737	\$ 891,292
Excess of Revenue Over Expenditures	<u>\$ 534,706</u>	<u>\$1,458,349</u>	<u>\$1,702,612</u>

Source: LACW

Population

<u>Calendar Year</u>	<u>LACW</u>	<u>Los Angeles County</u>
1990	2,209,820	8,769,900
1989	2,175,019	8,652,800
1988	2,140,767	8,537,800
1987	2,107,054	8,410,800
1986	2,073,872	8,250,800

Source: LACW, as to LACW, State of California, Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Los Angeles will increase its population at an annual average of 0.7% through 2020. It is also estimated that the County will add approximately 555,700 new households by the year 2020. The following table indicates the estimated population and household growth for the County over the next thirty years.

County of Los Angeles Estimated Population and Household Growth 1990, 1995, 2000, 2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	8,769,900	2,975,700
1995	8,885,800	3,047,000
2000	9,132,600	3,122,500
2020	10,119,300	3,531,400

Source: California State Department of Finance Report.

Economic Characteristics of Population

The following table represents a yearly comparison of effective buying income totals for Los Angeles County, and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Los Angeles County was approximately 31.1%. This increase is above that of the State.

EFFECTIVE BUYING INCOME*
For Years 1984 through 1989
(in thousands)

<u>Year</u>	<u>Los Angeles County</u>	<u>State of California</u>
1985	\$103,058,676	\$346,280,976
1986	114,134,025	380,811,129
1987	130,015,864	426,008,347
1988	129,522,222	426,174,001
1989	135,162,824	444,988,647

Median Household Income

1989	\$30,489	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon County Water District Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following chart summarizes building permits issued and permit valuations for the years 1986-1990.

LOS ANGELES COUNTY
BUILDING PERMIT VALUATION
(as of December 31)

<u>Industry</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
<u>Valuation (000)</u>					
New Residential	\$5,223,486	\$ 5,084,299	\$ 5,438,750	\$ 6,320,984	\$3,946,935
Residential					
Alt/Add	641,871	724,125	924,924	1,074,206	1,071,376
Commercial	1,982,394	1,863,922	2,373,065	2,164,569	1,496,790
Industrial	567,124	422,074	454,268	316,438	273,121
Other:					
Nonresidential	380,298	440,982	445,063	464,706	413,787
Nonresidential					
Alt/Add	<u>1,084,660</u>	<u>1,277,394</u>	<u>1,370,221</u>	<u>1,431,503</u>	<u>1,484,969</u>
TOTAL	<u>\$9,879,833</u>	<u>\$17,446,613</u>	<u>\$11,006,291</u>	<u>\$11,772,406</u>	<u>\$8,686,978</u>
<u>Number of New Housing Units:</u>					
Single	16,630	17,185	17,677	23,707	8,997
Multiple	<u>53,595</u>	<u>39,297</u>	<u>32,608</u>	<u>24,765</u>	<u>16,023</u>
Total Units	70,225	56,482	50,285	48,472	25,020

Source: Economic Sciences Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$129,963,970,373 (after deducting \$12,150,088,246 redevelopment tax allocation increment)

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Los Angeles County	33.894%	\$ 28,653,988
Los Angeles County Building Authorities	33.894	616,532,197
Los Angeles County Superintendent of Schools	33.894	1,185,070
Los Angeles County Flood Control District	34.408	47,998,013
Los Angeles County Flood Control District Certificates of Participation	34.408	14,568,347
Metropolitan Water District	18.801	131,610,760
Los Angeles Community College District Certificates of Participation	47.375	28,894,013
Santa Monica Community College District Certificates of Participation	100.	15,520,000
Los Angeles Unified School District and Certificates of Participation	46.135-46.159	108,893,945
Other School Districts and Authorities	Various	18,216,229
City of Beverly Hills and Authorities	100.	182,715,000
City of Los Angeles and Authorities	48.698	471,635,261
City of Inglewood Authorities	100.	25,923,812
City of Santa Monica and Authorities	100.	33,365,000
Other Cities and City Authorities	Various	30,763,840
Las Virgenes Municipal Water District and Improvement Districts	Various	7,726,124
Los Angeles County Sanitation District #4 and Waterworks Districts	67.898-100.	3,061,650
City 1915 Act Bonds	100.	2,160,000
Los Angeles County West Mosquito Abatement District	100.	-
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$1,769,423,249
Less: City of Beverly Hills self-supporting bonds		<u>16,615,000</u>
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$1,752,808,249

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

Direct Debt	-
Total Gross Debt	1.36%
Total Net Debt	1.35%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$24,117,772

Source: California Municipal Statistics, Inc.

Debt

LACW's long-term debt obligations and obligations under capital leases are disclosed in LACW's audited financial statements for the year ended June 30, 1990 in Appendix C. LACW has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
William Evans	Attorney	1990/1992
Paul Flowers	Consultant	1989/1993
Richard Alexander	Consultant	1990/1991
C.R. Holmes	Adm. Advisor	1990/1994
Sam Kapelson	Retired	1988/1990
Nell Mirels	Teacher	1990/1994
Mallary Pearce	Teacher	1990/1994
Pete Rossick	Teacher	1990/1992
Morris Rosen	Retired	1991/1993
Robert Ryan	Retired	1990/1994
Gloria Steiff	House Wife	1989/1991
Archie Snow	Retired	1990/1994
Ginny Leeuwenburg	House Wife	1991/1992

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MAMMOTH LAKES FIRE PROTECTION DISTRICT

The Mammoth Lakes Fire Protection District (the "Mammoth Lakes") was formed in 1948 pursuant to the Special District laws of the State of California and is now governed under the Health and Safety Code, Part 2.7, Division 12, Sections 13801-13999. Mammoth Lakes provides 24-hour fire protection and emergency/medical services to all Mammoth Lakes residents. Mammoth Lakes boundaries are within the Town of Mammoth Lakes. Mammoth Lakes is located approximately 180 miles south of Reno, Nevada on the eastern side of the Sierra Mountains.

Mammoth Lakes currently has five full-time employees. These employees are assigned as follows: Fire Chief - 1; Assistant Fire Chief - 1; Inspector - 1; Mechanic - 1; and Secretary - 1. Mammoth Lakes also has 65 volunteer firefighters.

Mammoth Lakes is governed by a five-member Board of Directors elected by the residents of Mammoth Lakes. Directors serve four-year, overlapping terms. District operations are carried out under the direction of Fire Chief Jon A. Sweeney. Chief Sweeney came to Mammoth Lakes in September 1973. Prior to this, he was the Battalion Chief in Fresno County. Chief Sweeney graduated from American River College in Sacramento with an AA degree in fire science in 1966.

Certain of the material which follows relates to Mono County. Such material is included for informational purposes only, and it should not be inferred that Mono County is necessarily representative of Mammoth Lakes.

Sources of Funds for Lease Payments

Mammoth Lakes currently anticipates that adequate funds to make Lease Payments will come from revenues received from ad valorem property tax revenues collected by the County of Mono. Mammoth Lakes's Project will consist of refinancing the construction costs of First Station #2 which was completed in 1987, further modify Fire Station #2 and reinforce the structure of Fire Station #1 in order to comply with present earthquake building standards. Such Project was originally financed with a portion of the proceeds of the Certificates of Participation (California Special District's Lease Financing Program), 1990 Series F. See "DESCRIPTION OF THE PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of Mammoth Lakes

Audited financial statements of Mammoth Lakes prepared by William B. Gardner, certified public accountant, Mammoth Lakes, California for the fiscal year ending June 30, 1989 are attached hereto in Appendix C.

Statement of Revenues and Expenses

The following three year summary of Mammoth Lakes's revenues and expenditures has been derived from Mammoth Lakes's annual audited financial statements and notes thereto.

**MAMMOTH LAKES FIRE PROTECTION DISTRICT
REVENUES AND EXPENSES
(Years Ended June 30, 1987 through 1989)**

	<u>June 30, 1988</u>	<u>June 30, 1989</u>	<u>June 30, 1990</u>
REVENUES:			
Property Taxes	\$594,199	\$654,467	\$609,727
Intergovernmental Tax Relief	4,753	4,241	3,670
Permits & Fees	143	1,490	290
Mitigation Fees	96,078	66,569	0
Reimbursed Firefighter Fees	37,588	8,759	6,502
Paramedic Administration Fees	18,200	12,244	16,536
Interest Income	30,362	24,848	15,579
Other	85	25,555	71,602
TOTAL REVENUES	<u>\$781,408</u>	<u>\$798,173</u>	<u>\$723,906</u>
EXPENDITURES:			
Salaries and Benefits	\$233,977	\$213,911	\$219,120
Volunteer Payments & Benefits	113,028	139,625	127,818
Liability Insurance	37,680	34,601	34,307
Services & Supplies	181,643	252,857	192,023
Depreciation	54,067	0	0
Paramedic Funding	25,894	53,814	54,005
Interest (Debt Service)	<u>24,707</u>	<u>38,711</u>	<u>37,054</u>
TOTAL EXPENDITURES	<u>\$670,996</u>	<u>\$733,519</u>	<u>\$664,327</u>
TOTAL OPERATING INCOME	<u>\$110,412</u>	<u>\$ 64,654</u>	<u>\$ 59,579</u>

Source: Mammoth Lakes

Population

<u>Calendar Year</u>	<u>Mammoth Lakes</u>	<u>Mono County</u>
1990	5,700	10,350
1989	5,700	9,725
1988	5,600	9,375
1987	5,500	9,175
1986	5,300	9,125

Source: Mammoth Lakes, as to Mammoth Lakes; State of California, Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Mono will increase its population at an annual average of 1% through 2020. It is also estimated that the County will add approximately 1,400 new households by the year 2020. The following table indicates the estimated population and household growth for the County over the next thirty years.

County of Mono
Estimated Population and Household Growth
1990, 1995, 2000, 2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	9,609	4,300
1995	10,026	4,400
2000	10,598	4,800
2020	12,654	5,700

Source: California State Department of Finance Report.

Economic Characteristics of Population

The following table represents a yearly comparison of effective buying income totals for Mono County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Mono County was approximately 22.5%. This increase is below that of the State.

EFFECTIVE BUYING INCOME
For Years 1985 through 1989
(in thousands)

<u>Year</u>	<u>Mono County</u>	<u>State of California</u>
1985	\$137,937	\$346,280,970
1986	142,725	380,811,129
1987	161,423	426,008,347
1988	163,418	426,174,001
1989	169,006	444,988,647

Median Household Income

1989	\$30,574	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

- * See "American Canyon County Water District-Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following chart summarizes building permits issued and permit valuations for the years 1986 to 1990.

COUNTY OF MONO
BUILDING PERMIT VALUATION
(as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Valuation (000)					
New Residential	\$ 9,356	\$ 8,360	\$ 7,065	\$ 4,489	\$ 7,134
Residential Alt/Add	652	652	566	481	454
New Commercial/ Industrial	906	993	711	538	67
Other:					
Nonresidential	3,453	2,683	1,973	1,512	41,064*
Nonresidential Alt/Add	<u>1,299</u>	<u>825</u>	<u>644</u>	<u>19</u>	<u>132</u>
TOTAL	\$15,666	\$13,513	\$10,959	\$ 7,039	\$48,851
Number of New Housing Units:					
Single	67	60	52	44	61
Multiple	<u>52</u>	<u>45</u>	<u>30</u>	<u>2</u>	<u>16</u>
Total Units	119	105	82	46	77

Source: Economic Sciences Corporation.

* This figure accounts for construction of a geothermal plant and alterations thereto.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$842,709,606

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Mammoth Unified School District	82.471%	\$2,573,095
City of Mammoth Lake Certificates of Participation	94.472	4,638,575
Southern Mono Hospital District	82.433	783,113
Mammoth County Water District Certificates of Participation	99.638	1,823,375
Mammoth County Water District, I.D. #1	100.	315,000
Mammoth County Water District, I.D. #2	100.	800,000
Mammoth Lakes Sewer District 1915 Act Bonds	100.	55,000
Mammoth Lakes Fire Protection District Certificates of Participation	100.	<u>482,160</u> (1)
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$11,470,318

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

<u>Direct Debt</u>	<u>0.06%</u>
<u>Total Debt</u>	<u>1.36%</u>

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$0

Source: California Municipal Statistics, Inc.

Debt

Mammoth Lakes's long-term debt obligations and obligations under capital leases are disclosed in Mammoth Lakes's audited statement for the year ended June 30, 1989 in Appendix C. Mammoth Lakes has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Pending Litigation

In addition to its fire protection services within its geographic area, Mammoth Lakes administers a paramedic program for a large portion of Mono County pursuant to a joint powers agreement with Mono County, Southern Mono Hospital District and Town of Mammoth Lakes. The finances of the paramedic program are independent and separate from the finances of Mammoth Lakes Fire Protection District. In its capacity as administrator of

the paramedic program, Mammoth Lakes is a defendant in a lawsuit filed by a former employee of the paramedic program alleging an unspecified amount of damages for wrongful termination of his employment. Defense is being provided by Mammoth Lakes' insurance carrier, subject to a reservation of rights for indemnification of Mammoth Lakes' possible liability. It is the position of Mammoth Lakes that the case is without merit and that an adverse judgment would not materially and adversely affect the activities or property of Mammoth Lakes.

MAMMOTH LAKES FIRE PROTECTION DISTRICT

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
Richard Frincke	Businessman	1988/1992
Richard Bramble	Real Estate Agent	1988/1992
James Langley	Real Estate Agent	1985/1990
Willard Bauer	Contractor	1985/1990
Jack Davis	Teacher	1988/1992

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MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

McKinleyville Community Services District ("McKinleyville") was created in 1970 pursuant to Section 61000 et seq. of the California Government Code. McKinleyville is located within the township of McKinleyville and provides water, sewer, parks and street lighting services to all residents. McKinleyville is located ten miles north of Eureka on the coast of California.

McKinleyville purchases water from Humboldt Bay Municipal Water District. The water is stored in six tanks with a total capacity of 6.25 million gallons. Water is distributed through a system consisting of 70 miles of pipeline to 3,700 customers. McKinleyville provides sewer services to 3,500 customers. McKinleyville has ten full-time employees.

McKinleyville is governed by a five-member Board of Directors elected by the residents of McKinleyville. Directors serve four-year, overlapping terms. McKinleyville operations are carried out under the direction of Bruce Buel, manager. Mr. Buel came to McKinleyville in 1990. He previously served as manager of the Monterey Peninsula Water Management District for 11 years. Mr. Buel earned a bachelor of arts in economics from the University of California, Davis in 1973 and a master of ecology in 1976. In 1984, Mr. Buel obtained a masters in public administration from Golden Gate College. Mr. Buel is a member of the Association of California Water Agencies and the California Water Pollution Control Foundation.

Certain of the material which follows relates to Humboldt County. Such material is included for informational purposes only, and it should not be inferred that Humboldt County is necessarily representative of McKinleyville.

Source of Funds for Lease Payments

Adequate funds to make Lease Payments for the Project are expected to come from ad valorem property taxes collected by Humboldt County and from McKinleyville user fees. McKinleyville's project consists of purchasing telemetry control equipment for the water and sewer system, drilling a 400 foot well, developing an existing park and recoating a bridge. See "DESCRIPTION OF PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of the District

Audited financial statements of McKinleyville prepared by Warren G. Staley, certified public accountant, Arcata, California for the fiscal year ending June 30, 1990, are attached hereto as Appendix C.

Revenues, Rates and Charges

The following table sets forth information concerning McKinleyville's sources of revenues received in the fiscal year ending June 30, 1990.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Water Sales	\$ 486,927	32.6
Sewer Service Charges	472,622	32.0
Connection, Extension and Other Fees	124,637	8.4
Other	4,113	.2
Interest	151,121	10.0
Contributions in Aid of Construction	108,652	7.3
Property Taxes and Tax Relief Subventions	<u>141,913</u>	<u>9.5</u>
TOTAL	<u>\$1,489,985</u>	<u>100.0</u>

Source: McKinleyville

Statement of Revenues and Expenses

The following three year summary of McKinleyville's revenues and expenditures has been derived from McKinleyville's annual audited financial statements and notes thereto.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
REVENUES AND EXPENSES
(Years Ended June 30, 1988 through 1990)**

	<u>June 30, 1988</u>	<u>June 30, 1989</u>	<u>June 30, 1990</u>
OPERATING REVENUES:			
Water Sales	\$441,781	\$ 459,842	\$ 486,927
Sewer Service Charges	429,613	444,511	472,622
Connection, Extension & Other Fees	79,473	112,195	124,637
Other	<u>5,316</u>	<u>1,330</u>	<u>2,400</u>
	<u>\$956,183</u>	<u>\$1,017,878</u>	<u>\$1,086,586</u>
OPERATING EXPENSES:			
Salaries	\$267,323	\$ 271,251	\$ 322,645
Payroll Taxes and Employee Benefits	84,064	132,177	137,500
Water Purchases	34,949	62,494	49,480
Electric Power	42,865	52,943	59,467
Telemetry	1,335	4,773	5,144
System Repairs and Maintenance	30,680	32,187	28,602
Auto and Truck Operating	8,670	6,303	11,812
Lab Testing	2,466	3,973	4,839
Insurance	32,805	31,042	24,689
Professional Services	22,792	31,052	29,286
Office	13,956	16,194	16,480
Office Utilities and Maintenance	13,563	12,787	9,760
Travel, Meetings, Memberships and Subscriptions	6,986	9,047	5,935
Street-Lighting Power	844	3,446	3,240
Directors' Fees	5,800	8,500	10,400
Depreciation	385,651	412,407	430,705
Other	<u>12,962</u>	<u>17,678</u>	<u>7,446</u>
	<u>\$967,711</u>	<u>\$1,108,254</u>	<u>\$1,157,430</u>
Operating Income (Loss)	<u>\$(11,528)</u>	<u>\$(90,376)</u>	<u>\$(70,844)</u>
NONOPERATING REVENUES:			
Interest	\$161,901	\$ 195,791	\$ 151,121
Contributions in Aid of Construction	242,856	67,175	108,652
Property Taxes and Tax Relief Subventions	129,987	125,627	141,913
Other	<u>5,385</u>	<u>3,356</u>	<u>1,713</u>
	<u>\$540,129</u>	<u>\$ 391,949</u>	<u>\$ 403,399</u>
NONOPERATING EXPENSES			
Interest	\$207,295	\$ 110,310	\$ 156,129
Transfers to Parks Fund	<u> </u>	<u>26,548</u>	<u>31,278</u>
	<u>\$207,295</u>	<u>\$ 136,858</u>	<u>\$ 187,407</u>
Nonoperating Income	<u>\$332,834</u>	<u>\$ 255,091</u>	<u>\$ 215,992</u>
NET INCOME BEFORE EXTRAORDINARY ITEM	<u>\$321,306</u>	<u>\$ 164,715</u>	<u>\$ 145,148</u>
EXTRAORDINARY ITEM	<u> </u>	<u>(42,663)</u>	<u> </u>
NET INCOME	<u>\$321,306</u>	<u>\$ 122,052</u>	<u>\$ 145,148</u>
RETAINED EARNINGS - Beginning	571,115	649,565	704,442
Segregated to Capital Contribution	<u>(242,856)</u>	<u>(67,175)</u>	<u>(108,652)</u>
RETAINED EARNINGS - Ending	<u>\$649,565</u>	<u>\$ 704,442</u>	<u>\$ 740,938</u>

Source: McKinleyville

Population

<u>Calendar Year</u>	<u>McKinleyville</u>	<u>Humboldt County</u>
1990	10,740	120,300
1989	10,444	117,500
1988	10,148	115,200
1987	9,852	113,500
1986	9,556	112,300

Source: McKinleyville, as to McKinleyville; State of California, Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Humboldt will increase its population at an annual average of 0.1% through 2020. It is also estimated that the County will add approximately 4,300 new households by the year 2020. The following table indicates the estimated population and household growth for the County over the next thirty years.

County of Humboldt
Estimated Population and Household Growth
1990, 1995, 2000, 2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	120,300	46,500
1995	119,000	48,500
2000	120,000	49,100
2020	118,100	50,800

Source: California State Department of Finance Report.

Economic Characteristics of Population

The following table represents a yearly comparison of effective buying income totals for Humboldt County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Humboldt County was approximately 13.2%. This increase is below that of the State of California.

EFFECTIVE BUYING INCOME*
For Years 1985 through 1989
(in thousands)

<u>Year</u>	<u>Humboldt County</u>	<u>State of California</u>
1985	\$1,265,377	\$346,280,970
1986	1,351,924	380,811,129
1987	1,406,680	426,008,347
1988	1,379,047	426,174,001
1989	1,432,755	444,988,647

Median Household Income

1989	\$22,451	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon Water District - Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following chart summarizes building permits issued and permit valuations for the years 1986 to 1990.

UNINCORPORATED AREAS OF HUMBOLDT COUNTY
 BUILDING PERMIT VALUATION
 (as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Valuation (000)</u>					
New Residential	\$35,840	\$35,842	\$43,496	\$50,337	\$60,463
Residential Alt/Add	5,952	6,758	6,645	6,709	7,104
Commercial	9,202	17,418	11,093	10,010	4,487
Industrial	558	852	1,779	3,292	4,489
Other:					
Nonresidential	3,988	5,239	4,490	5,140	5,444
Nonresidential Alt/Add	<u>5,939</u>	<u>4,499</u>	<u>4,075</u>	<u>5,446</u>	<u>6,851</u>
TOTAL	\$61,479	\$70,608	\$71,578	\$80,934	\$88,838
<u>Number of New Housing Units:</u>					
Single	412	388	478	467	579
Multiple	<u>185</u>	<u>138</u>	<u>179</u>	<u>310</u>	<u>320</u>
Total Units	597	526	657	777	899

Source: Economic Sciences Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$262,608,684

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Humboldt County Certificates of Participation	6.935%	\$ 134,000
Humboldt Bay Municipal Water District	11.109	503,237
Redwoods Joint Community College District Certificates of Participation	4.985	140,826
McKinleyville Community Services District	100.	- (1)
Humboldt County 1915 Act Bonds	100.	<u>1,680,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$2,458,063
Less: Humboldt Bay Municipal Water District		<u>503,237</u>
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$1,954,826

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

<u>Direct Debt</u>	<u>- %</u>
<u>Total Gross Debt</u>	<u>0.94%</u>
<u>Total Net Debt</u>	<u>0.74%</u>

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$0

Source: California Municipal Statistics, Inc.

Debt

McKinleyville's long-term debt obligations and obligations under capital leases are disclosed in McKinleyville's audited statement for the year ended June 30, 1990 in Appendix C. McKinleyville has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
Ed Estes	Retired	1989/1993
Don Harling	Golf Course	1989/1993
Grant Ramey	Retired	1989/1993
Ben Shepherd	Teacher/Administrator	1987/1991
Joe Walund	Store Owner	1987/1991

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PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY

The Public Cemetery District No. 1 of Kern County (the "Cemetery District") was formed on August 1, 1928. The Cemetery District is engaged in the business of the interment of the dead, by ground burial only, in accordance with Section 8961 of the California Health and Safety Code.

The Cemetery District presently maintains two cemeteries. Shafter Memorial Park, acquired February 7, 1930, consists of thirteen acres of developed land and Wasco Memorial Park, acquired in 1942, consists of 20 acres of available land, ten of which have been developed. The administrative office is located at Shafter Memorial Park.

The Cemetery District is governed by a three person Board of Trustees. The Trustees are appointed for a four year term by the Kern County Board of Supervisors. The Cemetery District's manager, Timothy W. Unruh, carries out the operations of the cemeteries according to adopted policies. Mr. Unruh came to the Cemetery District on January 1, 1987. Mr. Unruh has a bachelor of arts degree in agricultural business from Tabor College in Hillsboro, Kansas. He is a member of the California Association of Public Cemeteries.

Certain of the material which follows relates to Kern County. Such material is included for informational purposes only, and it should not be inferred that Kern County is necessarily representative of the Cemetery District.

Sources of Funds for Lease Payments

The Cemetery District currently anticipates that adequate funds to make Lease Payments will come from property taxes received from the County of Kern and from the Cemetery District reserve fund. The Cemetery District's Project will consist of purchasing 20 contiguous acres of land and miscellaneous office equipment. See "DESCRIPTION OF THE PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of the Cemetery District

Audited financial statements of the Cemetery District prepared by Mark E. Albert, certified public accountant, Wasco, California for the fiscal year ending June 30, 1990 are attached hereto in Appendix C.

Statement of Revenues and Expenses

The following three year summary of the Cemetery District's revenues and expenditures has been derived from the Cemetery District's annual audited financial statements and notes thereto.

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
REVENUES AND EXPENSES
(Years Ended June 30, 1988 through 1990)

	<u>June 30,</u> <u>1988</u>	<u>June 30,</u> <u>1989</u>	<u>June 30,</u> <u>1990</u>
REVENUES			
Burial Spaces	\$ 42,847	\$ 42,145	\$ 50,710
Liners and Vaults	42,955	45,885	45,919
Openings	57,935	52,175	56,702
Other Operations	79,676	95,293	85,257
Interest	58,777	72,031	145,090
Miscellaneous	12,719	6,768	8,118
County:			
Property Taxes	180,054	194,364	202,014
Interest	<u>66,983</u>	<u>73,149</u>	<u>8,602</u>
TOTAL REVENUES	<u>\$541,946</u>	<u>\$581,810</u>	<u>\$602,412</u>
EXPENDITURES			
Salaries and Benefits	\$228,268	\$222,705	\$232,198
Gas and Oil	3,838	5,417	5,027
Repairs and Maintenance	14,799	25,552	17,957
Utilities	11,060	12,263	12,598
Insurance	21,375	26,513	29,319
Taxes and Licenses	17,267	16,876	19,222
Supplies	6,375	2,354	9,915
Legal and Accounting	2,403	1,364	3,567
Liners and Vaults	18,692	19,830	23,224
Office Expense	6,559	7,204	10,503
Miscellaneous	5,182	3,850	7,054
Capital Outlay	<u>46,024</u>	<u>7,674</u>	<u>60,155</u>
TOTAL EXPENDITURES	<u>\$381,842</u>	<u>\$351,602</u>	<u>\$430,739</u>
REVENUES OVER EXPENDITURES	<u>\$160,104</u>	<u>\$230,208</u>	<u>\$171,673</u>

Source: The Cemetery District.

Population

<u>Calendar Year</u>	<u>Cemetery District</u>	<u>Kern County</u>
1990	51,500	549,100
1989	51,000	528,900
1988	50,500	512,600
1987	50,000	500,200
1986	49,500	486,900

Source: The Cemetery District, as to the Cemetery District; State of California, Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Kern will increase its population at an annual average of 2.3% through 2020. It is also estimated that the County will add approximately 139,700 new households by the year 2020. The following table indicates the estimated population and household growth for the County over the next thirty years.

County of Kern Estimated Population and Household Growth 1990, 1995, 2000, 2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	549,100	187,600
1995	602,100	210,200
2000	662,600	234,200
2020	859,700	327,300

Source: California State Department of Finance Report.

Economic Characteristics of Population

The following table represents a yearly comparison of effective buying income totals for Kern County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Kern County was approximately 21.7%. This increase is below that of the State.

EFFECTIVE BUYING INCOME*
For Years 1985 through 1989
(in thousands)

<u>Year</u>	<u>Kern County</u>	<u>State of California</u>
1985	\$5,466,373	\$346,280,970
1986	6,157,232	380,811,129
1987	6,367,799	426,008,347
1988	6,386,866	426,174,001
1989	6,656,858	444,988,647

Median Household Income

1989	\$26,129	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon County Water District-Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following chart summarizes building permits issued and permit valuations for the years 1986 to 1990.

COUNTY OF KERN
BUILDING PERMIT VALUATION
(as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Valuation (000)</u>					
New Residential	\$283,156	\$295,968	\$266,538	\$386,467	\$460,185
Residential Alt/Add	16,060	16,025	14,296	24,391	16,045
Commercial	93,054	78,136	103,711	67,773	77,039
Industrial	20,101	18,088	8,415	22,298	22,879
Other:					
Nonresidential	147,087	83,399	75,290	61,504	62,715
Nonresidential Alt/Add	<u>43,662</u>	<u>28,500</u>	<u>35,638</u>	<u>38,946</u>	<u>36,752</u>
TOTAL	\$603,120	\$520,116	\$503,888	\$601,379	\$675,615
<u>Number of New Housing Units:</u>					
Single	3,304	3,539	2,864	3,918	4,556
Multiple	<u>1,797</u>	<u>1,426</u>	<u>294</u>	<u>385</u>	<u>400</u>
Total Units	5,101	4,965	3,158	4,303	4,956

Source: Economic Sciences Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$2,925,384,065 (after deducting \$27,261,305 redevelopment tax allocation increment)

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Kern County Building Authorities	8.707%	\$12,224,628
Kern County Board of Education	8.707	360,034
Kern County Community College District		
Certificates of Participation	9.956	2,688,120
Kern County Union High School District and		
Certificates of Participation	10.363	6,228,163
Fruitvale School District Certificates of Participation	52.563	6,675,627
Wasco Union School District Certificates of Participation	97.310	4,714,669
Other School Districts	Various	4,597,903
City of Bakersfield and Authorities	3.079	1,502,859
Water Districts	Various	14,836,383
Water Storage Districts	Various	5,052,855
Public Cemetery District #1	100.	- (1)
City of Wasco 1915 Act Bonds	100.	<u>17,387</u>
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$58,898,628
Less: City of Bakersfield self-supporting bonds		355,008
Self-supporting water storage districts		<u>1,665,379</u>
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$56,878,241

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

<u>Direct Debt</u>	<u>- %</u>
<u>Total Gross Debt</u>	<u>2.01%</u>
<u>Total Net Debt</u>	<u>1.94%</u>

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$0

Source: California Municipal Statistics, Inc.

Debt

The Cemetery District's long-term debt obligations and obligations under capital leases are disclosed in the Cemetery District's audited statement for the year ended June 30, 1990 in Appendix C. The Cemetery District has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Board of Trustees

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
G. H. Grundy	Retired	1988/1992
Brad Tomasini	Manager	1987/1991
Donald Zachary	Farmer	1990/1994

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RANCHO SIMI RECREATION AND PARK DISTRICT

The Rancho Simi Recreation and Park District ("Rancho Simi") was formed on October 10, 1961 pursuant to Section 5780 and 5791 of Division 5, Chapters 4 and 5 of the California Public Resource Code. Rancho Simi is 113 square miles bound by the Ventura County line on the east and south, west to the edge of the City limits of the City of Moorpark, and north to the Oak Ridge area of the Santa Susana Mountains. Rancho Simi provides a broad program of parks and recreation services to 115,000 residents.

Rancho Simi's facilities includes 53 sites, four swimming pools, several sports fields, golf courses, bike trails, equestrian trails and 1,332 acres of public open space. There are 75 full-time employees, 150 part-time and 300 summer employees.

Rancho Simi's Board of Directors consists of five members elected from Rancho Simi at large. Members serve four-year staggered terms on a three member, two member rotation. Elections are held in November of even numbered years. Annually in December the board selects a chairperson and vice chairperson who preside during all public meetings. The duties of the Board of Directors include appointing a General Manager and members of district committees, adopting the annual budget and generally establishing basic policy and goals for the district.

Jerry L. Gladden, general manager, came to Rancho Simi in July 1969. He was appointed to be general manager by the Board of Directors in December 1978. Prior to coming to Rancho Simi, Mr. Gladden worked for the City of Los Angeles, Bureau of Engineering. In 1961, Mr. Gladden earned a bachelor of science in business administration from San Diego State College. Mr. Gladden served on the legislative committee of the California Association of Recreation and Park Districts and is a member of the California Park and Recreation Society.

Certain of the material which follows relates to Ventura County. Such material is included for informational purposes only, and it should not be inferred that Ventura County is necessarily representative of Rancho Simi.

Source of Funds for Lease Payments

Rancho Simi's Project consists of constructing a 26,500 square foot building on an existing 42.17-acre park site. Adequate funds to make Lease Payments for the Project are expected to come from various Rancho Simi funds. See "DESCRIPTION OF PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of the District

Audited financial statements of Rancho Simi prepared by Marylee Spirakis, certified public accountant, Ventura, California are attached hereto in Appendix C.

Revenues, Rates and Charges

The following table sets forth information concerning Rancho Simi's sources of revenues received in the fiscal year ending June 30, 1990.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Taxes & Special Assesments	\$4,578,906	60.5
Charges for Services	1,670,230	22.1
Interest	943,832	12.5
Intergovernmental	345,159	4.5
Other	<u>28,914</u>	<u>.4</u>
TOTAL	<u>\$7,567,041</u>	<u>100.0</u>

Source: Rancho Simi.

Statement of Revenue and Expenses

The following three-year financial summary of Rancho Simi's revenues and expenditures has been derived from Rancho Simi's annual audited financial statements.

RANCHO SIMI RECREATION AND PARK DISTRICT REVENUES AND EXPENDITURES (Years Ended June 30, 1988 through June 1990)

	<u>June 30,</u> <u>1988</u>	<u>June 30,</u> <u>1989</u>	<u>June 30,</u> <u>1990</u>
Revenues			
Taxes and Special Assessments	\$3,882,452	\$4,989,818	\$ 4,578,906
Charges for Services	1,013,093	1,341,357	1,670,230
Intergovernmental	833,012	427,963	345,159
Interest Income	637,752	781,259	943,832
Other	<u>22,249</u>	<u>82,340</u>	<u>28,914</u>
Total Revenues	<u>\$6,388,558</u>	<u>\$7,622,737</u>	<u>\$ 7,567,041</u>
Expenditures			
Salaries and Benefits	\$2,426,676	\$2,654,107	\$ 3,037,624
Maintenance Costs	319,930	350,131	373,703
Printing, Postage, Office Supplies, Publications	36,236	34,649	37,291
Professional Services	55,722	45,732	75,107
Special Department Expenses	197,828	293,822	361,387
Utilities	310,150	365,108	376,972
Insurances	148,613	366,719	273,519
Transportation and Travel	51,749	67,472	70,162
Other	79,709	77,940	106,659
Capital Outlay	<u>3,097,285</u>	<u>1,609,644</u>	<u>1,209,372</u>
Total Expenditures	<u>\$6,723,898</u>	<u>\$5,865,324</u>	<u>\$ 5,921,796</u>
Excess (deficit) of Revenues Over Expenditures	<u>(335,340)</u>	<u>1,757,413</u>	<u>1,645,245</u>
Other Financing Sources (Uses)			
Operating Transfers In	740,900	804,509	740,000
Operating Transfers Out	<u>(630,900)</u>	<u>(771,505)</u>	<u>(540,000)</u>
Total Other Financing Sources (Uses)	<u>110,000</u>	<u>33,004</u>	<u>200,000</u>
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(225,340)	1,790,417	1,845,245
Fund Balances at Beginning of Year	<u>8,750,844</u>	<u>8,525,504</u>	<u>10,315,921</u>
Fund Balances at End of Year	<u>\$8,525,504</u>	<u>\$10,315,921</u>	<u>\$12,161,166</u>

Source: Rancho Simi

Population

<u>Calendar Year</u>	<u>Rancho Simi</u>	<u>Ventura County</u>
1990	115,300	668,600
1989	114,933	655,800
1988	109,000	638,200
1987	106,600	620,800
1986	100,000	606,000

Source: Rancho Simi, as to Rancho Simi. Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Ventura will increase its population at an annual average of 1.8% through 2020. It is also estimated that the County will add approximately 140,000 new households by the year 2020. The following table indicates the estimated population and household growth for the County over the next thirty years.

County of Ventura
Estimated Population and Household Growth
1990-2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	663,700	221,400
1995	726,300	247,500
2000	784,500	271,800
2020	987,600	361,400

Source: California State Department of Finance Report.

The following table represents a yearly comparison of effective buying income totals for Ventura County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Ventura County was approximately 28%. This increase is below that of the State.

EFFECTIVE BUYING INCOME*
 For Years 1985 through 1989
 (in thousands)

<u>Year</u>	<u>Ventura County</u>	<u>State of California</u>
1985	\$ 8,157,543	\$346,280,970
1986	9,098,441	380,811,129
1987	10,024,758	426,008,347
1988	9,925,490	426,174,001
1989	10,446,535	444,988,647

Median Household Income

1989	\$37,524	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon County Water District - Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following table summarizes building permits issued and permit valuations for the years 1986 to 1990.

UNINCORPORATED AREAS OF VENTURA COUNTY
 BUILDING PERMIT VALUATION
 (as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Valuation (000)</u>					
New Residential	\$ 754,241	\$517,312	\$668,392	\$643,957	\$328,058
Residential					
Alt/Add	34,948	38,224	40,845	46,210	47,762
Commercial	108,760	52,352	95,473	97,655	81,881
Industrial	56,560	29,157	68,340	43,404	39,056
Other:					
Nonresidential	40,511	45,043	50,274	56,464	41,589
Nonresidential					
Alt/Add	<u>50,209</u>	<u>66,623</u>	<u>49,940</u>	<u>60,695</u>	<u>71,772</u>
TOTAL	\$1,045,229	\$748,711	\$973,264	\$948,385	\$610,118
<u>Number of New Housing Units:</u>					
Single	5,047	3,288	3,675	3,463	1,428
Multiple	<u>2,466</u>	<u>917</u>	<u>1,479</u>	<u>1,734</u>	<u>708</u>
Total Units	7,513	4,205	5,154	5,197	2,136

Source: Economic Science Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$5,911,423,908 (after deducting \$490,764,509 redevelopment tax allocation increment)

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Ventura County Building Authorities	16.467%	\$ 15,755,625
Ventura County Superintendent of Schools	16.467	15,293
Ventura County Flood Control District, Zone #3	28.377	3,801,099
Metropolitan Water District	0.855	5,985,171
Ventura County Community College District		
Certificates of Participation	16.473	175,425
Oak Park Unified School District and		
Certificates of Participation	100.	18,410,570
Simi Valley Unified School District and		
Certificates of Participation	99.960	20,994,068
City of Simi Valley Authorities	100.	3,485,000
Rancho Simi Recreation and Park District Authority	100.	2,035,000 (1)
Triunfo County Sanitation District	32.700	773,355
Calleguas Municipal Water District	29.144	684,884
Other Special Districts	Various	547,400
City of Simi Valley 1915 Act Bonds	100.	28,811,536
Simi Valley County Sanitation District 1915 Act Bonds	100.	<u>2,175,000</u>
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$103,649,426

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

Direct Debt 0.03%
Total Debt 1.75%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$21,508,748

Source: California Municipal Statistics, Inc.

Debt

Rancho Simi's long-term debt obligations and obligations under capital leases are disclosed in Rancho Simi's audited financial statements for the year ended June 30, 1990 in Appendix C. Rancho Simi has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
James Meredith	Retired	1990/1994
Rick Fields	Director - Sr. Ctr.	1988/1992
Bonnie Carpenter	Teacher	1988/1992
Debi Schultze	Housewife	1988/1992
Mark Johnson	Teacher	1990/1994

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SAN DIEGO ASSOCIATION OF GOVERNMENTS

The San Diego Association of Governments ("SANDAG") was formed as the Comprehensive Planning Organization under a Joint Powers Agreement dated September 10, 1972. The Joint Powers Agreement was amended on November 5, 1980 to change the agency's name to San Diego Association of Governments. The Member Agencies include 18 incorporated cities from the San Diego region and the County of San Diego. The purpose of SANDAG is to engage in regional cooperative comprehensive planning, to assist the Member Agencies and to provide a regional reviewing organization for certain federal and state grant projects.

SANDAG is governed by a Board of Directors composed of mayors, councilmembers and a county supervisor from each of the region's 19 local governments. The Board of Directors is assisted by a professional staff of planners, engineers and research specialists.

The agency serves as the Regional Transportation Commission, Integrated Solid Waste Task Force, the Regional Planning and Growth Management Review Board, and the Airport Land Use Commission.

SANDAG Directors adopt regionwide plans, establish policies and develop programs which are used by local governments and other public and private organizations. Citizens, special interest groups and other agencies participate in the planning and approval process through the Association's committees, task forces, workshops, and public hearings.

Source of Funds for Lease Payments

SANDAG's Project will consist of purchasing computer and other office equipment. SANDAG currently anticipates that adequate funds to make Lease Payments will be an indirect cost charged to all sources of funding. See "DESCRIPTION OF THE PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of the District

Audited financial statements of SANDAG prepared by KPMG Peat Marwick, certified public accountants, San Diego, California for the fiscal year ending June 30, 1990 are attached hereto in Appendix C.

Revenues, Rates and Charges

The following table sets forth information concerning SANDAG's sources of revenues received in the fiscal year ending June 30, 1990.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Federal Grants	\$2,111,897	28.9
State Grants	939,265	12.9
Other Grants and Contracts	893,964	12.2
Transportation Sales Tax Administration	1,496,006	20.5
Transportation Develop- ment Act	1,325,889	18.1
Member Agency Assessments	484,997	6.6
Miscellaneous and Interest on Investments	<u>56,665</u>	<u>0.8</u>
TOTAL REVENUES	<u>\$7,308,683</u>	<u>100.0</u>

Statement of Revenue and Expenses

The following three-year financial summary of SANDAG's revenues and expenditures has been derived from SANDAG's annual audited financial statements.

	<u>June 30,</u> <u>1988</u>	<u>June 30,</u> <u>1989</u>	<u>June 30,</u> <u>1990</u>
REVENUES:			
Federal Grants	\$ 2,024,910	\$ 2,392,888	\$ 2,111,897
State Grants	646,459	648,962	939,265
Other Grants and Contracts	1,068,166	1,148,531	893,964
Transportation Sales Tax Administration	0	396,529	1,496,006
Transportation Development Act	902,860	1,061,409	1,325,889
Member Agency Assessments	440,000	462,000	484,997
Miscellaneous and Interest on Investments	<u>37,506</u>	<u>48,496</u>	<u>56,665</u>
TOTAL REVENUES	<u>\$ 5,119,901</u>	<u>\$ 6,158,815</u>	<u>\$ 7,308,683</u>
PROGRAM EXPENDITURES:			
Intergovernmental Relations and Program Management	\$ 1,013,745	\$ 617,135	\$ 572,147
Information Systems Development	695,644	828,245	1,009,613
Regional Transportation Planning	1,017,099	1,691,292	1,476,813
Transportation Programming and Planning Asst.	299,247	709,663	974,021
Development Strategy & Environmental Mgmt.	548,301	489,962	629,727
Regional Criminal Justice Clearinghouse	0	330,515	386,226
Special Projects, Services & Assistance	977,014	713,002	1,275,343
Services Provided by Other Agencies	0	523,776	1,121,603
General and Administrative Expenses	145,913	45,043	121,387
Capital Outlay	18,366	70,651	186,635
Board of Directors	<u>68,225</u>	<u>84,777</u>	<u>86,473</u>
TOTAL PROGRAM EXPENDITURES	<u>\$ 4,783,584</u>	<u>\$ 6,104,061</u>	<u>\$ 7,839,988</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURE	336,317	54,754	(531,305)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	0	0	428,781
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(428,781)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	336,317	54,754	(531,305)
FUND BALANCE BEGINNING OF YEAR	<u>357,093</u>	<u>693,410</u>	<u>748,164</u>
FUND BALANCE END OF YEAR	<u>\$ 693,410</u>	<u>\$ 748,164</u>	<u>\$ 216,859</u>

Population

<u>Calendar Year</u>	<u>San Diego County*</u>
1990	2,509,900
1989	2,417,600
1988	2,328,400
1987	2,247,700
1986	2,169,400

Source: Department of Finance, Demographics Department, as to County.

* SANDAG's boundaries are those of San Diego County.

It is estimated by the California State Department of Finance that the County of San Diego will increase its population at an annual average of 2.0% through 2020. It is also estimated that the County will add approximately 521,300 new households by the year 2020. The following table indicates the estimated population and household growth for the county over the next thirty years.

COUNTY OF SAN DIEGO
ESTIMATED POPULATION AND HOUSEHOLD GROWTH
1990, 1995, 2000, 2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	2,509,900	880,000
1995	2,630,300	963,600
2000	2,852,500	1,051,700
2020	3,644,700	1,401,300

Source: California State Department of Finance Report.

The following table represents a yearly comparison of effective buying income totals for San Diego County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for San Diego County was approximately 32.6%. This increase is above that of the State.

EFFECTIVE BUYING INCOME*
For Years 1985 through 1989
(in thousands)

<u>Year</u>	<u>San Diego County</u>	<u>State of California</u>
1985	\$28,842,528	\$346,280,970
1986	31,678,473	380,811,129
1987	35,704,887	426,008,347
1988	36,146,308	426,174,001
1989	38,270,528	444,988,647

Median Household Income

1989	\$29,916	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon County Water District Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following table summarizes building permits issued and permit valuations for the years 1986 to 1990.

SAN DIEGO COUNTY
BUILDING PERMIT VALUATION
(as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Valuation (000)					
New Residential	\$3,341,308	\$2,811,480	\$3,397,448	\$2,541,434	\$2,026,640
Residential Alt/Add	125,797	131,012	170,086	203,106	223,365
Commercial	568,520	589,155	669,635	711,968	504,246
Industrial	95,353	125,220	113,797	133,366	109,802
Other:					
Nonresidential	122,433	127,077	149,030	99,512	91,121
Nonresidential Alt/Add	<u>342,198</u>	<u>294,380</u>	<u>273,582</u>	<u>289,789</u>	<u>266,833</u>
TOTAL	\$4,595,609	\$4,078,324	\$4,773,578	\$3,979,175	\$3,222,007
Number of New Housing Units:					
Single	16,585	15,466	14,736	10,856	6,608
Multiple	<u>27,545</u>	<u>15,143</u>	<u>13,803</u>	<u>7,854</u>	<u>9,140</u>
Total Units	44,130	30,609	28,539	18,710	15,748

Source: Economic Science Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$123,927,401,532 (after deducting \$5,619,007,977 redevelopment tax allocation increment; includes unitary utility valuation)

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
San Diego County	100. %	\$ 0
San Diego County General Fund Obligations	100.	339,753,000
Metropolitan Water District	16.132	112,920,226
San Diego County Water Authority	100.	21,170,000
Community College Districts and Certificates of Participation	100.	12,700,000
San Diego Unified School District	100.	1,875,000
San Diego Unified School District, Building Corporation	100.	122,155,000
Other Unified School Districts and Certificates of Participation	100.	29,390,539
High School Districts and Certificates of Participation	100.	38,725,390
School Districts and Certificates of Participation	100.	50,347,923
Otay Municipal Water District and Improvement Districts	100.	12,195,000
Other Municipal Water Districts	100.	53,188,000
City of San Diego	100.	29,105,000
City of San Diego General Fund Obligations	100.	113,565,000
Other Cities	100.	9,440,000
Other City General Fund Obligations	100.	220,320,000
San Diego Unified Port District	100.	6,470,000
San Diego Open Space Park Facilities District	100.	68,935,000
Hospital Districts and Hospital Authorities	100.	23,460,000
Water, County Water and Irrigation Districts	100.	21,568,000
Community Facilities Districts	100.	173,062,712
Other Special Districts	100.	15,376,000
1915 Act Bonds (Estimated)	100.	<u>203,536,085</u> (1)
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$1,679,257,875
Less: Metropolitan Water District and San Diego		
Water Authority (100% self-supporting)		67,081,073
San Diego Unified Port District (100% self-supporting)		6,470,000
San Diego Open Space Park Facilities District #1 (100% self-supporting)		68,935,000
Other Self-supporting Bonds		<u>27,425,000</u>
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$1,509,346,802

(1) Excludes \$35,000,000 County 1915 Act bonds to be sold.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

<u>Direct Debt (\$339,753,000)</u>	<u>0.27%</u>
<u>Total Gross Debt</u>	<u>1.36%</u>
<u>Total Net Debt</u>	<u>1.22%</u>

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$41,512,203

Source: California Municipal Statistics, Inc.

Debt

SANDAG's long-term debt obligations and obligations under capital leases are disclosed in SANDAG's audited financial statements for the year ended June 30, 1990 in Appendix C. The SANDAG has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

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STINSON BEACH COUNTY WATER DISTRICT

Stinson Beach County Water District ("Stinson Beach") was created in 1962 pursuant to the provisions of Sections 31020 et seq. of the State Water Code and Sections 54300 et seq. of the State Government Code. In 1976 Sections 31145 et seq. were added to the State Water Code empowering Stinson Beach to manage all sources of water pollution and regulate water quality and supply. This allowed Stinson Beach to manage septic systems in the community. This program is monitored by the Regional Water Quality Control Board, San Francisco Bay Region.

The coastal community of Stinson Beach is situated on the western slopes of Mount Tamalpais, some 20 miles north of San Francisco, in Marin County, California. The community is bordered by the Pacific Ocean to the west and the Golden Gate National Recreation Area (GGNRA) and Mt. Tamalpais State Park to the north, south and east. The two mile long beach is a major recreational destination for Bay Area residents.

The water supply for customers comes from numerous streams and several groundwater wells located on the eastern borders of the community. Stinson Beach has storage capacity of 850,000 gallons of treated water and 570,000 gallons of untreated water. Average daily use, on a year round basis is 164,000 gallons. Water wells provide additional water capacity, as needed. Stinson Beach currently has 675 water customers and 630 wastewater management program customers. This supports an average population of 1500 people. Because the community has a large number of second homes, and is a major destination site for beach activities, the population can swell to over 10,000 on a warm holiday weekend. Water supplies are adequate for meeting peak demands.

Stinson Beach has been a model program in how a small community can manage wastewater problems on a local level. Stinson Beach consults with communities all across the country and to communities in Japan, Europe and New Zealand.

Stinson Beach is governed by a five-member Board of Directors elected by residents of the community. Directors serve four-year, overlapping terms. Stinson Beach operations are under the direction of Mark Richardson, General Manager. Mr. Richardson has been with Stinson Beach for 5-1/2 years, and previously was the operations manager at The Sea Ranch development on the Sonoma County Coast. Mr. Richardson holds a bachelor of arts in environmental studies, and holds state certification in water and wastewater treatment and

operations. As a member of the California Water Pollution Control Foundation and the Association of California Water Agencies, he is active in the development of innovative sewage disposal technologies.

Certain of the material which follows relates to Marin County. Such material is included for informational purposes only, and it should not be inferred that Marin County is necessarily representative of Stinson Beach.

Source of Funds for Lease Payments

The Project of Stinson Beach will consist of the reinforcement for site development of newly purchased land and constructing a 1,400 square foot administrative office building. Adequate funds to make Lease Payments for the Project are expected to come from water and wastewater management fees and from ad valorem property taxes collected by the County of Marin. See "DESCRIPTION OF PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of the District

Audited financial statements of Stinson Beach prepared by James Cardillo-Lee, certified public accountant, Novato, California for the fiscal year ending June 30, 1990, are attached hereto in Appendix C.

Revenues, Rates and Charges

Stinson Beach plans to implement a 17.5% rate increase effective July 1, 1991. This will be the first rate increase since 1982.

The following table sets forth information concerning Stinson Beach's sources of revenues received in the fiscal year ending June 30, 1990.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Water Charges	\$207,099	37.3
Discharge Permit Fees	87,012	15.6
New Connection and Other Fees	45,938	8.3
Interest	33,803	6.0
Property Taxes	178,025	32.0
Penalties and Late Charges	3,641	.7
Other	250	.1
TOTAL	<u>\$555,768</u>	<u>100.0</u>

Source: Stinson Beach.

Statement of Revenue and Expenses

The following three-year financial summary of Stinson Beach's revenues and expenditures has been derived from Stinson Beach's annual audited financial statements.

STINSON BEACH COUNTY WATER DISTRICT REVENUES AND EXPENDITURES (Years Ended June 30, 1988 Through 1990)

	<u>June 30,</u> <u>1988</u>	<u>June 30,</u> <u>1989</u>	<u>June 30,</u> <u>1990</u>
REVENUES:			
Water Base Charge	\$ 83,471	\$ 86,373	\$ 87,854
Water Overage Charge	141,687	109,467	118,900
Other Water Charges	133	1,010	345
Discharge Permit Fees	56,374	84,707	87,012
Monitor Inspection Fees	936	531	216
New Connection, Plan Check and Inspection Fees	68,040	62,335	45,338
Other Services Fees	6,035	20,877	384
Interest Income	16,837	21,260	33,803
Property Taxes & Relief	134,504	162,135	178,025
Penalties & Lates Charges	3,554	4,160	3,641
Refuse Franchise Fee	200	200	250
Copier Machine Revenues	1,128	15	-0-
Other Revenues	178	8,286	-0-
Total Revenues	<u>\$513,077</u>	<u>\$561,354</u>	<u>\$555,768</u>
EXPENSES:			
Salaries and Employee Benefits	\$209,095	\$212,146	\$231,222
Building & Equipment Maintenance	31,250	28,854	52,584
Vehicle Expenses	5,981	7,216	3,529
Liability Insurance & Bonds	6,643	14,417	8,142
Utilities & Telephone Expenses	28,036	24,028	24,681
Laboratory & Testing Expenses	13,409	10,763	20,601
General & Administrative Expenses	58,976	73,593	77,648
Financing Expenses	48,297	46,972	46,101
Depreciation Expense	31,925	31,925	31,925
Total Expenses	<u>\$433,562</u>	<u>\$449,914</u>	<u>\$496,433</u>
Excess of Revenues Over Expenses	<u>\$ 79,515</u>	<u>\$111,440</u>	<u>\$ 59,335</u>

Source: Stinson Beach

Population

<u>Calendar Year</u>	<u>Stinson Beach</u>	<u>Marin County</u>
1990	1500	231,500
1989	1500	228,600
1988	1400	227,300
1987	1200	225,600
1986	1200	224,500

Source: Stinson Beach, as to Stinson Beach. Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Marin will increase its population at an annual average of .1% through 2020. It is also estimated that the County will add approximately 3,700 new households by the year 2020. The following table indicates the estimated population and household growth for the county over the next thirty years.

COUNTY OF MARIN
ESTIMATED POPULATION AND HOUSEHOLD GROWTH
1990-2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	231,500	98,300
1995	234,383	101,700
2000	236,518	103,500
2020	232,660	102,000

Source: California State Department of Finance Report.

The following table represents a yearly comparison of effective buying income totals for Marin County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Marin County was approximately 18%. This increase is below that of the State.

EFFECTIVE BUYING INCOME*
For Years 1985 through 1989
(in thousands)

<u>Year</u>	<u>Marin County</u>	<u>State of California</u>
1985	\$4,662,685	\$346,280,970
1986	5,083,628	380,811,129
1987	5,418,278	426,008,347
1988	5,345,416	426,174,001
1989	5,502,608	444,988,647

Median Household Income

1989	\$42,819	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon County Water District Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following table summarizes building permits issued and permit valuations for the years 1986 to 1990.

MARIN COUNTY
BUILDING PERMIT VALUATION
(as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
<u>Valuation (000)</u>					
New Residential	\$122,860	\$172,335	\$198,274	\$218,463	\$166,972
Residential Alt/Add	33,639	37,324	48,304	47,853	58,915
Commercial	21,550	18,446	27,809	44,088	14,904
Industrial	9,490	646	2,569	7,432	1,070
Other:					
Nonresidential	4,888	4,553	4,653	8,299	5,274
Nonresidential Alt/Add	<u>30,426</u>	<u>24,438</u>	<u>23,729</u>	<u>26,686</u>	<u>27,782</u>
TOTAL	\$222,853	\$257,742	\$305,338	\$352,821	\$274,917
<u>Number of New Housing Units:</u>					
Single	579	815	950	884	371
Multiple	<u>365</u>	<u>469</u>	<u>389</u>	<u>583</u>	<u>459</u>
TOTAL	944	1,284	1,339	1,422	830

Source: Economic Science Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$136,211,949

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Tamalpais Union High School District		
Certificates of Participation	1.483%	\$1,682
Stinson Beach County Water District	100.	- (1)
Bay Area Pollution Control Authority	0.041	<u>92</u>
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$1,774

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

Direct Debt _____ - %
Total Debt _____ 0.001%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$219,650

Source: California Municipal Statistics, Inc.

Debt

Stinson Beach's long-term debt obligations and obligations under capital leases are disclosed in Stinson Beach's audited financial statements for the year ended June 30, 1990 in Appendix C. Stinson Beach has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Begins/Ends</u>
Kenneth K. Solin	Finance Analysis	1988/1992
Andrea G. di Marco	Teacher/Waitress	1990/1994
George R. Elwell	Realtor	1990/1994
Elizabeth Sapanai	Lawyer	1988/1992
Lawrence A. Baskin	Lawyer	1988/1992

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TUOLUMNE COUNTY WATER DISTRICT NO. 1

Tuolumne County Water District No. 1 ("TCWD") was organized on November 27, 1943 pursuant to Section 3 of the County District Act of 1913 as amended. TCWD provides water and sewer services to approximately 1,500 customers residing in TCWD. Boundaries include the township of Twain Hart and the Sherwood Forest subdivision. TCWD is located 60 miles east of the City of Modesto.

The water supply for customer service is purchased from the County of Tuolumne and is stored in five tanks with a total storage capacity of 2.3 million gallons. TCWD's facilities also include a water treatment plant, a distribution system consisting of 20 miles of pipeline and a sewer collection system. TCWD has six full-time employees.

TCWD is governed by a Board of Directors consisting of five members, who are elected to staggered four-year terms. TCWD operations are carried out under the direction of Robert E. Sandberg, general manager. On October 3, 1977, Mr. Sandberg came to TCWD as an operator and was appointed to general manager on July 1, 1982. Mr. Sandberg served 22 years in the United States Navy working in the electronics field prior to his tenure with TCWD. Mr. Sandberg is a member of the American Water Works Association and the Rural Water Association.

Certain of the material which follows relates to Tuolumne County. Such material is included for informational purposes only, and it should not be inferred that Tuolumne County is necessarily representative of TCWD.

Drought

As a result of the present fifth consecutive year of drought experienced in the State of California, Tuolumne County imposed a 50% water use reduction on TCWD. Because TCWD charges all users a flat rate, TCWD's revenues were not affected by this reduction.

Source of Funds for Lease Payments

Adequate funds to make Lease Payments for the Project are expected to come from assessments that TCWD is charging its customers for the installation of water meters. The assessments are structured so that their aggregate amount is

scheduled to be sufficient to make TCWD's Lease Payments over the term of TCWD's Lease Agreement. Customers have the option of paying their assessment all at once or spreading the cost over monthly payments to be included in their water bill. The remedy for non-payment is turning off such customer's water service according to Tuolumne County Water District No.1 Ordinance #21, Article 15 Procedure. TCWD's Project will consist of purchasing and installing approximately 1,600 water meters. See "DESCRIPTION OF PROJECTS AND CONSTRUCTION PROJECTS," above.

Financial Statements of the District

Audited financial statements of TCWD prepared by Willis & Walsh, certified public accountants, Citrus Heights, California for the fiscal year ending June 30, 1990, are attached hereto in Appendix C.

Revenues, Rates and Charges

The following table sets forth information concerning TCWD's sources of revenues received in the fiscal year ending June 30, 1991.

<u>Source</u>	<u>Revenue</u>	<u>% of Total</u>
Service Charges	\$396,841	67.2
Tax and Assessment	89,598	15.2
Interest	35,612	6.0
Other	<u>68,387</u>	<u>11.6</u>
Total	<u>\$590,438</u>	<u>100.0</u>

Source: TCWD.

Statement of Revenue and Expenses

The following three-year financial summary of TCWD's revenues and expenditures has been derived from TCWD's annual audited financial statements.

TUOLUMNE COUNTY WATER DISTRICT NO. 1 REVENUES AND EXPENSES (Years Ended June 30, 1988 Through 1990)

	<u>June 30, 1988</u>	<u>June 30, 1989</u>	<u>June 30, 1990</u>
Operating Revenue			
Service Charges	\$337,074	\$333,583	\$396,841
Other Operating Income	<u>36,559</u>	<u>20,332</u>	<u>30,530</u>
Total Operating Revenues	<u>\$373,633</u>	<u>\$353,915</u>	<u>\$427,371</u>
Operating Expenses			
Plant	\$168,079	\$154,385	\$148,263
Purchased Water	16,177	17,766	16,084
General and Administrative	188,493	220,265	202,992
Depreciation	<u>81,727</u>	<u>81,757</u>	<u>99,446</u>
Total Operating Expenses	<u>\$454,476</u>	<u>\$474,173</u>	<u>\$466,785</u>
Operating Income (Loss)	<u>(80,843)</u>	<u>(120,258)</u>	<u>(39,414)</u>
Non-Operating Revenue			
Tax and Assessment Revenue	\$ 92,538	\$ 91,257	\$ 89,598
Interest Revenue	28,852	33,123	35,612
Other Non-Operating Revenue	<u>34,100</u>	<u>32,513</u>	<u>37,857</u>
Total Non-Operating Revenue	<u>\$155,490</u>	<u>\$156,893</u>	<u>\$163,067</u>
Non-Operating Expenses			
Interest	\$ 68,171	\$ 66,167	\$ 63,722
Other Non-Operating Expenses	<u>589</u>	<u>8,999</u>	<u>1,594</u>
Total Non-Operating Expenses	<u>\$ 68,760</u>	<u>\$ 75,166</u>	<u>\$ 65,316</u>
Net Income (Loss)	<u>\$ 5,887</u>	<u>\$(38,531)</u>	<u>\$ 58,337</u>

Source: TCWD.

Population

<u>Calendar Year</u>	<u>TCWD</u>	<u>Tuolumne County</u>
1990	2,860	49,050
1989	2,820	47,100
1988	2,808	45,050
1987	2,795	43,150
1986	2,700	41,700

Source: TCWD, as to TCWD. Department of Finance, Demographics Department, as to County.

It is estimated by the California State Department of Finance that the County of Tuolumne will increase its population at an annual average of 3.2% through 2020. It is also estimated that the County will add approximately 13,800 new households by the year 2020. The following table indicates the estimated population and household growth for the county over the next thirty years.

COUNTY OF TUOLUMNE
ESTIMATED POPULATION AND HOUSEHOLD GROWTH
1990, 1995, 2000, 2020

<u>Year</u>	<u>Area Population</u>	<u>Household Projections</u>
1990	49,500	18,000
1995	57,700	20,900
2000	64,600	23,300
2020	85,900	31,800

Source: California State Department of Finance Report.

The following table represents a yearly comparison of effective buying income totals for Tuolumne County and the State of California. The percentage increase in effective buying income from 1985 to 1989 for Tuolumne County was approximately 30%. This increase is above that of the State.

EFFECTIVE BUYING INCOME*
 For Years 1985 through 1989
 (in thousands)

<u>Year</u>	<u>Tuolumne County</u>	<u>State of California</u>
1985	\$368,023	\$346,280,970
1986	415,301	380,811,129
1987	465,983	426,008,347
1988	464,375	426,174,001
1989	479,966	444,988,647

Median Household Income

1989	\$20,022	\$30,713
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Source: Sales & Marketing Management Magazine "Survey of Buying Power."

* See "American Canyon County Water District Economic Characteristics of Population" on p. B-4 and 5 for a description of the methodology used in compiling the above table.

Construction

The following table summarizes building permits issued and permit valuations for the years 1986 to 1990.

TUOLUMNE COUNTY
BUILDING PERMIT VALUATION
(as of December 31)

<u>Industry</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Valuation (000)					
New Residential	\$42,782	\$27,554	\$30,273	\$40,499	\$47,573
Residential Alt/Add	245	1,977	2,556	2,850	3,761
Commercial	6,905	2,381	2,827	3,648	2,506
Industrial	1,938	374	268	345	1,292
Other:					
Nonresidential	6,319	2,319	2,840	2,642	4,200
Nonresidential Alt/Add	<u>3,089</u>	<u>215</u>	<u>210</u>	<u>10</u>	<u>43</u>
TOTAL	\$61,278	\$34,820	\$38,974	\$47,342	\$59,375
Number of New Housing Units:					
Single	734	465	543	644	705
Multiple	<u>188</u>	<u>110</u>	<u>43</u>	<u>97</u>	<u>143</u>
Total Units	922	575	586	741	848

Source: Economic Science Corporation.

Statement of Direct and Overlapping Bonded Debt

1990-91 Assessed Valuation: \$95,818,696

<u>DIRECT AND OVERLAPPING BONDED DEBT</u>	<u>% Applicable</u>	<u>Debt 6/1/91</u>
Tuolumne County Certificates of Participation	4.147%	\$246,895
Yosemite Community College District		
Certificates of Participation	0.533	8,261
Summerville Union High School District		
Certificates of Participation	20.013	91,064
Twaine Harte-Long Barn Union School District		
Certificates of Participation	28.258	208,473
Tuolumne Regional Water District, I.D. #1	0.993	12,909
Tuolumne County Water District, I.D. #1	100.	<u>70,000</u> (1)
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$637,602

(1) Excludes share of pooled certificates of participation to be sold.

Ratios to Assessed Valuation:

<u>Direct Debt</u>	<u>0.07%</u>
<u>Total Debt</u>	<u>0.67%</u>

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/90: \$0

Source: California Municipal Statistics, Inc.

Debt

TCWD's long-term debt obligations and obligations under capital leases are disclosed in TCWD's audited financial statements for the year ended June 30, 1990 in Appendix C. TCWD has not issued any long-term debt or entered into any capital leases following the date of such financial statements.

Board of Directors

<u>Name</u>	<u>Occupation</u>	<u>Date Current Term Began/Ends</u>
John S. Hinson	Retired	1987/1991
Robert J. Kosach	Retired	1989/1991
William M. Bryant	Salesman	1989/1993
F. R. Scoville	Retired	1989/1993
Fred H. Alwurm	Retired	1987/1991

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APPENDIX C
FINANCIAL STATEMENTS OF THE LESSEES

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AMERICAN CANYON COUNTY WATER DISTRICT

AMERICAN CANYON, CALIFORNIA

FINANCIAL STATEMENTS

June 30, 1990

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Statement of Revenue and Expenses - Combined Funds For the Years Ended June 30, 1990 and 1989	B	3
Statement of Changes in Fund Equity - Combined Funds For the Years Ended June 30, 1990 and 1989	C	4
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G & J Seiberlich & Co
Certified Public Accountants
Napa, California

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September 20, 1990

Board of Directors
American Canyon County Water District
American Canyon, California

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of American Canyon County Water District as of June 30, 1990 and 1989, and for the years then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of American Canyon County Water District management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 4 to the financial statements, the District has adopted the accounting method required by the State of California of all Water Districts for accounting for Participation Rights in State Water Facilities and the related liability. This method is not in accordance with generally accepted accounting principles in that Participation Rights and the related liability are recorded on an as billed basis rather than on an accrued basis. The effects of this deviation from generally accepted accounting principles have not been determined.

In our opinion, except for the effects of recording the Participation Rights in State Water Facilities and the related liability on an as billed basis rather than on an accrued basis as stated above, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of American Canyon County Water District as of June 30, 1990 and 1989, and the results of its operations and the changes in its fund equity for the years then ended in conformity with generally accepted accounting principles as well as accounting standards prescribed by the State Controller's office and State regulations governing special districts.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of American Canyon County Water District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

AMERICAN CANYON COUNTY WATER DISTRICT
BALANCE SHEET - COMBINED FUNDS
As of June 30, 1990 and 1989

Exhibit A

	1990	1989	Change
Assets			
Current Assets			
Cash and Cash Investments (Note 2)	\$ 4,608,215	\$ 3,531,348	\$ 1,076,870
Accounts Receivable (Note 3)	184,840	186,794	(22,154)
Accrued Interest Receivable	163,102	86,520	76,582
Prepaid Expenses	41,071	73,749	(32,678)
Total Current Assets	<u>4,997,228</u>	<u>3,878,411</u>	<u>1,118,817</u>
Property and Equipment (Note 5)	16,142,940	15,371,772	771,168
Less Allowance for Depreciation and Amortization	<u>3,200,980</u>	<u>2,675,608</u>	<u>525,372</u>
Property and Equipment, Net	<u>12,941,960</u>	<u>12,696,164</u>	<u>245,796</u>
Other Assets			
Restricted Cash (Note 2)	3,768,403	1,877,356	1,891,047
Deferred Costs (Note 6)	<u>464,188</u>	<u>197,802</u>	<u>266,386</u>
Total Other Assets	<u>4,232,591</u>	<u>2,075,158</u>	<u>2,157,433</u>
Total Assets	<u>\$ 22,155,396</u>	<u>\$ 18,424,739</u>	<u>\$ 3,730,657</u>
Liabilities and Fund Equity			
Current Liabilities			
Accounts Payable	\$ 272,606	\$ 456,959	\$ (184,353)
Deposits	194,466	175,551	18,915
Accrued Expenses	93,144	73,888	19,256
Current Portion of Long-Term Debt	<u>310,327</u>	<u>178,148</u>	<u>132,179</u>
Total Current Liabilities	<u>870,543</u>	<u>884,546</u>	<u>(13,993)</u>
Long-Term Debt (Note 7)	<u>8,242,011</u>	<u>6,407,348</u>	<u>1,834,663</u>
Total Liabilities	<u>9,112,554</u>	<u>7,291,894</u>	<u>1,820,660</u>
Fund Equity			
Retained Earnings	9,176,492	7,276,305	1,900,187
Contributions in Aid of Construction	<u>3,866,340</u>	<u>3,866,340</u>	<u>-0-</u>
Total Fund Equity	<u>13,042,832</u>	<u>11,142,645</u>	<u>1,900,187</u>
Total Liabilities and Fund Equity	<u>\$ 22,155,396</u>	<u>\$ 18,424,739</u>	<u>\$ 3,730,657</u>

The accompanying notes are an integral part of the financial statements.

AMERICAN CANYON COUNTY WATER DISTRICT
STATEMENT OF REVENUES AND EXPENSES - COMBINED FUNDS
For the Years Ended June 30, 1990 and 1989

Exhibit B

	1990	1989	Change
Operating Revenues			
Service Charges	\$ 1,354,912	\$ 1,238,709	\$ 116,203
Connection and Annexation Fees	1,338,038	1,377,847	(39,812)
Property Taxes	507,591	435,000	72,591
Other (Exhibit H)	66,633	62,584	4,049
Total Operating Revenues	3,267,231	3,114,240	152,991
Expenses			
Operating Expenses			
Wages	477,806	411,984	65,822
Employee Benefits	27,322	29,282	(1,960)
Plant Expense	92,873	83,069	9,804
Maintenance	33,477	36,865	(3,388)
Water Purchases and Secondary Treatment	172,783	120,819	51,964
Equipment and Vehicle Operation	7,274	5,005	2,269
Equipment and Vehicle Maintenance	25,692	25,543	149
Professional and Outside Services	139,866	122,820	17,046
Program Costs	2,310	4,024	(1,714)
Total Operating Expenses	979,403	819,391	160,012
General and Administrative Expenses			
Utilities	59,016	60,413	(1,397)
Directors' Fees	16,050	14,400	1,650
Travel	4,556	3,728	828
Insurance	118,426	107,078	11,348
Taxes	419	414	5
Bad Debts	3,815	3,642	173
Election Expenses	-0-	1,852	(1,852)
Construction Inspection	12,183	4,791	7,392
Sewer Line Cleaning	-0-	450	(450)
Health Assessment	166	1,324	(1,158)
Depreciation	309,321	275,215	34,106
Amortization	56,052	46,104	9,948
Total General and Administrative Expenses	580,205	519,471	60,734
Total Expenses	1,559,608	1,338,862	220,746
Operating Income	1,707,623	1,774,128	(66,505)
Non-Operating Revenue (Expense)			
Interest Revenue	569,410	447,527	121,883
Interest Expense	(376,868)	(377,865)	1,017
Net Non-Operating Revenue	192,542	69,662	122,880
Net Income	\$ 1,900,165	\$ 1,843,790	\$ 56,375

The accompanying notes are an integral part of the financial statements.

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AMERICAN CANYON COUNTY WATER DISTRICT
STATEMENT OF CHANGES IN FUND EQUITY - COMBINED FUNDS
For the Years Ended June 30, 1990 and 1989

Exhibit C

	Retained Earnings	Contributions in Aid of Construction	Total
For the Year Ended June 30, 1990			
Beginning Balance	\$ 7,278,305	\$ 3,866,540	\$ 11,144,845
Net Income	1,900,167	-0-	1,900,167
Ending Balance	\$ 9,178,472	\$ 3,866,540	\$ 13,045,012
For the Year Ended June 30, 1989			
Beginning Balance	\$ 5,432,515	\$ 3,612,188	\$ 9,044,683
Net Income	1,843,790	-0-	1,843,790
Assets Dedicated and Accepted by the District	-0-	254,372	254,372
Ending Balance	\$ 7,276,305	\$ 3,866,540	\$ 11,142,845

The accompanying notes are an integral part of the financial statements.

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AMERICAN CANYON COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS - COMBINED FUNDS
For the Years Ended June 30, 1990 and 1989

Exhibit D

	1990	1989
Operating Activities		
Operating Income	\$ 1,707,623	\$ 1,774,128
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	365,374	321,319
Cash Provided by (Used for) Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	22,154	(31,529)
(Increase) in Accrued Interest Receivable	(76,582)	(34,164)
(Increase) Decrease in Prepaid Expenses	(21,342)	(9,098)
Increase (Decrease) in Accounts Payable	(184,353)	307,368
Increase in Deposits	18,915	65,977
Increase in Accrued Expenses	19,236	76,151
Net Cash Provided by Operating Activities	1,851,043	2,420,144
Capital and Related Financing Activities		
(Increase) Decrease in Deferred Costs	(271,576)	18,790
Proceeds From Long-Term Debt	2,220,000	530,000
Acquisition and Construction of Capital Assets	(771,168)	(1,861,398)
Principal Payments on Long-Term Debt	(253,148)	(235,960)
Interest Payments on Long-Term Debt	(376,866)	(377,865)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(447,262)	(1,976,423)
Investing Activities		
Interest on Cash Investments	569,410	447,527
Net Increase in Cash and Cash Investments	2,967,717	941,248
Cash and Cash Investments at Beginning of Year	1,408,201	4,467,653
Cash and Cash Investments at End of Year	\$ 4,375,918	\$ 5,408,901
Cash and Cash Investments	\$ 4,408,215	\$ 3,531,345
Restricted Cash Assets	1,768,403	1,877,556
Total Cash	\$ 6,176,618	\$ 5,408,901
Supplemental Disclosure of Cash Flow Information		
Cash Received During the Year for Interest	\$ 492,828	\$ 413,363
Cash Paid During the Year for Interest	\$ 388,711	\$ 368,621

The accompanying notes are an integral part of the financial statements.

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AMERICAN CANYON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 1990

NOTE 1: Summary of Significant Accounting Policies

- The books and records of the District are maintained and these financial statements have been prepared on the accrual basis of accounting except as described in Note 4.
- Property and equipment purchased by the District are recorded at cost and depreciated over the estimated useful life of the asset using the straight-line method. Property and equipment dedicated to the District are recorded at their fair market value at the date of acceptance by the Board.

Depreciation is computed using the straight-line method over useful lives of three to thirty years for equipment and buildings, and up to seventy-five years for water and sewer plant and lines. Amortization of the participation rights, which are capitalized in accordance with instructions from the State Controller, is computed using the straight-line method over a period of seventy-five years.
- Bond discounts are being amortized over the life of the bonds, the final maturities of which vary from 1990 to 2010.
- As permitted by GASB Statement Number 9, "Reporting Cash Flows of Proprietary and Non-Proprietary Trust Funds and Governmental Entities that use Proprietary Fund Accounting", the District has presented a Statement of Cash Flows for June 30, 1990 and 1989.
- Certain reclassifications have been made to the financial statements for the year ended June 30, 1989 to conform to the classifications used in the financial statements for the year ended June 30, 1990.

NOTE 2: Cash and Cash Investments

The Governmental Accounting Standards Board Statement Number 3 requires that all insured and collateralized amounts of deposits with financial institutions and investments be disclosed. The District has the normal FDIC insurance up to \$ 100,000 on accounts. In addition, they have a contract for deposits with the bank that collateralizes up to \$ 10,172,260.

Certain proceeds of Enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Balance Sheets because their use is limited by applicable bond covenants.

NOTE 3: Accounts Receivable

Accounts receivable are stated net of an allowance for bad debts of \$ 5,000 as of June 30, 1990 and 1989.

NOTE 4: Participation Rights

The District entered into a participation rights agreement with the Napa County Flood Control and Water Conservation District on November 15, 1966 under which the District has agreed to pay a portion of the cost allocated to the Napa County Flood Control and Water Conservation District by the State of California in connection with the construction of the North Bay Aqueduct. The District has also agreed to pay a portion of the fixed operating, maintenance, power and replacement costs incurred by the State of California in connection with operating the North Bay Aqueduct.

The State Controller's Office requires that all special water districts account for participation rights in the State Water Project on an as billed basis. This accounting method is a departure from generally accepted accounting principles in that generally accepted accounting principles require that the participation rights and the related liability be recorded on an accrued basis rather than on an as billed basis.

NOTE 5: Property and Equipment

The following is a summary of changes in the District's property and equipment:

	June 30, 1989	Additions	Retirements and Adjustments	June 30, 1990
Land and				
Improvements	\$ 1,563,799	\$ 39,931	\$ -0-	\$ 1,603,730
Plant and Lines	9,342,143	191,198	-0-	9,533,341
Equipment	427,858	29,673	-0-	457,531
Participation Rights (Note 4)	2,723,061	510,366	-0-	3,233,427
Wastewater Management Authority Share	<u>1,314,911</u>	<u>-0-</u>	<u>-0-</u>	<u>1,314,911</u>
Total	\$ 18,371,772	\$ 771,168	\$ -0-	\$ 19,142,940

NOTE 8: Deferred Costs

	1990	1989
Bond Discounts	\$ 186,813	\$ 127,588
Deferred Planning Cost	<u>277,372</u>	<u>65,021</u>
Total	\$ 464,185	\$ 192,609

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NOTE 7: Long-Term Debt (Continued)

(G) The Broadway/Floeden Water and Sewer Project Assessment District bonds were issued to provide funds to construct water and sewer lines and to acquire lands, easements and rights of service for the Broadway/Floeden Special Assessment District. The bonds bear interest at the rate of 12% with interest payable semi-annually and principal ranging from \$ 90,000 to \$ 70,000 payable annually until July, 1991.

The Broadway/Floeden Special Assessment District was formed by a majority of Broadway/Floeden property owners who petitioned the American Canyon County Water District to undertake the bond proceedings. American Canyon County Water District is responsible for the issuance of the improvement bonds, contracting for construction of said improvements and maintaining a reserve fund for payment of the debt service solely from interest earned and tax assessments for Broadway/Floeden Special Assessment District property owners.

(H) The 1967 water revenue bonds bear interest at a rate of 5.5% and are payable in annual installments of \$ 10,000 plus interest through December 1, 1986. No further principal payments are required until December 1, 1996, when the final payment of \$ 180,000 is due. The District has elected to redeem these bonds in annual installments of \$ 20,000.

The bonds are secured by a pledge of substantially all water service revenues. At June 30, 1990 and 1989, the fiscal agent held \$ 233,109 and \$ 253,040, respectively, in cash and short-term investments to be used solely in accordance with the terms of the water revenue bond agreement (see Exhibit 1).

(I) The State of California Construction Loan under the Davis-Grunsky Act is for the construction of facilities for the treatment, storage and transmission of water. The loan bears interest at the rate of 2.5%. Beginning January 1, 1987 semi-annual payments will be made consisting of interest on the unpaid principal balance and deferred interest to be paid in forty-two annual installments of \$ 11,514. Beginning January 1, 1989 repayment of the principal balance will begin and be made in forty annual installments ranging from \$ 30,340 to \$ 48,585.

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NOTE 7: Long-Term Debt

(A) Certificates of participation, secured by the administrative facilities, bear interest at 7.8% and are payable in annual principal payments ranging from \$ 5,000 to \$ 30,000 and semi-annual interest payments both payable through July 15, 2006.

(B) Certificates of participation bearing interest at 7.4% and payable in annual principal payments ranging from \$ 45,000 to \$ 160,000 and semi-annual interest payments through May 15, 2008.

(C) Certificates of participation bearing interest at 8.1% and payable in annual principal payments ranging from \$ 15,000 to \$ 50,000 and semi-annual interest payments through September 15, 2008.

(D) Certificates of participation bearing interest at 7.47% and payable in annual principal payments ranging from \$ 55,000 to \$ 200,000 and semi-annual interest payments through May 10, 2010.

(E) The General Obligation Sewer Bonds bear interest at rates varying from 4.25% to 5% and are payable in annual principal payments of \$ 15,000 plus interest from 1987 through 1994 and \$ 20,000 plus interest on July 1, 1995 and may, at the option of the District, be redeemed prior to their scheduled maturity dates upon payment of a redemption premium of one quarter percent for each year from the date of redemption to the scheduled maturity dates of the bonds.

The 1965 sewer bonds are general obligation of the District and unless funds for the repayment of all principal and interest are otherwise provided from sewer revenues, the Board of Supervisors of Napa County, at the request of the District's Board of Directors, has the authority and is obligated to levy ad valorem taxes upon all property within the District which may be used only for the repayment of principal and interest on the sewer bonds. At June 30, 1990 and 1989, the Treasurer of Napa County held \$ 25,721 and \$ 24,256, respectively, in cash to be used solely for the repayment of principal and interest on the sewer bonds.

(F) The liability under the Wastewater Management Joint Powers Agreement bears interest at 7% and is scheduled to be repaid over a twenty year period. Annual principal payments range from \$ 6,638 due June 30, 1987 to \$ 121,000 due June 30, 2005, plus interest at 7%.

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NOTE 7: Long-Term Debt (Continued)

The following is a summary of changes in long-term debt during the year:

	June 30, 1989	Additions	Maturities and Adjustments	June 30, 1990
Certificates of Participation (A)	\$ 300,000	\$ -0-	\$ 10,000	\$ 290,000
Certificates of Participation (B)	1,700,000	-0-	50,000	1,650,000
Certificates of Participation (C)	530,000	-0-	15,000	515,000
Certificates of Participation (D)	<u>-0-</u>	<u>2,220,000</u>	<u>-0-</u>	<u>2,220,000</u>
	<u>2,530,000</u>	<u>2,220,000</u>	<u>75,000</u>	<u>4,625,000</u>
Sewer Fund				
1965 General Obligation Sewer Bond (E)	110,000	-0-	15,000	95,000
Wastewater Management Joint Powers Agreement (F)	1,171,790	-0-	25,474	1,146,316
Special Assessment Bonds (G)	<u>145,000</u>	<u>-0-</u>	<u>75,000</u>	<u>70,000</u>
	<u>2,426,790</u>	<u>-0-</u>	<u>115,474</u>	<u>2,311,316</u>
Water Fund				
1967 Water Revenue Bonds (H)	160,000	-0-	20,000	140,000
State of California Construction Loan (I)	<u>2,468,706</u>	<u>-0-</u>	<u>42,674</u>	<u>2,426,032</u>
	<u>2,628,706</u>	<u>-0-</u>	<u>62,674</u>	<u>2,566,032</u>
Total	6,585,496	\$ 2,220,000	\$ 253,148	8,552,348
Less Current Portion	<u>(378,148)</u>			<u>(310,317)</u>
Long-Term Debt	\$ 6,407,348			\$ 8,242,031

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NOTE 7: Long-Term Debt (Continued)

Long-term debt becomes payable as follows:

June 30,	
1991	\$ 310,337
1992	252,525
1993	264,713
1994	281,902
1995	294,090
Thereafter	<u>7,138,781</u>
Total	\$ <u>8,557,348</u>

NOTE 8: 1967 Water Revenue Bonds

Under the terms of the 1967 Water Fund Revenue Bond issue (resolution 109, adopted October 7, 1967), the District is required at all times while any of the bonds remain outstanding, to fix, prescribe and collect rates, fees and charges in connection with the water, service and facilities furnished by the enterprise so as to yield net revenues during the then immediately ensuing period of twelve months equal to at least 1.5 times the annual debt service in said period (Section 5.15(b)). The compliance requirement is demonstrated by the following:

	1990	1989
Net Income	\$ 1,900,187	\$ 1,843,790
Add Depreciation and Amortization	<u>365,374</u>	<u>321,312</u>
Net Revenue	\$ <u>2,265,561</u>	\$ <u>2,165,102</u>
Annual Debt Service:		
Principal and Sinking Fund Payments to be Made	\$ 20,000	\$ 12,000
Interest Payments to be Made	<u>7,150</u>	<u>9,430</u>
Total	27,150	21,430
Factor For Requirement Test	<u>83.5</u>	<u>101.0</u>
1.5 Requirement	\$ <u>40,725</u>	\$ <u>32,145</u>

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NOTE 9: Defined Benefit Pension Plan (Continued)

The pension benefit obligation applicable to the American Canyon County Water District's employees was overfunded in the amount of \$ 46,036 as of June 30, 1989.

Pension Benefit Obligation:

Retirees and Beneficiaries Currently Receiving Benefits	\$ 230,173
Current Employees	
Accumulated Employee Contributions Including Allocated Investment Earnings	\$ 248,377
Employer-Financed Vested	\$ 223,147
Employer-Financed Non-Vested	\$ <u>11,560</u>
Total Pension Benefit Obligation	\$ 711,257
Net Assets Available for Benefits at Cost (Market Value = \$ 887,547)	\$ <u>757,291</u>
Unfunded Pension Benefit Obligation	\$ <u>(46,036)</u>

C. Actuarially Determined Contribution Requirements and Contribution Made

The PERS funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the American Canyon County Water District employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the credited projected benefits actuarial funding method with proration based on service. The PERS uses the level percentage of payroll method to amortize the unfunded liability over a closed 30 year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described on the previous page.

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NOTE 9: Defined Benefit Pension Plan

A. Plan Description

The American Canyon County Water District contributes to the California Public Employee's Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California. The American Canyon County Water District's payroll for employees covered by PERS for the year ended June 30, 1990 was \$ 471,985.

All full-time employees are eligible to participate in PERS. Benefits vest after five years of service. Employees who retire at or after age 62 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.42 percent of their average salary during their last year of employment, for each year of credited service. PERS also provides death and disability benefits. The benefit provisions and all other requirements are established by state statute and district ordinance.

American Canyon County Water District employees are required to contribute 7 percent of their annual salary to PERS. American Canyon County Water District is required to contribute the remaining amounts necessary to fund PERS, using the actuarial basis specified by statute.

B. Funding Status and Progress

The amount shown on the following page as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increase and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of PERS on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the System.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1989. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.5 percent a year compounded annually, attributable to inflation, (b) projected salary increases of 5 percent a year compounded annually, attributable to inflation, (c) additional projected salary increases of 2 percent a year, attributable to seniority/merit and (d) no post retirement benefit increases.

NOTE 9: Defined Benefit Pension Plan (Continued)

C. Actuarially Determined Contribution Requirements and Contribution Made (Continued)

The contribution to PERS for 1990 of \$ 37,819 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 1989. The contribution consisted of \$ 56,728 normal cost (12.2 percent of current covered payroll) less applied overpaid surplus of \$ 18,909 (4.0 percent of current covered payroll). The American Canyon County Water District contributed \$ 16,048 (3.4 percent of current covered payroll); employees contributed \$ 21,771 (4.6 percent of current covered payroll).

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year trend information may be found on the following page. For the three years ended June 30, 1987, 1988, and 1989, respectively, available assets were sufficient to fund 113.9, 111.9 and 106.5 percent of the pension benefit obligation. Unfunded pension benefit obligation represented (21.6), (18.8), and (9.9) percent of the annual payroll for employees covered by the PERS for 1987, 1988 and 1989, respectively. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended 1987, 1988, and 1989, the American Canyon County Water District's contributions to PERS, all made in accordance with actuarially determined requirements, were 6.9, 2.0 and 5.3 percent, respectively of annual covered payroll.

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AMERICAN CANYON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1990

AMERICAN CANYON COUNTY WATER DISTRICT
SCHEDULE OF COMBINED BALANCE SHEET
As of June 30, 1990

Exhibit E

NOTE 9: Defined Benefit Pension Plan (Continued)

	June 30, 1987	June 30, 1988	June 30, 1989
(1) Net Assets Available for Benefits (in \$ Hundreds)	\$ 6,119.5	\$ 6,877.5	\$ 7,572.9
(2) Pension Benefit Obligations (in \$ Hundreds)	\$ 5,373.7	\$ 6,146.6	\$ 7,112.5
(3) Percentage Funded (1)/(2)	113.9 %	111.9 %	106.5 %
(4) Unfunded Pension Benefit Obligation (2)-(1) (in \$ Hundreds)	\$ (745.9)	\$ (731.0)	\$ (460.4)
(5) Estimated Annual Covered Payroll (in \$ Hundreds)	\$ 3,451.0	\$ 3,884.1	\$ 4,652.9
(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)	(21.6) %	(18.8) %	(9.9) %

	Sewer Fund	Water Fund	Parks and Recreation Fund	Combined Fund (Memorandum Only)
Assets				
Current Assets				
Cash and Cash Investments	\$ 1,981,154	\$ 2,224,145	\$ 402,916	\$ 4,608,215
Accounts Receivable	48,630	115,928	82	164,640
Accrued Interest Receivable	95,964	56,347	10,791	163,102
Prepaid Expenses	20,322	14,328	100	45,091
Total Current Assets	2,126,070	2,410,848	413,889	4,950,807
Property and Equipment				
Land and Improvements	330,932	109,676	1,163,122	1,603,730
Plant and Lines	3,152,078	6,381,263	-0-	9,533,341
Equipment	246,853	155,090	55,588	457,531
Participation Rights	-0-	1,123,427	-0-	1,223,427
Wastewater Management Authority Share	1,314,911	-0-	-0-	1,314,911
Total	5,044,774	9,879,456	1,218,710	16,142,940
Less Allowance for Depreciation and Amortisation	1,111,237	1,871,788	27,955	3,009,980
Property and Equipment, Net	3,933,537	8,007,668	1,190,755	12,941,960
Other Assets				
Restricted Cash Assets	3,442,568	325,835	-0-	3,768,403
Deferred Costs	372,918	8,567	82,700	464,185
Total Other Assets	3,815,486	334,402	82,700	4,232,588
Total Assets	\$ 9,905,326	\$ 10,752,926	\$ 1,497,344	\$ 22,155,596
Liabilities and Fund Equity				
Current Liabilities				
Accounts Payable	\$ 193,231	\$ 34,636	\$ 44,739	\$ 272,606
Deposits	173,916	20,467	83	194,466
Accrued Expenses	93,144	-0-	-0-	93,144
Interfund Balances	(958,045)	978,729	(20,684)	-0-
Current Portion of Long-Term Debt	246,843	63,494	-0-	310,337
Total Current Liabilities	(250,911)	1,097,326	24,138	870,553
Long-Term Debt	5,735,472	2,502,528	-0-	8,237,999
Total Liabilities	5,484,562	3,599,854	24,138	9,108,554
Fund Equity				
Retained Earnings	3,299,809	5,206,685	669,998	9,176,492
Contributions in Aid of Construction	1,116,255	1,946,377	803,208	3,865,840
Total Fund Equity	4,416,064	7,153,062	1,473,206	13,042,332
Total Liabilities and Fund Equity	\$ 9,905,326	\$ 10,752,926	\$ 1,497,344	\$ 22,155,596

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AMERICAN CANYON COUNTY WATER DISTRICT
SCHEDULE OF COMBINED REVENUES AND EXPENSES
For the Year Ended June 30, 1990

Page 2 of 2

Exhibit F

Exhibit F

	Administration and General	Sewer Fund	Water Fund	Parks and Recreation Funds	Combined Fund (Memorandum Only)
Operating Revenues					
Service Charges	\$ -0-	\$ 282,661	\$ 1,072,251	\$ -0-	\$ 1,354,912
Connection and Annexation Fees	-0-	478,194	827,632	32,209	1,338,035
Property Taxes	-0-	315,578	-0-	192,213	507,791
Other (Exhibit H)	-0-	28,221	30,831	7,631	66,683
Total Operating Revenues	-0-	1,104,664	1,930,714	231,853	3,267,231
Expenses					
Operating Expenses					
Wages	189,707	76,719	124,990	86,390	477,806
Plant Expense	27,346	19,439	38,705	7,383	92,873
Maintenance Expense	1,492	6,351	16,612	9,022	33,477
Water Purchase and Secondary Treatment	-0-	110,359	62,424	-0-	172,783
Equipment and Vehicle Operation and Maintenance	5,785	15,282	8,368	3,531	32,966
Professional and Outside Services	123,227	-0-	-0-	16,639	139,866
Employee Benefits	27,322	-0-	-0-	-0-	27,322
Program Costs	-0-	-0-	-0-	2,310	2,310
Total Operating Expenses	374,879	228,150	251,092	125,275	979,401
General and Administrative Expenses					
Utilities	13,608	25,768	17,134	2,506	59,016
Directors' Fees	16,050	-0-	-0-	-0-	16,050
Travel	2,510	-0-	-0-	2,046	4,556
Insurance	118,626	-0-	-0-	-0-	118,626
Taxes	-0-	-0-	419	-0-	419
Bad Debts	-0-	878	2,937	-0-	3,815
Construction Inspection	-0-	11,477	438	268	12,183
Health Assessment	-0-	-0-	-0-	166	166
Depreciation	42,510	77,462	146,134	43,215	309,321
Amortization	-0-	-0-	56,052	-0-	56,052
Total General and Administrative Expenses	193,306	115,585	223,115	48,201	580,207
Total Expenses	568,185	343,735	474,207	173,476	1,559,603
Operating Income	(568,182)	760,929	1,456,507	58,377	1,707,623

	Administration and General	Sewer Fund	Water Fund	Parks and Recreation Funds	Combined Fund (Memorandum Only)
Non-Operating Revenue (Expenses)					
Interest Revenue	\$ -0-	\$ 275,571	\$ 251,884	\$ 41,955	\$ 569,410
Interest Expense	(172,926)	(144,971)	(58,949)	-0-	(376,846)
Total Non-Operating Revenue (Expenses)	(172,926)	130,600	192,935	41,955	192,564
Income Before Overhead Allocation	(741,109)	891,529	1,649,435	100,332	1,900,187
Overhead Allocation	741,109	(335,722)	(375,001)	(30,386)	-0-
Net Income	\$ -0-	\$ 555,807	\$ 1,274,434	\$ 69,946	\$ 1,900,187

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AMERICAN CANYON COUNTY WATER DISTRICT
SCHEDULE OF COMBINED CHANGES IN FUND EQUITY
For the Year Ended June 30, 1990

Exhibit C

	Sewer Fund	Water Fund	Parks and Recreation Fund	Combined Fund (Memorandum Only)
Retained Earnings				
Balances, July 1, 1989	\$ 2,744,002	\$ 3,932,251	\$ 600,052	\$ 7,276,305
Net Income	555,807	1,274,434	69,946	1,900,187
Balances, June 30, 1990	\$ 3,299,809	\$ 5,206,685	\$ 669,998	\$ 9,176,492
Contributions in Aid of Construction				
Balances, July 1, 1989	\$ 1,116,955	\$ 1,946,377	\$ 803,208	\$ 3,866,540
Assets Dedicated and Accepted by the District	-0-	-0-	-0-	-0-
Balances, June 30, 1990	\$ 1,116,955	\$ 1,946,377	\$ 803,208	\$ 3,866,540

AMERICAN CANYON COUNTY WATER DISTRICT
SCHEDULE OF OTHER REVENUES
For the Year Ended June 30, 1990

Exhibit H

	Sewer Fund	Water Fund	Parks and Recreation Fund	Combined Fund (Memorandum Only)
Other Revenues				
Plans and Specifications	\$ 2,375			\$ 2,375
Permit and Inspection Fees	25,584		\$ 225	25,809
Reconnection Fee		\$ 149		149
Meter Installations		22,927		22,927
Turn on Fees		2,401		2,401
Public Fire Protection		5,199		5,199
Health Assessments			\$ 5	5
Garden Lots			322	322
Tennis Court Revenue			609	609
Recreation Program Fees			3,633	3,633
Facilities Rental			2,834	2,834
Miscellaneous	272	355	3	630
Total	\$ 28,221	\$ 30,831	\$ 7,631	\$ 66,683

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AMERICAN CANYON COUNTY WATER DISTRICT
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE 1987 WATER REVENUE BOND FUND
For the Year Ended June 30, 1990

Exhibit I

	Total	Interest Account	Reserve Account (NOTE A)	Maintenance and Operation Account	Principal and Sinking Fund Account	Surplus Reserve Account (NOTE B)
Balances, July 1, 1989	\$ 253,040	\$ -0-	\$ 35,000	\$ -0-	\$ -0-	\$ 218,040
Water Fund Cash Receipts Deposited by District	1,849,652					1,849,652
Cash Received by Fiscal Agent on Investments	1,854,274		2,649	1,846,267		5,358
Allocated by Fiscal Agent	28,600	8,250			20,350	
Disbursed by Fiscal Agent	(3,752,461)	(8,250)	(2,727)	(1,846,267)	(20,350)	(1,874,867)
Balances, June 30, 1990	\$ 233,105	\$ -0-	\$ 34,922	\$ -0-	\$ -0-	\$ 198,183

NOTE A: The Reserve Account balance at June 30, 1990 consists of the following:

United States Treasury Bills Due November 29, 1990	\$ 33,702
Cash on Deposit	1,222
Total	\$ 34,922

NOTE B: The Surplus Reserve Account includes all funds deposited by the District which are not required to be allocated to other accounts.

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AMERICAN CANYON COUNTY WATER DISTRICT
SCHEDULE OF WATER CONNECTION CHARGES AND RATES
For the Year Ended June 30, 1990

Exhibit J

TYPE	Rate	Gross Revenue For the Year Ended June 30, 1990
Single Family Dwelling	\$ 2,600	\$ 798,181
Commercial		29,451
Total Gross Revenue From Water Connection Charges		\$ 827,632

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Financial Statements

ARROWBEAR PARK COUNTY WATER DISTRICT

REPORT ON AUDIT

JUNE 30, 1990

Independent Auditor's Report

Combined balance sheet at June 30, 1990 and 1989

Combined statement of income, years ended June 30, 1990 and 1989

Combined statement of changes in fund balance, years ended June 30, 1990 and 1989

Combined statement of cash flows, years ended June 30, 1990 and 1989

Notes to combined financial statements

"A"

"B"

"C"

"D"

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August 27, 1990

Board of Directors
 Arrowbear Park County Water District
 Post Office Box 45
 Arrowbear Lake, California 92382

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined balance sheet of Arrowbear Park County Water District as of June 30, 1990 and 1989, and the related combined statements of income, changes in fund balance, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arrowbear Park County Water District as of June 30, 1990 and 1989 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

ROGERS, ANDERSON, MALODY & SCOTT

Rogers, Anderson, Malody & Scott

ARROWBEAR PARK COUNTY WATER DISTRICT

Exhibit "A"

COMBINED BALANCE SHEET

JUNE 30, 1990 AND 1989

	June 30, 1990			June 30, 1989	
	Water, Sewer, Fire	Assessment Funds	Eliminations	Combined Total	Combined Total
ASSETS					
UTILITY PLANT - net cost:					
Utility plant in service	\$ 3,451,268	\$	\$	\$ 3,451,268	\$ 3,404,176
Less: Allowance for depreciation	1,058,731			1,058,731	961,812
	2,392,537			2,392,537	2,442,364
Construction in progress	3,080			3,080	
Total Utility Plant	2,395,617			2,395,617	2,442,364
CURRENT ASSETS:					
Cash in bank and on hand	365,994	418,273		784,267	784,785
Accounts receivable - consumers	12,003			12,003	12,518
Interest and other receivables	18,100	6,894		25,194	24,198
Due from general fund		655	(655)		
Assessments receivable - delinquent		36,172		36,172	55,550
Total Current Assets	396,297	461,994	(655)	857,636	877,049
OTHER ASSETS:					
Assessments receivable - deferred		1,172,324		1,172,324	1,267,986
Lease acquisition cost	9,568			9,568	10,274
Lease reserve funds	45,068			45,068	29,000
Total Other Assets	54,636	1,172,324		1,226,960	1,307,260
TOTAL ASSETS	\$ 2,846,530	\$ 1,634,318	\$ (655)	\$ 4,480,193	\$ 4,626,673
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES:					
Accounts payable - trade	\$ 12,238	\$	\$	\$ 12,238	\$ 8,280
Payroll taxes payable	8,438			8,438	13,192
Interest payable	9,891			9,891	10,177
Due to Assessment Funds	655		(655)		
Accrued vacation and sick leave	40,572			40,572	42,222
Lease obligation payable - current	10,000			10,000	10,000
Total Current Liabilities	81,794		(655)	81,139	100,079
Bonds payable		1,480,800		1,480,800	1,579,800
Lease obligation payable - Long term	270,000			270,000	280,000
	270,000	1,480,800		1,750,800	1,859,800
FUND BALANCE - Exhibit "B"	2,494,736	153,518		2,648,254	2,666,794
TOTAL LIABILITIES AND FUND BALANCE:	\$ 2,846,530	\$ 1,634,318	\$ (655)	\$ 4,480,193	\$ 4,626,673

The accompanying notes are an integral part of these financial statements.

ARMYBEAR PARK COUNTY WATER DISTRICT

Exhibit "M"

COMBINED STATEMENT OF INCOME

YEARS ENDED JUNE 30, 1990 AND 1989

	June 30, 1990				June 30, 1989	
	Water	Sewer	Fire	Assessment Funds	Eliminations	Combined Total
REVENUES:						
User fees	\$ 141,381	\$ 112,366	\$ -	\$ -	\$ -	\$ 253,747
Sales to other agencies	56,988	-	-	-	-	56,988
Installation charges	5,282	10,100	-	-	-	15,382
	<u>203,651</u>	<u>122,466</u>				<u>326,117</u>
OPERATING EXPENSES:						
Salaries and wages	65,936	49,883	40,592	-	-	156,411
Benefits	28,415	19,000	17,923	-	-	65,340
Staff development	400	282	9,931	-	-	10,613
Professional services	28,652	11,232	11,216	-	-	51,098
Audit fees	1,330	1,350	1,350	-	-	4,035
Insurance	13,958	11,958	27,497	-	-	53,413
Gas, oil and fuel	806	1,128	2,810	-	-	4,744
Vehicle maintenance	1,839	761	6,366	-	-	8,966
Office supplies	4,499	4,059	536	-	-	9,176
Utilities	3,791	1,493	1,189	84	-	10,673
System maintenance	19,446	5,221	13,678	-	-	38,345
Power for pumping	22,969	2,868	-	-	-	25,837
Depreciation and amortization	20,837	45,309	11,580	-	-	77,726
Contractual services	-	101,105	-	-	-	101,105
Dispatch	-	-	1,717	-	-	1,717
Rent	-	-	6,186	-	-	6,186
Miscellaneous	527	-	-	-	-	527
Fees for meetings	2,114	2,114	2,114	-	-	6,342
Board salaries	1,876	1,491	894	-	-	4,259
Board benefits	806	639	384	-	-	1,827
Board training	1,171	1,171	1,171	-	-	3,513
Total Operating Expenses	<u>219,210</u>	<u>281,153</u>	<u>159,366</u>	<u>84</u>	<u>-</u>	<u>660,813</u>
OPERATING (LOSS)	<u>(15,559)</u>	<u>(162,687)</u>	<u>(159,366)</u>	<u>(84)</u>	<u>-</u>	<u>(332,718)</u>
NON-OPERATING REVENUES:						
Taxes	7,033	29,897	119,757	-	-	156,687
Standby charges	10,366	37,808	72,577	-	-	68,052
Interest	22,945	6,808	3,870	89,353	-	122,976
Other	18,831	10,268	21,836	450	-	66,583
	<u>70,175</u>	<u>84,881</u>	<u>224,030</u>	<u>89,803</u>	<u>-</u>	<u>332,889</u>
NON-OPERATING EXPENSES:						
Master plan expense	-	-	-	76,515	-	76,515
Interest	21,607	-	-	-	-	21,607
	<u>21,607</u>	<u>-</u>	<u>-</u>	<u>76,515</u>	<u>-</u>	<u>98,122</u>
NET INCOME (LOSS)	<u>\$ 33,189</u>	<u>\$(77,806)</u>	<u>\$(11,965)</u>	<u>\$ 13,204</u>	<u>\$ -</u>	<u>\$(43,562)</u>

The accompanying notes are an integral part of these financial statements.

ARMYBEAR PARK COUNTY WATER DISTRICT

Exhibit "L"

COMBINED STATEMENT OF CHANGES IN FUND BALANCE

YEARS ENDED JUNE 30, 1990 AND 1989

	June 30, 1990				June 30, 1989	
	Water, Sewer, Fire	Assessment Funds	Eliminations	Combined Total	Combined Total	
FUND BALANCE, July 1	\$ 2,526,682	\$ 160,314	\$ -	\$ 2,686,996	\$ 2,686,296	
NET INCOME (LOSS) - Exhibit "M"	(56,746)	13,204	-	(43,542)	(19,300)	
CONTRIBUTIONS	25,000	-	-	25,000	-	
FUND BALANCE, June 30	<u>\$ 2,494,936</u>	<u>\$ 173,518</u>	<u>\$ -</u>	<u>\$ 2,668,454</u>	<u>\$ 2,666,996</u>	
FUND BALANCE AT JUNE 30 CONSISTS OF:						
Contributions in Aid of Construction - Investment in utility plant	\$ 1,820,096	\$ -	\$ -	\$ 1,820,096	\$ 1,885,099	
Retained Earnings - Designated:						
Sewer master plan fund	8,013	-	-	8,013	7,265	
Water master plan fund	44,970	-	-	44,970	41,856	
Default fund	42,125	-	-	42,125	38,720	
Fire replacement fund	45,884	-	-	45,884	47,054	
Sewer replacement fund	15,833	-	-	15,833	16,353	
Water replacement fund	21,838	-	-	21,838	21,911	
Park fund	119,176	-	-	119,176	109,542	
Sewer treatment operations and maintenance fund	18,992	-	-	18,992	17,456	
Investment in utility plant	292,875	-	-	292,875	287,265	
Accrued benefits paid	30,433	-	-	30,433	29,923	
Designated for working capital	32,301	-	-	32,301	63,880	
Designated for debt service	674,640	153,518	-	828,158	781,597	
FUND BALANCE, June 30	<u>\$ 2,494,936</u>	<u>\$ 173,518</u>	<u>\$ -</u>	<u>\$ 2,668,454</u>	<u>\$ 2,666,996</u>	

The accompanying notes are an integral part of these financial statements.

ARMYBEAR PARK COUNTY WATER DISTRICT

Exhibit "D"
Page 1 of 2

COMBINED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 1990 AND 1989

	June 30, 1990				June 30, 1989	
	Water, Sewer, Fire	Assessment Funds	Eliminations	Combined Total	Combined Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 326,608	\$ -	\$ -	\$ 326,608	\$ 360,711	
Cash paid to suppliers and employees	(584,756)	(84)	-	(585,840)	(622,618)	
Interest and other revenue received	82,455	97,911	-	180,366	156,352	
Property taxes received	146,836	-	-	146,836	141,954	
Standby and availability charges received	88,052	-	-	88,052	50,713	
Interest paid	(21,893)	(76,515)	-	(98,408)	(81,340)	
Other expense	-	-	-	-	(5,700)	
Assessments received	-	115,040	-	115,040	97,877	
Net Cash From Operating Activities	<u>(2,898)</u>	<u>136,352</u>	<u>-</u>	<u>133,454</u>	<u>180,764</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Cash purchases of utility plant	(25,122)	-	-	(25,122)	(202,444)	
Net Cash From Investing Activities	<u>(25,122)</u>	<u>-</u>	<u>-</u>	<u>(25,122)</u>	<u>(202,444)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES:						
Cash proceeds of lease	(10,000)	(99,000)	-	(109,000)	(94,000)	
Repayment of debt	(10,000)	(95,000)	-	(105,000)	(158,000)	
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	<u>(37,870)</u>	<u>37,352</u>	<u>-</u>	<u>(518)</u>	<u>134,300</u>	
BEGINNING CASH AND EQUIVALENTS	<u>401,844</u>	<u>380,921</u>	<u>-</u>	<u>782,765</u>	<u>650,465</u>	
ENDING CASH AND EQUIVALENTS	<u>\$ 363,974</u>	<u>\$ 418,273</u>	<u>\$ -</u>	<u>\$ 782,247</u>	<u>\$ 784,765</u>	

The accompanying notes are an integral part of these financial statements.

ARMYBEAR PARK COUNTY WATER DISTRICT

Exhibit "D"
Page 2 of 2

COMBINED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 1990 AND 1989

	June 30, 1990				June 30, 1989	
	Water, Sewer, Fire	Assessment Funds	Eliminations	Combined Total	Combined Total	
RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Net income (loss)	\$(43,542)	\$ 13,204	\$ -	\$(30,338)	\$(19,300)	
Adjustments:						
Depreciation and amortization	97,627	-	-	97,627	90,823	
Changes in assets and liabilities:						
(Increase) decrease in assessments receivable - deferred	-	95,662	-	95,662	93,079	
(Increase) decrease in accounts receivable	513	-	-	513	(5,780)	
(Increase) decrease in other receivables	(9,106)	4,108	-	(4,998)	(5,908)	
(Increase) in lease reserve fund	(16,048)	-	-	(16,048)	-	
Decrease (increase) in assessments receivable	-	19,378	-	19,378	(407)	
Increase (decrease) in accounts payable	(7,050)	-	-	(7,050)	11,736	
Increase (decrease) in accrued vacation and sick leave	(6,450)	-	-	(6,450)	1,463	
Increase (decrease) in payroll taxes payable	4,954	-	-	4,954	10,550	
Increase (decrease) in interest payable	(286)	-	-	(286)	6,448	
	<u>34,048</u>	<u>123,148</u>	<u>-</u>	<u>157,196</u>	<u>200,244</u>	
NET CASH FROM OPERATING ACTIVITIES	<u>\$(2,698)</u>	<u>\$ 136,352</u>	<u>\$ -</u>	<u>\$ 133,654</u>	<u>\$ 180,764</u>	
NONCASH INVESTING ACTIVITIES:						
Lease acquisition costs acquired by lease	\$ -	\$ -	\$ -	\$ -	\$ 10,626	
Lease reserve fund acquired by lease	-	-	-	-	29,000	
Property acquired by increased liability	-	-	-	-	374	
Property acquired by increase in interest payable	25,000	-	-	25,000	5,351	
Property acquired by contribution	-	-	-	-	-	
	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 45,351</u>	

The accompanying notes are an integral part of these financial statements.

ARROWBEAR PARK COUNTY WATER DISTRICT
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 1990 AND 1989

NOTE 1: ACCOUNTING POLICIES

Except as noted, the District uses the accrual-basis method of accounting in conformity with the Uniform System of Accounts for Water Utility Districts as prescribed by the Controller of the State of California.

Water usage is billed monthly. The District does not attempt to estimate unbilled water usage at year-end and, because of this, the related amount receivable and the revenue earned are omitted from these financial statements. The omission does not result in a significant distortion of financial position or results of operations.

Bad debts for uncollectible utility accounts are recorded on the direct write-off method.

Utility plant is recorded at cost and depreciated using the straight-line method over estimated useful lives ranging from seven to forty years.

Tax revenues are reported using a modified accrual method which uses cash basis receipts adjusted for the accrual of amounts received in the period following the year-end.

NOTE 2: LEASE OBLIGATION PAYABLE

In September 1988 the District entered into a lease with the California Special Districts Association Finance Corporation for financing to be used to acquire water treatment facilities. Lease payments are to be made by water revenues.

<u>June 30, 1990</u>					
	<u>Total Due</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>	<u>Interest Due Within One Year</u>	<u>Total Due Within One Year</u>
Lease	\$ 280,000	\$ 10,000	\$ 270,000	\$ 21,255	\$ 31,255
Balance July 1, 1989			\$ 290,000		
Principal paid		10,000			
Balance June 30, 1990		\$ 280,000			

<u>June 30, 1989</u>					
	<u>Total Due</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>	<u>Interest Due Within One Year</u>	<u>Total Due Within One Year</u>
Lease	\$ 290,000	\$ 10,000	\$ 280,000	\$ 21,892	\$ 31,892
Balance July 1, 1988			\$ 0		
Amount issued		290,000			
Balance June 30, 1989		\$ 290,000			

ARROWBEAR PARK COUNTY WATER DISTRICT
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 1990 AND 1989

NOTE 3: ASSESSMENT DISTRICT BONDS PAYABLE (Continued)

<u>June 30, 1989</u>					
	-----Principal-----			<u>Interest Due Within One Year</u>	<u>Total Due Within One Year</u>
	<u>Total Due</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>		
Assessment Districts 1-6	\$1,579,800	\$ 99,000	\$1,480,800	\$ 76,515	\$ 1,75,515
Balance - July 1, 1988		\$1,673,800			
Payments		94,000			
Balance - June 30, 1989		\$1,579,800			

Annual redemption requirements for bonds outstanding at June 30, 1990 and 1989 are as follows:

	<u>1990</u>	<u>1989</u>
July 2, 1989		\$ 99,000
July 2, 1990	\$ 105,000	105,000
July 2, 1991	109,000	109,000
July 2, 1992	115,000	115,000
July 2, 1993	121,000	121,000
July 2, 1994	125,000	125,000
July 2, 1995	134,000	134,000
July 2, 1996	141,000	141,000
July 2, 1997	146,000	146,000
July 2, 1998	154,000	154,000
July 2, 1999	161,000	161,000
July 2, 2000	169,800	169,800
Total	\$1,480,800	\$1,579,800

ARROWBEAR PARK COUNTY WATER DISTRICT
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 1990 AND 1989

NOTE 2: LEASE OBLIGATION PAYABLE (Continued)

Subsequent repayment by year are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1991	\$ 10,000	\$ 21,255	\$ 31,255
1992	10,000	20,595	30,595
1993	15,000	19,742	34,742
1994	15,000	18,693	33,693
1995	15,000	17,612	32,612
1996	15,000	16,503	31,503
1997	15,000	15,370	30,370
1998	20,000	14,030	34,030
1999	20,000	12,480	32,480
2000	20,000	10,910	30,910
2001	20,000	9,320	29,320
2002	25,000	7,514	32,514
2003	25,000	5,495	30,495
2004	55,000	2,241	57,241
	<u>\$ 280,000</u>	<u>\$ 191,760</u>	<u>\$ 471,760</u>

NOTE 3: ASSESSMENT DISTRICT BONDS PAYABLE

Assessment bonds used to construct the District's sewer system are to be repaid using collections on assessments against properties benefited. These funds are assessed against individual parcels of land and received over the repayment period of the bonds. Said bonds were issued pursuant to the Improvement Bond Act of 1915.

<u>June 30, 1990</u>					
	-----Principal-----			<u>Interest Due Within One Year</u>	<u>Total Due Within One Year</u>
	<u>Total Due</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>		
Assessment Districts 1-6	\$1,480,800	\$ 105,000	\$1,375,800	\$ 71,415	\$ 1,76,415
Balance - July 1, 1989		\$1,579,800			
Payments		99,000			
Balance - June 30, 1990		\$1,480,800			

ARROWBEAR PARK COUNTY WATER DISTRICT
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 1990 AND 1989

NOTE 4: PENSION PLAN

A. Plan Description

The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California.

All full-time District employees are eligible to participate in the system. District employees are required to contribute 7% of their annual salary to the system as required by statute for local miscellaneous members.

The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration.

B. Funding Status and Progress

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1989. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.5 percent a year, (b) projected salary increases of 5 percent a year, attributable to inflation, (c) additional projected salary increases of 2 percent a year attributable to across the board real salary increases (0.50%) and merit raises (1.50%).

The total unfunded pension benefit obligation applicable to the employees at June 30, 1989 was computed as follows:

Pension Benefit Obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits \$ 57,675

Current Employees:

Accumulated employee contributions including allocated investment earnings \$ 136,209
Employer-financed vested \$ 150,584
Employer-financed non vested \$ 457

Total Pension Benefit Obligation \$ 344,925

Net Assets Available for benefits at cost (Market value = \$372,743) \$ 393,684

Unfunded Pension Benefit Obligation - (Asset) \$(48,759)

ARROWBEAR PARK COUNTY WATER DISTRICT
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 1990 AND 1989

NOTE 5: SCHEDULE OF UTILITY PLANT (Continued)

	-----Accumulated Depreciation-----			Balance June 30, 1990
	Balance June 30, 1989	Additions	Retirements	
Water system	\$ 146,277	\$ 15,593	\$	\$ 161,870
Sewer system	715,033	65,003		780,036
Equipment	100,502	16,323		116,825
	<u>\$ 961,812</u>	<u>\$ 96,919</u>	<u>\$</u>	<u>\$1,058,731</u>

June 30, 1989

	-----Cost-----			Balance June 30, 1989
	Balance June 30, 1988	Additions	Retirements	
Land	\$ 3,920	\$	\$	\$ 3,920
Water system	348,823	270,184		619,007
Sewer system	2,600,132			2,600,132
Equipment	159,797	21,320		181,117
	<u>\$3,112,672</u>	<u>\$ 291,504</u>	<u>\$</u>	<u>\$3,404,176</u>

Construction in progress

	\$ 83,115	\$ 187,049	\$ 270,184	\$
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	-----Accumulated Depreciation-----			Balance June 30, 1989
	Balance June 30, 1988	Additions	Retirements	
Water system	\$ 134,183	\$ 12,094	\$	\$ 146,277
Sewer system	650,030	65,003		715,033
Equipment	86,887	13,655		100,502
	<u>\$ 871,060</u>	<u>\$ 90,752</u>	<u>\$</u>	<u>\$ 961,812</u>

Los Angeles County West Mosquito Abatement District

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 1990

LOS ANGELES COUNTY WEST MOSQUITO
ABATEMENT DISTRICT

Ernest F. Howard
Certified Public Accountant
323 Pershing Drive, Playa del Rey, California 90293

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT
12107 West Jefferson Blvd.
Culver City, California 90230

I have audited the General Purpose Financial Statements arising from transactions recorded using the modified accrual method of accounting of the Los Angeles County West Mosquito Abatement District as of June 30, 1990 and as listed in the table of contents for the year then ended. These financial statements are the responsibility of the district's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the above mentioned financial statements present fairly, in all material respects, the financial position of the District at June 30, 1990, and the results of its operation for the year then ended in conformity with generally accepted accounting principles.

The accompanying supplemental schedules and related information presented on pages 9 to 12 are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and in my opinion are fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernest F. Howard
Los Angeles, California
August 31, 1990

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ASSETS	Governmental Fund Types		Total
	General	Emergency Fund	
Current Assets:			
Cash in County Treasury	\$1,771,087	\$80,000	\$1,851,087
State Receivables	178,261		178,261
Inventory - Material & Supplies	3,400		3,400
Interest Receivable	34,817		34,817
Prepaid Expenses	49,111		49,111
Fund Assets: (Note 1)			
Land	\$1,408,417		\$1,408,417
Buildings	10,814		10,814
Communications	32,051		32,051
Utilities	268,244		268,244
Storage Tanks & Pumps	1,110		1,110
Equipment	4,791		4,791
Agency	17,160		17,160
Office	49,379		49,379
Materials	15,087		15,087
Total Assets	\$3,312,366	\$80,000	\$3,392,366
LIABILITIES AND FUND EQUITY			
Accrued Expenses	\$17,216		\$17,216
Fund Equity:			
Reserve for Investment in Fund Assets	\$1,108,161		\$1,108,161
Reserve for Contingencies (Note 4)	2,116,100	\$80,000	2,196,100
Other Reserves	\$1,717,739		\$1,717,739
Total Liabilities and Fund Equity	\$3,312,366	\$80,000	\$3,392,366

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT
 Notes to Financial Statements
 June 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

General

The District was formed on September 27, 1944, in accordance with Sections 2200 - 2426 of the Health and Safety Code and is primarily concerned with the control of mosquitoes. The District is under the direction of a Board of Trustees, some members of which are appointed by the Board of Supervisors from the District-at-large and one member by the governing body of each of the cities in the District.

Accounts & Records

Fund Accounting:

The accounts of the District are organized on the basis of fund accounting. The General Fund is the operating fund of the District. It is used to account for all financial resources of the District which are not accounted for in another fund.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. The primary revenue sources susceptible to accrual are property taxes, a special charge to property owners and investment income. Expenditures are generally recognized when the related fund liability is incurred.

Governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its balance sheet. The governmental fund balance (net current assets) is considered a measure of "available spendable resources". The governmental funds operating statement presents a summary of sources and uses of available spendable resources during the period.

	Governmental Fund Types		Total
	General	Emergency Fund	
Taxes collected:			
Current Year Taxes - Rec'd & Unrec'd	\$11,331		\$11,331
Prior Years	17,063		17,063
Redemption Collection	17,080		17,080
Other Taxes Collected	15,280		15,280
Total Taxes Collected	321,918		321,918
Other Collections:			
Donations - Donations	10,094		10,094
Interest on Bank Deposits (Misc. & Reg.)	231,218		231,218
Interest on Bonds (Mort. & Reg.)	118,490		118,490
Interest on State Bonds (Mort. & Reg.)	119,419		119,419
State Grants (Mort. & Reg.)	1,202,817		1,202,817
Service Charge (Note 2)	2,054,285		2,054,285
Total Other Collections	2,335,988		2,335,988
Total Revenues			
Expenses:			
Salaries & Employee Benefits	246,077		246,077
Service & Supplies	252,215		252,215
Total Expenses	498,292		498,292
Excess of Revenues Over Expenses	1,792,412		1,792,412
OTHER FINANCING USES:			
Fund Asset Additions			
Increase in Emergency Fund		\$1,797,042	\$1,797,042
Fund Balances, Beginning		2,461,800	2,461,800
Fund Balances, Ending		\$3,108,161	\$3,108,161

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT
 Notes to Financial Statements (continued)
 June 30, 1990

Budgetary Procedures

An annual budget for the District is adopted by the Board of Trustees estimating the amounts required for all purposes during the next fiscal year.

Fixed Assets

The balance at June 30, 1990 of \$3,106,161 represents the original cost of the assets, including trade-in value where applicable. Estimated reserves for depreciation are not established, which is customary practice in special district accounting.

2. OTHER COLLECTIONS

A. SPECIAL DISTRICT AUGMENTATION FUND DISTRIBUTIONS

During the fiscal year ended June 30, 1990, the Special District Augmentation Fund transactions as administered by the County of Los Angeles were as follows:

Augmentation Fund Distributions	\$126,740
Less Contribution	7,320
Net Amount Received	\$119,420

B. SERVICE CHARGE

During the fiscal year ended June 30, 1990, the District levied a service charge against all parcels of land within the District to pay for the cost of vector (primarily mosquito) surveillance and control.

3. DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

The District contributes to the California Public Employees' Retirement System (PERS), an Agent Multiple-Employer Public Employee Retirement System that acts as a common investment and administrative agent for participating public entities within the state of California.

All full-time District employees participate in PERS. Benefits vest after 5 years of service. District employees who retire at or after the age of 60 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% (two percent) of their average salary during their last 36 months of employment. The district

also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and action of the District Board of Trustees.

District employees are required to contribute 7.0% (The District paid a portion of this amount in 1989-90) of their annual salary to PERS. The District is required to contribute the remaining amounts necessary to fund PERS, using the actuarial basis specified by statute.

B. FUNDING STATUS AND PROGRESS

The amount shown below as the "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of PERS on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefit when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the system.

The Pension Benefit Obligation was computed as part of an actuarial valuation performed as of June 30, 1989. Significant actuarial assumptions used in the valuation include (A) a rate of return on the investment of present and future assets of 7% a year compounded annually, attributable to inflation, (B) across the board real salary increases of 0.5% a year, and (C) additional projected salary increases of 1.5% a year, attributable to seniority/merit.

Total unfunded pension benefit obligation applicable to District employees was \$195,940 at June 30, 1989, as follows:

Pension Benefit Obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits - \$ -0-

Current employees -

Accumulated Employee contributions including allocated investment earnings	244,070
Employer-financed vested	703,659
Employer-financed non-vested	13,753
total pension benefit obligation -	961,482
NET ASSETS AVAILABLE FOR BENEFITS, AT COST (MARKET VALUE IS \$897,215)	765,542
UNFUNDED PENSION BENEFIT OBLIGATION	\$195,940

C. ACTUARILY DETERMINED CONTRIBUTION REQUIREMENTS AND CONTRIBUTION MADE

PERS uses the Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ends on June 30, 2000.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described in B. above.

The contribution to the System for 1989 of \$74,421 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 1988. The contribution consisted of A) \$33,869 normal cost (7.41% percent of current covered payroll) and B) \$41,552 amortization of the unfunded actuarial accrued liability (9.09% of current covered payroll). The District contributed \$46,598 (10.2% of current covered payroll) and

employees contributed \$28,823. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. System-wide ten years trend information is not yet available. The following represents information for years ended June 30, 1988 and 1989:

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT
EMPLOYER NUMBER 1071
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS
(IN HUNDREDS)

FISCAL YEAR	(1) NET ASSETS AVAILABLE FOR BENEFITS	(2) PENSION BENEFITS OBLIGATIONS	(3) PERCENTAGE FUNDED (1)/(2)
1988	\$6,056.3	\$7,579.8	79.9%
1989	\$7,655.4	\$9,614.8	79.6%

FISCAL YEAR	(4) UNFUNDED PENSION BENEFIT OBLIG. (2)-(1)	(5) ANNUAL COVERED PAYROLL	(6) UNFUNDED PENSION BENEFIT OBLIGATION (4)-(5)
1988	\$1,529.4	\$3,928.9	38.9%
1989	\$1,959.3	\$4,734.8	41.4%

	BUDGET	CASH PAYMENTS
SALARIES & EMPLOYEES BENEFITS		
Salaries	\$552,020	\$512,929
Retirement (Note 3)	55,916	57,095
Group Insurance & Medical	25,640	26,053
Total Salaries & Employee Benefits	633,576	596,077
SERVICE & SUPPLIES		
Clothing	8,038	7,077
Household	2,000	2,924
Insurance	54,555	73,126
Maintenance of Equipment	34,900	31,792
Maintenance of Building	5,500	2,244
Medical & Laboratory Supplies	4,000	3,247
Dues	1,918	4,428
Office	10,400	18,593
Professional Service	61,925	55,041
Publication & Legal	3,800	5,917
Rent and Leases	8,412	8,415
Small Tools	1,500	1,632
Special Department Misc. Expenses	41,000	36,530
Transportation	15,200	15,091
Utilities	24,340	7,697
Conference & Meetings	26,900	20,758
Security Systems	680	510
Communications	1,500	193
Total Services & Supplies	306,568	295,215
FIXED ASSETS		
Land	-0-	1,736,716
Structure Improvement	2,648,000	2,589
Vehicles	31,000	28,726
Office Equipment	22,000	3,706
Spray Equipment	7,635	5,615
Communications	12,300	15,075
Main. - Equip. & Tools	4,050	4,615
Total Fixed Assets	2,724,985	1,797,042
Total Cash Payments	\$3,665,129	\$2,488,135

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT
 Schedule of Tax Levies, Service Charge, Collections and
 Delinquent Taxes
 For the Fiscal Year Ended June 30, 1990

SERVICE CHARGE & TAXES RECEIVABLE - July 1, 1989	\$ 227,590
Additions - Current Year Levy:	
Secured Tax	415,871
Service Charge	1,679,540
Unsecured Tax	29,205
Net Adjustments to Prior Year's Levy	10,110
Interest and Penalties	<u>13,724</u>
Total Service Charge & Taxes to be Accounted for	<u>2,376,040</u>
Service Charge & Taxes Collected - Current Fiscal Year:	
Secured Tax	379,331
Service Charge	1,539,039
Unsecured Tax	28,371
Prior Years Taxes	82,897
Redemption Collection	<u>71,841</u>
Total Service Charge & Taxes Collected - Current Fiscal Year	<u>2,101,479</u>
SERVICE CHARGE & TAXES RECEIVABLE - June 30, 1990	<u>\$ 274,561</u>

Details of Service Charge & Taxes Receivable - June 30, 1990:

Current Year -

Secured	\$ 263,544
Unsecured	<u>11,017</u>

Service Charge & Taxes Receivable - June 30, 1990 \$ 274,561

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT
 Schedule of Changes in Fixed Assets
 For the Fiscal Year Ended June 30, 1990

	Balance 7/01/89	Additions	Balance 6/30/90
Land	\$ 872,761	\$1,736,716	\$2,609,477
Building	58,235	2,589	60,824
Vehicles	231,518	25,726	260,244
Storage Tanks	6,501	-0-	6,501
Equipment:			
Spray	21,745	5,615	27,360
Office	45,864	3,706	49,570
Maintenance	32,187	4,615	36,802
Communications	36,978	15,075	52,053
Lab	<u>3,330</u>	<u>-0-</u>	<u>3,330</u>
	<u>\$1,309,119</u>	<u>\$1,797,042</u>	<u>\$3,106,161</u>

LOS ANGELES COUNTY WEST MOSQUITO ABATEMENT DISTRICT
 Schedule of Cash Receipts & Disbursements
 For the Fiscal Year Ended June 30, 1990

CASH BALANCE PER PREVIOUS AUDIT - July 1, 1989	\$2,256,859
CASH RECEIPTS:	
Taxes Collected	
Current Year	407,702
Prior Years	16,857
Redemption Collection	17,080
Other Taxes	<u>19,240</u>
OTHER COLLECTIONS:	
Service Charge	1,659,839
Sign Rental	417
Homeowners' Exemption	10,094
Interest on Bank Deposits	196,721
Augmentation Fund Distribution (Note 2)	119,420
Misc. Other Collections	<u>35,207</u>
	<u>2,021,693</u>
TOTAL CASH RECEIPTS	<u>2,482,572</u>
CASH DISBURSEMENTS:	
Salaries & Employee Benefits	596,077
Services & Supplies	295,215
Additions to Fixed Assets	<u>1,797,042</u>
TOTAL CASH DISBURSEMENTS	<u>2,688,334</u>
CASH BALANCE - June 30, 1990	<u>\$2,051,097</u>

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GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE
YEAR ENDED JUNE 30, 1989

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CERTIFIED PUBLIC ACCOUNTANT

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January 18, 1991

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Mammoth Lakes Fire Protection District

I have audited the accompanying general purpose financial statements of the Mammoth Lakes Fire Protection District, Mono County, State of California, as of and for the year ended June 30, 1989, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As more fully described in the Notes to the Financial Statements, land, buildings and equipment are stated at estimated values in the accompanying balance sheets. In my opinion, such assets should be stated at acquisition costs to conform with generally accepted accounting principles. The effects on the financial statements of this practice is not reasonably determinable.

In my opinion, except for the effects of the practice discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mammoth Lakes Fire Protection District as of June 30, 1989, and the results of its operations, the changes in its fund and account balances, and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The "Combined Totals, (Memorandum Only)" columns in the schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Mammoth Lakes Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



MAMMOTH LAKES FIRE PROTECTION DISTRICT
 COMBINED STATEMENT OF REVENUES AND EXPENDITURES
 ACTUAL AND BUDGET ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1989

	Governmental Fund Types		Combined Totals		
	General	Capital Projects	1989 Actual	1989 Budget	1988 Actual
REVENUES:					
Property taxes - current and prior	\$ 587,899		\$ 587,899	\$ 748,154	\$ 594,189
Intergovernmental tax relief	4,241		4,241		4,753
Mitigation fees		\$ 82,343	82,343	45,000	98,078
Firefighter and equipment usage fees	10,528		10,528		37,588
Paramedic administration fees & expense	20,329		20,329		18,200
Interest income	24,849	4,227	29,076		30,302
Permits, fees, and other	2,958		2,958		228
TOTAL REVENUES	630,702	86,570	717,272	793,154	781,408
EXPENDITURES:					
OPERATING EXPENDITURES:					
Salaries & benefits	253,450		253,450	243,875	238,077
Volunteer payments & benefits	113,338		113,338	104,300	113,028
Liability insurance	35,128		35,128	38,000	37,680
Services & supplies	198,850		198,850	175,200	181,843
Depreciation	89,913		89,913		94,997
SUBTOTAL	671,685		671,685	561,475	620,395
PARAMEDIC FUNDING - NET	43,992		43,992	51,814	25,894
INTEREST - DEBT SERVICE	38,827		38,827	37,399	24,707
TOTAL EXPENDITURES	754,504		754,504	652,488	670,996
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <103,712>	\$ 86,570	\$ <37,142>	\$ 140,665	\$ 110,412

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT.

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MAMMOTH LAKES FIRE PROTECTION DISTRICT

COMBINED STATEMENT OF CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
 FOR THE YEAR ENDED JUNE 30, 1989

	Governmental Fund Types		Account Groups		Combined Totals	
	General	Capital Projects	General Fixed Assets	General Long term Debt	1989	1988
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <103,712>	\$ 86,570			\$ <37,142>	\$ 110,412
OTHER FINANCING SOURCES (USES):						
Proceeds of long term debt					50,250	
Operating transfers:						
General fund acquisition of property, plant & equipment	<1,873>	1,873				
Property, plant & equipment transfers from Capital Projects Fund to General Fixed Assets Account		<107,745>	\$ 107,745			
Depreciation expense transfer from General Fixed Assets Account to General Fund			<89,913>			
Reduction in funds to be provided for retirement of long-term debt	<39,000>				<39,000>	<27,500>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<85,472>	<39,502>	37,832	0	<87,142>	133,170
FUND BALANCES, BEGINNING OF YEAR	327,481	74,879	1,448,072	0	1,850,431	1,717,201
FUND BALANCES, END OF YEAR	\$ 262,009	\$ 35,376	\$ 1,485,904	\$ 0	\$ 1,783,289	\$ 1,850,431

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT.

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MAMMOTH LAKES FIRE PROTECTION DISTRICT

COMBINED BALANCE SHEET
 ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS (Sheet 1 of 2)
 JUNE 30, 1989

	Governmental Fund Types		Account Groups		Combined Totals	
	General	Capital Projects	General Fixed Assets	General Long term Debt	1989	1988
A S S E T S						
CURRENT ASSETS:						
Cash:						
Bank accounts	\$ 3,112				\$ 3,112	\$ 1,368
On deposit with Mono County Treasurer	314,291	\$ <35,378>			349,667	439,008
Total Cash	317,403	35,378			352,779	440,376
Paramedic program refund		7,333			7,333	1,574
Other Receivables					3,388	3,388
Prepaid insurance and other expense		38,458			38,458	35,895
TOTAL CURRENT ASSETS	317,403	81,169			398,572	481,028
PROPERTY, PLANT & EQUIPMENT			\$ 2,408,744		2,408,744	2,300,909
LESS ACCUMULATED DEPRECIATION			<922,840>		<922,840>	<852,927>
NET PROPERTY, PLANT & EQUIPMENT			1,485,904		1,485,904	1,448,072
FUNDS TO BE PROVIDED FOR RETIREMENT OF LONG-TERM DEBT						
				\$ 222,500	222,500	213,500
TOTAL ASSETS	\$ 364,580	\$ 35,376	\$ 1,485,904	\$ 222,500	\$ 2,108,360	\$ 2,181,580

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT.

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MAMMOTH LAKES FIRE PROTECTION DISTRICT

COMBINED BALANCE SHEET
 ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS (Sheet 2 of 2)
 JUNE 30, 1989

	Governmental Fund Types		Account Groups		Combined Totals	
	General	Capital Projects	General Fixed Assets	General Long term Debt	1989	1988
L I A B I L I T I E S A N D F U N D E Q U I T Y						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 12,904				\$ 12,904	\$ 11,844
Accrued compensation related liabilities	48,012				48,012	33,760
Accrued interest on mortgage payable	3,155				3,155	3,045
Contract payable	8,500				8,500	
Current portion of mortgage payable	30,909				30,909	30,909
TOTAL CURRENT LIABILITIES	102,571				102,571	78,649
MORTGAGE PAYABLE NET OF CURRENT PORTION				\$ 222,500	222,500	252,500
TOTAL LIABILITIES	102,571			222,500	325,071	331,149
FUND EQUITY:						
Investment in General Fixed Assets			\$ 1,485,904		1,485,904	1,448,072
Fund Balances:						
Reserved for payroll account	2,215				2,215	1,345
Unreserved:						
Designated for subsequent years capital expenditures	64,624	\$ 35,376			100,000	134,878
Undesignated	195,170				195,170	288,138
TOTAL FUND EQUITY	262,009	35,376	\$ 1,485,904		1,783,289	1,850,431
TOTAL LIABILITIES AND FUND EQUITY	\$ 364,580	\$ 35,376	\$ 1,485,904	\$ 222,500	\$ 2,108,360	\$ 2,181,580

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT.

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MAMMOTH LAKES FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1989

The Notes to Financial Statements are considered an integral and essential part of adequate disclosure and fair presentation of the general purpose financial statements of the Mammoth Lakes Fire Protection District. The notes include a Summary of Significant Accounting Policies for the District and other notes considered essential to fully disclose and fairly present the transactions and financial position of the District.

MAMMOTH LAKES FIRE PROTECTION DISTRICT

The Mammoth Lakes Fire Protection District is a local fire protection district inside the boundaries of the Town of Mammoth Lakes, Mono County, State of California. The District was formed in 1948 pursuant to the Special District Laws of the State of California, operates under a Commission-Fire Chief form of government, and provides fire protection and related services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to generally accepted accounting principles as applicable to California Special Districts. The following is a summary of the significant policies:

Fund Accounting. The accounts of the District are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

In the financial statements in this report, the various funds are grouped into four generic fund types within the governmental fund and account group types, as follows:

of cash flows - actual and budget, present comparisons of the final authorized budget with actual data.

Unused appropriations for all of the above annually budgeted funds lapse at the end of each year. The amount is carried forward to the next year designated for capital improvements.

Other Accounting Policies

Funds to be provided for the retirement of long-term debt represent funds to be provided by the General Fund for the reduction of mortgage principal.

Accrued Compensation Related Liabilities. It is the District's policy to accumulate a limited amount of earned but unused sick leave, which will be paid to full time employees upon separation from the District's service. It is also the District's policy to provide major sick and vacation pay for full time employees on an annual basis. The general fund accrues such expenses in the period they are earned.

Combined Totals Column on Combined Statements. The combined totals column on the combined statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

MITIGATION FEES

District Ordinance No. 85-02 established mitigation fees for new and remodel construction to be used only for capital outlay purposes. The Fire Protection Act of 1987 dated January 1, 1987 will not allow the fire districts to charge such fees, but allowed towns & cities to charge and collect such fees. The District and Town of Mammoth Lakes have come to an agreement about using the fees for District capital improvements.

DISTRICT TAX ASSESSMENTS

The District assesses tax through the Mono County Tax rolls.

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1, the secured roll is due on December 10 and April 10, the unsecured roll is due on August 31, and all taxes become immediately delinquent if not paid on the due dates.

MAMMOTH LAKES FIRE PROTECTION DISTRICT

ACTUAL AND BUDGET - ALL GOVERNMENTAL FUND TYPES	ACTUAL	BUDGET	COMBINED TOTALS
FOR THE YEAR ENDED JUNE 30, 1989	1989	1989	1989
Governmental Fund Types	Actual	Budget	Actual
General	1989	1989	1989
Projects	Actual	Budget	Actual
CASH FLOWS FROM OPERATING ACTIVITIES:	\$ 1,103,112	\$ 1,149,862	\$ 1,110,412
Excess of cash receipts (under) expenditures	89,913	88,913	54,067
Adjustments to reconcile net income to net cash provided by District activities:			
Depreciation - increase in cash	(5,739)	(5,739)	2,811
Current assets - balance decrease	(761)	(761)	(3,388)
Accrued compensation and related liabilities	1,080	1,080	(4,781)
Accrued interest on mortgages payable	110	110	4,169
Net adjustments	110	110	8,480
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 104,093	\$ 104,093	\$ 110,412
CASH FLOWS FROM INVESTING ACTIVITIES:			
Station I - Land & building construction	(62,880)	(62,880)	(62,880)
Apparatus purchase	(17,803)	(17,803)	(17,803)
Equipment purchase	(1,673)	(1,673)	(1,673)
Office equipment			
Contingency - Equipment			
NET CASH (USED IN) INVESTING ACTIVITIES	\$ (82,356)	\$ (82,356)	\$ (82,356)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Contract payable proceeds	17,000	17,000	17,000
Contract principal payments	(9,500)	(9,500)	(9,500)
Mortgage payable proceeds	530,000	530,000	530,000
Mortgage principal payments	(511,399)	(511,399)	(511,399)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ 86,101	\$ 86,101	\$ 86,101
NET INCREASE (DECREASE) IN CASH	\$ 107,838	\$ 107,838	\$ 107,838
TOTAL CASH, BEGINNING OF YEAR	\$ 317,400	\$ 317,400	\$ 317,400
TOTAL CASH, END OF YEAR	\$ 425,238	\$ 425,238	\$ 425,238

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITOR'S REPORT.

Governmental Fund Types

The **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Capital Project Fund** is used to account for financial resources to be used for the acquisition of, and construction of, capital facilities.

Account Group Types

The **General Fixed Assets** account group is used to maintain accounting control and accountability for the District's investment in property, plant and equipment.

The **General Long-Term Debt** account group, is used for long-term liabilities expected to be financed from Governmental Funds.

The account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Property taxes are considered "measurable" when in the hands of Mono County and are recognized as revenue at that time. All major revenues are susceptible to accrual. Reimbursed charges for firefighter labor and equipment usage outside the District is recognized when payment is received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Payments to volunteer firemen for meetings, drills, and District fire calls are recorded when paid annually through October 31 of each year.

Budget. The District Commissioners approve the annual budget in total on a basis generally consistent with generally accepted accounting principles (GAAP). The combined statement of revenues and expenditures - actual and budget, and the combined statement

The County allocations of property taxes for the year ended June 30, 1989 are:

General Fund	Tax Basis	Assessments Levied
Secured	County Allocated 1% Rate	\$345,395
Unsecured	County Allocated 1% Rate	\$ 38,377
Special District	Augmentation Fund	\$167,317

MONO COUNTY PARAMEDIC RESCUE

On October 22, 1985, the District entered into an annually renewable joint powers agreement with Mono County, Southern Mono Hospital District and the Town of Mammoth Lakes, to provide paramedic ambulance service throughout most of Mono County. Under the terms of the agreement each agency contributes a specified monthly amount to cover the annual operating costs of the Paramedic program and periodically receives a specified percentage refund of Paramedic service collections. Under the terms of the agreement, the District manages the Paramedic program and receives a monthly management fee. District facilities and personnel are shared with the Paramedic program and the District may not be fully compensated for their use, including payroll benefits and costs.

DEFINED BENEFIT PENSION PLAN

Description

The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies within the state of California.

All full-time employees are eligible to participate in PERS. Benefits vest after 5 years of service. Safety (fire) employees who retire at or after age 50 are entitled to an annual retirement benefit payable monthly for life in an amount equal to 2 percent of their average salary during the highest-paid 3 year period of employment. All other covered employees may retire at age 60, with an annual benefit payable monthly for life equal to 2 percent of their average salary during the highest-paid 1-year or 3-year period, depending upon hire date. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and District ordinance.

Employer and Employee Contribution Obligations

The PERS contribution obligations, expressed as a percentage of payroll, for the year ended June 30, 1989, are:

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The Pension Benefit Obligation is calculated as of June 30, 1989.

The total (negative) unfunded Pension Benefit Obligation applicable to District and Paramedic program employees was \$(116,024) at June 30, 1989, as follows (At this time there are no separate studies available):

Pension Benefit Obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 114,462
Current employees:	
Accumulated employee contributions including allocated investment earnings	187,376
Employer-financed vested	188,273
Employer-financed non-vested	<u>72,912</u>
Total Pension Benefit Obligation	563,023
Less assets available for benefits at cost (Market value, \$795,843)	<u>(679,047)</u>
(Negative) Unfunded Pension Benefit Obligation	\$(116,024)

The District has a negative unfunded actuarial liability as a result of actuarial gains. In order to maintain a level pattern of contributions, the District has chosen to amortize the negative unfunded actuarial liability as a partial offset in perpetuity to contributions otherwise required.

There were no changes in benefit provisions or in actuarial assumptions from the prior year which resulted in changes in the Pension Benefit Obligation.

Significant actuarial assumptions used to calculate the above Pension Benefit Obligation include:

Actuarial interest rate, per annum	8.50%
Salary scale:	
Rate of inflation	5.00%
Across the board real salary increases	.50
Merit raises	<u>1.50</u>
Total	7.00%

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Payroll Category	Member Rates	District Rates
Safety	9.0%	23.984%
Miscellaneous	7.0%	4.514%

For employees who may be covered by Social Security, a rate of zero is charged for the first \$133.33 per month.

There also may be a small group that may have rates based on entry age.

As of June 30, 1986, the District began paying the employee members' contribution to PERS.

The District's total payroll and contributions to PERS for the year ended June 30, 1989 are:

Payroll Category	Payroll	Contributions
Safety	\$ 96,174	\$33,138
Miscellaneous	<u>42,428</u>	<u>5,231</u>
Total Covered	141,602	\$38,369
Other	<u>11,508</u>	<u>*****</u>
Total Payroll	\$153,110	*****

The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration.

Securities of the District Included in Fund Assets

There have never been any securities of the District or related parties included in PERS assets.

Funding Status and Progress

The Pension Benefit Obligation is a standardized measure and is the portion of the actuarial present value of projected pension benefits (including projected future salary increases) estimated to be payable in the future as a result of employees' service to date. The measure is intended to help assess progress made in accumulating sufficient assets to pay benefits when due and to make comparisons among employers. The measure is independent of the actuarial funding method used to determine employer contributions to PERS.

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Actuarially Determined Contribution Requirements and Contribution Made

PERS uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ends on June 30, 2000.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the Pension Benefit Obligation, as previously described.

The District's required contribution rates (including the Paramedic program) for the year ended June 30, 1990, based on an actuarial valuation performed as of June 30, 1989 are as follows:

Annual Rate Components:	Miscellaneous Category	Safety Category	Effective Date
Normal Cost Rate	4.923%	19.209%	
Unfunded Liability Rate	<u>(4.923)</u>	<u>(19.209)</u>	
Total Required	0.000%	0.000%	7/1/89

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Systemwide trend information may be found in the California Public Employees' Retirement System Annual Report. Until ten years of data are available, as many years as are available will be presented in the PERS annual report.

As of June 30, 1989, 1988 and 1987:

Description	6/30/89	6/30/88	6/30/87
Net assets available for benefits (1)	\$ 679,400	\$470,000	\$358,540
Pension benefit obligations	\$ 563,020	\$395,900	\$341,040

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Percentage funded	120.6%	118.7%	105.1%
(Negative) unfunded pension benefit obligation	\$(116,030)	\$(74,100)	\$(17,510)
and represents	(21.1)%	(13.2)%	(3.4)%
of the combined annual covered payrolls:	\$ 549,990	\$559,930	\$513,330

(1) As valued for PERS balance sheet purposes

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group consist of all the land, buildings, apparatus, and equipment of the District at estimated cost for acquisitions prior to July 1, 1987. Accumulated and current year's depreciation has been calculated based upon those estimates. Since the District was unable to determine the actual costs, the effects on the financial statements is not reasonably determinable.

Fixed assets are recorded in the Capital Projects Fund at time of purchase. Donated assets are valued at their estimated fair market value on the date received. All assets acquired since June 30, 1987 are capitalized at cost in the General Fixed Assets account group. All assets are depreciated over their estimated useful lives using a straight-line method.

Summary of Property, Plant and Equipment changes for the year:

Description	Life		Additions	6/30/89
	Years	6/30/88		
Land - Station I		\$ 10,000		\$ 10,000
Land - Station II		118,735		118,735
Building - Station I	40	300,000		300,000
Improvements - Stn I	40	344,902		344,902
Building - Station II	40	846,715	\$ 62,860	909,575
Apparatus	20	474,771	17,993	492,764
Equipment	5	202,369	26,892	229,261
Office Furn. & Equip.	5	3,507		3,507
Totals		\$2,300,999	\$ 107,745	\$2,408,744

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Year Ended	1989	1988
6/30/89		\$ 30,000
6/30/90	\$ 30,000	30,000
6/30/91	30,000	30,000
6/30/92	30,000	30,000
Balance	162,500	162,500
Totals	252,500	282,500
Less current portion	(30,000)	(30,000)
Long Term portion	\$222,500	\$252,500

SUBSEQUENT EVENTS

The District has participated in the amount of \$559,885 as part of \$10,820,000 Certificates of Participation (California Special Districts Lease Finance Program), 1990 Series F, dated September 1, 1990, whereby the District will participate in a lease purchase arrangement for Station II and other capital improvements.

CONTINGENT LIABILITIES

Claims not in excess of insurance coverage have been asserted against the District but the District Board after consulting with outside legal counsel, believes that final settlement of these matters will not result in any material adverse effect on the combined financial statements of the District.

Summary of Accumulated Depreciation changes for the year:

Description	6/30/88	Additions	6/30/89
Building - Station I	\$ 172,500	\$ 7,500	\$ 180,000
Improvements - Station I	129,339	8,623	137,962
Building - Station II	14,112	21,953	36,065
Apparatus	369,458	17,937	387,395
Equipment	167,167	13,199	180,366
Office Furn. & Equip.	351	701	1,052
Totals	\$ 852,927	\$ 69,913	\$ 922,840

CONSTRUCTION IN PROGRESS

Construction of Fire Station II began in 1986; costs to June 30, 1987 for land and building were \$890,066 and, at that time, costs to complete were estimated to be \$80,000. The Station was ready for occupancy November 1, 1987. Additional improvements to be made to Fire Station II are estimated to be \$100,000, of which approximately \$35,000 will be paid from the Capital Project Fund and the balance will be paid from the General Fund.

Construction period interest totaling \$14,402 (1988 - \$10,012; 1987 - \$4,390) has been capitalized and will be amortized over the life of Station II.

CONTRACT PAYABLE

The contract payable represents the amount owed, two monthly payments, non-interest bearing, for the purchase of a tractor.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The general long-term debt consists of a \$300,000, 10 year, variable interest mortgage loan whose proceeds have been applied to the construction of Firehouse II. Interest rate is currently 13% and has fluctuated between 10.5% to 13%. Draws against the loan totaled \$249,742 at June 30, 1987 and the final draw of \$50,258 was taken during the year ended June 30, 1988.

The annual repayment requirements of the mortgage payable as of June 30, 1989 and 1988 are:

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FINANCIAL STATEMENTS AND AUDIT REPORT

JUNE 30, 1990

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Warren G. Staley, CPA, Inc.

MEMBER - SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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ARCATA, CALIFORNIA 95521

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
McKinleyville Community Services District
McKinleyville, California 95521

I have audited the Balance Sheets of the McKinleyville Community Services District as of June 30, 1990 and 1989, and the related Statements of Income and Changes in Retained Earnings, Cash Flows, and Revenues, Expenditures and Changes in Fund Balance Compared to Budget - Parks for the years then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the McKinleyville Community Services District at June 30, 1990 and 1989 and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

My examination was made for the purpose of forming an opinion on the financial statements indicated above. The accompanying supplemental information is not considered necessary for fair presentation of the financial position, results of operations or changes in cash flows, but is presented for additional analysis purposes. While my examination was made primarily for the purpose stated above, the supplemental information has been subjected to the same auditing procedures and, in my opinion, is stated fairly in all material respects in relation to the basic financial statements taken as a whole.

September 29, 1990

Warren G. Staley, CPA, Inc.
WARREN G. STALEY, CPA, INC.

FINANCIAL SECTION

MCKINLEVILLE COMMUNITY SERVICES DISTRICT
BALANCE SHEETS
June 30,

	1990	1989
ASSETS		
FIXED ASSETS (Note 2):		
Meter System	\$ 6,051,392	\$ 6,661,134
Water Mains	1,011,400	1,110,000
Street Lighting & Equipment	403,400	409,000
Construction in Progress	33,992	26,248
Less Accumulated Depreciation	\$ 20,703,113	\$ 20,463,068
	<u>(4,258,855)</u>	<u>(3,835,814)</u>
	\$ 16,214,228	\$ 16,528,158
RESTRICTED ASSETS (Note 5):	\$ 634,256	\$ 656,912
CURRENT ASSETS:		
Cash	\$ 61,500	\$ 86,557
Temporary Investments	1,418,500	1,255,227
Accounts Receivable (Net of 52,500 Reserve for Bad Debts)	87,621	97,174
Prepaid Expenses	1,197	4,817
Interest Receivable	55,294	41,009
Other Accounts Receivable - Net (Note 9)	75	45
Prepaid Expenses - Insurance and Supplies	4,820	5,098
	<u>97,571</u>	<u>85,272</u>
	\$ 1,238,223	\$ 1,541,099
OTHER ASSETS - Jefferson Court (Note 10)	\$ 882	\$ 1,108
Total Assets	\$ 18,708,209	\$ 18,226,468
LIABILITIES AND EQUITY		
LONG-TERM LIABILITIES:		
Davis/Chandler Loan (Note 6)	\$ 1,001,367	\$ 4,002,333
Water Mains Loan (Note 7)	1,485,000	1,905,000
Less Amounts Shown Below as Payable from Restricted Assets (601,681)		<u>(645,192)</u>
	\$ 4,864,799	\$ 4,922,141
LIABILITIES PAYABLE FROM RESTRICTED ASSETS (Note 5):		
Current Portion of L-T Debt	\$ 80,023	\$ 62,183
Long-term Liabilities	531,985	511,254
Accrued Interest	36,828	31,254
	\$ 648,836	\$ 604,691
CURRENT LIABILITIES:		
Accounts Payable	\$ 61,246	\$ 76,872
Payroll	76,811	129,819
Payroll Withholdings and Accrued Liabilities (Note 4)	51,023	67,222
	\$ 189,080	\$ 273,913
Total Liabilities	\$ 5,694,654	\$ 5,852,361
EQUITY:		
Contributed Capital	\$ 12,218,811	\$ 12,120,163
Retained Earnings (Note 1)	26,987	26,987
Less: Port Improvements Unreserved	<u>(113,553)</u>	<u>(87,455)</u>
	\$ 26,987	\$ 26,987
Fund Balance - Net	\$ 269,228	\$ 294,442
	\$ 0	\$ 0
Total Equity	\$ 12,218,223	\$ 12,218,497
	\$ 18,708,209	\$ 18,226,468

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The accompanying notes are an integral part of these financial statements.

MCKINLEVILLE COMMUNITY SERVICES DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 145,148	\$ 122,052
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Equity Transfer from Parks Department		(7,030)
Depreciation	430,705	412,407
Monetary Contributions to District (Increase) Decrease in Accounts Receivable	(108,652)	(61,175)
(Increase) Decrease in Other Current Assets	(24,349)	(4,642)
(Increase) Decrease in Other Assets	(22,819)	(8,736)
Increase (Decrease) in Other Assets	226	1,047
Increase (Decrease) in Accounts Payable	(14,827)	19,237
Increase (Decrease) in Other Current Liabilities	(9,614)	84,852
	\$ 415,848	\$ 558,012
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Sale of Fixed Assets	\$ 54,433	
Acquisition of Fixed Assets	(192,569)	\$ (941,427)
Retirement of Long-term Debt	(139,406)	(126,254)
	\$ (277,542)	\$ (1,067,681)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 138,276	\$ (509,669)
CASH AND CASH EQUIVALENTS - BEGINNING (Note 11)	<u>1,978,330</u>	<u>2,487,999</u>
CASH AND CASH EQUIVALENTS - ENDING (Note 11)	<u>\$ 2,116,606</u>	<u>\$ 1,978,330</u>

The accompanying notes are an integral part of these financial statements.

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MCKINLEVILLE COMMUNITY SERVICES DISTRICT
STATEMENTS OF INCOME AND CHANGES IN RETAINED EARNINGS
For the Years Ended June 30,

	1990	1989
OPERATING REVENUES:		
Water Sales	\$ 486,927	\$ 459,842
sewer Service Charges	472,622	444,511
Connection, Extension & Other Fees	124,637	112,195
Other	2,400	1,330
	\$ 1,086,586	\$ 1,017,878
OPERATING EXPENSES:		
Salaries	\$ 322,645	\$ 271,251
Payroll Taxes and Employee Benefits	137,500	132,177
Water Purchases	49,480	62,494
Electric Power	59,467	52,943
Telemetering	5,144	4,773
System Repairs and Maintenance	28,602	32,187
Auto and Truck Operating	11,812	6,303
Lab Testing	4,839	3,973
Insurance	24,689	31,042
Professional Services	29,286	31,052
Office	16,480	16,194
Office Utilities and Maintenance	9,760	12,787
Travel, Meetings, Memberships and Subscriptions	5,935	9,047
Street-lighting Power	3,240	3,446
Directors' Fees	10,400	8,500
Depreciation	430,705	412,407
Other	7,446	17,678
	\$ 1,157,430	\$ 1,108,254
Operating Income (Loss)	\$ (70,844)	\$ (90,376)
NONOPERATING REVENUES:		
Interest	\$ 151,121	\$ 195,791
Contributions in Aid of Construction	108,652	67,175
Property Taxes and Tax Relief Subventions (Note 8)	141,913	125,627
Other	1,713	3,356
	\$ 403,399	\$ 391,949
NONOPERATING EXPENSES:		
Interest	\$ 156,129	\$ 110,310
Transfers to Parks Fund	31,278	26,548
	\$ 187,407	\$ 136,858
Nonoperating Income	\$ 215,992	\$ 255,091
NET INCOME BEFORE EXTRAORDINARY ITEM	\$ 145,148	\$ 164,715
EXTRAORDINARY ITEM - BSWA Payment (Note 3)		(42,662)
NET INCOME	\$ 145,148	\$ 122,052
RETAINED EARNINGS - Beginning	704,442	649,565
Segregated to Contributed Capital (Note 1)	(108,652)	(67,175)
RETAINED EARNINGS - Ending	\$ 740,938	\$ 704,442

The accompanying notes are an integral part of these financial statements.

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MCKINLEVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET - PARKS
For the Year Ended June 30, 1990

	Budget	Actual
EXPENDITURES		
Clerical Salaries	\$ 300	\$ 17
Park Maintenance Salaries	3,984	5,940
Payroll Taxes & Employee Benefits	1,464	2,038
Materials & Supplies	3,720	2,876
Engineering	216	1,394
Legal	420	
Other Professional Fees	1,680	400
STP Park Development	5,000	18,155
Travel, Meetings & Conferences	576	
Indirect Cost Allocation	3,738	52
Insurance		301
Other	48	105
	\$ 21,146	\$ 31,278
OTHER FINANCING SOURCES		
Transfers from Water Department	21,146	31,278
OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ 0	\$ 0
FUND BALANCE - Beginning	0	0
FUND BALANCE - Ending	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements.

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NOTE 1 - Significant Accounting Policies

The District is a political subdivision of the State of California. The District provides water and sewer services to customers within its boundaries.

Because the water and sewer activities are supported primarily by user charges, the District maintains its books of account using the enterprise method of accounting. The District also operates a Parks Activity which is accounted for in a special revenue fund. The Parks Activity is immaterial to the District as a whole. For clarity, the Parks Fund balance sheet has been combined with the enterprise balance sheet. The Enterprise Activities transfer to the Parks Fund amounts sufficient only to cover expenditures and thus the Parks Fund has no fund balance. A Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Budget is presented to show compliance with the budget.

Water sales and sewer service charges are recognized as monthly utility bills are prepared.

Materials & Supplies inventory is priced at cost using a moving average method.

Developers are required to make certain improvements to provide for water and wastewater service to the developed property. Certain of these improvements are contributed to the District when service is begun. These improvements are valued at the cost to the developer and represent income to the District. These income amounts are closed an equity account entitled "Contributed Capital" and do not affect retained earnings.

Reporting Entity - There are no significant activities or organizations on which the District exercises oversight responsibility which require inclusion in the financial statements for the years ended June 30, 1990 and 1989. Other entities with similar names operate within the District's boundaries (i.e. McKinleyville School District). The following criteria were used to include or exclude other entities:

Financial Interdependency - The District is (is not) responsible for its debts and is (is not) entitled to its surpluses.

Election of Governing Authority - The other entity does not (does) have a separately elected board.

Designation of Management - The District appoints (does not appoint) the management of the other entity.

Significant Influence on Operations - The District board has (does not have) the legal authority to significantly influence operations of the other entity.

Accountability of Fiscal Matters - The responsibility and accountability over all funds is (is not) vested in the District management.

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NOTE 4 - Payroll Withholdings and Accrued Liabilities

Payroll withholdings and accrued liabilities include the following items at June 30:

	1990	1989
Accrued Vacation Pay	\$ 15,101	\$ 19,220
Accrued Sick Pay	29,614	44,364
Payroll Withholdings	2,456	3,273
Accrued Payroll Taxes	3,922	865
	<u>\$ 51,093</u>	<u>\$ 67,722</u>

The District's policy states that upon termination of an employee, vacation pay is paid in full and 50% of the accrued sick pay is payable after five years of service with the District.

Sick and vacation pay accruals were based on current wage rates.

NOTE 5 - Restricted Assets and Liabilities Payable Therefrom

The District has segregated certain assets and restricted their use as follows:

	1990	1989
Assets:		
Temporary Investments:		
Repayment of Davis/Grunsky Loan	\$ 511,405	\$ 540,964
Cash with Fiscal Agent - FWA Bonds	123,151	115,583
	<u>\$ 634,556</u>	<u>\$ 656,547</u>
Liabilities:		
Davis/Grunsky Loan:		
Current	\$ 60,023	\$ 57,882
Long-term	451,382	483,082
FWA Bonds:		
Current	20,000	20,000
Long-term	72,213	64,229
Accrued Interest	30,938	21,354
	<u>\$ 634,556</u>	<u>\$ 656,547</u>

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NOTE 2 - Composition of Fixed Assets

Fixed assets are made up of the following at June 30:

	1990	1989
Water System:		
Land & Other Land Rights	\$ 185,265	\$ 184,172
Service Rights	25,252	26,856
Water Utility Plant	6,640,875	6,452,106
	\$ 6,851,392	\$ 6,663,134
Less: Allowance for Depreciation	(1,745,245)	(1,610,721)
	<u>\$ 5,106,147</u>	<u>\$ 5,052,413</u>
Sewer System:		
Land & Other Land Rights	\$ 927,231	\$ 927,231
Mains, Laterals & Pumping Stations	9,391,161	9,346,907
Interim Interceptor Line	182,715	187,653
Treatment & Disposal Facility	2,703,143	2,702,843
	\$ 13,204,250	\$ 13,164,634
Less: Allowance for Depreciation	(2,354,583)	(2,104,822)
	<u>\$ 10,849,667</u>	<u>\$ 11,059,812</u>
General Plant & Equipment:		
Land & Buildings	\$ 199,524	\$ 199,524
Furniture and Office Equipment	111,467	108,921
Autos and Trucks	118,945	118,945
Tools and Construction Equipment	183,563	181,664
	\$ 613,499	\$ 609,054
Less: Allowance for Depreciation	(259,067)	(219,371)
	<u>\$ 354,432</u>	<u>\$ 389,683</u>
Construction in Progress	\$ 33,992	\$ 26,246
	<u>\$ 16,344,238</u>	<u>\$ 16,528,154</u>

NOTE 3 - Extraordinary Item

The District entered into a joint exercise of powers agreement with the Humboldt Community Services District, the City of Arcata, the City of Eureka and the County of Humboldt to create the Humboldt Bay Wastewater Authority. The purpose of the Authority was to construct a regional sewage treatment facility.

After expending funds on feasibility studies and design engineering, the project was abandoned.

During the 1988-89 fiscal year the District was required to pay to the Authority \$42,663 to repay the District's share of a State loan made to the Authority. This amount has been shown as an extraordinary item on the 1988-89 income statement.

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NOTE 6 - Davis/Grunsky Loan

Construction of the water system was financed in part by a \$3,523,582 loan from the State of California under the Davis/Grunsky Act. Interest is 2-1/2% per annum is payable semi-annually but was deferred for the first ten years. Principal payments were also deferred for ten years. Deferred interest is payable annually on January 1, in the amount of \$17,035.1. Principal is payable annually also on January 1.

	Deferred Interest	Principal	Total
Original Balance	\$ 868,791	\$ 3,523,582	\$ 4,392,373
Balance June 30, 1989	\$ 749,545	\$ 3,292,788	\$ 4,042,333
Balance June 30, 1990	\$ 732,510	\$ 3,250,857	\$ 3,983,367

Total interest to maturity (January 1, 2033) at June 30, 1990 is \$2,091,180.

NOTE 7 - 1982 Sewer Revenue Bonds

On July 6, 1982, the Farmer's Home Administration, under the community facilities loan program, approved the purchase of up to \$1,600,000 of sewer revenue bonds from the District bearing an interest rate of 5.00% per annum. \$1,535,000 of these bonds have been issued. The purpose was to construct the District's sewage treatment facility and related pumping stations.

Principal is payable annually on August 1 and interest is payable semi-annually on August 1 and February 1.

Total interest to maturity (August 1, 2023) at June 30, 1990 is \$1,556,186.

On August 16, 1982 the District entered into an agreement with Security Pacific National Bank to act as the fiscal agent for the repayment of the bonds. The District makes monthly payments to the fiscal agent. At June 30, 1990 there is \$123,151 and at June 30, 1989 there was \$115,583 on deposit with the fiscal agent.

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NOTE 8 - Property Tax Revenues

During the 1989-90 and 1988-89 fiscal years, the District was apportioned a share of the County's general tax rate under the provisions of "Proposition 13". Tax revenues are accrued when the levy is made.

Tax related revenues came from the following categories:

	1990	1989
Current Secured Property Taxes	\$ 120,699	\$ 108,480
Current Unsecured Property Taxes	11,287	8,922
Current Supplemental Property Taxes	2,035	2,421
Prior Years' Taxes	1,728	
Homeowner's Exemption (State subvention)	5,829	5,503
Timber Yield Tax Guarantee	335	301
	<u>\$ 141,913</u>	<u>\$ 125,627</u>

Homeowner's property tax exemption is a state program which provides a limited exemption from property taxes for owner-occupied residences. The State of California reimburses local governments for lost tax revenue by subvention.

NOTE 9 - Receivable from Humboldt Bay Municipal Water District

The District purchases all of the water it sells from the Humboldt Bay Municipal Water District (HBMD). After extended litigation, HBMD passed ordinance 10 which requires HBMD to make refunds to certain customers. At June 30, 1990 the refund due is \$46,247. The refund was to be paid over a five-year period. The first payment was made as scheduled. Due to the financial hardship it would impose on HBMD, the District has deferred payments due June 30, 1990, 1989, 1988 and 1987 without interest. The receivable is recorded under "Other Accounts Receivable" but is fully reserved.

NOTE 10 - Midfield Court Notes Receivable

During the 1986-87 fiscal year the District agreed to extend service to fifteen new customers. Four customers were unable to pay the cost of the main extensions and signed notes including interest at 6.00% per annum payable over five years. The balance of such notes at June 30, 1990 is \$882 and at June 30, 1989 was \$1,108.

NOTE 11 - Retirement Plan

The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California.

The District is required to contribute amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. The District was required to pay 7.690% of covered salary for 1989-90. The required contribution of \$21,601 was made by the District.

The plan covers all employees except part-time employees who work less than an average of twenty hours per week during any six-month period. Total wages during 1989-90 were \$322,645; covered wages were \$280,903.

The pension benefit obligation at June 30, 1989 was \$15,812. The pension benefit obligation was determined using the following significant actuarial assumptions:

Actuarial interest rate	<u>8.50%</u>
Salary scale:	
Rate of inflation	5.00%
Across the board real salary increases	0.50%
Merit raises	<u>1.50%</u>
	<u>7.00%</u>

PERS uses the entry age normal actuarial cost method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until date of retirement. PERS uses a modification of the entry age cost method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described.

Trend information gives an indication of the progress made in accumulation of sufficient assets to pay benefits when due. System-wide ten-year trend information may be found in the California Public Employee's Retirement System Annual Reports. Information available for the District specifically follows:

	June 30, ~		
	1990	1989	1988
	(in hundreds of dollars)		
Net Assets Available for Benefits	\$ 6,151.0	\$ 5,217.4	\$ 4,578.3
Pension Benefit Obligations	<u>6,309.1</u>	<u>5,584.8</u>	<u>4,405.5</u>
Overfunded (Unfunded) Pension Benefit Obligation	<u>\$ (158.1)</u>	<u>\$ (367.4)</u>	<u>\$ 172.8</u>
Percentage Funded	97.5%	93.4%	103.9%

NOTE 11 - Cash and Cash Equivalents

The District's temporary investments are all deposits in banks, savings and loan institutions or an investment pool maintained by the Humboldt County Treasurer. The carrying amount is the account balance which includes interest. The following is a summary of the deposits:

	Cash	Temporary Investments	Restricted Assets	Total
June 30, 1990:				
Uninsured, Collateral held in pool by financial institution	\$ 54,439		\$ 123,151	\$ 177,590
Insured by FDIC		\$ 100,000		100,000
Insured by FSLIC		100,000		100,000
Poolled with County	8,711	1,218,500	511,405	1,738,616
Imprest Cash	400			400
	<u>\$ 63,550</u>	<u>\$ 1,418,500</u>	<u>\$ 634,556</u>	<u>\$ 2,116,606</u>

June 30, 1989:

Uninsured, Collateral held in pool by financial institution	\$ 58,811		\$ 115,583	\$ 174,394
Insured by FDIC	7,346	\$ 100,000		107,346
Insured by FSLIC		100,000		100,000
Poolled with County		1,055,227	540,964	1,596,191
Imprest Cash	400			400
	<u>\$ 66,557</u>	<u>\$ 1,255,227</u>	<u>\$ 656,547</u>	<u>\$ 1,978,331</u>

NOTE 12 - Participation in Insurance Authority

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPJA). The JPJA is an entity created by the execution of a joint exercise of powers agreement by a large number of California governmental agencies. Each entity has an equal voice in the selection of a board which oversees the JPJA.

The JPJA's financial statements at September 30, 1989 and for the year then ended are summarized below:

Total Assets	<u>\$ 37,735,511</u>	Revenue	\$ 8,298,324
Total Liabilities	<u>\$ 32,698,207</u>	Expenses	<u>7,843,478</u>
Fund Balance	<u>5,037,304</u>	Revenue over Expenses	<u>\$ 450,846</u>
	<u>\$ 37,735,511</u>		

The District's share of assets and liabilities at June 30, 1990 has not been determined.

SUPPLEMENTAL INFORMATION

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENTS OF INCOME - WATER DEPARTMENT
For the Years Ended June 30,

	1990	1989
OPERATING REVENUES:		
Water Sales	\$ 486,927	\$ 459,842
New Service Fees	24,984	22,020
Inspection Fees & Permits	4,770	1,166
Other Service Fees	2,239	3,243
Other	2,072	906
	<u>\$ 520,992</u>	<u>\$ 487,177</u>
OPERATING EXPENSES:		
Salaries	\$ 163,815	\$ 137,617
Payroll Taxes and Employee Benefits	69,264	66,292
Water Purchases	49,480	62,494
Electric Power	26,522	19,661
Telemetering	2,552	2,158
System Repairs and Maintenance	6,333	8,990
Auto and Truck Operating	5,165	3,152
Lab Testing	1,359	1,389
Insurance	11,749	15,521
Professional Services	15,071	19,255
Office	8,255	7,960
Office Utilities and Maintenance	5,125	6,394
Travel, Meetings, Memberships and Subscriptions	3,435	5,721
Street-lighting Power	3,240	3,446
Directors' Fees	5,200	4,250
Depreciation	154,463	143,500
Other	4,351	12,438
	<u>\$ 535,379</u>	<u>\$ 520,238</u>
Operating Income (Loss)	<u>\$ (14,387)</u>	<u>\$ (33,061)</u>
NONOPERATING REVENUES:		
Interest	\$ 97,927	\$ 152,582
Contributions in Aid of Construction	79,556	21,330
Property Taxes and Tax Relief Subventions	141,913	125,627
Other	1,519	2,649
	<u>\$ 320,915</u>	<u>\$ 302,188</u>
NONOPERATING EXPENSES:		
Interest	\$ 81,796	\$ 82,833
Transfers to Parks Fund	31,278	26,548
	<u>\$ 113,074</u>	<u>\$ 109,381</u>
Nonoperating Income	<u>\$ 207,841</u>	<u>\$ 192,807</u>
NET INCOME	<u>\$ 193,454</u>	<u>\$ 159,746</u>

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MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENTS OF INCOME - SEWER DEPARTMENT
For the Years Ended June 30,

	1990	1989
OPERATING REVENUES:		
Sewer Service Charges	\$ 472,622	\$ 444,511
New Service Fees	83,935	76,872
Inspection Fees & Permits	7,815	4,991
Other Service Fees	894	1,903
Other	328	423
	<u>\$ 565,594</u>	<u>\$ 530,700</u>
OPERATING EXPENSES:		
Salaries	\$ 158,830	\$ 133,634
Payroll Taxes and Employee Benefits	68,236	65,885
Electric Power	32,945	33,282
Telemetering	2,592	2,616
System Repairs and Maintenance	22,269	23,196
Auto and Truck Operating	6,647	3,152
Lab Testing	3,480	2,584
Insurance	12,940	15,521
Professional Services	14,215	11,798
Office	8,225	8,234
Office Utilities and Maintenance	4,635	6,393
Travel, Meetings, Memberships and Subscriptions	2,500	3,326
Directors' Fees	5,200	4,250
Depreciation	276,242	268,906
Other	3,095	5,241
	<u>\$ 622,051</u>	<u>\$ 588,018</u>
Operating Income (Loss)	<u>\$ (56,457)</u>	<u>\$ (57,318)</u>
NONOPERATING REVENUES:		
Interest	\$ 53,194	\$ 43,209
Contributions in Aid of Construction	29,096	45,845
Other	194	709
	<u>\$ 82,484</u>	<u>\$ 89,763</u>
NONOPERATING EXPENSES:		
Interest	74,333	27,477
Nonoperating Income	<u>\$ 8,151</u>	<u>\$ 62,286</u>
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	<u>\$ (48,306)</u>	<u>\$ 4,968</u>
EXTRAORDINARY ITEM - EBWA Payment		(42,663)
NET INCOME	<u>\$ (48,306)</u>	<u>\$ (37,695)</u>

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MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
WATER SALES AND SEWER SERVICE CHARGES
For the Fiscal Years Ended June 30,

	1990	1989
WATER SALES		
July	\$ 47,627	\$ 45,988
August	53,892	48,591
September	44,013	43,895
October	39,155	35,709
November	37,086	35,061
December	34,769	33,587
January	37,288	33,538
February	36,686	36,305
March	33,578	31,375
April	38,968	34,916
May	44,948	39,157
June	38,917	41,720
	<u>\$ 486,927</u>	<u>\$ 459,842</u>

The average monthly billing for water was \$40,577. Water billing rates were not increased during the 1989-90 fiscal year.

	1990	1989
SEWER SERVICE CHARGES		
July	\$ 37,417	\$ 36,050
August	38,220	36,803
September	39,654	37,249
October	37,253	36,795
November	39,013	37,281
December	38,283	36,883
January	39,913	36,548
February	40,297	37,236
March	40,696	36,965
April	40,610	37,277
May	40,823	37,548
June	40,443	37,876
	<u>\$ 472,622</u>	<u>\$ 444,511</u>

The average monthly billing for sewer charges was \$39,385. Sewer billing rates were not changed during the 1989-90 fiscal year.

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MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
SEWER REVENUE BOND (PWA) MATURITIES
AND INTEREST PAYABLE BY FISCAL YEAR
June 30, 1990

Fiscal Year Due	Maturity Date	Principal	Interest Rate	Amount	Total
	August 1,				
1990 - 91	1990	\$ 20,000	5.00	\$ 75,333	\$ 95,333
1991 - 92	1991	20,000	5.00	74,333	94,333
1992 - 93	1992	20,000	5.00	73,333	93,333
1993 - 94	1993	20,000	5.00	72,333	92,333
1994 - 95	1994	20,000	5.00	71,333	91,333
1995 - 96	1995	20,000	5.00	70,333	90,333
1996 - 97	1996	30,000	5.00	68,875	98,875
1997 - 98	1997	30,000	5.00	67,375	97,375
1998 - 99	1998	30,000	5.00	65,875	95,875
1999 - 00	1999	30,000	5.00	64,375	94,375
2000 - 01	2000	30,000	5.00	62,875	92,875
2001 - 02	2001	30,000	5.00	61,375	91,375
2002 - 03	2002	30,000	5.00	59,875	89,875
2003 - 04	2003	40,000	5.00	57,917	97,917
2004 - 05	2004	40,000	5.00	55,917	95,917
2005 - 06	2005	40,000	5.00	53,917	93,917
2006 - 07	2006	40,000	5.00	51,917	91,917
2007 - 08	2007	40,000	5.00	49,917	89,917
2008 - 09	2008	50,000	5.00	47,458	97,458
2009 - 10	2009	50,000	5.00	44,958	94,958
2010 - 11	2010	50,000	5.00	42,458	92,458
2011 - 12	2011	50,000	5.00	39,958	89,958
2012 - 13	2012	60,000	5.00	37,000	97,000
2013 - 14	2013	60,000	5.00	34,000	94,000
2014 - 15	2014	60,000	5.00	31,000	91,000
2015 - 16	2015	60,000	5.00	28,000	88,000
2016 - 17	2016	70,000	5.00	24,542	94,542
2017 - 18	2017	70,000	5.00	21,042	91,042
2018 - 19	2018	70,000	5.00	17,542	87,542
2019 - 20	2019	80,000	5.00	13,583	93,583
2020 - 21	2020	80,000	5.00	9,583	89,583
2021 - 22	2021	80,000	5.00	5,583	85,583
2022 - 23	2022	65,000	5.00	2,271	67,271
		<u>\$ 1,485,000</u>		<u>\$ 1,556,186</u>	<u>\$ 3,041,186</u>

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McKINLEYVILLE COMMUNITY SERVICES DISTRICT
DAVIS/GRANSKY LOAN AND DEFERRED INTEREST MATURITIES
AND INTEREST PAYABLE BY FISCAL YEAR
June 30, 1990

DISTRICT REPRESENTATIONS REQUIRED BY
THE FARMER'S HOME ADMINISTRATION

Fiscal Year Due	Deferred Interest	Principal	Interest Rate	Interest Amount	Total
1990 - 91	\$ 17,035	\$ 42,988	2.50	\$ 81,271	\$ 141,294
1991 - 92	17,035	44,045	2.50	80,197	141,277
1992 - 93	17,035	45,102	2.50	79,096	141,233
1993 - 94	17,035	46,159	2.50	77,968	141,162
1994 - 95	17,035	47,216	2.50	76,814	141,117
1995 - 96	17,035	48,273	2.50	75,625	141,285
1996 - 97	17,035	49,330	2.50	74,409	141,127
1997 - 98	17,035	50,387	2.50	73,167	141,294
1998 - 99	17,035	51,444	2.50	71,890	141,426
1999 - 00	17,035	52,501	2.50	70,577	141,170
2000 - 01	17,035	53,558	2.50	69,238	141,241
2001 - 02	17,035	54,615	2.50	67,864	141,276
2002 - 03	17,035	55,672	2.50	66,455	141,277
2003 - 04	17,035	56,729	2.50	65,010	141,241
2004 - 05	17,035	57,786	2.50	63,530	141,171
2005 - 06	17,035	58,843	2.50	62,015	141,417
2006 - 07	17,035	59,900	2.50	60,456	141,268
2007 - 08	17,035	60,957	2.50	58,861	141,435
2008 - 09	17,035	62,014	2.50	57,223	141,206
2009 - 10	17,035	63,071	2.50	55,549	141,294
2010 - 11	17,035	64,128	2.50	53,832	141,339
2011 - 12	17,035	65,185	2.50	52,070	141,338
2012 - 13	17,035	66,242	2.50	50,264	141,294
2013 - 14	17,035	67,299	2.50	48,414	141,206
2014 - 15	17,035	68,356	2.50	46,520	141,426
2015 - 16	17,035	69,413	2.50	44,573	141,241
2016 - 17	17,035	70,470	2.50	42,582	141,364
2017 - 18	17,035	71,527	2.50	40,539	141,435
2018 - 19	17,035	72,584	2.50	38,442	141,100
2019 - 20	17,035	73,641	2.50	36,302	141,427
2020 - 21	17,035	74,698	2.50	34,099	141,338
2021 - 22	17,035	75,755	2.50	31,844	141,197
2022 - 23	17,035	76,812	2.50	29,536	141,355
2023 - 24	17,035	77,869	2.50	27,167	141,101
2024 - 25	17,035	78,926	2.50	24,744	141,144
2025 - 26	17,035	80,000	2.50	22,260	141,127
2026 - 27	17,035	81,073	2.50	19,714	141,399
2027 - 28	17,035	82,146	2.50	17,098	141,250
2028 - 29	17,035	83,219	2.50	14,420	141,391
2029 - 30	17,035	84,292	2.50	11,672	141,109
2030 - 31	17,035	85,365	2.50	8,862	141,118
2031 - 32	17,035	86,438	2.50	5,981	141,056
2032 - 33	17,035	87,511	2.50	3,030	141,276
	<u>\$ 732,505</u>	<u>\$ 3,250,857</u>		<u>\$ 2,091,180</u>	<u>\$ 6,074,542</u>

- The District has complied with the requirements of the Sewer Revenue Bond Resolution including the maintenance of cash reserves.
- All audit adjustments have been recorded in the District's books of account.
- All funds of the District are on deposit with institutions insured by the federal government or with the County of Humboldt.
- The District is exempt from federal and California income taxes under Internal Revenue Code Section 115 and the constitution of the State of California.
- The District's accounting records are adequate to provide an audit trail sufficient to support an opinion by an independent auditor.
- The District's primary assets in terms of cost are the underground systems of water and sewer lines. These require very little physical control. The materials & supplies inventory is controlled by a general ledger account. A physical inventory is taken annually to verify this record.

Trucks and autos are controlled by the State Licensing Agency.

Other assets are minimal and the District directors and management are involved with the operations closely enough to provide a good informal control over these items.

The District has implemented all prior year audit recommendations.

Accounts receivable were aged as follows at June 30, 1990:

0 - 30 days	\$ 74,800
30 - 60 days	13,579
Over 60 days	<u>1,644</u>
	<u>\$ 90,023</u>

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PHONE 707 422 3454

September 29, 1990
Page two

Warren G. Staley, CPA, Inc.

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ARCATA, CALIFORNIA 95521

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT

The Board of Directors
McKinleyville Community Services District

I have audited the financial statements of McKinleyville Community Services District, for the year ended June 30, 1990, and have issued my report thereon dated September 29, 1990.

I have conducted my audit in accordance with generally accepted auditing standards which require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of McKinleyville Community Services District, for the year ended June 30, 1990, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

The management of McKinleyville Community Services District, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Billing and Cash Receipts
Purchasing and Cash Disbursements
Payroll

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For all of the control categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

I noted no matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

I also noted other matters involving the internal control structure and its operation that I have reported to the management of McKinleyville Community Services District, in a separate letter dated September 30, 1990.

This report is intended for the information of the management and the Board of Directors of the McKinleyville Community Services District. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the McKinleyville Community Services District, is a matter of public record.

September 29, 1990

Warren G. Staley, CPA, Inc.
WARREN G. STALEY, CPA, INC.

Warren G. Staley, CPA, Inc.

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PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
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OF KERN COUNTY

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Mark E. Albert
Certified Public Accountant

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
COMBINED BALANCE SHEETS, ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1990

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Public Cemetery District No. 1
of Kern County
Shafter, California

I have audited the accompanying general purpose financial statements of the Public Cemetery District No. 1, as of and for the year ended June 30, 1990, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis of my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Public Cemetery District No. 1, State of California, County of Kern as of June 30, 1990, and the results of its operations and cash flow for the year ended in conformity with generally accepted accounting principles.

September 12, 1990
Wasco, California

	<u>GOVERNMENTAL GENERAL</u>	<u>FIDUCIARY TRUST</u>	<u>FIXED ASSET GROUP</u>	<u>TOTAL MEMORANDUM ONLY</u>
ASSETS				
Cash, (Note 2)	\$ 93,428	\$ 1,191,410	\$	\$ 1,284,838
Contract Receivable		18,388		18,388
Interest & Taxes Receivable	8,599	20,847		29,446
Investments, (Note 2)		627,066		627,066
Prepaid Insurance	4,456			4,456
Inventories	14,551			14,551
Due (To) From Property, Plant and Equipment, (Note 3)	(11,984)	11,984		
			592,146	592,146
TOTAL ASSETS	\$ 109,050	\$ 1,869,695	\$ 592,146	\$ 2,570,891
LIABILITIES				
Vouchers Payable	\$ 5,087	\$	\$	\$ 5,087
Accrued Salaries	6,911			6,911
TOTAL LIABILITIES	\$ 11,998			\$ 11,998
FUND BALANCES				
Unrestricted	\$ 90,552			\$ 90,552
Restricted:				
Transfer Account	5,000			5,000
Inprst Cash	500			500
Bond Deposit	1,000			1,000
Endowment Fund		1,103,410		1,103,410
Contract Sales Fund		449,764		449,764
Land Purchase Fund		316,521		316,521
Investment in Fixed Assets			592,146	592,146
TOTAL FUND BALANCE	\$ 97,052	\$ 1,869,695	\$ 592,146	\$ 2,558,89
TOTAL LIABILITIES AND FUND BALANCE	\$ 109,050	\$ 1,869,695	\$ 592,146	\$ 2,570,89

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PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 1990

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
FOR THE YEAR ENDED JUNE 30, 1990

	GOVERNMENTAL		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
REVENUES			
Burial spaces	\$ 19,000	\$ 19,491	\$ 491
Liners and Vaults	30,050	29,515	(535)
Openings	37,310	36,475	(835)
Other Operations	35,519	36,779	1,260
Interest	-	1,096	1,096
Miscellaneous	7,000	8,118	1,118
County:			
Property Taxes	192,197	202,014	9,817
Interest	5,000	8,602	3,602
TOTAL REVENUES	326,076	342,090	16,014
EXPENDITURES			
Salaries and Benefits	249,374	233,900	15,474
Gas and Oil	5,300	5,027	273
Repairs and Maintenance	14,650	17,957	(3,307)
Utilities	13,200	12,598	602
Insurance	30,500	27,617	2,883
Taxes and Licenses	15,949	19,222	(3,273)
Supplies	5,000	9,915	(4,915)
Legal and Accounting	1,500	3,567	(2,067)
Liners and Vaults	22,000	23,224	(1,224)
Office Expense	8,850	10,503	(1,653)
Miscellaneous	6,450	7,054	(604)
Capital Outlay	63,200	60,155	3,045
TOTAL EXPENDITURES	435,973	430,739	5,234
REVENUES OVER (UNDER) EXPENDITURES	(109,897)	(88,649)	21,248
Interfund Transfers		114,005	
Fund Balance June 30, 1989		71,696	
Fund Balance June 30, 1990		\$ 97,052	

See accountant's report and notes to financial statements.

	GOVERNMENTAL GENERAL	FIDUCIARY TRUST	TOTAL MEMORANDUM ONLY
REVENUES			
Burial spaces	\$ 19,491	\$ 31,219	\$ 50,710
Liners and Vaults	29,515	16,404	45,919
Openings	36,475	20,227	56,702
Other Operations	36,779	48,478	85,257
Interest	1,096	143,994	145,090
Miscellaneous	8,118		8,118
County:			
Property Taxes	202,014		202,014
Interest	8,602		8,602
TOTAL REVENUES	\$ 342,090	\$ 260,322	\$ 602,412
EXPENDITURES			
Salaries and Benefits	232,198		232,198
Gas and Oil	5,027		5,027
Repairs and Maintenance	17,957		17,957
Utilities	12,598		12,598
Insurance	29,319		29,319
Taxes and Licenses	19,222		19,222
Supplies	9,915		9,915
Legal and Accounting	3,567		3,567
Liners and Vaults	23,224		23,224
Office Expense	10,503		10,503
Miscellaneous	7,054		7,054
Capital Outlay	60,155		60,155
TOTAL EXPENDITURES	430,739		430,739
REVENUES OVER (UNDER) EXPENDITURES	(88,649)	260,322	171,673
Interfund Transfers	114,005	(114,005)	-
Fund Balance June 30, 1989	71,696	1,723,378	1,795,074
Fund Balance June 30, 1990	\$ 97,052	\$1,869,695	\$1,966,747

See accountant's report and notes to financial statements

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
STATEMENT OF CASH FLOWS - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 1990

	1990
Cash Flows From Operating Activities:	
Net revenues over expenditures	\$ 171,673
Adjustments to reconcile net revenue over expenditures to cash provided by operating activities:	
Capital purchases	60,155
Net increase/decrease in receivables and payables	(2,923)
Net cash provided by operating activities	228,905
Cash Flows From Investing Activities:	
Purchase of equipment	(60,155)
Net cash used by investing activities	(60,155)
NET INCREASE IN CASH	168,750
CASH AT BEGINNING OF YEAR	1,743,154
CASH AT END OF YEAR	\$1,911,904
RECONCILIATION TO CASH	
Cash	\$1,284,838
Investments	627,066
	\$1,911,904

See accountant's report and notes to financial statements.

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1990

NOTE 1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Public Cemetery District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to special districts. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing special district accounting and financial reporting principles. The more significant of the District's policies are described below.

HISTORY AND ORGANIZATION:

The Public Cemetery District No. 1 of Kern County was established July 23, 1928 pursuant to Part 4 of division 8 of the Health and Safety Code. The District is governed by a board of trustees consisting of three members appointed by the County Board of Supervisors for a term of four years.

The purpose of the District is to provide and maintain a cemetery, or cemeteries, limited in use to burial of residents of the District or for a family of a resident who has purchased a burial lot, or such nonresident of the District as may become eligible for burial in the District cemetery under the provisions of Sections 8921.2 of the Health and Safety Code.

ACCOUNTS AND RECORDS:

Governmental funds are accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable as revenue. Expenditures are generally recognized when the liability is incurred.

GENERAL FUND:

The general fund is used to account for revenues and expenditures for the District's day to day activities which are not required legally or by sound financial management to be accounted for in another fund.

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1990

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1990

NOTE 1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNT POLICIES, CONT'D

FIXED ASSET ACCOUNT GROUP:

Fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the general fund, and the related assets are reported in the fixed asset account group. All purchased fixed assets are valued at cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Assets in the fixed assets account group are not depreciated.

FIDUCIARY FUND:

The Endowment Fund is established to care for the burial lots within the district. The endowment fee which is included with the regular burial charge is \$90. These fees are segregated and maintained in a separate account with the County of Kern. The principal of the endowment fund is to remain intact. The interest earned on these funds however, is available for maintenance and operating purposes by order of at least two trustees.

The Contract Sales Fund is established to monitor contract sales for lots and burials paid for in advance. Contract sales are recorded as revenue in the year the contract is made. These amounts, along with interest income, are accumulated in the Contract Sales Fund balance. When the lot is subsequently used, an amount is transferred from this fund to the general fund equal to the current burial rate. The funds are kept in a separate account with the County of Kern.

The Land Purchase Fund is established to provide for the future development and expansion of the District. This fund is being provided for by allocating 15% of the cost of each burial lot. The funds are being kept in a separate account with the County of Kern.

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1990

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

The District presently maintains two cemeteries, one south-east of Shafter and the other west of Wasco. The property, plant and equipment of these two locations is as follows:

	6/30/89	INCREASES	DECREASES	6/30/90
Land & Devlmt.	\$ 161,472	\$ 31,691	\$	\$ 193,163
Buildings	96,881	1,915		98,796
Franchises	860			860
Office Equip.	13,800	1,062		14,862
Well pump	81,277			81,277
Machinery	177,701	25,487		203,188
	<u>\$ 531,991</u>	<u>\$ 60,155</u>	<u>\$</u>	<u>\$ 592,146</u>

Per the California State Controller, the activities of the Cemetery District are considered "non enterprise" activities. Therefore, a provision for depreciation has not been included in the financial statements.

NOTE 4. RETIREMENT PLAN

The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The payroll for employees covered by the system for the year ended June 30, 1990 was \$144,678., the District's total payroll was \$171,626. All full-time District employees are eligible to participate in the system. The service retirement benefit is the product of years of PERS credit service and final compensation.

NOTE 2. CASH AND INVESTMENTS

The District's investments at June 30, 1990 are categorized below to give an indication of the level of risk assumed by the District. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the District's name by the trust department of the broker or dealer from which the securities were acquired. Category 3 includes uninsured and unregistered investments for which the securities are held in the District's name by the broker or dealer from which the securities were acquired.

TYPE	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	1	2	3		
U.S. Gov't securities	\$ 428,150	\$ --	\$ --	\$ 428,150	\$ 393,419
GTD MGT	77,441			77,441	74,137
U.S. Treasure Bills	121,475			121,475	123,000
	<u>\$ 627,066</u>			<u>\$ 627,066</u>	<u>\$ 590,556</u>

DEPOSITS:

At June 30, 1990, the District has deposits with banks and other institutions in the amount of \$1,284,838, of which, \$232,396 is covered by Federal Deposit Insurance.

The remaining \$1,052,442 is on deposit with the County of Kern Investment Fund.

PUBLIC CEMETERY DISTRICT NO. 1 OF KERN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1990

NOTE 4. RETIREMENT. CONT'D.

District employees are covered under the 2% at 60 formula. If the employee retires at age 60, the benefit percent per year is 2%. The benefit percent per year of service ranges from 1.092% if retirement age is 50, to 2.418% per year of service if the employee is age 63 and over at retirement. District employees who retire at age 60 are entitled to an annual retirement benefit, payable monthly, in amounts equal to 2 percent per year of service of their average monthly pay during the last 36 consecutive months of work. The system also provides death and disability benefits.

District employees are required to contribute 7% of their salary to the plan. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration. For the year ended June 30, 1990, the district's contribution was 10.58% of covered wages, or \$24,777.

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FINANCIAL STATEMENTS & AUDITOR'S REPORT
RANCHO SIMI RECREATION & PARK DISTRICT
June 30, 1990

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INTRODUCTORY SECTION

RANCHO SIMI RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN DEFICIT - PROPRIETARY FUND TYPE
(SIMI HILLS GOLF FUND)
For the Years Ended June 30

	1990	1989
Operating revenues:		
Rental income from franchisee	\$415,799	\$390,273
Excess funds earned by the Public Facilities Corp.	19,433	21,281
Interest income	<u>13,789</u>	<u>11,864</u>
Total operating revenues	<u>449,021</u>	<u>423,418</u>
Operating expenses:		
Salaries and benefits	799	818
Services and supplies	19,640	2,180
Interest expense (Note 4)	184,750	189,110
Depreciation (Notes 1, 4)	<u>154,497</u>	<u>22,799</u>
Total operating expenses	<u>359,386</u>	<u>214,907</u>
Operating income	89,345	208,511
Retained earnings (deficit) at beginning of year	<u>(164,603)</u>	<u>(373,114)</u>
Retained earnings (deficit) at end of year	<u>\$(75,258)</u>	<u>\$(164,603)</u>

The accompanying notes are an integral part of these financial statements.

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RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Rancho Simi Recreation and Park District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

A. Criteria Used in Determining the Scope of the Reporting Entity

The Rancho Simi Recreation and Park District Public Facilities Corporation is not included in these financial statements. That corporation, by law, is separately accountable for its fiscal matters. Further, transactions of the corporation are managed by an independent fiduciary. The Board of Directors of the Public Facilities Corporation has consistently functioned as an independent body in fact. Based upon these criteria, the Public Facilities Corporation was not included in these financial reports except for necessary disclosures in the financial statements and notes thereto.

B. Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three generic fund types and two broad fund categories as follows:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Funds formerly accounted for in the "Special Assessment" fund type are included in the General Fund.

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RANCHO SIMI RECREATION AND PARK DISTRICT
STATEMENT OF CHANGES IN FINANCIAL POSITION -
PROPRIETARY FUND TYPE
(SIMI HILLS GOLF FUND)
For the Years Ended June 30

	1990	1989
Sources of Working Capital:		
Operations:		
Net income	\$ 89,345	\$ 208,511
Items not requiring working capital:		
Depreciation	<u>154,497</u>	<u>22,799</u>
Working capital provided by operations	<u>243,842</u>	<u>231,310</u>
Total Sources of Working Capital	<u>243,842</u>	<u>231,310</u>
Uses of Working Capital:		
Cancellation of interfund balances (net)	-	46,636
Acquisition of improvements	20,602	168,689
Repayment of capital contribution	200,000	33,004
Principal portion of capital lease payments	<u>35,000</u>	<u>39,000</u>
Total Uses of Working Capital	<u>255,602</u>	<u>278,329</u>
Net Increase (Decrease) in Working Capital	<u>\$ (11,760)</u>	<u>\$ (47,019)</u>
Elements of Net Increase (Decrease) in Working Capital:		
Cash	\$ (74,441)	\$ 606
Investments	59,000	(71,000)
Receivables	3,641	22,455
Prepaid expenses	<u>40</u>	<u>920</u>
Net Increase (Decrease)	<u>\$ (11,760)</u>	<u>\$ (47,019)</u>

The accompanying notes are an integral part of these financial statements.

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RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those of the Proprietary Fund).

Proprietary Fund:

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements (including roads, bridges, curbs and gutters, street and sidewalks, drainage systems, and lighting systems) are capitalized along with other general fixed assets.

All fixed assets are valued at original cost and donated fixed assets are valued at their estimated fair value on the date donated. During the year ended June 30, 1990, the District added \$62,190 to its property accounts for the value of land contributed by developers and others as required by park dedication ordinances. Such sums were not accounted for as revenues.

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Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included in its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained deficit components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet.

Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to

provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income and other gross receipts are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule includes: accumulated unpaid vacation, sick pay, and other employee amounts. This type of obligation is recorded only in the General Long-Term Debt Group of accounts.

The proprietary fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. Budgetary Data

The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The General Manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments.

3. The budget is legally enacted through the passage of a resolution.

4. Formal budgetary integration is employed as a management control device during the year for the General and Capital Projects Funds.

5. Budgets for the General and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles since all budgets are prepared on the cash basis.

District personnel report to the Board of Directors monthly using the cash basis of accounting for both budget and actual amounts. Modified accrual method financial statements are presented to the Board within the annual audit report.

Encumbrances in these statements are reported as a reserve in the fund balance section. Such amount represents contracts for capital projects that were underway as of the balance sheet date. In addition, the District has commitments for future professional services with its attorney and auditor for approximately \$40,000.00 per year.

Also, the District intends to continue to provide coverage for all full-time employees and Board members for medical, vision, and dental benefits. The cost of such programs for the fiscal year June 30, 1990 was approximately \$292,000.

NOTE 2 - INVESTMENTS

Investments as of the balance sheet date consisted of District funds as follows:

United States Treasury Bills, at cost (market value \$2,545,275)	\$ 2,645,275
State of California Treasurer's Office, Local Agency Investment Fund (market value \$8,749,000)	8,749,000
Certificates of Deposit, Savings and Loan Institutions, in \$100,000 or less increments	547,552
Letters of Credits, at cost (market value \$175,000)	<u>175,000</u>
Total	<u>\$12,116,827</u>

NOTE 3 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on March 1 and payable in two installments of December 10th and April 10th of the following year. Property taxes are collected by Ventura County and are remitted to the District periodically. Property tax revenues are recognized when levied to the extent that they result in current receivables; that is, revenues received in July and August applicable to the prior fiscal year are accrued.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Administrative personnel of the District estimate that amounts listed below will be received by the District in future years for grants and entitlements for capital projects. Such amounts will be recorded in the financial statements in the year of actual receipt.

Project

STRATHERN HISTORICAL PARK Block grants (City)	\$ 55,700
RANCHO SIMI COMMUNITY PARK Land and water funds (Federal)	16,885
RANCHO SANTA SUSANA PARK SITE Proposition 70 funds (State)	327,000
SB 174 funds (State)	40,678
RANCHO TAPO Land and water funds (Federal)	13,239
Proposition 43 funds (State)	228,680
BIKE TRAIL SB 821 funds (State)	32,500
OAK PARK Proposition 43 funds (State)	17,920
TRAILS Proposition 70 funds (State)	<u>60,000</u>
TOTAL	<u>\$792,602</u>

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

Grant entitlements for funds received in this fiscal year from the State of California will be subject to audit by State auditors. Management does not anticipate any adjustments nor disallowances by such auditors.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers generally consist of operating transfers from funds receiving revenue to funds through which the revenues are to be expended.

Interfund transfers for the 1989-1990 fiscal year were as follows:

Repayment by the Proprietary Fund to a Capital Fund for original operating capital	\$200,000
Tax revenues for the Oak Park Fund (Capital Projects) from the General Fund	225,000
Transfers from the General Fund to a Capital Projects Fund as authorized by the Board of Directors	<u>115,000</u>
Total	<u>\$740,000</u>

NOTE 6 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 30, 1989	Additions	Transfers Deletions, Adjustments	Balance June 30, 1990
Equipment	\$ 756,223	\$ 126,673	\$(9,341)	\$ 873,555
Improvements	9,942,071	1,082,699		11,024,770
Structures	1,976,630			1,976,630
Land	<u>14,284,286</u>	<u>62,190</u>		<u>14,606,576</u>
Total	<u>\$27,219,310</u>	<u>\$1,271,562</u>	<u>\$(9,341)</u>	<u>\$28,481,531</u>

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

NOTE 7 - CHANGES IN LONG-TERM DEBT GROUP

The following is a summary of the activity in this Group for the year ended June 30, 1990:

Payable June 30, 1989	\$222,100
Additions:	
Increase in the provision for payment of accrued employee illness and vacation benefits	<u>44,400</u>
Payable June 30, 1990	<u>\$266,500</u>

These amounts generally represent accrued unpaid vacation benefits vested to employees of the District as of June 30, 1990.

NOTE 8 - CHANGES IN LONG-TERM DEBT - PROPRIETARY FUND

The sum of \$2,070,000. represents amounts due the Rancho Simi Recreation and Park District Public Facilities Corporation in annual amounts of \$219,750. through June 30, 2012. Such sum represents principal and interest needed to repay the bonded debt of the Public Facilities Corporation.

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Qualified employees are covered under an agent multiple-employer public employee defined benefit pension plan maintained by the Public Employees' Retirement System (PERS), an agency of the State of California.

Plan Description

All full-time employees as well as members of the Board of Directors participate in PERS that acts as a common investment and administrative agent for participating public entities within the State of California. At June 30, 1990, the District employed 65 covered employees with a total payroll of \$1,770,161.

Funding Status and Progress

The "pension benefit obligation" reported below is a standardized disclosure of the present value of pension benefits adjusted for the effects of projected salary increases and any step-rate

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

A summary of proprietary fund type property, plant, and equipment at June 30, 1990 follows:

	Balance June 30, 1989	Additions	Balance June 30, 1990
Structures	\$ 361,550		\$ 361,550
Improvements	2,943,797	\$ 20,602	2,964,399
Less Accumulated Depreciation	<u>(1,000,031)</u>	<u>(154,497)</u>	<u>(1,154,528)</u>
Net	<u>\$2,305,316</u>	<u>\$(133,895)</u>	<u>\$2,171,421</u>

Depreciation in the proprietary fund has been provided over estimated useful lives of 20 years using the straight-line method.

The District has leased certain land on which a golf course was constructed to a public facilities corporation for \$1 a year to the year 2012. Upon completion of construction in 1981, the public facilities corporation leased back the complete facilities to the District for an annual lease amount equal to the debt service costs of the lease revenue bonds issued by the public facilities corporation. On termination of the lease, all permanent improvements will vest to the District. Funds for the construction of the golf course were derived primarily from \$2,250,000 in lease revenue bonds issued by the public facilities corporation, \$505,000 in the form of a loan from the City of Simi Valley to the District and \$400,000 in cash-in-lieu funds from the District.

These financial statements are stated on a "capital lease" basis. In other words, the Proprietary Fund includes the fixed assets that will formally vest to the District in the year 2012 in the amount of \$1,713,460. (\$2,765,880 less accumulated depreciation of \$1,052,420) as well as the obligation for repayment of bonds formally owned by the Public Facility Corporation in the amount of \$2,070,000.

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the retirement plans' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among retirement systems and employers. The measure is independent of the funding method used to determine contributions to the retirement systems.

The pension benefit obligation for PERS was computed as part of the actuarial valuation performed June 30, 1989. Significant actuarial assumptions used to compute the PERS pension benefit obligation include an actuarial interest rate of 8.50 percent per annum and projected salary increases of 7 percent consisting of 5 percent for inflation and 2 percent for net end longevity.

The total overfunded pension benefit obligation as of June 30, 1989 is as follows:

Pension Benefit Obligation

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Not Yet Receiving Benefits	\$ 780,924
Current Employees:	
Accumulated Employee Contributions Including Allocated Investment Earnings	840,601
Employer-Financed (Vested)	946,109
Employer-Financed (Nonvested)	<u>73,144</u>
Total Pension Benefit Obligation	2,640,778
Net Assets Available for Benefits at Cost (Market Value \$3,851,751)	<u>(1,286,477)</u>
Overfunded Pension Benefit Obligation	<u>\$ (645,699)</u>

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

PERS uses the Entry Age Normal Actuarial Cost method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ends on each June 30th.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described.

The contributions to PERS for June 30, 1990 would normally have amounted to \$219,203. (\$116,623 for the employee portion and \$102,580 for the employer portion). However, since the plan is "overfunded," the District was not required to make any actual cash contributions during the fiscal year June 30, 1990. Further it is not expected that any cash contributions will be required for the ensuing fiscal year.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Systemwide ten-year trend information is not yet available.

Three-year trend information is required to be reported for PERS. However, until three years of historical trend data is available, as many as are available will be provided.

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

	PERS		
	1986-87	1987-88	1988-89
Net Assets Available for Benefits as Percentages of the Pension Benefit Obligation	134.9%	129.3%	124.5%
Unfunded Pension Benefit Obligation as Percentages of Annual Covered Payroll	-46.8%	-41.3%	-35.5%
Employer Contributions Made In Accordance With Actuarially Determined Requirements, as Percentages of Annual Covered Payroll	6.6%	None	None

NOTE 10 - INSURANCES

The District participates in two self-funding insurance arrangements (1) through the California Association of Recreation and Park Districts and (2) the California Association for Park Recreation Insurance. The District pays estimated premiums to these funds in exchange for insurance coverage. The funds purchase policies of excess insurance for the groups as a whole.

The funds have had favorable risk management experience since their inception. The workers' compensation fund has regularly returned dividends to members each year.

NOTE 11 - LITIGATION

There are pending lawsuits or claims in which the District is involved. District counsel estimates that the potential claims against the District not covered by insurance or under terms of the self-funded authorities of which the District is a member would not materially affect the financial statements of the District.

NOTE 12 - JOINT POWERS AGREEMENT

The District is a member of the Rancho Simi Open Space Conservation Agency (RSOSCA) formed November 16, 1987. RSOSCA was formed as a joint venture with the City of Simi Valley to acquire, develop and maintain open space areas within its general geographic area.

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1990

RSOSCA is governed by a Board of five members, two of whom are directors of the District. During the fiscal year ended June 30, 1990, the District's share of costs for this agency were approximately \$69,150.

NOTE 13 - RECONCILIATION OF ACTUAL AMOUNTS (CASH VERSUS ACCRUAL) FOR JUNE 30, 1990

	General Fund	Capital Projects Funds
Excess of Revenues Over Expenditures Non-GAAP Basis	\$ 579,232	\$1,465,916
Adjustments		
To adjust revenues for interest accruals	20,606	44,735
To adjust revenues for property tax accruals	(172,123)	
To adjust expenditures for accruals	(22,030)	
To adjust revenues for intergovernmental income	10,107	
To adjust other income for accruals	(13,221)	
To adjust expenditures for reimbursement accrued	2,532	
To adjust revenues for grant income accrued		(29,236)
Total Accrual Entries	(174,129)	15,499
Audit Adjustments	(41,273)	-
Excess of Revenues Over Expenditures-GAAP Basis	\$ 361,810	\$1,481,415

RANCHO SIMI RECREATION AND PARK DISTRICT
COMBINING BALANCE SHEET - ALL GENERAL FUND TYPES
June 30, 1990

	General	Oak Park Special Zone	Totals	
			1990	1989
ASSETS				
Cash	\$ (20,738)	\$ 3,152	\$ (17,586)	\$ (175,150)
Investments, at cost	1,920,630	140,000	2,060,630	1,682,969
Receivables				
Taxes	37,418	299	37,717	199,733
Accrued interest	45,928	2,859	48,787	28,181
Other	8,751		8,751	25,822
Supplies, estimated	56,875		56,875	56,875
Prepaid expenses	63,307		63,307	104,620
Total Assets	\$ 2,112,171	\$ 146,310	\$ 2,258,481	\$ 1,923,050
LIABILITIES AND FUND EQUITY				
Liabilities:				
Vouchers and accounts payable	\$ 68,240		\$ 68,240	\$ 74,287
Accrued wages and payroll taxes payable	82,325		82,325	63,526
Other accrued liabilities payable	6,446		6,446	672
Refundable deposits	49,980		49,980	96,905
Total Liabilities	206,991	-	206,991	235,390
Fund Balance:				
Reserved for supplies and prepaid expenses	120,182		120,182	161,495
Unreserved	1,784,998	\$ 146,310	1,931,308	1,526,165
Total Fund Balance	1,905,180	146,310	2,051,490	1,687,660
Total Liabilities and Fund Balance	\$ 2,112,171	\$ 146,310	\$ 2,258,481	\$ 1,923,050

The accompanying notes are an integral part of these financial statements.

RANCHO SIMI RECREATION AND PARK DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GENERAL FUND TYPES
For The Year Ended June 30, 1990

	General	Special Zone	Totals	
			1990	1989
Revenues				
Taxes and special assessments	\$ 3,513,998	\$ 42,730	\$ 3,556,728	\$ 3,461,222
Charges for services	1,670,230		1,670,230	1,341,357
Intergovernmental	321,159		321,159	321,814
Interest income	159,625	10,187	169,812	128,659
Other	28,914		28,914	82,340
Total Revenues	5,693,926	52,917	5,746,843	5,335,392
Expenditures				
Salaries and benefits	3,037,445	179	3,037,624	2,654,107
Maintenance costs	367,661	6,042	373,703	343,631
Printing, postage, office supplies, publications	37,291		37,291	34,649
Professional services	75,107		75,107	45,732
Special department expenses	361,387		361,387	293,822
Utilities	376,972		376,972	365,108
Insurances	273,519		273,519	366,719
Transportation and travel	70,162		70,162	67,472
Other	106,659		106,659	77,940
Capital outlay	130,589		130,589	87,541
Total Expenditures	4,836,792	6,221	4,843,013	4,336,721
Excess of revenues over expenditures	857,134	46,696	903,830	998,671
Other financing sources (uses)				
Operating transfers out	(540,000)		(540,000)	(709,449)
Operating transfers in				17,693
Total other financing sources (uses)	(540,000)	-	(540,000)	(691,756)
Excess (deficit) of revenues and other financing sources over expenditures and other uses	317,134	46,696	363,830	306,915
Fund balance at beginning of year	1,588,046	99,614	1,687,660	1,380,745
Fund balance at end of year	\$ 1,905,180	\$ 146,310	\$ 2,051,490	\$ 1,687,660

The accompanying notes are an integral part of these financial statements.

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RANCHO SIMI RECREATION AND PARK DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL CAPITAL PROJECTS FUND TYPES
For the Year Ended June 30, 1990

	Capital Outlay Fund	Oak Park Capital Outlay	Totals	
			1990	1989
Revenues				
Taxes and special assessments	\$ 115,981	\$ 906,197	\$ 1,022,178	\$ 1,528,596
Intergovernmental	24,000		24,000	106,149
Interest income	408,087	365,933	774,020	652,600
Total Revenues	548,068	1,272,130	1,820,198	2,287,345
Expenditures				
Maintenance costs	-	-	-	6,500
Capital outlay	984,254	94,529	1,078,783	1,522,103
Total Expenditures	984,254	94,529	1,078,783	1,528,603
Excess (deficit) of revenues over expenditures	(436,186)	1,177,601	741,415	758,742
Other financing sources (uses)				
Operating transfers in	515,000	225,000	740,000	786,816
Operating transfers out				(62,056)
Total other financing sources (uses)	515,000	225,000	740,000	724,760
Excess (deficit) of revenues and other financing sources over expenditures and other uses	78,814	1,402,601	1,481,415	1,483,502
Fund balance at beginning of year	4,888,739	3,739,522	8,628,261	7,144,759
Fund balance at end of year	\$ 4,967,553	\$ 5,142,123	\$10,109,676	\$ 8,628,261

The accompanying notes are an integral part of these financial statements.

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RANCHO SIMI RECREATION AND PARK DISTRICT
COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUND TYPES
June 30, 1990

	Capital Outlay Fund	Oak Park Capital Outlay	Totals	
			1990	1989
ASSETS				
Cash	\$ (84,870)	\$ 4,321	\$ (80,549)	\$ (50,460)
Investments, at cost	4,947,861	5,026,337	9,974,198	8,480,904
Receivables				
Accrued interest	104,562	111,465	216,027	168,580
Due from other governments				29,237
Total Assets	\$ 4,967,553	\$ 5,142,123	\$10,109,676	\$ 8,628,261
LIABILITIES AND FUND EQUITY				
Liabilities:				
Total Liabilities				
Fund Equity:				
Unreserved	\$ 4,886,929	\$ 5,142,123	\$10,029,052	\$ 8,043,761
Reserved for encumbrances	80,624		80,624	584,500
Total Fund Equity	4,967,553	5,142,123	10,109,676	8,628,261
Total Liabilities and Fund Equity	\$ 4,967,553	\$ 5,142,123	\$10,109,676	\$ 8,628,261

The accompanying notes are an integral part of these financial statements.

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SUPPLEMENTARY INFORMATION SECTION

MARYLEE SPIRAKIS
Certified Public Accountant

RANCHO SIMI RECREATION AND PARK DISTRICT
OAK PARK CAPITAL OUTLAY FUND - REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For The Years Ended June 30

Independent Auditor's Report on Supplementary Information

Board of Directors
Rancho Simi Recreation and Park District
1692 Sycamore Drive
Simi Valley, CA 93065

I have audited the combined and combining financial statements of the Rancho Simi Recreation and Park District as of and for the fiscal years ended June 30, 1990 and 1989, and have issued my report thereon dated October 26, 1990. These financial statements are the responsibility of the District's management. My responsibility was to express an opinion on these financial statements based on my audit.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary financial and statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Rancho Simi Recreation and Park District. Such information has been subject to the auditing procedures applied in the audit of the financial statements, and in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Marylee Spirakis

MARYLEE SPIRAKIS
Certified Public Accountant

October 26, 1990

	1990	1989	1988	1987	1986
Revenues					
Residential Unit Fees	\$ 906,197	\$ 753,480	\$ 263,848	\$ 377,757	\$ 141,778
Interest	365,933	288,397	202,794	134,817	125,677
Other fees and donations			274,149	140,025	181,900
	<u>1,272,130</u>	<u>1,041,877</u>	<u>740,791</u>	<u>652,599</u>	<u>449,355</u>
Expenditures					
Improvements	94,529	574,963	88,384	11,277	36,742
Maintenance	-	6,500	-	23,981	-
	<u>94,529</u>	<u>581,463</u>	<u>88,384</u>	<u>35,258</u>	<u>36,742</u>
Excess of revenues over expenditures	1,177,601	460,414	652,407	617,341	412,613
Transfers in	225,000	175,000	80,000	50,000	50,000
Beginning balance	<u>3,739,522</u>	<u>3,104,108</u>	<u>2,371,701</u>	<u>1,704,360</u>	<u>1,241,747</u>
Ending balance	<u>\$5,142,123</u>	<u>\$3,739,522</u>	<u>\$3,104,108</u>	<u>\$2,371,701</u>	<u>\$1,704,360</u>

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RANCHO SIMI RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - FUND 41

	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Revenues:										
Residential fees	\$1,513,898	\$1,416,044	\$2,761,562	\$2,242,616	\$1,068,625	\$1,931,637	\$1,764,897	\$1,068,631	\$1,394,031	\$1,095,104
Interest	371,288	240,978	219,469	235,207	201,610	270,004	342,331	591,932	234,871	197,655
Federal & other grants	1,399,625	1,286,931	931,745	921,108	180,495	481,663	548,339	571,594	271,581	436,707
Recreation fees	60,275	14,466	41,348	47,871	50,397	44,553	25,208	24,346	26,144	24,817
Rents and concessions	28,816	42,360	77,669	40,275	40,793	33,117	23,128	25,613	42,185	15,239
Miscellaneous	2,492,916	5,290,073	4,152,618	3,485,959	3,278,782	2,006,456	1,026,465	2,482,539	2,365,031	2,075,898
	<u>3,037,455</u>	<u>2,453,374</u>	<u>2,426,676</u>	<u>2,144,599</u>	<u>1,902,043</u>	<u>1,482,189</u>	<u>1,516,264</u>	<u>1,471,631</u>	<u>1,329,600</u>	<u>1,311,089</u>
Expenditures:										
Capital expenditures	1,684,718	1,581,520	1,196,670	1,147,490	916,776	937,619	880,139	716,581	581,468	634,845
Services and supplies	4,709,203	5,284,858	3,852,146	3,292,089	2,483,618	2,462,108	2,379,403	2,329,212	1,920,218	1,341,451
Debt service										
	<u>6,393,921</u>	<u>6,866,378</u>	<u>5,048,816</u>	<u>4,439,579</u>	<u>3,399,394</u>	<u>3,400,727</u>	<u>3,259,542</u>	<u>2,945,793</u>	<u>2,501,686</u>	<u>1,976,296</u>
Transfers:										
In	225,000	175,000	80,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Out	(1,508,048)	(1,309,704)	(1,446,748)	(1,329,443)	(1,013,205)	(653,386)	(791,164)	(714,780)	(480,644)	(347,497)
	<u>(1,283,048)</u>	<u>(1,134,704)</u>	<u>(1,366,748)</u>	<u>(1,279,443)</u>	<u>(963,205)</u>	<u>(603,386)</u>	<u>(741,164)</u>	<u>(664,780)</u>	<u>(430,644)</u>	<u>(297,497)</u>
Beginning fund balance	<u>3,739,522</u>	<u>3,104,108</u>	<u>2,371,701</u>	<u>1,704,360</u>	<u>1,241,747</u>	<u>829,131</u>	<u>416,524</u>	<u>19,400</u>	<u>1,329,600</u>	<u>1,311,089</u>
Ending fund balance	<u>\$5,142,123</u>	<u>\$3,739,522</u>	<u>\$3,104,108</u>	<u>\$2,371,701</u>	<u>\$1,704,360</u>	<u>\$829,131</u>	<u>\$416,524</u>	<u>\$19,400</u>	<u>\$1,329,600</u>	<u>\$1,311,089</u>

RANCHO SIMI RECREATION AND PARK DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Oak Park Capital Outlay Fund

This schedule is prepared at the request of management to furnish historical data concerning a specialized fund.

B. Schedule of Fund 41 of the General Fund

This schedule is prepared at the request of management to furnish statistical data concerning Fund 41 of the General Fund category of accounts.

**ANNUAL FINANCIAL REPORT
AND
SINGLE AUDIT REPORTS**

For the Fiscal Year Ended - June 30, 1990

OCTOBER 26, 1990



First Interstate Plaza
401 B Street - Suite 800
San Diego, California 92101
(619) 595-5300

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ADVISORY/LIAISON MEMBERS: California Department of Transportation, U.S. Department of Defense and Tijuana/Baja California.

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The San Diego Association of Governments (SANDAG) is a public agency formed voluntarily by local governments to assure overall areawide planning and coordination for the San Diego region. Voting members include the incorporated Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, Vista, and the County of San Diego. Advisory and Liaison members include CALTRANS, U.S. Department of Defense, and Tijuana/Baja California.

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Revised September, 1990

**SAN DIEGO ASSOCIATION OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
AND
SINGLE AUDIT REPORTS
Fiscal Year Ended June 30, 1990**

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October 26, 1990

Independent Auditors' Report

Honorable Board of Directors
 San Diego Association of Governments

The Board of Directors
 San Diego Association of Governments:

This Annual Financial Report covers the combined financial activities of the San Diego Association of Governments (SANDAG), the San Diego County Regional Transportation Commission (Commission), and SourcePoint for the fiscal year ended June 30, 1990, and is presented in accordance with the provisions of Section 5 of the SANDAG Joint Powers Agreement and in accordance with U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments.

Accompanying this report are the audit opinions of the certified public accounting firm of KPMG/Peat Marwick with respect to SANDAG's presentation of its financial position in accordance with generally accepted accounting principles (GAAP), and with respect to SANDAG's compliance with the terms and conditions of its various grants, contracts, and funding agreements.

SANDAG has again been certified to be in compliance with the terms and conditions noted above and, in the opinion of KPMG/Peat Marwick, the accompanying financial statements fairly represent SANDAG's financial position at June 30, 1990, for the year then ended in accordance with generally accepted accounting principles.

Respectfully submitted,



WAYNE T. SINK
 Auditor and Comptroller,
 Director of Finance and Administration

WTS/cd

Enclosure

We have audited the general purpose financial statements of the San Diego Association of Governments (SANDAG), as of and for the year ended June 30, 1990, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of SANDAG's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of SANDAG at June 30, 1990, and the results of its operations and the changes in financial position of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of SANDAG. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick

October 26, 1990

MEMBER AGENCIES: Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, Vista and County of San Diego
 ADVISORY LIAISON MEMBERS: California Department of Transportation, U.S. Department of Defense and Triunfo, Baja California

**GENERAL PURPOSE
 COMBINED FINANCIAL STATEMENTS**

SAN DIEGO ASSOCIATION OF GOVERNMENTS (COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 1990)	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE			ACCOUNT GROUPS	
	GENERAL FUND	SPECIAL REVENUE FUNDS	INVESTMENT FUNDS	GENERAL FUND	ENTERPRISE FUND	COMPREHENSIVE FUND	GENERAL ASSETS	LONG TERM DEBT
ASSETS in Treasury	\$ 1,228	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,228
Cash in Investments (Note 3)	415,819	142,980	0	0	0	0	0	142,980
Cash With Fiscal Agents/Custodians (Note 2)	144,820	105,919	25,130,119	0	0	0	0	121,837,873
Due From Other Agencies	0	0	0	0	0	0	0	0
Due From Other Funds (Note 1)	0	0	0	0	0	0	0	0
Prepaid Expenses	0	0	0	0	0	0	0	0
Prepaid Capital Advances	2,263	0	0	0	0	0	0	0
Amount Available for Debt Service	1,200,239	747,465	476,214	0	0	0	0	19,460,150
Amount to be Received for Long Term Debt	0	0	0	0	0	0	0	158,040,368
Fiscal Assets (Note 2)	0	0	0	0	0	0	1,182,267	1,182,267
TOTAL ASSETS	\$1,854,337	\$1,612,100	\$280,223,138	\$16,460,150	\$183,188	\$823,453	\$1,182,267	\$175,500,316
LIABILITIES AND FUND EQUITY								
Due to Other Funds (Note 1)	\$ 0	\$ 0	\$ 1,310,000	\$ 0	\$ 16,831	\$ 0	\$ 0	\$ 1,326,831
Accrued Payroll	136,622	0	0	0	0	0	0	136,622
Contract Payable (Note 4)	230,350	0	0	0	0	0	0	230,350
Contract Payable (Note 4)	0	0	0	0	0	0	0	304,922
Compressed Absences (Note 5)	282,997	0	0	0	0	0	0	183,586
Employees' Deferred Compensation (Note 2)	1,218,000	1,200,000	0	0	0	0	0	812,453
Working Capital Advances	0	0	0	0	0	0	0	2,112,525
Bond Anticipation Notes Payable (Note 7)	0	0	0	0	0	0	0	175,000,000
Total Liabilities	1,857,718	1,612,100	1,310,000	0	38,826	812,453	0	175,300,316
COMMITMENTS AND CONTINGENCY (Note 3)								
Fund Equity	0	0	0	0	0	0	1,182,267	0
Investment in Pooled Assets	0	0	0	0	0	0	0	144,260
Fund Balances	216,619	0	258,813,137	16,460,150	0	0	0	16,660,150
Unreserved	216,619	0	258,813,137	16,460,150	0	0	0	16,660,150
Undesignated	0	0	0	0	0	0	0	0
Total Fund Equity	216,619	0	258,813,137	16,460,150	0	0	1,182,267	16,660,150
TOTAL LIABILITIES AND FUND EQUITY	\$1,854,337	\$1,612,100	\$280,223,138	\$16,460,150	\$183,188	\$823,453	\$1,182,267	\$175,500,316

STATE OF MICHIGAN
 SAN DIEGO ASSOCIATION OF GOVERNMENTS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED

REVENUES	SPECIAL REVENUE FUNDS				TOTAL (FUNDATION ONLY)
	GENERAL FUND	INFORMATION FUND	TRANSFORMATION FUND	DEBT SERVICE FUND	
Federal Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Grants and contracts	1,081	917,584	0	0	918,665
Transportation Sales Tax	70,000	135,082,748	110,859,964	0	215,942,712
Transportation Development Act	103,825	0	1,241,372	0	1,345,197
Member Agency Assessments	38,132	0	17,402,948	0	17,441,080
Interest on Bonds	0	0	0	0	0
Miscellaneous and In Kind Services	291,971	3,016,312	132,405,432	139,492,384	273,199,759
TOTAL REVENUES	574,828	1,052,323	144,468,716	139,492,384	146,638,251
Information System Development	0	572,147	0	0	572,147
Regional Transportation Planning	0	1,009,613	0	0	1,009,613
Transportation Program Marketing	0	1,476,813	0	0	1,476,813
Regional Criminal Justice Clearinghouse	0	974,021	0	0	974,021
Regional Information Services & Assistance	0	629,727	0	0	629,727
Highway Improvements	0	398,426	0	0	398,426
Public Transit Improvements	0	1,141,004	0	0	1,141,004
Local Street & Road Improvements	0	254,101	254,700	0	508,801
General and Administrative Expenses	121,483	0	24,142,206	0	24,263,689
Capital Outlay	186,615	0	24,581,222	0	24,767,837
Board of Directors	86,473	0	0	0	86,473
TOTAL PROGRAM EXPENDITURES	394,492	3,447,491	82,447,102	83,942,305	90,271,390
Debt Service	0	362,262	152,802	0	515,064
Bond and Notes Issuance Expenses	0	18,200	18,200,000	0	18,218,200
Bond and Notes Interest	0	0	514,004	6,000,058	6,514,062
TOTAL DEBT SERVICE	0	380,462	18,218,200	6,000,058	18,608,720
TOTAL EXPENDITURES	394,492	3,827,953	100,665,302	89,942,363	105,830,712
EXCESS OF REVENUES OVER (UNDER) EXPENDITURE	180,336	224,370	43,803,414	49,549,999	44,807,539
OTHER FINANCING SOURCES (USES):	0	0	0	0	0
Bond and Notes Proceeds	0	0	0	0	0
Operating Transfers Out	148,709	183,530	34,523	0	348,762
TOTAL OTHER FINANCING SOURCES (USES)	148,709	183,530	34,523	0	366,762
FUND BALANCE, JUNE 30, 1989	15,311,205	178,083,480	178,083,480	16,400,150	377,878,315
FUND BALANCE, JUNE 30, 1990	\$ 216,810	\$ 228,867,310	\$ 228,867,310	\$ 18,400,150	\$ 474,945,570

SOURCEPOINT ENTERPRISE FUND
 BALANCE SHEET
 JUNE 30, 1990

ASSETS	
Current Assets:	
Cash	\$ 61,364
Due From Other Agencies	103,547
Total Current Assets	164,911
Computer Hardware and Software	\$ 74,210
Less: Amount Amortized	(55,941)
TOTAL ASSETS	\$ 183,180
LIABILITIES AND FUND EQUITY:	
Current Liabilities:	
Due To Other Funds	\$ 14,811
Deferred Revenue	24,115
Total Current Liabilities	38,926
Fund Equity:	
Retained Earnings	144,260
TOTAL LIABILITIES AND FUND EQUITY	\$ 183,180

See accompanying notes

SAN DIEGO ASSOCIATION OF GOVERNMENTS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED

REVENUES	SPECIAL REVENUE FUNDS				TOTAL (FUNDATION ONLY)
	GENERAL FUND	INFORMATION FUND	TRANSFORMATION FUND	DEBT SERVICE FUND	
Federal Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Grants and contracts	1,687	1,009,613	0	0	1,011,300
Transportation Sales Tax	70,000	127,302	892,264	0	1,069,566
Transportation Development Act	128,076	115,004,373	1,084,730	0	115,247,179
Member Agency Assessments	30,533	355,823	1,231,372	0	1,617,728
Interest on Bonds	410,598	36,132	17,202,948	0	17,649,678
Miscellaneous and In Kind Services	811,258	3,016,312	122,405,432	139,492,384	276,125,386
TOTAL REVENUES	1,620,542	1,154,727	144,126,786	139,492,384	145,404,439
Information System Development	0	572,147	0	0	572,147
Regional Transportation Planning	0	1,009,613	0	0	1,009,613
Transportation Program Marketing	0	1,476,813	0	0	1,476,813
Regional Criminal Justice Clearinghouse	0	974,021	0	0	974,021
Regional Information Services & Assistance	0	629,727	0	0	629,727
Highway Improvements	0	398,426	0	0	398,426
Public Transit Improvements	0	1,141,004	0	0	1,141,004
Local Street & Road Improvements	0	254,101	254,700	0	508,801
General and Administrative Expenses	441,256	121,483	24,142,206	0	24,704,945
Capital Outlay	20,000	186,615	24,581,222	0	24,787,847
Board of Directors	160,000	86,473	0	0	246,473
TOTAL PROGRAM EXPENDITURES	601,256	3,016,312	82,447,102	83,942,305	90,271,390
Debt Service	0	362,262	152,802	0	515,064
Bond and Notes Issuance Expenses	0	18,200	18,200,000	0	18,218,200
Bond and Notes Interest	0	0	514,004	6,000,058	6,514,062
TOTAL DEBT SERVICE	0	380,462	18,218,200	6,000,058	18,608,720
TOTAL EXPENDITURES	601,256	3,406,774	100,665,302	89,942,363	105,620,695
EXCESS OF REVENUES OVER (UNDER) EXPENDITURE	1,019,286	748,053	43,461,484	49,549,999	44,883,744
OTHER FINANCING SOURCES (USES):	0	0	0	0	0
Bond and Notes Proceeds	0	0	0	0	0
Operating Transfers In	428,781	103,532,863	110,542,362	0	219,863,946
Operating Transfers Out	0	428,781	147,406,826	147,406,826	306,623,433
TOTAL OTHER FINANCING SOURCES (USES)	428,781	103,532,863	110,434,536	147,406,826	261,802,906
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,448,067	181,585,916	153,896,020	166,956,825	303,976,828
FUND BALANCE, JUNE 30, 1989	748,164	178,083,480	178,083,480	16,400,150	370,715,174
FUND BALANCE, JUNE 30, 1990	\$ 748,164	\$ 216,810	\$ 228,867,310	\$ 18,400,150	\$ 474,945,570

SOURCEPOINT ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES, AND RETAINED EARNINGS
 FOR THE FISCAL YEAR ENDED
 JUNE 30, 1990

GROSS REVENUES FROM SERVICES	\$ 236,929
Less: Cost of Services Provided	147,551
GROSS MARGIN	89,378
OPERATING EXPENSES:	
General and Administrative Expenses	26,767
Marketing Expenses	28,048
Total Operating Expenses	56,815
OPERATING INCOME	32,563
Interest Income	4,756
NET INCOME	37,319
RETAINED EARNINGS, JUNE 30, 1989	106,941
RETAINED EARNINGS, JUNE 30, 1990	\$ 144,260

See accompanying notes

SOURCEPOINT ENTERPRISE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED
JUNE 30, 1990

SOURCES:	
Operations:	
Net Income	\$ 37,319
Non-Cash Expenses:	
Computer Software Amortized	14,412
Cash Provided from Operations	51,731
Decrease in Notes Receivable	4,334
Increase in Due To Other Funds	14,604
Increase in Deferred Revenue	24,115
TOTAL SOURCES	94,784
USES:	
Increase in Accounts Receivable	44,633
TOTAL USES	44,633
INCREASE IN CASH	\$ 50,151
See accompanying notes	

SAN DIEGO ASSOCIATION OF GOVERNMENTS
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 1990

1. Organization and Operation

San Diego Association of Governments (SANDAG) was formed as the Comprehensive Planning Organization under a Joint Powers Agreement dated September 10, 1972. The Joint Powers Agreement was amended on November 5, 1980 to change the agency's name to San Diego Association of Governments. The Member Agencies include 18 incorporated cities from the San Diego region and the County of San Diego. The purpose of SANDAG is to engage in regional cooperative comprehensive planning, to assist the Member Agencies and to provide a regional reviewing organization for certain federal and state grant projects.

On April 15, 1982, SANDAG formed a public non-profit corporation, SourcePoint, for the purpose of providing certain services and technical assistance to users of regional planning information. Certain technical and administrative services and equipment are provided by SANDAG to SourcePoint at cost. During the year ended June 30, 1990, approximately \$190,000 was charged by SANDAG for such services. At June 30, 1990, \$14,811 was owed to SANDAG by SourcePoint.

SANDAG's Board of Directors also serves as the San Diego County Regional Transportation Commission (Commission). The Commission is responsible for the implementation and administration of transportation improvement programs funded by the San Diego countywide 1/2% sales tax effective April 1, 1988, as a result of the passage of Proposition A - The San Diego County Transportation Improvement Program. Administrative services amounting to \$1,432,789 were provided by SANDAG to the Commission at cost for the year ended June 30, 1990.

The accompanying financial statements include all accounts of SANDAG, SourcePoint and the Commission.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation and Accounting:

SANDAG accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units. Accordingly, SANDAG uses several funds and account groups described below.

Fund types and account groups - A fund or account group is an accounting entity with a self-balancing set of accounts established to record a specific governmental activity. SANDAG maintains the following fund types and account groups:

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Governmental fund types, which include the General Fund, special revenue funds, and debt service fund, are used to account for the general operations of SANDAG and the Commission;

Proprietary fund types, which include the SourcePoint Enterprise Fund, are used to account for activities (a) conducted on a fee-for-service basis in a manner similar to commercial enterprises; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability or other purposes.

Fiduciary fund types, which include the Employees' Deferred Compensation Agency Fund, are used to account for assets held by SANDAG as an agent for its employees' Internal Revenue Code Section 457 deferred compensation plan;

General fixed assets and general long-term debt account groups, which are used to account for fixed assets and long-term debt of governmental funds;

Total columns - The combined financial statements include total columns which aggregate the financial statements of the various fund types and account groups. The columns are designated "memorandum only" because the totals are not comparable to a consolidation in that interfund transactions are not eliminated.

Basis of accounting - Government fund types and fiduciary fund types use a modified accrual basis of accounting. Revenues are recognized when available and measurable. Revenues which are accrued include federal and state grants, contracts, sales taxes collected by the State on behalf of the Commission prior to year end and interest. Expenditures, other than principal and interest on long-term debt and certain employee compensated absences, which are recorded when paid, are recorded when the liability is incurred.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and measurable. Expenses are recorded in the period incurred.

(b) Deposits and Investments

During the year, in accordance with SANDAG's cash management and investment policy, all funds in excess of current requirements were kept in bank money market accounts. Interest income earned as a result of investing is distributed to the appropriate funds using a formula based on the average investment balance of each fund. The Commission's cash in investments balance at June 30, 1990 was \$142,980,551 and is held in the San Diego County Pooled Money Fund. At June 30, 1990 the Commission had \$121,069,490 held with a fiscal agent in SANDAG's name.

SANDAG's and SourcePoint's cash in investments at June 30, 1990 is entirely insured by the FDIC or collateralized with pooled securities held by a financial institution in its own name. At June 30, 1990, SANDAG and SourcePoint had general checking account deposits in financial

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institutions with carrying values of \$561,975 and \$61,364, respectively, and bank balances of \$657,514 and \$61,364, respectively.

The investments restricted for deferred compensation of \$623,543 at June 30, 1990 represent investments held by and registered in the name of the plan administrator of the deferred compensation plan. These investments are held on behalf of SANDAG.

(c) Fixed Assets

General fixed assets represent equipment purchased by the general fund. This equipment is recorded at cost in the general fixed asset account group and no allowance for depreciation is recorded.

The cost of equipment is recoverable by including depreciation as a reimbursable overhead expense. Accordingly, equipment depreciation amounting to approximately \$38,767 was recorded as an indirect charge in the special revenue grant funds and as a reimbursement from other agencies and an addition to fund balance designated for equipment replacement in the general fund. Depreciation is calculated on a straight-line basis using a three-year useful life for the reimbursement calculations.

The fixed assets of the SourcePoint Enterprise Fund consist of computer hardware and software capitalized at cost and net of accumulated amortization of \$55,941 at June 30, 1990. Amortization is recognized on a straight-line basis using a six year estimated useful life.

(d) Budgets and Budgetary Accounting

Formal budget integration is employed as a management control device for the General and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(e) Interfund Transactions

In the course of normal operations, transactions occur between the General Fund and the Special Revenue Funds. The General Fund executes all cash transactions related to the Special Revenue Funds. This is accounted for by recording working capital advances receivable/payable in each fund. The General Fund also executes certain transactions on behalf of the SourcePoint Enterprise Fund. These transactions are accounted for by recording due from/ to other funds in each fund.

(f) Deferred Compensation

SANDAG maintains a deferred compensation plan under Section 457 of the Internal Revenue Code for the benefit of its employees. The plan allows the employees to defer or postpone receipt of income. Such income deferral provides tax advantages and a savings plan for the employees. At June 30, 1990, assets of the plan totaled \$623,543.

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Assets in the plan remain the property of SANDAG until paid or made available to participants. Accordingly, the assets are subject to the claims of SANDAG's general creditors. SANDAG has a fiduciary responsibility to safeguard the assets of the program and to insure that the plan is properly maintained by the plan administrator. Generally, assets are available to participants only upon termination of employment with SANDAG, retirement, death or disability.

(g) Indirect Cost Allocation

The costs of employee vacation, sick leave and compensatory time-off, as well as other employee benefits, are paid by the General Fund and allocated to the Grant Funds at an estimated rate. Allowable general and administrative costs are similarly charged to Grant Funds using a predetermined fixed rate. These rates are adjusted annually to reflect estimated costs. At June 30, 1990, the excess of amounts recorded as expenditures in the General Fund over amounts charged to the Grant Funds was approximately \$121,000.

3. Commitments and Contingency

SANDAG leases its office space under an operating lease. Total rent expense for fiscal 1990 was approximately \$372,000. Minimum annual lease payments under non-cancelable operating leases with terms in excess of one year are as follows: fiscal 1991 - \$399,000; fiscal 1992 - \$399,000; fiscal year 1993 - \$399,000; fiscal 1994 - \$399,000; fiscal 1995 - \$396,000; thereafter - \$395,000.

Federal and state grants to SANDAG are subject to audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management no material adjustments or refunds will be required.

4. Retirement Plan

Plan Description - SANDAG contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. For the year ended June 30, 1990, SANDAG's payroll for employees covered by PERS and total payroll was \$3,134,230 and \$3,390,820, respectively.

All SANDAG employees are eligible to participate in PERS upon entry into employment. Retirement benefits vest after five years of service and PERS also provides death and disability benefits. Retirement benefits are based on average salary and years of credited service.

Employees are required to contribute 7% of their annual salaries to PERS. SANDAG made no contributions for the year ended June 30, 1990, on behalf of the employees since PERS notified SANDAG that a surplus existed in the SANDAG account and no payments were necessary.

SANDAG is required to contribute the remaining amounts necessary to fund the benefits for its employees, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by PERS' Board of Administration. SANDAG was not required to make any additional contribution for fiscal 1990.

Funding Status and Progress - The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of PERS on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is independent of the funding method used to determine contributions to PERS.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1989 (the most recent valuation date). Significant actuarial assumptions used in the valuation include: (a) rate of return on the investment of present and future assets of 8.5 percent a year, compounded annually; (b) projected salary increases of 5 percent a year, attributable to inflation; (c) projected salary increases of 2 percent a year, attributable to seniority; and (d) no post-retirement benefit increases.

Total assets in excess of pension benefit obligation applicable to SANDAG's employees was \$1,078,070 at June 30, 1989, as follows:

<u>Pension benefit obligation:</u>	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$399,376
Current employees -	
Accumulated employee contributions including allocated investment earnings	1,660,810
Employer-financed vested	1,760,758
Employer-financed nonvested	<u>48,695</u>
Total pension benefit obligation	3,869,638
Net assets available for benefits, at cost (market value - \$5,798,714)	<u>4,947,708</u>
Assets in excess of pension benefit obligation	<u>\$1,078,070</u>

There were no changes in actuarial assumptions or benefit provisions in the current year.

Contributions Required and Contributions Made - PERS uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. There currently is no unfunded actuarial liability associated with SANDAG's employees. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described.

Trend Information - The following is three-year trend information which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	1989	1988	1987
Net assets available for benefits as a percentage of the pension benefit obligation	127.9%	136.5%	143.2%
Assets in excess of pension benefit obligation expressed as a percentage of annual covered payroll	40.6%	44.8%	53.4%
Actuarially determined employer contributions as a % of annual covered payroll	0%	0%	0%

Ten-year trend information is not currently available. At June 30, 1990, three years of data are available and are presented below:

Required Supplementary Information
Analysis of Funding Progress
(Unaudited)

	1989	1988	1987
Net assets available for benefits	4,947,708	4,403,460	3,853,140
Pension benefit obligation	3,869,638	3,225,670	2,691,610
Percentage funded	127.9%	136.5%	143.2%
Assets in excess of pension benefit obligation	1,078,070	1,177,790	1,161,530
Annual covered payroll	3,134,230	2,630,730	2,173,140
Assets in excess of pension benefit obligation expressed as a percentage of annual covered payroll	40.6%	44.8%	53.4%

5. Employee Vacation, Sick Leave and Compensatory Time-Off

SANDAG's personnel may accumulate earned but unused vacation, sick leave or compensatory time-off for overtime. Accrued vacation and compensatory time-off, if not taken, are payable upon termination. Unused sick leave is payable to employees in the event of termination after five years of service at the rate of 25% of the employee's accrued amount.

The liability for compensated absences which normally would be liquidated with expendable available financial resources is accrued in the General Fund. The remaining liability, consisting of sick leave payable in the event of termination, is recorded in the General Long-Term Debt Account Group.

At June 30, 1990, the amount of accrued employee benefits for vacation and compensatory time-off, applicable to grant funds, was approximately \$232,000. Compensated absences are paid by the Grant Fund to the General Fund as part of the indirect cost allocation and as such the liability is maintained in the General Fund. Administrative employees whose services are not charged directly to grant programs had accrued vacation and compensatory time-off approximating \$51,000.

The liability at June 30, 1990 for unused sick leave payable in the event of termination, recorded in the General Long-Term Debt Account Group, amounted to approximately \$194,000, of which \$163,000 was applicable to grant funds.

6. Contracts Payable

Contracts payable at June 30, 1990 included in the General Long-Term Debt Account Group consists of 6.50% to 9.50% installment purchase contracts with an outstanding balance totaling \$306,932. The installment purchase contracts are secured by computer and office equipment. Principal and interest are payable in monthly or annual installments through September 1993.

Minimum annual principal payments on contracts payable will be as follows: fiscal 1991 - \$130,537; fiscal 1992 - \$98,492; fiscal 1993 - \$77,903.

7. Long-Term Debt

General long-term debt at June 30, 1990 consists of contracts payable (see Note 6), compensated absences (see Note 5), and the \$175,000,000 1989 Series A, Sales Tax Revenue Bonds (Limited Tax Bonds) issued on October 11, 1989.

Bonds Payable

The 1989 Series A bonds were issued by the San Diego Regional Transportation Commission and is secured by a pledge of the revenues from a 1/2% sales tax imposed within the County of San Diego. Proceeds are to be used primarily to fund certain transportation projects in San Diego.

The principal requirements to maturity for revenue bonds are as follows (in thousands):

	Years Ending April 1	Amount Outstanding	Interest Rate
Serial Bonds:	1991	\$ 5,240	6.25%
	1992	5,570	6.35%
	1993	5,925	6.40%
	1994	6,300	6.50%
	1995	6,710	6.60%
	1996 -2001	51,110	6.75 - 7.75%
Term Bonds:	2006	62,425	7.375%
	2008	<u>31,720</u>	6.25%
		<u>\$175,000</u>	

The 1989 Series A Bonds maturing on April 1, 2006 and on April 1, 2008, shall also be subject to redemption prior to their stated maturity from mandatory sinking account payments, in the following amounts, respectively (in thousands):

Mandatory Sinking Payment Dates (April 1)	Mandatory Sinking Account Payments
2002	\$ 10,775
2003	11,570
2004	12,420
2005	13,340
2006 (Maturity Date)	<u>14,320</u>
	<u>\$ 62,425</u>
2007	15,380
2008 (Maturity Date)	<u>16,340</u>
	<u>\$ 31,720</u>

1989 Series A Bond Reserve Requirements

In order to provide for the payment of the 1989 A Bonds, the following separate accounts are to be maintained in the Debt Service Fund:

- Revenue Account
- Interest Account
- Principal Account
- Bond Reserve Account
- Redemption Account

All tax revenues are deposited into the Sales Tax Revenue Account and set aside by the Trustee in the following respective accounts:

Interest Account - On a monthly basis funds are set aside to equal one-sixth of the aggregate half-yearly amount of interest becoming due and payable.

Principal Account - On a monthly basis funds are set aside to equal one-twelfth of the aggregate yearly amount of bond obligation becoming due and payable on the outstanding Serial Bonds and Mandatory Sinking Account.

Bond Reserve Account - The balance in the Bond Reserve Account should at least equal the Bond Reserve Requirement. Upon the occurrence of any deficiency in the Bond Reserve Account, one-sixth of the aggregate deficiency will be deposited on a monthly basis to the Bond Reserve Account until the Bond Reserve Account is equal to the Bond Reserve Requirement.

Redemption Account - All money deposited by the Commission with the Trustee for the purpose of optionally redeeming bonds of any series shall be deposited in the Redemption Account.

At June 30, 1990, the balances in the Accounts are as follows:

	Debt Service	
	Cash in Investment	Due To Other Funds
Interest Fund	\$ 3,030,000	--
Reserve Fund	12,120,149	--
Principal Fund	--	\$1,310,001
	<u>\$15,150,149</u>	<u>\$1,310,001</u>

**GENERAL FUND
FINANCIAL STATEMENTS**

**SCHEDULE 1
SAN DIEGO ASSOCIATION OF GOVERNMENTS**

**BALANCE SHEET
GENERAL FUND
JUNE 30, 1990**

ASSETS	
Cash in Treasury	\$ 1,226
Cash in Investments	415,819
Cash With Fiscal Agent/Custodian	144,930
Prepaid Expenses	2,263
Working Capital Advances	1,290,339
TOTAL ASSETS	\$ 1,854,577
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accrued Payroll	136,022
Compensated Absences	282,997
Working Capital Advances	1,218,699
TOTAL LIABILITIES	1,637,718
FUND BALANCE:	
Unreserved - Undesignated	216,859
TOTAL FUND BALANCE	216,859
TOTAL LIABILITIES FUND BALANCE	\$ 1,854,577

**SCHEDULE 1-A
ANALYSIS OF CHANGES IN UNDESIGNATED FUND BALANCE
YEAR ENDED JUNE 30, 1990**

UNDESIGNATED FUND BALANCE AT JULY 1, 1989	\$ 680,579
ADD:	
Revenues Over or (Under) Expenditures:	
Revenues (Schedule 1-B)	\$ 291,971
Expenditures (Schedule 1-C)	(394,495)
Revenues Over or (Under) Expenditures	(102,524)
Decrease in Amount Designated for Equipment	108,352
DEDUCT:	
Increase in Amount Designated for Equipment	(38,767)
Operating Transfers Out	(426,781)
UNDESIGNATED FUND BALANCE, JUNE 30, 1990	\$ 216,859

SCHEDULE 1-B
 SAN DIEGO ASSOCIATION OF GOVERNMENTS
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 1990

	BUDGET ESTIMATE	ACTUAL REVENUES	REVENUE OVER (UNDER) ESTIMATE
MEMBER ASSESSMENTS			
City of Carlsbad	\$ 12,438	\$ 12,438	0
City of Chula Vista	25,673	25,673	0
City of Coronado	4,934	4,934	0
City of Del Mar	1,028	1,028	0
City of El Cajon	17,329	17,329	0
City of Encinitas	10,650	10,650	0
City of Escondido	19,857	19,857	0
City of Imperial Beach	5,205	5,205	0
City of La Mesa	10,630	10,630	0
City of Lemon Grove	4,563	4,563	0
City of National City	11,332	11,332	0
City of Oceanside	23,587	23,587	0
City of Poway	8,645	8,645	0
City of San Diego	217,942	217,942	0
City of San Marcos	6,789	6,789	0
City of Santee	10,510	10,510	0
City of Solana Beach	2,948	2,948	0
City of Vista	12,375	12,375	0
County of San Diego	78,364	78,584	0
TOTAL MEMBER ASSESSMENTS	484,997	484,997	0
Less: Allocations to Special Revenue Fund	(355,923)	(321,372)	34,551
Net General Fund Allocations	129,074	163,625	34,551
OTHER REVENUES:			
TDA Planning Funds	1,056,482	1,056,482	0
State Assistance Funds	322,067	322,067	0
Transportation Sales Tax	70,000	70,000	0
TOTAL OTHER REVENUES	1,448,549	1,448,549	0
Less: Allocations to Special Revenue Fund	(1,376,888)	(1,376,888)	0
Net General Fund Allocations	71,661	71,661	0
MISCELLANEOUS REVENUES:			
Interest on Investments	0	20,533	20,533
Sale of Publications	0	18,104	18,104
HOV Lane Fines	0	7,985	7,985
Other Unclassified	0	10,063	10,063
Unallocated Reserves	410,599	0	(410,599)
TOTAL MISCELLANEOUS REVENUES	410,599	56,665	(353,934)
TOTAL GENERAL FUND REVENUE (Schedule 1-A)	\$ 611,354	\$ 291,971	\$ (319,383)

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SCHEDULE 1-C
 SAN DIEGO ASSOCIATION OF GOVERNMENTS
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 GENERAL FUND
 YEAR ENDED JUNE 30, 1990

	APPROPRIATIONS	EXPENDITURES	UNEXPENDED BALANCE
ADMINISTRATION AND GENERAL EXPENSE			
Salaries & Fringe Benefits	\$ 738,958	\$ 738,958	0
Materials & Supplies	248,539	246,539	0
Rent Maintenance Facilities & Equipment	486,777	486,777	0
Travel, Transportation & Meeting Expense	126,674	126,674	0
Contractual Services	87,188	87,188	0
Miscellaneous	78,174	78,174	0
Unallocated Reserves	278,143	0	278,143
TOTAL ADMINISTRATION EXPENSE	2,042,453	1,764,310	278,143
Less: Reimbursements from Spcl Rev. Funds	(1,811,099)	(1,353,950)	(257,149)
Accrued Grant Program Costs	0	(288,973)	288,973
NET ADMINISTRATIVE EXPENSE	431,354	121,367	309,987
LOCAL EXPENSE			
Board of Directors Expense	160,000	88,473	71,527
Equipment Outlay	20,000	188,835	(168,835)
TOTAL LOCAL EXPENSE	180,000	277,308	(96,781)
TOTAL GENERAL FUND (Schedule 1-A)	\$ 611,354	\$ 394,495	\$ 216,859

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CONTENTS

STINSON BEACH COUNTY WATER DISTRICT

AUDIT REPORT
 FISCAL YEAR ENDED JUNE 30, 1990

BALANCE SHEET
 STATEMENT OF OPERATIONS
 STATEMENT OF IN CASH FLOWS
 NOTES TO FINANCIAL STATEMENTS
 OPINION ON AUDITED FINANCIAL STATEMENTS
 BY CERTIFIED PUBLIC ACCOUNTANT

Stinson Beach County Water District

Balance Sheet - June 30, 1990

ASSETS	
Current Assets:	
Cash in Operating Account	\$2,475
Petty Cash (Imprest Account)	100
Accounts Receivable	34,499
Total Current Assets	\$37,074
Plant & Equipment Assets:	
Utility Plant in Service	\$3,104,898
Office Building (Planned)	148,255
Cash in State Investment Fund	236,000
Cash in Construction Account	24,203
	<u>3,513,356</u>
Accumulated Depreciation	(427,856)
Total Plant & Equipment	\$3,085,500
Restricted and Designated Assets:	
Cash in County Bond Fund (Restricted)	31,373
Prepaid Expenses	6,881
Loans Receivable	47,806
	<u>85,060</u>
TOTAL ASSETS	\$3,208,634

See notes to financial statements.

Stinson Beach County Water District

Balance Sheet - June 30, 1990

LIABILITIES	
Current Liabilities -	
Accrued Interest Payable	\$3,660
Long-Term Debt:	
Water System Purchase Contract	\$113,000
Safe Drinking Water Loan	140,837
Revolving Loans Payable	71,384
General Obligation Bonds	<u>533,000</u>
Total Long-Term Debt	\$858,221
Total Liabilities	\$861,881
EQUITY	
Designated for Hydrant Replacements	\$18,011
Designated for Capital Improvements	39,360
Designated for Debt Service - G.O. Bonds	31,373
Designated for Tax Refund	67,234
Contributions in Aid of Construction	2,131,440
Retained Earnings	<u>59,335</u>
Total Equity	\$2,346,753
TOTAL LIABILITIES & EQUITY	\$3,208,634

See notes to financial statements.

Stinson Beach County Water District

Statement of Operations
Fiscal Year Ended June 30, 1990

OPERATING REVENUES:	
Water Base Charge	\$87,854
Water Overage Charge	118,900
Other Water Charges	345
Discharge Permit Fees	87,012
Monitor Inspection Fees	216
New Connection Fees	30,240
Other Services Fees	384
Plan Check and Inspection Fees	15,098
Total Operating Revenues	\$346,048
OPERATING EXPENSES:	
Salaries and Employee Benefits	\$231,222
Building & Equipment Maintenance	52,584
Vehicles Expenses	3,529
Liability Insurance & Bonds	8,142
Utilities & Telephone Expenses	24,681
Laboratory & Testing Expenses	20,601
General & Administrative Expense	77,648
Depreciation Expense	31,925
Total Operating Expenses	\$450,332
Operating Loss	(110,283)
NON-OPERATING REVENUES & EXPENSES:	
Interest Income	33,803
Property Taxes & Relief	178,025
Penalties & Late Charges	3,641
Refuse Franchise Fee	250
Financing Expenses	(46,101)
Net Income	\$59,335

See notes to financial statements.

Stinson Beach County Water District

Statement of Cash Flows
Fiscal Year Ended June 30, 1990

Cash Position - June 30, 1989	\$399,102
Cash Flows for Operating Activities:	
Operating Loss	(\$110,283)
Add - Expense not Requiring Outlay of Cash - Depreciation	31,925
Decrease in Accounts Receivable	(1,448)
Increase in Taxes Refundable	30,347
Net Cash Flows for Operating Activities	(\$49,459)
Cash Flows for Investing Activities:	
Additions to Fixed Assets	(\$317,664)
Decrease in Loans Receivable	3,754
Decrease in Designated Equity Accounts	(137,539)
Changes in Fund Equities	240,512
Net Cash Flows for Investing Activities	(\$210,937)
Cash Flows from Financing Activities:	
Decrease in Long-Term Debt	(\$11,173)
Non-Operating Revenues & Expenses (Net)	165,618
Net Cash Flows from Financing Activities	\$155,445
Net Change in Cash	(104,951)
Cash Position - June 30, 1990	<u>\$294,151</u>
Cash Position Analysis:	
Cash in Operating Account	\$2,475
Petty Cash (Imprest Account)	100
Cash in State Investment Fund	236,000
Cash in Construction Account	24,203
Cash in County Bond Fund	<u>31,373</u>
	\$294,151

See notes to financial statements.

Note 1 - Summary of Significant Accounting Policies:

- A. The District's financial statements are prepared on the accrual basis of accounting. The District is an enterprise entity, and accordingly has adopted a reporting format that closely resembles that of a business enterprise.
- B. In keeping with FASB Statement #95, there is included with these financial statements a statement of cash flows. This statement replaces the statement of changes in financial position.
- C. Assets are stated at cost.
- D. Plant and equipment assets are depreciated by the straight-line method over estimated useful lives exceeding thirty years.

Note 2 - Retained Earnings:

Effective with this year the District has adopted the practice of reporting retained earnings. There is no practicable way of determining the value of the retained earnings from prior periods as a component of equity. Therefore, in order to implement this highly desirable reporting change, it is necessary that retained earnings be reported from this time forward.

Note 3 - Long-Term Debt:

Outstanding debt as evidenced by long-term instruments as of June 30, 1990, was as follows:

The water system purchase contract calls for principal reduction of six thousand dollars annually and semi-annual interest payments of six percent per annum. The contract arose from the purchase of the Leonard Water Company in 1974, and bears a face value of two hundred thousand dollars.

The Safe Drinking Water loan was obtained from the State Department of Water Resources along with a grant of four hundred thousand dollars. The purpose of the loan and grant was to upgrade certain of the District's water facilities. The loan is repayable in no more than seventy semi-annual payments of \$5,700 including principal and interest at six one-half percent per annum commencing July 1, 1983.

Note 4 - Defined Benefit Pension Plan:

The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California. The significant actuarial assumptions used to calculate the District's benefit obligation are as follows:

Salary scale - rate of inflation	5.0%
Real salary increases	0.5%
Merit raises	1.5%
Total	7.0%

The total unfunded pension benefit obligation as of June 30, 1989, was \$94,385. This represents the District's potential obligation under the plan for which a total benefit obligation of \$139,379 has been calculated against net assets available for benefits of \$45,074. As of June 30, 1989, these net assets had a market value of \$52,827.

All full-time employees are eligible to participate in the System. The information furnished to the District by the California Public Employee's Retirement System is current as of June 30, 1989. They have advised the District that more current information will not be available until mid-1991.

Revolving loans payable represent the balances due the State of California that were obtained for the purpose of making loans to qualified homeowners, and were used for repairing failed wastewater systems. The underlying property loans are secured by liens against the respective parcels, and bear interest at the rate of eight percent per annum which matches interest accruing to the State under its contract. General Obligation Bonds were issued by the District July 27, 1978, and September 6, 1978, and mature in forty years. Principal reductions of at least five thousand dollars are due annually; interest at five percent per annum is due semi-annually. The face value of the bonds is \$600,000.

The District is required under the terms of the covenant relating to its general obligation bonds to segregate and maintain certain funds for debt service. The money for such debt service is collected and held by the County of Marin as a tax levy. Below is presented a summary of the transactions in this bond fund for the year ended June 30, 1990:

Balance 6/30/89		\$ 32,387
Tax Revenues Received		<u>33,836</u>
Total on Hand		\$66,223
Bond Principal Payments	\$8,000	
Bond Interest Payments	<u>26,850</u>	
Total Debt Service		<u>\$34,850</u>
Balance 6/30/90		\$31,373
Bond Principal 6/30/89	\$541,000	
Principal Payment	<u>8,000</u>	
Bond Principal 6/30/90	\$533,000	

JAMES CARDILLO-LEE
 CERTIFIED PUBLIC ACCOUNTANT
 POST OFFICE BOX 2
 NOVATO, CA 94948-1219
 (415) 892-2122

To the Board of Directors
 Stinson Beach County Water District

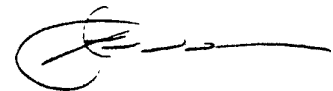
The balance sheet of the Stinson Beach County Water District as of June 30, 1990, and the related statements of operations and cash flows for the fiscal year then ended, have been audited by me. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based upon my audit.

The audit was performed in accordance with generally accepted auditing standards. Those standards require that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Stinson Beach County Water District as of June 30, 1990, and the results of its operations and cash flows for the fiscal year then ended in conformity with generally accepted accounting principles.

The District has elected to conform the format of its financial statements to that of an enterprise entity.

Novato, California
 November 30, 1990



**TUOLUMNE COUNTY
WATER DISTRICT #1**

INDEPENDENT AUDIT REPORT

JUNE 30, 1990 AND 1989

**TUOLUMNE COUNTY
WATER DISTRICT #1**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tuolumne County Water District #1
Twain Harte, California

We have audited the accompanying financial statements of Tuolumne County Water District #1 as of June 30, 1990 and 1989, and for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tuolumne County Water District #1 as of June 30, 1990 and 1989, and the results of its operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Willis & Walsh

July 19, 1990

TUOLUMNE COUNTY WATER DISTRICT #1

**Balance Sheets
June 30, 1990 and 1989**

	<u>1990</u>	<u>1989</u>
<u>Assets</u>		
Current Assets		
Cash (Note 3)	\$ 333,278	\$ 253,057
Accounts receivable	3,382	8,504
Inventory	14,617	10,922
Prepaid expenses	3,073	3,642
Total Current Assets	354,350	276,525
Restricted Assets - Cash (Note 3)	245,013	229,090
Property Plant and Equipment net of accumulated depreciation of \$1,032,164 and \$932,717 in 1990 and 1989 (Note 4)	2,981,425	2,446,734
Other Assets	--	6,309
Total Assets	\$3,580,788	\$2,958,658
<u>Liabilities and Fund Equity</u>		
Current Liabilities		
Bonds payable - current portion (Note 5)	\$ 26,000	\$ 36,000
Notes payable - current portion (Note 6)	37,471	36,561
Accounts payable	27,252	27,999
Total Current Liabilities	90,723	100,560
Long-Term Debt		
Bonds payable - net of current portion (Note 5)	254,000	230,000
Notes payable - net of current portion (Note 6)	1,840,217	1,877,668
Total Long-Term Debt	2,094,217	2,107,668
Other Liabilities	14,735	--
Total Liabilities	2,199,675	2,208,228
Fund Equity		
Contributed capital	622,362	--
Retained Earnings		
Reserved for vacation and sick leave	35,520	33,378
Reserved for debt service	213,717	229,090
Unreserved	509,514	437,546
Total Retained Earnings	758,751	700,014
Total Fund Equity	1,381,113	700,014
Total Liabilities and Fund Equity	\$3,580,788	\$2,958,658

The accompanying notes are an integral part of these financial statements.

TUOLUMNE COUNTY WATER DISTRICT #1
Statements of Income and Retained Earnings
For the Fiscal Years Ended June 30, 1990 and 1989

	Water	Sewer	1990 Total	1989
Operating Revenues				
Service charges	\$208,143	\$188,698	\$396,841	\$ 333,583
Other operating income	15,850	14,680	30,530	20,332
Total Operating Revenues	<u>223,993</u>	<u>203,378</u>	<u>427,371</u>	<u>353,915</u>
Operating Expenses				
Plant	39,991	108,272	148,263	154,385
Purchased water	16,084	--	16,084	17,766
General and administrative	126,543	76,449	202,992	220,265
Depreciation	82,893	16,553	99,446	81,757
Total Operating Expenses	<u>265,511</u>	<u>201,274</u>	<u>466,785</u>	<u>474,173</u>
Operating Income (Loss)	<u>(41,518)</u>	<u>2,104</u>	<u>(39,414)</u>	<u>(120,258)</u>
Non-Operating Revenue				
Tax and assessment revenue	73,493	16,105	89,598	91,257
Interest revenue	17,806	17,806	35,612	33,123
Other non-operating revenue	19,999	17,858	37,857	32,513
Total Non-Operating Revenue	<u>111,298</u>	<u>51,769</u>	<u>163,067</u>	<u>156,893</u>
Non-Operating Expenses				
Interest	49,697	14,025	63,722	66,167
Other non-operating expenses	1,094	500	1,594	8,959
Total Non-Operating Expenses	<u>50,791</u>	<u>14,525</u>	<u>65,316</u>	<u>75,166</u>
Net Income (Loss)	<u>\$ 18,989</u>	<u>\$ 39,348</u>	<u>58,337</u>	<u>(38,531)</u>
Retained Earnings, July 1			700,414	738,945
Retained Earnings, June 30			\$ 758,751	\$ 700,414

The accompanying notes are an integral part of these financial statements.

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TUOLUMNE COUNTY WATER DISTRICT #1
Notes to Financial Statements
June 30, 1990 and 1989

Note 1: Summary of Significant Accounting Policies

A. Fund Accounting

The accounting records of the District are organized on the basis of funds. All operations are accounted for in an enterprise fund.

Enterprise Fund - Enterprise Funds are used to account for the District's water and sewer operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Board of Directors is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

B. Method of Accounting

The District utilizes the accrual method of accounting. This means that revenue is recorded when earned and expenses are recorded when the liability is incurred.

C. Accounts Receivable

Billings for water service are sent quarterly and are reflected on the accrual basis of accounting. Such billings may become a lien on the property should no payments be made.

D. Taxes Receivable

Property taxes are levied on March 1 and are payable in two installments which become delinquent after December 10 and April 10. Tuolumne County bills and collects the property taxes and allocates a portion to the District. Property tax revenues are recognized in the fiscal year for which they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The taxes received by the District are primarily taxes levied to cover debt service.

E. Inventory

Inventory is stated at cost and consists of material and supplies held for use in improvements and maintenance to the utility plant.

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TUOLUMNE COUNTY WATER DISTRICT #1
Statements of Cash Flows
For the Fiscal Years Ended June 30, 1990 and 1989

	1990	1989
Cash Flows From Operating Activities		
Net income	\$ 58,337	\$ (38,531)
Noncash items included in net income		
Depreciation and amortization	99,446	81,757
Changes in:		
Accounts receivable	5,522	(829)
Note receivable	--	10,791
Inventory	(3,695)	398
Prepaid expenses	570	(835)
Account payable	(743)	(168)
Accrued liabilities	21,044	(10,202)
Net Cash Provided By Operating Activities	<u>180,481</u>	<u>42,381</u>
Cash Flows From Investing Activities		
Purchase of fixed assets	(11,776)	(49,497)
Increase (decrease) in restricted cash	(15,923)	48,302
Net Cash Used By Investing Activities	<u>(27,699)</u>	<u>(1,195)</u>
Cash Flows From Financing Activities		
Decrease in bonds payable	(36,000)	(35,000)
Decrease in long-term debt	(36,561)	(35,792)
Net Cash Used By Financing Activities	<u>(72,561)</u>	<u>(71,792)</u>
Increase (Decrease) in Cash	<u>80,221</u>	<u>(30,606)</u>
Cash Beginning of Year	<u>253,057</u>	<u>293,662</u>
Cash at End of Year	<u>\$ 333,278</u>	<u>\$ 253,057</u>

There was contributed capital of \$662,362 recognized in the June 30, 1990 fiscal year for donated pipe lines.

The accompanying notes are an integral part of these financial statements.

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TUOLUMNE COUNTY WATER DISTRICT #1
Notes to Financial Statements
June 30, 1990 and 1989

Note 1: Summary of Significant Accounting Policies (Continued)

F. Utility Plant

Utility plant and equipment is stated at cost. Depreciation is computed on the straight-line method using the asset cost balance at the beginning of the year and charged to operations over the estimated useful lives of the assets which range from 5-60 years.

G. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Note 2: Organization

The District was formed in 1943 under section 3 of the County District Act of 1913. The District's primary function is to provide water and sewer services to properties in a specific geographical area in the Twain Harte area in Tuolumne County.

Note 3: Cash

Cash on June 30, 1990 consisted of the following balances:

Description	Unrestricted	Restricted	Total
Imprest Cash	\$ 150	--	\$ 150
Checking	17,001	251	17,252
Savings	--	39,009	39,009
With outside agencies	--	1,522	1,522
Time Deposits	--	18,925	18,925
Money Market	316,127	185,306	501,433
Totals	<u>\$ 333,278</u>	<u>\$ 245,013</u>	<u>\$ 578,291</u>

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TUOLUMNE COUNTY WATER DISTRICT #1

Notes to Financial Statements
June 30, 1990 and 1989

Note 3: Cash (Continued)

Cash on June 30, 1989 consisted of the following balances:

Description	Unrestricted	Restricted	Total
Imprest Cash	\$ 150	\$ --	\$ 150
Checking	16,007	1	16,008
Savings	--	22,872	22,872
Time Deposits	--	18,925	18,925
Money Market	236,906	187,292	424,198
Totals	\$ 253,057	\$ 229,090	\$ 482,147

All cash accounts are held by banking institutions fully insured by the Federal Government. The banking institutions have pooled collateral agreements which require the bank to maintain certain government securities investments at a value of 110% or more of public agency deposits.

Note 4: Property, Plant & Equipment

The property, plant & equipment accounts consisted of the following at June 30, 1990:

Description	Water	Sewer	Total
Property	\$ 30,941	\$ --	\$ 30,941
Plant	3,119,261	743,602	3,862,863
Equipment	98,940	20,845	119,785
Total Cost	3,249,142	764,447	4,013,589
Less Accumulated Depreciation	(753,296)	(278,868)	(1,032,164)
Net Book Value	\$ 2,495,846	\$ 485,579	\$ 2,981,425

The property, plant & equipment accounts consisted of the following at June 30, 1989:

Description	Water	Sewer	Total
Property	\$ 13,414	\$ 28,756	\$ 42,170
Plant	2,621,766	440,326	3,062,092
Equipment	180,434	94,755	275,189
Total Cost	2,815,614	563,837	3,379,451
Less Accumulated Depreciation	(670,403)	(262,314)	(932,717)
Net Book Value	\$ 2,145,211	\$ 301,523	\$ 2,446,734

TUOLUMNE COUNTY WATER DISTRICT #1

Notes to Financial Statements
June 30, 1990 and 1989

Note 5: Bonds Payable (Continued)

The District was obligated on the following bonds payable at June 30, 1989

Description	Current Portion	Long-term Portion	Total
1956 Water bond issue, authorized and issued \$185,000; final maturity July, 1989, interest at 5%	\$11,000	\$ --	\$ 11,000
1964 Sewer bond issue, authorized and issued \$340,000; final maturity 1994, interest on remaining debt is 4%	20,000	90,000	110,000
1974 Sewer bond issue, authorized and issued \$250,000; final maturity 2014, interest on remaining debt is 5%	5,000	190,000	195,000
Totals	\$36,000	\$280,000	\$316,000

No new bonds were authorized during the year. Additional information regarding future maturities on bond issues is as follows:

Fiscal Year Ending	Principal	Interest	Total
1964 Sewer Bond Issue			
June 30, 1991	\$ 20,000	\$ 3,600	\$ 23,600
June 30, 1992	20,000	2,800	22,800
June 30, 1993	25,000	2,000	27,000
June 30, 1994	25,000	1,000	26,000
Totals	\$ 90,000	\$ 9,400	\$ 99,400
1974 Revenue Bond Issue			
June 30, 1991	\$ 6,000	\$ 9,350	\$ 15,350
June 30, 1992	6,000	9,050	15,050
June 30, 1993	6,000	8,750	14,750
June 30, 1994	6,000	8,450	14,450
June 30, 1995	6,000	8,150	14,150
Thereafter	160,000	81,050	241,050
Totals	\$ 190,000	\$124,800	\$314,800

TUOLUMNE COUNTY WATER DISTRICT #1

Notes to Financial Statements
June 30, 1990 and 1989

Note 4: Property, Plant & Equipment (Continued)

There were no dispositions of property, plant & equipment for the year. Additions consist of the following:

Description	1990	1989
Water Equipment	\$ 5,532	\$ 11,786
Sewer Equipment	5,532	--
Water Plant	--	19,007
Sewer Plant	--	19,029
Other Adjustments	260	(325)
Land	452	--
Total Additions	\$ 11,776	\$ 49,497

Depreciation expense for the year ended June 30, 1990 and 1989 totalled \$99,446 and \$81,757.

Note 5: Bonds Payable

The District was obligated on the following bonds payable at June 30, 1990

Description	Current Portion	Long-term Portion	Total
1964 Sewer bond issue, authorized and issued \$340,000; final maturity 1994, interest on remaining debt is 4%	\$20,000	\$ 70,000	\$ 90,000
1974 Sewer bond issue, authorized and issued \$250,000; final maturity 2014, interest on remaining debt is 5%	6,000	184,000	190,000
Totals	\$26,000	\$254,000	\$280,000

TUOLUMNE COUNTY WATER DISTRICT #1

Notes to Financial Statements
June 30, 1990 and 1989

Note 6: Notes Payable

The District was obligated on the following notes payable at June 30, 1990:

Description	Current Portion	Long-term Portion	Total
Davis - Grunsky #1, Payable to State of California, original totalled \$950,000, interest at 2 1/2%, maturity date is 2023	\$16,720	\$ 826,880	\$ 843,600
Davis - Grunsky #1 (Deferred interest), Payable to State of California in annual installments without interest, original amount totalled \$150,165	3,663	117,201	120,864
Davis - Grunsky #2, payable to State of California, original note totalled \$860,535, payable in annual installments of principal and semi-annual interest, with interest at 2 1/2%, maturity date is 2023	16,436	812,432	828,868
State of California, Department of Water Resources, original amount of \$86,314, payable in semi-annual installments of principal and interest, with interest at 8 1/2%, final maturity date is 2021	652	83,704	84,356
Totals	\$ 37,471	\$1,840,217	\$1,877,688

TUOLUMNE COUNTY WATER DISTRICT #1

Notes to Financial Statements
June 30, 1989 and 1989

Note 6: Notes Payable (Continued)

The District was obligated on the following notes payable at June 30, 1989:

	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total</u>
Davis - Grunsky #1, Payable to State of California, original totalled \$950,000, interest at 2 1/2%, maturity date is 2023	\$16,340	\$ 843,600	\$ 859,940
Davis - Grunsky #1 (Deferred interest), Payable to State of California in annual installments without interest, original amount totalled \$150,165	3,663	120,864	124,527
Davis - Grunsky #2, payable to State of California, original note totalled \$860,535, payable in annual installments of principal and semi-annual interest, with interest at 2 1/2%, maturity date is 2023	16,006	828,867	844,873
State of California, Department of Water Resources, original amount of \$86,314, payable in semi-annual installments of principal and interest, with interest at 8 1/2%, final maturity date is 2021	<u>552</u>	<u>84,357</u>	<u>84,909</u>
	\$36,561	\$1,877,688	\$1,914,249
	*****	*****	*****

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TUOLUMNE COUNTY WATER DISTRICT #1

Notes to Financial Statements
June 30, 1990 and 1989

Note 6: Notes Payable (Continued)

Davis - Grunsky #1

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 1991	\$ 17,100	\$ 20,881	\$ 37,981
June 30, 1992	17,575	20,458	38,033
June 30, 1993	18,050	20,025	38,075
June 30, 1994	18,525	19,580	38,105
June 30, 1995	19,000	19,122	38,122
Thereafter	<u>753,350</u>	<u>284,896</u>	<u>1,038,246</u>
Totals	\$ 843,600	\$384,962	\$1,228,562
	*****	*****	*****

Davis - Grunsky #1 (Deferred Interest Loan)

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 1991	\$ 3,663	\$ --	\$ 3,663
June 30, 1992	3,663	--	3,663
June 30, 1993	3,663	--	3,663
June 30, 1994	3,663	--	3,663
June 30, 1995	3,663	--	3,663
Thereafter	<u>102,549</u>	<u>--</u>	<u>102,549</u>
Totals	\$ 120,864	\$ --	\$120,864
	*****	*****	*****

Davis - Grunsky #2

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 1991	\$ 16,436	\$ 20,516	\$ 36,952
June 30, 1992	16,866	20,100	36,966
June 30, 1993	17,297	19,673	36,970
June 30, 1994	17,727	19,235	36,962
June 30, 1995	18,157	18,787	36,944
Thereafter	<u>742,385</u>	<u>289,514</u>	<u>1,031,899</u>
Totals	\$ 828,868	\$387,825	\$1,216,693
	*****	*****	*****

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TUOLUMNE COUNTY WATER DISTRICT #1

Notes to Financial Statements
June 30, 1990 and 1989

Note 6: Notes Payable (Continued)

Department of Water Resources

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 1991	\$ 652	\$ 7,078	\$ 7,730
June 30, 1992	709	7,019	7,728
June 30, 1993	771	6,955	7,725
June 30, 1994	837	6,885	7,722
June 30, 1995	910	6,809	7,719
Thereafter	<u>80,477</u>	<u>110,486</u>	<u>190,963</u>
Totals	\$ 84,356	\$145,232	\$229,588
	*****	*****	*****

Interest expense incurred on long-term debt for the fiscal years ended June 30, 1990 and 1989, totalled \$63,722 and \$66,167 respectively.

Note 7: Contingency

The District issued bonds under The Improvement Bond Act of 1915, within the Shadybrook Assessment District. The bonds are secured by the real property within the Assessment District. Tuolumne County Water District #1 would not be liable unless defaults occurred which exceeded property value in the Assessment District. The outstanding bond principal balance at June 30, 1990 totalled \$26,550.

Note 8: Vacation and Sick Pay

At June 30, 1990, the amount of accrued vacation and sick leave totalled approximately \$35,521. This has not been accrued in these financial statements, but a cash reserve of \$25,494 has been set aside to fund this contingency.

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SUPPLEMENTARY INFORMATION

Report on Supplementary Information

The supplemental information presented in the following pages, which has been taken from the accounting records of the District, has been subjected to tests and other auditing procedures applied in our audit of Tuolumne County Water District #1 for the fiscal year ended June 30, 1990 and 1989. In our opinion the information is presented fairly in all material respects in relation to the financial statements taken as a whole, although it is not necessary for fair presentation of financial position, results of operations or cash flows.

Willis & Walsh

Description	Water	Sewer	1990	
			Total	1989
salaries	\$ 76,589	\$ 39,249	\$ 115,838	\$ 116,967
office supplies	5,059	5,059	10,118	9,356
Education & miscellaneous	1,721	1,720	3,441	4,381
Property insurance	11,783	11,782	23,565	23,536
Employee benefits	26,302	13,550	39,852	53,909
Other administrative	4,106	4,106	8,212	8,456
Office maintenance	983	983	1,966	3,658
Total General and Administrative Expenses	\$ 126,543	\$ 76,449	\$ 202,992	\$ 220,255

July 19, 1990



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TUOLUMNE COUNTY WATER DISTRICT #1
 Insurance Coverage
 June 30, 1990 and 1989

Property Loss:	Replacement Value
General Liability:	\$1.25 Million per occurrence, excess coverage of \$5,000,000.
Auto Liability:	\$1.25 Million per occurrence; \$2,000 deductible for property damage per occurrence.
Boiler and Machinery:	\$ 5 Million limit per occurrence with \$5,000 deductible as to all risks.

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TUOLUMNE COUNTY WATER DISTRICT #1

Report on Internal Control Structure

We have audited the financial statement of Tuolumne County Water District #1 as of and for the year ended June 30, 1990, and have issued our report thereon dated July 19, 1990.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Tuolumne County Water District #1 for the year ended June 30, 1990, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Tuolumne County Water District #1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Solely to assist us in planning and performing our audit, we made a study and evaluation of the internal control structure of Tuolumne County Water District #1. The study and evaluation was limited to a preliminary review of the structure to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because of the reportable condition stated in this letter, our study and evaluation did not extend beyond this preliminary review phase.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The small size of the Tuolumne County Water District #1 and the limited number of personnel involved in the accounting process does not enable the management to implement procedures which would create an adequate segregation of duties. Accordingly, no reliance is placed on the internal control structure in establishing audit procedures to be performed.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness inherent in any entity of this size.

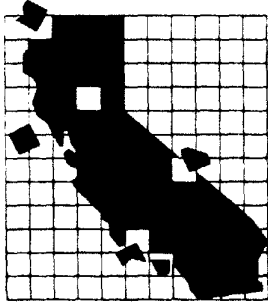
We also noted other matters involving the internal control structure and its operation that we have reported to the management of Tuolumne County Water District #1 in a separate letter dated July 19, 1990.

Willis & Walsh

July 19, 1990

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