

Southwest Regional Water District

2019

Annual Financial Information Statement



This Annual Financial Information Statement pertains to the operations of the Southwest Regional Water District for the fiscal year ending December 31, 2018.

This Annual Financial Information Statement is intended to satisfy the District's Continuing Disclosure obligations for providing annual financial information and operating data in compliance with Securities and Exchange Commission Rule 15c2-12.

Questions regarding information contained in this Annual Financial Information Statement should be directed to Susan E. Vance, General Manager, 3640 Old Oxford Road, Hamilton, Ohio 45013, telephone: (513) 863-0828.

The date of this Annual Financial Information Statement is June 30, 2019.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT	1
THE DISTRICT	2
THE WATERWORKS SYSTEM	3
Board of Trustees	3
Management Employees	3
Employee Licenses Issued by OEPA	4
Physical Plant	4
Customers	6
System Growth	7
Operations	7
Regulatory Compliance	7
Method of Accounting	8
Rate Covenant	8
Rates	8
Billing and Collection Procedures	9
Financial	9
OUTSTANDING DEBT	10
FUTURE FINANCINGS	11
CONCLUDING STATEMENT	12

APPENDICES

APPENDIX A	Unaudited Financial Statements for the Year Ended December 31, 2018
APPENDIX B	2019 Budget Appropriations
APPENDIX C	Waterworks System Rates and Charges

INTRODUCTORY STATEMENT

The “Annual Information Statement of the Southwest Regional Water District” (the “Annual Information Statement”), including the Appendices hereto, has been prepared by the Southwest Regional Water District (the “District”) to provide, as of its date, financial and operating data relating to the District. The District intends that this Annual Information Statement be used to satisfy obligations pursuant to Continuing Disclosure Agreements and Certificates entered into by the District in compliance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) for outstanding obligations of the District. Certain information contained herein is not required to be supplied under the Rule and the District is under no obligation to provide this additional information in the future.

This Annual Information Statement does not constitute an offering of any security of the Southwest Regional Water District.

The information herein is subject to change without notice. The delivery of this Annual Information Statement shall not create any implication that there has been no change in the affairs of the District since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the District will have, at the request of the District, passed upon the accuracy or adequacy of this Annual Information Statement.

This Annual Information Statement is not sufficient to base an investment decision on but should be read in conjunction with the original offering document and all subsequent updates.

All financial and other information presented herein has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from operating revenues and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as might be shown by such financial and other information, will necessarily continue in the future.

Insofar as the statements contained in this Annual Information Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code (the “Revised Code”) or uncoded, or the Ohio Constitution, are references to such provisions as they presently exist. Any of those provisions may from time to time be amended, repealed or supplemented.

As used in this Annual Information Statement, “District” means the Southwest Regional Water District, and “State” or “Ohio” means the State of Ohio.

Any addresses of or links to web sites, which may be contained herein, are given for the convenience of the user only. The District has not participated in the preparation, compilation or selection of information on these websites, and therefore presents no warranties or representations of the material contained therein. Further, the District assumes no responsibility or liability for the contents there.

Certain information contained in this Financial Statement is attributed to the Ohio Municipal Advisory Council (“OMAC”). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

Additional information concerning this Annual Information Statement, as well as copies of the basic documentation relating to any outstanding obligations of the District is available from Susan E. Vance, General Manager, 3640 Old Oxford Road, Hamilton, Ohio 45013, telephone: (513) 863-0828.

THE DISTRICT

The Southwest Regional Water District was originally organized as the Southwestern Butler County Water Association, a not-for-profit rural water cooperative, in 1968. The original system consisted of a 2.3 mgd water treatment facility and a distribution network of 160 miles of water mains providing water service to approximately 2,800 users.

In 1976, the Southwestern Butler County Water Association merged with the Oxford-Milford Water Association, another rural water cooperative, adding 340 users and 42 miles of water mains to the then existing system.

Between 1978 and 1981, the water system added 150 miles of water mains to serve an additional 1,100 users. The treatment facility was increased to a 3.6 mgd plant. Also, during the period, the Southwestern Butler County Water Association changed its name to The Water Association.

From 1981 through 1991, the Waterworks System continued to expand at a modest rate adding approximately 2,000 customers.

In 1992, The Water Association began a \$3,000,000 improvement project consisting of 15 miles of transmission mains, the construction of 4 elevated storage tanks, 1 clearwell (finished water) tank, as well as related booster stations and solenoid control valves. At the conclusion of the project, the Waterworks System consisted of over 470 miles of water mains and 18 water storage tanks, providing water service to much of western Butler County, portions of southern Preble County and portions of northern Hamilton County.

At the request of The Water Association's Board of Trustees, the Butler County Commissioners petitioned the Court of Common Pleas to create a regional water district. The Water Association's Board of Trustees believed a regional water district could better serve the needs of the residents of western Butler County because it could borrow money needed for projects on a tax-exempt basis. With the cooperation of the County Commissioners, The Water Association transferred all of its operations to the newly created District, effective September 1, 1992, and once again changed its name to the Southwest Regional Water District. The District currently provides water to a population of approximately 43,328 people.

THE WATERWORKS SYSTEM

Board of Trustees

The Board of Trustees of the District as of June 30, 2019 is as follows:

<u>Member</u>	<u>Name</u>	<u>Years of Service</u>
President	Robert L. Copeland, Jr.	9
Vice President	Michael Egbert	16
Secretary	Mary Moore	14
Treasurer	Robert Schmidt	6
Member	Chad P. Chenoweth	<1
Member	Doug Drake	4
Member	Leonard Gaston	1
Member	Nicholas Gronas	3
Member	Randy Rolke	<1

Management Employees

<u>Member</u>	<u>Name</u>	<u>Years of Service</u>
General Manager	Susan E. Vance	1
Operations Manager	Phil Sackenheim	31
Financial Manager	Kenneth Hoffman, Jr.	<1
Info Systems/Asset Mgmt.	Jason Francis	22
Administration/HR Coordinator	Sherry Geurin	29
Butler County Prosecuting Atty.		Contracted Legal Advisor

Ms. Susan E. Vance is the General Manager and is responsible for the overall management of the District and the administration of Board policy. Ms. Vance is a 30-year water utility professional, most recently employed as the Director of the Butler County Water and Sewer Department as well as Acting Assistant County Administrator. She graduated from Miami University with a Master's Degree in Environmental Science.

Phil Sackenheim is the District's Operations Manager, and is responsible for the day-to-day operations of the District's Distribution, Treatment and Facilities Maintenance Departments. Mr. Sackenheim has worked at the District for 31 years in a variety of roles. He holds a Class 2 OEPA Water Supply license. He obtained a BS in Administrative Management from the University of Cincinnati in 1993.

Kenneth Hoffman, Jr. serves as the Finance Manager for the District and is in his first year of employment. Mr. Hoffman is responsible for financial reporting, forecasting, and investing amongst other financial matters. Mr. Hoffman previously served Butler County for eight years in a variety of roles. He graduated from Xavier University with a Bachelor's Degree in Accounting.

Jason Francis is the Information Systems/Asset Manager and is responsible for the computer systems and GIS system. Mr. Francis has worked at the District for 22 years in a variety of roles. He holds a Class 2 OEPA Water Distribution license.

Ms. Sherry Geurin is the Administration/Human Resources Coordinator and is responsible for the coordination of all Board and Employee benefits, payroll and training. Ms. Geurin is a 29-year employee of the District and has attended classes for Accounting/Finance at Miami University (Hamilton, Ohio) and has also attended yearly conferences regarding HR Law and Payroll Law since 1999.

The above managerial employees appointed by the Board of Trustees.

Employee Licenses Issued by OEPA

The District provides educational assistance to employees who wish to enroll in courses of vocational and academic study and will have recognizable benefits in the performance of their jobs or qualify them to fill other positions available within the District. As a result of this program, several of the District's employees have been issued various water licenses issued by the Ohio Environmental Protection Agency.

Class III Operator	Water Supply (four employees)
Class II Operator	Water Supply (two employees)
Class I Operator	Water Supply (one employee)
Class II Operator	Water Distribution (six employees)
Class I Operator	Water Distribution (three employees)
Class I Operator In-Training	Water Distribution (one employee)

Physical Plant

The District currently operates two (2) well field and water treatment plant facilities located over the Great Miami Buried River Valley Aquifer, in Butler County, Ohio.

The South facility has the capacity to produce 3.6 mgd. The North facility has the capacity to produce 6.0 mgd, for a combined production for both facilities of 9.6 mgd. The District's average daily demand for 2018 was approximately 3.711 mgd.

The South well field and W. Guy Metcalf water treatment plant facility are located in Ross Township on a 25-acre site, located about 5 miles southwest of Hamilton, Ohio. The three (3) wells at the south facility are of gravel pack design and construction and are approximately 90 feet deep. Each well is rated at 1,600 gallons per minute. During normal operations, one or two wells are operating, depending on demand, and one well is on standby. The Metcalf treatment plant facility is an ion exchange softening process utilizing a zeolite media and brine

solution for regeneration. The softened water is blended with raw water to provide a finished water hardness of 140-150 milligrams per liter (“mg/l”). Chlorine is then added for disinfecting and fluoride is added for dental hygiene, before entering the clear well storage facilities. Two sets of high service pumps deliver the finished water to the south distribution network.

The North well field and water treatment plant facility is located in St. Clair Township on a 100-acre site located off Morganthaler Road, about 2 miles southwest of Trenton, Ohio. The four (4) wells at the north facility are of tubular design and construction and are approximately 160 feet deep. Each well will yield 1,500 gallons per minute. During normal operations, two wells are operating and two wells are on standby. The North treatment plant utilizes fluidized bed reactors, a stabilization tank and multi-media filters, followed by chlorine disinfecting and the addition of fluoride before entering the clear well storage facilities. Liquid caustic is added to the fluidized bed reactors to reduce hardness to about 140-150 mg/l and to remove iron and manganese. Carbon dioxide is added in the stabilization tank to reduce the pH to an acceptable level. High service pumps deliver the finished water to the north distribution network.

The District’s waterworks system has been constructed in stages since the early 1970s and consists of transmission-distribution facilities which includes approximately 650 miles of pipe ranging in size from 2” to 16”, 26 water storage tanks, 12 booster pumping stations and 10 solenoid control valve stations. The total system storage capacity is approximately 6,425,000 gallons, which is about 1.73 times the 2018 average daily demand.

The District’s north well field and water treatment plant facility began producing water in May of 1997. The District’s distribution network was gradually separated into the north and south distribution systems with the final conversion of areas to the north plant being made in June 1998. The north plant supplies approximately 44% of the District’s customers and the south plant supplies 56%.

The District, with a consortium of other public water suppliers such as the City of Hamilton, Greater Cincinnati Water Works, the City of Fairfield, the Butler County Water and Sewer Department, Miller Brewing Company, and the Southwestern Ohio Water Company, has developed a regional groundwater protection program to protect area groundwater resources.

[Remainder of page intentionally left blank]

Customers

The District services customers in rural areas of Butler, Preble, Warren and Hamilton Counties and others, as noted below. The following sets forth the total number of the District's customers and the townships in which they are located as of May 14, 2019:

<u>County</u>	<u>Township</u>	<u>Number of Customers</u>
Butler County, Ohio	Morgan Township	1,969
	Ross Township	2,510
	Madison Township	2,236
	Milford Township	1,180
	Wayne Township	1,197
	Reily Township	959
	Oxford Township	602
	St. Clair Township	263
	Hanover Township	3,105
Preble County, Ohio	Gratis Township	712
	Israel Township	144
	Somers Township	126
Hamilton County, Ohio	Crosby Township	196
	Harrison Township	180
Montgomery County, Ohio	German Township	9
Warren County, Ohio	Franklin Township	50
Union County, Indiana	Union Township	323
Franklin County, Indiana	Whitewater Township	12
	Springfield Township	<u>2</u>
	Total Customers	15,778

[Remainder of page intentionally left blank]

Customers of the District are primarily residential, comprising approximately 99% of the total users. Multifamily units, schools, small business, trailer parks and wholesale users account for the remaining 1%. The following sets forth the District's 10 largest customers in 2018 and their percentage of the total water used in 2018:

	<u>Consumption</u>	<u>Metered Gallons</u>	<u>% of Total</u>	<u>Revenue</u>
1.	Village of Seven Mile	18,081,414	0.98%	\$70,879.14
2.	Hueston Woods SP	8,081,100	0.58	42,063.06
3.	Island Park MHP, LLC	6,835,778	0.54	38,916.79
4.	Skyview Acres MHP	4,715,880	0.39	27,956.11
5.	Jerry Jennings	3,959,300	0.29	21,024.38
6.	Chris Lynch	3,387,530	0.25	18,053.17
7.	JB Capital, LLC	3,379,553	0.25	18,368.56
8.	Pines Park IN	3,190,976	0.23	16,900.70
9.	Butler County	2,588,434	0.12	8,678.48
10.	Woodland Manor	<u>2,233,824</u>	0.18	<u>12,844.65</u>
	TOTAL	56,453,789		\$275,685.04

NOTE: Top 10 user revenue represents approximately 3.8% of Total Revenues.

System Growth

The Waterworks System currently provides water service to 15,778 users as of May 14, 2019. The Waterworks System currently has no petitions from property owners within the District's service area requesting water line extensions.

Operations

The following table indicates the recent production and sales of treated water. The District continues to grow and increase its production of water.

<u>Year</u>	<u>Water Pumped to Distribution (MG)</u>	<u>Water Quantities Billed (MG)</u>	<u>Average Billing Units</u>	<u>Average Annual Amount Use Per Units</u>
2015	1,271,014,000	1,056,136,797	15,406	68,553
2016	1,288,917,000	913,739,708	15,503	58,940
2017	1,332,087,000	922,196,156	15,611	59,072
2018	1,355,184,000	910,867,485	15,702	58,010

Regulatory Compliance

The District is currently in compliance with all EPA standards for water quality.

Method of Accounting

The Waterworks System records are currently maintained on an accrual basis in accordance with generally accepted accounting principles.

Rate Covenant

The District has entered into the Trust Agreement, dated as of April 1, 1995, as supplemented, by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trust Agreement”), under which it issues its revenue bonds from time to time. The only bonds currently outstanding under the Trust Agreement are the District’s Waterworks System Revenue Improvement Bonds, Series 2011 (the “Series 2011 Bonds”).

Under the Trust Agreement, the District has covenanted to maintain certain rates and collect certain charges for the Waterworks system, sufficient to produce net revenues available for debt service as a percentage its outstanding revenue bonds of at least 120% and any additional bonds issued under the Trust Agreement of at least 100%. The District also has various series of bonds secured by special assessments, which bonds are subordinate to bonds issued under the Trust Agreement with respect to the pledge of revenues thereunder.

Although the operations of the District and the rates established for the District by the Board are not currently subject to direct regulation by the State of Ohio or the United States, such operations and rates can be adversely affected at any time by laws enacted by the Ohio General Assembly or Congress or by rules, regulations, orders, or determinations by State or federal agencies which have the effect of increasing the expenses of the District and/or impairing or limiting the District’s ability to increase rates. The 1995 Trust Agreement also provides that the sole authority to fix rates for the District is within the discretion of the Board of the District. The District has covenanted to charge such rates and charges for use of the Waterworks System as shall at all times produce revenues necessary to meet the rate covenant and other requirements of the 1995 Trust Agreement, to review annually the rate structure, and to amend the structure based upon the recommendations of certain parties.

Rates

The rates and connection fees charged to users of the Waterworks System are detailed in the table below and in *Appendix C* attached hereto. Based upon current water rates in the District, the total water bill in 2019 will be approximately \$45.88 per month for 6,500 gallons of water used. Comparable average monthly water rates for rural waterworks systems in the region are as follows:

Comparison of Residential Rural Water Rates

Date	District	Rural Lorain County <i>Rural System Near Cleveland</i>	Tate-Monroe <i>Rural System In Clermont County</i>	Ross County <i>Rural System Near Chillicothe</i>	Delco Water <i>Rural System Near Columbus</i>
2016	\$45.88	\$60.58	\$51.00	\$59.14	\$47.35
2017	45.88	60.58	51.00	59.14	47.95
2018	45.88	61.80	51.00	60.92	47.95
2019	45.88	65.68	51.00	62.77	46.40

Source: Southwest Regional Water District, based upon monthly water usage of 6,500 gallons.

Billing and Collection Procedures

All water bills are issued, collected and processed by the District on a monthly basis. All bills are due 20 days after the billing date. After the 20th day, a ten percent (10%) penalty is added to the balance. If an account is unpaid after 30 days after the due date, a disconnect notice is issued and service may be terminated.

Financial

The District's unaudited Financial Report for the year 2018 and the 2019 Budget appear in *Appendix A* and *Appendix B* attached hereto, respectively.

Southwest Regional Water District Financial Results

<u>Historical</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actual Customers	15,447	15,563	15,659	15,778
Average Customers	15,406	15,503	15,611	15,702
OPERATING REVENUE				
Water Sales	\$7,133,915	\$7,106,770	\$7,194,849	\$7,244,473
Other Revenue	828,229	809,571	750,625	734,321
Non-Exchange Revenue*	519,286	408,855	653,392	477,464
Interest Income	<u>151,567</u>	<u>132,393</u>	<u>(3,036)</u>	<u>164,483</u>
TOTAL OPERATING REVENUES	\$8,632,997	\$8,457,589	\$8,595,831	\$8,620,741
OPERATING & MAINTENANCE EXPENSES				
Source of Supply	\$12,566	\$11,683	\$14,335	\$33,363
Pumping	320,753	311,035	312,411	313,710
Treatment	1,293,781	1,299,466	1,332,220	1,366,249
Engineering	226,207	152,383	119,886	165,350
Distribution	1,101,904	1,329,820	1,376,624	1,309,808
Consumer Account Expenses	685,513	690,259	744,762	570,877
Admin & General Expenses	<u>882,242</u>	<u>919,167</u>	<u>1,053,910</u>	<u>1,234,942</u>
TOTAL OPERATING EXPENSES	\$4,522,966	\$4,713,813	\$4,954,148	\$4,994,299
NET REVENUE AVAILABLE FOR DEBT SERVICE	\$4,110,031	\$3,743,775	\$3,777,115	\$3,626,442
DEBT SERVICE				
Revenue Bonds**	\$1,419,518	\$1,409,393	\$1,395,793	\$3,378,043
OPWC Loans	3,898	12,973	28,965	39,779
FMHA Loans and AG. Deferrals	754,121	752,691	745,326	758,041
DEBT SERVICE COVERAGE RATIOS				
Revenue Bonds	2.90	2.66	2.61	2.63
All Debt	1.89	1.72	1.68	1.67

* Non-Exchange Revenues include grant monies received for special projects, developer donations and assessments for water mains and is excluded from the calculation of the Debt Service Coverage Ratios.

** The 2018 Revenue Bonds debt service includes \$2,000,000 of accelerated principal payments. The Debt Service Coverage Ratios do not include the accelerated principal payments.

[Remainder of page intentionally left blank]

OUTSTANDING DEBT

The following tables list the current indebtedness of the District in the form of bonds, notes, and certificates of indebtedness:

Principal Amount of District Debt Outstanding June 1, 2019

Revenue Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
03/09/11	Waterworks System	\$4,075,000	2.00-4.75%	J1-D1	12/01/30	\$2,845,000

Farmers Home Administration Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
11/09/94	Rural Development	\$3,105,677	6.375%	07/15	07/15/29	\$1,731,009

Special Assessment Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
09/01/99	Waterworks System	\$5,000,000	4.25-5.50%	J1-D1	12/01/19	\$390,000
09/01/00	Water Line Extension	610,000	4.60-5.75%	J1-D1	12/01/19	95,000
09/19/02	Water Line Ext., Series	765,000	1.75-5.00%	J1-D1	12/01/22	210,000
09/01/07	Water Line Ext., Series	<u>126,000</u>	6.00%	J1-D1	12/01/27	<u>73,000</u>
		\$6,501,000				\$768,000

Ohio Public Works Commission Loans

<u>Date of Issue</u>	<u>Purpose</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
07/01/13	Water Main Replacement	\$155,920	0%	J1-J1	07/01/34	\$124,736
07/01/14	Water Main/Tank	163,780	0%	J1-J1	07/01/35	139,213
07/01/14	2014 Tank Rehabilitation	43,305	0%	J1-J1	07/01/35	36,810
07/01/15	Water Main Replacement	<u>432,580</u>	0%	J1-J1	07/01/37	<u>400,137</u>
		\$795,585				\$700,896

FUTURE FINANCINGS

The District foresees one loan issuance during the remainder of 2019. The District is finalizing an Ohio Public Works Commission loan with an estimated principal amount of \$323,000, with payments expected to begin July 1, 2019. The loan is for water main replacements on Krucker, Stillwell, Beckett and Harley Roads.

[Remainder of page intentionally left blank]

CONCLUDING STATEMENT

To the extent that any statements made in this Annual Financial Information Statement involve matters of opinion or estimates, whether or not expressly stated, these statements are made as such and not as representations of fact or certainty, and no representation is made that any opinions or estimates in these statements will be realized. Information herein has been derived by the District from official and other sources and is believed by the District to be reliable, but such information other than that obtained from official records of the District has not been independently confirmed or verified by the District and its accuracy is not guaranteed.

This Annual Financial Information Statement has been prepared by the Southwest Regional Water District under the direction of the Board of Trustees of the District.

SOUTHWEST REGIONAL WATER DISTRICT

By: /s/ Robert L. Copeland, Jr.
President

By: /s/ Mary Moore
Secretary

Dated: June 30, 2019

**APPENDIX A
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTICE OF STATUS OF ANNUAL AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Southwest Regional Water District for the year ended December 31, 2018 are not anticipated to be released by the Ohio State Auditor prior to the District's annual continuing disclosure filing date on June 30, 2019.

The unaudited financial statements for the year ending December 31, 2018 are available at this time and such unaudited financial statements are attached hereto in Appendix A.

The audited financial statements will be filed within a reasonable time period after they are released by the Ohio State Auditor. Audited financial statements, when released, can be found at the website of the Ohio State Auditor at:

<https://ohioauditor.gov/auditsearch/Search.aspx>

[SEE ATTACHED]

Southwest Regional Water District
Statement of Net Position
December 31, 2018

Assets

Current Assets

Cash and cash equivalents	\$ 4,736,084
Accounts receivable (net of allowance for doubtful accounts of \$155,841 for 2018 and \$242,079 for 2017)	531,795
Special assessments receivable - current portion	128,759
Interest receivable	210,688
Other receivables	439,830
Inventory	648,360
Prepaid expenses	<u>52,825</u>

Total Current Assets 6,748,341

Noncurrent Assets

Restricted assets	
Equity in pooled cash and cash equivalents	<u>1,003,786</u>

Total Restricted Assets 1,003,786

Capital Assets

Water, Production, Treatments and Distribution Systems	67,969,115
Building, Office and Equipment	<u>4,712,542</u>

Total Depreciable Capital Assets 72,681,657

Less: Accumulated Depreciation (36,594,969)

Net Depreciable Capital Assets 36,086,688

Land	1,664,110
Construction in Progress	<u>3,357,644</u>

Net Capital Assets 41,108,442

Other Assets

Special Assessments Receivable - Non Current	<u>290,580</u>
--	----------------

Total Other Assets 290,580

Deferred Outflows of Resources

Deferred Charges	70,359
Pension	530,815
OPEB	<u>112,456</u>

Deferred Outflows of Resources 713,630

Total Assets and Deferred Outflows \$ 49,864,779

See independent accountant's compilation report and accompanying notes.

Southwest Regional Water District
Statement of Net Position (Continued)
December 31, 2018

Liabilities

Current Liabilities

Current maturities of long term obligations	\$ 846,889
Accounts payable	407,717
Accrued liabilities	112,701
Tenant deposits	82,642
Accrued interest	<u>68,936</u>

Total Current Liabilities 1,518,885

Long Term Liabilities

Deferred revenue	20,586
Long term obligations	5,541,571
Net pension liability	2,364,858
Net OPEB liability	<u>1,528,158</u>

Total Long Term Liabilities 9,455,173

Total Liabilities 10,974,058

Deferred Inflows of Resources

Pension	575,838
OPEB	<u>154,083</u>

Deferred Inflows of Resources 729,921

Net Position

Invested in capital assets, net of related debt	33,289,279
Restricted for debt service	1,003,786
Unrestricted	<u>3,867,735</u>

Total Net Position 38,160,800

Total Liabilities, Deferred Inflows of
Resources and Net Position

\$ 49,864,779

See independent accountant's compilation report and accompanying notes.

Southwest Regional Water District
Statements of Revenue, Expenses, and Changes in Net Position
Year Ended December 31, 2018

Operating Revenue	
Metered water sales to customers	\$ 7,244,473
Sale of new taps	456,452
Penalties	142,134
Miscellaneous	<u>178,246</u>
Total Operating Revenues	8,021,305
Operating Expenses	
Operations	4,404,960
Maintenance	892,242
Depreciation	<u>1,937,627</u>
Total Operating Expenses	<u>7,234,829</u>
Operating Income	786,476
Non Operating Revenue (Expenses)	
Intergovernmental	477,464
Interest income	164,483
Interest expense and fiscal charges	(623,193)
Other non-operating revenue (expense)	<u>(42,512)</u>
Net Other Income (Expense)	<u>(23,758)</u>
Change in Net Position	762,718
Net Assets Position Beginning of Year, as restated	<u>37,398,082</u>
Net Position End of Year	<u><u>\$ 38,160,800</u></u>

See independent accountant's compilation report and accompanying notes.

APPENDIX B
2019 BUDGET APPROPRIATIONS

[SEE ATTACHED]

SOUTHWEST REGIONAL WATER DISTRICT
REVISED
OPERATING BUDGET
FOR YEAR ENDING DECEMBER 31, 2019

OPERATING REVENUE

Water Sales	\$	7,062,000
New Connections	\$	370,000
Miscellaneous Revenue	\$	325,000

Total Operating Revenues		\$	7,757,000
---------------------------------	--	----	-----------

Operating Deductions

Source of Supply	\$	14,500
Pumping	\$	285,000
Treatment	\$	1,400,000
Engineering	\$	165,000
Distribution	\$	620,000

Total Operating Deductions		\$	2,484,500
-----------------------------------	--	----	-----------

Maintenance Deductions

Source of Supply	\$	2,000
Pumping	\$	20,000
Treatment	\$	30,000
Distribution	\$	770,000
General Plant	\$	145,000

Total Maintenance Deductions		\$	967,000
-------------------------------------	--	----	---------

Consumer Accounts Expense	\$	557,000
Administrative/ General Exp	\$	1,200,000
Depreciation	\$	1,820,000

Total Administrative Deductions		\$	3,577,000
--	--	----	-----------

Net Operating Revenues		\$	728,500
-------------------------------	--	----	---------

Non Operating Revenue

Interest Income	\$	120,000
Other	\$	1,200
Grants	\$	515,000
Non-Exchange	\$	-

Total Non Operating Revenue		\$	636,200
------------------------------------	--	----	---------

Interest Expenses	\$	275,465
-------------------	----	---------

Total Non Operating Deductions		\$	275,465
---------------------------------------	--	----	---------

Net Retained Earnings		\$	1,089,235
------------------------------	--	----	-----------

SOUTHWEST REGIONAL WATER DISTRICT
REVISED
OPERATING BUDGET
FOR YEAR ENDING DECEMBER 31, 2019

Debt Service Ratio

Adjusted Retained Earnings	\$	573,035
Depreciation	\$	1,820,000
Interest Expense	\$	275,465
Total	\$	<u>2,668,500</u>

Debt Service

Series 2013 (Called in December 2018)	\$	-
Special Assessment Debt	\$	533,770
Series 2011	\$	313,343
OPWC Loans	\$	48,416
Rural Development	\$	<u>223,708</u>
	\$	<u>1,119,237</u>

Debt Service Ratio 2.38

Restricted Funds

1.2 Required Series 2013	\$	-
1.2 Series Required 2011	\$	376,011
1.0 OPWC Loans	\$	48,416
1.0 Required Rural Development	\$	<u>223,708</u>
	\$	<u>648,135</u>

Surplus \$ 2,020,365

APPENDIX C
WATERWORKS SYSTEM RATES AND CHARGES

[SEE ATTACHED]

14879140.2

SOUTHWEST REGIONAL WATER DISTRICT
CONNECTION FEES
EFFECTIVE JANUARY 1, 2015

Meter Size	Installation Costs	Admin Costs	Supply & Treatment	Distribution & Storage	Transmission & Oversizing	Total Connection Costs
5/8"	\$ 1,700	\$ 250	\$ 1,250	\$ 800	\$ 800	\$ 4,800
3/4"	\$ 1,850	\$ 250	\$ 1,875	\$ 1,200	\$ 1,200	\$ 6,375
Duplex	\$ 1,850	\$ 250	\$ 1,875	\$ 1,200	\$ 1,200	\$ 6,375
1"	\$ 2,250	\$ 250	\$ 3,125	\$ 2,000	\$ 2,000	\$ 9,625
1 1/2"	\$ 3,480	\$ 250	\$ 6,250	\$ 4,000	\$ 4,000	\$ 17,980
2"	Engineering	\$ 250	\$ 10,000	\$ 6,400	\$ 6,400	\$ 23,050
3"	Engineering	\$ 250	\$ 25,000	\$ 16,000	\$ 16,000	\$ 57,250
4"	Engineering	\$ 250	\$ 37,500	\$ 24,000	\$ 24,000	\$ 85,750
Note: 2" to 4" Total Connection Costs do not include Engineering Costs						

Upsizing Fee Chart				
Add "Time and Materials" to each fee.	To:	To:	To:	
	3/4"/Duplex	1"	1 1/2"	
From: 5/8"	\$ 1,425	\$ 4,275	\$ 11,400	
From: 3/4"/Duplex	N/A	\$ 2,850	\$ 9,975	
From: 1"	N/A	N/A	\$ 7,125	
For other upsizing combinations, route to Engineering for quotation				

SOUTHWEST REGIONAL WATER DISTRICT
STANDARD RATES

Rate Code	SWRWD Schedule			
1	5/8" Meter - 01			
	Service Availability Charge	\$ 15.00		
	All Gallons		\$4.75	per 1000 gallons
2	3/4" Meter - 02			
	Service Availability Charge	\$ 22.52		
	All Gallons		\$4.75	per 1000 gallons
3	1" Meter - 03			
	Service Availability Charge	\$ 51.86	First	2500
	Over 2500 Gallons		\$4.75	per 1000 gallons
4	1 1/2" Meter - 04			
	Service Availability Charge	\$122.46	First	10000
	Over 10000 Gallons		\$4.75	per 1000 gallons
5	2" Meter - 05			
	Service Availability Charge	\$356.40	First	34000
	Over 34000 Gallons		\$4.75	per 1000 gallons
6	3" Meter - 06			
	Service Availability Charge	\$729.27	First	62000
	Over 62000 Gallons		\$4.75	per 1000 gallons
7	Duplex			
	Service Availability Charge	\$ 30.00		
	All Gallons		\$4.75	per 1000 gallons
8	1 1/2" Meter Schools - 04			
	Service Availability Charge	\$ 61.50	First	4000
	Over 4000 Gallons		\$4.75	per 1000 gallons
9	2" Meter Schools - 05			
	Service Availability Charge	\$122.97	First	8000
	Over 8000 Gallons		\$4.75	per 1000 gallons
10	3" Meter Schools - 06			
	Service Availability Charge	\$276.67	First	18000
	Over 18000 Gallons		\$4.75	per 1000 gallons
12	4" Meter Schools - 08			
	Service Availability Charge	\$368.63	First	24000
	over 24000 Gallons		\$4.75	per 1000 gallons
11	4" Meter - Wholesale - 08			
	All Gallons		\$3.92	per 1000 gallons
13	Irrigation Water (Base)			
	All Gallons		\$3.50	per 1000 gallons
15	2" Seasonal - 05			
	Service Availability Charge	\$120.00		
	Over 34000 Gallons		\$3.50	per 1000 gallons
16	5/8" Seasonal - 01			
	Service Availability Charge	\$ 15.00		
	Over 34000 Gallons		\$3.50	per 1000 gallons

SOUTHWEST REGIONAL WATER DISTRICT
COLLEGE CORNER WATER RATES

Rate Code

21	5/8" Meter-A			
	Service Availability Charge	\$ 15.00		
	SWRWD	\$ 4.75	per 1000 Gallons	
	CC ZONE A ADD-ON	\$ 2.84	per 1000 Gallons	
	All Gallons	\$ 7.59	per 1000 Gallons	
22	5/8" Meter-B			
	Service Availability Charge	\$ 15.00		
	CC Service Availability Charge	\$ 1.66		
	Total Service Availability Charge	\$ 16.66		
	SWRWD	\$ 4.75	per 1000 Gallons	
23	3/4" Meter-A			
	Service Availability Charge	\$ 22.52		
	SWRWD	\$ 4.75	per 1000 Gallons	
	CC ZONE A ADD-ON	\$ 2.84	per 1000 Gallons	
	All Gallons	\$ 7.59	per 1000 Gallons	
24	3/4" Meter-B			
	Service Availability Charge	\$ 22.52		
	CC Service Availability Charge	\$ 1.66		
	Total Service Availability Charge	\$ 24.18		
	SWRWD	\$ 4.75	per 1000 Gallons	
25	1" Meter-A			
	Service Availability Charge	\$ 51.86		First 2500 Gallons
	>2500 Gallons SWRWD	\$ 4.75	per 1000 Gallons	
	>2500 Gallons CC ZONE A ADD-ON	\$ 2.84	per 1000 Gallons	
	All Gallons	\$ 7.59	per 1000 Gallons	
26	1" Meter-B			
	Service Availability Charge	\$ 51.86		First 2500 Gallons
	CC Service Availability Charge	\$ 1.66		
	Total Service Availability Charge	\$ 53.52		
	>2500 Gallons SWRWD	\$ 4.75	per 1000 Gallons	
27	1 1/2 " Meter-A			
	Service Availability Charge	\$ 122.46		First 10000 Gallons
	>10000 Gallons SWRWD	\$ 4.75	per 1000 Gallons	
	>10000 Gallons CC ZONE A ADD-ON	\$ 2.84	per 1000 Gallons	
	All Gallons over 2500	\$ 7.59	per 1000 Gallons	
28	1 1/2" Meter-B			
	Service Availability Charge	\$ 122.46		First 10000 Gallons
	CC Service Availability Charge	\$ 1.66		
	Total Service Availability Charge	\$ 124.12		
	>10000 Gallons SWRWD	\$ 4.75	per 1000 Gallons	
	>10000 Gallons CC ZONE B ADD-ON	\$ 5.01	per 1000 Gallons	
	All Gallons over 10,000	\$ 9.76	per 1000 Gallons	

SOUTHWEST REGIONAL WATER DISTRICT
COLLEGE CORNER WATER RATES

29	2" Meter-A			
	Service Availability Charge	\$ 356.39		First 34000 Gallons
	>34000 Gallons SWRWD	\$ 4.75		per 1000 Gallons
	>34000 Gallons CC ZONE A ADD-ON	\$ 2.84		per 1000 Gallons
	All Gallons over 34,000	\$ 7.59		per 1000 Gallons
30	2" Meter-B			
	Service Availability Charge	\$ 356.39		First 34000 Gallons
	CC Service Availability Charge	\$ 1.66		
	Total Service Availability Charge	\$ 358.05		
	>34000 Gallons SWRWD	\$ 4.75		per 1000 Gallons
	>34000 Gallons CC ZONE B ADD-ON	\$ 5.01		per 1000 Gallons
	All Gallons over 34,000	\$ 9.76		per 1000 Gallons
31	2" Meter Schools-A			
	Service Availability Charge	\$ 122.97		First 8000 Gallons
	>8000 Gallons SWRWD	\$ 4.75		per 1000 Gallons
	>8000 Gallons CC ZONE A ADD-ON	\$ 2.84		per 1000 Gallons
	All Gallons over 8,000	\$ 7.59		per 1000 Gallons
32	2" Meter Schools-B			
	Service Availability Charge	\$ 122.97		First 8000 Gallons
	CC Service Availability Charge	\$ 1.66		
	Total Service Availability Charge	\$ 124.63		
	>8000 Gallons SWRWD	\$ 4.75		per 1000 Gallons
	>8000 Gallons CC ZONE B ADD-ON	\$ 5.01		per 1000 Gallons
	All Gallons over 8,000	\$ 9.76		per 1000 Gallons
	3" Meter-A			
	Service Availability Charge	\$ 729.27		First 62000 Gallons
	>62000 Gallons SWRWD	\$ 4.75		per 1000 Gallons
	>62000 Gallons CC ZONE A ADD-ON	\$ 2.84		per 1000 Gallons
	All Gallons over 62,000	\$ 7.59		per 1000 Gallons
35	Duplex-A			
	Service Availability Charge	\$ 30.00		
	SWRWD	\$ 4.75		per 1000 Gallons
	CC ZONE A ADD-ON	\$ 2.84		per 1000 Gallons
	All Gallons	\$ 7.59		per 1000 Gallons
36	Duplex-B			
	Service Availability Charge	\$ 30.00		
	CC Service Availability Charge	\$ 1.66		
	Total Service Availability Charge	\$ 31.66		
	SWRWD	\$ 4.75		per 1000 Gallons
	CC ZONE B ADD-ON	\$ 5.01		per 1000 Gallons
	All Gallons	\$ 9.76		per 1000 Gallons