

INFRASTRUCTURE STATE REVOLVING FUND PROGRAM STAFF REPORT

Summary Terms

| | |
|---|---|
| Applicant: | Alta Irrigation District (Alta ID or Borrower) |
| Project name: | London West Pond Recharge Project (Project) |
| Applicant eligibility category: | Public Development Facilities |
| Project eligibility category: | 3. Drainage, Water Supply, and Flood Control |
| Project location: | Tulare County |
| Financing amount: | \$8,589,000 |
| Financing term: | 25 years |
| Interest rate: | All-in interest rate of 4.45% (inclusive of 0.15% servicing fee), based on Revenue scale (assumes Non-Investment Grade). Community and environmental subsidies have been applied to the rate. |
| Fees: | 1% origination fee. To be paid by borrower |
| Source of repayment: | Borrower net revenues. |
| Security: | A pledge of net revenues and all legally available resources of the District. |
| Applicant credit rating: | None |
| ISRF funding source(s): | Equity Funds- Bond Anticipation Loan to be reimbursed by the next ISRF Bond proceeds. |
| Applicant ISRF financing exposure: | ISRF 24-21 \$4,400,000 Approved 11/20/2024; Closed 02/19/2025. Total loan exposure will be \$12,989,000 The combined loans will be 2.4% of the outstanding ISRF portfolio upon close. |
| IBank referral source | IBank (ACWA Conference) |

Executive Summary

Alta Irrigation District (Alta or the District) is a California Irrigation District which has operated in some form since 1882. The District is a public agency that supplies irrigation services to agricultural customers and recharges the local groundwater supply. It has approximately 2,900 users (all agricultural), 18 employees and seven board members. The District is located on the east side of the San Joaquin Valley, in Tulare, Fresno, and a small portion of Kings Counties. The towns of Dinuba and Reedley are within its boundaries. Its surface water supply is from the Kings River, with irrigation releases from Pine Flat Dam. The District boundaries encompass approximately 129,000 acres, with 111,000 cropped acres. It operates 250 miles of open canals and 75 miles of pipelines. (Please see Exhibit 6 for District service area map.) Using Tulare County data, the District has an unemployment rate of 10.8% vs. a State rate of 5.9%; Median Household income (MHI) of \$67,932 is 74.2% of the State figure.

Project description and benefits:

The requested ISRF loan will be used to finance the London West Pond Recharge Project, which entails the reimbursement of a land purchase, and construction of a \pm 80-acre water recharge facility. The London West Pond land is next to the Traver North Pond land, the project for which IBank approved a \$4.4M ISRF loan which closed February 19, 2025. The London West land purchase closed February 6,

2025. The borrower's resolution was signed on 11/14/24, making the land purchase (which occurred after the resolution) eligible to be included in the ISRF loan amount.

The Project is for the development of Public Facilities for drainage, water supply and flood control. Each successive drought period over the last fifty years has caused an increase in agricultural groundwater pumping in the District. Besides Traver North, the London West facility is needed in order to capture more groundwater to mitigate drought conditions. Water will be delivered to the site from the adjacent Kennedy School House facility, which goes through the property and/or an additional distribution system from a nearby District facility. Low lying embankments less than six feet in height will be constructed from on-site soils for two or more basin cells. The Project components will include multiple recharge/regulation cells, canals and pipelines, control structures, turnouts, interconnection structures, booster pumps, electrical power and connections to existing London Pond monitoring wells and various appurtenances.

The chart below shows the Sources and Uses for the Project:

| Project Uses | Project Sources for Alta Irrigation District | | |
|--------------------------------|--|--------------------------|--------------------|
| | IBank | Alta Irrigation District | Total |
| London West Land Purchase | \$3,000,000 | | \$3,000,000 |
| Project Costs Plus Contingency | \$5,589,000 | | \$5,589,000 |
| Origination Fee | | \$85,890 | \$85,890 |
| Total | \$8,589,000 | \$85,890 | \$8,674,890 |

The financing request is for 100% of the Project, and the borrower will pay the Origination Fee. The District has included a 13% construction contingency in the project budget, (20% when not including purchase of land). However, if there are additional unforeseen cost overruns, the District has cash and investment funds of \$6.0M as of Fiscal Year (FY) 2024, a portion of which is designated to be used for Capital Improvement projects.

Project and Public Benefits:

The Project will provide groundwater overdraft mitigation and supply, flood protection, and water conservation by capturing excess surface water during wet years to improve the groundwater table and increase the available supply for the District's farmers. This stored water will help offset groundwater pumping by recharging the aquifer, creating a buffer during dry years when surface water is scarce. Additionally, these efforts contribute to the District's groundwater sustainability efforts in compliance with the Sustainable Groundwater Management Act (SGMA). The project also serves a disadvantaged community and will help with greenhouse gas reduction. The Project is expected to generate 15 temporary construction jobs.

Financial and Repayment Analysis:

As detailed in this report, while the District's cash flows prior to FY23 would not have been sufficient to meet global debt service (including the proposed loan), a large, long-overdue rate increase implemented at the end of 2022 has greatly improved operating performance. In FY23 the District would have had DSCR of 3.36X, followed by 2.13X in FY 2024 (even after deducting a

large miscellaneous non-recurring item). Projected Cash Flows forecast DSCR's of at least 2.68X through FY 2027.

| Historical Cash Flow Analysis | | | | | |
|--|-----------|--------------|------------|-------------|-------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Income (Loss) Before Capital Contributions | \$263,058 | -\$1,271,838 | -\$657,262 | \$3,288,394 | \$2,218,902 |
| Adjustments Specific to the Transactions | | | | | |
| Depreciation | \$280,401 | \$280,935 | \$264,666 | \$260,076 | \$279,407 |
| Misc. Income adjustment | \$0 | \$0 | \$0 | \$0 | -\$229,277 |
| Interest Expense | | | | | -\$16,375 |
| Total Adjustments | \$280,401 | \$280,935 | \$264,666 | \$260,076 | \$33,755 |
| Adjusted Excess (Deficiency) of Revenues | \$543,459 | -\$990,903 | -\$392,596 | \$3,548,470 | \$2,252,657 |
| Proposed ISRF MADS (1) | \$575,995 | \$575,995 | \$575,995 | \$575,995 | \$575,995 |
| Other MADS General Fund Obligations (2) | \$480,194 | \$480,194 | \$480,194 | \$480,194 | \$480,194 |
| Debt Service Coverage Ratio | 0.51 | -0.94 | -0.37 | 3.36 | 2.13 |

(1) Calculated at \$8,589,000 at an all-in rate of 4.45% (including a 0.15% annual servicing fee) for a term of 25 years.

(2) includes existing equipment loan and recently approved \$4,400,000 ISRF loan

| PROJECTED CASH FLOW | | | | | |
|--|-------------|-------------|-------------|-------------|--|
| For Fiscal Year Ending (FYE) | 2024 | 2025 | 2026 | 2027 | |
| Income (Loss) before capital contributions | \$2,218,902 | \$2,622,533 | \$2,607,045 | \$2,520,861 | |
| Transaction Specific Adjustments | | | | | |
| + Depreciation | \$279,407 | \$310,000 | \$310,000 | \$310,000 | |
| Misc. Income adjustment | -\$229,277 | | | | |
| Interest Expense | -\$16,375 | | | | |
| Total of all Adjustments | \$33,755 | \$310,000 | \$310,000 | \$310,000 | |
| Cash Available for Debt Service | \$2,252,657 | \$2,932,533 | \$2,917,045 | \$2,830,861 | |
| Debt Service Calculation | | | | | |
| Total Existing MADS Debt Service | 149,675 | 149,675 | 149,675 | 149,675 | |
| New first loan ISRF MADS ⁽¹⁾ | 330,519 | 330,519 | 330,519 | 330,519 | |
| Proposed IBank MADS (\$8,589,000) ⁽²⁾ | \$575,995 | \$575,995 | \$575,995 | \$575,995 | |
| Total Obligations MADS | \$1,056,189 | \$1,056,189 | \$1,056,189 | \$1,056,189 | |
| Debt Service Coverage Ratio ⁽³⁾ | 2.13 | 2.78 | 2.76 | 2.68 | |

(1) Calculated at \$4,400,000 at all-in rate of 4.26% (including a 0.15% annual servicing fee) for a term of 20 years.

(2) Calculated at \$8,589,000 at all-in rate of 4.45% (including a 0.15% annual servicing fee) for a term of 25 years.

(3) Existing Parity Debt Minimum Required DSCR of 1.20.

Risks and mitigants

Risk: Prior to FY23, the Fund did not have sufficient cash flow to meet minimum debt service requirements.

Mitigants:

- When new rate increases took effect in FY 2023, the DSCR dramatically increased, demonstrating more-than-sufficient cash flow to service the requested loan.
- Revenue and expense projections through FY 2027 estimate a minimum DSCR of 2.68X.
- Subject to Prop. 218 requirements, the District has the authority to implement additional rate increases when deemed necessary.
- The District will be required to maintain a Debt Service Financing Reserve fund equivalent to one year of debt service on the ISRF financing, to remain in place for at least three years (in IBank's reasonable discretion) after Project construction is complete, subject to timely debt service payments.
- Our standard financing agreement includes a requirement for the borrower to establish and fund a rate stabilization fund if it fails to maintain net revenue sufficient to meet its annual 120% DSCR covenant.

| | |
|---|----------------------------------|
| <p>Risk: The District is not prohibited from incurring additional debt during the life of the Loan.</p> <p>Mitigants:</p> <ul style="list-style-type: none"> • The District will be prohibited from issuing future debt senior to the IBank financing. • New parity debt will only be permitted if Net Revenues support a Debt Service Coverage Ratio (DSCR) of at least 1.20x, based on Maximum Annual Debt Service (MADS). • The District will be required to maintain rates and charges in an amount sufficient to support a minimum DSCR of 1.20x, based on Annual Debt Service (ADS), for the Loan and any parity debt. | |
| <p><u>Compliance with IBank Criteria, Priorities, and Guidelines</u></p> <p>The application and the proposed financing are in accordance with IBank Criteria, Priorities and Guidelines (ISRF Criteria).</p> | |
| <p><u>Staff Recommendation</u></p> <p>Staff recommends IBank Board approval of Resolution No. 25-08 authorizing ISRF Program Financing in an amount not to exceed \$8,589,000 to the Alta Irrigation District for the London West Pond Recharge Project.</p> | |
| IBank Staff: | Richard Nesbitt and Lina Moeller |
| Date of Staff Report: | March 04, 2025 |
| Date of IBank Board Meeting: | March 26, 2025 |
| Resolution Number: | 25-08 |

Borrower background

Alta Irrigation District (Alta or the District) is a public agency that delivers surface water to agricultural parcels and administer a groundwater management program, as provided for under AB 3030, in its Central Valley service area. The District, which has existed in some form since 1882, comprises nearly 130,000 acres in Fresno, Tulare and Kings Counties. The communities of Dinuba (the District’s headquarters), Reedley, Traver, Cutler and Orosi lie within its borders. It is a member of the Kings River Water Association (KRWA) and Kings River East Groundwater Sustainability Agency (KREGSA). The District has 2,900 agricultural farm users. It is governed by a seven-person Board of Directors, each of whom represents a defined District division, and is elected to a term of four years by qualified voters. It has a staff of 18 and annual operating revenue of about \$6.5M. The District owns and operates eight regulation/recharge reservoirs where water can be captured and banked. It supplies water to users on a modified arranged schedule and charges for water on a volumetric basis. The District’s system is a network of two hundred and fifty miles of canals and ninety miles of pipeline.

Local Economy

Much of the District’s service area is located in Tulare County. According to the Tulare County Economic Development Corporation’s Outlook for 2024, local employment growth outpaced the state in 2023. Tulare County is home to the World Ag Expo, the world’s largest annual outdoor exposition, with over 100,000 attendees. Tulare County's main economic activities include agriculture, logistics, substantial packing and shipping operations, major manufacturing plants, healthcare, and bioeconomy. Milk continues to be the leading agricultural commodity in Tulare County. Many large agricultural companies like Paramount Farming have helped power economic growth and job creation for local residents. That said, Tulare County unemployment is at 10.8% vs. 5.9% for the State, and Median Household Income at 74.2% of the State figure.

Project background

In November 2024, IBank approved its first loan to the District, for \$4.4M, for the [Traver North Pond](#) water recharge facility project. At around the same time, the District became aware of an opportunity to purchase an adjacent property to Traver North on which to build an additional recharge facility. The District entered into a Land Purchase Agreement for \$3M in October 2024 and closed on the purchase on February 06, 2025. This is included in the subject project components and will be reimbursed with the ISRF loan proceeds.

The new project, known as the London West Pond Recharge Project, will entail the reimbursement of the new purchase described above, and construction of a ± 80-acres water recharge facility. The additional recharge facility is needed in order to capture more groundwater to mitigate conditions created by drought. Water will be delivered to the site from the adjacent Kennedy School House facility, which runs through the property, and/or an additional distribution system from a nearby District facility. The Project components will include multiple recharge/regulation cells, canals and pipelines, control structures, turnouts, interconnection structures, booster pumps, electrical power and connections to existing London Pond monitoring wells and various appurtenances.

Preliminary construction budget

| Item | \$ |
|---|--------------------|
| London West Land Purchase | \$3,000,000 |
| Basin Construction and Well Monitoring | \$3,400,000 |
| Data collection, Design, Permitting & Construction Management | \$1,071,000 |
| Contingencies (13%, or 20% ex. land) | \$1,118,000 |
| Total | \$8,589,000 |

Estimated project timeline

| Item | Time period |
|--|--------------------------|
| Data Collection, Engineering Design and Construction Plan preparation- Completed | Dec 2024 – July 2025 |
| London West Land Purchase | February 2025 |
| Bid process | June – Oct 2025 |
| Construction | December 2025 – Feb 2026 |
| Project closeout | Mar 2026 |

Loan security and source of repayment

The proposed ISRF financing will be secured by a pledge of the District's net revenues and all other legally available resources and will be repaid from these amounts. An overview of the strength of the Fund's system and finances appears below, in order to provide a sense of the reliability of this pledge.

System Overview

The District's 130,000-acre service area has remained the same size for many years, and irrigated acreage has stayed relatively constant over the past decade. From FY 2020 to FY 2023 Net Fixed Assets decreased

gradually, from \$11.5M to \$10.6M, before increasing to \$12.1M in FY24 with the acquisition of the Traver North property. In FY24 remaining useful life of these assets increased to 36 years from 32 the year before. The District plans to continue to rehabilitate portions of the water conveyance system as needed each year, based on a priority list that is revised annually. It currently has plans to purchase and develop an additional 80 acres of recharge basins within the next 5 years.

At the current time, the District does not anticipate any material changes to regulations or compliance other than the implementation of Sustainable Groundwater Management Act (SGMA), which the current project will support.

Water Rights Protection Efforts

The Kings River water rights have been challenged by entities from outside the KRWA for the first time in its history, and the District's proportionate share of the costs to defend the rights is estimated to be about \$200,000 per year (funds are held in Restricted Funds), if they have to litigate a lawsuit. The outside entities are petitioning the State Water Resources Control Board to revise the Kings River's fully appropriated stream status. The matter is still in a preliminary phase and could take up to 20 years to resolve.

If the Kings River status were to change, the District would still receive the water it currently has rights to, so the impact would be minimal and there will be no impact to the repayment source of the proposed ISRF loan as the repayment source comes from the land-based assessments. The District receives the land-based assessment every year regardless of whether water is delivered. The District will still have water to deliver as some of the District water rights are pre-1914 water rights, over which the State Board does not have jurisdiction. The District has and continues to be proactive in the defense of its Kings River water rights. The period to contest the land-based assessments is during the Proposition 218 process, that process was over in 2022. The land-based assessments are levied every year regardless of if no surface water is delivered or the amount of surface water is delivered. If a landowner does not pay their land-based assessments, the District files a lien on the property. If the lien is not paid within five years, the District can take ownership of the property or sale the property and collect the proceeds. Also, the majority of the land-based assessments for Alta are collected on the county property tax rolls, if the landowner defaults on property taxes with the county and the county sells the property at a tax sale, the District will receive the past due assessments due.

Rate and customer information:

The District serves approximately 2,030 customers, all of whom are agriculture-based. The number of users has remained stable over the last five years, and the District expects no material changes in service demand over the next five years. The system uses approximately 90,261 CCFs (centum cubic feet; one CCF equals 740 gallons) of water annually and generates gross annual revenue for District of about \$7.4M.

The following table displays the top ten Users, who provide 31% of revenues and use 24% of the System.

| TOP 10 SYSTEM USERS AS OF SEPTEMBER 30, 2024 | | | | |
|---|-----------------------------|--------------|-------------------|---|
| | User | % System Use | % System Revenues | Customer Class (Residential/ Commercial/ Industrial/Other) |
| 1 | Tavlan Properties | 4.0% | 5% | Other |
| 2 | Patricia Jones | 3.0% | 4% | Other |
| 3 | Denken Farms | 3.0% | 4% | Other |
| 4 | Wonderful Citrus LLC | 3.0% | 3% | Other |
| 5 | De Jong Dairy Farms Inc. | 2.0% | 3% | Other |
| 6 | Virginia Tavlan | 2.0% | 3% | Other |
| 7 | Wawona Farm LLC | 2.0% | 3% | Other |
| 8 | David & Alice TeVelde | 2.0% | 2% | Other |
| 9 | Wileman Bros & Elliott Inc. | 2.0% | 2% | Other |
| 10 | Cecelia Packing Corp. | 1.0% | 2% | Other |
| Total | | 24.0% | 31.0% | |

Source: Special Fund Addendum

Before 2022, the District had not had a rate increase since 2009. In 2022, it finally enacted a 126.7% increase, from \$19.95 per year/per acre of agricultural land, to \$45.22, which took effect on October 1, 2022. Additional annual increases of 3.5% will occur from 2023 through 2027. The increase was long overdue, since the prior District leadership had never managed to complete the Proposition 218 process to obtain ratepayer consent. When new management took over in 2017 it initiated the Prop. 218 process, but had to put it on hold due to the pandemic, and it was completed until 2022.

The increases were considered necessary in order to generate additional revenue to cover District operating costs, including but not limited to water rights defense, emergency reserves for facilities, infrastructure deferred maintenance, weed management and capital improvements, such as the Project. The rates are in the form of an acreage-based assessment in two categories: 1) Surface Water Supply, and 2) Groundwater Replenishment. Per the engineer's report dated May 2022, beginning in FY 2024 the Surface Water Supply assessment would provide approximately \$1.4 million in additional annual revenue, while the Groundwater Replenishment assessment would generate almost \$1.3 million.

The additional annual rate increases will bring the District's rates to \$51.89 annually/per Ac, by 2027. The table below compares the future rate with the current rates of other irrigation districts in the region:

| CURRENT AVERAGE ANNUAL SYSTEM USER CHARGE PER ACRE COMPARED TO NEARBY SYSTEMS | | | |
|--|-------------------|------------|-------------------------|
| System Name | Distance in Miles | Location | Average Landowners Rate |
| Alta Irrigation District | N/A | Dinuba, CA | \$51.89 |
| Consolidated Irrigation District | 14.0 | Selma, CA | \$53.00 |
| Fresno Irrigation District | 26.0 | Fresno, CA | \$99.00 |
| Average Annual Charge per acre | | | \$67.96 |

Source: Financing Application Addendum

It is worth noting that the table shows only land assessments, not water surcharges. Consolidated and Fresno Irrigation Districts charge only assessment rate. Alta's water surcharge of \$19.84 would bring its total to \$71.73, placing it mid-range compared to Consolidated and Fresno.

Even after the 2022 rate increase, the District's rates amounted to just 0.84% of 2022 median household income (MHI). This figure remains well below the best practice maximum of 2% of MHI, which in theory gives the District greater financial flexibility for setting rates in the future.

Credit Analysis:

The District's audited financial statements are presented for fiscal years 2020 through 2024 in Exhibits 1 and 2. Since the District is engaged in a single activity, all activities are presented on an accrual basis as a single enterprise fund. A key indicators ratio table is presented in Exhibit 3. Median household income and unemployment rate are reported for Tulare County, while full value per capita is for Tulare County.

After a string of deficits, the District's financial performance improved dramatically in FY 2023 after implementing the rate increase discussed above. Over the course of FY23 and FY24 net position increased by a combined \$5.5M, reaching \$13.7M. Including the current financing request, adjusted FY24 net revenues would have provided a strong DSCR of 2.13x.

Comparative Balance Sheet Analysis (Exhibit 1):

- The District has maintained good liquidity over the last five years. Including restricted cash (internally restricted by the District) and investments, the lowest year-end cash balance was \$1.6M, in FY22, which improved steadily to \$6.0M in FY24. Days Cash on Hand improved from 165 days to 429 over the same period, and the Current Ratio strengthened from 3.89x to 5.21x.
- After a period of decline, fixed assets increased from \$10.6M to \$12M in FY24, due to the District's acquisition of the North Traver Pond property.
- Total assets grew by 25.5% over the five-year period, mainly reflected in an aggregate \$3.7M increase in cash.
- The Leverage Ratio (total liabilities-to-net position) has remained very low throughout the period, averaging just 0.55x, down to 0.49x in FY24.
- The District has relied very little on debt. Besides the first ISRF loan, in recent years it has only taken out a \$650,000 equipment loan with Flagstar Public Funding, in 2023; it paid off a \$400K line of credit in April 2024.
- The surpluses generated by the rate increases contributed to a \$3.3M increase in net position in FY23, followed by a \$2.2M increase FY24. While changes in net position were flat or declining in the preceding years, over the five-year period net position increased by 88.1%.
- While the unrestricted net position remained negative in FY24, it improved year-over-year from -\$2.8M to -\$1.6M in FY24.

Comparative Income Statement Analysis (Exhibit 2):

- After a string of break-even or negative operating performance from FY20 to FY22, the rate increases led to a very strong 42.6% operating surplus, followed by a 21.4% surplus in FY 2024. **(Note depreciation expense was not backed out of net income)*
- Total Operating Expenses have increased by 43.2% from FY 2020 to FY 2024. This is even after payroll related expenses declined by 38.6% in FY 2023, when the District was in the process of labor contract negotiations. New contract wages were applied in FY 2024, which contributed to a 35% annual increase in operating expenses.
- Maintenance and Operation expenses remained high in FY24 after a large increase, primarily due flood damage repairs and dam maintenance, which the District had been selectively deferring in the years leading up to the rate increase. The increase in Operations expense reflects adjustments to pension contributions resulting from CalPERS' revised actuarial assumptions.
- Non-operating items generally add to the District's revenue and improve its bottom line. Some regular contributors include administrative fees, interest income, and revenue from the Pine Flat Dam. The Pine Flat Dam revenues are based on a percentage of the amount of water stored in the dam. The Pine Flat Dam and used to operate the power plant, which 27 other units have a share of. Their percentage of revenue from the power plant is based on how much water is stored in the dam that belongs to their District.
- Non-Operating Income also includes a range of Miscellaneous Income each year. In FY24 this line item increased from \$38K to \$265K, due to \$229K of ongoing peach tree farming on land purchased for the Trevor North Pond project. This non-recurring revenue is excluded from the DSCR analysis below.

Repayment Analysis:

While cash flows prior to FY23 would not have generated sufficient cash flow to meet global debt service requirements, after the rate increases DSCR improved to 3.36x in FY23, and 2.13x in FY 2024.

| Historical Cash Flow Analysis | | | | | |
|---|------------------|-------------------|-------------------|--------------------|--------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| <u>Income (Loss) Before Capital Contributions</u> | \$263,058 | -\$1,271,838 | -\$657,262 | \$3,288,394 | \$2,218,902 |
| Adjustments Specific to the Transactions | | | | | |
| Depreciation | \$280,401 | \$280,935 | \$264,666 | \$260,076 | \$279,407 |
| Misc. Income adjustment | \$0 | \$0 | \$0 | \$0 | -\$229,277 |
| Interest Expense | | | | | -\$16,375 |
| Total Adjustments | \$280,401 | \$280,935 | \$264,666 | \$260,076 | \$33,755 |
| Adjusted Excess (Deficiency) of Revenues | \$543,459 | -\$990,903 | -\$392,596 | \$3,548,470 | \$2,252,657 |
| Proposed ISRF MADS (1) | \$575,995 | \$575,995 | \$575,995 | \$575,995 | \$575,995 |
| Other MADS General Fund Obligations (2) | \$480,194 | \$480,194 | \$480,194 | \$480,194 | \$480,194 |
| Debt Service Coverage Ratio | 0.51 | -0.94 | -0.37 | 3.36 | 2.13 |

(1) Calculated at \$8,589,000 at an all-in rate of 4.45% (including a 0.15% annual servicing fee) for a term of 25 years.

(2) Includes existing equipment loan and recently approved \$4,400,000 ISRF loan

Projected Cash Flows forecast DSCR's of at least 2.68X through FY 2027.

| PROJECTED CASH FLOW | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| For Fiscal Year Ending (FYE) | 2024 | 2025 | 2026 | 2027 |
| Income (Loss) before capital contributions | \$2,218,902 | \$2,622,533 | \$2,607,045 | \$2,520,861 |
| Transaction Specific Adjustments | | | | |
| + Depreciation | \$279,407 | \$310,000 | \$310,000 | \$310,000 |
| Misc. Income adjustment | -\$229,277 | | | |
| Interest Expense | -\$16,375 | | | |
| Total of all Adjustments | \$33,755 | \$310,000 | \$310,000 | \$310,000 |
| Cash Available for Debt Service | \$2,252,657 | \$2,932,533 | \$2,917,045 | \$2,830,861 |
| Debt Service Calculation | | | | |
| Total Existing MADS Debt Service | 149,675 | 149,675 | 149,675 | 149,675 |
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| Total Obligations MADS | \$1,056,189 | \$1,056,189 | \$1,056,189 | \$1,056,189 |
| Debt Service Coverage Ratio ⁽³⁾ | 2.13 | 2.78 | 2.76 | 2.68 |

(1) Calculated at \$4,400,000 at all-in rate of 4.26% (including a 0.15% annual servicing fee) for a term of 20 years.

(2) Calculated at \$8,589,000 at all-in rate of 4.45% (including a 0.15% annual servicing fee) for a term of 25 years.

(3) Existing Parity Debt Minimum Required DSCR of 1.20.

The projected cashflow supports the proposed ISRF loan and all existing debt in the projected years. As noted, FY24 excludes farming income from the Trevor North property, and backs out interest expense (which is included under MADS).

Complete projections appear in Exhibit #4. The main assumptions are as follows:

Assumptions:

- Assessments – Remains constant, already at the max rate as of the last Prop. 218 approvals.
- Water Use and Surcharges – Based on Prop. 218 approved increases, this is an escalation in water surcharge rate.
- Other Operating Revenues – This is for pipeline projects coming up in the next year or two.
- Payroll – Based on a 3% annual COLA increase.
- General Administration – 2% escalation factor.
- Maintenance – 2% escalation factor.
- Operations – 1% escalation factor, based on a 4-month operating cycle for each year's budget.
- Interest Income – Projected based on current interest rates.
- Penalties and costs – District liens on properties, water supply past due bills.
- Administrative fees – District has a long-term agreement; this is an annual fee.
- Pine Flat Power – Based on average years revenues.
- Miscellaneous – Mostly insurance refunds. This is an annual average of refunds.

TERMS AND CONDITIONS

Staff recommends approval of Resolution No. 25-08 authorizing ISRF Program financing to the Alta Irrigation District London West Pond Recharge Project, subject to the following key terms and conditions:

- 1. Applicant/Borrower:** Alta Irrigation District (Borrower)
- 2. Project Name:** London West Pond Recharge Project.
- 3. Amount of ISRF Program financing:** \$8,589,000 (Tax-exempt Financing)
- 4. Maturity:** Not to exceed 25 years. Financing may not be prepaid during the first 10 years.
- 5. Repayment/Security:** The Financing will be secured by a senior lien on net system revenues (Net Revenues) from the District's General Fund (Fund) and all legally available amounts in the Fund.
- 6. Interest Rate:** All-in 4.45% which includes annual servicing fee described in item 7 below. The rate will be locked as outlined in item 8 below.
- 7. Fees:** Borrower to pay the origination fee of 1.00%, \$85,890 of the Financing amount upon close of Financing, and an annual servicing fee of 0.15% of the outstanding balance.
- 8. Rate Lock:** The interest rate in item 6 will be locked in for a period of 90 calendar days after IBank Board (Board) approval of the ISRF financing (the Rate Lock Period). After the Rate Lock Period, and up until IBank's Financing commitment expires (as described in item 9 below), the interest rate may be reset at the discretion of IBank's Credit Committee.
- 9. Limited Time:** Subject to the Board's approval of the Financing resolution, IBank's Financing commitment expires 180 calendar days from the date of its adoption. If the Borrower and IBank have not executed a financing agreement (Financing Agreement) before the commitment expires, there can be no assurances that IBank will be able to grant the Financing to the Borrower or consider extending the commitment period.
- 10. Not an Unconditional Commitment:** If the IBank Board (Board) approves the resolution authorizing the Financing request, the resolution shall not be construed as an unconditional commitment to finance the Project, but rather is conditioned upon entry by IBank and the Borrower into a Financing Agreement (or Agreements), in form and substance satisfactory to IBank.
- 11. ISRF Program Financing Agreement Covenants and Conditions:** The Financing Agreement shall include, among other things, the following covenants:
 - a.** The Fund has no debt secured by senior lien on Net Revenues, and the Borrower will be prohibited from issuing future debt senior to the IBank financing.
 - b.** A debt service Financing Reserve Fund equivalent to one year of debt service on the ISRF financing will be required to remain in place for a period of at least three years (in IBank's reasonable discretion) after the project construction is complete, subject to timely debt service payments.
 - c.** Parity debt will be allowed if Net Revenues amount to at least 1.20 times the Maximum Annual Debt Service (MADS) taking into consideration the MADS payable in any Fiscal Year on all existing parity debt and the Financing, and the proposed parity debt, payable from the Fund.
 - d.** Subordinate debt will be allowed if Net Revenues are at least 1.00 time the sum of the MADS on all outstanding debt payable from the Fund.
 - e.** The Borrower will be required to maintain rates and charges in an amount sufficient to ensure in each fiscal year that Net Revenues produce a minimum 1.20 times aggregate annual debt service coverage ratio for the Financing and all parity debt, and a minimum 1.00 times annual debt service coverage ratio when including subordinate debt.
 - f.** The Borrower will covenant against reducing rates below levels used for all debt service payable from the Fund, and to take actions to increase rates or Fund a rate stabilization Fund if debt

service coverage ratios fall below required levels.

g. Upon implementing rates and charges, the Borrower to covenant to ensure that its rate structure conforms to the requirements of Proposition 218 and those of the statutes implementing it and the cases interpreting it. Further, the Borrower to covenant to notify IBank immediately upon the filing of any legal challenge to its rates or charges.

h. The Borrower to comply with the requirements of the ISRF Program Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.

i. The Borrower shall meet standard insurance requirements with respect to the enterprise system, general liability insurance, worker's compensation, and builder's risk insurance.

j. The Borrower to provide to IBank annually, within 180 days of the end of each of the Borrower's fiscal years, a copy of its audited financial statements together with an annual certificate demonstrating compliance with the foregoing covenants, as well as any other information IBank may reasonably request from time to time.

k. Such other covenants and conditions that IBank or its counsel may reasonably require.

Exhibit #1

| ALTA IRRIGATION DISTRICT GENERAL FUND | | | | | | | | | | |
|--|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| For Fiscal Year Ending (FYE) September 30 | 2020 | | 2021 | | 2022 | | 2023 | | 2024 | |
| Source: | ACFR | % | ACFR | % | ACFR | % | ACFR | % | ACFR | % |
| Assets | | | | | | | | | | |
| Current Assets: | | | | | | | | | | |
| Cash and Investments | \$2,307,307 | 15.5% | \$186,434 | 1.3% | | | \$1,331,434 | 7.4% | \$2,160,509 | 10.6% |
| Restricted cash and investments | | | \$1,556,989 | 11.2% | \$1,559,459 | 11.6% | \$3,650,071 | 20.4% | \$3,860,507 | 18.9% |
| Receivables: | | | | | | | | | | |
| Assessments receivable | \$232,561 | 1.6% | \$117,694 | 0.8% | \$139,541 | 1.0% | \$543,135 | 3.0% | \$380,945 | 1.9% |
| Interest | \$562 | 0.0% | \$1 | 0.0% | \$6 | 0.0% | \$17 | 0.0% | \$24,676 | 0.1% |
| Other | | | | | | | | | \$229,277 | 1.1% |
| Prepaid Expenses | \$51,310 | 0.3% | \$147,615 | 1.1% | \$212,117 | 1.6% | \$206,495 | 1.2% | \$17,474 | 0.1% |
| Inventories | \$40,580 | 0.3% | \$32,437 | 0.2% | \$69,705 | 0.5% | \$48,480 | 0.3% | \$55,991 | 0.3% |
| Total Current Assets: | \$2,632,320 | 17.7% | \$2,041,170 | 14.7% | \$1,980,828 | 14.7% | \$5,779,632 | 32.3% | \$6,729,379 | 32.9% |
| Non-Current Assets: | | | | | | | | | | |
| Deposits | \$10,901 | 0.1% | \$10,901 | 0.1% | | | | | | |
| Capital assets, not being depreciated | \$2,193,853 | 14.7% | \$2,193,853 | 15.8% | \$2,193,853 | 16.3% | \$2,193,853 | 12.3% | \$2,811,484 | 13.8% |
| Capital assets, net of accum. Depreciation | \$9,158,136 | 61.4% | \$8,877,201 | 63.9% | \$8,612,535 | 64.0% | \$8,378,233 | 46.8% | \$9,247,553 | 45.3% |
| Total Non-Current Assets: | \$11,362,890 | 76.2% | \$11,081,955 | 79.8% | \$10,806,388 | 80.3% | \$10,572,086 | 59.0% | \$12,059,037 | 59.0% |
| Total Assets | \$13,995,210 | 93.9% | \$13,123,125 | 94.5% | \$12,787,216 | 95.1% | \$16,351,718 | 91.3% | \$18,788,416 | 92.0% |
| Deferred Outflow of Resources | | | | | | | | | | |
| Deferred pensions | \$777,787 | 5.2% | \$644,359 | 4.6% | \$591,493 | 4.4% | \$1,530,214 | 8.5% | \$1,556,518 | 7.6% |
| Deferred OPEB | \$131,340 | 0.9% | \$124,331 | 0.9% | \$73,047 | 0.5% | \$21,763 | 0.1% | \$87,273 | 0.4% |
| Total Deferred Outflows of Resources | \$909,127 | 6.1% | \$768,690 | 5.5% | \$664,540 | 4.9% | \$1,551,977 | 8.7% | \$1,643,791 | 8.0% |
| Total Assets and Deferred Outflows of Resources | \$14,904,337 | 100.0% | \$13,891,815 | 100.0% | \$13,451,756 | 100.0% | \$17,903,695 | 100.0% | \$20,432,207 | 100.0% |
| Liabilities | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | |
| Accounts Payable | \$165,145 | 1.1% | \$163,178 | 1.2% | \$142,755 | 1.1% | \$656,866 | 3.7% | \$420,237 | 2.1% |
| Accrued wages and payroll liabilities | \$41,671 | 0.3% | \$41,587 | 0.3% | \$40,868 | 0.3% | \$83,048 | 0.5% | \$59,469 | 0.3% |
| Accrued compensated absences | \$65,419 | 0.4% | \$80,436 | 0.6% | \$77,435 | 0.6% | \$99,364 | 0.6% | \$104,658 | 0.5% |
| Unearned revenues | \$117,671 | 0.8% | \$213,100 | 1.5% | \$196,214 | 1.5% | \$646,566 | 3.6% | \$585,533 | 2.9% |
| Line of Credit | | | | | \$50,000 | 0.4% | | | | |
| Finance lease obligation, current | | | | | | | | | \$121,500 | 0.6% |
| Total Current Liabilities | \$389,906 | 2.6% | \$498,301 | 3.6% | \$507,272 | 3.8% | \$1,485,844 | 8.3% | \$1,291,397 | 6.3% |
| Noncurrent Liabilities: | | | | | | | | | | |
| Finance lease obligation, non-current | | | | | | | | | \$474,400 | 2.3% |
| Net OPEB liability | \$1,491,470 | 10.0% | \$1,571,021 | 11.3% | \$1,201,972 | 8.9% | \$1,223,640 | 6.8% | \$1,301,095 | 6.4% |
| Net pension liability | \$2,352,967 | 15.8% | \$2,574,546 | 18.6% | \$1,512,972 | 11.2% | \$3,056,098 | 17.1% | \$3,200,882 | 15.7% |
| Total Noncurrent liabilities | \$3,844,437 | 25.8% | \$4,145,567 | 29.8% | \$2,714,944 | 20.2% | \$4,279,738 | 23.9% | \$4,976,377 | 24.4% |
| Total Liabilities | \$4,234,343 | 28.4% | \$4,643,868 | 33.4% | \$3,222,216 | 24.0% | \$5,765,582 | 32.2% | \$6,267,774 | 30.7% |
| Deferred Inflows of Resources | | | | | | | | | | |
| Deferred pensions | \$298,618 | 2.0% | \$211,505 | 1.5% | \$1,579,137 | 11.7% | \$295,103 | 1.6% | \$178,674 | 0.9% |
| Deferred OPEB | \$281,694 | 1.9% | \$218,598 | 1.6% | \$489,821 | 3.6% | \$394,034 | 2.2% | \$317,881 | 1.6% |
| Total Deferred Inflows of Resources | \$580,312 | 3.9% | \$430,103 | 3.1% | \$2,068,958 | 15.4% | \$689,137 | 3.8% | \$496,555 | 2.4% |
| Total Liabilities and Deferred Inflows of Resources | \$4,814,655 | 32.3% | \$5,073,971 | 36.5% | \$5,291,174 | 39.3% | \$6,454,719 | 36.1% | \$6,764,329 | 33.1% |
| Net Position | | | | | | | | | | |
| Net investment in capital assets | \$11,351,989 | 76.2% | \$11,071,054 | 79.7% | \$10,806,388 | 80.3% | \$10,572,086 | 59.0% | \$11,463,137 | 56.1% |
| Restricted | \$1,497,726 | 10.0% | \$1,556,989 | 11.2% | \$1,942,924 | 14.4% | \$3,650,071 | 20.4% | \$3,860,507 | 18.9% |
| Unrestricted | (\$2,760,033) | -18.5% | (\$3,810,199) | -27.4% | (\$4,588,730) | -34.1% | (\$2,773,181) | -15.5% | (\$1,655,766) | -8.1% |
| Net Position | \$10,089,682 | 67.7% | \$8,817,844 | 63.5% | \$8,160,582 | 60.7% | \$11,448,976 | 63.9% | \$13,667,878 | 66.9% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$14,904,337 | 100.0% | \$13,891,815 | 100.0% | \$13,451,756 | 100.0% | \$17,903,695 | 100.0% | \$20,432,207 | 100.0% |

Exhibit #2

| ALTA IRRIGATION DISTRICT GENERAL FUNDS | | | | | | | | | | | |
|---|---|---------------------|---------------|-----------------------|---------------|--------------------|---------------|---------------------|---------------|---------------------|---------------|
| | For Fiscal Year Ending (FYE) September 30 | 2020 | % | 2021 | % | 2022 | % | 2023 | % | 2024 | % |
| | Source: | ACFR | | ACFR | | ACFR | | ACFR | | ACFR | |
| | % Change Year-over-Year in Total Revenues | | N/A | | -70.90% | | 22.93% | | 60.29% | | -166% |
| Revenues | | | | | | | | | | | |
| | Assessments | \$2,145,781 | 61.8% | \$2,029,614 | 100.0% | \$2,119,063 | 80.4% | \$5,232,331 | 78.9% | \$5,267,179 | 80.7% |
| | Water use and surcharges | \$273,564 | 7.9% | \$415 | 0.0% | \$115,102 | 4.4% | \$1,234,016 | 18.6% | \$1,234,488 | 18.9% |
| | Water sales | \$1,050,000 | 30.3% | | | \$400,000 | 15.2% | | | | |
| | Other Operating Revenue | | | | | | | \$166,479 | 2.5% | \$22,981 | 0.4% |
| | Administrative Fund | | | | | | | | | | |
| | | | | | | | | | | | |
| | Total Operating Revenues | \$3,469,345 | 100.0% | \$2,030,029 | 100.0% | \$2,634,165 | 100.0% | \$6,632,826 | 100.0% | \$6,524,648 | 100.0% |
| Operating Expenses | | | | | | | | | | | |
| | Payroll and related expenses | \$1,965,578 | 56.7% | \$1,771,952 | 87.3% | \$1,867,063 | 70.9% | \$1,347,276 | 20.3% | \$2,136,364 | 32.7% |
| | Depreciation | \$280,401 | 8.1% | \$280,935 | 13.8% | \$264,666 | 10.0% | \$260,076 | 3.9% | \$279,407 | 4.3% |
| | General and administrative | \$813,524 | 23.4% | \$964,505 | 47.5% | \$1,014,665 | 38.5% | \$924,039 | 13.9% | \$1,035,090 | 15.9% |
| | Maintenance | \$419,808 | 12.1% | \$437,315 | 21.5% | \$249,230 | 9.5% | \$1,067,769 | 16.1% | \$1,474,707 | 22.6% |
| | Operations | \$92,638 | 2.7% | \$6,282 | 0.3% | \$54,335 | 2.1% | \$203,579 | 3.1% | \$194,796 | 3.0% |
| | Urban expenses | \$7,477 | 0.2% | \$6,523 | 0.3% | \$7,477 | 0.3% | \$5,250 | 0.1% | \$7,000 | 0.1% |
| | | | | | | | | | | | |
| | Total Operating Expenses | \$3,579,426 | 103.2% | \$3,467,512 | 170.8% | \$3,457,436 | 131.3% | \$3,807,989 | 57.4% | \$5,127,364 | 78.6% |
| | Net Operating Income (Loss) | (\$110,081) | -3.2% | \$ (1,437,483) | -70.8% | (\$823,271) | -31.3% | \$2,824,837 | 42.6% | \$1,397,284 | 21.4% |
| Non-Operating Revenues (Expenses) | | | | | | | | | | | |
| | Interest Income | \$29,041 | | \$6,111 | | \$26,736 | | \$198,273 | | \$268,257 | |
| | Gain (loss) on disposition of capital assets | \$135 | | | | | | | | | |
| | Equipment income | \$1,671 | | \$2,477 | | \$352 | | | | | |
| | Pacific Gas & Electric evaporation | | | | | | | | | | |
| | Penalties and costs | \$14,578 | | \$4,949 | | \$3,439 | | \$2,493 | | \$15,832 | |
| | Equipment lease and rents | \$3,700 | | \$3,700 | | \$3,700 | | \$3,700 | | \$3,700 | |
| | Administrative fees | \$97,710 | | \$10,050 | | \$10,050 | | \$20,267 | | \$10,050 | |
| | Pine Flat power | \$209,398 | | \$72,916 | | \$20,896 | | \$200,860 | | \$278,284 | |
| | Miscellaneous | \$16,906 | | \$65,442 | | \$100,836 | | \$37,964 | | \$261,870 | |
| | Interest Expense | | | | | | | | | (\$16,375) | |
| | Total Non-Operating Revenues (Expenses) | \$373,139 | | \$165,645 | | \$166,009 | | \$463,557 | | \$821,618 | |
| | | | | | | | | | | | |
| | Income (Loss) before capital contributions | \$263,058 | | -\$1,271,838 | | (\$657,262) | | \$3,288,394 | | \$2,218,902 | |
| | | | | | | | | | | | |
| | Capital Contributions | | | | | | | | | | |
| | Change in Net Position | \$263,058 | | (\$1,271,838) | | (\$657,262) | | \$3,288,394 | | \$2,218,902 | |
| | Net Position, Beginning of Year | \$9,826,624 | | \$10,089,682 | | \$8,817,844 | | \$8,160,582 | | \$11,448,976 | |
| | Prior Year Adjustment | | | | | | | | | | |
| | Fund Balance, End of Year | \$10,089,682 | | \$8,817,844 | | \$8,160,582 | | \$11,448,976 | | \$13,667,878 | |

Exhibit #3

| | | | | | |
|--|--------------|-------------|-------------|--------------|--------------|
| Alta Irrigation District | | | | | |
| Key Indicators (\$000) | 2020 | 2021 | 2022 | 2023 | 2024 |
| Economy | | | | | |
| Median Family Income (as % of US Median) | 66.8% | 68.3% | 70.2% | 72.4% | N/A |
| Unemployment rate (%) | 13.4% | 10.6% | 8.3% | 10.8% | N/A |
| Full value per capita (\$) | \$77,932.87 | \$80,956.06 | \$84,444.74 | \$89,041.35 | N/A |
| System Characteristics | | | | | |
| Net Fixed Assets (\$) | \$9,158,136 | \$8,877,201 | \$8,612,535 | \$8,378,233 | \$9,247,553 |
| Remaining useful life of NFA (years) | 33 | 32 | 31 | 32 | 36 |
| Number of system users | 2020 | 2020 | 2022 | 2029 | 2029 |
| Average annual agricultural charge per unit (\$) | \$19.95 | \$19.95 | \$19.95 | \$19.95 | \$45.22 |
| Agricultural charge as % of MHI | 0.05% | 0.03% | 0.03% | 0.03% | N/A |
| Liquidity | | | | | |
| Cash Balances | \$2,307,307 | \$1,743,423 | \$1,559,459 | \$4,981,505 | \$6,021,016 |
| Current Ratio [1] | 6.75 | 4.10 | 3.90 | 3.89 | 5.21 |
| Days Cash on Hand [2] | 235 | 184 | 165 | 477 | 429 |
| Performance | | | | | |
| Operating Revenue | \$3,469,345 | \$2,030,029 | \$2,634,165 | \$6,632,826 | \$6,524,648 |
| Operating Margin [3] | -3.2% | -70.8% | -31.3% | 42.6% | 21.4% |
| Fund Balances as % of Operating Revenue | 290.8% | 434.4% | 309.8% | 172.6% | 209.5% |
| Leverage | | | | | |
| Fund balances | \$10,089,682 | \$8,817,844 | \$8,160,582 | \$11,448,976 | \$13,667,878 |
| Leverage Ratio [4] | 0.48 | 0.58 | 0.65 | 0.56 | 0.49 |

Median household income and unemployment rate are reported for Tulare County, and full value per capita is for Tulare County.

[1] $\text{Current Assets} \div \text{Current Liabilities}$

[2] $(\text{Unrestricted Cash} * 365) \div \text{Operating Expenses}$

[3] $\text{Operating Income as \% of Operating Revenues}$

[4] $\text{Total Liabilities} \div \text{Fund Balances}$

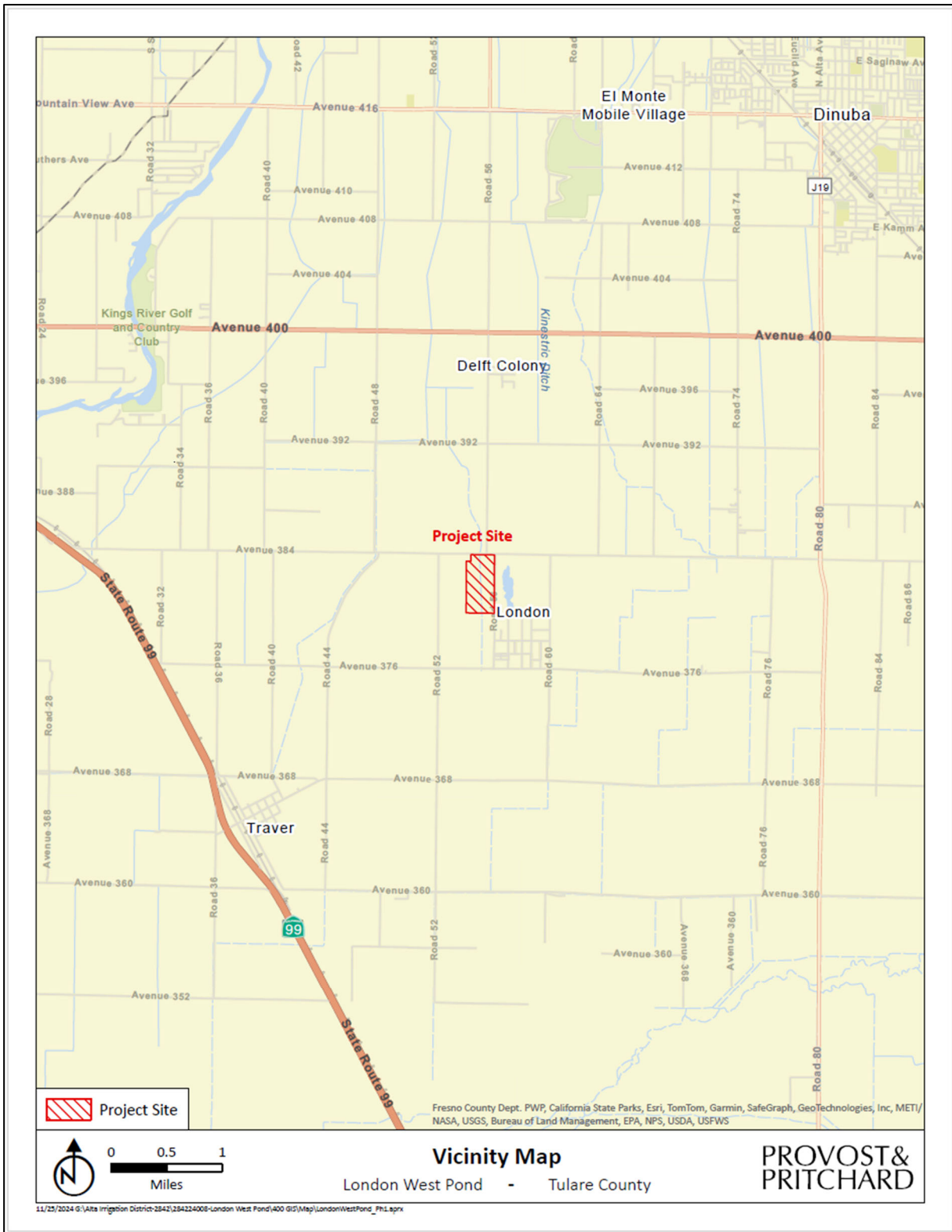
[5] Median HH Income go to: <https://dof.ca.gov/reports/demographic-reports/american-community-survey/>

[6] Unemployment: <https://labormarketinfo.edd.ca.gov/data-release-schedule.html>

Exhibit #4

| ALTA IRRIGATION DISTRICT PROJECTIONS | | | | | | | | | | |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| For Fiscal Year Ending (FYE) | 2023 | | 2024 | | 2025 | | 2026 | | 2027 | |
| Source: | ACFR | % | Projections | % | Projections | % | Projections | % | Projections | % |
| % Change | | N/A | | -0.0165799 | | -0.01152 | | 0.01122 | | 0.00073 |
| Operation Revenue | | | | | | | | | | |
| Assessments | \$5,232,331 | 78.9% | \$5,267,179 | 80.7% | \$5,232,331 | 81.1% | \$5,267,551 | 80.7% | \$5,232,331 | 80.1% |
| Water use and surcharges | \$1,234,016 | 18.6% | \$1,234,488 | 18.9% | \$1,198,000 | 18.6% | \$1,236,000 | 18.9% | \$1,276,000 | 19.5% |
| Water sales | | | | | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Other Operating Revenue | \$166,479 | 2.5% | \$22,981 | 0.4% | \$20,000 | 0.3% | \$20,000 | 0.3% | \$20,000 | 0.3% |
| Total Operating Revenues | \$6,632,826 | 100.0% | \$6,524,648 | 100.0% | \$6,450,331 | 100.0% | \$6,523,551 | 100.0% | \$6,528,331 | 100.0% |
| Operating Expenses | | | | | | | | | | |
| Payroll and related expenses | \$1,347,276 | 20.3% | \$1,336,364 | 32.7% | \$1,431,901 | 22.2% | \$1,476,186 | 22.6% | \$1,521,842 | 23.3% |
| Depreciation | \$260,076 | 3.9% | \$279,407 | 4.3% | \$310,000 | 4.8% | \$310,000 | 4.8% | \$310,000 | 4.7% |
| General and administrative | \$924,039 | 13.9% | \$1,035,090 | 15.9% | \$962,139 | 14.9% | \$981,775 | 15.0% | \$1,001,811 | 15.3% |
| Maintenance | \$1,067,769 | 16.1% | \$1,474,707 | 22.6% | \$1,111,796 | 17.2% | \$1,134,485 | 17.4% | \$1,157,638 | 17.7% |
| Operations | \$203,579 | 3.1% | \$194,796 | 3.0% | \$207,712 | 3.2% | \$209,810 | 3.2% | \$211,929 | 3.2% |
| Urban expenses | \$5,250 | 0.1% | \$7,000 | 0.1% | \$7,000 | 0.1% | \$7,000 | 0.1% | \$7,000 | 0.1% |
| Total Operating Expenses | \$3,807,989 | 57.4% | \$5,127,364 | 78.6% | \$4,030,548 | 62.5% | \$4,119,256 | 63.1% | \$4,210,220 | 64.5% |
| Net Operating Income (Loss) | \$2,824,837 | 42.6% | \$1,397,284 | 21.4% | \$2,419,783 | 37.5% | \$2,404,295 | 36.9% | \$2,318,111 | 35.5% |
| Nonoperating Revenues (Expenses) | | | | | | | | | | |
| Interest Income | \$198,273 | 3.0% | \$268,257 | 4.1% | \$75,000 | 1.2% | \$75,000 | 1.1% | \$75,000 | 1.1% |
| Gain (loss) on disposition of capital assets | | | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Equipment income | | | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Pacific Gas & Electric evaporation | | | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Penalties and costs | \$2,493 | 0.0% | \$15,832 | 0.2% | \$4,000 | 0.1% | \$4,000 | 0.1% | \$4,000 | 0.1% |
| Equipment lease and rents | \$3,700 | 0.1% | \$3,700 | 0.1% | \$3,700 | 0.1% | \$3,700 | 0.1% | \$3,700 | 0.1% |
| Administrative fees | \$20,267 | 0.3% | \$10,050 | 0.2% | \$10,050 | 0.2% | \$10,050 | 0.2% | \$10,050 | 0.2% |
| Pine Flat power | \$200,860 | 3.0% | \$278,284 | 4.3% | \$100,000 | 1.6% | \$100,000 | 1.5% | \$100,000 | 1.5% |
| Miscellaneous | \$37,964 | 0.6% | \$261,870 | 4.0% | \$10,000 | 0.2% | \$10,000 | 0.2% | \$10,000 | 0.2% |
| Interest Expense | | | \$-16,375 | -0.3% | | | | | | |
| Net Non-operating Revenues (Expenses) | \$463,557 | 7.0% | \$821,618 | 12.6% | \$202,750 | 3.1% | \$202,750 | 3.1% | \$202,750 | 3.1% |
| Income (Loss) before capital contributions | \$3,288,394 | 49.6% | \$2,218,902 | 34.0% | \$2,622,533 | 40.7% | \$2,607,045 | 40.0% | \$2,520,861 | 38.6% |
| Capital Contributions and Transfers | | | | | | | | | | |
| Capital Contributions | | | | | | | | | | |
| Transfers | | | | | | | | | | |
| Total Capital Contributions | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |
| Change in net position | \$3,288,394 | | \$2,218,902 | | \$2,622,533 | | \$2,607,045 | | \$2,520,861 | |
| Net Position, Beginning of Year | \$8,160,582 | | \$11,448,976 | | \$13,667,878 | | \$16,290,411 | | \$18,897,456 | |
| Total Fund Balances - Year -End | \$11,448,976 | | \$13,667,878 | | \$16,290,411 | | \$18,897,456 | | \$21,418,317 | |
| Increase (decrease) in Net Position | \$3,288,394 | | \$2,218,902 | | \$2,622,533 | | \$2,607,045 | | \$2,520,861 | |

Exhibit #5



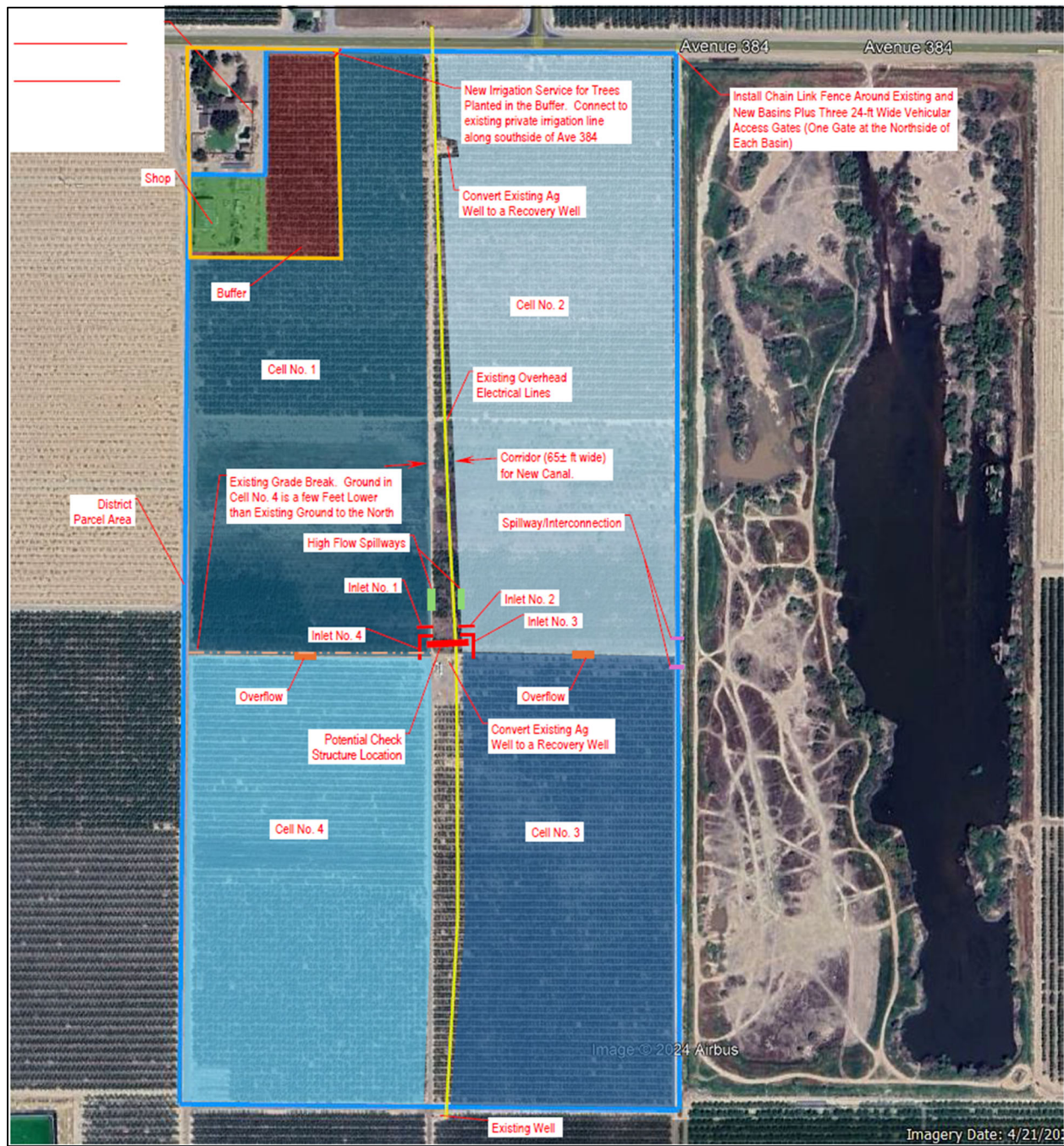


Exhibit #6

