



## **Mid-Peninsula Water District, San Mateo County, California**

### **Annual Report for Certificates of Participation**

#### **(2016 Financing Project, CUSIP 59541P)**

**\$18,570,000**

#### **Fiscal Year Ending June 30, 2018**

The following data and attachments are submitted by Mid-Peninsula Water District (MPWD) consistent with Appendix D, "Form of Continuing Disclosure Certificate," from the Official Statement (OS) for the Certificates of Participation. Reference letters below correspond with the reference letters of the Appendix D.

#### **Section 4. Audited Financial Report for Fiscal Year Ending June 30, 2018**

The audited financial reports for the fiscal year ending June 30, 2018, have been uploaded separately to the Electronic Municipal Market Access (EMMA) website.

#### **Section 4. Tables**

The requested tables are shown on the following pages, updated from the original tables in the OS.

Ten Largest Customers Based on Revenue  
Water Rates  
Revenue and Expense Showing Debt Service Coverage Ratio

#### **Section 5. Reporting of Listed Events**

There are no listed events to report.

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<b>Mid-Peninsula Water District</b>		
<b>Ten Largest Customers<sup>1</sup></b>		
<b>(Fiscal Year ending June 30, 2018)</b>		
	<b>Customer</b>	<b>Type of Customer</b>
1	Motel 6	Motel
2	Crestview Apartments	Apartments
3	Sutter Health	Medical
4	Novartis	Pharmaceutical Manufacturing
5	Belmont Homeowners Association	Apartments
6	Sequoia High School District	School
7	Le Chateau Sandel	Apartments
8	The Madison	Apartments
9	Timberlane Apartments	Apartments
10	Redwood Shores Schools	Schools

These ten customers collectively account for 7.9 percent of revenue from water sales. The largest contribution for any one customer is 1.2 percent.

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<sup>1</sup> MPWD has adopted a policy of confidentiality with respect to account information on individual water use; therefore, the table shows the ten largest customers based on revenue, and states the percentage of total revenue they represent.

<b>-Peninsula Water District Rate Table</b>				
<b>Rates Effective July 1, 2016 <sup>2,3</sup></b>				
		<b>Mid Base Rate</b>	<b>SFPUC Wholesale Rate Pass Through<sup>4</sup></b>	<b>Total Rate</b>
<b>Fixed Monthly Charges</b>				
<b>Meter Size</b>	<b>Meter Ratio</b>	<b>\$ / Month</b>		
5/8"	1.00	\$24.00		\$24.00
1"	1.50	36.00		36.00
1 1/2"	2.50	60.00		60.00
2"	4.00	96.00		96.00
3"	6.00	144.00		144.00
4"	10.00	240.00		240.00
6"	25.00	600.00		600.00
<b>Water Consumption Charges</b>				
<b>Residential Rates</b>		<b>\$ / hcf <sup>5</sup></b>		
Tier 1	0 – 2 units	\$5.30	\$0.32	\$5.62
Tier 2	3 – 8	7.90	0.32	8.22
Tier 3	9 - 20	9.50	0.32	9.82
Tier 4	21+	11.10	0.32	11.42
<b>Commercial Rates</b>				
Tier 1	0 – 5 units	7.25	0.32	5.62
Tier 2	6+	8.35	0.32	8.67

<sup>2</sup> Source is MPWD Ordinance No. 116, dated April 28, 2016. Continued in effect July 1, 2017 through June 30, 2018.

<sup>3</sup> Rates were increased July 1, 2018.

<sup>4</sup> The San Francisco Public Utilities Commission (SFPUC) wholesale water rate pass through effective July 1, 2016, equals \$0.32 per hcf based on the incremental difference between the baseline rate of \$3.78 per hcf referenced in MPWD’s Proposition 218 Notice and SFPUC’s wholesale rate of \$4.10 per hcf adopted on May 10, 2016. This was not increased July 1, 2017.

<sup>5</sup> One hundred cubic feet (hcf) equals approximately 748 gallons.

<b>Mid-Peninsula Water District</b>						
<b>Revenues, Expenditures and Debt Service Coverage</b>						
		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Operating Revenues</b>						
	Water service charges	\$9,748,347	\$9,269,172	\$10,103,976	\$11,346,781	\$12,630,636
	Other revenue	66,004	70,931	26,107	107,130	223,061
	<b>Total</b>	<b>9,814,351</b>	<b>9,340,103</b>	<b>10,130,083</b>	<b>11,453,911</b>	<b>12,853,697</b>
<b>Operating Expenses</b>						
	Salaries and benefits	\$2,214,994	\$2,258,983	\$2,293,425	\$2,742,823	\$2,371,885
	Maintenance & rehab	460,720	529,883	528,314	392,800	684,956
	Purchased water	4,102,227	4,160,810	4,491,156	5,192,951	5,579,589
	Utilities	303,834	312,784	267,479	269,238	252,124
	Professional services	386,496	461,682	539,376	391,818	416,562
	Admin & other	687,694	665,813	647,516	690,950	692,452
	Depreciation	n/a	n/a	n/a	n/a	n/a
	<b>Total</b>	<b>8,155,965</b>	<b>8,389,955</b>	<b>8,767,266</b>	<b>9,680,580</b>	<b>9,997,568</b>
	<b>Operating Income/(Loss)</b>	<b>\$1,658,386</b>	<b>\$950,148</b>	<b>\$1,362,817</b>	<b>\$1,773,331</b>	<b>\$2,856,129</b>
<b>Non-Operating Revenues</b>						
	Rent	\$209,518	\$194,681	\$170,763	\$141,949	\$151,714
	Property taxes	242,407	259,597	266,341	301,119	327,313
	Interest income	11,662	9,751	14,847	73,205	289,386
	<b>Total</b>	<b>463,587</b>	<b>464,029</b>	<b>451,951</b>	<b>516,273</b>	<b>768,413</b>
	<b>Net Revenues Available for Debt Service</b>	<b>\$2,121,973</b>	<b>\$1,414,177</b>	<b>\$1,814,768</b>	<b>\$2,289,604</b>	<b>\$3,624,542</b>
<b>2016 COP Funding</b>						
	Interest	-	-	-	\$330,133	\$735,834
	Principal	-	-	-	0	315,000
	<b>Total Debt Service<sup>1</sup></b>				<b>\$330,133</b>	<b>\$1,050,834</b>
	<b>Debt Service Coverage Ratio<sup>2</sup></b>				<b>6.94</b>	<b>3.45</b>
	<b>Revenues Remaining after Debt Service</b>				<b>\$1,959,471</b>	<b>\$2,573,708</b>
<b>Notes:</b>						
	1. For FY17, Total Debt Service includes only one interest payment (instead of two for a full year) and does not include a principal payment, causing the debt service coverage ratio to calculate relatively high. Further, the interest value for debt service in in the audited statement is \$391,649, higher than the amount actually paid (\$330,133) because of accrual accounting used in the audited statement.					
	2. The minimum debt service coverage ratio is 1.30 pursuant to page 7 of the Installment Sale Agreement dated December 1, 2016.					