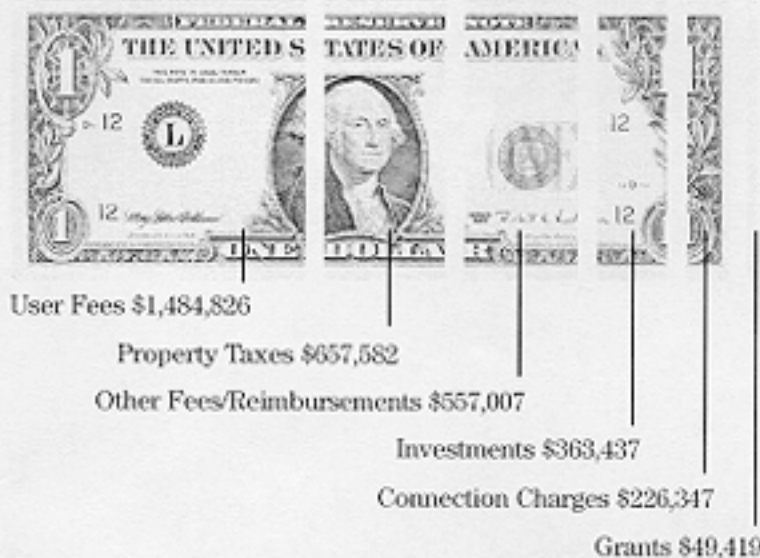


Financial Report

– Fiscal Year 1998-1999

REVENUES – \$3,338,618



User Fees – Paid by California-American and Seaside Municipal water system customers. Appears on water bills as "MPWMD Fee." Currently, 7.125% of the water bill.

Connection Charge – A capacity charge paid when a water permit is obtained. About \$15,960 per acre-foot of water.

Property Taxes – The District receives 0.023020% of the \$1.00 parcel tax assessed to support special districts.

Other Fees/Reimbursements – Includes water and well permit processing charges, fees for staff research and photocopying, reimbursements for Carmel River Dam Project Supplemental Environmental Impact Report and the Toilet Replacement Refund Program.

Investments – Earnings on assets paid by banks and investment firms.

Grants – Reimbursements to the District for repairs to the Carmel River banks that were damaged by the 1966 floods.

EXPENDITURES – \$3,216,820



Carmel River Mitigations – Fishery, vegetative, erosion control, water resources monitoring and other projects to offset damage resulting from water extractions along the Carmel River.

Water Augmentation – Includes research, environmental studies and other activities related to development of water augmentation projects.

Water Conservation – Supports conservation education, toilet retrofit program and water permit compliance activities.

Plans for Future Capital Improvements and for Maintenance and Operation of those Improvements

The District is not a potable water purveyor. Water supplies are provided by public utilities, mutual water companies and privately owned wells. The District began selling reclaimed water in the Fall of 1964 from the CAWD/PBCSD Wastewater Reclamation Project. Negotiations are under way to expand project storage by utilization of Forest Lake Reservoir in Del Monte Forest. This expansion and other possible future reclamation plant improvements could be funded by issuance of public bonds by the District as was done in 1992 to fund initial construction of the reclamation facility, or by a Mello-Roos financial mechanism.

An Operation and Maintenance Reserve Fund exists to help pay for routine as well as extraordinary repairs and replacement. The reserve was \$157,091 on June 30, 1999. The reclamation project also has a Replacement and Renovation Fund that contained \$227,120 on June 30, 1999. The annual accrual in this fund of \$5,300 is sized to achieve a fund balance of \$1,000,000 in 2022 assuming 6 percent annual interest.

Aside from the wastewater reclamation project, the District continues to plan for a range of capital improvements.

Methods for Financing Capital Improvements

The District continues to evaluate various means of financing water supply projects. At such time as the District Board defines specific projects for the agency to pursue, staff will consider which of the various funding mechanisms permitted in its authorizing legislation (State of California Water Code Section 115 et seq.) is most appropriate.

Financial Analysis of the Water Utility Systems Operated by The District

The District currently does not operate any water utility systems for which a financial analysis could be conducted. The only financial involvement of the District in water utility systems centers on the reclamation project which is operated by the Carmel Area Wastewater District (CAWD). The audited financial statements for the CAWD/PBCSD Wastewater Reclamation Project for the year ending June 30, 1999, are available for inspection at the District office.

Ground Water Zones

In January 1960, the District Board initiated the formation of a District-wide ground-water charge zone by adopting Resolution No 80-2. The District Board found in Resolution No 80-2 that it was not the intent of the District to use the District-wide zone to raise revenues, but as a mechanism to trigger the powers in the District law regarding well registration, metering and reporting.