

# Casitas Municipal Water District

*Comprehensive Annual Financial Report  
For the Years Ended June 30, 2019 and 2018*



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[www.casitaswater.com](http://www.casitaswater.com)



**Casitas Municipal Water District**  
**Oak View, California**

**Comprehensive Annual Financial Report**  
**For the Years Ended June 30, 2019 and 2018**

**Prepared by:**

*Denise Collin - Chief Financial Officer*

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**Casitas Municipal Water District  
Comprehensive Annual Financial Report  
For the Years Ended June 30, 2019 and 2018**

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## **INTRODUCTORY SECTION**

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December 31, 2019

Board of Directors  
Casitas Municipal Water District

### Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Casitas Municipal Water District (District) for the years ended June 30, 2019 and 2018, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

### District Structure and Leadership

The Casitas Municipal Water District is a special district of the State of California that provides domestic and agricultural water services to the western portion of Ventura County. The District's Board of Directors is composed of five members who are elected in specified election divisions. The Directors serve terms of four years with an election held every two years for alternating divisions. The District also provides recreational activities at Lake Casitas. The water district and the lake activities are accounted for as an enterprise fund.

Formed in 1952, the District was the inspiration of area civic leaders, cattlemen, and citrus ranchers who were frustrated by a severe drought and subsequent water rationing. Between 1952 and 1956, when ground was broken for Casitas Dam, the District sought and obtained commitments for 50-year federal loans to construct Casitas Dam and the Robles-Casitas Diversion Canal. Engineers drilled through 1,800 feet of rock for the outlet tunnel, and built an earthen dam with 9.2 million cubic yards of earth. Final cost of the reservoir, dam and Lake Casitas Recreation Area was \$20 million.

Drawing from the 105-square mile watershed, Lake Casitas began to form in the Santa Ana Valley. In 1978, 19 years after the dam's completion, the lake overflowed for the first time. With a capacity of 237,761-acre feet (Updated 2017), the reservoir has a shoreline of 35 miles and provides water to over 65,000 people.

Water quality is strictly controlled in the surrounding 3,200-acre Charles M. Teague Memorial Watershed. Since 1974, the federal government has spent more than \$25 million to purchase lands in the watershed to preserve water quality from the pollution of over development.

For the past forty-seven years, Casitas Municipal Water District has been a strong proponent of watershed protection and lake management. The efforts to protect the Lake Casitas watershed and lake management practices developed by the District provide an excellent quality of water to the customers. Regulatory changes affecting surface waters had moved the District through considerations for filtration avoidance to the conclusion that construction of a water filtration plant was necessary to meet regulatory requirements. The Marion R. Walker Pressure Filtration Plant was designed and constructed to meet those requirements and became fully operational on November 6, 1997. Casitas was proud to receive a water supply permit from the Department of Health Services granting the District permission to supply water for domestic purposes after completion of the treatment plant.

#### Economic Condition and Outlook

The District offices are located in the Ojai Valley in Ventura County. Santa Barbara and Ventura counties have shown the healthiest economic growth in the region. The economic outlook for Southern California is one of cautious and slow growth.

California's water supply continues to be a concern due to projected population increases. This concern has increased interest in conservation and in irrigation methods and systems. The District has led the area in its conservation efforts and will continue to make strides in this area.

#### Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

#### Budgetary Control

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects.

The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

#### Investment Policy

The Board of Directors annually adopts an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, County of Ventura Pooled Money Investment Fund, U.S. Treasury Bills, Notes and Bonds, and institutional savings and checking accounts.

#### Water Rates and District Revenues

District policy direction ensures that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge.

## **Audit and Financial Reporting**

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Nigro & Nigro has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

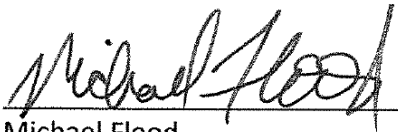
## **Awards and Acknowledgements**

For the year ended June 30, 2018, the District received for the 25<sup>th</sup> year the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. (See Page 6)

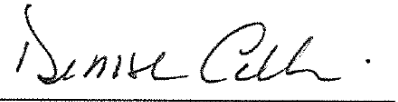
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Casitas Municipal Water District's fiscal policies.

Respectfully submitted,



Michael Flood  
General Manager



Denise Collin  
Chief Financial Officer

# Casitas Municipal Water District Directory

July 1, 2018 – June 30, 2019

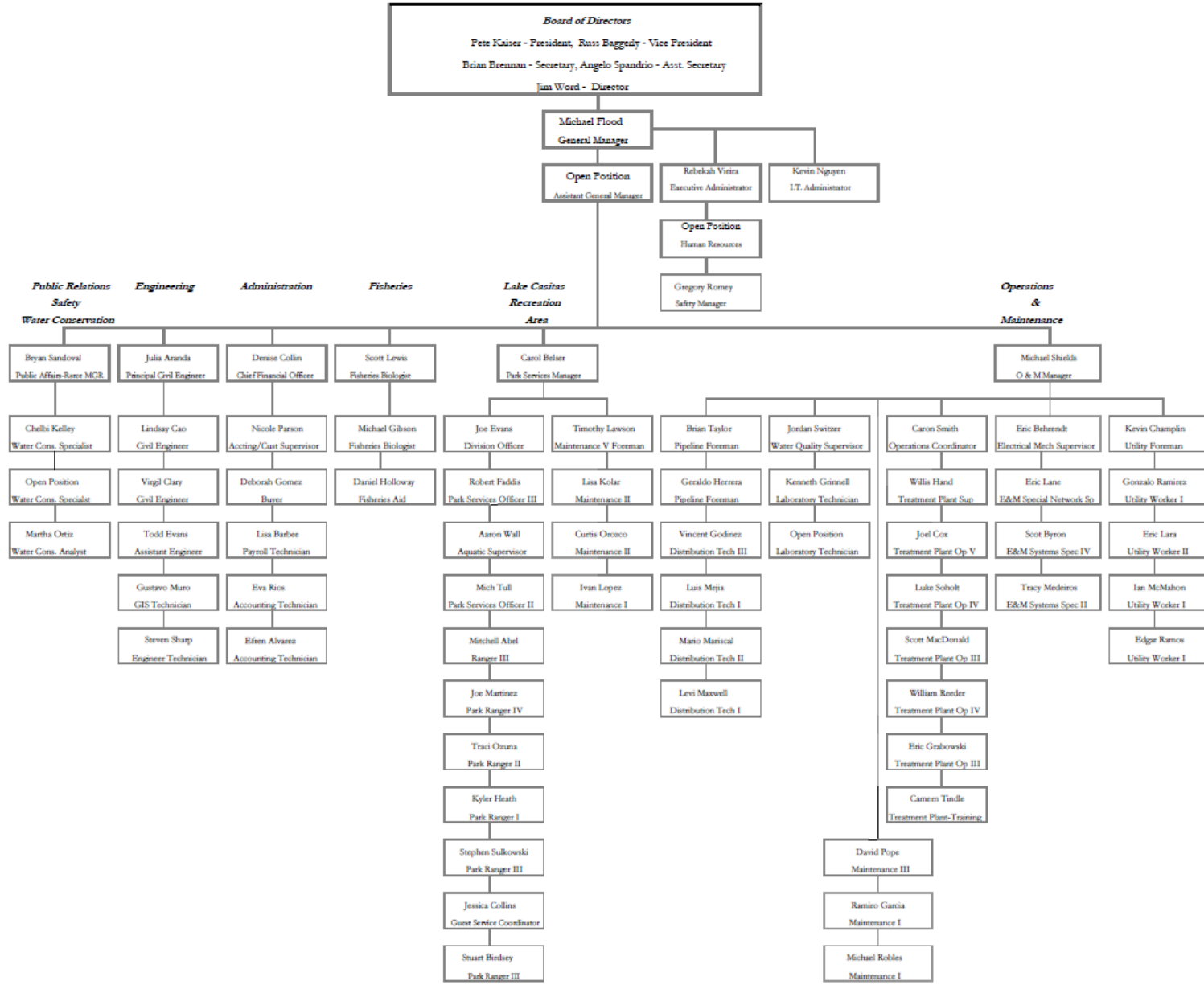
## Board of Directors

Board Member	Division	Date of Original Election of Appointment	Ending Date of Term
Brian Brennan	Division 1	November, 2018	December, 2022
Jim Word	Division 2	May, 1997	December, 2020
Pete Kaiser	Division 3	November, 2002	December, 2020
Angelo Spandrio	Division 4	November, 2018	December, 2022
Russ Baggerly	Division 5	November, 2004	December, 2020

### Staff

Michael Flood	General Manager
Open Position	Assistant General Manager
Rebekah Vieira	Executive Administrator
Open Position	Human Resources
Denise Collin	Chief Financial Officer
Julia Aranda	Principal Civil Engineer
Carol Belser	Park Services Manager
Michael Shields	O&M Manager
Scott Lewis	Fisheries Biologist
Gregory Romey	Safety Officer

# Casitas Municipal Water District Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Casitas Municipal Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Casitas Municipal Water District  
Oak View, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Casitas Municipal Water District (District), which comprise the balance sheet as of June 30, 2019, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual, Combining Balance Sheets, Combining Schedule of Revenues and Expenses, Detail Schedule of Operating Expenses – Utility Department, and Detail Schedule of Operating Revenues and Expenses – Recreation Department are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Prior-Year Comparative Information**

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which such partial information was derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 31, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California

December 31, 2019

## **CASITAS MUNICIPAL WATER DISTRICT**

### *Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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Management's Discussion and Analysis (MD&A) offers readers of Casitas Municipal Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2019. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year 2019, the District's net position increased 2.69%, or \$1,613,575 from the prior year's net position of \$60,029,912 to \$61,643,487, as a result of this year's operations.
- In fiscal year 2018, the District's net position decreased (6.19%), or (\$3,963,168) from the prior year's net position of \$63,993,080 to \$60,029,912, as a result of that year's operations.
- In fiscal year 2019, operating revenues decreased by (1.40%), or (\$206,983) from \$14,829,805 to \$14,622,822, from the prior year, primarily due to a decrease in retail water consumption of (\$795,900) as a result of the rain events received in the District's service area during the winter and spring of 2019.
- In fiscal year 2018, operating revenues increased 16.24% or \$2,071,724 from \$12,758,081 to \$14,829,805 from the prior year, primarily due to the purchase of the Ojai System (CFD 2013-1) on June 8, 2017. Retail water consumption increased from \$4,433,772 to \$4,982,114 and the monthly water service charge increased from \$2,151,152 to \$3,707,098 also due to the CFD 2013-1 purchase.
- In fiscal year 2019, operating expenses before depreciation expense increased by 13.80% or \$2,259,737 from \$16,372,666 to \$18,632,403, from the prior year, primarily due to an increase in general and administrative expenses of \$2,418,215 for increases in salaries and wages, employee benefits and outside contracts.
- In fiscal year 2018, operating expenses before depreciation expense increased by 6.96% or \$1,065,172 from \$15,307,494 to \$16,372,666, from the prior year, primarily due to operational costs in every area other than administrative expenses, which decreased from \$5,543,278 to \$4,332,172 or (\$1,211,106), respectively, due to the purchase of the Ojai System (CFD 2013-1) in June of 2017 resulting in less legal fees and issuance costs in 2018.

### **REQUIRED FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

## CASITAS MUNICIPAL WATER DISTRICT

### Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

#### Condensed Balance Sheets

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>June 30, 2017</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 31,381,635	\$ 31,037,807	\$ 343,828	\$ 30,999,175	\$ 38,632
Non-current assets	15,666,074	12,150,615	3,515,459	16,264,433	(4,113,818)
Capital assets, net	<u>80,988,067</u>	<u>82,388,499</u>	<u>(1,400,432)</u>	<u>83,401,429</u>	<u>(1,012,930)</u>
<b>Total assets</b>	<u>128,035,776</u>	<u>125,576,921</u>	<u>2,458,855</u>	<u>130,665,037</u>	<u>(5,088,116)</u>
<b>Deferred outflows of resources</b>	<u>11,760,469</u>	<u>7,202,723</u>	<u>4,557,746</u>	<u>5,839,055</u>	<u>1,363,668</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 139,796,245</u>	<u>\$ 132,779,644</u>	<u>\$ 7,016,601</u>	<u>\$ 136,504,092</u>	<u>\$ (3,724,448)</u>
<b>Liabilities:</b>					
Current liabilities	\$ 6,230,017	\$ 5,172,317	\$ 1,057,700	\$ 6,066,411	\$ (894,094)
Non-current liabilities	<u>70,675,042</u>	<u>65,960,591</u>	<u>4,714,451</u>	<u>63,852,347</u>	<u>2,108,244</u>
<b>Total liabilities</b>	<u>76,905,059</u>	<u>71,132,908</u>	<u>5,772,151</u>	<u>69,918,758</u>	<u>1,214,150</u>
<b>Deferred inflows of resources</b>	<u>1,247,699</u>	<u>1,616,824</u>	<u>(369,125)</u>	<u>1,996,455</u>	<u>(379,631)</u>
<b>Net position:</b>					
Net investment in capital assets	33,972,783	34,740,555	(767,772)	35,176,319	(435,764)
Restricted	5,953,868	5,848,185	105,683	8,510,347	(2,662,162)
Unrestricted	<u>21,716,836</u>	<u>19,441,172</u>	<u>2,275,664</u>	<u>20,904,213</u>	<u>(1,463,041)</u>
<b>Total net position</b>	<u>61,643,487</u>	<u>60,029,912</u>	<u>1,613,575</u>	<u>64,590,879</u>	<u>(4,560,967)</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 139,796,245</u>	<u>\$ 132,779,644</u>	<u>\$ 7,016,601</u>	<u>\$ 136,506,092</u>	<u>\$ (3,726,448)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$61,643,487 and \$60,029,912 as of June 30, 2019 and 2018, respectively.

## CASITAS MUNICIPAL WATER DISTRICT

### Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

##### Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (55% as of June 30, 2019 and 58% as of June 30, 2018) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of years 2019 and 2018, the District showed a positive balance in its unrestricted net position of \$21,716,836 and \$19,441,172 respectively, which may be utilized in future years.

##### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>June 30, 2017</u>	<u>Change</u>
Operating revenues	\$ 14,622,822	\$ 14,829,805	\$ (206,983)	\$ 12,758,081	\$ 2,071,724
Operating expenses	<u>(18,632,403)</u>	<u>(16,372,666)</u>	<u>(2,259,737)</u>	<u>(15,307,494)</u>	<u>(1,065,172)</u>
<b>Operating income before depreciation</b>	(4,009,581)	(1,542,861)	(2,466,720)	(2,549,413)	1,006,552
Depreciation expense	<u>(4,116,269)</u>	<u>(4,195,538)</u>	<u>79,269</u>	<u>(3,736,067)</u>	<u>(459,471)</u>
<b>Operating income(loss)</b>	(8,125,850)	(5,738,399)	(2,387,451)	(6,285,480)	547,081
Non-operating revenues(expenses), net	<u>9,202,030</u>	<u>1,554,967</u>	<u>7,647,063</u>	<u>318,779</u>	<u>1,236,188</u>
<b>Net loss before capital contributions</b>	1,076,180	(4,183,432)	5,259,612	(5,966,701)	1,783,269
Capital contributions	<u>537,395</u>	<u>220,264</u>	<u>317,131</u>	<u>230,644</u>	<u>(10,380)</u>
<b>Change in net position</b>	1,613,575	(3,963,168)	5,576,743	(5,736,057)	1,772,889
Net position:					
<b>Beginning of year</b>	60,029,912	64,590,879	(4,560,967)	70,326,936	(5,736,057)
<b>Prior period adjustment</b>	<u>-</u>	<u>(597,799)</u>	<u>597,799</u>	<u>-</u>	<u>(597,799)</u>
<b>End of year</b>	<u>\$ 61,643,487</u>	<u>\$ 60,029,912</u>	<u>\$ 1,613,575</u>	<u>\$ 64,590,879</u>	<u>\$ (4,560,967)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased by \$1,613,575 and decreased (\$4,560,967) for the years ended June 30, 2019 and 2018 respectively.

## CASITAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

#### Total Revenues

	June 30, 2019	June 30, 2018	Increase (Decrease)	June 30, 2017	Increase (Decrease)
<b>Operating revenues:</b>					
Retail water consumption	\$ 4,186,214	\$ 4,982,114	\$ (795,900)	\$ 4,433,772	\$ 548,342
Wholesale water sales	1,357,357	1,364,143	(6,786)	957,315	406,828
Monthly water service charge	4,034,503	3,707,098	327,405	2,151,152	1,555,946
Recreation revenue	3,894,552	3,906,797	(12,245)	4,027,340	(120,543)
Other water charges and services	1,150,196	869,653	280,543	1,188,502	(318,849)
<b>Total operating revenues</b>	<b>14,622,822</b>	<b>14,829,805</b>	<b>(206,983)</b>	<b>12,758,081</b>	<b>2,071,724</b>
<b>Non-operating:</b>					
Property taxes – ad valorem	2,415,294	2,313,211	102,083	2,164,262	148,949
Pass-through property tax increment	134,018	95,729	38,289	94,267	1,462
Property tax assessment for SWP	728,773	369,167	359,606	151,501	217,666
State water project water sales to other agencies	749,823	-	749,823	-	-
CFD 2013-1 assessment	2,653,389	2,592,342	61,047	601,938	1,990,404
Mira Monte assessment	19,159	19,012	147	19,280	(268)
Investment earnings	548,522	576,708	(28,186)	519,022	57,686
Change in fair-value of investments	865,173	(660,798)	1,525,971	(861,978)	201,180
Other non-operating revenues/(expenses), net	62,385	42,651	19,734	71,382	(28,731)
<b>Total non-operating</b>	<b>8,176,536</b>	<b>5,348,022</b>	<b>2,828,514</b>	<b>2,759,674</b>	<b>2,588,348</b>
<b>Total revenues</b>	<b>\$ 22,799,358</b>	<b>\$ 20,177,827</b>	<b>\$ 2,621,531</b>	<b>\$ 15,517,755</b>	<b>\$ 4,660,072</b>

In fiscal year 2019, operating revenues decreased by (1.40%), or (\$206,983) from \$14,829,805 to \$14,622,822, from the prior year, primarily due to a decrease in retail water consumption of (\$795,900) as a result of the rain events received in the District's service area during the winter and spring of 2019.

In fiscal year 2018, operating revenues increased 16.24% or \$2,071,724 from \$12,758,081 to \$14,829,805 from the prior year, primarily due to the purchase of the Ojai System (CFD 2013-1) on June 8, 2017. Retail water consumption increased from \$4,433,772 to \$4,982,114 and the monthly water service charge increased from \$2,151,152 to \$3,707,098 also due to the CFD 2013-1 purchase.

On May 10, 2017, the District instituted a rate increase of 12% for both the retail water consumption and monthly water service charge.

## CASITAS MUNICIPAL WATER DISTRICT

### Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

#### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

##### Total Expenses

	June 30, 2019	June 30, 2018	Increase (Decrease)	June 30, 2017	Increase (Decrease)
<b>Operating expenses:</b>					
Source of supply	\$ 2,275,323	\$ 2,031,880	\$ 243,443	\$ 1,706,783	\$ 325,097
Pumping	1,094,173	1,585,524	(491,351)	1,204,538	380,986
Water treatment	1,185,839	1,293,707	(107,868)	1,168,090	125,617
Transmission and distribution	1,023,065	1,013,968	9,097	672,992	340,976
Telemetry	259,620	303,570	(43,950)	213,595	89,975
Customer accounts	611,604	682,834	(71,230)	548,117	134,717
Recreation expenses	5,499,072	5,195,691	303,381	4,250,101	945,590
General and administrative	6,683,707	4,265,492	2,418,215	5,543,278	(1,277,786)
<b>Operating expenses before depreciation</b>	<b>18,632,403</b>	<b>16,372,666</b>	<b>2,259,737</b>	<b>15,307,494</b>	<b>1,065,172</b>
Depreciation	4,116,269	4,195,538	(79,269)	3,736,067	459,471
<b>Total operating expenses</b>	<b>22,748,672</b>	<b>20,568,204</b>	<b>2,180,468</b>	<b>19,043,561</b>	<b>1,524,643</b>
<b>Non-operating expenses:</b>					
State water project expense	716,634	616,152	100,482	266,509	349,643
Change in water-in-storage inventory	(3,427,776)	1,279,005	(4,706,781)	(2,555,167)	3,834,172
Tax collection expense	39,366	38,038	1,328	27,697	10,341
Interest expense - long-term debt	1,425,667	1,639,245	(213,578)	168,407	1,470,838
Amortization of deferred loss and insurance	220,615	220,615	-	18,689	201,926
Acquisition expense of CFD 2013-1	-	-	-	3,975,600	(3,975,600)
Cost of debt issuance	-	-	-	539,160	(539,160)
<b>Total non-operating</b>	<b>(1,025,494)</b>	<b>3,793,055</b>	<b>(4,818,549)</b>	<b>2,440,895</b>	<b>1,352,160</b>
<b>Total expenses</b>	<b>\$ 21,723,178</b>	<b>\$ 24,361,259</b>	<b>\$ (2,638,081)</b>	<b>\$ 21,484,456</b>	<b>\$ 2,876,803</b>

In fiscal year 2019, operating expenses before depreciation expense increased by 13.80% or \$2,259,737 from \$16,372,666 to \$18,632,403, from the prior year, primarily due to an increase in general and administrative expenses of \$2,418,215 for increases in salaries and wages, employee benefits and outside contracts.

In fiscal year 2018, operating expenses before depreciation expense increased by 6.96% or \$1,065,172 from \$15,307,494 to \$16,372,666, from the prior year, primarily due to operational costs in every area other than administrative expenses, which decreased from \$5,543,278 to \$4,332,172 or (\$1,211,106), respectively, due to the purchase of the Ojai System (CFD 2013-1) in June of 2017 resulting in less legal fees and issuance costs in 2018.

##### Capital Assets

	Balance June 30, 2019	Balance June 30, 2018	Balance June 30, 2017
<b>Capital assets:</b>			
Non-depreciable assets	\$ 10,156,756	\$ 8,654,788	\$ 10,523,881
Depreciable assets	143,328,644	141,590,204	136,599,607
Accumulated depreciation	(72,497,333)	(67,856,493)	(63,720,059)
<b>Total capital assets, net</b>	<b>\$ 80,988,067</b>	<b>\$ 82,388,499</b>	<b>\$ 83,403,429</b>

## CASITAS MUNICIPAL WATER DISTRICT

*Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

#### Capital Assets (continued)

At the end of year 2019, 2018 and 2017, the District's investment in capital assets amounted to \$80,988,067, \$82,388,499, and \$82,403,429 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$2,715,837 and \$3,180,608 for various projects and equipment for the years ended June 30, 2019 and 2018, respectively. See Note 6 for further information.

#### Debt Administration

The long-term debt of the District is summarized below:

Long-term debt:	Balance	Balance	Balance
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Reimbursement agreement	\$ 2,548,529	\$ 2,625,757	\$ 2,702,986
Assessment bonds payable	38,500	56,500	73,500
Loans payable	865,830	1,136,525	1,398,725
Special tax bonds	<u>43,600,925</u>	<u>43,885,662</u>	<u>44,125,399</u>
<b>Total</b>	<u>\$ 47,053,784</u>	<u>\$ 47,704,444</u>	<u>\$ 48,300,610</u>

Long-term debt decreased by \$650,660 and \$596,166 for the years ended June 30, 2019 and 2018, due to principal payments along with premium amortization on the long-term debt. See Notes 8 and 9 for further information.

### NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

### CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position, or operating results based on past, present, and future events.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Chief Financial Officer at 1055 Ventura Avenue, Oak View, California 93022 or (805) 649-2251 x 103.



# CASITAS MUNICIPAL WATER DISTRICT

## Balance Sheets

June 30, 2019 (With Comparative Information as of June 30, 2018)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2019</u>	<u>2018</u>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 6,578,663	\$ 4,942,219
Investments (note 2)	19,384,598	20,031,043
Accrued interest receivable	131,309	125,070
Accounts receivable (note 4)	4,727,809	5,205,399
Materials and supplies inventory	117,334	119,665
Prepaid expenses	441,922	614,411
<b>Total current assets</b>	<u>31,381,635</u>	<u>31,037,807</u>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents (note 2 and 3)	5,934,572	5,827,859
Restricted – special assessments receivable (note 7)	57,796	76,826
Water-in-storage inventory (note 5)	9,673,706	6,245,930
Capital assets – not being depreciated (note 6)	10,156,756	8,654,788
Capital assets – being depreciated, net (note 6)	70,831,311	73,733,711
<b>Total non-current assets</b>	<u>96,654,141</u>	<u>94,539,114</u>
<b>Total assets</b>	<u>128,035,776</u>	<u>125,576,921</u>
<b>Deferred outflows of resources:</b>		
Deferred loss on CFD 2013-1 (note 10)	3,690,560	3,895,560
OPEB related deferred outflows of resources (note 11)	5,625,833	570,358
Pension related deferred outflows of resources (note 12)	2,444,076	2,736,805
<b>Total deferred outflows of resources</b>	<u>11,760,469</u>	<u>7,202,723</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 139,796,245</u>	<u>\$ 132,779,644</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,916,639	\$ 931,222
Deposits and unearned revenue	2,816,922	2,739,479
Accrued interest payable	621,105	624,255
Long-term liabilities – due within one year:		
Compensated absences (note 7)	309,707	366,438
Reimbursement agreement (note 8)	77,228	77,228
Assessment bonds payable (note 9)	19,000	18,000
Long-term debt (note 10)	469,416	415,695
<b>Total current liabilities</b>	<u>6,230,017</u>	<u>5,172,317</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	464,560	549,657
Reimbursement agreement (note 8)	2,471,301	2,548,529
Assessment bonds payable (note 9)	19,500	38,500
Long-term debt (note 10)	43,997,339	44,606,492
Net OPEB obligation (note 11)	15,887,642	10,282,145
Net pension liability (note 12)	7,834,700	7,935,268
<b>Total non-current liabilities</b>	<u>70,675,042</u>	<u>65,960,591</u>
<b>Total liabilities</b>	<u>76,905,059</u>	<u>71,132,908</u>
<b>Deferred inflows of resources:</b>		
OPEB related deferred outflows of resources (note 11)	227,614	-
Pension related deferred inflows of resources (Note 12)	1,020,085	1,616,824
<b>Total deferred inflows of resources</b>	<u>1,247,699</u>	<u>1,616,824</u>
<b>Net position:</b>		
Net investment in capital assets (note 13)	33,972,783	34,740,555
Restricted (note 14)	5,953,868	5,848,185
Unrestricted	21,716,836	19,441,172
<b>Total net position</b>	<u>61,643,487</u>	<u>60,029,912</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 139,796,245</u>	<u>\$ 132,779,644</u>

The notes to financial statements are an integral part of this statement.

## CASITAS MUNICIPAL WATER DISTRICT

### Statements of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
<b>Operating revenues:</b>		
Retail water consumption	\$ 4,186,214	\$ 4,982,114
Wholesale water sales	1,357,357	1,364,143
Monthly water service charge	4,034,503	3,707,098
Recreation revenue	3,894,552	3,906,797
Other water charges and services	<u>1,150,196</u>	<u>869,653</u>
<b>Total operating revenues</b>	<u>14,622,822</u>	<u>14,829,805</u>
<b>Operating expenses:</b>		
Source of supply	2,275,323	2,031,880
Pumping	1,094,173	1,585,524
Water treatment	1,185,839	1,293,707
Transmission and distribution	1,023,065	1,013,968
Telemetry	259,620	303,570
Customer accounts	611,604	682,834
Recreation expenses	5,499,072	5,195,691
General and administrative	<u>6,683,707</u>	<u>4,265,492</u>
<b>Total operating expenses</b>	<u>18,632,403</u>	<u>16,372,666</u>
<b>Operating (loss) before depreciation</b>	(4,009,581)	(1,542,861)
Depreciation – water department	(3,807,737)	(3,873,898)
Depreciation – recreation department	<u>(308,532)</u>	<u>(321,640)</u>
<b>Operating (loss)</b>	<u>(8,125,850)</u>	<u>(5,738,399)</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes – ad valorem	2,415,294	2,313,211
Pass-through property tax increment	134,018	95,729
Property tax assessment for State Water Project	728,773	369,167
State water project water sales to other agencies	749,823	-
State water project expense	(716,634)	(616,152)
Change in water-in-storage inventory (note 5)	3,427,776	(1,279,005)
CFD 2013-1 assessment	2,653,389	2,592,342
Mira Monte assessment	19,159	19,012
Tax collection expense	(39,366)	(38,038)
Investment earnings	548,522	576,708
Change in fair-value of investments	865,173	(660,798)
Interest expense – long-term debt	(1,425,667)	(1,639,245)
Amortization of deferred loss and bond insurance on CFD 2013-1	(220,615)	(220,615)
Other, net	<u>62,385</u>	<u>42,651</u>
<b>Total non-operating revenue(expense), net</b>	<u>9,202,030</u>	<u>1,554,967</u>
<b>Net (loss) before capital contributions</b>	<u>1,076,180</u>	<u>(4,183,432)</u>
<b>Capital contributions:</b>		
Federal, state and local grants	<u>537,395</u>	<u>220,264</u>
<b>Total capital contributions</b>	<u>537,395</u>	<u>220,264</u>
<b>Change in net position</b>	1,613,575	(3,963,168)
<b>Net position:</b>		
Beginning of year	<u>60,029,912</u>	<u>63,993,080</u>
End of year	<u>\$ 61,643,487</u>	<u>\$ 60,029,912</u>

**CASITAS MUNICIPAL WATER DISTRICT***Statements of Cash Flows**For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 15,990,063	\$ 15,422,236
Cash paid to employees for salaries and wages	(7,848,346)	(7,724,558)
Cash paid to vendors and suppliers for materials and services	<u>(10,109,224)</u>	<u>(10,751,478)</u>
<b>Net cash (used in) operating activities</b>	<u>(1,967,507)</u>	<u>(3,053,800)</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes and assessments	5,969,662	5,408,623
Tax collection expense	<u>(39,366)</u>	<u>(38,038)</u>
<b>Net cash provided by non-capital financing activities</b>	<u>5,930,296</u>	<u>5,370,585</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(2,715,837)	(3,180,608)
Proceeds from capital grants	537,395	220,264
Principal paid on long-term debt	(510,923)	(456,428)
Interest paid on long-term debt	<u>(1,568,614)</u>	<u>(1,321,651)</u>
<b>Net cash (used in) capital and related financing activities</b>	<u>(4,257,979)</u>	<u>(4,738,423)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale or maturity of investments	1,496,064	665,484
Investment earnings	<u>542,283</u>	<u>578,265</u>
<b>Net cash provided by investing activities</b>	<u>2,038,347</u>	<u>1,243,749</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,743,157	(1,177,889)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>10,770,078</u>	<u>11,947,967</u>
End of year	<u><u>\$ 12,513,235</u></u>	<u><u>\$ 10,770,078</u></u>
<b>Reconciliation of cash and cash equivalents to the balance sheet:</b>		
Cash and cash equivalents	\$ 6,578,663	\$ 4,942,219
Restricted assets – cash and cash equivalents	<u>5,934,572</u>	<u>5,827,859</u>
<b>Total cash and cash equivalents</b>	<u><u>\$ 12,513,235</u></u>	<u><u>\$ 10,770,078</u></u>

**CASITAS MUNICIPAL WATER DISTRICT***Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of operating (loss) to net cash (used in) operating activities:</b>		
Operating (loss)	\$ (8,125,850)	\$ (5,738,399)
<b>Adjustments to reconcile operating (loss) to net cash (used in) operating</b>		
Depreciation	4,116,269	4,195,538
State water project water sales to other agencies	749,823	-
State water project expense	(716,634)	(616,152)
Other, net	62,385	42,651
<b>Change in assets - (increase)decrease:</b>		
Accounts receivable	477,590	828,571
Materials and supplies inventory	2,331	(37,533)
Prepaid items	172,489	144,165
<b>Change in deferred outflows of resources - (increase)decrease</b>		
OPEB related deferred outflows of resources	(5,055,475)	(570,358)
Pension related deferred outflows of resources	292,729	(997,750)
<b>Change in liabilities - increase(decrease):</b>		
Accounts payable and accrued expenses	985,417	(1,146,593)
Deposits and unearned revenue	77,443	(278,791)
Compensated absences	(141,828)	48,654
Net OPEB obligation	5,605,497	204,160
Net pension liability	(100,568)	1,247,668
<b>Change in deferred inflows of resources - increase(decrease)</b>		
OPEB related deferred inflows of resources	227,614	-
Pension related deferred inflows of resources	(596,739)	(379,631)
<b>Total adjustments</b>	<u>6,158,343</u>	<u>2,684,599</u>
<b>Net cash (used in) operating activities</b>	<u>\$ (1,967,507)</u>	<u>\$ (3,053,800)</u>
<b>Non-cash investing, capital and financing transactions:</b>		
Change in fair-value of investments	<u>\$ 865,173</u>	<u>\$ (660,798)</u>

## **CASITAS MUNICIPAL WATER DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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#### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Description of Organization**

Established in 1952, the Casitas Municipal Water District (District) provides domestic and agricultural water to the western portion of Ventura County. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

##### **B. Basis of Presentation, Basis of Accounting**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

##### **C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position**

###### **1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

###### 2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

###### 3. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

###### 4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

###### 5. Customer Deposits

Based on a customer's credit-worthiness, the District may require a deposit deemed reasonable by the District. These deposits are held to pay-off close out bills or to cover delinquent payments.

# CASITAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 6. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Transmission and distribution system	50-75 years
Pumping plant	10-30 years
Water treatment plant	10-30 years
Buildings and structures	10-30 years
Equipment	5-10 years
Fish ladder	5 years
Recreation assets	7 years
Alternate swimming facility	2-5 years

##### 7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

##### 8. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave (employee benefits). Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Partial cash payment for accrued sick leave is available upon retirement or termination if certain criteria are met (8-years of employment and upon retirement or termination will receive 50% of accrued benefits).

##### 9. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

###### 10. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Casitas Municipal Water District Retiree Benefits Plan (“the Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

###### 11. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

##### D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

##### E. Water-In-Storage Inventory

The value of water inventory is determined based upon the quantity of water in storage in Lake Casitas and the costs to divert the water into the lake.



## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

##### F. State Water Project Participation Rights

The District participates in the State Water Project (Project) entitling it to certain water rights. The District's participation in the Project is through cash payments. Monies used for the construction of capital assets, such as pipelines, pumping facilities, storage facilities, etc., are recorded as participation rights and amortized over the life of the agreements. Certain projects also require payments for on-going maintenance; those payments are charged to expenses as incurred.

#### NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash and cash equivalents	\$ 6,578,663	\$ 4,942,219
Investments	19,384,598	20,031,043
Restricted – cash and cash equivalents	5,934,572	5,827,859
Total	<u>\$ 31,897,833</u>	<u>\$ 30,801,121</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash on hand	\$ 6,800	\$ 6,400
Demand deposits held in financial institutions	6,568,437	4,932,461
Deposits in money-market funds	5,934,572	5,827,859
Deposits in the Local Agency Investment Fund (LAIF)	467	456
Deposits in the Ventura County Pooled Investment Fund	2,959	2,902
Investments	19,384,598	20,031,043
Total	<u>\$ 31,897,833</u>	<u>\$ 30,801,121</u>

##### Demand Deposits with Financial Institutions

At June 30, 2019 and 2018, the carrying amount of the District's demand deposits were \$6,568,437 and \$4,932,461, respectively, and the financial institution's balance were \$7,100,781 and \$5,133,942, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

##### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**Money-Market Funds**

Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal – preservation of principal). A money-market fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money market funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of June 30, 2019 and 2018, the District held \$5,934,572 and \$5,827,859, respectively, in restricted money market funds.

**Local Agency Investment Fund (LAIF)**

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2019, and 2018, the District held \$467 and \$456 in LAIF, respectively.

**Ventura County Pooled Investment Fund (VCPIF)**

The District is a voluntary participant in the Ventura County Pooled Investment Fund (LACPIF) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Ventura County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the County of Ventura Treasurer's Office – 800 S. Victoria Ave., Ventura, CA 93009 or the Treasurer and Tax Collector's office website at [www.ventura.org/ttc](http://www.ventura.org/ttc).

VVPIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers the VCPIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2019 and 2018, the District held \$2,959 and \$2,902, respectively, in VCPIF.

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**Investments**

The District’s investments as of June 30, 2019 were as follows:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	AAA	\$ 1,976,105	\$ 1,178,952	\$ -	\$ 797,153
Government sponsored agency securities	Level 2	AAA	17,408,493	1,004,230	599,721	15,804,542
<b>Total investments</b>			<b>\$ 19,384,598</b>	<b>\$ 2,183,182</b>	<b>\$ 599,721</b>	<b>\$ 16,601,695</b>

The District’s investments as of June 30, 2018 were as follows:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	AAA	\$ 3,099,193	\$ 1,163,138	\$ 1,171,353	\$ 764,702
Government sponsored agency securities	Level 2	AAA	16,931,850	1,340,199	-	15,591,651
<b>Total investments</b>			<b>\$ 20,031,043</b>	<b>\$ 2,503,337</b>	<b>\$ 1,171,353</b>	<b>\$ 16,356,353</b>

**Authorized Investments and Investment Policy**

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. treasury obligations	10-years	None	None
Government sponsored entities securities	10-years	None	None
Non-negotiable certificates of deposit	10-years	None	None
Money market mutual funds	5-years	20%	20%
Collateralized bank deposits	None	None	None
County pooled investment funds	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

**Fair Value Measurement Input**

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the previous table.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 2 – CASH AND INVESTMENTS (continued)

##### Custodial Credit Risk – Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

##### Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments as follows:

Description	June 30, 2019	
	Percentage	Balance
U.S. treasury obligations	6%	\$ 1,976,105
Government sponsored agency securities	55%	17,408,493

Description	June 30, 2018	
	Percentage	Balance
U.S. treasury obligations	10%	\$ 3,099,193
Government sponsored agency securities	55%	16,931,850

#### NOTE 3 – RESTRICTED ASSETS

Restricted assets as of June 30 were classified on the balance sheet as follows:

Description	June 30, 2019	June 30, 2018
Restricted – cash and cash equivalents	\$ 5,934,572	\$ 5,827,859
Restricted – special assessments receivable	57,796	76,826
<b>Total restricted assets</b>	<b>\$ 5,992,368</b>	<b>\$ 5,904,685</b>

Restricted assets as of June 30, consists of the following:

Description	June 30, 2019	June 30, 2018
Proceeds from debt issuance – capital project funds	\$ 5,932,273	\$ 5,826,705
Proceeds from debt issuance – debt reserve funds	2,299	1,155
Special assessments receivable for debt service	57,796	76,825
<b>Total restricted assets</b>	<b>\$ 5,992,368</b>	<b>\$ 5,904,685</b>

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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**NOTE 4 – ACCOUNTS RECEIVABLE**

The balance at June 30, consists of the following:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Accounts receivable – customers	\$ 1,775,485	\$ 2,316,248
Accounts receivable – others	49,651	33,963
Accounts receivable – property taxes	155,222	176,020
Accounts receivable – CFD 2013-1 assessment	<u>2,747,451</u>	<u>2,679,168</u>
<b>Total accounts receivable</b>	<u>\$ 4,727,809</u>	<u>\$ 5,205,399</u>

**NOTE 5 – WATER-IN-STORAGE INVENTORY**

The following schedule notes the change in the cost of the water held-in storage in Casitas Lake. The increase or decrease in the water storage valuation balance denotes a way of accounting for water diversion expenses as explained in Note 1 in future years when the water in the lake is transmitted to the District’s customers.

Changes in water-in-storage inventory for the years ended June 30 were as follows:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Beginning balance – water-in-storage	\$ 6,245,930	\$ 7,524,935
Current year water-in-storage valuation	<u>3,427,776</u>	<u>(1,279,005)</u>
Ending balance – water-in-storage	<u>\$ 9,673,706</u>	<u>\$ 6,245,930</u>

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

Changes in capital assets for the fiscal year ended June 30, 2019, were as follows:

Description	Balance July 1, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019
<b>Non-depreciable assets:</b>				
Land	\$ 7,797,935	\$ -	\$ -	\$ 7,797,935
Easements	393,408	-	-	393,408
Construction-in-process	463,445	1,631,361	(129,393)	1,965,413
<b>Total non-depreciable assets</b>	<u>8,654,788</u>	<u>1,631,361</u>	<u>(129,393)</u>	<u>10,156,756</u>
<b>Depreciable assets:</b>				
State water project entitlement	3,005,581	-	575,546	3,581,127
Transmission and distribution system	58,398,445	86,114	-	58,484,559
Pumping plant	20,979,347	545,202	-	21,524,549
Water treatment plant	29,991,540	47,196	-	30,038,736
Buildings and structures	4,333,204	145,575	-	4,478,779
Equipment	5,435,730	331,829	(50,975)	5,716,584
Fish ladder	8,354,076	-	-	8,354,076
Recreation assets	9,156,376	57,953	-	9,214,329
Alternate swimming facility	1,935,905	-	-	1,935,905
<b>Total depreciable assets</b>	<u>141,590,204</u>	<u>1,213,869</u>	<u>524,571</u>	<u>143,328,644</u>
<b>Accumulated depreciation:</b>				
State water project entitlement	(1,956,833)	137	(575,546)	(2,532,242)
Transmission and distribution system	(20,775,730)	(685,967)	-	(21,461,697)
Pumping plant	(7,653,931)	(787,897)	-	(8,441,828)
Water treatment plant	(20,053,672)	(1,161,648)	-	(21,215,320)
Buildings and structures	(1,555,516)	(116,644)	-	(1,672,160)
Equipment	(3,302,009)	(705,766)	50,975	(3,956,800)
Fish ladder	(4,892,725)	(349,954)	-	(5,242,679)
Recreation assets	(6,407,741)	(211,737)	-	(6,619,478)
Alternate swimming facility	(1,258,336)	(96,793)	-	(1,355,129)
<b>Total accumulated depreciation</b>	<u>(67,856,493)</u>	<u>(4,116,269)</u>	<u>(524,571)</u>	<u>(72,497,333)</u>
<b>Total depreciable assets, net</b>	<u>73,733,711</u>	<u>(2,902,400)</u>	<u>-</u>	<u>70,831,311</u>
<b>Total capital assets, net</b>	<u>\$ 82,388,499</u>	<u>\$ (1,271,039)</u>	<u>\$ (129,393)</u>	<u>\$ 80,988,067</u>

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)**

Changes in capital assets for the fiscal year ended June 30, 2018, were as follows:

Description	Balance July 1, 2017	Additions	Deletions/ Transfers	Balance June 30, 2018
<b>Non-depreciable assets:</b>				
Land	\$ 7,797,935	\$ -	\$ -	\$ 7,797,935
Easements	393,408	-	-	393,408
Construction-in-process	2,332,538	-	(1,869,093)	463,445
<b>Total non-depreciable assets</b>	<u>10,523,881</u>	<u>-</u>	<u>(1,869,093)</u>	<u>8,654,788</u>
<b>Depreciable assets:</b>				
State water project entitlement	3,005,581	-	-	3,005,581
Transmission and distribution system	56,223,437	2,175,008	-	58,398,445
Pumping plant	20,463,792	515,555	-	20,979,347
Water treatment plant	29,900,070	91,470	-	29,991,540
Buildings and structures	2,903,872	1,429,332	-	4,333,204
Equipment	4,714,594	780,240	(59,104)	5,435,730
Fish ladder	8,354,076	-	-	8,354,076
Recreation assets	9,098,280	58,096	-	9,156,376
Alternate swimming facility	1,935,905	-	-	1,935,905
<b>Total depreciable assets</b>	<u>136,599,607</u>	<u>5,049,701</u>	<u>(59,104)</u>	<u>141,590,204</u>
<b>Accumulated depreciation:</b>				
State water project entitlement	(1,954,030)	(2,803)	-	(1,956,833)
Transmission and distribution system	(20,096,719)	(679,011)	-	(20,775,730)
Pumping plant	(6,871,952)	(781,979)	-	(7,653,931)
Water treatment plant	(18,784,252)	(1,269,420)	-	(20,053,672)
Buildings and structures	(1,440,133)	(115,383)	-	(1,555,516)
Equipment	(2,696,413)	(664,700)	59,104	(3,302,009)
Fish ladder	(4,536,628)	(356,097)	-	(4,892,725)
Recreation assets	(6,178,391)	(229,350)	-	(6,407,741)
Alternate swimming facility	(1,161,541)	(96,795)	-	(1,258,336)
<b>Total accumulated depreciation</b>	<u>(63,720,059)</u>	<u>(4,195,538)</u>	<u>59,104</u>	<u>(67,856,493)</u>
<b>Total depreciable assets, net</b>	<u>72,879,548</u>	<u>854,163</u>	<u>-</u>	<u>73,733,711</u>
<b>Total capital assets, net</b>	<u>\$ 83,403,429</u>	<u>\$ 854,163</u>	<u>\$ (1,869,093)</u>	<u>\$ 82,388,499</u>

## CASITAS MUNICIPAL WATER DISTRICT

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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#### **NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)**

##### **State Water Project Entitlement**

In 1963, the Ventura County Flood Control District contracted with the State of California (State) for 20,000 acre-feet per year of water from the State Water Project (SWP). The SWP conveys water from Northern California to Southern California through a system of reservoirs, canals, pump stations, and power generation facilities. In 1971, the administration of the State Water Contract with the State was assigned to the District. Of the 20,000 acre-feet per year contracted, the District is assigned 5,000 acre-feet per year. United Water Conservation District is assigned 5,000 acre-feet per year, and the City of Ventura is assigned 10,000 acre-feet per year. Currently, only United Water Conservation District is receiving water from the SWP.

The District is one of many participants contracting with the State of California for a system to provide water throughout California. Under the terms of the State Water Contract, as amended, the District is obliged to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2035, regardless of the quantities of water available from the project. The District and the other contractors may also be responsible to the State for certain obligations by any contractor who defaults on its payments to the State.

Management's present intention is to exercise the District's option to extend the contractual period to at least 2052, under substantially comparable terms. This corresponds to an estimated 80-year service life for the original facilities. The State is obligated to provide specific quantities of water throughout the life of the contract, subject to certain conditions.

In addition to system on-aqueduct power facilities, the State has, either on its own or through joint venture, financed certain off-aqueduct power facilities (OAPF). The power generated is utilized by the system for water transportation purposes. Power generated in excess of system needs is marketed to various utilities and California's power market. The District is entitled to a proportionate share of the revenues resulting from sales of excess power. The District and the other water contractors are responsible for repaying the capital and operating costs of the OAPF regardless of the amount of power generated.

The District capitalized its share of system construction costs as participation rights in state water facilities when such costs are billed by the State. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State system. The District's share of system operations and maintenance costs is charged to expense.

The District amortizes a portion of capitalized participation rights each year using a formula that considers the total estimated cost of the project, estimated useful life and estimated production capacity of the assets based upon information provided by the State of California.



## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2019, were as follows:

<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 916,095	\$ 526,489	\$ (668,317)	\$ 774,267	\$ 309,707	\$ 464,560

Summary changes to compensated absences balances for the year ended June 30, 2018, were as follows:

<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 867,441	\$ 540,644	\$ (491,990)	\$ 916,095	\$ 366,438	\$ 549,657

#### NOTE 8 – REIMBURSEMENT AGREEMENT

##### Casitas Dam Project-Seismic Safety of Casitas Dam

The United States Bureau of Reclamation (USBR) has undertaken and completed a project to strengthen Casitas Dam to better withstand seismic activity. Under Federal Law, the District is required to pay 15% of those costs. The District and the USBR have completed negotiations on the District's share of the cost of the project which is \$3,011,898. The District is to reimburse the USBR \$77,228 each February 1<sup>st</sup> until February 1, 2052 as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 77,228
2021	77,228
2022	77,228
2023	77,228
2024	77,228
2025-2029	386,141
2030-2034	386,141
2035-2039	386,141
2040-2044	386,141
2045-2049	386,141
2050-2052	231,684
Total	2,548,529
Less current portion	(77,228)
Total non-current	<u>\$ 2,471,301</u>

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

#### NOTE 9 – ASSESSMENT BONDS PAYABLE

Changes in assessment bonds payable amounts for the year ended June 30, 2019 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2018</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2019</u>
Assessment bonds payable	\$ 56,500	\$ -	\$ (18,000)	\$ 38,500

Changes in assessment bonds payable amounts for the year ended June 30, 2018 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2018</u>
Assessment bonds payable	\$ 73,500	\$ -	\$ (17,000)	\$ 56,500

#### Mira Monte Special Assessment Bonds Payable

The special assessment bonds payable were incurred to repay the District for upgrading the Mira Monte Water System in order to meet the District's standards for water delivery systems. The bonds payable bear interest at an effective rate of 5% and is payable in annual installments of graduated amounts ranging from \$3,000 to \$19,500 through the year 2021. Debt service payments on the special assessment bonds are provided by assessments of property owners. Annual debt service requirements on the special assessment bonds payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 19,000	\$ 2,375	\$ 21,375
2021	19,500	1,450	20,950
Total	38,500	<u>\$ 3,825</u>	<u>\$ 42,325</u>
Less current	<u>(19,000)</u>		
Total non-current	<u>\$ 19,500</u>		

#### NOTE 10 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2019, were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2018</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Premium Amortization</u>	<u>Balance June 30, 2019</u>
Loans payable	\$ 1,136,525	\$ -	\$ (270,695)	\$ -	\$ 865,830
Special tax bonds – Series B	39,810,000	-	(145,000)	-	39,665,000
Special tax bonds – Series B premium	4,075,662	-	-	(139,737)	3,935,925
Total long-term debt	45,022,187	<u>\$ -</u>	<u>\$ (415,695)</u>	<u>\$ (139,737)</u>	44,466,755
Less current portion	<u>(415,695)</u>				<u>(469,416)</u>
Non-current portion	<u>\$ 44,606,492</u>				<u>\$ 43,997,339</u>

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 10 – LONG-TERM DEBT (continued)**

Changes in long-term debt for the year ended June 30, 2018, were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions/ Adjustments</u>	<u>Principal Payments</u>	<u>Premium Amortization</u>	<u>Balance June 30, 2018</u>
Loans payable	\$ 1,398,725	\$ -	\$ (262,200)	\$ -	\$ 1,136,525
Special tax bonds – Series A	100,000	-	(100,000)	-	-
Special tax bonds – Series B	39,810,000	-	-	-	39,810,000
Special tax bonds – Series B premium	4,215,399	-	-	(139,737)	4,075,662
Total long-term debt	45,524,124	<u>\$ -</u>	<u>\$ (362,200)</u>	<u>\$ (139,737)</u>	45,022,187
Less current portion	<u>(362,200)</u>				<u>(415,695)</u>
Non-current portion	<u>\$ 45,161,924</u>				<u>\$ 44,606,492</u>

**A. Loans Payable**

**1991 California Department of Water Resources Loan**

In 1991, the District contracted with the California Department of Water Resources for a \$5,203,965 30-year loan to assist in financing the construction of the treatment plant. The loan is scheduled to mature in 2022. Interest and principle are payable annually on March 20<sup>th</sup> each year at a rate of 3.2136%. Annual debt service requirements on the 1991 California Department of Water Resources Loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 279,416	\$ 25,652	\$ 305,068
2021	288,553	16,515	305,068
2022	297,861	7,207	305,068
Total	865,830	<u>\$ 49,374</u>	<u>\$ 915,204</u>
Less current	<u>(279,416)</u>		
Total non-current	<u>\$ 586,414</u>		

**B. Special Tax Bonds**

In April 2017, the District issued \$39,910,000 in Special Tax Bonds-Series A and B for the purchase of the Ojai water facilities in Community Facilities District 2013-1 (CFD 2013-1) for \$34.4 million and capital improvements needed to upgrade the water facilities. The Special Tax Bonds are being issued by the District under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended. A special assessment will be levied annually on the property owners of the CFD 2013-1 service area to repay their portion of the annual debt service for the acquisition of the water facilities.

The acquisition of CFD 2013-1 water facilities for \$34.4 million included capital assets of \$25.9 million and various other assets, liabilities, and expenses totaling \$4.4 million leaving \$4,100,000 as a deferred loss on the acquisition of CFD 2013-1 that is being amortized over 30 years.

The special tax bonds are scheduled to mature on September 1, 2047 with annual principal and interest payments due September 1<sup>st</sup> and March 1<sup>st</sup>. Annual interest rates range between 2.0% and 5.25%. The special tax bonds were issued with a \$4,227,203 bond premium and a prepaid Build America Mutual municipal bond insurance policy for \$472,314 both of which will be amortized over the remaining years of debt service life. The cost of debt issuance was \$539,160 and was expensed as incurred. Annual debt service requirements on the special tax bonds are as follows:

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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**NOTE 10 – LONG-TERM DEBT (continued)**

**B. Special Tax Bonds (continued)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 190,000	\$ 1,839,537	\$ 2,029,537
2021	235,000	1,831,988	2,066,988
2022	285,000	1,821,587	2,106,587
2023	340,000	1,809,088	2,149,088
2024	395,000	1,794,387	2,189,387
2025-2029	2,950,000	8,651,738	11,601,738
2030-2034	5,010,000	7,777,969	12,787,969
2035-2039	7,385,000	6,702,125	14,087,125
2040-2044	10,810,000	4,629,744	15,439,744
2045-2048	12,065,000	1,321,818	13,386,818
	<u>\$ 39,665,000</u>	<u>\$ 38,179,981</u>	<u>\$ 77,844,981</u>

**NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION**

**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2019</u>	<u>2018</u>
OPEB related deferred outflows	\$ 5,625,833	\$ 570,358
Net other post-employment benefits obligation	15,887,642	10,282,145
OPEB related deferred inflows	227,614	-

**Plan Description - Eligibility**

The District administers its post-employment benefits plan, a single-employer defined benefit plan (the Plan). The following requirements must be satisfied in order to be eligible for post-employment medical benefits: (1) Attainment of age 60, and 20 years for full-time service, and (2) retirement from the District (the District must be the last employer prior to retirement).

**Plan Description - Benefits**

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Retirees may enroll in any plan available through the ACWA-JPIA medical program. The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The following is a description of the current retiree benefit plan:

<u>Description</u>	<u>Participants</u>
Benefit types provided	Secondary to Medicare - medical, dental & vision
Benefit types not covered	Medicare Part B
Duration of benefits	Lifetime
Required service	20 years service
Minimum age	60 years old and CalPERS Retirement from District
Dependent coverage	Surviving spouse may participate
District contribution	100% of the least cost of plans that are offered to District employees

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

##### Employees covered by benefit terms

At June 30, 2018 and 2017 (Measurement Dates), the following employees were covered by the benefit terms:

	<u>2018</u>	<u>2017</u>
Inactive plan members or beneficiaries currently receiving benefit payments	38	39
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	<u>59</u>	<u>61</u>
Total	<u><u>97</u></u>	<u><u>100</u></u>

##### A. Total Net OPEB Liability

The District's total net OPEB liability of \$15,887,642 as of June 30, 2019 was measured as of June 30, 2018 (Measurement Date), and was determined by an actuarial valuation as of that date. The District's total net OPEB liability of \$10,282,145 as of June 30, 2018 was measured as of June 30, 2017 (Measurement Date), and was determined by an actuarial valuation as of that date.

##### Actuarial assumptions and other inputs

The total net OPEB liability in the June 30, 2018 and 2017 (Measurement Dates) actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Discount rate	4.89%	6.00%
Inflation	2.75%	2.75%
Salary increases	3.00%	2.75%
Investment rate of return	4.89%	6.00%
Healthcare cost trend rates	4.0 percent	4.0 percent

##### Mortality, Retirement & Turnover Assumptions

The mortality assumptions are based on the 2014 Active Mortality for Miscellaneous Employees table created by CalPERS.

##### Discount Rate

The discount rate used to measure the total OPEB liability was 4.89% and 6.00% as of June 30, 2018 and 2017 (Measurement dates), respectively. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

The District's Investment Trust with CalPERS CERBT has the following expected long-term rate of return.

<u>Expected Long-Term rate of Return</u>	<u>Target Allocation</u>	<u>Expected Return</u>
Global equity	24%	4.82%
Fixed Income	39%	1.47%
Treasury Inflation Protected Securities	26%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)**

**B. Changes in the Total OPEB Liability**

The following table is based on the roll-forward of the June 30, 2018 (Measurement Date) actuarial valuation:

	Increase (Decrease)		
	Total	Plan Fiduciary	Net
	OPEB Liability	Net Position	OPEB Liability
<b>Balance at July 1, 2018 (Measurement date July 1, 2017)</b>	\$ 11,478,411	\$ 1,196,266	\$ 10,282,145
<b>Changes for the year:</b>			
Service cost	232,654	-	232,654
Interest	683,863	-	683,863
Changes in assumptions	5,629,147	-	5,629,147
Changes in experience	(259,672)	-	(259,672)
Employer contributions	-	626,696	(626,696)
Net investment income	-	55,999	(55,999)
Administrative expenses	-	(2,200)	2,200
Benefit payments	(626,696)	(626,696)	-
Net changes	5,659,296	53,799	5,605,497
<b>Balance at June 30, 2019 (Measurement date June 30, 2018)</b>	<b>\$ 17,137,707</b>	<b>\$ 1,250,065</b>	<b>\$ 15,887,642</b>

The following table is based on the roll-forward of the June 30, 2017 (Measurement Date) actuarial valuation:

	Increase (Decrease)		
	Total	Plan Fiduciary	Net
	OPEB Liability	Net Position	OPEB Liability
<b>Balance at July 1, 2017 (Measurement date July 1, 2016)</b>	\$ 11,112,878	\$ -	\$ 11,112,878
<b>Changes for the year:</b>			
Service cost	226,427	-	226,427
Interest	657,817	-	657,817
Employer contributions	-	1,714,977	(1,714,977)
Benefit payments	(518,711)	(518,711)	-
Net changes	365,533	1,196,266	(830,733)
<b>Balance at June 30, 2018 (Measurement date June 30, 2017)</b>	<b>\$ 11,478,411</b>	<b>\$ 1,196,266</b>	<b>\$ 10,282,145</b>

**CASITAS MUNICIPAL WATER DISTRICT***Notes to Financial Statements**For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)***NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)****B. Changes in the Total OPEB Liability****Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

For the year ended June 30, 2018 (Measurement date):

<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>3.89%</b>	<b>4.89%</b>	<b>5.89%</b>
<b>\$ 18,484,659</b>	<b>\$ 15,887,642</b>	<b>\$ 13,770,084</b>

For the year ended June 30, 2017 (Measurement date):

<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>5.00%</b>	<b>6.00%</b>	<b>7.00%</b>
<b>\$ 11,940,008</b>	<b>\$ 10,282,145</b>	<b>\$ 8,944,157</b>

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

For the year ended June 30, 2018 (Measurement date):

<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
<b>3.00%</b>	<b>4.00%</b>	<b>5.00%</b>
<b>\$ 13,601,984</b>	<b>\$ 15,887,642</b>	<b>\$ 18,766,949</b>

For the year ended June 30, 2017 (Measurement date):

<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
<b>3.00%</b>	<b>4.00%</b>	<b>5.00%</b>
<b>\$ 8,921,645</b>	<b>\$ 10,282,145</b>	<b>\$ 11,931,737</b>

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)**

**C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019 and 2018, the District recognized OPEB expense/(credit) of \$1,513,047 and \$884,244, respectively.

At June 30, 2019, the District reported \$5,625,833 of deferred outflows and \$227,614 of deferred (inflows) of resources for related to the net OPEB obligation as follows:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions made after the measurement date	\$ 679,073	\$ -
Changes in assumptions	4,934,191	-
Differences between expected and actual experience	-	(227,614)
Differences between projected and actual earnings on OPEB plan investments	12,569	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<u>\$ 5,625,833</u>	<u>\$ (227,614)</u>

At June 30, 2019, the District reported \$679,073 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the fiscal year ended June 30, 2020 calculation. Amortization of the \$4,719,146 of remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2020	\$ 666,040
2021	666,040
2022	666,040
2023	666,041
2024	662,898
Thereafter	1,392,087
<b>Total</b>	<u>\$ 4,719,146</u>

At June 30, 2018, the District reported \$5,625,833 of deferred outflows and \$227,614 of deferred (inflows) of resources for related to the net OPEB obligation as follows:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>
OPEB contributions made after the measurement date	<u>\$ 570,358</u>

At June 30, 2018, the District reported \$570,358 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the fiscal year ended June 30, 2019 calculation.



**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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**NOTE 12 – PENSION PLAN**

**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2019	2018
Pension related deferred outflows	\$ 2,444,076	\$ 2,736,805
Net pension liability	7,834,700	7,935,268
Pension related deferred inflows	1,020,085	1,616,824

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

**A. General Information about the Pension Plan**

**The Plan**

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.0%
Required member contribution rates	6.880%	6.250%
Required employer contribution rates – FY 2018	7.653%	6.533%
Required employer contribution rates – FY 2017	7.612%	6.555%

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 12 – PENSION PLAN (continued)

##### A. General Information about the Pension Plan (continued)

###### Plan Description, Benefits Provided, and Employees Covered

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2018 and 2017 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2019, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Active members	33	30	63
Transferred and terminated members	20	6	26
Retired members and beneficiaries	71	-	71
<b>Total plan members</b>	<b>124</b>	<b>36</b>	<b>160</b>

At June 30, 2018, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Active members	36	23	59
Transferred and terminated members	19	4	23
Retired members and beneficiaries	71	-	71
<b>Total plan members</b>	<b>126</b>	<b>27</b>	<b>153</b>

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based on the average final 36 months of compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based on the average final 36 months of compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

# CASITAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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### NOTE 12 – PENSION PLAN (continued)

#### A. General Information about the Pension Plan (continued)

##### Plan Description, Benefits Provided, and Employees Covered (continued)

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.15% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

##### Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2018 and 2017 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

Contributions for the year ended June 30, 2019, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 651,899	\$ 177,180	\$ 829,079

Contributions for the year ended June 30, 2018, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 573,354	\$ 115,668	\$ 689,022

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 12 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

***Proportionate Share of Net Pension Liability and Pension Expense***

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal years ended June 30, 2019 and 2018:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2017 (Measurement Date)	\$ 35,915,506	\$ 27,980,238	\$ 7,935,268
Balance as of June 30, 2018 (Measurement Date)	\$ 36,349,762	\$ 28,515,062	\$ 7,834,700
<b>Change in Plan Net Pension Liability</b>	<b>\$ 434,256</b>	<b>\$ 534,824</b>	<b>\$ (100,568)</b>

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2016 (Measurement Date)	\$ 33,447,932	\$ 26,760,332	\$ 6,687,600
Balance as of June 30, 2017 (Measurement Date)	\$ 35,915,506	\$ 27,980,238	\$ 7,935,268
<b>Change in Plan Net Pension Liability</b>	<b>\$ 2,467,574</b>	<b>\$ 1,219,906</b>	<b>\$ 1,247,668</b>

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2017 and 2016). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2018 and 2017). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2018 and 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018 fiscal year and the 2017 fiscal year).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

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**NOTE 12 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

***Proportionate Share of Net Pension Liability and Pension Expense (continued)***

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018 and 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and 2016 rolled forward to June 30, 2018 and 2017, respectively, using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share percentage of the net pension liability for the June 30, 2018, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2019</u>	<u>Fiscal Year Ending June 30, 2018</u>	
Measurement Date	<u>June 30, 2018</u>	<u>June 30, 2017</u>	
Percentage of Risk Pool Net Pension Liability	0.207890%	0.201300%	0.006590%
Percentage of Plan (PERF C) Net Pension Liability	0.021488%	0.080015%	-0.058527%

The District’s proportionate share percentage of the net pension liability for the June 30, 2017, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2018</u>	<u>Fiscal Year Ending June 30, 2017</u>	
Measurement Date	<u>June 30, 2017</u>	<u>June 30, 2016</u>	
Percentage of Risk Pool Net Pension Liability	0.201300%	0.192511%	0.008789%
Percentage of Plan (PERF C) Net Pension Liability	0.080015%	0.077286%	0.002729%

For the years ended June 30, 2019 and 2018, the District recognized pension expense/(credit) in the amounts of \$424,506 and \$559,309, respectively, for the CalPERS Miscellaneous Plan.

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 12 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 829,079	\$ -
Difference between actual and proportionate share of employer contributions	-	(631,165)
Adjustment due to differences in proportions	382,481	(67,725)
Differences between expected and actual experience	300,604	(102,294)
Differences between projected and actual earnings on pension plan investments	38,733	-
Changes in assumptions	893,179	(218,901)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 2,444,076</b>	<b>\$ (1,020,085)</b>

The District will recognize \$829,079 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2020	\$ 584,016
2021	312,683
2022	(231,319)
2023	(70,468)
<b>Total</b>	<b>\$ 594,912</b>

**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 12 – PENSION PLAN (continued)**

**C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 689,022	\$ -
Difference between actual and proportionate share of employer contributions	-	(742,422)
Adjustment due to differences in proportions	198,089	(587,077)
Differences between expected and actual experience	12,079	-
Differences between projected and actual earnings on pension plan investments	338,939	(173,049)
Changes in assumptions	<u>1,498,676</u>	<u>(114,276)</u>
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b><u>\$ 2,736,805</u></b>	<b><u>\$ (1,616,824)</u></b>

The District will recognize \$689,022 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ (443,271)
2020	686,148
2021	389,316
2022	<u>(201,234)</u>
<b>Total</b>	<b><u>\$ 430,959</u></b>

# CASITAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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### NOTE 12 – PENSION PLAN (continued)

#### B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

##### *Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

For the measurement periods ending June 30, 2018 and 2017 (the measurement dates), the total pension liability was determined by rolling forward the June 30, 2017 and 2016, total pension liability, respectively. The June 30, 2018 and 2017, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2017 and 2016, valuations were based on the results of an actuarial experience study for the years 1997 to 2011.

##### **Discount Rate**

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the CalPERS Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability for PERF C.

The crossover test results can be found on CalPERS' website at <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.



**CASITAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)*

**NOTE 12 – PENSION PLAN (continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

The table below reflects long-term expected real rate of return by asset class.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11+<sup>2</sup></u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	0.90%
	<u>100.0%</u>		

<sup>1</sup> An expected inflation of 2.5% is used for years 1-10.

<sup>2</sup> An expected inflation of 3.0% is used for years 11+.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

For the year ended June 30, 2019:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate -</u>	<u>Current Discount</u>	<u>Discount Rate</u>
	<u>1%</u>	<u>Rate 7.15%</u>	<u>+ 1%</u>
CalPERS – Miscellaneous Plan	<u>12,751,774</u>	<u>\$ 7,834,700</u>	<u>\$ 3,775,735</u>

For the year ended June 30, 2018:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate -</u>	<u>Current Discount</u>	<u>Discount Rate</u>
	<u>1%</u>	<u>Rate 7.15%</u>	<u>+ 1%</u>
CalPERS – Miscellaneous Plan	<u>12,875,334</u>	<u>\$ 7,935,268</u>	<u>\$ 3,843,816</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 13 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2019	June 30, 2018
<b>Non-current portion of assets:</b>		
Capital assets – not being depreciated	10,156,756	8,654,788
Capital assets – being depreciated, net	70,831,311	73,733,711
<b>Current portion of liabilities:</b>		
Reimbursement agreement	(77,228)	(77,228)
Long-term debt	(469,416)	(415,695)
<b>Non-current portion of liabilities:</b>		
Reimbursement agreement	(2,471,301)	(2,548,529)
Long-term debt	(43,997,339)	(44,606,492)
<b>Total net investment in capital assets</b>	<b>\$ 33,972,783</b>	<b>\$ 34,740,555</b>

#### NOTE 14 – RESTRICTED NET POSITION

Restricted net position consisted of the following as of June 30:

Description	June 30, 2019	June 30, 2018
Proceeds from debt issuance – capital project funds	\$ 5,932,273	\$ 5,826,705
Proceeds from debt issuance – debt reserve funds	2,299	1,155
Special assessments receivable for debt service	57,796	76,825
Assessment bonds payable – current portion	(19,000)	(18,000)
Assessment bonds payable – non-current portion	(19,500)	(38,500)
<b>Total restricted net position</b>	<b>\$ 5,953,868</b>	<b>\$ 5,848,185</b>

#### NOTE 15 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

# CASITAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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### NOTE 16 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and terrorism. The District is self-insured for the first \$25,000 of general and auto liabilities for each occurrence, and the excess (up to \$10,000,000) per occurrence and in the aggregate) is covered through the purchase of an insurance policy. Employment practices liability coverage is self-insured for the \$25,000, and the excess (up to \$5,000,000 per occurrence and in the aggregate) is covered through the insurance policy.

The District is a member CSAC Excess Insurance Authority (Authority) for its workers' compensation coverage. The District is self-insured for the first \$125,000 of each occurrence, and the Authority finances \$5,000,000 per occurrence. The District purchased additional excess coverage layers of \$95 million which increases the limits set forth by the Authority.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2019, 2018 and 2017. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2019, 2018 and 2017.

### NOTE 17 – COMMITMENTS AND CONTINGENCIES

#### State Water Contract

Estimates of the District's share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates, and inflation.

During the next five years, payments under the State Water Contract, exclusive of variable power costs, are currently estimated by the State to be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 1,096,043
2021	1,236,147
2022	1,141,059
2023	1,045,971
2024	950,883

As of June 30, 2019, the District has expended \$23.7 million since the District started participating in the State Water Contract.

## CASITAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2019 (With Comparative Information as of June 30, 2018)

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#### NOTE 17 – COMMITMENTS AND CONTINGENCIES (continued)

##### State Water Contract (continued)

According to the State's latest estimates, the District's long-term obligations (25% share) under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2035, are as follows:

	<b>State Water Contract</b>	
	<b><u>Long-term Obligations</u></b>	
Transportation facilities	\$	18,052,834
Conservation facilities		6,187,626
Off-aqueduct power facilities		27,121
Revenue bond surcharge		<u>1,485,009</u>
<b>Total long-term SWP contract obligations</b>	<b>\$</b>	<b><u>25,752,590</u></b>

The amounts shown above do not contain any escalation or inflation and are subject to significant variation over time because the amounts are based on a number of assumptions and are contingent on future events. Accordingly, none of the estimated long-term obligations are recorded as liabilities in the accompanying basic financial statements.

*Bay/Delta Regulatory and Planning Activities.* The State Water Resources Control Board (State Board) is the agency responsible for setting water quality standards and administering water rights throughout California. Decisions of the State Board can affect the availability of water to the District and other water users by means of public proceedings leading to regulations and decisions. In 1995, the State Board adopted a Water Quality Control Plan establishing water quality standards and flow improvements in the Bay/Delta watershed.

In August 2000, the California Federal (CALFED) Bay/Delta Program Record of Decision (Decision) was approved with mandates to improve water quality, enhance water supply reliability, augment ecosystem restoration, and assure long-term protection for Delta levees. During its first three years, CALFED has invested more than \$2.0 billion in hundreds of local and regional projects to meet these program goals.

In May 2004, a Delta Improvement Package was proposed to facilitate implementation of the Decision. Funding is expected to be provided by state and federal appropriations and contributions from local users, including the District. CALFED's objective is to allocate project costs based on beneficiaries pay policy that is new costs would be commensurate with benefits received. At this time, the exact allocation of costs between the federal, state, and local users has not been determined, and therefore, the District cannot estimate the extent of timing of its contributions at this time.

There are other pending actions that may adversely impact the District's ability to control the sale of water transported through the SWP into its service area. The impact on future revenues of such actions cannot be determined.

##### **Grant Awards**

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

##### **Litigation**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

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***Required Supplementary Information***

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**CASITAS MUNICIPAL WATER DISTRICT**

*Schedule of the District's Proportionate Share of the Plan's Net Pension Liability  
For the Fiscal Year Ended June 30, 2019*

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**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Measurement Date:</b>	<b><u>June 30, 2018<sup>1</sup></u></b>	<b><u>June 30, 2017<sup>1</sup></u></b>	<b><u>June 30, 2016<sup>1</sup></u></b>	<b><u>June 30, 2015<sup>1</sup></u></b>	<b><u>June 30, 2014<sup>1</sup></u></b>
District's Proportion of the Net Pension Liability	<u>0.813000%</u>	<u>0.080015%</u>	<u>0.077286%</u>	<u>0.067262%</u>	<u>0.086030%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 7,834,700</u>	<u>\$ 7,935,268</u>	<u>\$ 6,687,600</u>	<u>\$ 4,616,826</u>	<u>\$ 5,353,339</u>
District's Covered Payroll	<u>\$ 5,467,811</u>	<u>\$ 4,602,594</u>	<u>\$ 4,334,649</u>	<u>\$ 4,123,809</u>	<u>\$ 3,866,484</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>143.29%</u>	<u>172.41%</u>	<u>154.28%</u>	<u>111.96%</u>	<u>138.45%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>78.45%</u>	<u>77.91%</u>	<u>80.01%</u>	<u>85.60%</u>	<u>83.03%</u>

<sup>1</sup> Historical information is required only for measurement periods for which GASB No. 68 is applicable.

**CASITAS MUNICIPAL WATER DISTRICT**  
*Schedule of the District's Contributions to the Pension Plan*  
*For the Fiscal Year Ended June 30, 2019*

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**Last Ten Fiscal Years**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year:</b>	<b>2018-19<sup>1</sup></b>	<b>2017-18<sup>1</sup></b>	<b>2016-17<sup>1</sup></b>	<b>2015-16<sup>1</sup></b>	<b>2014-15<sup>1</sup></b>	<b>2013-14<sup>1</sup></b>
Actuarially Determined Contribution <sup>2</sup>	\$ 829,079	\$ 689,022	\$ 555,953	\$ 465,843	\$ 340,790	\$ 330,845
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	<u>(829,079)</u>	<u>(689,022)</u>	<u>(555,953)</u>	<u>(465,843)</u>	<u>(340,790)</u>	<u>(330,845)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll <sup>3</sup>	<u>\$ 5,931,424</u>	<u>\$ 5,467,811</u>	<u>\$ 4,602,594</u>	<u>\$ 4,334,649</u>	<u>\$ 4,123,809</u>	<u>\$ 3,866,484</u>
Contributions as a Percentage of Covered Payroll	<u>13.98%</u>	<u>12.60%</u>	<u>12.08%</u>	<u>10.75%</u>	<u>8.26%</u>	<u>8.56%</u>

<sup>1</sup> Historical information is required only for measurement periods for which GASB No. 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

**Notes to the Schedule:**

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

**CASITAS MUNICIPAL WATER DISTRICT***Schedule of Changes in the District's Net OPEB Liability and Related Ratios  
For the Fiscal Years Ended June 30, 2019 and 2018***Last Ten Fiscal Years**

<b>Fiscal Year - Measurement Date</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 232,654	\$ 226,427
Interest	683,863	657,817
Changes of assumptions	5,629,147	-
Differences between expected and actual experience	(259,672)	-
Benefit payments	<u>(626,696)</u>	<u>(518,711)</u>
<b>Net change in total OPEB liability</b>	5,659,296	365,533
<b>Total OPEB liability - beginning</b>	<u>11,478,411</u>	<u>11,112,878</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 17,137,707</u></u>	<u><u>\$ 11,478,411</u></u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 626,696	\$ 1,714,977
Net investment income	55,999	-
Administrative expense	(2,200)	-
Benefit payments	<u>(626,696)</u>	<u>(518,711)</u>
<b>Net change in plan fiduciary net position</b>	53,799	1,196,266
<b>Plan fiduciary net position - beginning</b>	<u>1,196,266</u>	<u>-</u>
<b>Plan fiduciary net position - ending</b>	<u><u>\$ 1,250,065</u></u>	<u><u>\$ 1,196,266</u></u>
 <b>District's net OPEB liability</b>	 <u><u>\$ 15,887,642</u></u>	 <u><u>\$ 10,282,145</u></u>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	 <u>7.29%</u>	 <u>10.42%</u>
 <b>Covered-employee payroll</b>	 <u>\$ 5,467,811</u>	 <u>\$ 4,602,594</u>
 <b>District's net OPEB liability as a percentage of covered-employee payroll</b>	 <u>290.57%</u>	 <u>223.40%</u>

*This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*



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***Supplementary Information***

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## CASITAS MUNICIPAL WATER DISTRICT

### Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual For the Fiscal Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
<b>Operating revenues:</b>			
Retail water consumption	\$ 5,404,286	\$ 4,186,214	\$ (1,218,072)
Wholesale water consumption	1,916,524	1,357,357	(559,167)
Monthly water service charge	4,037,332	4,034,503	(2,829)
Recreation revenue	4,597,913	3,894,552	(703,361)
Other water charges and services	215,368	1,150,196	934,828
<b>Total operating revenues</b>	<u>16,171,423</u>	<u>14,622,822</u>	<u>(1,548,601)</u>
<b>Operating expenses:</b>			
Source of supply	3,366,000	2,275,323	1,090,677
Pumping	3,427,715	1,094,173	2,333,542
Water Treatment	2,249,072	1,185,839	1,063,233
Transmission and distribution	1,516,533	1,023,065	493,468
Telemetry	333,506	259,620	73,886
Customer accounts	788,456	611,604	176,852
Recreation expenses	5,552,363	5,499,072	53,291
General and administrative	3,962,059	6,683,707	(2,721,648)
<b>Total operating expenses</b>	<u>21,195,704</u>	<u>18,632,403</u>	<u>2,563,301</u>
<b>Operating (loss) before depreciation</b>	<u>(5,024,281)</u>	<u>(4,009,581)</u>	<u>(4,111,902)</u>
Depreciation – water department	-	(3,807,737)	(3,807,737)
Depreciation – recreation department	-	(308,532)	(308,532)
<b>Operating (loss)</b>	<u>(5,024,281)</u>	<u>(8,125,850)</u>	<u>(8,228,171)</u>
<b>Non-operating revenue(expense)</b>			
Property taxes – ad valorem	2,186,972	2,415,294	228,322
Pass-through property tax increment	94,000	134,018	40,018
Property tax assessment for State Water Project	-	728,773	728,773
State water project water sales to other agencies	-	749,823	749,823
State water project expense	-	(716,634)	(716,634)
Change in water-in-storage inventory	-	3,427,776	3,427,776
CFD 2013-1 assessment	-	2,653,389	2,653,389
Mira Monte assessment	19,020	19,159	139
Tax collection expense	(40,000)	(39,366)	634
Investment earnings	522,870	548,522	25,652
Change in fair-value of investments	-	865,173	865,173
Interest expense – long-term debt	(1,450,000)	(1,425,667)	24,333
Amortization of deferred loss and bond insurance on CFD 2013	-	(220,615)	(220,615)
Other, net	75,600	62,385	(13,215)
<b>Total non-operating revenues, net</b>	<u>1,408,462</u>	<u>9,202,030</u>	<u>7,793,568</u>
<b>Net loss before capital contributions</b>	<u>(3,615,819)</u>	<u>1,076,180</u>	<u>(434,603)</u>
<b>Capital contributions:</b>			
Federal, state and local capital grants	559,472	537,395	(22,077)
<b>Capital contributions</b>	<u>559,472</u>	<u>537,395</u>	<u>(22,077)</u>
<b>Change in net position</b>	<u>\$ (3,056,347)</u>	<u>1,613,575</u>	<u>\$ (456,680)</u>
<b>Net position:</b>			
Beginning of year		<u>60,029,912</u>	
End of year		<u>\$ 61,643,487</u>	

## CASITAS MUNICIPAL WATER DISTRICT

### Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive/ (Negative)
<b>Operating revenues:</b>			
Retail water consumption	\$ 7,628,801	\$ 4,982,114	\$ (2,646,687)
Wholesale water consumption	1,545,894	1,364,143	(181,751)
Monthly water service charge	3,574,672	3,707,098	132,426
Recreation revenue	4,110,740	3,906,797	(203,943)
Other water charges and services	136,848	869,653	732,805
<b>Total operating revenues</b>	<b>16,996,955</b>	<b>14,829,805</b>	<b>(2,167,150)</b>
<b>Operating expenses:</b>			
Source of supply	2,114,327	2,031,880	82,447
Pumping	1,444,181	1,585,524	(141,343)
Water Treatment	1,121,195	1,293,707	(172,512)
Transmission and distribution	1,012,661	1,013,968	(1,307)
Telemetry	239,326	303,570	(64,244)
Customer accounts	439,425	682,834	(243,409)
Recreation expenses	4,062,920	5,195,691	(1,132,771)
General and administrative	12,349,776	4,265,492	8,084,284
<b>Total operating expenses</b>	<b>22,783,811</b>	<b>16,372,666</b>	<b>6,411,145</b>
<b>Operating income(loss) before depreciation</b>	<b>(5,786,856)</b>	<b>(1,542,861)</b>	<b>(8,578,295)</b>
Depreciation – water department	-	(3,873,898)	(3,873,898)
Depreciation – recreation department	-	(321,640)	(321,640)
<b>Operating (loss)</b>	<b>(5,786,856)</b>	<b>(5,738,399)</b>	<b>(12,773,833)</b>
<b>Non-operating revenue(expense)</b>			
Property taxes – ad valorem	2,034,169	2,313,211	279,042
Redevelopment agency property tax increment	73,279	95,729	22,450
Property tax assessment for State Water Project	-	369,167	369,167
State water project expense	-	(616,152)	(616,152)
Change in water-in-storage inventory	-	(1,279,005)	(1,279,005)
CFD 2013-1 assessment	2,594,838	2,592,342	(2,496)
Mira Monte assessment	19,351	19,012	(339)
Tax collection expense	-	(38,038)	(38,038)
Investment earnings	518,867	576,708	57,841
Change in fair-value of investments	-	(660,798)	(660,798)
Interest expense – long-term debt	-	(1,639,245)	(1,639,245)
Amortization of deferred loss and bond insurance on CFD 2013	-	(220,615)	(220,615)
Other, net	35,000	42,651	7,651
<b>Total non-operating revenues, net</b>	<b>5,275,504</b>	<b>1,554,967</b>	<b>(3,720,537)</b>
<b>Net loss before capital contributions</b>	<b>(511,352)</b>	<b>(4,183,432)</b>	<b>(16,494,370)</b>
<b>Capital contributions:</b>			
Federal, state and local capital grants	169,472	220,264	50,792
<b>Capital contributions</b>	<b>169,472</b>	<b>220,264</b>	<b>50,792</b>
<b>Change in net position</b>	<b>\$ (341,880)</b>	<b>(3,963,168)</b>	<b>\$ (16,443,578)</b>
<b>Net position:</b>			
Beginning of year		63,993,080	
End of year		<u>\$ 60,029,912</u>	

**CASITAS MUNICIPAL WATER DISTRICT**  
*Combining Balance Sheets*  
*For the Fiscal Year Ended June 30, 2019*

<u>Assets and Deferred Outflows of Resources</u>	<u>Operating Fund</u>	<u>Financing Fund</u>	<u>Improvement Assessment Fund</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 6,578,663	\$ -	\$ -
Investments	19,384,598	-	-
Accrued interest receivable	131,309	-	-
Accounts receivable – customers	4,727,809	-	-
Due from other funds	172,080	10,177,531	-
Materials and supplies inventory	117,334	-	-
Prepaid expenses	441,922	-	-
<b>Total current assets</b>	<u>31,553,715</u>	<u>10,177,531</u>	<u>-</u>
<b>Non-current assets:</b>			
Restricted – cash and cash equivalents	5,934,572	-	-
Restricted – special assessments receivable	-	-	57,796
Water-in-storage inventory	9,673,706	-	-
Capital assets – not being depreciated	10,156,756	-	-
Capital assets – being depreciated, net	70,831,311	-	-
<b>Total non-current assets</b>	<u>96,596,345</u>	<u>-</u>	<u>57,796</u>
<b>Total assets</b>	<u>128,150,060</u>	<u>10,177,531</u>	<u>57,796</u>
<b>Deferred outflows of resources</b>	<u>11,760,469</u>	<u>-</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 139,910,529</u>	<u>\$ 10,177,531</u>	<u>\$ 57,796</u>
<b><u>Liabilities, Deferred Outflows of Resources and Net Position</u></b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 1,916,639	\$ -	\$ -
Deposits and unearned revenue	2,816,922	-	-
Accrued interest payable	621,105	-	-
Due to other funds	-	10,177,531	172,080
Long-term liabilities – due within one year:			
Compensated absences	309,707	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	19,000
Long-term debt	469,416	-	-
<b>Total current liabilities</b>	<u>6,211,017</u>	<u>10,177,531</u>	<u>191,080</u>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences	464,560	-	-
Reimbursement agreement	2,471,301	-	-
Assessment bonds payable	-	-	19,500
Long-term debt	43,997,339	-	-
Net other post-employment benefits obligation	15,887,642	-	-
Net pension liability	7,834,700	-	-
<b>Total non-current liabilities</b>	<u>70,655,542</u>	<u>-</u>	<u>19,500</u>
<b>Total liabilities</b>	<u>76,866,559</u>	<u>10,177,531</u>	<u>210,580</u>
<b>Deferred inflows of resources</b>	<u>1,247,699</u>	<u>-</u>	<u>-</u>
<b>Net position:</b>			
Net investment in capital assets	33,972,783	-	-
Restricted for debt service	5,934,572	-	19,296
Unrestricted	21,888,916	-	(172,080)
<b>Total net position</b>	<u>61,796,271</u>	<u>-</u>	<u>(152,784)</u>
<b>Total liabilities, deferred inflows of resources and net p</b>	<u>\$ 139,910,529</u>	<u>\$ 10,177,531</u>	<u>\$ 57,796</u>

**CASITAS MUNICIPAL WATER DISTRICT**  
*Combining Balance Sheets, Continued*  
*For the Fiscal Year Ended June 30, 2019*

<u>Assets and Deferred Outflows of Resources</u>	<u>Eliminations for Financial Reporting</u>	<u>Total</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ 6,578,663
Investments	-	19,384,598
Accrued interest receivable	-	131,309
Accounts receivable – customers	-	4,727,809
Due from other funds	(10,349,611)	-
Materials and supplies inventory	-	117,334
Prepaid items	-	441,922
<b>Total current assets</b>	<u>(10,349,611)</u>	<u>31,381,635</u>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents	-	5,934,572
Restricted – special assessments receivable	-	57,796
Water-in-storage inventory	-	9,673,706
Capital assets – not being depreciated	-	10,156,756
Capital assets – being depreciated, net	-	70,831,311
<b>Total non-current assets</b>	<u>-</u>	<u>96,654,141</u>
<b>Total assets</b>	<u>(10,349,611)</u>	<u>128,035,776</u>
<b>Deferred outflows of resources</b>	<u>-</u>	<u>11,760,469</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ (10,349,611)</u>	<u>\$ 139,796,245</u>
<b><u>Liabilities, Deferred Outflows of Resources and Net Position</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ -	\$ 1,916,639
Deposits and unearned revenue	-	2,816,922
Accrued interest payable	-	621,105
Due to other funds	(10,349,611)	-
Long-term liabilities – due within one year:		
Compensated absences	-	309,707
Reimbursement agreement	-	77,228
Special assessment bonds payable	-	19,000
Special assessment bonds payable	-	469,416
<b>Total current liabilities</b>	<u>(10,349,611)</u>	<u>6,230,017</u>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences	-	464,560
Reimbursement agreement	-	2,471,301
Loans payable	-	19,500
Special assessment bonds payable	-	43,997,339
Net other post-employment benefits obligation	-	15,887,642
Net pension liability	-	7,834,700
<b>Total non-current liabilities</b>	<u>-</u>	<u>70,675,042</u>
<b>Total liabilities</b>	<u>(10,349,611)</u>	<u>76,905,059</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>1,247,699</u>
<b>Net position:</b>		
Net investment in capital assets	-	33,972,783
Restricted for debt service	-	5,953,868
Unrestricted	-	21,716,836
<b>Total net position</b>	<u>-</u>	<u>61,643,487</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ (10,349,611)</u>	<u>\$ 139,796,245</u>

**CASITAS MUNICIPAL WATER DISTRICT**  
*Combining Balance Sheets*  
*For the Fiscal Year Ended June 30, 2018*

<u>Assets and Deferred Outflows of Resources</u>	<u>Operating Fund</u>	<u>Financing Fund</u>	<u>Improvement Assessment Fund</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 4,942,219	\$ -	\$ -
Investments	20,031,043	-	-
Accrued interest receivable	125,070	-	-
Accounts receivable – customers	5,205,399	-	-
Due from other funds	154,764	9,438,010	-
Materials and supplies inventory	119,665	-	-
Prepaid expenses	614,411	-	-
<b>Total current assets</b>	<u>31,192,571</u>	<u>9,438,010</u>	<u>-</u>
<b>Non-current assets:</b>			
Restricted – cash and cash equivalents	5,827,859	-	-
Restricted – special assessments receivable	-	-	76,826
Water-in-storage inventory	6,245,930	-	-
Capital assets – not being depreciated	8,654,788	-	-
Capital assets – being depreciated, net	73,733,711	-	-
<b>Total non-current assets</b>	<u>94,462,288</u>	<u>-</u>	<u>76,826</u>
<b>Total assets</b>	<u>125,654,859</u>	<u>9,438,010</u>	<u>76,826</u>
<b>Deferred outflows of resources</b>	<u>7,202,723</u>	<u>-</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 132,857,582</u>	<u>\$ 9,438,010</u>	<u>\$ 76,826</u>
<b><u>Liabilities, Deferred Outflows of Resources and Net Position</u></b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 931,222	\$ -	\$ -
Deposits and unearned revenue	2,739,479	-	-
Accrued interest payable	624,255	-	-
Due to other funds	-	9,438,010	154,764
Long-term liabilities – due within one year:			
Compensated absences	366,438	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	18,000
Long-term debt	415,695	-	-
<b>Total current liabilities</b>	<u>5,154,317</u>	<u>9,438,010</u>	<u>172,764</u>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences	549,657	-	-
Reimbursement agreement	2,548,539	-	-
Assessment bonds payable	-	-	38,500
Long-term debt	44,606,492	-	-
Net other post-employment benefits obligation	10,282,145	-	-
Net pension liability	7,935,268	-	-
<b>Total non-current liabilities</b>	<u>65,922,101</u>	<u>-</u>	<u>38,500</u>
<b>Total liabilities</b>	<u>71,076,418</u>	<u>9,438,010</u>	<u>211,264</u>
<b>Deferred inflows of resources</b>	<u>1,616,824</u>	<u>-</u>	<u>-</u>
<b>Net position:</b>			
Net investment in capital assets	34,740,555	-	-
Restricted for debt service	5,827,859	-	20,326
Unrestricted	19,595,926	-	(154,764)
<b>Total net position</b>	<u>60,164,340</u>	<u>-</u>	<u>(134,438)</u>
<b>Total liabilities, deferred inflows of resources and net p</b>	<u>\$ 132,857,582</u>	<u>\$ 9,438,010</u>	<u>\$ 76,826</u>

**CASITAS MUNICIPAL WATER DISTRICT**  
*Combining Balance Sheets, Continued*  
*For the Fiscal Year Ended June 30, 2018*

<u>Assets and Deferred Outflows of Resources</u>	<u>Eliminations for Financial Reporting</u>	<u>Total</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ 4,942,219
Investments	-	20,031,043
Accrued interest receivable	-	125,070
Accounts receivable – customers	-	5,205,399
Due from other funds	(9,592,774)	-
Materials and supplies inventory	-	119,665
Prepaid items	-	614,411
<b>Total current assets</b>	<b>(9,592,774)</b>	<b>31,037,807</b>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents	-	5,827,859
Restricted – special assessments receivable	-	76,826
Water-in-storage inventory	-	6,245,930
Capital assets – not being depreciated	-	8,654,788
Capital assets – being depreciated, net	-	73,733,711
<b>Total non-current assets</b>	<b>-</b>	<b>94,539,114</b>
<b>Total assets</b>	<b>(9,592,774)</b>	<b>125,576,921</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>7,202,723</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ (9,592,774)</b>	<b>\$ 132,779,644</b>
<b><u>Liabilities, Deferred Outflows of Resources and Net Position</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ -	\$ 931,222
Deposits and unearned revenue	-	2,739,479
Accrued interest payable	-	624,255
Due to other funds	(9,592,774)	-
Long-term liabilities – due within one year:		
Compensated absences	-	366,438
Reimbursement agreement	-	77,228
Special assessment bonds payable	-	18,000
Special assessment bonds payable	-	415,695
<b>Total current liabilities</b>	<b>(9,592,774)</b>	<b>5,172,317</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences	-	549,657
Reimbursement agreement	-	2,548,539
Loans payable	-	38,500
Special assessment bonds payable	-	44,606,492
Net other post-employment benefits obligation	-	10,282,145
Net pension liability	-	7,935,268
<b>Total non-current liabilities</b>	<b>-</b>	<b>65,960,601</b>
<b>Total liabilities</b>	<b>(9,592,774)</b>	<b>71,132,918</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>1,616,824</b>
<b>Net position:</b>		
Net investment in capital assets	-	34,740,555
Restricted for debt service	-	5,848,185
Unrestricted	-	19,441,162
<b>Total net position</b>	<b>-</b>	<b>60,029,902</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ (9,592,774)</b>	<b>\$ 132,779,644</b>

## CASITAS MUNICIPAL WATER DISTRICT

### Combining Schedule of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2019

	Water Fund	Recreation Fund	Total
<b>Operating revenues:</b>			
Retail water consumption	\$ 4,186,214	\$ -	\$ 4,186,214
Wholesale water consumption	1,357,357	-	1,357,357
Monthly water service charge	4,034,503	-	4,034,503
Recreation revenue	-	3,894,552	3,894,552
Other water charges and services	1,150,196	-	1,150,196
<b>Total operating revenues</b>	<b>10,728,270</b>	<b>3,894,552</b>	<b>14,622,822</b>
<b>Operating expenses:</b>			
Source of supply	2,275,323	-	2,275,323
Pumping	1,094,173	-	1,094,173
Water treatment	1,185,839	-	1,185,839
Transmission and distribution	1,023,065	-	1,023,065
Telemetry	259,620	-	259,620
Customer accounts	611,604	-	611,604
Recreation expenses	-	5,499,072	5,499,072
General and administrative	6,683,707	-	6,683,707
<b>Total operating expenses</b>	<b>13,133,331</b>	<b>5,499,072</b>	<b>18,632,403</b>
<b>Operating (loss) before depreciation</b>	<b>(2,405,061)</b>	<b>(1,604,520)</b>	<b>(4,009,581)</b>
Depreciation – water department	(3,807,737)	-	(3,807,737)
Depreciation – recreation department	-	(308,532)	(308,532)
<b>Operating income(loss)</b>	<b>(6,212,798)</b>	<b>(1,913,052)</b>	<b>(8,125,850)</b>
<b>Non-operating revenue(expense)</b>			
Property taxes – ad valorem	2,415,294	-	2,415,294
Pass-through property tax increment	134,018	-	134,018
Property tax assessment for State Water Project	728,773	-	728,773
State water project water sales to other agencies	749,823	-	749,823
State water project expense	(716,634)	-	(716,634)
Change in water-in-storage inventory	3,427,776	-	3,427,776
CFD 2013-1 assessment	2,653,389	-	2,653,389
Mira Monte assessment	19,159	-	19,159
Tax collection expense	(39,366)	-	(39,366)
Investment earnings	548,522	-	548,522
Change in fair-value of investments	865,173	-	865,173
Interest expense – long-term debt	(1,425,667)	-	(1,425,667)
Amortization of deferred loss and bond insurance on CFD 2013-1	(220,615)	-	(220,615)
Other, net	62,385	-	62,385
<b>Total non-operating revenue(expense), net</b>	<b>9,202,030</b>	<b>-</b>	<b>9,202,030</b>
<b>Net income(loss) before capital contributions</b>	<b>2,989,232</b>	<b>(1,913,052)</b>	<b>1,076,180</b>
<b>Capital contributions:</b>			
Federal, state and local capital grants	371,636	165,759	537,395
<b>Change in net position</b>	<b>\$ 3,360,868</b>	<b>\$ (1,747,293)</b>	<b>\$ 1,613,575</b>



## CASITAS MUNICIPAL WATER DISTRICT

### Combining Schedule of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2018

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Retail water consumption	\$ 4,982,114	\$ -	\$ 4,982,114
Wholesale water consumption	1,364,143	-	1,364,143
Monthly water service charge	3,707,098	-	3,707,098
Recreation revenue	-	3,906,797	3,906,797
Other water charges and services	869,653	-	869,653
<b>Total operating revenues</b>	<u>10,923,008</u>	<u>3,906,797</u>	<u>14,829,805</u>
<b>Operating expenses:</b>			
Source of supply	2,031,880	-	2,031,880
Pumping	1,585,524	-	1,585,524
Water treatment	1,293,707	-	1,293,707
Transmission and distribution	1,013,968	-	1,013,968
Telemetry	303,570	-	303,570
Customer accounts	682,834	-	682,834
Recreation expenses	-	5,195,691	5,195,691
General and administrative	4,265,492	-	4,265,492
<b>Total operating expenses</b>	<u>11,176,975</u>	<u>5,195,691</u>	<u>16,372,666</u>
<b>Operating (loss) before depreciation</b>	<u>(253,967)</u>	<u>(1,288,894)</u>	<u>(1,542,861)</u>
Depreciation – water department	(3,873,898)	-	(3,873,898)
Depreciation – recreation department	-	(321,640)	(321,640)
<b>Operating income(loss)</b>	<u>(4,127,865)</u>	<u>(1,610,534)</u>	<u>(5,738,399)</u>
<b>Non-operating revenue(expense)</b>			
Property taxes – ad valorem	2,313,211	-	2,313,211
Pass-through property tax increment	95,729	-	95,729
Property tax assessment for State Water Project	369,167	-	369,167
State water project expense	(616,152)	-	(616,152)
Change in water-in-storage inventory	(1,279,005)	-	(1,279,005)
CFD 2013-1 assessment	2,592,342	-	2,592,342
Mira Monte assessment	19,012	-	19,012
Tax collection expense	(38,038)	-	(38,038)
Investment earnings	576,708	-	576,708
Change in fair-value of investments	(660,798)	-	(660,798)
Interest expense – long-term debt	(1,639,245)	-	(1,639,245)
Amortization of deferred loss and bond insurance on CFD 2013-1	(220,615)	-	(220,615)
Other, net	42,651	-	42,651
<b>Total non-operating revenue(expense), net</b>	<u>1,554,967</u>	<u>-</u>	<u>1,554,967</u>
<b>Net income(loss) before capital contributions</b>	<u>(2,572,898)</u>	<u>(1,610,534)</u>	<u>(4,183,432)</u>
<b>Capital contributions:</b>			
Federal, state and local capital grants	14,675	205,589	220,264
<b>Change in net position</b>	<u>\$ (2,558,223)</u>	<u>\$ (1,404,945)</u>	<u>\$ (3,963,168)</u>

## CASITAS MUNICIPAL WATER DISTRICT

### Detail Schedules of Operating Expenses - Utility Department For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Source of supply:</b>		
Advertising and legal notices	\$ 3,222	\$ 5,455
Books and publications	-	191
Clothing and personal supplies	1,037	733
Communications	8,182	7,994
Computer upgrades – hardware and software	5,777	17,999
Costs applied	34,600	16,189
District equipment	9,358	10,738
Education and training	9,958	13,293
Insurance – Aflac service fee	-	70
Insurance – EAP	150	146
Licenses and permits	78,187	83,815
Memberships and dues	52,523	40,842
Other professional services	41,034	(4,947)
Outside contracts	595,420	356,029
Postage	15,628	7,454
Pre-employment screening	122	-
Printing and binding	14,153	9,330
Private vehicle mileage	177	962
Public information	3,812	190
Purchased water	1,706	2,555
Salaries and benefits	1,175,131	1,200,985
Services and supplies	188,768	238,478
Small tools	359	-
Travel expense	28,864	18,267
Utilities	7,155	5,112
<b>Total source of supply</b>	<u>2,275,323</u>	<u>2,031,880</u>
<b>Pumping:</b>		
Books and publications	-	294
Clothing and personal supplies	41	-
Communications	1,836	1,817
Outside contracts	50,681	23,226
Power purchased for pumping	997,287	1,479,266
Salaries and benefits	19,736	26,219
Service and supplies	15,527	42,705
Small tools	9,065	11,877
Travel expense	-	120
<b>Total pumping</b>	<u>1,094,173</u>	<u>1,585,524</u>
<b>Water treatment:</b>		
Ammonia	13,401	16,394
Caustics	22,529	61,553
Chlorine	72,534	81,994
Clothing and personal supplies	2,707	1,648
Communications	3,541	5,030
Computer upgrades – hardware and software	930	1,336
Education and training	893	475
Ferric	10,221	8,670
Licenses and permits	1,187	1,722
Liquid oxygen	124,573	146,798
Outside contracts	49,411	30,796
Polymer	17,009	31,237
Postage	110	-
Salaries and benefits	725,355	730,966
Service and supplies	63,427	74,777
Small tools	-	1,670
Travel	-	1,658
Utilities	78,011	96,983
<b>Total water treatment</b>	<u>\$ 1,185,839</u>	<u>\$ 1,293,707</u>

**CASITAS MUNICIPAL WATER DISTRICT***Detail Schedules of Operating Expenses - Utility Department, Continued  
For the Fiscal Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>Transmission and distribution:</b>		
Clothing and personal supplies	\$ 1,748	\$ 1,516
Communications	5,890	3,680
Computer upgrades – hardware and software	1,709	3,395
Education and training	2,470	4,380
Licenses and permits	1,951	32,181
Other operating expenses	19,030	19,162
Outside contracts	236,825	255,611
Printing and binding	180	86
Private vehicle mileage	116	146
Property losses for operations	370	941
Salaries and benefits	556,013	510,151
Service and supplies	191,195	170,498
Small tools	3,302	10,840
Travel expense	2,266	1,381
	<u>1,023,065</u>	<u>1,013,968</u>
<b>Total transmission and distribution</b>		
<b>Telemetering:</b>		
Books and publications	209	-
Clothing and personal supplies	41	-
Communications	2,523	1,381
Computer upgrades – hardware and software	59	-
Education and training	169	-
Outside contracts	-	48,348
Postage	99	23
Private vehicle mileage	-	594
Salaries and benefits	209,260	226,096
Service and supplies	27,076	3,499
Small tools	212	812
Travel expense	-	64
Utilities	19,972	22,753
	<u>259,620</u>	<u>303,570</u>
<b>Total telemetering</b>		
<b>Customer accounts:</b>		
Bad debt provision	12,465	4,637
Clothing and personal supplies	2,417	2,508
Communications	6,795	3,009
Computer upgrades – hardware and software	397	2,228
Education and training	3,110	3,989
Licenses and permits	300	315
Outside contracts	42,065	37,664
Postage	3,382	4,142
Printing and binding	-	1,224
Private vehicle mileage	-	123
Salaries and benefits	501,787	529,184
Service and supplies	33,378	90,728
Small tools	2,878	1,372
Travel expense	2,630	1,711
	<u>\$ 611,604</u>	<u>\$ 682,834</u>
<b>Total customer accounts</b>		

**CASITAS MUNICIPAL WATER DISTRICT***Detail Schedules of Operating Expenses - Utility Department, Continued  
For the Fiscal Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>General and administrative:</b>		
Advertising and legal notices	\$ 2,792	\$ 3,973
Bad debt provision	3888	1032
Bank charges	56,496	50,089
Books and publications	9,687	6,677
Clothing and personal supplies	16,336	9,970
Communications	75,814	67,047
Computer upgrades – hardware and software	55,150	54,051
Directors election fees	4,706	-
District equipment	205,141	166,049
Education and training	18,616	22,334
Gains/losses on inventory	(1,185)	(25,932)
Insurance – Aflac	1,721	1,829
Insurance – EAP	1,166	1,081
Insurance – liability	66,125	63,240
Interest penalty	1,593	-
Licenses and permits	50,843	6,571
Memberships and dues	146,605	89,905
Office equipment maintenance	8,112	5,134
Office supplies	16,190	12,185
Other professional services	427,282	178,123
Outside contracts	1,449,183	578,901
Petty cash (over)/short	(48)	(53)
Postage	901	640
Printing and binding	4,215	10,426
Private vehicle mileage	4,070	4,940
Safety program	1,708	9,269
Salaries and benefits	5,486,820	4,247,703
Service and supplies	189,454	232,497
Small tools	4,940	4,698
Travel expense	1,450	2,833
Utilities	31,743	36,796
Vehicle costs direct	145,958	106,070
Workers' compensation	-	149,820
Costs applied	(261,464)	(213,003)
Administrative overhead burden	(1,542,301)	(1,619,403)
<b>Total general and administrative</b>	<u>6,683,707</u>	<u>4,265,492</u>
<b>Depreciation expense:</b>		
Water department	<u>3,807,737</u>	<u>3,873,898</u>
<b>Total depreciation expense</b>	<u>3,807,737</u>	<u>3,873,898</u>
<b>Total operating expenses – water department</b>	<u>\$ 16,941,068</u>	<u>\$ 15,050,873</u>

## CASITAS MUNICIPAL WATER DISTRICT

### Detail Schedules of Operating Revenues and Expenses - Recreation Department For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Recreation revenue:</b>		
Animal permit	\$ 17,149	\$ 13,808
Bad debt collection recovery	-	31
Boat fees - annual	27,513	30,340
Boat fees - daily	7,488	8,398
Boat fees - overnight	440	810
Boat inspection fees - Quagga	1,706	2,560
Boat lock revenue - Quagga	1,440	2,592
Boat rental - concession	52,233	56,893
Cafe - concession	24,132	23,053
Camping fees	1,839,931	1,825,933
Camping promotion	5,883	-
Commercials	150	-
Event reimbursement	-	2,246
Events	41,858	33,814
Gift cards and certificates	1,184	470
Guest pass	(200)	(240)
Impound fee	50	500
Kayak and canoes annual	3,532	3,552
Kayak and canoes daily	12	-
Miscellaneous revenue	1,466	3,656
Over / short - recreation	2,347	(1,762)
Over / short - water park	(26)	113
Park store	50,101	49,688
Rain checks	(675)	(349)
Reservations	143,634	137,999
Shower facility fees	38,550	20,992
Snow bird pumping	2,340	2,680
Trailer rental concession	-	84
Trailer storage fees	214,839	168,375
Vehicle fees - daily	405,272	452,240
Violation ordinance fees	2,840	865
Visitor cards	139,653	135,103
Water park - group pass fee	(3,704)	(4,392)
Water park - guest pass	(514)	(186)
Water park - junior lifeguard	7,070	5,220
Water park - late day pass fee	97,398	100,065
Water park - lifeguard training	290	632
Water park - locker fee	1,002	1,314
Water park - next day pass fee	(814)	(1,094)
Water park - promotion	(167)	(556)
Water park - rain checks	(869)	(535)
Water park - reservation fee	49,147	51,793
Water park - season pass fee	16,721	26,472
Water park - shade rental fee	6,520	7,200
Water park - shower facility fee	8,641	16,317
Water park - single splash fee	669,277	711,173
Water park - special event fee	-	1,250
Water park - water fitness - fee	10,362	8,436
Water park snack bar	9,350	9,244
<b>Total recreation revenue</b>	<b>\$ 3,894,552</b>	<b>\$ 3,906,797</b>

**CASITAS MUNICIPAL WATER DISTRICT***Detail Schedules of Operating Revenues and Expenses - Recreation Department, Continued  
For the Fiscal Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
<b>Recreation expenses:</b>		
Administrative overhead burden	\$ 1,542,301	\$ 1,619,403
Advertising and legal notices	4,005	4,113
Bad debt provision	238	498
Chemicals – water playground	4,202	4,500
Chlorine	23,760	29,502
Clothing and personal supplies	14,640	16,330
Communications	21,973	13,595
Computer upgrades – hardware and software	4,567	5,377
Costs applied	-	(16,189)
Credit card fees	95,159	90,158
District equipment	172,488	148,038
Education and training	7,881	4,518
Insurance	650	28,900
Licenses and permits	4,056	4,921
Memberships and dues	1,354	1,654
Office supplies	3,146	1,262
Other operating expenses	50	18
Other professional services	2,165	31,470
Outside contracts	295,855	108,694
Postage	1,040	1,285
Pre-employment screening	6,642	6,884
Printing and binding	5,636	4,170
Private vehicle mileage	-	617
Public information program	10,300	9,494
Purchased water	43,864	49,109
Safety program	1,154	1,476
Salaries and benefits	2,914,977	2,684,105
Service and supplies	165,638	183,359
Small tools	5,734	1,467
Travel expense	8	2,014
Uninsured losses - injuries	-	4,704
Utilities	145,589	150,245
<b>Total recreation expenses</b>	<u>5,499,072</u>	<u>5,195,691</u>
Recreation operating (loss) before depreciation	(1,604,520)	(1,288,894)
Depreciation – recreation department	<u>(308,532)</u>	<u>(321,640)</u>
<b>Recreation operating (loss)</b>	<u>\$ (1,913,052)</u>	<u>\$ (1,610,534)</u>

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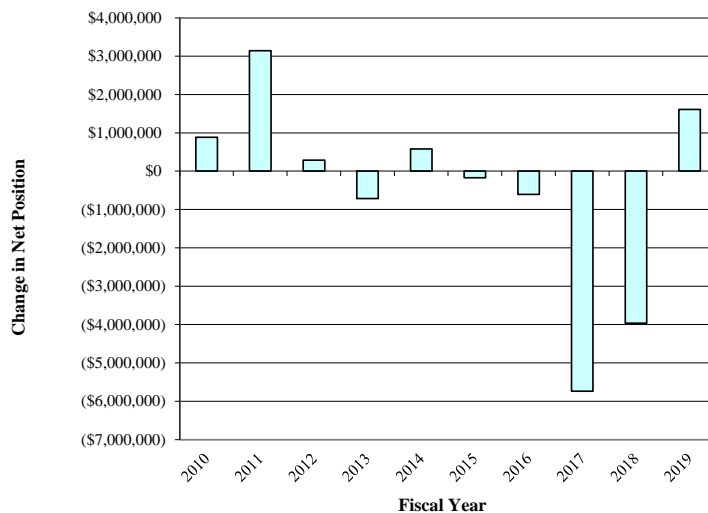
***Statistical Section***

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**CASITAS MUNICIPAL WATER DISTRICT**  
*Changes in Net Position by Component*  
*Last Ten Fiscal Years*

	Fiscal Year				
	2010	2011	2012	2013	2014
Changes in net position:					
Operating revenues (see Schedule 2)	12,194,917	10,956,600	\$ 11,645,576	13,212,527	14,923,271
Operating expenses (see Schedule 3)	(11,171,141)	(11,587,130)	(12,047,019)	(13,639,029)	(14,238,444)
Depreciation and amortization	(2,863,329)	(3,037,340)	(3,097,495)	(3,084,521)	(3,152,038)
<b>Operating income(loss)</b>	<b>(1,839,553)</b>	<b>(3,667,870)</b>	<b>(3,498,938)</b>	<b>(3,511,023)</b>	<b>(2,467,211)</b>
Non-operating revenues(expenses)					
Property taxes	1,959,850	2,012,458	2,025,655	2,147,033	2,192,072
Clean Water Act surcharge	1,290,042	1,682,991	1,554,698	462,896	566,610
CFD 2013-1 assessment	-	-	-	-	-
Mira Monte assessment	18,601	17,113	17,630	19,783	31,797
Oak View availability charge	7,709	7,657	293	232	-
Property tax collection expense	(30,416)	(31,158)	(30,158)	(31,284)	(8,360)
Investment income/(loss)	129,472	402,229	449,707	(164,338)	281,851
Water-in-storage valuation	-	3,318,094	-	-	-
State water project expense	(666,442)	(787,665)	(382,908)	(517,749)	(451,590)
Interest expense	(106,239)	(102,295)	(94,969)	(87,015)	(79,124)
Amortization of deferred loss and bond insurance	-	-	-	-	-
Acquisition expense of CFD 2013-1	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-
Other revenue/(expense), net	(6,638)	213,445	12,454	(20,137)	24,506
Total non-operating revenues(expenses), net	2,595,939	6,732,869	3,552,402	1,809,421	2,557,762
<b>Net income before capital contributions</b>	<b>756,386</b>	<b>3,064,999</b>	<b>53,464</b>	<b>(1,701,602)</b>	<b>90,551</b>
Capital contributions	131,179	74,095	232,755	990,526	489,071
<b>Change in net position</b>	<b>887,565</b>	<b>3,139,094</b>	<b>\$ 286,219</b>	<b>(711,076)</b>	<b>579,622</b>
Net position by component:					
Net investment in capital assets	55,277,544	55,261,613	\$ 55,501,696	54,428,683	53,612,183
Restricted	60,922	217,413	199,890	180,151	153,708
Unrestricted	23,156,556	26,155,090	26,218,749	26,600,425	28,022,990
<b>Total net position</b>	<b>78,495,022</b>	<b>81,634,116</b>	<b>\$ 81,920,335</b>	<b>81,209,259</b>	<b>81,788,881</b>



**Notes:**

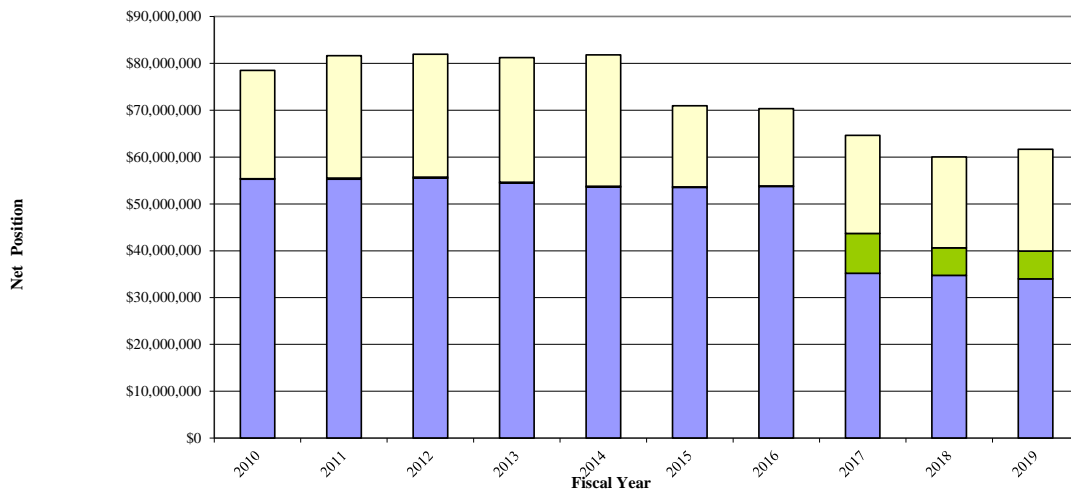
- (1) The District made a prior period adjustment of \$(10,684,160).
- (2) The District made a prior period adjustment of \$(597,799).

**Source:** Casitas Municipal Water District Accounting Department



**CASITAS MUNICIPAL WATER DISTRICT**  
*Changes in Net Position by Component, Continued*  
*Last Ten Fiscal Years*

	Fiscal Year				
	2015	2016	2017	2018	2019
Changes in net position:					
Operating revenues (see Schedule 2)	14,530,148	12,869,735	12,758,081	14,829,805	14,622,822
Operating expenses (see Schedule 3)	(13,277,286)	(13,931,131)	(15,307,494)	(16,372,666)	(18,632,403)
Depreciation and amortization	(3,164,097)	(3,174,681)	(3,736,067)	(4,195,538)	(4,116,269)
<b>Operating income(loss)</b>	<b>(1,911,235)</b>	<b>(4,236,077)</b>	<b>(6,285,480)</b>	<b>(5,738,399)</b>	<b>(8,125,850)</b>
Non-operating revenues(expenses)					
Property taxes	2,309,270	2,292,477	2,258,529	2,408,940	2,549,312
Clean Water Act surcharge	490,989	730,400	151,501	369,167	728,773
CFD 2013-1 assessment	-	454,543	601,938	2,592,342	2,653,389
Mira Monte assessment	19,434	19,049	19,280	19,012	19,159
Oak View availability charge	-	-	-	-	-
Property tax collection expense	(31,610)	(32,050)	(27,697)	(38,038)	(39,366)
Investment income/(loss)	227,483	718,495	(342,956)	(84,090)	1,413,695
Water-in-storage valuation	(1,171,790)	(1,193,960)	2,555,167	(1,279,005)	3,427,776
State water project expense	(696,576)	(183,384)	(266,509)	(616,152)	33,189
Interest expense	(70,887)	(62,438)	(168,407)	(1,639,245)	(1,425,667)
Amortization of deferred loss and bond insurance	-	-	(18,689)	(220,615)	(220,615)
Acquisition expense of CFD 2013-1	-	-	(3,975,600)	-	-
Cost of debt issuance	-	-	(539,160)	-	-
Other revenue/(expense), net	179,498	41,386	71,382	42,651	62,385
Total non-operating revenues(expenses), net	1,255,811	2,784,518	318,779	1,554,967	9,202,030
<b>Net income before capital contributions</b>	<b>(655,424)</b>	<b>(1,451,559)</b>	<b>(5,966,701)</b>	<b>(4,183,432)</b>	<b>1,076,180</b>
Capital contributions	484,674	844,524	230,644	220,264	537,395
<b>Change in net position</b>	<b>(170,750)</b>	<b>(607,035)</b>	<b>(5,736,057)</b>	<b>(3,963,168)</b>	<b>1,613,575</b>
Net position by component:					
Net investment in capital assets	53,488,631	53,720,578	35,176,319	34,740,555	33,972,783
Restricted	134,267	115,220	8,510,347	5,848,185	5,953,868
Unrestricted	17,311,073	16,491,138	20,904,213	19,441,172	21,716,836
<b>Total net position</b>	<b>70,933,971 <sup>(1)</sup></b>	<b>70,326,936</b>	<b>64,590,879</b>	<b>60,029,912 <sup>(2)</sup></b>	<b>61,643,487</b>



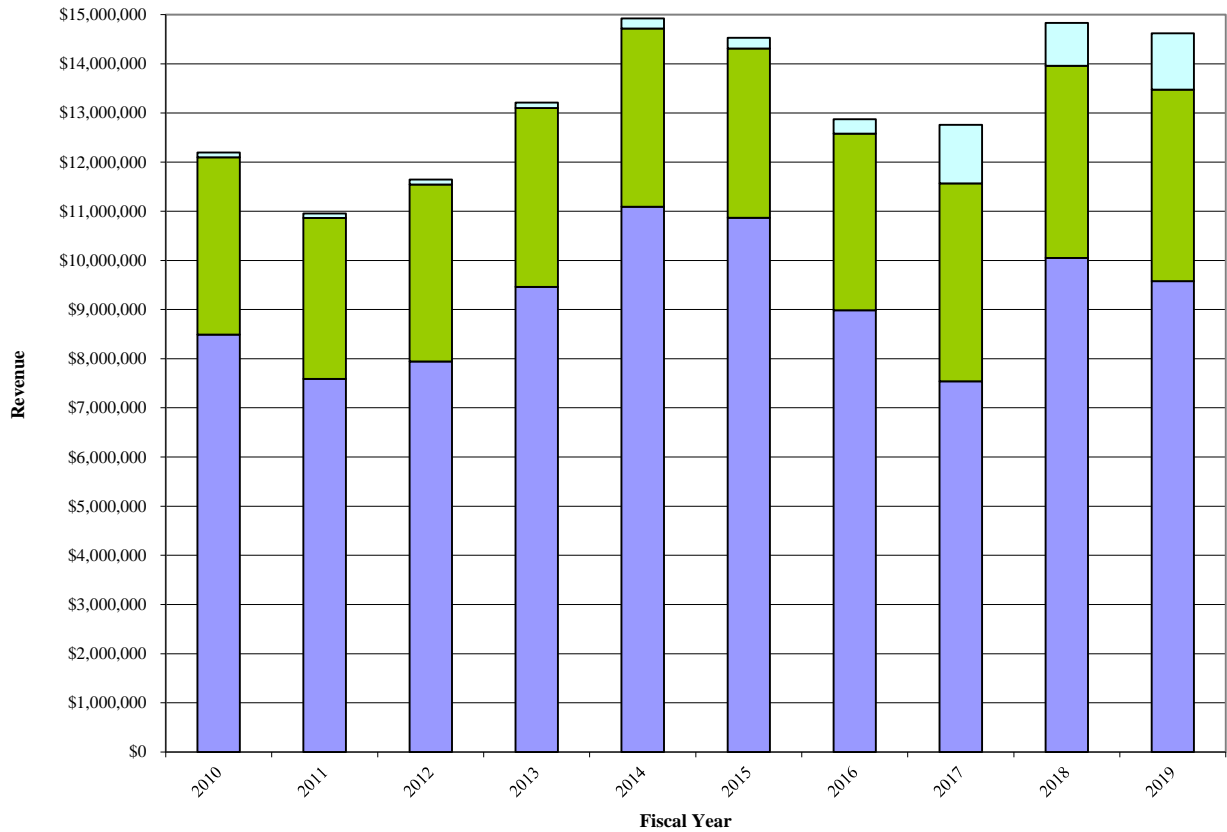
**Notes:**  
(1) The District made a prior period adjustment of \$(10,684,160).  
(2) The District made a prior period adjustment of \$(597,799).

**Source:** Casitas Municipal Water District Accounting Department

# CASITAS MUNICIPAL WATER DISTRICT

## Operating Revenues by Source Last Ten Fiscal Years

Fiscal Year	Water Sales and Service	Recreation Revenue	Local Runoff	Other Operating Revenue	Total Operating Revenue
2010	\$ 8,488,083	\$ 3,611,110	\$ -	# \$ 95,724	\$ 12,194,918
2011	7,592,767	3,269,377	-	94,456	10,956,600
2012	7,944,558	3,599,744	-	101,274	11,645,576
2013	9,461,356	3,637,050	-	114,121	13,212,527
2014	11,092,279	3,625,800	-	205,192	14,923,271
2015	10,868,054	3,443,089	-	219,005	14,530,148
2016	8,988,387	3,592,600	-	288,748	12,869,735
2017	7,542,239	4,027,340	-	1,188,502	12,758,081
2018	10,053,355	3,906,797	-	869,653	14,829,805
2019	9,578,074	3,894,552	-	1,150,196	14,622,822



Note 1 - Beginning in FY 2010 the District classified the Water Storage Valuation as a Non-Operating Revenue

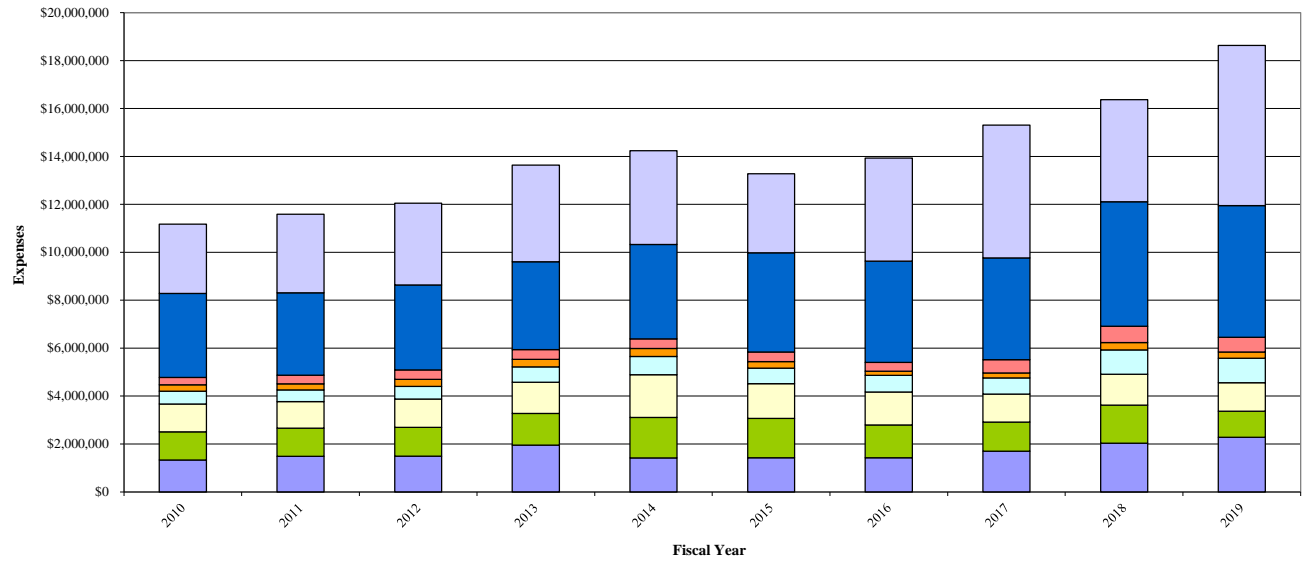
Source: Casitas Municipal Water District Accounting Department

# CASITAS MUNICIPAL WATER DISTRICT

## Operating Expenses by Activity

### Last Ten Fiscal Years

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Telemetry	Customer Accounts	Recreation Area	General and Administrative	Total Operating Expenses
2010	\$ 1,338,079	\$ 1,166,950	\$ 1,165,062	\$ 530,798	\$ 266,133	\$ 308,364	\$ 3,504,726	\$ 2,891,029	\$ 11,171,141
2011	1,493,036	1,168,939	1,107,391	488,434	251,534	362,054	3,436,849	3,278,893	11,587,130
2012	1,498,408	1,194,225	1,184,305	527,004	294,816	387,735	3,551,695	3,408,831	12,047,019
2013	1,958,838	1,313,549	1,305,364	640,781	309,327	412,021	3,662,878	4,036,271	13,639,029
2014	1,421,801	1,685,967	1,783,448	762,346	332,776	400,493	3,939,152	3,912,461	14,238,444
2015	1,430,475	1,634,202	1,451,902	646,868	272,594	399,383	4,140,358	3,301,504	13,277,286
2016	1,432,140	1,360,622	1,372,695	697,974	173,559	367,204	4,228,876	4,298,061	13,931,131
2017	1,706,783	1,204,538	1,168,090	672,992	213,595	548,117	4,250,101	5,543,278	15,307,494
2018	2,031,880	1,585,524	1,293,707	1,013,968	303,570	682,834	5,195,691	4,265,492	16,372,666
2019	2,275,323	1,094,173	1,185,839	1,023,065	259,620	611,604	5,499,072	6,683,707	18,632,403



Source: Casitas Municipal Water District Accounting Department

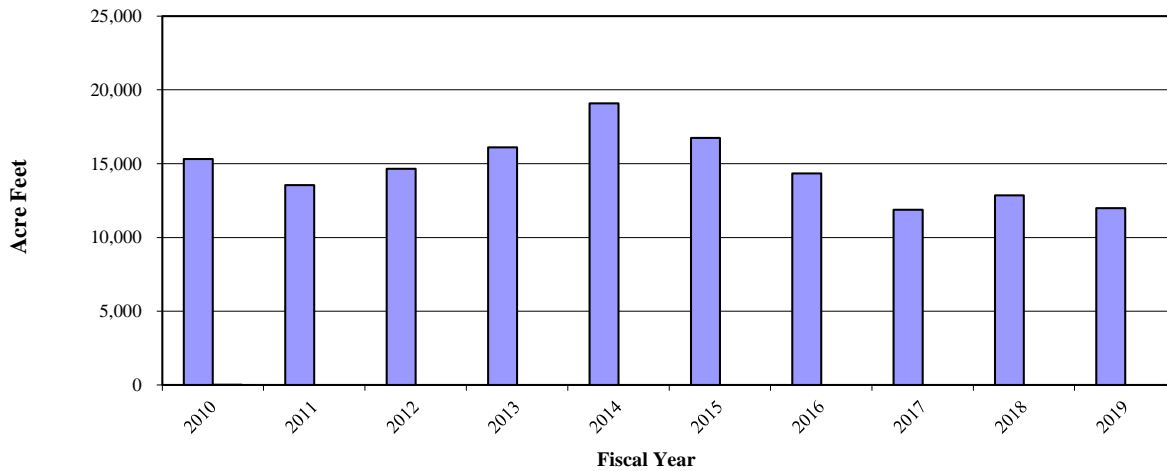
# CASITAS MUNICIPAL WATER DISTRICT

## Revenue Base

### Last Ten Fiscal Years

---

<u>Fiscal Year</u>	<u>Water Sales (Acre Feet)</u>
2010	15,307
2011	13,549
2012	14,655
2013	16,106
2014	19,093
2015	16,746
2016	14,346
2017	11,891
2018	12,853
2019	11,994



**Note:** See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

**Source:** Casitas Municipal Water District Accounting Department

# CASITAS MUNICIPAL WATER DISTRICT

## Revenue Rates

### For the Fiscal Years Ended June 30, 2010 and 2011

In fiscal year 2009, the District changed its rate structure as follows:

RATE SCHEDULE - CLASS 1 SERVICE			Rate per Unit **	
			GRAVITY	PUMPED
Residential:				
Bi-Monthly Lifeline	0-20 Units	\$ 0.567	\$ 0.831	
Bi-Monthly Lifeline	21-34 Units	\$ 1.003	\$ 1.267	
Bi-Monthly Lifeline	35-100 units	\$ 1.404	\$ 1.668	
Bi-Monthly Lifeline	101 units +	\$ 2.200	\$ 2.464	
Business				
Industrial		\$ 1.259	\$ 1.524	
Resale		\$ 0.780	\$ 1.403	
Other		\$ 1.259	\$ 1.524	
Temporary		\$ 1.419	\$ 1.683	
Recreation		\$ 1.259	\$ 1.524	

RATE SCHEDULE - CLASS 3 SERVICE			Rate per Unit **	
			GRAVITY	PUMPED
Ag-Residential:				
Monthly Lifeline	0-10 Units	\$ 0.567	\$ 0.831	
Monthly Usage	11-17 Units	\$ 1.003	\$ 1.267	
Monthly Usage	18 -50 Units	\$ 1.404	\$ 1.668	
Irrigation (AG)	51 units +	\$ 0.588	\$ 0.852	

**\*\* One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$0.588 x 435.6 =	\$ 256.13	Gravity
		per AF = \$0.852 x 435.6 =	\$ 371.13	Pumped

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
<b>RESIDENTIAL</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>BUSINESS</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>INDUSTRIAL</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>IRRIGATION/ AG</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>RESALE(G)</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>RESALE(P)</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>OTHER</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>TEMPORARY</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
<b>RECREATION</b>	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm

Source: Casitas Municipal Water District Finance Department

# CASITAS MUNICIPAL WATER DISTRICT

## Revenue Rates

### For the Fiscal Years Ended June 30, 2012 thru 2017

In fiscal year 2012, the District changed its rate structure as follows:

RATE SCHEDULE - CLASS 1 SERVICE			Rate per Unit **	
			GRAVITY	PUMPED
Residential:				
Bi-Monthly Lifeline	0-20 Units	\$	0.584	\$ 0.856
Bi-Monthly Lifeline	21-34 Units	\$	1.033	\$ 1.305
Bi-Monthly Lifeline	35-100 units	\$	1.446	\$ 1.718
Bi-Monthly Lifeline	101 units +	\$	2.266	\$ 2.538
Business				
Industrial		\$	1.297	\$ 1.570
Resale		\$	0.803	\$ 1.445
Other		\$	1.297	\$ 1.570
Temporary		\$	1.462	\$ 1.733
Recreation		\$	1.297	\$ 1.570

RATE SCHEDULE - CLASS 3 SERVICE			Rate per Unit **	
			GRAVITY	PUMPED
Ag-Residential:				
Monthly Lifeline	0-10 Units	\$	0.584	\$ 0.856
Monthly Usage	11-17 Units	\$	1.033	\$ 1.305
Monthly Usage	18 -50 Units	\$	1.446	\$ 1.718
Irrigation (AG)	51 units +	\$	0.606	\$ 0.878

**\*\* One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$0.606 x 435.6 =	\$ 263.97	Gravity
		per AF = \$0.878 x 435.6 =	\$ 382.46	Pumped

**9.3.4 COMBINATION (CLASS C) SERVICE.** Where more than one class of water service or use if provided through a single connection, the General Manager shall make an equitable proration of rates and fees, such proration shall be conclusive unless appealed within 30 days by the customer to the Board, in which case the determination of the Board shall be conclusive.

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
<b>RESIDENTIAL</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>BUSINESS</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>INDUSTRIAL</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>IRRIGATION/ AG</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>RESALE(G)</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>RESALE(P)</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>OTHER</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>TEMPORARY</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>RECREATION</b>	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm

Source: Casitas Municipal Water District Finance Department

# CASITAS MUNICIPAL WATER DISTRICT

## Revenue Rates

### For the Fiscal Year Ended June 30, 2018 and 2019

In fiscal year 2018, the District changed its rate structure as follows:

RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Residential:					
Bi-Monthly Lifeline	0-10 Units	\$ 0.490	\$ 0.960		
Bi-Monthly Lifeline	11-50 Units	\$ 0.990	\$ 1.460		
Bi-Monthly Lifeline	51+ units	\$ 1.890	\$ 2.360		
Business		\$ 0.990	\$ 1.460		
Industrial		\$ 0.990	\$ 1.460		
Resale		\$ 0.990	\$ 1.460		
Other		\$ 0.990	\$ 1.460		
Temporary		\$ 0.990	\$ 1.460		
Recreation		\$ 0.990	\$ 1.460		

RATE SCHEDULE - CLASS 3 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Ag-Residential:					
Monthly Lifeline	0-10 Units	\$ 0.490	\$ 0.960		
Monthly Usage	11-50 Units	\$ 0.990	\$ 1.460		
Monthly Usage	51+ Units	\$ 1.890	\$ 2.360		
Irrigation (AG)	51 units +	\$ 0.620	\$ 1.090		

**\*\* One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$0.606 x 435.6 =	\$ 263.97	Gravity
		per AF = \$0.878 x 435.6 =	\$ 382.46	Pumped

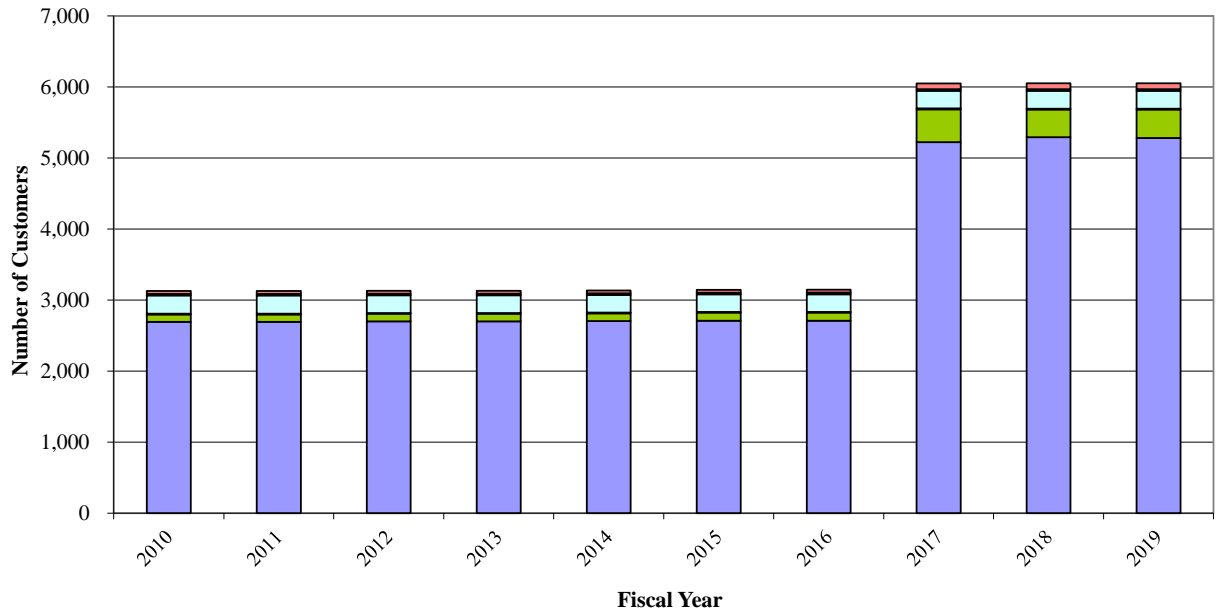
**9.3.4 COMBINATION (CLASS C) SERVICE.** Where more than one class of water service or use is provided through a single connection, the General Manager shall make an equitable proration of rates and fees, such proration shall be conclusive unless appealed within 30 days by the customer to the Board, in which case the determination of the Board shall be conclusive.

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
<b>RESIDENTIAL</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>BUSINESS</b>	Monthly	\$ 22.97	\$ 38.28	\$ 76.56	\$ 122.50	\$ 204.16	\$ 267.96	\$ 482.33	\$ 995.29	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>INDUSTRIAL</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>IRRIGATION/ AG</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>RESALE(G)</b>	Monthly	\$ 25.27	\$ 42.12	\$ 84.24	\$ 134.78	\$ 224.63	\$ 294.83	\$ 530.70	\$ 1,095.09	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>RESALE(P)</b>	Monthly	\$ 25.27	\$ 42.12	\$ 84.24	\$ 134.78	\$ 224.63	\$ 294.83	\$ 530.70	\$ 1,095.09	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>OTHER</b>	Monthly	\$ 20.54	\$ 34.24	\$ 68.47	\$ 109.55	\$ 182.59	\$ 239.65	\$ 431.36	\$ 1,095.09	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>TEMPORARY</b>	Monthly	\$ 20.54	\$ 34.24	\$ 68.47	\$ 109.55	\$ 182.59	\$ 239.65	\$ 431.36	\$ 1,095.09	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
<b>RECREATION</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm

Source: Casitas Municipal Water District Finance Department

**CASITAS MUNICIPAL WATER DISTRICT**  
*Customers by Type at Fiscal Year End*  
*Last Ten Fiscal Years*

Fiscal Year	Customer Type						Total
	Residential	Business	Industrial	Agricultural	Wholesale	Other	
2010	2,696	104	9	258	22	41	3,130
2011	2,695	104	9	257	22	41	3,128
2012	2,700	108	9	252	22	41	3,132
2013	2,700	108	9	251	23	41	3,132
2014	2,703	112	9	247	23	41	3,135
2015	2,711	112	9	249	23	41	3,145
2016	2,711	114	9	248	25	41	3,148
2017	5,224	460	13	249	22	81	6,049
2018	5,292	391	13	251	22	83	6,052
2019	5,281	401	13	251	23	83	6,052



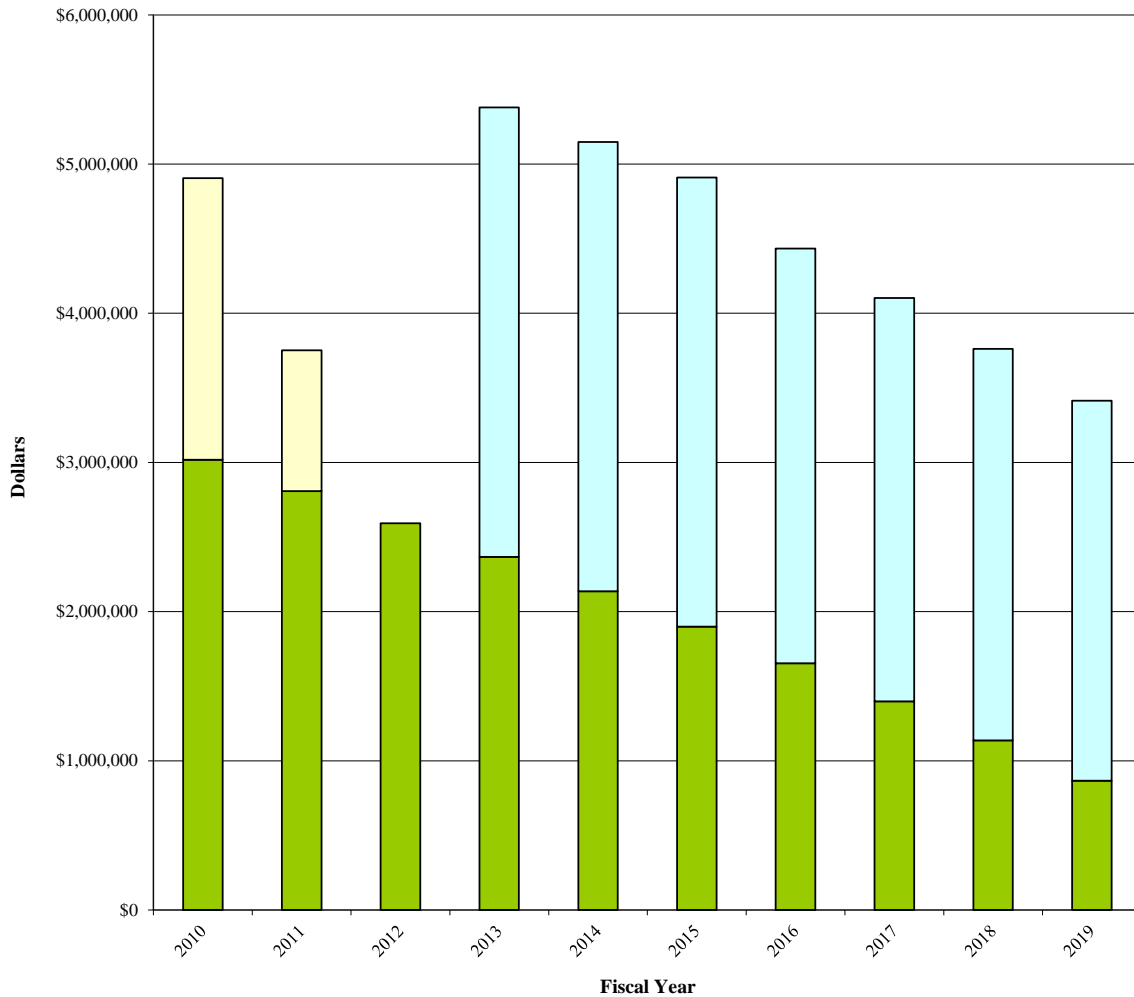
**Note:** Number of customers as of June 30 of fiscal year.

**Source:** Casitas Municipal Water District Accounting Department



**CASITAS MUNICIPAL WATER DISTRICT**  
*Ratios of Outstanding Debt by Type*  
*Last Ten Fiscal Years*

Fiscal Year	Loans Payable	Notes Payable	Reimbursement Agreement	Total		
				Debt	Per Capita	As a Share of Personal Income
2010	\$ 3,017,650	\$ 1,887,292	\$ -	\$ 4,904,942	5.94	13.04%
2011	2,807,893	943,646	-	3,751,539	4.51	9.47%
2012	2,591,520	-	-	2,591,520	3.10	6.28%
2013	2,367,787	-	3,011,898	5,379,685	6.40	12.89%
2014	2,136,978	-	3,011,898	5,148,876	6.09	11.81%
2015	1,898,692	-	3,011,898	4,910,590	5.77	10.66%
2016	1,652,804	-	2,780,214	4,433,018	5.19	9.64%
2017	1,398,725	-	2,702,986	4,101,711	4.78	8.51%
2018	1,136,523	-	2,625,757	3,762,280	4.38	7.48%
2019	865,830	-	2,548,529	3,414,359	3.96	6.50%



Source: Casitas Municipal Water District Accounting Department

Note:  
 Assessment bonds and special tax bonds are not obligations of the District's operations - Mellos-Roos debt

## CASITAS MUNICIPAL WATER DISTRICT

### Debt Coverage

### Last Ten Fiscal Years

Fiscal Year	Net Revenues	Operating Expenses <sup>(1)</sup>	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2010	\$ 15,605,715	\$ (10,169,397)	\$ 5,436,318	\$ 1,158,821	\$ 107,098	\$ 1,265,919	4.29
2011	15,304,255	(9,614,381)	5,689,874	1,165,403	96,491	1,261,894	4.51
2012	15,717,774	(10,948,207)	4,769,567	237,733	89,085	326,818	14.59
2013	15,752,090	(11,998,166)	3,753,924	244,809	81,334	326,143	11.51
2014	18,020,107	(12,234,997)	5,785,110	253,286	73,157	326,443	17.72
2015	17,937,802	(13,277,286)	4,660,516	339,116	64,830	403,946	11.54
2016	16,910,651	(13,931,131)	2,979,520	323,116	55,864	378,980	7.86
2017	15,758,515	(15,307,494)	451,021	331,307	50,989	382,296	1.18
2018	20,176,194	(16,372,666)	3,803,528	339,430	42,866	382,296	9.95
2019	19,398,037	(18,632,403)	765,634	347,922	34,374	382,296	2.00

**Notes:**

(1) Operating expenses exclude depreciation expense.

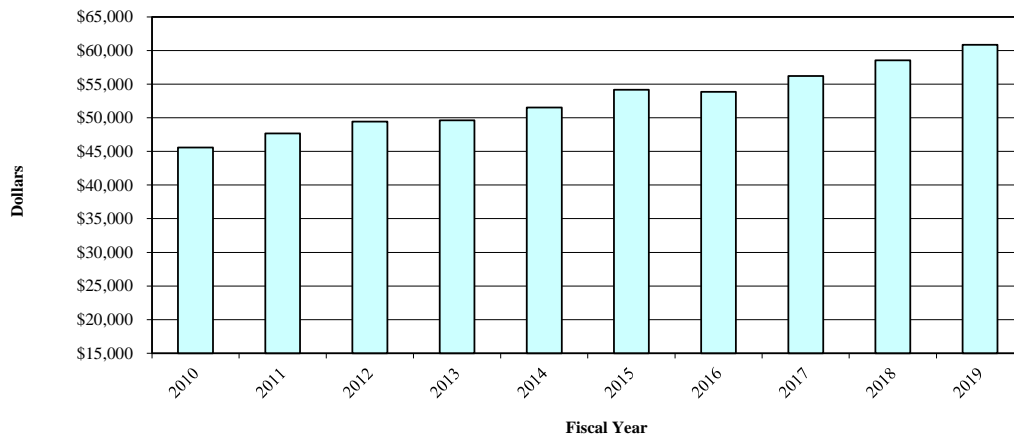
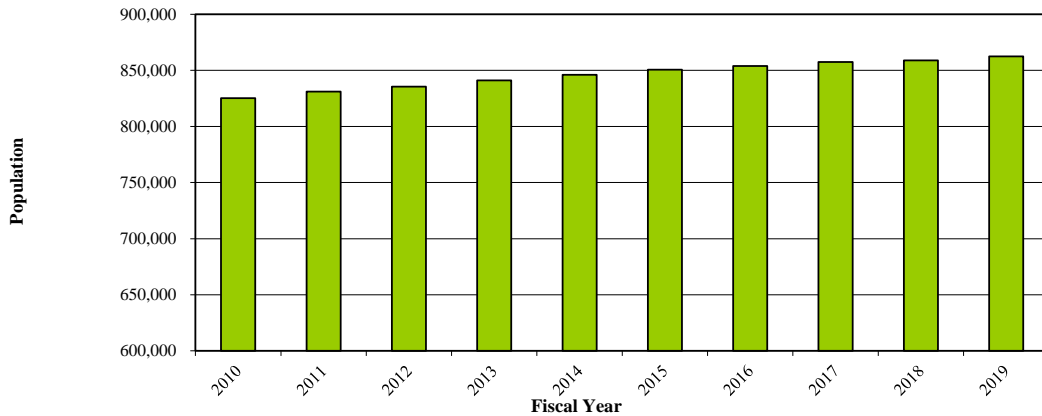
Assessment bonds and special tax bonds are not obligations of the District's operations - Mellos-Roos debt

**Source:** Casitas Municipal Water District Accounting Department

# CASITAS MUNICIPAL WATER DISTRICT

## Demographic and Economic Statistics – County of Ventura Last Ten Fiscal Years

Year	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2010	10.8%	825,298	37,605,000	45,565
2011	10.2%	831,130	39,627,000	47,678
2012	9.1%	835,416	41,294,000	49,429
2013	7.9%	840,964	41,728,000	49,619
2014	6.6%	846,119	43,608,000	51,539
2015	5.6%	850,536	46,060,000	54,154
2016	5.2%	853,893	46,000,000	53,871
2017	4.5%	857,386	48,200,000	56,217
2018	3.7%	858,882	50,300,000	58,565
2019	3.1%	862,482	52,500,000	60,871



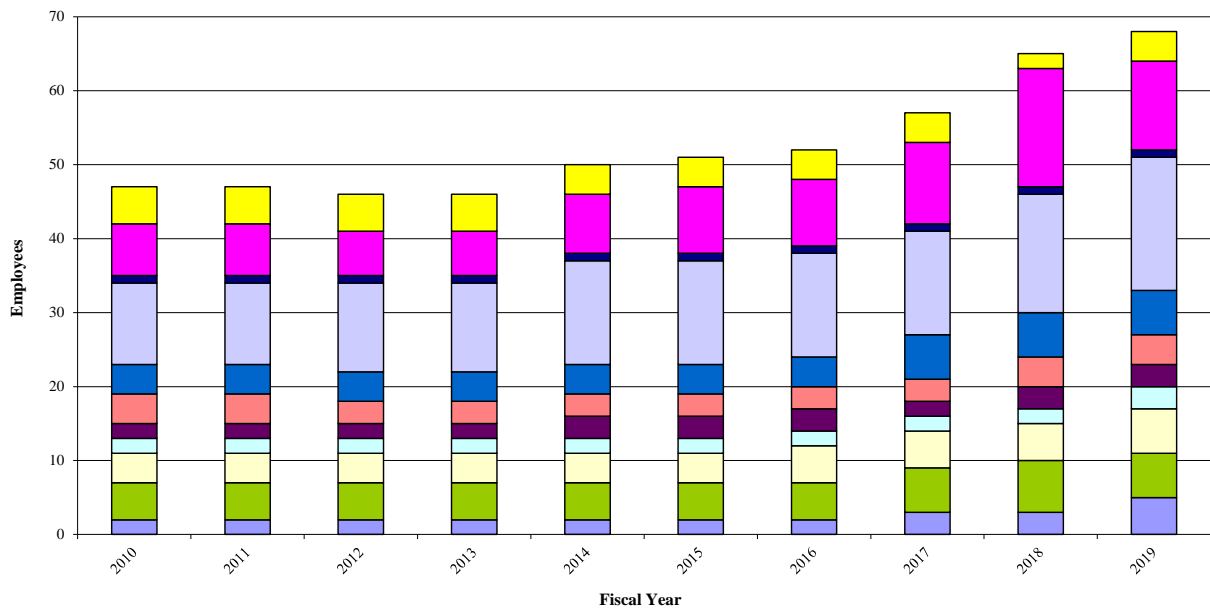
Sources: California Department of Finance and CaliforniaLaborMarketInfo

**Notes:**

(1) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

**CASITAS MUNICIPAL WATER DISTRICT**  
*Operating and Capacity Indicators – Employees*  
*Last Ten Fiscal Years*

Employees										
Department	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Management	2	2	2	2	2	2	2	3	3	5
Administration	5	5	5	5	5	5	5	6	7	6
Engineering	4	4	4	4	4	4	5	5	5	6
Water Quality Lab	2	2	2	2	2	2	2	2	2	3
Fisheries	2	2	2	2	3	3	3	2	3	3
Electrical and Mechanical	4	4	3	3	3	3	3	3	4	4
Distribution	4	4	4	4	4	4	4	6	6	6
Conservation and Treatment	11	11	12	12	14	14	14	14	16	18
Information Technology	1	1	1	1	1	1	1	1	1	1
Recreation Operations	7	7	6	6	8	9	9	11	16	12
Recreation Maintenance	5	5	5	5	4	4	4	4	2	4
<b>Total</b>	<b>47</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>50</b>	<b>51</b>	<b>52</b>	<b>57</b>	<b>65</b>	<b>68</b>



Sources: Casitas Municipal Water District Operations and Accounting Departments

**CASITAS MUNICIPAL WATER DISTRICT**  
*Operating and Capacity Indicators – Operations*  
*Last Ten Fiscal Years*

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<b>Other Operating and Capacity Indicators</b>					
<b>Fiscal Year</b>	<b>Miles of Pipeline</b>	<b>Lake Storage Capacity (AF)</b>	<b>Lake Level at Year-End (AF)</b>	<b>Percentage of Lake Capacity</b>	<b>Daily System Capacity (MGD)</b>
2010	105.7	254,000	194,405	76.5%	65
2011	105.7	254,000	218,328	86.0%	65
2012	105.7	254,000	197,199	77.6%	65
2013	105.7	254,000	171,748	67.6%	65
2014	105.7	254,000	145,253	57.2%	65
2015	105.7	254,000	122,050	48.1%	65
2016	105.7	254,000	100,696	39.6%	65
2017	138.4	237,761	(1) 106,322	44.7%	65
2018	138.4	237,761	80,996	34.1%	65
2019	138.4	237,761	106,552	44.8%	65

AF - Acre Feet

MGD - Millions of Gallons per Day

(1) Lake Storage Capacity Updated in 2017 from a Bathmatic Study

**Sources:** Casitas Municipal Water District Operations and Accounting Departments

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***Other Independent Auditors' Reports***

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Casitas Municipal Water District  
Oak View, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casitas Municipal Water District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Casitas Municipal Water District's basic financial statements, and have issued our report thereon dated December 31, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Casitas Municipal Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Casitas Municipal Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Casitas Municipal Water District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Casitas Municipal Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Nigro: Nigro, PC". The signature is written in a cursive style with a colon after the first name.

Murrieta, California  
December 31, 2019