



Board of Directors

Brian Brennan, Director
Angelo Spandrio, Director
Pete Kaiser, Director

Neil Cole, Director
Richard Hajas, Director

CASITAS MUNICIPAL WATER DISTRICT Meeting to be held at the

The meeting will be held via teleconference.
To attend the meeting please call US Toll Free (888) 788-0099 or (877) 853-5247
Enter Meeting ID: 960 6371 9585#
Passcode: 510630#

SPECIAL MEETING AGENDA

January 06, 2021 @ 3:00 PM

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of §54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. CALL TO ORDER
2. ROLL CALL
3. PUBLIC COMMENTS - Presentation on District related items that are not on the agenda - three minute limit.
4. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) JUNE 30, 2020.
 - 4.a. Review and Approval of the Comprehensive Annual Financial Report (CAFR) June 30, 2020.
[Casitas MWD 19-20 Concluding Letter-compressed.pdf](#)
[Casitas MWD 19-20 CAFR \(IAR and GAS\) v2 010620-compressed.pdf](#)

5. ADJOURNMENT



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Board of Directors
Casitas Municipal Water District
Oak View, California

We have audited the financial statements of Casitas Municipal Water District (the District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter and planning communication letter to you dated June 11, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2019-2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- a. Management's estimate of the water-in-storage inventory is based on the District's engineer's estimate of water in the lake and the District's diversion facility costs, general and administrative costs, and depreciation of state water project assets.
- b. The annual required contributions, pension expense, net pension liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's public defined benefit plans with CalPERS are based on an actuarial valuation provided by CalPERS.
- c. The OPEB actuarially determined contribution, OPEB expense, net OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the District's OPEB plan are based upon several key assumptions that are set by management with the assistance of an independent third-party actuary. These key assumptions include anticipated investment rate of return, health-care cost trends, mortality, and certain amortization periods.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were reported in Note 11 to the financial statements regarding the District's OPEB Plan and Note 12 regarding the pension plans.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Findings (Continued)

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. As a result of our audit related testwork, we proposed no significant corrections to the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 29, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability, Schedule of the Contributions to the Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of the Contributions to the OPEB Plan, which are Required Supplementary Information (RSI) that supplement the financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on 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, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters

We were not engaged to report on the introductory section and statistical information section, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Casitas Municipal Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".**CliftonLarsonAllen LLP**

Irvine, California
December 29, 2020

Casitas Municipal Water District

*Comprehensive Annual Financial Report
For the Years Ended June 30, 2020 and 2019*



*1055 Ventura Avenue, Oak View, California 93022 - 805.649.2251
www.casitaswater.org*



Casitas Municipal Water District
Oak View, California

Comprehensive Annual Financial Report

For the Years Ended June 30, 2020 and 2019

Prepared by:

Janyne Brown - Chief Financial Officer

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**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Years Ended June 30, 2020 and 2019**

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Comprehensive Annual Financial Report
For the Years Ended June 30, 2020 and 2019**

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INTRODUCTORY SECTION

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December 31, 2020

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, 2020 and 2019, 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 completeness and the fairness of presentation, including all disclosure 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 Auditor's 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.

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

On January 30th, 2020, the World Health Organization (WHO) announced a global health emergency because of an outbreak of a new strain of coronavirus (the COVID-19 outbreak). In March 2020, the COVID-19 outbreak was classified as a pandemic. The full impact of the COVID-19 outbreak continues to evolve and it is uncertain as to the full magnitude that the pandemic will have on the Districts financial condition, liquidity, and future operations.

Additionally, California's water supply continues to be a concern due to projected population increases and drought conditions. 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 require estimates and judgments by management.

Budgetary Control

The District's Board of Director's 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 financial statement basis.

Investment Policy

The Board of Directors have adopted 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 Rate 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 Clifton Larson Allen, LLP 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, 2019, the District received for the 26th 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.

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


Janyne Brown
Chief Financial Officer

Casitas Municipal Water District Directory

July 1, 2019 – June 30, 2020

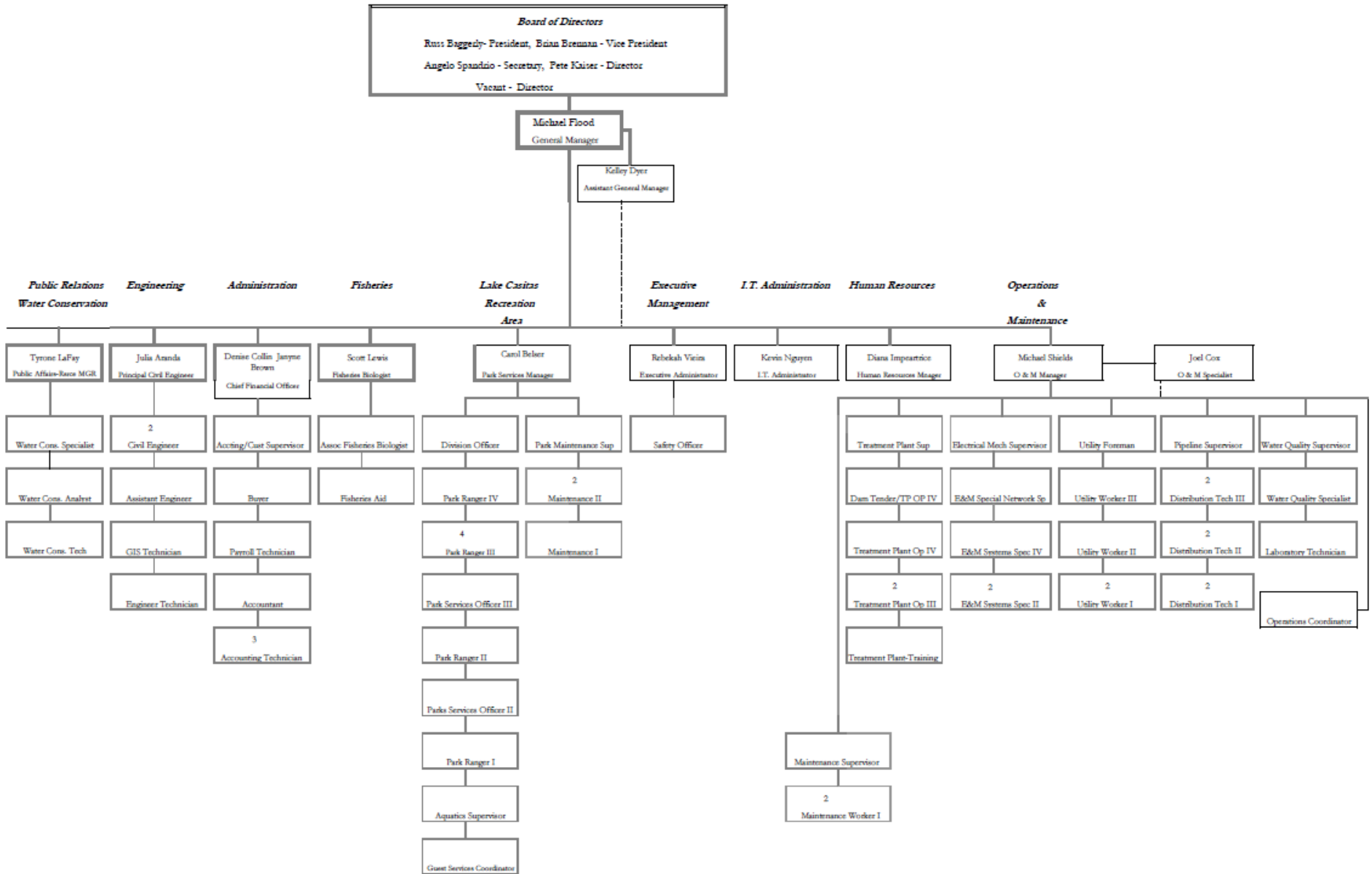
Board of Directors

Board Member	Division	Date of Original Election of Appointment	Ending Date of Term
Brian Brennan	Division 1	November, 2018	December, 2022
Vacant	Division 2	n/a	n/a
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
Kelley Dyer	Assistant General Manager
Rebekah Vieira	Executive Administrator
Diana Impeartrice	Human Resources
Janyne Brown/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
Tyrone LaFay	Public Affairs & Water Conservation Manager

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**

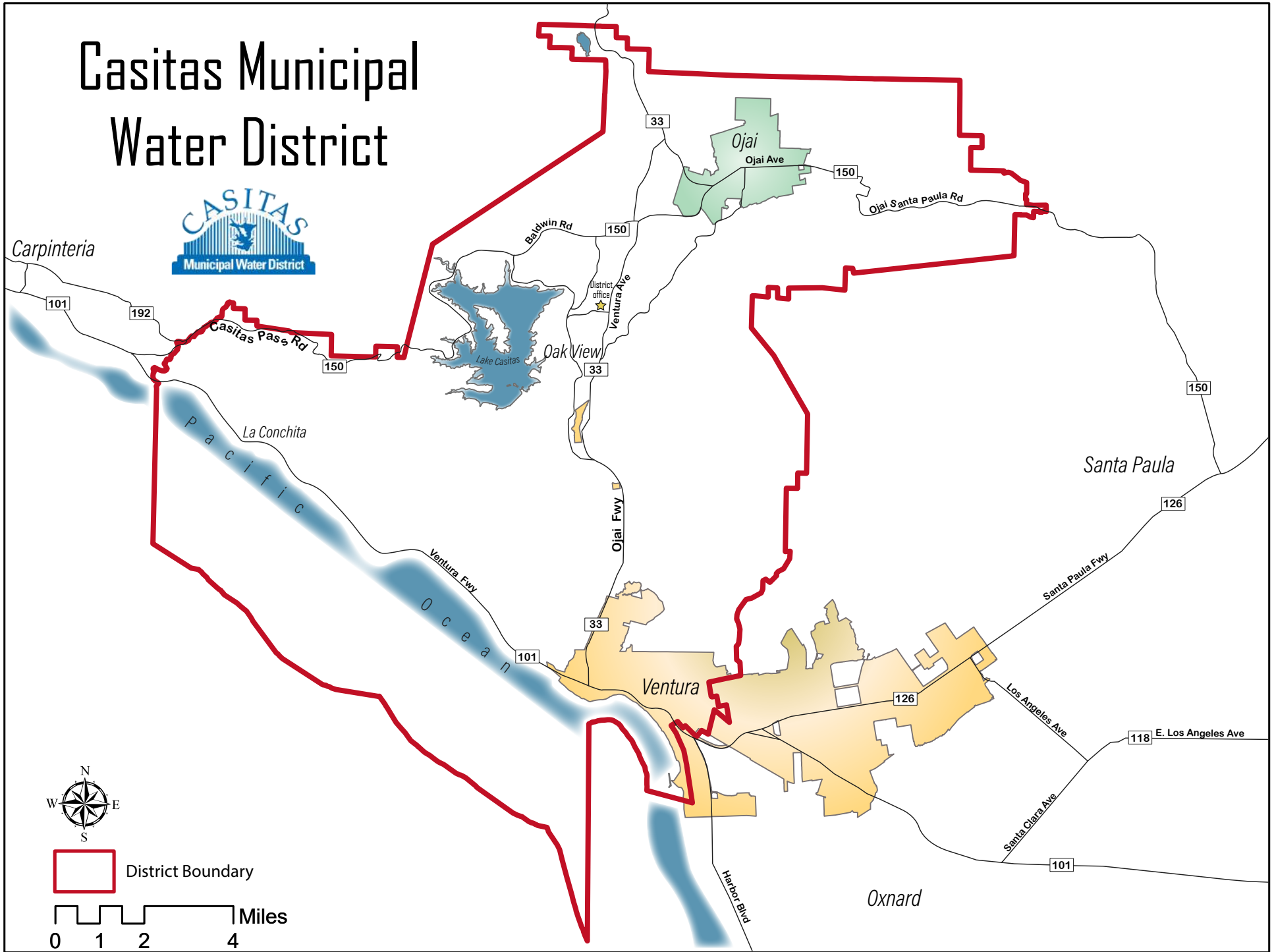
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

Casitas Municipal Water District



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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 Casitas Municipal Water District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District'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 opinion.

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, 2020, and the changes in its financial position and its 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 Proportionate Share of the Net Pension Liability, Schedule of the Contributions to the Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of Contributions to the OPEB Plan 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.

Other 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. The introductory section, supplementary information consisting of 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, and the statistical information section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole. The June 30, 2019 supplementary information was subjected to the auditing procedures applied in the June 30, 2019 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the June 30, 2019 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 Period Financial Statements

The financial statements of the District as of June 30, 2019, were audited by other auditors whose report dated December 31, 2019, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 29, 2020, 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 solely 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 the effectiveness of the District's 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 29, 2020

CASITAS MUNICIPAL WATER DISTRICT

*Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019*

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, 2020 and 2019. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operation, a current-to prior year analysis for the past three years, 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 2020, the District's net position decreased 15.8%, or \$9,742,571 from the prior year's net position of \$61,643,487 to \$51,900,916, as a result of this year's operations.
- 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 that year's operations.
- In fiscal year 2020, operating revenues decreased by 5.16%, or \$754,000 from \$14,622,822 to \$13,868,822 from the prior year, primarily due to a decrease in recreation revenue of \$1,347,405 as a result of the COVID-19 outbreak.
- In fiscal year 2019, operating revenues decreased 1.4% 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.
- In fiscal year 2020, operating expenses before depreciation expense and change in water-in-storage increased by 26.49% or \$4,936,026 from \$18,632,403 to \$23,568,429, from the prior year, primarily due to an increase in general and administrative expenses of \$5,446,057.
- In fiscal year 2019, operating expense before depreciation expense and change in water-in-storage increased by 13.8% 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.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position, and Statements 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 Sheets includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. 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 two years 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 periods. The Statements of Cash Flows reports cash receipts,

CASITAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2020 and 2019

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.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions about the District's finances is, "Is the District better off or worse as a result of this year's activities?" The Balance Sheets and Statements 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>	<u>June 30, 2018</u>	<u>Change</u>
Assets:					
Current assets	\$23,968,116	\$28,634,184	(\$4,666,068)	\$31,037,635	(\$2,403,451)
Non-current assets	23,670,608	15,666,074	8,004,534	12,150,615	3,515,459
Capital assets, net	85,273,007	80,988,067	4,284,940	82,388,499	(1,400,432)
Total assets	<u>132,911,731</u>	<u>125,288,325</u>	<u>7,623,406</u>	<u>125,576,749</u>	<u>(288,424)</u>
Deferred outflows of resources	<u>13,374,468</u>	<u>11,760,469</u>	<u>1,613,999</u>	<u>7,202,723</u>	<u>4,557,746</u>
Total assets and deferred outflows of resources	<u>\$146,286,199</u>	<u>\$137,048,794</u>	<u>\$9,237,405</u>	<u>\$132,779,472</u>	<u>\$4,269,322</u>
Liabilities:					
Current liabilities	\$5,178,795	\$3,482,566	\$1,696,229	\$5,172,317	(\$1,689,751)
Non-current liabilities	88,462,550	70,675,042	17,787,508	65,960,591	4,714,451
Total liabilities	<u>93,641,345</u>	<u>74,157,608</u>	<u>19,483,737</u>	<u>71,132,908</u>	<u>3,024,700</u>
Deferred inflows of resources	<u>743,938</u>	<u>1,247,699</u>	<u>(503,761)</u>	<u>1,616,824</u>	<u>(369,125)</u>
Net position:					
Net Investment in capital assets	36,991,071	39,302,535	(2,311,464)	34,740,555	4,561,980
Restricted	-	19,296	(19,296)	5,848,185	(5,828,889)
Unrestricted	14,909,845	22,321,656	(7,411,811)	19,441,172	2,880,484
Total net position	<u>51,900,916</u>	<u>61,643,487</u>	<u>(9,742,571)</u>	<u>60,029,912</u>	<u>1,613,575</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$146,286,199</u>	<u>\$137,048,794</u>	<u>\$9,237,405</u>	<u>\$132,779,644</u>	<u>\$4,269,150</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

CASITAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2020 and 2019

liabilities and deferred inflows of resources by \$51,900,916, \$61,643,487, \$60,029,912 as of June 30, 2020, 2019, and 2018, respectively.

By far the largest portion of the District's net position (71% as of June 30, 2020, 64% as of June 30, 2019, and 58% as of June 30, 2018) reflects the District's net investment in capital assets (net 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 2020, 2019, and 2018, the District showed a positive balance in its unrestricted net position of \$14,909,845, \$22,321,656, and \$19,441,172 respectively, which may be utilized in future years.

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

	June 30, 2020	June 30, 2019	Change	June 30, 2018	Change
Operating revenues	\$13,868,822	\$14,622,822	(\$754,000)	\$14,829,805	(\$206,983)
Operating expenses	(23,707,662)	(15,204,627)	(8,503,035)	(17,651,671)	2,447,044
Operating income before depreciation	(9,838,840)	(581,805)	(9,257,035)	(2,821,866)	2,240,061
Depreciation expense	(4,600,052)	(4,116,269)	(483,783)	(4,195,538)	79,269
Operating income (loss)	(14,438,892)	(4,698,074)	(9,740,818)	(7,017,404)	2,319,330
Non-operating revenues (expenses), net	4,484,819	5,774,254	(1,289,435)	2,833,972	2,940,282
Net loss before capital contributions	(9,954,073)	1,076,180	(11,030,253)	(4,183,432)	5,259,612
Capital contributions	211,502	537,395	(325,893)	220,264	317,131
Change in net position	(9,742,571)	1,613,575	(11,356,146)	(3,963,168)	5,576,743
Net position:					
Beginning of year	61,643,487	60,029,912	1,613,575	64,590,879	(4,560,967)
Prior period adjustment			-	(597,799)	597,799
End of year	\$51,900,916	\$61,643,487	(\$9,742,571)	\$60,029,912	\$1,613,575

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 decreased by \$9,742,571 and increased by \$1,613,575 for the years ended June 30, 2020 and 2019 respectively. For year ended June 30, 2018 the District's net position decreased by \$3,963,168.

CASITAS MUNICIPAL WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Fiscal Years Ended June 30, 2020 and 2019***Total Revenues**

	June 30, 2020	June 30, 2019	Increase (Decrease)	June 30, 2018	Increase (Decrease)
Operating revenues:					
Retail water consumption	\$4,950,033	\$4,186,214	\$763,819	\$4,982,114	(\$795,900)
Wholesale water sales	1,189,931	1,357,357	(167,426)	1,364,143	(6,786)
Monthly water service charge	4,532,973	4,034,503	498,470	3,707,098	327,405
Recreation revenue	2,547,147	3,894,552	(1,347,405)	3,906,797	(12,245)
Other water charges and services	648,738	1,150,196	(501,458)	869,653	280,543
Total operating revenues	13,868,822	14,622,822	(754,000)	14,829,805	(206,983)
Non-operating:					
Property taxes- ad valorem	2,496,711	2,415,294	81,417	2,313,211	102,083
Pass-through property tax increment	138,605	134,018	4,587	95,729	38,289
Property tax assessment for SWP	780,860	728,773	52,087	369,167	359,606
State water project water sales to other agencies	111,449	749,823	(638,374)	-	749,823
CFD 213-1 assessment	2,700,980	2,653,389	47,591	2,592,342	61,047
Mira Monte assessment	19,149	19,159	(10)	19,012	147
Investment earnings	584,759	548,522	36,237	576,708	(28,186)
Change in fair-value of investments	731,167	865,173	(134,006)	(660,798)	1,525,971
Other non-operating revenues/ (expenses), net	88,623	62,385	26,238	42,651	19,734
Total non-operating	7,652,303	8,176,536	(524,233)	5,348,022	2,828,514
Total revenues	\$21,521,125	\$22,799,358	(\$1,278,233)	\$20,177,827	\$2,621,531

In fiscal year 2020, operating revenues decreased by 5.16%, or \$754,000 from \$14,622,822 to \$13,868,822, from the prior year, primarily due to a decrease in recreation revenue of \$1,347,405 as a result of the COVID-19 outbreak that started in the winter of 2020.

In fiscal year 2019, operating revenues decreased by 1.4% 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 by 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. As a result July 1st of every year through 2021 the retail water consumption and monthly water service charge will be increased by 12%.

CASITAS MUNICIPAL WATER DISTRICT
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For the Fiscal Years Ended June 30, 2020 and 2019

Total Expenses

	June 30, 2020	June 30, 2019	Increase (Decrease)	June 30, 2018	Increase (Decrease)
Operating expenses:					
Source of supply	\$2,168,750	\$2,298,316	(\$129,566)	\$2,031,880	\$266,436
Pumping	1,103,895	925,612	178,283	1,585,524	(659,912)
Water Treatment	1,392,719	1,157,705	235,014	1,293,707	(136,002)
Transmission and distribution	1,055,007	1,009,961	45,046	1,013,968	(4,007)
Telemetry	203,901	257,838	(53,937)	303,570	(45,732)
Customer accounts	639,345	611,604	27,741	682,834	(71,230)
Recreation expenses	4,875,183	5,687,795	(812,612)	5,195,691	492,104
General and administrative	12,129,629	6,683,572	5,446,057	4,265,492	2,418,080
Change in water-in-storage inventory	139,233	(3,427,776)	3,567,009	1,279,005	(4,706,781)
Operating expenses before depreciation	23,707,662	15,204,627	8,503,035	17,651,671	(2,447,044)
Depreciation	4,600,052	4,116,269	483,783	4,195,538	(79,269)
Total operating expenses	28,307,714	19,320,896	8,986,818	21,847,209	(2,526,313)
Non-operating:					
State water project expense	629,730	716,634	(86,904)	616,152	100,482
Tax collection expense	42,176	39,366	2,810	38,038	1,328
Interest expense- Long-term debt	1,993,264	1,425,667	567,597	1,639,245	(213,578)
Amortization of deferred loss and insurance	226,252	220,615	5,637	220,615	-
Acquisition expense of CFD 2013-1	-	-	-	-	-
Cost of debt issuance	276,062	-	276,062	-	-
Total non-operating	3,167,484	2,402,282	765,202	2,514,050	(111,768)
Total expenses	31,475,198	21,723,178	9,752,020	24,361,259	(2,638,081)

In fiscal year 2020, operating expenses before depreciation and change in water-in-storage inventory, increased by 26.49% or \$4,936,026 from \$18,632,403 to \$23,568,429, from the prior year, primarily due to an increase in general and administrative expenses of \$5,446,057. Of the \$5.4 million, \$1.3 million is in outside contracts primarily related to engineering projects, \$1.2 million relates to salaries and benefits including retirees, \$1.1 is for pension related costs including the net pension liability, \$1 million relates to the overhead charged to recreation, and \$420k is for other post-employment benefits (OPEB).

In fiscal year 2019, operating expenses before depreciation and change in water-in-storage inventory, 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 expense of \$2,418,080 for increases in salaries and wages, employee benefits and outside contracts.

In fiscal year 2018, operating expenses before depreciation and change in water-in-storage inventory, 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 general and administrative.

Capital Assets

	Balance June 30, 2020	Balance June 30, 2019	Balance June 30, 2018
Capital assets:			
Non-depreciable assets	\$14,128,730	\$10,156,756	\$8,654,788
Depreciable assets	147,881,023	143,328,644	141,590,204
Accumulated depreciation	(76,736,746)	(72,497,333)	(67,856,493)
Total capital assets, net	85,273,007	80,988,067	82,388,499

CASITAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2020 and 2019

At the end of year 2020, 2019 and 2018, the District's investment in capital assets amounted to \$85,273,007, \$80,988,067, and \$82,388,499 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$8,884,992 and \$2,845,230 for various projects primarily related to Ojai water facilities within the Community Facilities District 2013-1 (CFD 2013-1) for the years ended June 30, 2020 and 2019, respectively. See Note 6 for further information.

Debt Administration

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

	Balance June 30, 2020	Balance June 30, 2019	Balance June 30, 2018
Long-term debt:			
Reimbursement agreement	\$2,471,301	\$2,548,529	\$2,625,757
Assessment bonds payable	19,500	38,500	56,500
Loans payable	586,414	865,830	1,136,525
Special tax bonds	57,212,099	43,600,925	43,885,662
Total capital assets, net	60,289,314	47,053,784	47,704,444

Long-term debt increased by \$13,235,530 and decreased by \$650,660 for the years ended June 30, 2020 and 2019. In the fall of 2019, the District issued additional special tax bonds for capital improvements related to Ojai water facilities within CFD 2013-1. See Notes 9 and 10 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

On January 30th, 2020, the World Health Organization (WHO) announced a global health emergency because of an outbreak of a new strain of coronavirus (the COVID-19 outbreak). In March 2020, the COVID-19 outbreak was classified as a pandemic. The full impact of the COVID-19 outbreak continues to evolve and it is uncertain as to the full magnitude that the pandemic will have on the Districts financial condition, liquidity, and future operations.

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, 2020 and 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 4,997,466	\$ 6,578,663
Investments	14,594,051	19,384,598
Accrued interest receivable	84,570	131,309
Accounts receivable, net	3,393,373	1,980,358
Materials and supplies inventory	120,360	117,334
Prepaid expenses	778,296	441,922
Total current assets	<u>23,968,116</u>	<u>28,634,184</u>
Noncurrent assets:		
Restricted - cash and cash equivalents	14,136,135	5,934,572
Restricted - special assessments receivable	-	57,796
Water-in-storage inventory	9,534,473	9,673,706
Capital assets - not being depreciated	14,128,730	10,156,756
Capital assets - being depreciated, net	71,144,277	70,831,311
Total noncurrent assets	<u>108,943,615</u>	<u>96,654,141</u>
Total assets	<u>132,911,731</u>	<u>125,288,325</u>
Deferred outflows of resources:		
Deferred loss on CFD 2013-1	3,482,657	3,690,560
OPEB related deferred outflows of resources	7,845,322	5,625,833
Pension related deferred outflows of resources	2,046,489	2,444,076
Total deferred outflows of resources	<u>13,374,468</u>	<u>11,760,469</u>
Total assets and deferred outflows of resources	<u>\$ 146,286,199</u>	<u>\$ 137,048,794</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,003,316	\$ 1,916,639
Deposits and unearned revenue	216,542	69,471
Accrued interest payable	782,407	621,105
Long-term liabilities - due within one year:		
Compensated absences	376,249	309,707
Reimbursement agreement	77,228	77,228
Assessment bonds payable	19,500	19,000
Long-term debt	703,553	469,416
Total current liabilities	<u>5,178,795</u>	<u>3,482,566</u>
Noncurrent liabilities:		
Long-term liabilities - due in more than one year:		
Compensated absences	564,374	464,560
Reimbursement agreement	2,394,073	2,471,301
Assessment bonds payable	-	19,500
Long-term debt	57,094,960	43,997,339
Net OPEB liability	19,700,201	15,887,642
Net pension liability	8,708,942	7,834,700
Total noncurrent liabilities	<u>88,462,550</u>	<u>70,675,042</u>
Total liabilities	<u>93,641,345</u>	<u>74,157,608</u>
Deferred inflows of resources:		
OPEB related deferred outflows of resources	203,122	227,614
Pension related deferred outflows of resources	540,816	1,020,085
Total deferred inflows of resources	<u>743,938</u>	<u>1,247,699</u>
Net position:		
Net investment in capital assets	36,991,071	39,302,535
Restricted	-	19,296
Unrestricted	14,909,845	22,321,656
Total net position	<u>51,900,916</u>	<u>61,643,487</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 146,286,199</u>	<u>\$ 137,048,794</u>

See accompanying notes to basic financial statements.

CASITAS MUNICIPAL WATER DISTRICT
Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Retail water consumption	\$ 4,950,033	\$ 4,186,214
Wholesale water sales	1,189,931	1,357,357
Monthly water service charge	4,532,973	4,034,503
Recreation revenue	2,547,147	3,894,552
Other water charges and services	648,738	1,150,196
Total operating revenues	<u>13,868,822</u>	<u>14,622,822</u>
Operating expenses:		
Source of supply	2,168,750	2,298,316
Pumping	1,103,895	925,612
Water treatment	1,392,719	1,157,705
Transmission and distribution	1,055,007	1,009,961
Telemetry	203,901	257,838
Customer accounts	639,345	611,604
Recreation expenses	4,875,183	5,687,795
General and administrative	12,129,629	6,683,572
Change in water-in-storage inventory	139,233	(3,427,776)
Total operating expenses	<u>23,707,662</u>	<u>15,204,627</u>
Operating loss before depreciation	<u>(9,838,840)</u>	<u>(581,805)</u>
Depreciation - water departments	(4,281,871)	(3,807,737)
Depreciation - recreation department	(318,181)	(308,532)
Operating loss	<u>(14,438,892)</u>	<u>(4,698,074)</u>
Non-operating revenues (expenses):		
Property taxes - ad valorem	2,496,711	2,415,294
Pass-through property tax increment	138,605	134,018
Property tax assessment for state water project	780,860	728,773
State water project water sales to other agencies	111,449	749,823
State water project expense	(629,730)	(716,634)
CFD 2013-1 assessment	2,700,980	2,653,389
Mira Monte assessment	19,149	19,159
Tax collection expense	(42,176)	(39,366)
Investment earnings	584,759	548,522
Change in fair-value of investments	731,167	865,173
Interest expense - long-term debt	(1,993,264)	(1,425,667)
Amortization of deferred loss and bond insurance on CFD 2013-1	(226,252)	(220,615)
Costs of debt issuance	(276,062)	-
Other, net	88,623	62,385
Total non-operating revenues (expenses), net	<u>4,484,819</u>	<u>5,774,254</u>
Net income (loss) before capital contributions	<u>(9,954,073)</u>	<u>1,076,180</u>
Capital contributions:		
Federal, state and local grants	211,502	537,395
Total capital contributions	<u>211,502</u>	<u>537,395</u>
Change in net position	<u>(9,742,571)</u>	<u>1,613,575</u>
Net position:		
Beginning of year	61,643,487	60,029,912
End of year	<u>\$ 51,900,916</u>	<u>\$ 61,643,487</u>

CASITAS MUNICIPAL WATER DISTRICT*Statements of Cash Flows**June 30, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 12,791,250	\$ 15,969,265
Cash paid to employees for salaries and benefits	(12,538,689)	(11,307,742)
Cash paid to vendors and suppliers for materials and services	(8,384,699)	(6,649,828)
Net cash used in operating activities	<u>(8,132,138)</u>	<u>(1,988,305)</u>
Cash flows from noncapital financing activities:		
Proceeds from property taxes and assessments	6,205,801	5,990,460
Tax collection expense	(42,176)	(39,366)
Net cash provided by noncapital financing activities	<u>6,163,625</u>	<u>5,951,094</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(8,884,992)	(2,715,837)
Proceeds from capital grants	211,502	537,395
Principal paid on long-term debt	(565,644)	(510,923)
Payment of costs of issuance	(276,062)	-
Receipt of bond proceeds	13,976,659	-
Interest paid on long-term debt	(2,027,516)	(1,568,614)
Net cash provided (used) in capital and related financing activities	<u>2,433,947</u>	<u>(4,257,979)</u>
Cash flows from investing activities:		
Proceeds from the sale or maturity of investments	5,523,434	1,496,064
Investment earnings	631,498	542,283
Net cash provided by investing activities	<u>6,154,932</u>	<u>2,038,347</u>
Net increase in cash and cash equivalents	6,620,366	1,743,157
Cash and cash equivalents:		
Beginning of year	12,513,235	10,770,078
End of year	<u>\$ 19,133,601</u>	<u>\$ 12,513,235</u>
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents	\$ 4,997,466	\$ 6,578,663
Restricted assets - cash and cash equivalents	14,136,135	5,934,572
Total cash and cash equivalents	<u>19,133,601</u>	<u>12,513,235</u>

CASITAS MUNICIPAL WATER DISTRICT*Statements of Cash Flows (continued)**June 30, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>(14,438,892)</u>	<u>(4,698,074)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,600,052	4,116,269
State water project water sales to other agencies	111,449	749,823
State water project expense	(629,730)	(716,634)
Other, net	88,623	62,385
Change in assets - (increase) decrease:		
Accounts receivable	(1,424,715)	456,792
Materials and supplies inventory	(3,026)	2,331
Prepaid expenses	(336,374)	172,489
Water-in-storage inventory	139,233	(3,427,776)
Change in deferred outflows of resources - (increase) decrease:		
OPEB related deferred outflows of resources	(2,219,489)	(5,055,475)
Pension related deferred outflows of resources	397,587	292,729
Change in liabilities - increase (decrease):		
Accounts payable and accrued expenses	1,086,677	985,417
Deposits and unearned revenue	147,071	77,443
Compensated absences	166,356	(141,828)
Net OPEB liability	3,812,559	5,605,497
Net pension liabilities	874,242	(100,568)
Change in deferred inflows of resources - increase (decrease):		
OPEB related deferred inflows of resources	(24,492)	227,614
Pension related deferred inflows of resources	<u>(479,269)</u>	<u>(596,739)</u>
Total adjustments	<u>6,306,754</u>	<u>2,709,769</u>
Net cash used in operating activities	<u>\$ (8,132,138)</u>	<u>\$ (1,988,305)</u>
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	<u>\$ 731,167</u>	<u>\$ 865,173</u>

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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. The District has no component units.

B. Basis of Presentation, Measurement Focus, and 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.

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under 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 property taxes, 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.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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

C. New Accounting Pronouncements

1. Current Year Standards

GASB No. 95

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB No. 97

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Paragraph 5 of this Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs did not impact the District.

GASB No. 89

In June 2018, GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, early application is encouraged. The requirements of this Statement should be applied prospectively. The requirements of this GASB resulted in a lack of capitalizing interest for the fiscal year ended June 30, 2020.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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

2. Pending Accounting Standards

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

GASB No. 87 – Leases

In June 2017, GASB issued Statement No. 87 – *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

D. 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.

2. Investments

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio (in relation to the amortized cost of that portfolio). Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for that fiscal year. Investment earnings includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

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.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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

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

2. Investments (Continued)

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. If balances are determined to be uncollectible, they are written off as bad debt expense. Management has evaluated the accounts and has established an allowance in the amount \$82,144 as of June 30, 2020 due to uncertainties regarding COVID-19. The District evaluated the accounts as of June 30, 2019 and determined that all amounts were collectable and no such allowance was necessary.

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.

6. Materials and Supplies Inventory

Inventory consists primarily of materials and supplies used in the construction and maintenance of the water system and is stated at cost using the consumption method on a first-in, first-out basis.

7. Water-In-Storage Inventory

Water-in-storage inventory consists of the water in Lake Casitas that flows from streams, rainfall, and diverted water. 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 on a first-in, first-out basis using the consumption method. A base year of June 30, 2011 was determined to have lake levels that equaled full capacity. In years when the lake level decreases, a reduction is made to inventory equal to the acre-foot reduction as a pro-rata portion of the base year inventory balance. In years when the lake level increases, the diversion costs are capitalized into inventory and tracked as additional values that can be used to relieve inventory once the base year costs have been exhausted.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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

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

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Contributed assets are recorded at acquisition value at date of donation. It is the District’s policy to capitalize assets costing over \$5,000 and a useful life of more than one year. 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	50-100 years
Pumping plant	10-30 years
Water treatment plant	10-30 years
Buildings and structures	10-30 years
Equipment	5-20 years
Fish ladder	25-50 years
Recreation assets	25-50 years
Alternate swimming facility	25 years

9. 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) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to a loss on refunding. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to pension and OPEB for employer contributions made after the measurement date of the net pension liability and the net OPEB liability.
- Deferred outflows related to pension and OPEB for changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions or retiree health benefits through the plans.
- Deferred outflows related to pension and OPEB resulting from the net difference in projected and actual earnings on investments of the pension and OPEB plans’ fiduciary net position. These amounts are amortized over five years.
- Deferred outflows related to pension for differences between expected and actual experience and changes in proportion and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plan.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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

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

9. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position reports 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. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pension and OPEB for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions or retiree health benefits through the plan.
- Deferred inflows related to pension and OPEB resulting from the net difference in projected and actual earnings on investments of the pension and OPEB plans' fiduciary net position. These amounts are amortized over five years.
- Deferred inflows from pensions resulting from changes in assumptions and changes in proportion and differences between employer contributions and the proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

10. 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).

11. 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.

12. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB 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.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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

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

13. 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 or payables 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.

E. Operating Revenues and Expenses

Operating revenues, such as charges for services (retail water sales, wholesale water sales, monthly water charge, and recreation revenue), result from exchange transactions associated with the principal activity of the District. Nonoperating revenues, such as property taxes, assessments, investment earnings, change in fair value of investments, and other such items, result from nonexchange activities in which the District receives value without directly giving equal value in exchange.

Operating expenses include the costs of providing water and related services, administrative expenses, recreation expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

F. Property Taxes and Assessments

Property taxes are levied based on a fiscal year (July 1 - June 30) each year. The property tax assessments are formally due on November 1st and February 1st, and become delinquent after December 10th and April 10th, respectively. Taxes become a lien on the property effective January 1st of the preceding year.

G. Capital Contributions

Capital contributions represent federal, state, and local grants received for the construction of capital projects.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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

H. Reclassifications

Certain amounts in the June 30, 2019 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2020 financial statements. There was no change in reported net income or net position related to these reclassifications.

I. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

J. 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 State Water Project entitlement rights and amortized over the life of the agreements within capital assets. Certain projects also require payments for on-going maintenance; those payments are charged to expenses as incurred.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS

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

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 4,997,466	\$ 6,578,663
Investments	14,594,051	19,384,598
Restricted - cash and cash equivalents	14,136,135	5,934,572
Total	<u>\$ 33,727,652</u>	<u>\$ 31,897,833</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash on hand	\$ 4,800	\$ 6,800
Demand deposits held in financial institutions	4,943,815	6,568,437
Investments	14,642,902	19,388,024
Restricted - Investments with Fiscal Agent	14,136,135	5,934,572
Total	<u>\$ 33,727,652</u>	<u>\$ 31,897,833</u>

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% 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% of the secured public deposits. At June 30, 2020 and 2019, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

Authorized Investments and Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address the investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. This table also does not address investments of the employer contributions to the OPEB trusts that are governed by the agreement between the District and the trustees, rather than the general provisions of the California Government Code or the District's investment policy.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

Authorized Investments and Investment Policy (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. treasury obligations	5-years*	None	None
Government sponsored entities securities	5-years*	None	None
Non-negotiable certificates of deposit	5-years*	None	25%
Money market mutual funds	5-years	20%	25%
Collateralized bank deposits	None	None	None
County pooled investment funds	None	None	None
California Local Agency Investment Fund (LAIF)	None	95%	None

*The District's investment policy allows for a maximum maturity of ten years. However, the California Government Code limits the maturity to five years but allows the Board express authority to make investments either specifically or as a part of an investment program approved by the Board that exceeds this five-year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

Money-Market Mutual Funds

Money-market mutual 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 mutual 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 mutual funds are not subject to the fair value hierarchy. 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.

Ventura County Pooled Investment Fund (VCPIF)

The District is a voluntary participant in the Ventura County Pooled Investment Fund (VCPIF) 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.

VCPIF is not subject to 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.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

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 subject to 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.

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. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

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. Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following tables that show the distribution of the District's investments by maturity.

The District's investments as of June 30, 2020 were as follows:

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 120 Months</u>
U.S. treasury obligations	Level 2	AA+	\$ 830,560	\$ -	\$ -	\$ 830,560
Government sponsored agency securities	Level 2	AA+	13,763,491	588,414	1,205,018	11,970,059
Local Agency Investment Fund (LAIF)	N/A	N/A	478	478	-	-
Ventura County Pooled Investment Fund (VCPIF)	N/A	N/A	3,003	3,003	-	-
Money Market Mutual Funds	N/A	Not Rated	45,370	45,370	-	-
Restricted - Investments with Fiscal Agent: Money Market Mutual Funds	N/A	AAA	14,136,135	14,136,135	-	-
			<u>\$ 28,779,037</u>	<u>\$ 14,773,400</u>	<u>\$ 1,205,018</u>	<u>\$ 12,800,619</u>

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

Interest Rate Risk (continued)

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

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 120 Months</u>
U.S. treasury obligations	Level 2	AA+	\$ 1,976,105	\$ 1,178,952	\$ -	\$ 797,153
Government sponsored agency securities	Level 2	AA+	17,408,493	1,004,230	599,721	15,804,542
Local Agency Investment Fund (LAIF)	N/A	N/A	467	467	-	-
Ventura County Pooled Investment Fund (VCPIF)	N/A	N/A	2,959	2,959	-	-
Restricted - Investments with Fiscal Agent: Money Market Mutual Funds	N/A	AAA	5,934,572	5,934,572	-	-
			<u>\$ 25,322,596</u>	<u>\$ 8,121,180</u>	<u>\$ 599,721</u>	<u>\$ 16,601,695</u>

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. U.S. Treasury obligations and Government sponsored agency securities are classified in level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

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 (such as LAIF and VCPIF).

Credit Risk - Investments

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. The District’s investments in U.S. treasury obligations and government sponsored agency securities are rated AA+ by Standard and Poor’s as of June 30, 2020 and 2019.

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. The following investments in any one governmental or non-governmental issuer represented 5% or more of the District’s total investments:

<u>Description</u>	<u>June 30, 2020</u>	
	<u>Percentage</u>	<u>Balance</u>
U.S. treasury obligations	6%	\$ 830,560
Government sponsored agency securities:		
Federal Agricultural Mortgage Corporation (FAMC)	7%	1,930,083
Federal Home Loan Banks (FHLB)	21%	5,982,442
Federal National Mortgage Association (FNMA)	15%	4,251,780

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk (continued)

<u>Description</u>	<u>June 30, 2019</u>	
	<u>Percentage</u>	<u>Balance</u>
U.S. treasury obligations	6%	\$ 1,976,105
Government sponsored agency securities:		
Federal Home Loan Banks (FHLB)	27%	6,771,081
Federal National Mortgage Association (FNMA)	19%	4,739,519
Federal Farm Credit Banks (FFCB)	17%	4,228,764

NOTE 3 – RESTRICTED ASSETS

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

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Restricted - cash and cash equivalents	\$ 14,136,135	\$ 5,934,572
Restricted - special assessments receivable	-	57,796
Total	<u>\$ 14,136,135</u>	<u>\$ 5,992,368</u>

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

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Proceeds from debt issuance - capital project funds	\$ 14,134,939	\$ 5,932,273
Proceeds from debt issuance - debt reserve funds	1,196	2,299
Special assessments receivable for debt service	-	57,796
Total	<u>\$ 14,136,135</u>	<u>\$ 5,992,368</u>

NOTE 4 – ACCOUNTS RECEIVABLE

The balance at June 30, consists of the following:

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Accounts receivable - customers	\$ 2,343,747	\$ 1,775,485
Allowance for doubtful accounts	(82,144)	-
Accounts receivable - others	988,248	49,651
Accounts receivable - property taxes	143,522	155,222
Total	<u>\$ 3,393,373</u>	<u>\$ 1,980,358</u>

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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, 2020</u>	<u>June 30, 2019</u>
Beginning balance - water-in-storage	\$ 9,673,706	\$ 6,245,930
Current year change in water-in-storage	(139,233)	3,427,776
Ending balance - water-in-storage	<u>\$ 9,534,473</u>	<u>\$ 9,673,706</u>

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2020, were as follows:

<u>Description</u>	<u>Balance July 1, 2019</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2020</u>
Non-depreciable assets:					
Land	\$ 7,797,935	\$ -	\$ -	\$ -	\$ 7,797,935
Easements	393,408	-	-	-	393,408
Construction-in-process	1,965,413	-	6,073,640	(2,101,666)	5,937,387
Total non-depreciable assets	<u>10,156,756</u>	<u>-</u>	<u>6,073,640</u>	<u>(2,101,666)</u>	<u>14,128,730</u>
Depreciable assets:					
State water project entitlement	3,581,127	(360,639)	104,387	-	3,324,875
Transmission and distribution system	58,484,559	-	397,786	2,050,181	60,932,526
Pumping plan	21,524,549	-	679,385	22,678	22,226,612
Water treatment plant	30,038,736	-	35,702	-	30,074,438
Buildings and structures	4,478,779	-	456,299	-	4,935,078
Equipment	5,716,584	-	287,797	-	6,004,381
Fish ladder	8,354,076	-	769,965	-	9,124,041
Recreation assets	9,214,329	-	80,031	8,711	9,303,071
Alternate swimming facility	1,935,905	-	-	20,096	1,956,001
Total depreciable assets	<u>143,328,644</u>	<u>(360,639)</u>	<u>2,811,352</u>	<u>2,101,666</u>	<u>147,881,023</u>
Accumulated depreciation:					
State water project entitlement	(2,532,242)	360,639	(75,471)	-	(2,247,074)
Transmission and distribution system	(21,461,697)	323,052	(744,508)	-	(21,883,153)
Pumping plan	(8,441,828)	(312,976)	(791,402)	-	(9,546,206)
Water treatment plant	(21,215,320)	669,455	(1,088,473)	-	(21,634,338)
Buildings and structures	(1,672,160)	(69,493)	(123,144)	-	(1,864,797)
Equipment	(3,956,800)	(899,027)	(723,427)	-	(5,579,254)
Fish ladder	(5,242,679)	(53,025)	(735,446)	-	(6,031,150)
Recreation assets	(6,619,478)	342,020	(221,037)	-	(6,498,495)
Alternate swimming facility	(1,355,129)	(6)	(97,144)	-	(1,452,279)
Total accumulated depreciation	<u>(72,497,333)</u>	<u>360,639</u>	<u>(4,600,052)</u>	<u>-</u>	<u>(76,736,746)</u>
Total depreciable assets, net	<u>70,831,311</u>	<u>-</u>	<u>(1,788,700)</u>	<u>2,101,666</u>	<u>71,144,277</u>
Total capital assets, net	<u>\$ 80,988,067</u>	<u>\$ -</u>	<u>\$ 4,284,940</u>	<u>\$ -</u>	<u>\$ 85,273,007</u>

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

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

Description	Balance July 1, 2018	Reclassifications	Additions	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:					
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
Total non-depreciable assets	8,654,788	-	1,631,361	(129,393)	10,156,756
Depreciable assets:					
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 plan	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
Total depreciable assets	141,590,204	-	1,213,869	524,571	143,328,644
Accumulated depreciation:					
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 plan	(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)
Total accumulated depreciation	(67,856,493)	-	(4,116,269)	(524,571)	(72,497,333)
Total depreciable assets, net	73,733,711	-	(2,902,400)	-	70,831,311
Total capital assets, net	\$ 82,388,499	\$ -	\$ (1,271,039)	\$ (129,393)	\$ 80,988,067

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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 2085, 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 Years Ended June 30, 2020 and 2019

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2020, were as follows:

<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 774,267	\$ 410,295	\$ (243,939)	\$ 940,623	\$ 376,249	\$ 564,374

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

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 1st until February 1, 2052 as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 77,228
2022	77,228
2023	77,228
2024	77,228
2025	77,228
2026-2030	386,140
2031-2035	386,140
2036-2040	386,140
2041-2045	386,140
2046-2050	386,140
2051-2052	154,461
Total	2,471,301
Less: current portion	(77,228)
Total non-current	\$ 2,394,073

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 9 – ASSESSMENT BONDS PAYABLE

Changes in assessment bonds payable amounts for the year ended June 30, 2020 were as follows:

<u>Long-Term Debt</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>	<u>Due in More</u>
	<u>July 1, 2019</u>			<u>June 30, 2020</u>		
Assessment bonds payable	\$ 38,500	\$ -	\$ (19,000)	\$ 19,500	\$ 19,500	\$ -

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

<u>Long-Term Debt</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>	<u>Due in More</u>
	<u>July 1, 2018</u>			<u>June 30, 2019</u>		
Assessment bonds payable	\$ 56,500	\$ -	\$ (18,000)	\$ 38,500	\$ 19,000	\$ 19,500

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>
2021	\$ 19,500	\$ 1,450	\$ 20,950

NOTE 10 – LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2020, were as follows:

<u>Long-Term Debt</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>	<u>Due in More</u>
	<u>July 1, 2019</u>			<u>June 30, 2020</u>		
<i>Direct borrowing:</i>						
Loans payable	\$ 865,830	\$ -	\$ (279,416)	\$ 586,414	\$ 288,553	\$ 297,861
<i>Other debt:</i>						
Special tax bonds - 2017 Series B	39,665,000	-	(190,000)	39,475,000	235,000	39,240,000
Special tax bonds - 2017 Series B premium	3,935,925	-	(139,504)	3,796,421	-	3,796,421
Special tax bonds - 2019 Series C	-	12,265,000	-	12,265,000	180,000	12,085,000
Special tax bonds - 2019 Series C premium	-	1,711,659	(35,981)	1,675,678	-	1,675,678
Total long-term debt	\$ 44,466,755	\$ 13,976,659	\$ (644,901)	\$ 57,798,513	\$ 703,553	\$ 57,094,960

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

<u>Long-Term Debt</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>	<u>Due in More</u>
	<u>July 1, 2019</u>			<u>June 30, 2020</u>		
<i>Direct borrowing:</i>						
Loans payable	\$ 1,136,525	\$ -	\$ (270,695)	\$ 865,830	\$ 279,416	\$ 586,414
<i>Other debt:</i>						
Special tax bonds - 2017 Series B	39,810,000	-	(145,000)	39,665,000	190,000	39,475,000
Special tax bonds - 2017 Series B premium	4,075,662	-	(139,737)	3,935,925	-	3,935,925
Total long-term debt	\$ 45,022,187	\$ -	\$ (555,432)	\$ 44,466,755	\$ 469,416	\$ 43,997,339

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 10 – LONG-TERM DEBT (continued)

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 20th 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>
2021	\$ 288,553	\$ 16,515	\$ 305,068
2022	297,861	7,207	305,068
Total	<u>\$ 586,414</u>	<u>\$ 23,722</u>	<u>\$ 610,136</u>

B. 2017 Special Tax Bonds

In 2013, registered voters within Community Facilities District 2013-1 authorized the District to incur bonded indebtedness in the aggregate principal amount not to exceed \$60,000,000. In April 2017, the District issued \$39,910,000 in 2017 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 were issued by the District under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended. A special assessment is 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 balance of this deferred loss, net of accumulated amortization is \$3,482,657 and \$3,690,560 as of June 30, 2020 and 2019, respectively.

The 2017 Special Tax Bonds are secured by a pledge and lien of the special taxes levy on the taxable property within the District. See note 10 C for details.

The special tax bonds are scheduled to mature on September 1, 2047 with annual principal and interest payments due September 1st and March 1st. 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 with a cost of \$472,314, both of which will be amortized over the remaining years of debt service life. Annual debt service requirements on the special tax bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	455,000	1,777,388	2,232,388
2026-2030	3,315,000	8,508,436	11,823,436
2031-2035	5,460,000	7,585,200	13,045,200
2036-2040	7,955,000	6,394,981	14,349,981
2041-2045	11,670,000	4,058,106	15,728,106
2046-2048	9,365,000	759,283	10,124,283
Total	<u>\$ 39,475,000</u>	<u>\$ 36,340,444</u>	<u>\$ 75,815,444</u>

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 10 – LONG-TERM DEBT (continued)

B. 2019 Special Tax Bonds

In October 2019, the District issued \$12,265,000 in Special Tax Bonds for capital improvements to the Ojai water facilities serving property within Community Facilities District 2013-1 (CFD 2013-1). 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 2019 Special Tax Bonds are secured by a pledge and lien of the special taxes levy on the taxable property within the District. See Note 10C for details.

The special tax bonds are scheduled to mature on September 1, 2047 with annual principal and interest payments due September 1st and March 1st. Annual interest rates range between 3.0% and 5.0%. The special tax bonds were issued with a \$1,711,659 bond premium and a prepaid Build America Mutual municipal bond insurance policy for \$128,405 both of which will be amortized over the remaining years of debt service life. The cost of debt issuance was \$323,870 and was expensed as incurred. Annual debt service requirements on the special tax bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 180,000	\$ 493,700	\$ 673,700
2022	110,000	489,350	599,350
2023	125,000	485,825	610,825
2024	140,000	481,850	621,850
2025	160,000	477,350	637,350
2026-2030	1,080,000	2,278,200	3,358,200
2031-2035	1,715,000	1,980,225	3,695,225
2036-2040	2,500,000	1,565,000	4,065,000
2041-2045	3,510,000	967,800	4,477,800
2046-2048	2,745,000	186,400	2,931,400
Total	<u>\$ 12,265,000</u>	<u>\$ 9,405,700</u>	<u>\$ 21,670,700</u>

C. Pledged Revenue

The 2017 and 2019 Special Tax Bonds are secured by a pledge and lien of the special taxes levy on the taxable property within the District. The special taxes collected, debt services payments, and percentage of revenue collected over debt services payments for the years ended June 30, 2020 and 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
CFD 2013-1 assessment revenue	\$ 2,700,980	\$ 2,653,389
Special tax bonds - 2017 Series B debt service payment	2,029,538	1,988,838
Special tax bonds - 2019 Series C debt service payment	159,951	-
Total debt service payments supported by assessment	<u>2,189,489</u>	<u>1,988,838</u>
Percentage of revenue collected over debt service payments	123%	133%

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY

Summary

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

<u>Description</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
OPEB related deferred outflows of resources	\$ 7,845,322	\$ 5,625,833
Net OPEB liability	19,700,201	15,887,642
OPEB related deferred inflows of resources	203,122	227,614

Plan Description - Eligibility

The District, through an agent multiple-employer defined benefit plan (the Plan), provides post-employment health-care benefits to retirees managed through California Employers’ Retiree Benefit Trust (CERBT). 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 benefits provided and 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, and 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

Employees covered by benefit terms

At June 30, 2019 and 2018 (Measurement Dates), the following employees were covered by the benefit terms:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inactive plan members or beneficiaries currently receiving benefit payments	38	38
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	67	59
Total	105	97

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

Contributions

Contribution requirements are established by District policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution; however, the District typically contributes based on the pay-as-you-go costs. For the measurement period ended June 30, 2019, the District made no contributions to the OPEB trust, made payments totaling \$517,646 for retiree health-care insurance benefits, made payments totaling \$2,020 for administrative expenses paid outside of the trust, and the implied subsidy was \$159,407, resulting in payments of \$679,073. For the measurement period ended June 30, 2018, the District made no contributions to the OPEB trust, made payments totaling \$510,861 for retiree health-care insurance benefits and the implied subsidy was \$115,835, resulting in payments of \$626,696.

A. Net OPEB Liability

The District's net OPEB liability for the fiscal year ended June 30, 2020, was measured as of June 30, 2019 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures.

The District's net OPEB liability for the fiscal year ended June 30, 2019, was measured as of June 30, 2018 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions and other inputs

The total net OPEB liability in the June 30, 2019 and 2018 (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	June 30, 2019	June 30, 2018
Discount rate	3.67%	4.89%
Inflation	2.75%	2.75%
Salary increases	3.00%	3.00%
Investment rate of return	5.50%	5.50%
Healthcare cost trend rates	(1)	(1)
Mortality, Retirement, Disability, Termination	(2)	(2)
Mortality Improvement	(3)	(3)

(1) Non-Medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.

Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.

(2) Based on CalPERS 1997-2015 Experience Study.

(3) Post-retirement mortality projected fully generational with Sclae MP-2018.

Long-Term Expected Rate of Return

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocations with CERBT as of June 30, 2019 and 2018 measurement dates are summarized in the following tables:

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

A. Net OPEB Liability (continued)

Measurement Period Ended June 30, 2019

	<u>Target Allocation CERBT-Strategy 3</u>	<u>Expected Real Rate of Return</u>
Global Equity	22.00%	4.82%
Fixed Income	49.00%	1.47%
TIPS	16.00%	1.29%
Commodities	5.00%	0.84%
REITS	8.00%	3.76%
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		5.50%

Measurement Period Ended June 30, 2018

	<u>Target Allocation CERBT-Strategy 3</u>	<u>Expected Real Rate of Return</u>
Global Equity	24.00%	4.82%
Fixed Income	39.00%	1.47%
TIPS	26.00%	1.29%
Commodities	3.00%	0.84%
REITS	8.00%	3.76%
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		5.50%

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments - to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher - to the extent that the conditions in (a) are not met.

Discount Rate – Measurement Period Ended June 30, 2019

The blended discount rate used to measure the total OPEB liability was 3.67% as of the measurement period ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that the District would make contributions based on expected pay-go costs less normal costs for future new members and that additional contributions to the trust were unlikely. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries through 2031, the crossover date. At the crossover date of 2031, the plan's fiduciary net position is not projected to be available to make required payments and, therefore, the Bond Buyer 20-Bond GO Index rate of 3.50% was applied from this date forward.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

A. Net OPEB Liability (continued)

Discount Rate – Measurement Period Ended June 30, 2018

The blended discount rate used to measure the total OPEB liability was 4.89% as of the measurement period ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed that the District would make contributions based on expected pay-go costs less normal costs for future new members and that additional contributions to the trust were unlikely. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries through 2055, the crossover dates for the measurement period ended June 30, 2018. At the crossover date of 2055, the plan’s fiduciary net position is not projected to be available to make required payments and, therefore, the Bond Buyer 20-Bond GO Index rate of 3.87% was applied from this date forward.

Changes of Assumptions

The discount rate decreased from 4.89% to 3.67% from the measurement period ended June 30, 2018 to June 30, 2019.

Changes of Benefit Terms

There were no changes of benefit terms.

B. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows for the June 30, 2019 measurement date:

	<u>Total</u> <u>OPEB Liability</u>	<u>Plan Fiduciary</u> <u>Net Position</u>	<u>Net</u> <u>OPEB Liability</u>
Balance at June 30, 2019 (Measurement Date)	\$ 17,137,707	\$ 1,250,065	\$ 15,887,642
Changes for the year:			
Service cost	417,772	-	417,772
Interest on the net OPEB liability	841,909	-	841,909
Changes in assumptions	3,319,650	-	3,319,650
Employer contributions	-	679,073	(679,073)
Net investment income	-	89,988	(89,988)
Administrative expenses	-	(2,289)	2,289
Benefit payments	(677,053)	(677,053)	-
Net changes	<u>3,902,278</u>	<u>89,719</u>	<u>3,812,559</u>
Balance at June 30, 2020 (measurement date)	<u>\$ 21,039,985</u>	<u>\$ 1,339,784</u>	<u>\$ 19,700,201</u>

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

B. Changes in the Net OPEB Liability (continued)

The changes in the net OPEB liability are as follows for the June 30, 2018 measurement date:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2018 (Measurement Date)	\$ 11,478,411	\$ 1,196,266	\$ 10,282,145
Changes for the year:			
Service cost	232,654	-	232,654
Interest on the net OPEB liability	683,863	-	683,863
Changes in assumptions	5,629,147	-	5,629,147
Differences between actual and expected 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	<u>5,659,296</u>	<u>53,799</u>	<u>5,605,497</u>
Balance at June 30, 2019 (measurement date)	<u>\$ 17,137,707</u>	<u>\$ 1,250,065</u>	<u>\$ 15,887,642</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net 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 measurement dates ended June 30, 2019 and 2018:

	<u>1% Decrease 2.67%</u>	<u>Discount Rate 3.67%</u>	<u>1% Increase 4.67%</u>
June 30, 2019 (measurement date)	<u>\$ 23,139,336</u>	<u>\$ 19,700,201</u>	<u>\$ 16,919,135</u>
	<u>1% Decrease 3.89%</u>	<u>Discount Rate 4.89%</u>	<u>1% Increase 5.89%</u>
June 30, 2018 (measurement date)	<u>\$ 18,484,659</u>	<u>\$ 15,887,642</u>	<u>\$ 13,770,084</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net 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 measurement dates ended June 30, 2019 and 2018:

	<u>1% Decrease (1)</u>	<u>Healthcare Cost Trend Rates (2)</u>	<u>1% Increase (3)</u>
June 30, 2019 (measurement date)	<u>\$ 16,501,306</u>	<u>\$ 19,700,201</u>	<u>\$ 23,808,127</u>
June 30, 2018 (measurement date)	<u>\$ 13,601,984</u>	<u>\$ 15,887,642</u>	<u>\$ 18,766,949</u>

(1) Non-Medicare: 6.5% decreasing to 3.0% in 2076; Medicare: 5.5% decreasing to 3.0% in 2076.

(2) Non-Medicare: 7.5% decreasing to 4.0% in 2076; Medicare: 6.5% decreasing to 4.0% in 2076.

(3) Non-Medicare: 8.5% decreasing to 5.0% in 2076; Medicare: 7.5% decreasing to 5.0% in 2076.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

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

For the fiscal years ended June 30, 2020 and 2019, the District recognized OPEB expense of \$2,264,848 and \$1,513,047, respectively.

As of the fiscal year ended June 30, 2020, the District reported of deferred outflows and deferred inflows of resources related to the net OPEB liability from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to the measurement date	\$ 696,270	\$ -
Changes in assumptions	7,149,052	-
Differences between expected and actual experience	-	(195,556)
Net differences between projected and actual earnings on OPEB plan investments	-	(7,566)
Total Deferred Outflows (Inflows) of Resources	<u>\$ 7,845,322</u>	<u>\$ (203,122)</u>

At June 30, 2020, the District reported \$696,270 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 ending June 30, 2021 calculation. Other amounts reported as deferred outflows (inflows) of resources related to the net OPEB liability will be recognized in OPEB expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Amount</u>
2021	\$ 1,071,625
2022	1,071,625
2023	1,071,626
2024	1,068,482
2025	1,072,731
Thereafter	1,589,841
Total	<u>\$ 6,945,930</u>

As of the fiscal year ended June 30, 2019, the District reported of deferred outflows and deferred inflows of resources related to the net OPEB liability from the following sources:

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

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 11 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (continued)

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2019, the District reported \$679,073 of deferred outflows of resources for employer contributions made subsequent to the measurement date which was used to reduce the net OPEB liability balance in the fiscal year ended June 30, 2020 calculation.

D. Payable to the OPEB Plan

At June 30, 2020, the District had no outstanding amount of contributions to the OPEB plan.

NOTE 12 – PENSION PLAN

Summary

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

Description	June 30, 2020	June 30, 2019
Pension related deferred outflows of resources	\$ 2,046,489	\$ 2,444,076
Net pension liability	8,708,942	7,834,700
Pension related deferred inflows of resources	540,816	1,020,085

Qualified employees are covered under an agent 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

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans (Plans), which are cost-sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under these plans are established by state statute and District resolution. 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, 2016 and 2015 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.

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 12 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

The Plans' provisions and benefits in effect at the June 30, 2019 and 2018, measurement dates are summarized as follows:

	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
Benefit 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 member contribution rates - 2020:		
Normal cost rate	8.099%	6.842%
Payment of unfunded liability	\$ 388,687	\$ 1,418
Required member contribution rates - 2019:		
Normal cost rate	7.653%	6.533%
Payment of unfunded liability	\$ 795,544	\$ 225,466

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 based on a retirement formula using the local service credit, age at retirement, and highest average annual compensation during any consecutive 12- or 36-month period throughout the employees' CalPERS career.

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.

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.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 12 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided (continued)

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%.

Contributions

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 periods ending June 30, 2019 and 2018 (measurement dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are included in the above benefits schedule.

Contributions for the fiscal years ended June 30, 2020 and 2019, were as follows:

<u>Employer Contributions by Fiscal Year</u>	<u>Miscellaneous Plans</u>		
	<u>Classic</u>		<u>Total</u>
	<u>Tier 1</u>	<u>PEPRA</u>	
Contributions - employer - June 30, 2020	<u>\$ 795,544</u>	<u>\$ 225,466</u>	<u>\$ 1,021,010</u>
Contributions - employer - June 30, 2019	<u>\$ 651,899</u>	<u>\$ 177,180</u>	<u>\$ 829,079</u>

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

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 periods for the Miscellaneous Plan for the fiscal years ended June 30, 2020 and 2019:

<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>
CalPERS - Miscellaneous Plans:			
Balance as of June 30, 2018 (measurement date)	<u>\$ 36,349,762</u>	<u>\$ 28,515,062</u>	<u>\$ 7,834,700</u>
Balance as of June 30, 2019 (measurement date)	<u>\$ 38,333,297</u>	<u>\$ 29,624,355</u>	<u>\$ 8,708,942</u>
Change	<u>\$ 1,983,535</u>	<u>\$ 1,109,293</u>	<u>\$ 874,242</u>

CASITAS MUNICIPAL WATER DISTRICT*Notes to Financial Statements**For the Fiscal Years Ended June 30, 2020 and 2019***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)***

<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>
CalPERS - Miscellaneous Plans:			
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
Change	\$ 434,256	\$ 534,824	\$ (100,568)

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, 2018 and 2017). 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, 2019 and 2018). 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, 2019 and 2018 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2019 fiscal year and the 2018 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).

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, 2019 and 2018, 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, 2018 and 2017 rolled forward to June 30, 2019 and 2018, 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.

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

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 proportionate share percentage of the net pension liability for the June 30, 2019, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2020	June 30, 2019	
Measurement Date	June 30, 2019	June 30, 2018	
Percentage of Risk Pool Net Pension Liability	0.217480%	0.207890%	0.009590%
Percentage of Plan (PERF C) Net Pension Liability	0.084990%	0.081300%	0.003690%

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

	Percentage Share of Risk Pool		Change Increase (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2019	June 30, 2018	
Measurement Date	June 30, 2018	June 30, 2017	
Percentage of Risk Pool Net Pension Liability	0.207890%	0.201300%	0.006590%
Percentage of Plan (PERF C) Net Pension Liability	0.081300%	0.080015%	0.001285%

For the fiscal years ended June 30, 2020 and 2019, the District recognized pension expense in the amounts of \$1,813,571 and \$424,506, respectively, for the CalPERS Miscellaneous Plan.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,021,010	\$ -
Differences between expected and actual experience	604,872	(46,865)
Changes in assumptions	415,283	(147,214)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	5,324	(194,477)
Net differences between projected and actual earnings on pension plan investments	-	(152,260)
Total Deferred Outflows (Inflows) of Resources	\$ 2,046,489	\$ (540,816)

The District will recognize \$1,021,010 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 ending June 30, 2021.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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 deferred outflows/(inflows) of resources related to the net differences 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 differences between expected and actual experience, changes of assumptions, and changes in employer’s proportion and differences between the employer’s contributions and the employer’s proportionate share of contributions, 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:

Amortization Period	
Fiscal Year Ended June 30	Amount
2021	\$ 486,929
2022	(88,415)
2023	55,382
2024	30,767
Total	\$ 484,663

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

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 829,079	\$ -
Differences between expected and actual experience	300,604	(102,294)
Changes in assumptions	893,179	(218,901)
Changes in employer’s proportion and differences between the employer’s contributions and the employer’s proportionate share of contributions	382,481	(698,890)
Net differences between projected and actual earnings on pension plan investments	38,733	-
Total Deferred Outflows (Inflows) of Resources	\$ 2,444,076	\$ (1,020,085)

The District recognized \$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.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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 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:

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement periods ending June 30, 2019 and 2018 (the measurement dates), the total pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017, with update procedures used to roll forward the total pension liability to June 30, 2019 and 2018. The total pension liabilities were based on the following actuarial methods and assumptions:

	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Actuarial Cost Method	<u>Entry Age Normal</u>	<u>Entry Age Normal</u>
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(3)
Post Retirement Benefit Increase	(4)	(4)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

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)

(3) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

(4) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Long-term Expected Rate of Return

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.

The expected real rates of return by asset class are as follows for the measurement period ended June 30, 2019:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% is used for this period.

(c) An expected inflation of 2.92% is used for this period.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 12 – PENSION PLAN (continued)

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

Long-term Expected Rate of Return (continued)

The expected real rates of return by asset class are as follows for the measurement period ended June 30, 2018:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Assets	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	0.90%
Total	100.00%		

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% is used for this period.
- (c) An expected inflation of 2.92% is used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the measurement periods ending June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District’s proportionate share of the net pension liability for the Plans, as of the measurement dates, calculated using the discount rate for each plan, as well as what the District’s proportionate share of the net pension 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 rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
June 30, 2019 (measurement date)	\$ 13,864,888	\$ 8,708,942	\$ 4,453,073
June 30, 2018 (measurement date)	\$ 12,751,774	\$ 7,834,700	\$ 3,775,735

CASITAS MUNICIPAL WATER DISTRICT*Notes to Financial Statements**For the Fiscal Years Ended June 30, 2020 and 2019***NOTE 12 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)*****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.

Payable to Pension Plans

At June 30, 2020 and 2019, the District had no outstanding amount of contributions to the pension plans'.

NOTE 13 – NET INVESTMENT IN CAPITAL ASSETS

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

Description	June 30, 2020	June 30, 2019
Noncurrent portion of assets:		
Capital assets - not being depreciated	\$ 14,128,730	\$ 10,156,756
Capital assets - being depreciated, net	71,144,277	70,831,311
Current portion of liabilities:		
Reimbursement agreement	(77,228)	(77,228)
Long-term debt	(703,553)	(469,416)
Noncurrent portion of liabilities:		
Reimbursement agreement	(2,394,073)	(2,471,301)
Long-term debt	(57,094,960)	(43,997,339)
Noncurrent assets:		
Restricted - cash and cash equivalents	14,136,135	5,934,572
Current liabilities:		
Accounts payable and accrued expenses:		
Capital related	(2,005,480)	(604,820)
Retentions payable	(142,777)	-
Total net investment in capital assets	\$ 36,991,071	\$ 39,302,535

NOTE 14 – RESTRICTED NET POSITION

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

Description	June 30, 2020	June 30, 2019
Special assessments receivable for debt service	\$ -	\$ 57,796
Assessment bonds payable - current portion	-	(19,000)
Assessment bonds payable - non-current portion	-	(19,500)
Total restricted net position	\$ -	\$ 19,296

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 15 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two defined contribution 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. 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. The District makes no contributions to these plans.

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, 2020, 2019 and 2018. 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, 2020, 2019 and 2018.

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.

CASITAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 17 – COMMITMENTS AND CONTINGENCIES (continued)

State Water Contract (continued)

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>
2021	\$ 901,156
2022	1,041,315
2023	1,005,195
2024	1,034,137
2025	<u>1,034,878</u>
Total	<u>\$ 5,016,681</u>

As of June 30, 2020, the District has expended \$23.6 million since the District started participating in the State Water Contract.

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:

	<u>State Water Contract</u> <u>Long-term Obligations</u>
Transportation facilities	\$ 16,309,786
Conservation facilities	6,528,224
Off-aqueduct power facilities	24,858
Revenue bond surcharge	<u>1,420,961</u>
Total long-term SWP contract obligations	<u>\$ 24,283,829</u>

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.

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.

CASITAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 17 – COMMITMENTS AND CONTINGENCIES (continued)

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District’s financial condition, liquidity, operations and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have an effect on the District’s results of future operations and financial position in fiscal year 2021.

Required Supplementary Information

CASITAS MUNICIPAL WATER DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
*Last Ten Fiscal Years**

Fiscal year ended	<u>June 30, 2020</u>
Measurement period	June 30, 2019
District's proportion of the net pension liability	0.084990%
District's proportionate share of the net pension liability	\$ 8,708,942
District's covered payroll	\$ 5,931,424
District's proportionate share of the net pension liability as a percentage of its covered payroll	146.83%
District's proportionate share of fiduciary net position as a percentage of the Plan's total pension liability	75.26%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CASITAS MUNICIPAL WATER DISTRICT

Schedule of Proportionate Share of the Net Pension Liability (continued)

*Last Ten Fiscal Years**

Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.081300%	0.080015%	0.077286%	0.067262%	0.086030%
District's proportionate share of the net pension liability	\$ 7,834,700	\$ 7,935,268	\$ 6,687,600	\$ 4,616,826	\$ 5,353,339
District's covered payroll	\$ 5,467,811	\$ 4,602,594	\$ 4,334,649	\$ 4,123,809	\$ 3,866,484
District's proportionate share of the net pension liability as a percentage of its covered payroll	143.29%	172.41%	154.28%	111.96%	138.45%
District's proportionate share of fiduciary net position as a percentage of the Plan's total pension liability	78.45%	77.91%	80.01%	85.60%	83.03%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CASITAS MUNICIPAL WATER DISTRICT
Schedule of Contributions to the Pension Plan
*Last Ten Fiscal Years**

Fiscal year ended	<u>June 30, 2020</u>
Contractually required contribution (actuarially determined)	\$ 1,021,010
Contributions in relation to the actuarially determined contributions	<u>(1,021,010)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 5,955,380
Contributions as a percentage of covered payroll	17.14%

Notes to Schedule:

Valuation Date	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	(1)
Asset valuation method	Fair Value
Inflation	2.625%
Salary increases	(2)
Investment rate of return	7.25% (3)
Retirement age	(4)
Mortality	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 years (2%@55) and 52 years (2%@62)
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CASITAS MUNICIPAL WATER DISTRICT

Schedule of Contributions to the Pension Plan (continued)

*Last Ten Fiscal Years**

Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 829,079	\$ 689,022	\$ 555,953	\$ 465,843	\$ 340,790
Contributions in relation to the actuarially determined contributions	<u>(829,079)</u>	<u>(689,022)</u>	<u>(555,953)</u>	<u>(465,843)</u>	<u>(340,790)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,931,424	\$ 5,467,811	\$ 4,602,594	\$ 4,334,649	\$ 4,123,809
Contributions as a percentage of covered payroll	13.98%	12.60%	12.08%	10.75%	8.26%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years (2%@55) and 52 years (2%@62)

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* - Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CASITAS MUNICIPAL WATER DISTRICT

*Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years**

Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:			
Service cost	\$ 417,772	\$ 232,654	\$ 226,427
Interest on total OPEB liability	841,909	683,863	657,817
Changes of assumptions	3,319,650	5,629,147	-
Differences between expected and actual experience	-	(259,672)	-
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(677,053)</u>	<u>(626,696)</u>	<u>(518,711)</u>
Net Change in Total OPEB Liability	3,902,278	5,659,296	365,533
Total OPEB Liability - Beginning of Year	<u>17,137,707</u>	<u>11,478,411</u>	<u>11,112,878</u>
Total OPEB Liability - End of Year (a)	<u>21,039,985</u>	<u>17,137,707</u>	<u>11,478,411</u>
Plan Fiduciary Net Position:			
Contributions - employer	679,073	626,696	1,714,977
Net investment income	89,988	55,999	-
Administrative expenses	(2,289)	(2,200)	-
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(677,053)</u>	<u>(626,696)</u>	<u>(518,711)</u>
Net Change in Plan Fiduciary Net Position	89,719	53,799	1,196,266
Plan Fiduciary Net Position - Beginning of Year	<u>1,250,065</u>	<u>1,196,266</u>	<u>-</u>
Plan Fiduciary Net Position - End of Year (b)	<u>1,339,784</u>	<u>1,250,065</u>	<u>1,196,266</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 19,700,201</u>	<u>\$ 15,887,642</u>	<u>\$ 10,282,145</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.37%	7.29%	10.42%
Covered employee payroll	\$ 5,931,424	\$ 5,467,811	\$ 4,602,594
Net OPEB liability as percentage of covered employee payroll	332.13%	290.57%	223.40%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The discount rate decreased from 4.89% to 3.67% from the measurement period ended June 30, 2018 to June 30, 2019.

* Fiscal year 2018 was the first year of implementation; therefore, only three years are shown.

CASITAS MUNICIPAL WATER DISTRICT
Schedule of Contributions to the OPEB Plan
*Last Ten Fiscal Years**

Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 1,372,064	\$ 1,331,790	\$ 1,714,977
Contributions in relation to the actuarially determined contributions	<u>(696,270)</u>	<u>(679,073)</u>	<u>(884,244)</u>
Contribution deficiency (excess)	<u>\$ 675,794</u>	<u>\$ 652,717</u>	<u>\$ 830,733</u>
Covered employee payroll	\$ 5,955,380	\$ 5,931,424	\$ 5,467,811
Contributions as a percentage of covered employee payroll	11.69%	11.45%	16.17%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value
Discount rate	5.50%	4.89%	6.00%
Inflation	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	2.75%
Investment rate of return	5.50%	5.50%	5.50%
Medical trend	(2)	(2)	(2)
Mortality	(3)	(3)	(3)
Mortality Improvement	(4)	(4)	(4)

(1) Level percentage of payroll, closed

(2) Non-Medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
 Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076

(3) CalPERS 1997-2015 experience study

(4) Post-retirement mortality projected fully generational with Scale MP-2018

* - Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

Supplementary Information

CASITAS MUNICIPAL WATER DISTRICT

*Statements of Revenue, Expenses, and Changes in Net Position - Budget to Actual
For the Fiscal Year Ended June 30, 2020*

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Operating revenues:			
Retail water consumption	\$ 5,579,969	\$ 4,950,033	\$ (629,936)
Wholesale water sales	1,527,840	1,189,931	(337,909)
Monthly water service charge	3,713,227	4,532,973	819,746
Recreation revenue	4,029,049	2,547,147	(1,481,902)
Other water charges and services	202,289	648,738	446,449
Total operating revenues	<u>15,052,374</u>	<u>13,868,822</u>	<u>(1,183,552)</u>
Operating expenses:			
Source of supply	\$ 3,195,963	2,168,750	1,027,213
Pumping	1,861,669	1,103,895	757,774
Water treatment	1,098,045	1,392,719	(294,674)
Transmission and distribution	1,251,660	1,055,007	196,653
Telemetry	363,199	203,901	159,298
Customer accounts	594,087	639,345	(45,258)
Recreation expenses	5,939,543	4,875,183	1,064,360
General and administrative	29,213,861	12,129,629	(11,927,340)
Change in water-in-storage inventory	-	139,233	139,233
Total operating expenses	<u>43,518,027</u>	<u>23,707,662</u>	<u>(8,922,741)</u>
Operating loss before depreciation	<u>(28,465,653)</u>	<u>(9,838,840)</u>	<u>7,739,189</u>
Depreciation - water departments	-	(4,281,871)	4,281,871
Depreciation - recreation department	-	(318,181)	318,181
Operating loss	<u>(28,465,653)</u>	<u>(14,438,892)</u>	<u>3,139,137</u>
Non-operating revenues (expenses):			
Property taxes - ad valorem	2,259,862	2,496,711	236,849
Pass-through property tax increment	94,466	138,605	44,139
Property tax assessment for state water project	-	780,860	780,860
State water project water sales to other agencies	-	111,449	111,449
State water project expense	-	(629,730)	(629,730)
CFD 2013-1 assessment	2,657,884	2,700,980	43,096
Mira Monte assessment	-	19,149	19,149
Tax collection expense	(38,200)	(42,176)	(3,976)
Investment earnings	472,482	584,759	112,277
Change in fair-value of investments	-	731,167	731,167
Interest expense - long-term debt	(2,310,404)	(1,993,264)	317,140
Amortization of deferred loss and bond insurance on CFD 2013-1	-	(226,252)	(226,252)
Costs of debt issuance	-	(276,062)	(276,062)
Other, net	51,341	88,623	37,282
Total non-operating revenues (expenses), net	<u>3,187,431</u>	<u>4,484,819</u>	<u>1,297,388</u>
Net income (loss) before capital contributions	<u>(25,278,222)</u>	<u>(9,954,073)</u>	<u>4,436,525</u>
Capital contributions:			
Federal, state and local grants	4,583,772	211,502	(4,372,270)
Total capital contributions	<u>4,583,772</u>	<u>211,502</u>	<u>(4,372,270)</u>
Change in net position	<u>\$ (20,694,450)</u>	<u>(9,742,571)</u>	<u>\$ 64,255</u>
Net position:			
Beginning of year		61,643,487	
End of year		<u>\$ 51,900,916</u>	

CASITAS MUNICIPAL WATER DISTRICT

*Statements of Revenue, Expenses, and Changes in Net Position - Budget to Actual
For the Fiscal Year Ended June 30, 2019*

	Final Budget	Actual	Variance Positive/ (Negative)
Operating revenues:			
Retail water consumption	\$ 5,404,286	\$ 4,186,214	\$ (1,218,072)
Wholesale water sales	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
Total operating revenues	<u>16,171,423</u>	<u>14,622,822</u>	<u>(1,548,601)</u>
Operating expenses:			
Source of supply	3,366,000	2,298,316	1,067,684
Pumping	3,427,715	925,612	2,502,103
Water treatment	2,249,072	1,157,705	1,091,367
Transmission and distribution	1,516,533	1,009,961	506,572
Telemetry	333,506	257,838	75,668
Customer accounts	788,456	611,604	176,852
Recreation expenses	5,552,363	5,687,795	(135,432)
General and administrative	3,962,059	6,683,572	(2,721,513)
Change in water-in-storage inventory	-	(3,427,776)	(3,427,776)
Total operating expenses	<u>21,195,704</u>	<u>15,204,627</u>	<u>(864,475)</u>
Operating loss before depreciation	<u>(5,024,281)</u>	<u>(581,805)</u>	<u>(684,126)</u>
Depreciation - water departments	-	(3,807,737)	3,807,737
Depreciation - recreation department	-	(308,532)	308,532
Operating loss	<u>(5,024,281)</u>	<u>(4,698,074)</u>	<u>(4,800,395)</u>
Non-operating revenues (expenses):			
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)
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 2013-1	-	(220,615)	(220,615)
Other, net	75,600	62,385	(13,215)
Total non-operating revenues (expenses), net	<u>1,408,462</u>	<u>5,774,254</u>	<u>4,365,792</u>
Net income (loss) before capital contributions	<u>(3,615,819)</u>	<u>1,076,180</u>	<u>(434,603)</u>
Capital contributions:			
Federal, state and local grants	559,472	537,395	(22,077)
Total capital contributions	<u>559,472</u>	<u>537,395</u>	<u>(22,077)</u>
Change in net position	<u>\$ (3,056,347)</u>	<u>1,613,575</u>	<u>\$ (456,680)</u>
Net position:			
Beginning of year		<u>60,029,912</u>	
End of year		<u>\$ 61,643,487</u>	

CASITAS MUNICIPAL WATER DISTRICT
Combining Balance Sheets
June 30, 2020

	Operating Fund	Financing Fund	Improvement Assessment Fund
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 4,997,466	\$ -	\$ -
Investments	14,594,051	-	-
Accrued interest receivable	84,570	-	-
Accounts receivable, net	3,393,373	-	-
Due from other funds	228,052	10,955,355	-
Materials and supplies inventory	120,360	-	-
Prepaid expenses	778,296	-	-
Total current assets	24,196,168	10,955,355	-
Noncurrent assets:			
Restricted - cash and cash equivalents	14,136,135	-	-
Restricted - special assessments receivable	-	-	-
Water-in-storage inventory	9,534,473	-	-
Capital assets - not being depreciated	14,128,730	-	-
Capital assets - being depreciated, net	71,144,277	-	-
Total noncurrent assets	108,943,615	-	-
Total assets	133,139,783	10,955,355	-
Deferred outflows of resources:			
Deferred loss on CFD 2013-1	3,482,657	-	-
OPEB related deferred outflows of resources	7,845,322	-	-
Pension related deferred outflows of resources	2,046,489	-	-
Total deferred outflows of resources	13,374,468	-	-
Total assets and deferred outflows of resources	\$ 146,514,251	\$ 10,955,355	\$ -
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
Current liabilities:			
Accounts payable and accrued expenses	3,003,316	-	-
Deposits and unearned revenue	216,542	-	-
Accrued interest payable	782,407	-	-
Due to other funds	-	10,955,355	228,052
Long-term liabilities - due within one year:			
Compensated absences	376,249	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	19,500
Long-term debt	703,553	-	-
Total current liabilities	5,159,295	10,955,355	247,552
Noncurrent liabilities:			
Long-term liabilities - due in more than one year:			
Compensated absences	564,374	-	-
Reimbursement agreement	2,394,073	-	-
Assessment bonds payable	-	-	-
Long-term debt	57,094,960	-	-
Net OPEB liability	19,700,201	-	-
Net pension liability	8,708,942	-	-
Total noncurrent liabilities	88,462,550	-	-
Total liabilities	93,621,845	10,955,355	247,552
Deferred inflows of resources:			
OPEB related deferred outflows of resources	203,122	-	-
Pension related deferred outflows of resources	540,816	-	-
Total deferred inflows of resources	743,938	-	-
Net position:			
Net investment in capital assets	36,991,071	-	-
Unrestricted	15,157,397	-	(247,552)
Total net position	52,148,468	-	(247,552)
Total liabilities, deferred inflows of resources, and net position	\$ 146,514,251	\$ 10,955,355	\$ -

CASITAS MUNICIPAL WATER DISTRICT
Combining Balance Sheets (continued)
 June 30, 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>Elimination for Financial Reporting</u>	<u>Total</u>
Current assets:		
Cash and cash equivalents	\$ -	\$ 4,997,466
Investments	-	14,594,051
Accrued interest receivable	-	84,570
Accounts receivable, net	-	3,393,373
Due from other funds	(11,183,407)	-
Materials and supplies inventory	-	120,360
Prepaid expenses	-	778,296
Total current assets	<u>(11,183,407)</u>	<u>23,968,116</u>
Noncurrent assets:		
Restricted - cash and cash equivalents	-	14,136,135
Restricted - special assessments receivable	-	-
Water-in-storage inventory	-	9,534,473
Capital assets - not being depreciated	-	14,128,730
Capital assets - being depreciated, net	-	71,144,277
Total noncurrent assets	<u>-</u>	<u>108,943,615</u>
Total assets	<u>(11,183,407)</u>	<u>132,911,731</u>
Deferred outflows of resources:		
Deferred loss on CFD 2013-1	-	3,482,657
OPEB related deferred outflows of resources	-	7,845,322
Pension related deferred outflows of resources	-	2,046,489
Total deferred outflows of resources	<u>-</u>	<u>13,374,468</u>
Total assets and deferred outflows of resources	<u>\$ (11,183,407)</u>	<u>\$ 146,286,199</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 3,003,316
Deposits and unearned revenue	-	216,542
Accrued interest payable	-	782,407
Due to other funds	(11,183,407)	-
Long-term liabilities - due within one year:		
Compensated absences	-	376,249
Reimbursement agreement	-	77,228
Assessment bonds payable	-	19,500
Long-term debt	-	703,553
Total current liabilities	<u>(11,183,407)</u>	<u>5,178,795</u>
Noncurrent liabilities:		
Long-term liabilities - due in more than one year:		
Compensated absences	-	564,374
Reimbursement agreement	-	2,394,073
Assessment bonds payable	-	-
Long-term debt	-	57,094,960
Net OPEB liability	-	19,700,201
Net pension liability	-	8,708,942
Total noncurrent liabilities	<u>-</u>	<u>88,462,550</u>
Total liabilities	<u>(11,183,407)</u>	<u>93,641,345</u>
Deferred inflows of resources:		
OPEB related deferred outflows of resources	-	203,122
Pension related deferred outflows of resources	-	540,816
Total deferred inflows of resources	<u>-</u>	<u>743,938</u>
Net position:		
Net investment in capital assets	-	36,991,071
Unrestricted	-	14,909,845
Total net position	<u>-</u>	<u>51,900,916</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ (11,183,407)</u>	<u>\$ 146,286,199</u>

CASITAS MUNICIPAL WATER DISTRICT
Combining Balance Sheets
June 30, 2019

	Operating Fund	Financing Fund	Improvement Assessment Fund
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 6,578,663	\$ -	\$ -
Investments	19,384,598	-	-
Accrued interest receivable	131,309	-	-
Accounts receivable, net	1,980,358	-	-
Due from other funds	172,080	10,177,531	-
Materials and supplies inventory	117,334	-	-
Prepaid expenses	441,922	-	-
Total current assets	28,806,264	10,177,531	-
Noncurrent assets:			
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	-	-
Total noncurrent assets	96,596,345	-	57,796
Total assets	125,402,609	10,177,531	57,796
Deferred outflows of resources:			
Deferred loss on CFD 2013-1	3,690,560	-	-
OPEB related deferred outflows of resources	5,625,833	-	-
Pension related deferred outflows of resources	2,444,076	-	-
Total deferred outflows of resources	11,760,469	-	-
Total assets and deferred outflows of resources	\$ 137,163,078	\$ 10,177,531	\$ 57,796
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
Current liabilities:			
Accounts payable and accrued expenses	1,916,639	-	-
Deposits and unearned revenue	69,471	-	-
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	-	-
Total current liabilities	3,463,566	10,177,531	191,080
Noncurrent liabilities:			
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 OPEB liability	15,887,642	-	-
Net pension liability	7,834,700	-	-
Total noncurrent liabilities	70,655,542	-	19,500
Total liabilities	74,119,108	10,177,531	210,580
Deferred inflows of resources:			
OPEB related deferred outflows of resources	227,614	-	-
Pension related deferred outflows of resources	1,020,085	-	-
Total deferred inflows of resources	1,247,699	-	-
Net position:			
Net investment in capital assets	39,302,535	-	-
Restricted	-	-	19,296
Unrestricted	22,493,736	-	(172,080)
Total net position	61,796,271	-	(152,784)
Total liabilities, deferred inflows of resources, and net position	\$ 137,163,078	\$ 10,177,531	\$ 57,796

CASITAS MUNICIPAL WATER DISTRICT
Combining Balance Sheets (continued)
June 30, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>Elimination for Financial Reporting</u>	<u>Total</u>
Current assets:		
Cash and cash equivalents	\$ -	\$ 6,578,663
Investments	-	19,384,598
Accrued interest receivable	-	131,309
Accounts receivable, net	-	1,980,358
Due from other funds	(10,349,611)	-
Materials and supplies inventory	-	117,334
Prepaid expenses	-	441,922
Total current assets	<u>(10,349,611)</u>	<u>28,634,184</u>
Noncurrent assets:		
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
Total noncurrent assets	<u>-</u>	<u>96,654,141</u>
Total assets	<u>(10,349,611)</u>	<u>125,288,325</u>
Deferred outflows of resources:		
Deferred loss on CFD 2013-1	-	3,690,560
OPEB related deferred outflows of resources	-	5,625,833
Pension related deferred outflows of resources	-	2,444,076
Total deferred outflows of resources	<u>-</u>	<u>11,760,469</u>
Total assets and deferred outflows of resources	<u>\$ (10,349,611)</u>	<u>\$ 137,048,794</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 1,916,639
Deposits and unearned revenue	-	69,471
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
Assessment bonds payable	-	19,000
Long-term debt	-	469,416
Total current liabilities	<u>(10,349,611)</u>	<u>3,482,566</u>
Noncurrent liabilities:		
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 OPEB liability	-	15,887,642
Net pension liability	-	7,834,700
Total noncurrent liabilities	<u>-</u>	<u>70,675,042</u>
Total liabilities	<u>(10,349,611)</u>	<u>74,157,608</u>
Deferred inflows of resources:		
OPEB related deferred outflows of resources	-	227,614
Pension related deferred outflows of resources	-	1,020,085
Total deferred inflows of resources	<u>-</u>	<u>1,247,699</u>
Net position:		
Net investment in capital assets	-	39,302,535
Restricted	-	19,296
Unrestricted	-	22,321,656
Total net position	<u>-</u>	<u>61,643,487</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ (10,349,611)</u>	<u>\$ 137,048,794</u>

CASITAS MUNICIPAL WATER DISTRICT
Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Water Fund	Recreation Fund	Total
Operating revenues:			
Retail water consumption	\$ 4,950,033	\$ -	\$ 4,950,033
Wholesale water sales	1,189,931	-	1,189,931
Monthly water service charge	4,532,973	-	4,532,973
Recreation revenue	-	2,547,147	2,547,147
Other water charges and services	648,738	-	648,738
Total operating revenues	<u>11,321,675</u>	<u>2,547,147</u>	<u>13,868,822</u>
Operating expenses:			
Source of supply	2,168,750	-	2,168,750
Pumping	1,103,895	-	1,103,895
Water treatment	1,392,719	-	1,392,719
Transmission and distribution	1,055,007	-	1,055,007
Telemetry	203,901	-	203,901
Customer accounts	639,345	-	639,345
Recreation expenses	-	4,875,183	4,875,183
General and administrative	12,129,629	-	12,129,629
Change in water-in-storage inventory	139,233	-	139,233
Total operating expenses	<u>18,832,479</u>	<u>4,875,183</u>	<u>23,707,662</u>
Operating loss before depreciation	<u>(7,510,804)</u>	<u>(2,328,036)</u>	<u>(9,838,840)</u>
Depreciation - water departments	(4,281,871)	-	(4,281,871)
Depreciation - recreation department	-	(318,181)	(318,181)
Operating loss	<u>(11,792,675)</u>	<u>(2,646,217)</u>	<u>(14,438,892)</u>
Non-operating revenues (expenses):			
Property taxes - ad valorem	2,496,711	-	2,496,711
Pass-through property tax increment	138,605	-	138,605
Property tax assessment for state water project	780,860	-	780,860
State water project water sales to other agencies	111,449	-	111,449
State water project expense	(629,730)	-	(629,730)
CFD 2013-1 assessment	2,700,980	-	2,700,980
Mira Monte assessment	19,149	-	19,149
Tax collection expense	(42,176)	-	(42,176)
Investment earnings	584,759	-	584,759
Change in fair-value of investments	731,167	-	731,167
Interest expense - long-term debt	(1,993,264)	-	(1,993,264)
Amortization of deferred loss and bond insurance on CFD 2013-1	(226,252)	-	(226,252)
Costs of debt issuance	(276,062)	-	(276,062)
Other, net	88,623	-	88,623
Total non-operating revenues (expenses), net	<u>4,484,819</u>	<u>-</u>	<u>4,484,819</u>
Net income (loss) before capital contributions	<u>(7,307,856)</u>	<u>(2,646,217)</u>	<u>(9,954,073)</u>
Capital contributions:			
Federal, state and local grants	4,557	206,945	211,502
Total capital contributions	<u>4,557</u>	<u>206,945</u>	<u>211,502</u>
Change in net position	<u>\$ (7,303,299)</u>	<u>\$ (2,439,272)</u>	<u>\$ (9,742,571)</u>

CASITAS MUNICIPAL WATER DISTRICT
Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2019

	Water Fund	Recreation Fund	Total
Operating revenues:			
Retail water consumption	\$ 4,186,214	\$ -	\$ 4,186,214
Wholesale water sales	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
Total operating revenues	<u>10,728,270</u>	<u>3,894,552</u>	<u>14,622,822</u>
Operating expenses:			
Source of supply	2,298,316	-	2,298,316
Pumping	925,612	-	925,612
Water treatment	1,157,705	-	1,157,705
Transmission and distribution	1,009,961	-	1,009,961
Telemetry	257,838	-	257,838
Customer accounts	611,604	-	611,604
Recreation expenses	-	5,687,795	5,687,795
General and administrative	6,683,572	-	6,683,572
Change in water-in-storage inventory	(3,427,776)	-	(3,427,776)
Total operating expenses	<u>9,516,832</u>	<u>5,687,795</u>	<u>15,204,627</u>
Operating loss before depreciation	<u>1,211,438</u>	<u>(1,793,243)</u>	<u>(581,805)</u>
Depreciation - water departments	(3,807,737)	-	(3,807,737)
Depreciation - recreation department	-	(308,532)	(308,532)
Operating loss	<u>(2,596,299)</u>	<u>(2,101,775)</u>	<u>(4,698,074)</u>
Non-operating revenues (expenses):			
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)
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
Total non-operating revenues (expenses), net	<u>5,774,254</u>	<u>-</u>	<u>5,774,254</u>
Net income (loss) before capital contributions	<u>3,177,955</u>	<u>(2,101,775)</u>	<u>1,076,180</u>
Capital contributions:			
Federal, state and local grants	371,636	165,759	537,395
Total capital contributions	<u>371,636</u>	<u>165,759</u>	<u>537,395</u>
Change in net position	<u>\$ 3,549,591</u>	<u>\$ (1,936,016)</u>	<u>\$ 1,613,575</u>

CASITAS MUNICIPAL WATER DISTRICT
Detail Schedules of Operating Expenses - Utility Department
For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Source of supply:		
Advertising and legal notices	\$ 6,524	\$ 3,222
Chlorine	19,477	28,134
Clothing and personal supplies	826	1,037
Communications	7,419	7,374
Computer upgrades - hardware and software	2,407	5,841
Costs applied	-	34,600
District equipment	6,998	9,358
Education and training	5,797	9,958
Insurance - EQP	190	150
Insurance - workers compensation	7,696	-
Licenses and permits	96,352	78,187
Memberships and dues	46,477	52,523
Office supplies	3,152	-
OPEB	95,344	40,126
Other professional services	6,326	41,034
Outside contracts	326,249	594,220
Postage	3,584	15,628
Power purchased for pumping	264,406	168,561
Pre-employment screening	242	122
Printing and binding	15,306	14,144
Private vehicle mileage	514	177
Public information	146	-
Purchased water	2,182	1,706
Salaries and benefits	986,006	971,581
Services and supplies	240,898	184,255
Small tools	537	359
Travel	15,616	28,864
Utilities	8,079	7,155
Total source of supply	<u>2,168,750</u>	<u>2,298,316</u>
Pumping:		
Clothing and personal supplies	-	41
Communications	1,909	1,836
Licenses and permits	14,662	-
Outside contracts	77,042	50,681
Power purchased for pumping	961,959	828,726
Salaries and benefits	21,688	19,736
Service and supplies	24,025	15,527
Small tools	2,610	9,065
Total pumping	<u>1,103,895</u>	<u>925,612</u>
Water treatment:		
Ammonia	13,374	13,401
Caustics	45,785	22,529
Chlorine	49,900	44,400
Clothing and personal supplies	3,499	2,707
Communications	3,716	3,541
Computer upgrades - hardware and software	156	930
Education and training	654	893
Ferric	5,622	10,221
Licenses and permits	300	1,187
Liquid oxygen	129,531	124,573
OPEB	357,650	173,258
Outside contracts	19,935	49,411
Polymer	40,753	17,009
Postage	-	110
Salaries and benefits	560,277	552,097
Service and supplies	54,432	63,427
Small tools	490	-
Utilities	106,645	78,011
Total treatment	<u>1,392,719</u>	<u>1,157,705</u>

CASITAS MUNICIPAL WATER DISTRICT*Detail Schedules of Operating Expenses - Utility Department (continued)**For the Fiscal Years Ended June 30, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
Transmission and distribution:		
Clothing and personal supplies	\$ 4,002	\$ 1,748
Communications	5,158	5,890
Computer upgrades - hardware and software	-	1,709
District equipment	31	-
Education and training	1,146	2,470
Licenses and permits	817	1,951
Office supplies	34	-
Other operating expenses	57,796	19,030
Outside contracts	200,456	236,825
Postage	42	-
Pre-employment screening	509	-
Printing and binding	184	180
Private vehicle mileage	-	116
Property losses for operations	(64)	370
Salaries and benefits	546,080	542,909
Service and supplies	224,213	191,195
Small tools	12,468	3,302
Travel	2,135	2,266
Total transmission and distribution	<u>1,055,007</u>	<u>1,009,961</u>
Telemetry:		
Books and publications	475	209
Clothing and personal supplies	-	41
Communications	3,938	2,523
Computer upgrades - hardware and software	1,161	59
Education and training	-	169
Outside contracts	37,608	70,608
Postage	23	99
Salaries and benefits	128,237	136,870
Service and supplies	8,275	27,076
Small tools	691	212
Utilities	23,493	19,972
Total telemetry	<u>203,901</u>	<u>257,838</u>
Customer accounts:		
Bad debt provision	86,981	12,465
Clothing and personal supplies	3,353	2,417
Communications	5,222	6,795
Computer upgrades - hardware and software	3,150	397
Education and training	3,547	3,110
Licenses and permits	340	300
Outside contracts	44,276	42,065
Postage	5,054	3,382
Printing and binding	613	-
Private vehicle mileage	68	-
Salaries and benefits	439,598	501,787
Service and supplies	43,441	33,378
Small tools	1,946	2,878
Travel	1,756	2,630
Total customer accounts	<u>639,345</u>	<u>611,604</u>

CASITAS MUNICIPAL WATER DISTRICT

Detail Schedules of Operating Expenses - Utility Department (continued)

For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
General and administrative:		
Advertising and legal notices	\$ 1,532	\$ 2,792
Bad debt provision	-	3,888
Bank charges	87,637	56,496
Books and publications	7,739	9,687
Clothing and personal supplies	19,662	16,336
Communications	104,008	75,814
Computer upgrades - hardware and software	92,583	55,086
Directors election fees	-	4,706
District equipment	230,041	205,141
Education and training	23,942	18,616
Gains/losses on inventory	(11,579)	(1,185)
Insurance - Aflac	1,544	1,721
Insurance - EAP	1,368	1,166
Insurance - liability	70,697	66,125
Insurance - workers compensation	291,842	283,536
Interest penalty	-	1,593
Licenses and permits	127,588	50,843
Memberships and dues	79,985	101,878
Office equipment maintenance	7,801	8,112
Office supplies	14,361	16,190
OPEB	864,267	444,029
Other professional services	452,120	427,282
Outside contracts	2,732,737	1,449,183
Petty cash (over)/short	136	(48)
Postage	3,708	901
Pre-employment screening	1,006	1,151
Printing and binding	5,060	4,144
Private vehicle mileage	4,651	4,070
Public information	175	-
Safety program	829	1,708
Salaries and benefits	7,121,726	4,802,831
Service and supplies	356,593	189,454
Small tools	5,672	4,940
Travel	6,943	1,450
Utilities	30,928	31,743
Vehicle costs direct	148,891	145,958
Costs applied	(232,328)	(261,464)
Administrative overhead burden	(524,236)	(1,542,301)
Total general and administrative	<u>12,129,629</u>	<u>6,683,572</u>
Change in water-in-storage inventory		
Change in water-in-storage inventory	139,233	(3,427,776)
Total change in water-in-storage inventory	<u>139,233</u>	<u>(3,427,776)</u>
Depreciation expense:		
Water department	4,281,871	3,807,737
Total depreciation expense	<u>4,281,871</u>	<u>3,807,737</u>
Total operating expenses - water department	<u>\$ 23,114,350</u>	<u>\$ 13,324,569</u>

CASITAS MUNICIPAL WATER DISTRICT

*Detail Schedules of Operating Revenues and Expenses - Recreation Department
For the Fiscal Years Ended June 30, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
Recreation revenue:		
Animal permit	\$ 12,095	\$ 17,149
Boat fees - annual	20,646	27,513
Boat fees - daily	5,793	7,488
Boat fees - overnight	205	440
Boat inspection fees - Quagga	1,605	1,706
Boat lock revenue - Quagga	2,600	1,440
Boat rental - concession	49,196	52,233
Café - concession	24,078	24,132
Camping fees	986,775	1,839,931
Camping promotion	-	5,883
Commercials	1,250	150
Event reimbursement	2,410	-
Events	25,161	41,858
Gift cards and certificates	191	1,184
Guest pass	(100)	(200)
Impound fee	70	50
Kayak and canoes annual	3,022	3,532
Kayak and canoes daily	73	12
Miscellaneous revenue	1,247	1,466
Over/short - recreation	191	2,347
Over/short - water park	(144)	(26)
Park store	39,860	50,101
Rain checks	(130)	(675)
Reservations	66,867	143,634
Shower facility fees	35,013	38,550
Snow bird pumping	4,564	2,340
Trailer storage fees	213,596	214,839
Vehicle fees - daily	307,475	405,272
Violation ordinance fees	2,125	2,840
Visitor cards	125,492	139,653
Water park - group pass fees	(1,272)	(3,704)
Water park - guest pass	(153)	(514)
Water park - junior lifeguard	2,250	7,070
Water park - late day pass fee	80,275	97,398
Water park - lifeguard training	588	290
Water park - locker fee	906	1,002
Water park - next day pass fee	(512)	(814)
Water park - promotion	(208)	(167)
Water park - rain checks	(622)	(869)
Water park - reservation fee	33,671	49,147
Water park - season pass fee	4,445	16,721
Water park - shade rental fee	5,245	6,520
Water park - shower facility fee	14	8,641
Water park - single splash fee	478,361	669,277
Water park - special event fee	114	-
Water park - water fitness fee	4,884	10,362
Water park - snack bar	7,935	9,350
Total recreation revenue	<u>\$ 2,547,147</u>	<u>\$ 3,894,552</u>

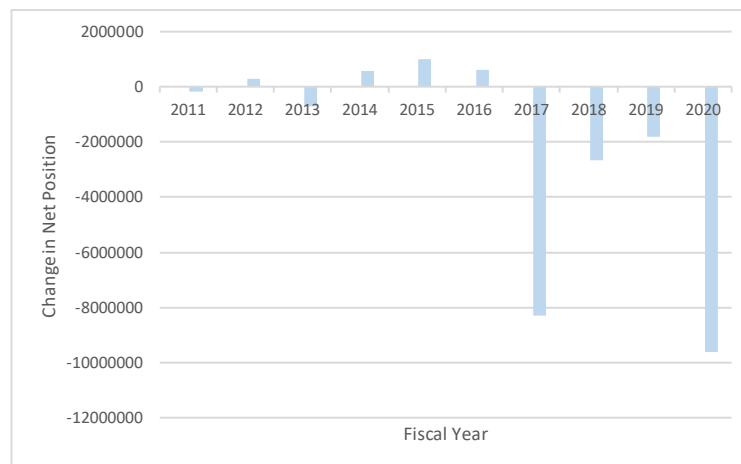
CASITAS MUNICIPAL WATER DISTRICT*Detail Schedules of Operating Revenues and Expenses - Recreation Department (continued)**For the Fiscal Years Ended June 30, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
Recreation expenses:		
Administrative overhead burden	\$ 524,236	\$ 1,542,301
Advertising and legal notices	702	4,005
Bad debt provision	-	238
Chemicals - water playground	1,683	4,202
Chlorine	14,991	23,760
Clothing and personal supplies	12,161	14,640
Communications	22,553	22,781
Computer upgrades - hardware and software	10,991	4,567
Credit card fees	87,034	95,159
District equipment	128,109	172,488
Education and training	9,140	7,881
Insurance	680	650
Insurance - workers compensation	67,694	57,240
Licenses and permits	3,548	4,056
Memberships and dues	767	1,354
Office supplies	4,871	3,146
OPEB	251,319	120,223
Other operating expenses	38,316	50
Other professional services	14,590	2,165
Outside contracts	151,079	297,055
Postage	1,738	1,040
Pre-employment screening	1,916	6,642
Printing and binding	6,225	5,716
Private vehicle mileage	58	-
Public information program	10,540	14,112
Purchased water	70,479	43,864
Safety program	-	1,154
Salaries and benefits	3,163,673	2,915,824
Service and supplies	129,454	170,151
Small tools	15,707	5,734
Travel	1,402	8
Utilities	129,527	145,589
Total recreation expenses	<u>4,875,183</u>	<u>5,687,795</u>
Recreation operating loss before depreciation	(2,328,036)	(1,793,243)
Depreciation - recreation department	<u>(318,181)</u>	<u>(308,532)</u>
Recreation operating loss	<u>\$ (2,646,217)</u>	<u>\$ (2,101,775)</u>

Statistical Section

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

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Changes in net position:				
Operating revenues	\$ 10,956,600	\$ 11,645,576	\$ 13,212,527	\$ 14,923,271
Operating expenses ⁽¹⁾	(11,587,130)	(12,047,019)	(13,639,029)	(14,238,444)
Depreciation and amortization	(3,037,340)	(3,097,495)	(3,084,521)	(3,152,038)
Operating Income (loss)	\$ (3,667,870)	\$ (3,498,938)	\$ (3,511,023)	\$ (2,467,211)
Non-operating revenues (expenses)				
Property taxes	2,012,458	2,025,655	2,147,033	2,192,072
Clean water act surcharge	1,682,991	1,554,698	462,896	566,610
CFD 2013-1 assessment	-	-	-	-
Mira Monte assessment	17,113	17,630	19,783	31,797
Oak View availability charge	7,657	293	232	-
Property tax collection expense	(31,158)	(30,158)	(31,284)	(8,360)
Investment income (loss)	402,229	449,707	(164,338)	281,850
State water project expense	(787,665)	(382,908)	(517,749)	(451,590)
Interest expense	(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	213,445	12,454	(20,137)	24,506
Total non-operating revenues (expenses),net	3,414,775	3,552,402	1,809,421	2,557,761
Net Income Before capital contributions	(253,095)	53,464	(1,701,602)	90,550
Capital contributions	74,095	232,755	990,526	489,071
Change in net position	\$ (179,000)	\$ 286,219	\$ (711,076)	\$ 579,621
Net position by component:				
Net investment in capital assets	\$ 55,261,613	\$ 55,501,696	\$ 54,428,683	\$ 53,612,183
Restricted	217,413	199,890	180,151	153,708
Unrestricted	26,155,090	26,218,749	26,600,425	28,022,990
Total net position	\$ 81,634,116	\$ 81,920,335	\$ 81,209,259	\$ 81,788,881



Notes:

FY2015 the District made a prior period adjustment of \$(10,684,160)

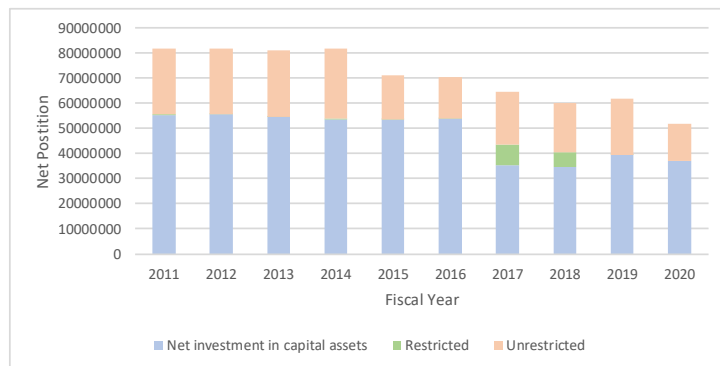
FY2018 the District made a prior period adjustment of \$(597,799)

(1) Operating expenses exclude depreciation expense & change in water-in-storage inventory

Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT
Changes in Net Position by Component
Last Ten Fiscal Years (Continued)

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
Changes in net position:						
Operating revenues	\$ 14,530,148	\$ 12,869,735	\$ 12,758,081	\$ 14,829,805	\$ 14,622,822	\$ 13,868,822
Operating expenses ⁽¹⁾	(13,277,286)	(13,931,131)	(15,307,494)	(16,372,666)	(18,632,403)	(23,568,429)
Depreciation and amortization	(3,164,097)	(3,174,681)	(3,736,067)	(4,195,538)	(4,116,269)	(4,600,052)
Operating Income (loss)	\$ (1,911,235)	\$ (4,236,077)	\$ (6,285,480)	\$ (5,738,399)	\$ (8,125,850)	\$ (14,299,659)
Non-operating revenues (expenses)						
Property taxes	2,309,270	2,292,477	2,258,529	2,408,940	2,549,312	2,635,316
Clean water act surcharge	490,989	730,400	151,501	369,167	728,773	780,860
CFD 2013-1 assessment	-	454,543	601,938	2,592,342	2,653,389	2,700,980
Mira Monte assessment	19,434	19,049	19,280	19,012	19,159	19,149
Oak View availability charge	-	-	-	-	-	-
Property tax collection expense	(31,610)	(32,050)	(27,679)	(38,038)	(39,366)	(42,176)
Investment income (loss)	227,483	718,495	(342,956)	(84,090)	1,413,695	1,315,926
State water project expense	(696,576)	(183,384)	(266,509)	(616,152)	33,189	(518,281)
Interest expense	(70,887)	(62,438)	(168,407)	(1,639,245)	(1,425,667)	(1,993,264)
Amortization of deferred loss and bond insurance	-	-	(18,689)	(220,615)	(220,615)	(226,252)
Acquisition expense of CFD 2013-1	-	-	(3,975,600)	-	-	-
Cost of debt issuance	-	-	(539,160)	-	-	(276,062)
Other revenue(expense), net	179,498	41,386	71,382	42,651	62,385	88,623
Total non-operating revenues (expenses),net	2,427,601	3,978,478	(2,236,370)	2,833,972	5,774,254	4,484,819
Net Income Before capital contributions	516,366	(257,599)	(8,521,850)	(2,904,427)	(2,351,596)	(9,814,840)
Capital contributions	484,674	844,524	230,644	220,264	537,395	211,502
Change in net position	\$ 1,001,040	\$ 586,925	\$ (8,291,206)	\$ (2,684,163)	\$ (1,814,201)	\$ (9,603,338)
Net position by component:						
Net investment in capital assets	\$ 53,488,631	\$ 53,720,578	\$ 35,176,319	\$ 34,740,555	\$ 39,302,535	\$ 36,991,071
Restricted	134,267	115,220	8,510,347	5,848,185	19,296	-
Unrestricted	17,311,073	16,491,138	20,904,213	19,441,172	22,321,656	14,909,845
Total net position	\$ 70,933,971	\$ 70,326,936	\$ 64,590,879	\$ 60,029,912	\$ 61,643,487	\$ 51,900,916



Notes:

FY2015 the District made a prior period adjustment of \$(10,684,160).

FY2018 the District made a prior period adjustment of \$(597,799).

(1) Operating expenses exclude depreciation expense & change in water-in-storage inventory

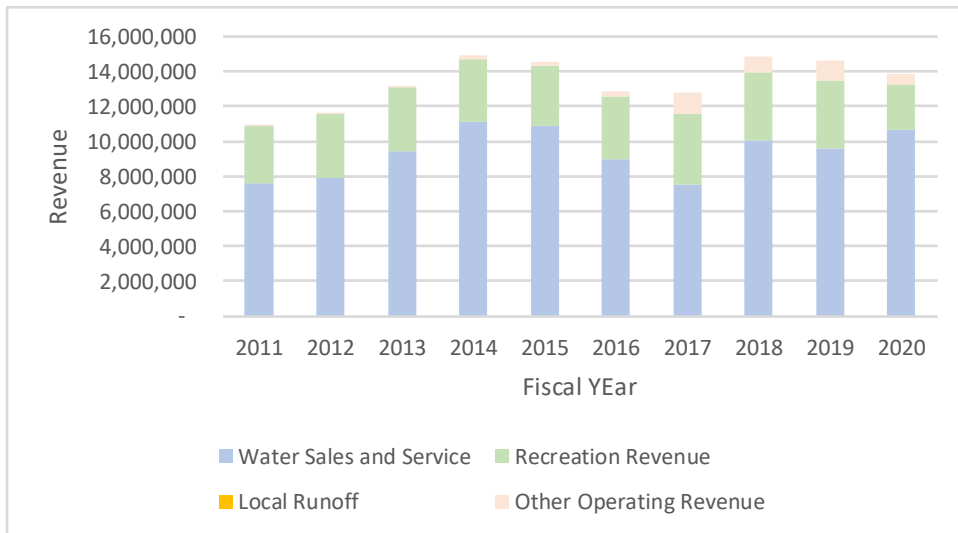
Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Operating Revenues by Source

Last Ten Fiscal Years

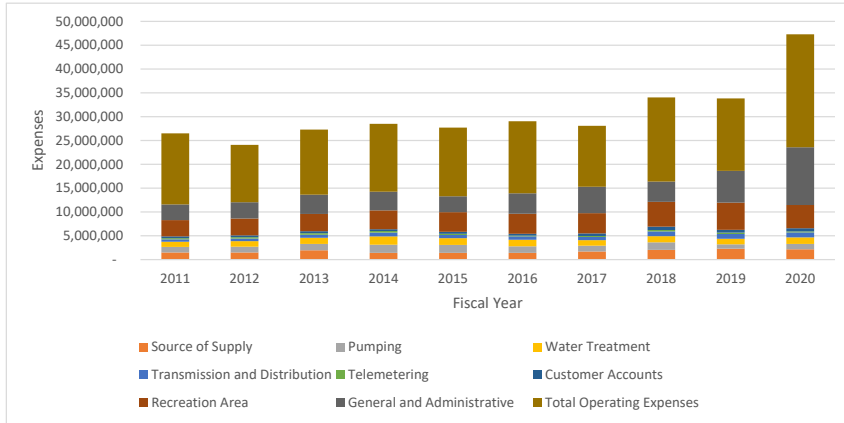
Fiscal Year	Water Sales and Service	Recreation Revenue	Local Runoff	Other Operating Revenue	Total Operating Revenue
2011	7,592,767	3,269,377	-	94,456	10,956,600
2012	7,944,558	3,599,744	-	101,274	11,645,576
2013	9,461,356	3,637,050	-	114,121	13,212,527
2014	11,092,279	3,625,800	-	205,192	14,923,271
2015	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
2020	10,672,937	2,547,147	-	648,738	13,868,822



Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT
Operating Expenses by Activity
Last Ten Fiscal Years

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution		Customer Accounts	Recreation Area	General and Administrative	Change in Water-in-Storage Inventory ⁽¹⁾	Total Operating Expenses
					Telemetry					
2011	1,493,036	1,168,939	1,107,391	488,434	251,534	362,054	3,436,849	3,278,893	3,318,094	\$ 14,905,224
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	1,171,790	\$ 14,449,076
2016	1,432,140	1,360,622	1,372,695	697,974	173,559	367,204	4,228,876	4,298,061	1,193,960	\$ 15,125,091
2017	1,706,783	1,204,538	1,168,090	672,992	213,595	548,117	4,250,101	5,543,278	(2,555,167)	\$ 12,752,327
2018	2,031,880	1,585,524	1,293,707	1,013,968	303,570	682,834	5,195,691	4,265,492	1,279,005	\$ 17,651,671
2019	2,298,316	925,612	1,157,705	1,009,961	257,838	611,604	5,687,795	6,683,572	(3,427,776)	\$ 15,204,627
2020	2,168,750	1,103,895	1,392,719	1,055,007	203,901	639,345	4,875,183	12,129,629	139,233	\$ 23,707,662



Notes:

(1) FY2015 a prior period adjustment in the amount of \$3,690,410 was booked to account for the change in water-in-storage for the period July 1, 2011 to June 30, 2014

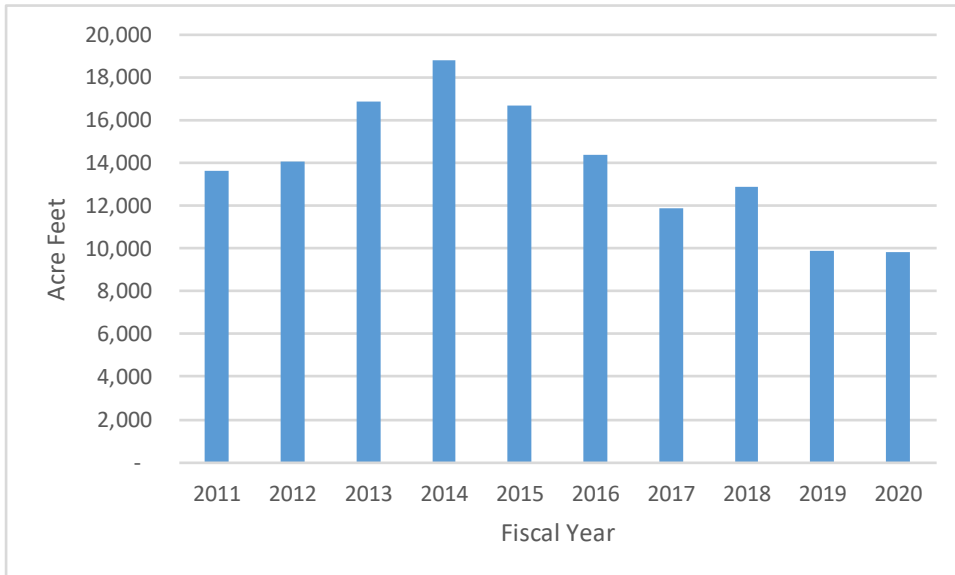
Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Revenue Base

Last Ten Fiscal Years

Fiscal Year	Water Sales (Acre Feet)
2011	13,588
2012	14,054
2013	16,883
2014	18,778
2015	16,648
2016	14,345
2017	11,891
2018	12,853
2019	9,905
2020	9,824



Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Revenue Rates

For the Fiscal Years Ended June 30, 2010 and 2011

In fiscal year 2009, the Distict 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		\$ 1.259	\$ 1.524		
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	
RESIDENTIAL	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
BUSINESS	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
INDUSTRIAL	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
IRRIGATION/ AG	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
RESALE(G)	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
RESALE(P)	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
OTHER	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
TEMPORARY	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm
RECREATION	Monthly	\$ 22.02	\$32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$195.90	\$348.04	\$ 766.43	\$2.66746	per gpm
	Bi-Monthly	\$ 38.32	\$60.06	\$ 114.39	\$179.60	N/A	\$386.07	\$690.36	\$1,527.13	\$5.33492	per gpm

Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Revenue Rates

For the Fiscal Years Ended June 30, 2012 and 2017

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

RATE SCHEDULE - CLASS 1 SERVICE			FY12-13		FY14-17	
			Rate per Unit**		Rate per Unit**	
			GRAVITY	PUMPED	GRAVITY	PUMPED
Residential:						
Bi-Monthly Lifeline	0-20 Units		\$ 0.584	\$ 0.856	\$ 0.602	\$ 0.882
Bi-Monthly Lifeline	21-34 Units		\$ 1.033	\$ 1.305	\$ 1.064	\$ 1.344
Bi-Monthly Lifeline	35-100 Units		\$ 1.446	\$ 1.718	\$ 1.489	\$ 1.770
Bi-Monthly Lifeline	101 Units +		\$ 2.266	\$ 2.538	\$ 2.334	\$ 2.614
Business			\$ 1.297	\$ 1.570	\$ 1.336	\$ 1.617
Industrial			\$ 1.297	\$ 1.570	\$ 1.336	\$ 1.617
Resale			\$ 0.803	\$ 1.445	\$ 0.827	\$ 1.488
Other			\$ 1.297	\$ 1.570	\$ 1.336	\$ 1.617
Temporary			\$ 1.462	\$ 1.733	\$ 1.506	\$ 1.785
Recreation			\$ 1.297	\$ 1.570	\$ 1.336	\$ 1.617
			Rate per Unit**		Rate per Unit**	
RATE SCHEDULE - CLASS 3 SERVICE			GRAVITY	PUMPED	GRAVITY	PUMPED
Ag-Residential						
Monthly Lifeline	0-10 Units		\$ 0.584	\$ 0.856	\$ 0.602	\$ 0.882
Monthly Usage	11-17 Units		\$ 1.033	\$ 1.305	\$ 1.064	\$ 1.344
Monthly Usage	18-50 Units		\$ 1.446	\$ 1.718	\$ 1.489	\$ 1.770
Irrigation (AG)	51 Units +		\$ 0.606	\$ 0.878	\$ 0.624	\$ 0.904
** 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	
RESIDENTIAL	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
BUSINESS	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
INDUSTRIAL	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
IRRIGATION/ AG	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
RESALE(G)	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
RESALE(P)	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
OTHER	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
TEMPORARY	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
RECREATION	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 Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Revenue Rates

For the Fiscal Year Ended June 30, 2018

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

RATE SCHEDULE - CLASS 1 SERVICE			Rate per Unit**								
			GRAVITY	PUMPED							
Residential:											
Monthly Usage	0-10 Units	\$ 0.490	\$ 0.960								
Monthly Usage	11-50 Units	\$ 0.990	\$ 1.460								
Monthly Usage	50 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		\$ 1.780	\$ 1.780								
Recreation		\$ 0.990	\$ 1.460								
RATE SCHEDULE - CLASS 3 SERVICE			Rate per Unit**								
			GRAVITY	PUMPED							
Ag-Residential											
Monthly Usage	0-10 Units	\$ 0.490	\$ 0.960								
Monthly Usage	11-17 Units	\$ 0.990	\$ 1.460								
Monthly Usage	18-50 Units+	\$ 0.620	\$ 1.090								
Irrigation (AG)		\$ 0.620	\$ 1.090								
** One unit equals 100 cubic feet (748 gallons)											
Cost per AF (example)	Irrigation	per AF = \$0.620 x 435.6 =	\$ 270.07	Gravity							
		per AF = \$1.090 x 435.6 =	\$ 474.80	Pumped							
<p>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.</p>											
METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	12"	18"
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	N/A	N/A
RESIDENTIAL	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	N/A	N/A	N/A
BUSINESS	Monthly	\$ 22.97	\$ 38.28	\$ 76.56	\$ 122.50	\$ 204.16	\$ 267.96	\$ 482.33	\$ 995.29	N/A	N/A
INDUSTRIAL	Monthly	\$ 20.54	\$ 34.24	\$ 68.47	\$ 109.55	\$ 182.59	\$ 239.65	\$ 431.36	N/A	N/A	N/A
IRRIGATION/ AG	Monthly	N/A	\$ 43.28	\$ 86.56	\$ 138.50	\$ 230.84	\$ 302.97	\$ 545.35	\$ 1,125.33	N/A	N/A
AG-DOMESTIC	Monthly	N/A	\$ 34.78	\$ 69.57	\$ 111.30	\$ 185.51	\$ 243.48	\$ 438.26	N/A	N/A	N/A
RESALE	Monthly	\$ 25.27	\$ 42.12	\$ 84.24	\$ 134.78	\$ 224.63	\$ 294.83	\$ 530.70	\$ 1,095.09	\$ 6,469.48	\$ 12,026.38
OTHER	Monthly	\$ 20.54	\$ 34.24	\$ 68.47	\$ 109.55	\$ 182.59	\$ 239.65	\$ 431.36	N/A	N/A	N/A
TEMPORARY	Monthly	N/A	N/A	N/A	N/A	\$ 150.05	N/A	N/A	N/A	N/A	N/A
RECREATION	Monthly	\$ 20.54	\$ 34.24	\$ 68.47	\$ 109.55	\$ 182.59	\$ 239.65	\$ 431.36	N/A	N/A	N/A

Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Revenue Rates

For the Fiscal Year Ended June 30, 2019

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

RATE SCHEDULE - CLASS 1 SERVICE			Rate per Unit**	
			GRAVITY	PUMPED
Residential:				
Monthly Usage	0-10 Units	\$ 0.550	\$ 1.080	
Monthly Usage	11-50 Units	\$ 1.110	\$ 1.640	
Monthly Usage	50 Units+	\$ 2.120	\$ 2.640	
Business		\$ 1.110	\$ 1.640	
Industrial		\$ 1.110	\$ 1.640	
Resale		\$ 1.110	\$ 1.640	
Other		\$ 1.110	\$ 1.640	
Temporary		\$ 4.000	\$ 4.000	
Recreation		\$ 1.110	\$ 1.640	
RATE SCHEDULE - CLASS 3 SERVICE			Rate per Unit**	
			GRAVITY	PUMPED
Ag-Residential				
Monthly Usage	0-10 Units	\$ 0.550	\$ 1.080	
Monthly Usage	11-17 Units	\$ 1.110	\$ 1.640	
Monthly Usage	18-50 Units+	\$ 0.690	\$ 1.220	
Irrigation (AG)		\$ 0.690	\$ 1.220	
** One unit equals 100 cubic feet (748 gallons)				
Cost per AF (example)	Irrigation	per AF = \$0.690 x 435.6 =	\$ 300.56	Gravity
		per AF = \$1.220 x 435.6 =	\$ 531.43	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"	12"	18"
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	N/A	N/A
RESIDENTIAL	Monthly	\$ 32.20	\$ 53.66	\$ 107.32	\$ 171.71	\$ 286.81	\$ 375.61	\$ 676.11	N/A	N/A	N/A
BUSINESS	Monthly	\$ 25.73	\$ 42.87	\$ 85.75	\$ 137.20	\$ 228.66	\$ 300.12	\$ 540.21	\$ 1,114.72	N/A	N/A
INDUSTRIAL	Monthly	\$ 23.00	\$ 38.35	\$ 76.69	\$ 122.70	\$ 204.50	\$ 268.41	\$ 483.12	N/A	N/A	N/A
IRRIGATION/ AG	Monthly	N/A	\$ 48.47	\$ 96.95	\$ 155.12	\$ 258.54	\$ 339.33	\$ 610.79	\$ 1,260.37	N/A	N/A
AG-DOMESTIC	Monthly	N/A	\$ 38.95	\$ 77.92	\$ 124.66	\$ 207.77	\$ 272.70	\$ 490.85	N/A	N/A	N/A
RESALE	Monthly	\$ 28.30	\$ 47.17	\$ 94.35	\$ 150.95	\$ 251.59	\$ 330.21	\$ 594.38	\$ 1,226.50	\$ 7,245.82	13,469.55
OTHER	Monthly	\$ 23.00	\$ 38.35	\$ 76.69	\$ 122.70	\$ 204.50	\$ 268.41	\$ 483.12	N/A	N/A	N/A
TEMPORARY	Monthly	N/A	N/A	N/A	N/A	\$ 150.00	N/A	N/A	N/A	N/A	N/A
RECREATION	Monthly	\$ 23.00	\$ 38.35	\$ 76.69	\$ 122.70	\$ 204.50	\$ 268.41	\$ 483.12	N/A	N/A	N/A

Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Revenue Rates

For the Fiscal Year Ended June 30, 2020

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

RATE SCHEDULE - CLASS 1 SERVICE			Rate per Unit**	
			GRAVITY	PUMPED
Residential:				
Monthly Usage	0-10 Units	\$ 0.620	\$ 1.210	
Monthly Usage	11-50 Units	\$ 1.240	\$ 1.840	
Monthly Usage	50 Units+	\$ 2.370	\$ 2.960	
Business		\$ 1.240	\$ 1.840	
Industrial		\$ 1.240	\$ 1.840	
Resale		\$ 1.240	\$ 1.840	
Other		\$ 1.240	\$ 1.840	
Temporary		\$ 4.000	\$ 4.000	
Recreation		\$ 1.240	\$ 1.840	
RATE SCHEDULE - CLASS 3 SERVICE			Rate per Unit**	
			GRAVITY	PUMPED
Ag-Residential				
Monthly Usage	0-10 Units	\$ 0.620	\$ 1.210	
Monthly Usage	11-17 Units	\$ 1.240	\$ 1.840	
Monthly Usage	18-50 Units+	\$ 0.770	\$ 1.370	
Irrigation (AG)		\$ 0.770	\$ 1.370	
** One unit equals 100 cubic feet (748 gallons)				
Cost per AF (example)	Irrigation	per AF = \$0.770 x 435.6 =	\$ 335.41	Gravity
		per AF = \$1.370 x 435.6 =	\$ 596.77	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"	12"	18"
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	N/A	N/A
RESIDENTIAL	Monthly	\$ 36.06	\$ 60.10	\$ 120.20	\$ 192.32	\$ 320.52	\$ 420.68	\$ 757.24	N/A	N/A	N/A
BUSINESS	Monthly	\$ 28.82	\$ 480.10	\$ 96.04	\$ 153.66	\$ 256.10	\$ 336.13	\$ 605.04	\$ 1,248.49	N/A	N/A
INDUSTRIAL	Monthly	\$ 25.76	\$ 42.95	\$ 85.89	\$ 137.42	\$ 229.04	\$ 300.62	\$ 541.09	N/A	N/A	N/A
IRRIGATION/ AG	Monthly	N/A	\$ 54.29	\$ 108.58	\$ 173.73	\$ 289.56	\$ 380.05	\$ 684.08	\$ 1,411.61	N/A	N/A
AG-DOMESTIC	Monthly	N/A	\$ 43.62	\$ 87.27	\$ 139.62	\$ 232.70	\$ 305.42	\$ 549.75	N/A	N/A	N/A
RESALE	Monthly	\$ 31.70	\$ 52.83	\$ 105.67	\$ 169.06	\$ 281.78	\$ 369.84	\$ 665.71	\$ 1,373.68	\$ 8,115.32	\$ 15,085.90
OTHER	Monthly	\$ 25.76	\$ 42.95	\$ 85.89	\$ 137.42	\$ 229.04	\$ 300.62	\$ 541.09	N/A	N/A	N/A
TEMPORARY	Monthly	N/A	N/A	N/A	N/A	\$ 150.00	N/A	N/A	N/A	N/A	N/A
RECREATION	Monthly	\$ 25.76	\$ 42.95	\$ 85.89	\$ 137.42	\$ 229.04	\$ 300.62	\$ 541.09	N/A	N/A	N/A

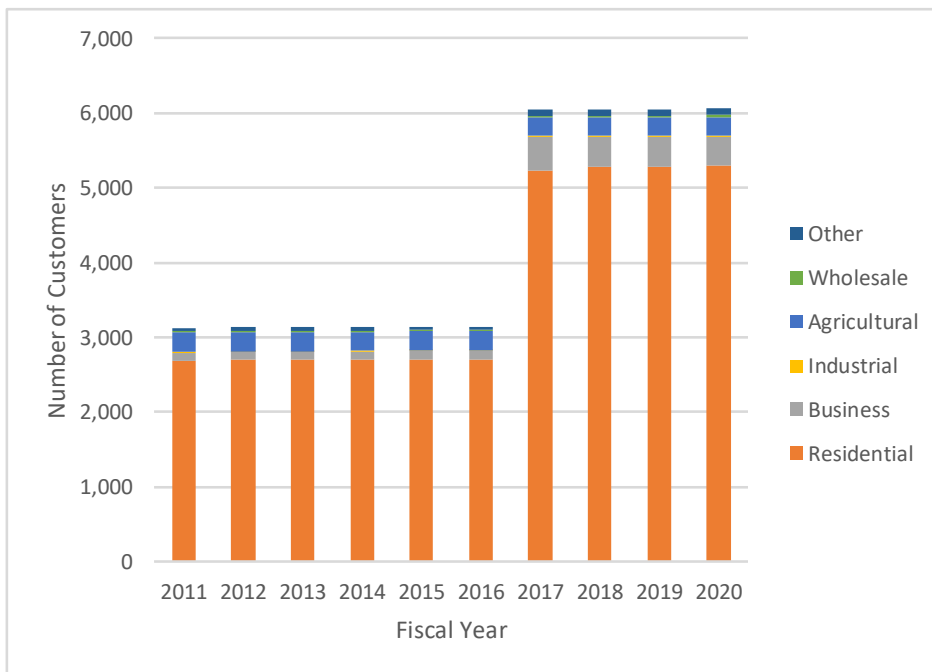
Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Customer by Type at Fiscal Year End

Last Ten Fiscal Years

Customer Type							
Fiscal							
Year	Residential	Business	Industrial	Agricultural	Wholesale	Other	Total
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
2020	5,296	392	13	249	24	88	6,062



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

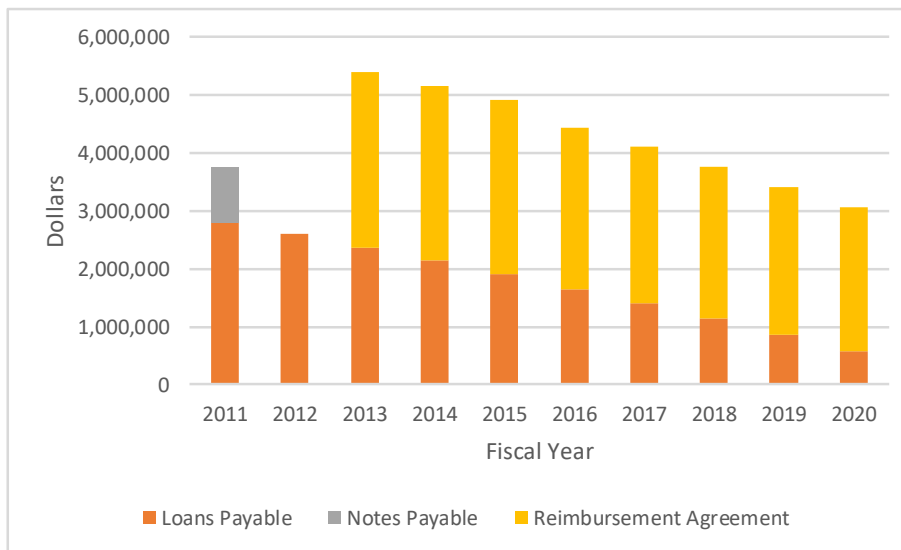
Source: Casitas Municipal Water District Administration Department

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
2011	2,807,893	943,646		\$ 3,751,539	4.52	9.40%
2012	2,591,520	-		2,591,520	3.11	6.22%
2013	2,367,787	-	3,011,898	5,379,685	6.42	12.72%
2014	2,136,978	-	3,011,898	5,148,876	6.11	11.52%
2015	1,898,692	-	3,011,898	4,910,590	5.81	10.45%
2016	1,652,804	-	2,780,214	4,433,018	5.23	9.14%
2017	1,398,725	-	2,702,986	4,101,711	4.83	8.19%
2018	1,136,523	-	2,625,757	3,762,280	4.44	7.17%
2019	865,830	-	2,548,529	3,414,359	4.04	6.24%
2020	586,414	-	2,471,301	3,057,715	3.63	5.36%



Note:

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

Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT*Debt Coverage**Last Ten Fiscal Years*

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2011	15,304,255	(11,587,130)	3,717,125	1,158,821	96,491	1,255,312	2.96
2012	15,717,774	(12,047,019)	3,670,755	1,165,403	89,085	1,254,488	2.93
2013	15,752,090	(13,639,029)	2,113,061	223,733	81,334	305,067	6.93
2014	18,020,107	(14,238,444)	3,781,663	230,807	73,157	303,964	12.44
2015	17,937,802	(13,277,286)	4,660,516	238,286	6,480	244,766	19.04
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	331,306	50,989	382,295	1.18
2018	20,176,194	(16,372,666)	3,803,528	339,428	42,866	382,294	9.95
2019	19,398,037	(18,632,403)	765,634	347,923	34,374	382,297	2.00
2020	18,020,136	(23,568,429)	(5,548,293)	356,644	25,652	382,296	-14.51

Notes:

(1) Operating expenses exclude depreciation expense & change in water-in-storage inventory

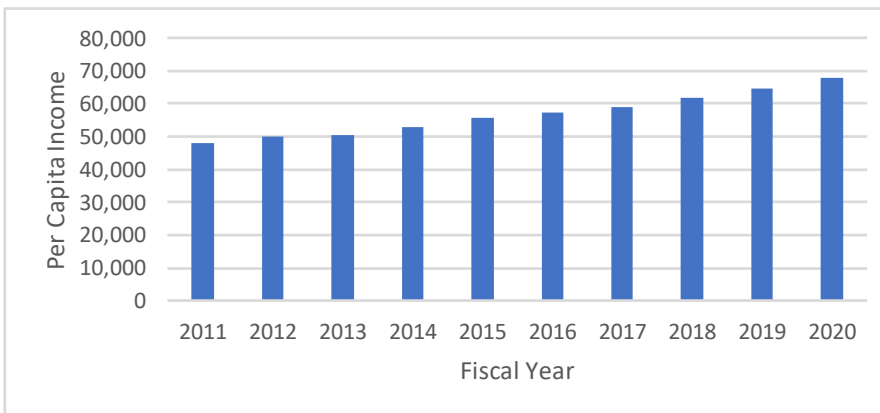
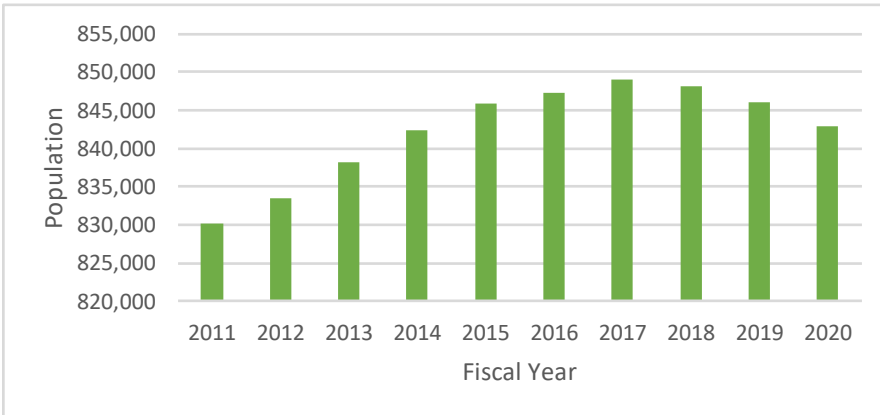
Assesment bonds and special tax bonds are not obligations of the District's operations - Mellos-Roos debt

Source: Casitas Municipal Water District Administration 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
2011	10.3%	830,099	39,898,290	48,064
2012	9.2%	833,516	41,683,974	50,010
2013	8.1%	838,136	42,286,159	50,453
2014	6.5%	842,297	44,695,387	53,064
2015	5.6%	845,802	46,970,746	55,534
2016	5.2%	847,323	48,525,841	57,270
2017	4.4%	849,044	50,067,967	58,970
2018	3.9%	848,142	52,500,391	61,900
2019	3.6%	846,006	54,749,053	64,715
2020	12.6%	842,886	57,094,028 ¹	67,736



Notes:

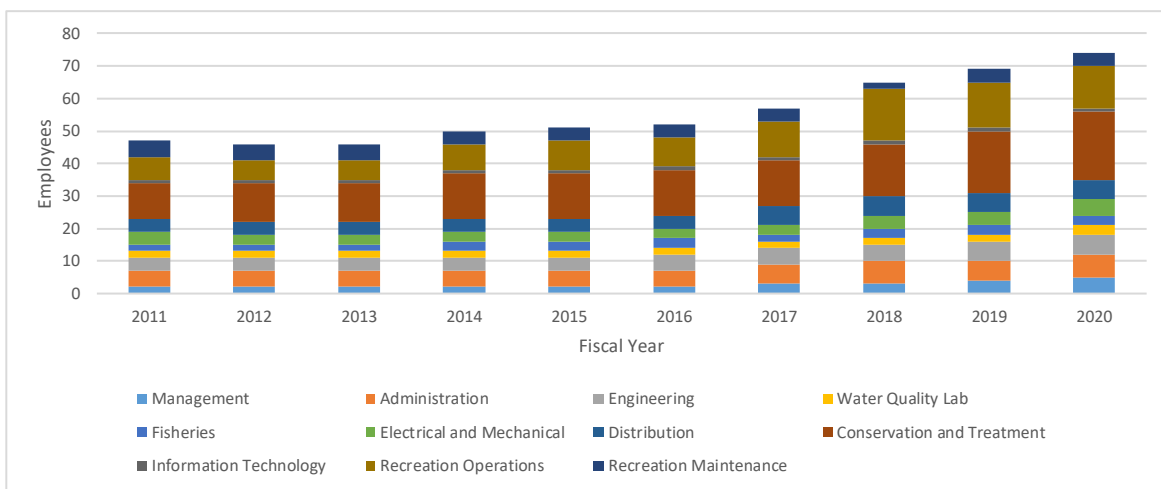
Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

(1) Estimated using percentage from prior year

Sources: California Department of Finance & Bureau of Economic Analysis
California Labor Market Info as of June 1st

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

Department	Employees										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Management	2	2	2	2	2	2	2	3	3	4	5
Administration	5	5	5	5	5	5	5	6	7	6	7
Engineering	4	4	4	4	4	4	5	5	5	6	6
Water Quality Lab	2	2	2	2	2	2	2	2	2	2	3
Fisheries	2	2	2	3	3	3	2	3	3	3	3
Electrical and Mechanical	4	3	3	3	3	3	3	3	4	4	5
Distribution	4	4	4	4	4	4	4	6	6	6	6
Conservation and Treatment	11	12	12	14	14	14	14	16	19	21	
Information Technology	1	1	1	1	1	1	1	1	1	1	
Recreation Operations	7	6	6	8	9	9	11	16	14	13	
Recreation Maintenance	5	5	5	4	4	4	4	2	4	4	
Total	47	46	46	50	51	52	57	65	69	74	



Source: Casitas Municipal Water District Administration Department

CASITAS MUNICIPAL WATER DISTRICT

Operating and Capacity Indicators- Operations

Last Ten Fiscal Years

Other Operating and Capacity Indicators					
Fiscal Year	Miles of Pipeline	Lake Storage Capacity (AF)	Lake Level at Year-End (AF)	Percentage of Lake Capacity	Daily System Capacity (MGD)
2011	118	254,000	218,328	86.0%	65
2012	118	254,000	197,199	77.6%	65
2013	118	254,000	171,748	67.6%	65
2014	118	254,000	145,253	57.2%	65
2015	118	254,000	122,050	48.1%	65
2016	118	254,000	100,696	39.6%	65
2017	163.4	237,761 ⁽¹⁾	106,322	44.7%	65
2018	163.4	237,761	80,996	34.1%	65
2019	163.4	237,761	106,552	44.8%	65
2020	163.4	237,761	103,795	43.7%	65

AF - Acre Feet

MGD - Millions of Gallons per Day

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

Source: Casitas Municipal Water District Administration Department

Government Auditing Standards Report



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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 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

Significant Deficiency – Utility Billing

There are four functions that should be segregated whenever possible: authorization, custody, record keeping, and reconciliation. Due to the District's limited staffing, the Customer Service employees prepare utility bills, collect cash receipts, make customer adjustments and voids, and post revenue and cash receipts to the general ledger, which represents all four functions. This creates a potential for voids and customer adjustments to occur without management's knowledge.

Voided transactions: Voided transactions are tracked by the utility billing system and appear on system generated reports. We recommend the District have an employee outside of the utility billing and cash receipt collection process review and approve the voids. This review process should be documented by the reviewer signing off on the report indicating that the report was reviewed.

Significant Deficiency – Utility Billing (continued)

Customer adjustments: Customer Service employees can post customer adjustments in the utility billing system without further approval. We recommend that the District implement accounting system controls, such as requiring a supervisor's password, in order to make customer adjustments. Another alternative is for the District to generate a report from the system that shows all customer adjustments, and which can be reviewed and approved by someone outside of the utility billing and cash receipt collection process. This review process should be documented by the reviewer signing off on the report indicating that the report was reviewed.

Management's Response

The District has implemented new procedures where anytime a utility billing void or adjustment is needed, a report along with a journal entry is provided to the accounting/customer service supervisor or CFO for review and approval.

Significant Deficiency – Journal Entries

One of the elements of internal accounting control involves the segregation of duties in such a manner that the work of one employee is checked by others, and the responsibilities for custody of assets is not placed with the same employee that maintains the accounting records. Due to the District's limited number of finance personnel, the segregation of duties is not always possible. However, consideration should be given to implementing new checks and balances that would partially offset the internal control weaknesses. During our review of journal entries, we noted that journal entries can be prepared and reviewed by the same individual. This could result in the general ledger containing unauthorized journal entries. In order to strengthen controls, we recommend that all journal entries be reviewed and approved by someone other than the preparer before they are posted to the general ledger.

Management's Response

The District has implemented new procedures where all journal entries are reviewed and approved by someone other than the person who prepares them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

District's Responses to Findings

The District's responses to the findings identified in our audit are described above. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



CliftonLarsonAllen LLP

Irvine, California
December 29, 2020