

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF  
VISTA IRRIGATION DISTRICT

January 9, 2019

A Regular Meeting of the Board of Directors of Vista Irrigation District was held on Wednesday, January 9, 2019 at the offices of the District, 1391 Engineer Street, Vista, California.

**1. CALL TO ORDER**

President Dorey called the meeting to order at 8:30 a.m.

**2. ROLL CALL**

Directors present: Miller, Vásquez, Dorey, Sanchez, and MacKenzie.

Directors absent: None.

Staff present: Brett Hodgkiss, General Manager; Lisa Soto, Secretary of the Board; Don Smith, Director of Water Resources; Randy Whitmann, Director of Engineering; Frank Wolinski, Director of Operations and Field Services; Marlene Kelleher, Director of Administration; Mark Saltz, Water Resources Specialist; Greg Keppler, Engineering Project Manager; Matt Atteberry, Engineering Services Manager; and Ramae Ogilvie, Administrative Assistant. Back-up General Counsel David Cosgrove was also present.

Other attendees: Daphne Munoz of White Nelson Diehl Evans LLP.

**3. PLEDGE OF ALLEGIANCE**

Director Miller led the pledge of allegiance.

**4. APPROVAL OF AGENDA**

19-01-01	<i>Upon motion by Director Miller, seconded by Director Vásquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the agenda as presented.</i>
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**5. PUBLIC COMMENT TIME**

No public comments were presented on items not appearing on the agenda.

**6. ANNUAL ORGANIZATIONAL MEETING**

See staff report attached hereto.

President Dorey presided over the Board elections for the upcoming 2019 year.

19-01-02	<i>Upon motion by Director Miller, seconded by Director Vásquez and carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors elected Director MacKenzie as Board President for 2019.</i>
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19-01-03 *Upon motion by Director Miller, seconded by Director Dorey and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors elected Director Vásquez as First Vice President, to preside in the absence of the President.*

19-01-04 *Upon motion by Director MacKenzie, seconded by Director Vásquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors elected Directors Sanchez, Miller, and Dorey as Vice Presidents.*

19-01-05 *Upon motion by Director Sanchez, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors designated Lisa Soto to serve as Secretary of the Board, with Ramae Ogilvie and Brett Hodgkiss designated as Assistant Secretaries of the Board. Marlene Kelleher was designated to serve as Treasurer, with Brett Hodgkiss designated as Assistant Treasurer.*

At this time, Director Dorey handed the gavel to President MacKenzie, who presided over the remainder of the meeting. President MacKenzie requested that her fellow Board members email her to let her know which committees and outside organizations they might be interested in serving.

## 7. CONSENT CALENDAR

19-01-06 *Upon motion by Director MacKenzie, seconded by Director Miller and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors approved the Consent Calendar, including Resolution No. 19-01 approving disbursements.*

### A. Cancellation of Temporary Service Agreement

See staff report attached hereto. Staff recommended and the Board Approve the cancellation of Temporary Service Agreement No. 959 for a single-family residential parcel consisting of approximately 1.68 gross acres owned by Tim Harkness, located at 1016 Mason Road, Vista (D-2235; LN 2011-023; APN 170-151-12; DIV NO 1).

### B. Cancellation of Temporary Service Agreement

See staff report attached hereto. Staff recommended and the Board Approve the cancellation of Temporary Service Agreement No.713 for a single-family residential parcel consisting of approximately 0.55 gross acres owned by Lori Brandt, located at 1623 San Luis Rey Avenue, Vista (D-2330; LN 2017-004; APN 173-330-23; DIV NO 1).

### C. Minutes of the Public Affairs Committee meeting on December 19, 2018

The Board noted and filed the minutes of the Public Affairs Committee meeting on December 19, 2018 which were provided for informational purposes.

### D. Minutes of Board of Directors meeting on December 5, 2018

The minutes of December 5, 2018 were approved as presented.

E. Resolution ratifying check disbursements

**RESOLUTION NO. 19-01**

**BE IT RESOLVED, that the Board of Directors of Vista Irrigation District does hereby approve checks numbered 60476 through 60719 drawn on Union Bank totaling \$1,446,432.89.**

**FURTHER RESOLVED that the Board of Directors does hereby authorize the execution of the checks by the appropriate officers of the District.**

**PASSED AND ADOPTED unanimously by a roll call vote of the Board of Directors of Vista Irrigation District this 9<sup>th</sup> day of January 2019.**

\* \* \* \* \*

**8. FISCAL YEAR 2018 AUDIT**

See staff report attached hereto.

Director of Administration Marlene Kelleher introduced Daphne Munoz of White Nelson Diehl Evans LLP (Auditors), who presented the results of the audit for the year ended June 30, 2018. Ms. Munoz reviewed the auditors' opinion, and the methods and standards by which the audit was conducted. She stated that the District's financial statements and best practices were reviewed, and the auditors found no material weaknesses involving the District's internal control structure or its operation. She noted that the auditors encountered no significant difficulties in performing the audit and that there were no disagreements with management.

Ms. Munoz reviewed a recommendation the Auditors made regarding the District's utilization of the "positive pay" banking procedure. With "positive pay", a listing is provided to the bank for all checks issued by the District with the check numbers and the corresponding check amounts. The Auditors recommended also listing the payee information for each check for an additional layer of fraud protection. Ms. Munoz stated that the District has already implemented this recommendation. Ms. Kelleher commented that this procedure provides added protection for the District at a nominal cost.

The Board thanked Ms. Munoz for her report. General Manager Brett Hodgkiss and the Board thanked Ms. Kelleher and her staff for their good work and another clean audit.

19-01-07	<i>Upon motion by Director Dorey, seconded by Director Miller and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors accepted the Fiscal Year 2018 audit report by White Nelson Diehl Evans LLP.</i>
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Ms. Munoz left the meeting at this time.

**9. FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018**

See staff report attached hereto.

Ms. Kelleher reviewed the Financial Report for the fiscal year ended June 30, 2018 (2018); she stated that overall the District experienced a \$5.3 million operating gain, which is an increase from the \$1.3 million operating gain for the prior fiscal year.

Ms. Kelleher reviewed the Lake Henshaw Operations - Statements of Revenues and Expenses, noting that Lake Henshaw (Lake) produced 3,174 acre feet of water in 2018, which was a significant increase from the 858 acre feet produced in fiscal year 2017 (2017); as a result, the District purchased less water from the San Diego County Water Authority in 2018 than it did in the previous year. Mr. Hodgkiss pointed out that the District's expenses for operating Lake Henshaw were also lower in 2018 compared to 2017, partially as a result of sharing costs with the City of Escondido (Escondido) per the terms of the Local Entities Agreement developed to implement the San Luis Rey Indian Water Rights Settlement Agreement (Settlement Agreement). Ms. Kelleher provided further clarification regarding the accounting for water provided to the San Luis Rey Indian Water Authority per the Settlement Agreement.

Ms. Kelleher reviewed noteworthy items in the Revenue and Expense Budget Comparison and the Capital Outlay Comparison. Director MacKenzie inquired about the budget for the District's Tuition Reimbursement Program (Program), stating that she wanted to be sure that the program is being utilized and that there is enough funding available. Mr. Hodgkiss responded that the amount budgeted for the Program is for planning purposes and that no staff member would be denied tuition reimbursement because the budgeted amount for reimbursements had been exceeded.

Mr. Hodgkiss stated that pre-design work for the E43 regulator relocation and upgrade project listed in the Capital Outlay Comparison is currently underway. Ms. Kelleher noted that the new telephone system also listed in the Capital Outlay Comparison went live the previous day and that the transition went very smoothly. Ms. Kelleher also commented on the District's legal expenses for 2018, noting that these expenses came in below budget.

The Board thanked Ms. Kelleher for the report.

## **10. DIVISION REPORTS**

See staff report attached hereto.

Mr. Hodgkiss noted that the District currently has three reservoir projects underway and that staff will continue to keep the Board apprised of their progress. Mr. Hodgkiss pointed out that photographs of the assistance provided by the District to the City of Escondido with welding repairs on Hellhole Siphon were provided at the Board's places at the dais (attached hereto as Exhibit A). Director of Water Resources Don Smith provided background regarding the Hellhole Siphon and details regarding the repairs that were made to the siphon.

Mr. Smith updated the Board on a meeting he attended of the South Coast Steelhead Coalition, stating that the discussion at this meeting centered mainly on issues related to steelhead projects in Orange County and not in San Diego County (e.g. San Luis Rey River, etc).

Mr. Smith provided background regarding the District's "Henshaw Emergency Action Plan" (Plan), stating that this Plan was required by the Federal Energy Regulatory Commission (FERC) when the District was a licensee of FERC. Even though the District is no longer a FERC licensee, it has continued to maintain and update the Plan. Mr. Smith said that the State of California (State) has issued a requirement for all dam owners in the State to prepare a similar plan in a format specific to the State's requirements. Mr. Smith said that the District's Plan, in its old format, could have been grandfathered in but staff opted to rework the Plan to conform to the State's format. As part of this process, the District has coordinated its efforts with downstream response agencies, including the City of Oceanside, the San Diego County Sheriff's Department and the San Diego County Office of Emergency Services.

Director of Engineering Randy Whitmann updated the Board regarding the consultant selection process for the Water Supply Planning Study (Study), stating that staff would be recommending that Gillingham Water, teamed with Brown and Caldwell, DLM Engineering, HDR, and Ken Weinberg Water Resources Consulting be selected to perform the Study. Mr. Hodgkiss stated that staff would be making a recommendation regarding the selection for Board approval at the January 23 Board meeting. President MacKenzie requested that the report include background regarding how this team of consultants was assembled and what expertise each firm brings to the table.

Mr. Smith updated the Board regarding a meeting with City of Escondido (Escondido) staff and the consulting firm of Michael Baker International (Consultant) concerning the design of the San Pasqual Undergrounding Project. At this meeting, District and Escondido staff reviewed conceptual designs being developed by the Consultant; the conceptual designs addressed various features of the project including the sedimentation basin, boxed culvert section of the canal, and a new buried pipeline that will exit the San Pasqual Indian Reservation and extend to Lake Wohlford Road. Mr. Smith stated that the right-of-way for the project on the San Pasqual Indian Reservation has been secured, and two of the three easements needed to cross private parcels have been acquired and recorded. Terms for acquiring the third easement, which crosses the former egg ranch parcel now owned by the San Pasqual Indian Reservation, have been negotiated and are in the process of being finalized.

## 11. INVESTMENT POLICY UPDATE

See staff report attached hereto.

Mr. Hodgkiss stated that the District's Investment Policy, which is governed by California State Law, is reviewed annually to ensure it is compliant with any changes in the law and is prudent in light of current investment conditions. He stated that staff is recommending changing the allowable number of final legal maturity years for mortgage backed securities from seven to five to comply with the requirements of Assembly Bill 1770.

19-01-08	<p><i>Upon motion by Director Miller, seconded by Director Vásquez, the Board of Directors adopted Resolution 19-02 approving the Investment Policy, by the following roll call vote:</i></p> <p><b>AYES:</b>            <i>Directors Vásquez, Dorey, Sanchez, MacKenzie, and Miller</i></p> <p><b>NOES:</b>            <i>None</i></p> <p><b>ABSTAIN:</b>        <i>None</i></p> <p><b>ABSENT:</b>         <i>None</i></p> <p><i>A copy of Resolution 19-02 is on file in the official Resolution Book of the District.</i></p>
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## 12. CONFLICT OF INTEREST CODE REVISIONS

See staff report attached hereto.

Mr. Hodgkiss stated that the District's Conflict of Interest Code (Code) is amended biennially and whenever necessary. The amendments presented for consideration by the Board are related to staffing changes and include the elimination of the "Assistant General Manager", "Customer Service Manager" and "Finance Manager" positions, and the addition of the "Director of Administration" position. Staff also recommends adding the "Director of Operations and Field Services" position in place of the "Operations and Field Services Manager" position, and the "Executive Assistant" position due to new duties related to District travel. Back-up General Counsel David Cosgrove provided clarification regarding the consultant

positions listed in the District's Code, stating that he believes they are appropriate and compliant with the recent regulatory amendments made by the Fair Political Practices Commission.

19-01-09 *Upon motion by Director Sanchez, seconded by Director Dorey, the Board of Directors adopted Resolution 19-03 amending the District's Conflict of Interest code, by the following roll call vote:*

*AYES: Directors Vásquez, Dorey, Sanchez, MacKenzie, and Miller*

*NOES: None*

*ABSTAIN: None*

*ABSENT: None*

*A copy of Resolution 19-03 is on file in the official Resolution Book of the District.*

### **13. MATTERS PERTAINING TO THE ACTIVITIES OF THE SAN DIEGO COUNTY WATER AUTHORITY**

See staff report attached hereto.

Director Miller reported that he was appointed as Chair of the Water Authority's Engineering and Operations Committee. The next meeting of the Water Authority will be on January 24.

### **14. MEETINGS AND EVENTS**

See staff report attached hereto.

Director Sanchez reported on his attendance at the Colorado River Water Users Association Conference (CRWUA); he noted that water conservation and the Drought Contingency Plan were the overriding themes of the conference. Director Sanchez said that he spent some time with the new Association of California Water Agencies (ACWA) Board President, Dave Eggerton, who indicated a desire to visit the District and meet with the Board. The Board was agreeable to Director Sanchez coordinating such a visit through the General Manager.

Director Vásquez reported on his attendance at the CRWUA Conference; he was impressed with the Colorado River 101 presentation made by Colby Pellegrino, Director of Water Resources for the Southern Nevada Water Authority, noting that the presentation included a lot of great information about the Colorado River. Director Miller reported that he also attended the CRWUA Conference where he was present at many of the same sessions as Directors Vásquez and Sanchez. He commented on concerns that were voiced at the conference regarding the low water level of Lake Mead. President MacKenzie also reported and commented on some of the sessions she attended while at the CRWUA Conference, particularly regarding the Drought Contingency Plans of the Upper and Lower Basins.

Director Vásquez reported that on December 17 he attended a Legislative Roundtable hosted by the Water Authority; the guest speaker was California State Assembly member Marie Waldron who spoke about several legislative measures. He noted that the information about the date and time of the Legislative Roundtable came to him late, and he was not able to obtain authorization from the Board for his attendance in advance; therefore, he requested that the Board approve his attendance and related expenses after the fact.

Director Dorey requested to attend a symposium sponsored by Best Best & Krieger (BBK) on the Sustainable Groundwater Management Act (SGMA) in San Francisco on February 2. He also requested to attend the Council of Water Utilities (COWU) meeting in February. Director Dorey mentioned an upcoming

meeting of the Southern California Water Coalition (SCWC) (formerly the Southern California Water Committee) in Orange County on January 25. He added that since he is appointed by the Board to serve on the SCWC, no authorization will be required for his attendance.

Director Vásquez requested to attend the meetings of COWU in January and February. He also requested to attend the Urban Water Institute's Spring Water Conference in Palm Springs, February 27 through March 1.

All five Board members requested to attend the Vista Chamber State of the Community Luncheon in Vista on January 28. The Board suggested reserving a table for the group (Board and staff), if appropriate.

President MacKenzie requested authorization to attend the ACWA Legislative Committee meetings as they come up throughout 2019. She stated that she received the same blanket authorization the previous year and attended about half of the meetings. She also requested to attend the ACWA Legislative Symposium, which was originally going to be held on March 20 but was rescheduled to March 6. She noted that the second Board meeting in March was rescheduled to Tuesday, March 19 to resolve the conflict with the ACWA Legislative Symposium on March 20. Since the date has been changed to March 6, which is also a Board meeting date, the Board may want to reconsider the March Board meeting schedule. Mr. Hodgkiss said that staff will agendize the matter for the next Board meeting.

19-01-10 *Upon motion by Director Miller, seconded by Director Vásquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, Sanchez, and MacKenzie), the Board of Directors authorized the following: Director Dorey to attend the BBK symposium on the SGMA in San Francisco on February 2; Director Vásquez to attend COWU in January; Directors Dorey and Vásquez to attend COWU in February; Director Vásquez to attend the Urban Water Institute's Spring Water Conference in Palm Springs, February 27 through March 1; President MacKenzie to attend the ACWA Legislative Committee meetings throughout 2019 and the ACWA Legislative Symposium in Sacramento on March 6; Directors Miller, Vásquez, Dorey, Sanchez, and MacKenzie to attend the State of the Community Luncheon in Vista on January 28, 2019; and authorized (after the fact) Director Vásquez's attendance at the Legislative Roundtable meeting at the Water Authority on December 17.*

## 15. ITEMS FOR FUTURE AGENDAS AND/OR PRESS RELEASES

See staff report attached hereto.

President MacKenzie requested an agenda item to reconsider the Board meeting dates in March 2019 in light of the date change for the ACWA Legislative Symposium from March 20 to March 6.

Mr. Hodgkiss stated that representatives from the Pacific Hospitality Group are expected to be in attendance at the Special Board meeting on January 16 to hear the presentation on the Warner Valley Groundwater Basin Assessment.

President MacKenzie requested a follow-up report from the Public Affairs Committee regarding the final decisions that were made concerning the District's Scholarship Contest.

## 16. COMMENTS BY DIRECTORS

Director Miller stated that he accepted an offer on his building in the Vista Business Park, noting that the sale should be closing sometime in March. Mr. Cosgrove said that pending finalization of the transaction as well as review of the FPPC regulations, he believes Director Miller may no longer have a

conflict of interest related to the sale of District property on Pipeline Drive; therefore, Director Miller may no longer have to be excused from real property negotiations pertaining to said property.

Director Vásquez reported on recent water related news articles, including an article regarding the City of Carlsbad's Maerkle Reservoir which will be receiving a new \$9 million high-tech, floating plastic cover.

Director Dorey thanked the Board and staff for its support during his past year as Board President. He said it was a good, interesting and busy year; he enjoyed it.

President MacKenzie reported on some of the new assignments in the California legislature including Toni Atkins of San Diego becoming President pro tempore of the California State Senate.

**17. COMMENTS BY GENERAL COUNSEL**

Mr. Cosgrove informed the Board about Senate Bill 1343 which changed the threshold for requiring sexual harassment prevention training from being mandatory for businesses with 50 or more employees to instead being mandatory for businesses with five or more employees. The bill will require an employer to provide at least two hours of sexual harassment training to all supervisory employees and at least one hour of sexual harassment training to all nonsupervisory employees by January 1, 2020, and once every two years thereafter.

**18. COMMENTS BY GENERAL MANAGER**

Mr. Hodgkiss informed the Board that the District has been recognized by the Special District Leadership Foundation as a District of Distinction at the Platinum Level, the highest level that can be achieved. He noted that only two agencies in San Diego County have received this distinction with the District being the only water agency.

Mr. Hodgkiss pointed out that a letter was included with the Board's mail from General Counsel Kuperberg officially notifying the Board of his resignation as General Counsel effective January 31, 2019.

Mr. Hodgkiss stated that the District was notified that San Diego Local Agency Formation Commission has begun conducting its Municipal Service Review for the Vista Region.

Director Dorey stated that the period noted at the top of the rainfall graph displayed on the District's website needs to be updated to read "2018/19".

Prior to the next agenda item, Director Miller left the Board meeting due to a possible conflict of interest related to the fact that he owns property in the same business park association as the property to be discussed.

**19. CLOSED SESSION FOR CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

Director MacKenzie adjourned the meeting to closed session at 10:45 a.m. for a conference with Real Property Negotiators, per Government Code section 54956.8 to discuss the following:

Property:	Vista Irrigation District property located at the northwest corner of Engineer St. and Pipeline Dr. in Vista, CA 92081 (APN 219-532-22)
Agency Negotiator:	Brett Hodgkiss
Negotiating Parties:	Burtech Real Estate Investments, LLC
Under Negotiation:	Price and terms



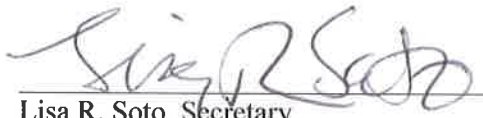
The meeting reconvened in open session at 10:50 a.m. President MacKenzie declared that no reportable action had been taken.

**20. ADJOURNMENT**

There being no further business to come before the Board, at 10:50 a.m. President MacKenzie adjourned the meeting to January 23, 2019 at 9:00 a.m.

  
\_\_\_\_\_  
Jo MacKenzie, President

ATTEST:

  
\_\_\_\_\_  
Lisa R. Soto, Secretary  
Board of Directors  
VISTA IRRIGATION DISTRICT



**STAFF REPORT**

**Board Meeting Date:** January 9, 2019  
**Prepared By:** Lisa Soto  
**Approved By:** Brett Hodgkiss

SUBJECT: ANNUAL ORGANIZATIONAL MEETING

RECOMMENDATION: Conduct annual organizational meeting and appoint officers.

PRIOR BOARD ACTION: The District's last organizational meeting was on December 6, 2017.

FISCAL IMPACT: None.

SUMMARY: Per section 21375 of the California Water Code, Boards may reorganize (including election of President per section 21376) after the first Friday in December. According to Section 1.5.5.A of the District's Rules and Regulations, the President and First Vice President of the Board shall each serve a one-year term and shall be elected to such term by the members of the Board. The President shall preside over meetings of the Board of Directors. The First Vice President shall assume the duties of the President in his or her absence. The remaining directors shall serve equally as Vice Presidents for the same term.

DETAILED REPORT: The Board's practice has been to appoint officers at one meeting and then follow up with committee and other appointments at a subsequent meeting to allow time for the incoming President to deliberate regarding the appointments. Staff will prepare a staff report for the January 23 Board meeting for the District committee assignments and selection of representatives to outside organizations. For the convenience of the Board, listings of current Board President, First Vice President and Vice Presidents, Committees, and outside organization appointments as well as staff's recommendations regarding the appointments of Secretary, Assistant Secretaries, Treasurer and Assistant Treasurer for 2019 have been included in this staff report.

The following is a list of the current President, First Vice President and Vice Presidents:

President	Paul Dorey
First Vice President	Jo MacKenzie
Vice Presidents	Richard Vásquez, Patrick Sanchez and Marty Miller

Staff's recommendation for Secretary, Assistant Secretaries, Treasurer and Assistant Treasurer for 2019:

Secretary	Lisa Soto
Assistant Secretaries	Ramae Ogilvie and Brett Hodgkiss
Treasurer	Marlene Kelleher
Assistant Treasurer	Brett Hodgkiss

ATTACHMENT: 2018 Committees and Outside Organizations Appointments

STANDING COMMITTEES FOR 2018:

**Water Sustainability**

Vásquez, Chair; and Sanchez

*Programs related to water conservation and maintenance of current water sources. Development by VID and/or our supplier(s) of new sources such as desal, brackish water, and recycled water. Does not include Lake Henshaw and the Warner Ranch.*

**Fiscal Policy**

Dorey, Chair; and MacKenzie

*District budget and finances, including rates.*

**Warner Ranch**

MacKenzie, Chair; and Miller

*Contracts, leases, historical assets, environmental issues, long-range planning, and relations with neighboring property owners.*

**Public Affairs**

Sanchez, Chair; and Vásquez

*Public outreach on water conservation and legislation, and public education on major water issues.*

OUTSIDE ORGANIZATIONS FOR 2018

**San Luis Rey Watershed Council**

Dorey; Alternate-Jessica Sherwood

*A partnership of local landowners, agricultural growers, Native American bands, community and environmental organizations, government agencies and special districts with ties to this watershed. The Council's primary goal is to develop and implement a comprehensive resource management plan for the San Luis Rey River and its tributaries.*

**ACWA/JPIA**

Dorey; Alternate-Eldon Boone

*The insurance pool formed by ACWA member agencies; VID obtains liability, property and workers compensation insurance through ACWA/JPIA.*

**Southern California Water Committee**

Dorey; Alternate-Vásquez

*A nonprofit, nonpartisan, public education partnership dedicated to informing Southern Californians about our water needs and our state's water resources; a cooperative effort of business, government, water agencies, agriculture, and public interests.*

**Groundwater Resources Association**

Dorey; Alternate-Vásquez

*Dedicated to resources management that protects and improves groundwater through education and technical leadership.*



## STAFF REPORT

Agenda Item: 7.A

Board Meeting Date:	January 9, 2019
Prepared By:	Matt Atteberry
Reviewed By:	Randy Whitmann
Approved By:	Brett Hodgkiss

SUBJECT: CANCELLATION OF TEMPORARY SERVICE AGREEMENT

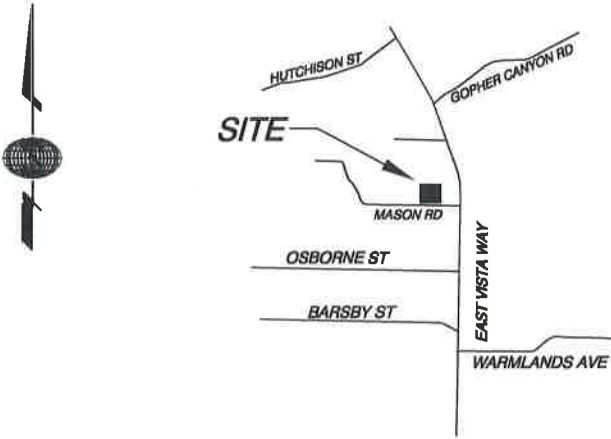
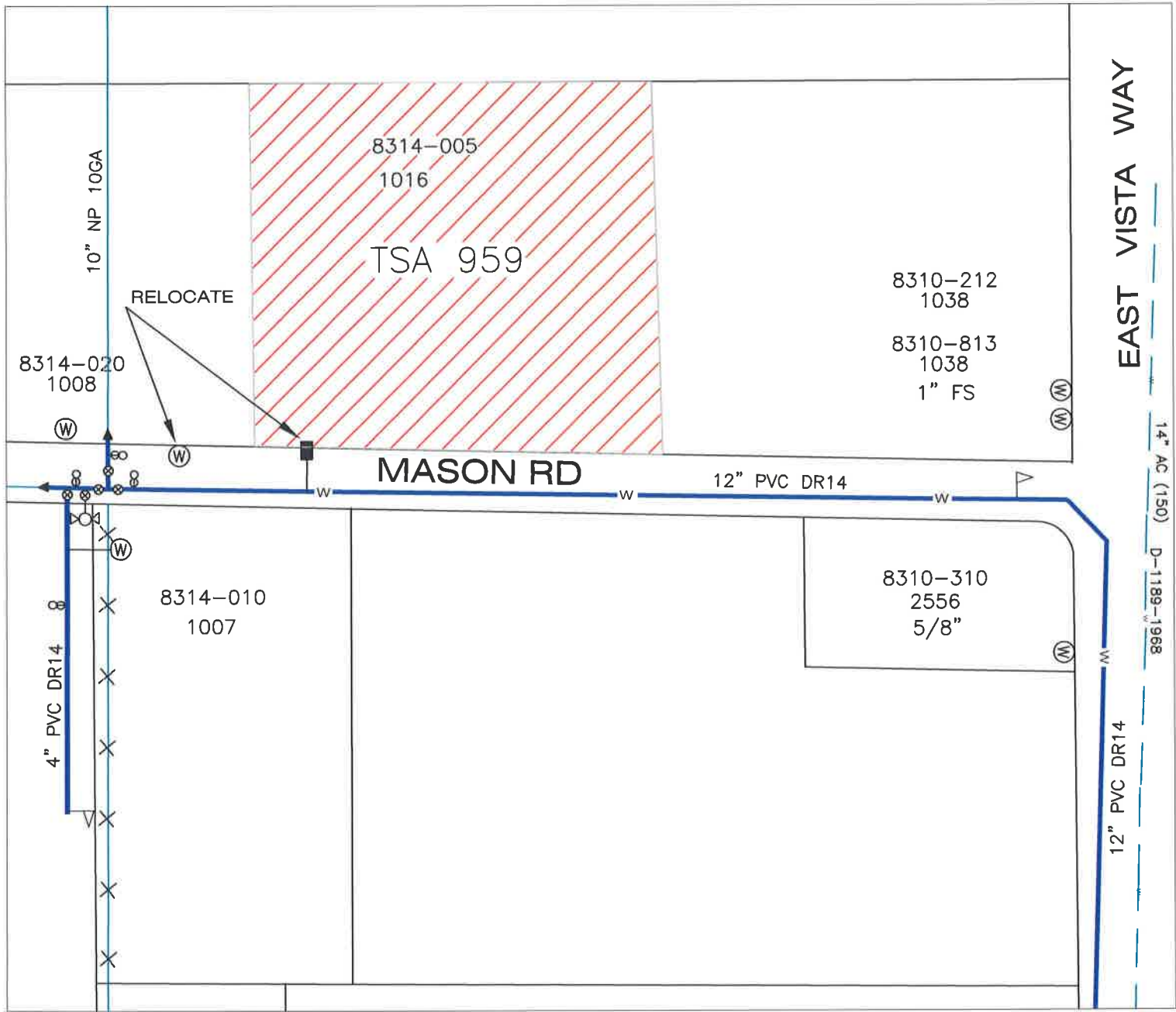
RECOMMENDATION: Approve the cancellation of Temporary Service Agreement No. 959 for a single-family residential parcel consisting of approximately 1.68 gross acres owned by Tim Harkness, located at 1016 Mason Road, Vista (D-2235; LN 2011-023; APN 170-151-12; DIV NO 1).

PRIOR BOARD ACTION: On June 15, 1988, the Board approved Temporary Service Agreement No. 959.

FISCAL IMPACT: None.

SUMMARY: As part of the District's Main Replacement program, a new 12-inch waterline will be installed in Mason Road; the project includes relocating the owner's temporary offsite meter to a permanent location fronting his property located at 1016 Mason Road. The terms and conditions of Temporary Service Agreement No. 959 have been fulfilled by the owner, allowing it to be cancelled at this time.

ATTACHMENT: Map



 TSA TO BE CANCELLED

<b>VISTA IRRIGATION DISTRICT</b>		
<b>EAST VISTA WAY &amp; MASON RD</b>		
<b>CANCEL TSA 959</b>		
APN	170-151-12	T.B. 1087-J1
SCALE	NOT TO SCALE	L.N. 2011-023
APPD. BY <i>RSW</i>	DATE <i>12/31/18</i>	W.O. <b>D-2235</b>
DRAWN BY <i>J.V.</i>	DATE <i>02/05/18</i>	
SHEET 1 OF 1	MAP G6	
REVISED		
PATH	Z:ENGINEERING\JOBSID-JOBS\D2235	

**VICINITY MAP**  
NO SCALE



## STAFF REPORT

Agenda Item: 7.B

Board Meeting Date:	January 9, 2019
Prepared By:	Matt Atteberry
Reviewed By:	Randy Whitmann
Approved By:	Brett Hodgkiss

SUBJECT: CANCELLATION OF TEMPORARY SERVICE AGREEMENT

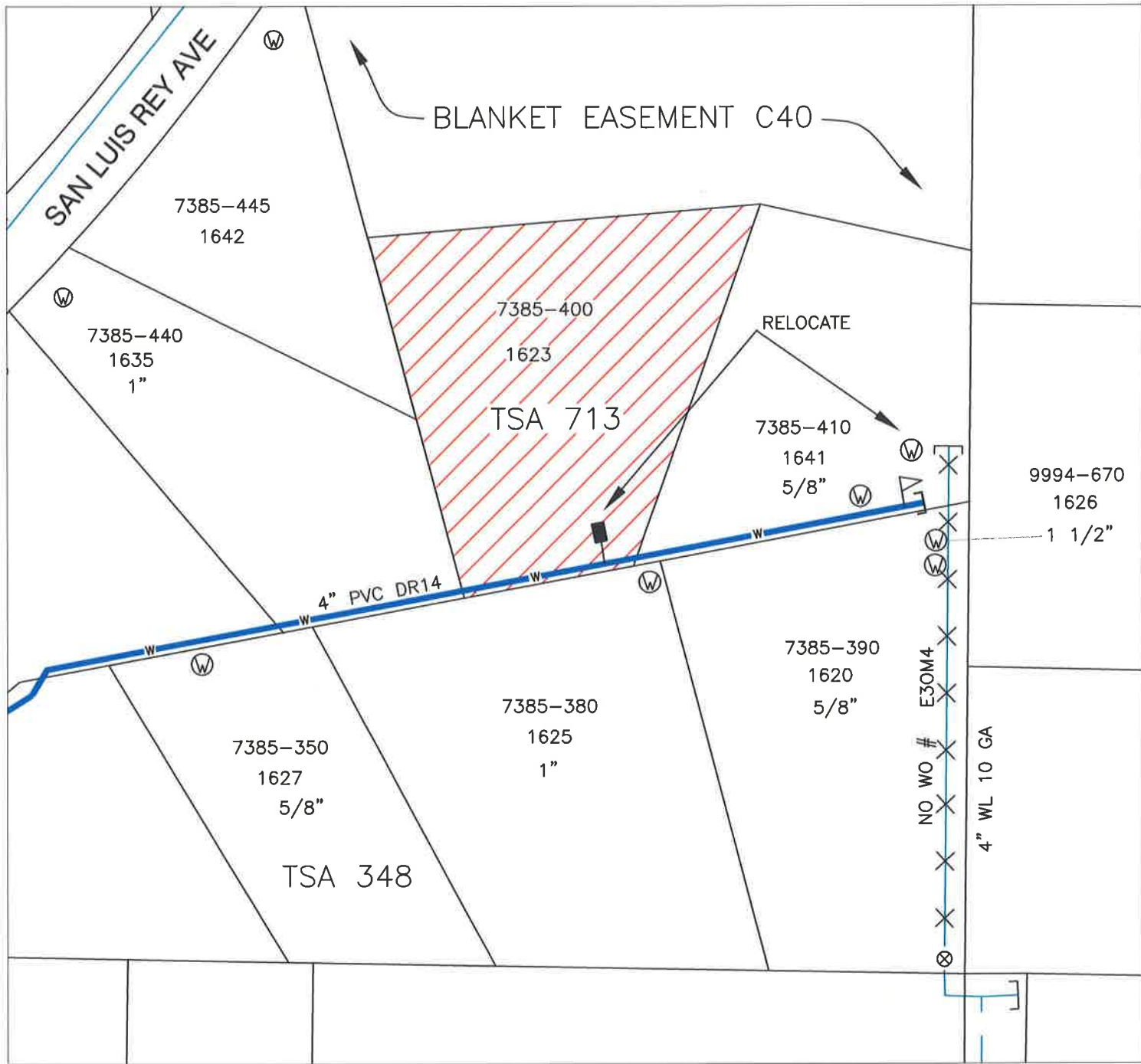
RECOMMENDATION: Approve the cancellation of Temporary Service Agreement No.713 for a single-family residential parcel consisting of approximately 0.55 gross acres owned by Lori Brandt, located at 1623 San Luis Rey Avenue, Vista (D-2330; LN 2017-004; APN 173-330-23; DIV NO 1).

PRIOR BOARD ACTION: On November 19, 1975, the Board approved Temporary Service Agreement No. 713.

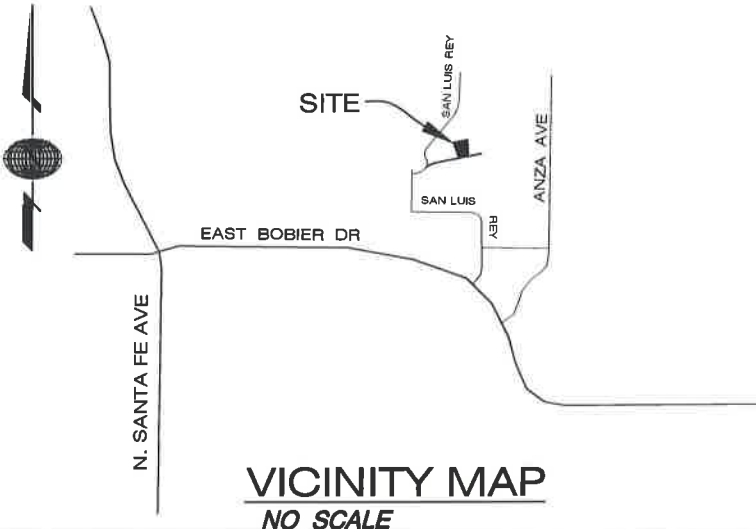
FISCAL IMPACT: None.

SUMMARY: As part of the District's Main Replacement program, a new 4-inch waterline was installed in San Luis Rey Avenue. The water system for this project is in service, and the owner's temporary offsite meter has been relocated to a permanent location fronting her property located at 1623 San Luis Rey Avenue. The terms and conditions of Temporary Service Agreement No.713 have been fulfilled by the owner, allowing it to be cancelled at this time.

ATTACHMENT: Map



 TSA TO BE CANCELLED



<b>VISTA IRRIGATION DISTRICT</b>		
<b>1623 SAN LUIS REY AVE CANCEL TSA 713</b>		
APN	173-330-23	T.B. 1087-H4
SCALE	NOT TO SCALE	L.N. 2017-004
APPD. BY	DATE	<b>W.O. D-2330</b>
DRAWN BY J.V.	DATE 9/28/2018	
SHEET 1 OF 1	MAP F9;F10	
REVISED		
PATH	Z:ENGINEERING\JOBS\LN2016-020	



# Cash Disbursement Report

Payment Dates 11/21/2018 - 12/28/2018

Payment Number	Payment Date	Vendor	Description	Amount
60476	11/28/2018	American Water Works Association	Membership Dues 2019	6,653.00
60477	11/28/2018	ASCE	2019 Membership Renewal	295.00
60478	11/28/2018	Association of California Water Agencies	Membership Dues 2019	23,535.00
60479	11/28/2018	AT&T	0230/CALNET3 10/13/18-11/12/18	12.03
60480	11/28/2018	CDTFA	Water Rights Fee 07/2018 - 06/2019	225.00
60481	11/28/2018	California Special Districts Association	Membership Dues 2019	7,252.00
60482	11/28/2018	CDW Government Inc	Annual Subscription Renewal - Ivanti Patch	509.00
60483	11/28/2018	Cecilia's Safety Service Inc	Traffic Control - Vista Grande Dr/Green Hills Way	850.00
	11/28/2018		Traffic Control - Edna Way	637.50
	11/28/2018		Traffic Control - Melrose Dr	1,710.00
	11/28/2018		Traffic Control - Osborne St	3,740.00
	11/28/2018		Traffic Control - Rosario Lane	1,402.50
	11/28/2018		Traffic Control - Navel Place	680.00
60484	11/28/2018	City of Vista	S Santa Fe Phase II - Reimb for Construction 11/18	23,066.00
60485	11/28/2018	Clark Land Resources, Inc	Easement Encroachment Review 10/2018	7,009.80
60486	11/28/2018	Source Graphics	Oce 650 Imaging Device	3,820.25
60487	11/28/2018	Diamond Environmental Services	Portable & Stationary Restroom Service	225.78
	11/28/2018		Portable Restroom Service	96.34
60488	11/28/2018	Dion International Trucks, LLC - San Marcos	Mirror Bracket & Holder - Truck 44	134.53
60489	11/28/2018	DIRECTV	Direct TV Service	91.99
60490	11/28/2018	Eurofins Eaton Analytical Inc	UCMR4 RD-7a Analysis	400.00
60491	11/28/2018	Ferguson Waterworks	DFW Meter Box Lid Large PW6C (1)	82.27
	11/28/2018		DFW Meter Box Small (28)	2,212.63
	11/28/2018		DFW Meter Box Lid Large PW6C (3)	246.81
	11/28/2018		DFW Meter Box Large (3)	311.76
	11/28/2018		DFW Meter Box Lid Small D1324 (41)	2,352.27
60492	11/28/2018	Freedom Window Cleaning	Window Cleaning Service	3,745.00
60493	11/28/2018	Glennie's Office Products Inc	Office Supplies	17.16
60494	11/28/2018	Grainger	Electrical Gloves (3)	212.92
60495	11/28/2018	Hello Deli	Lunch 11/14/18 - Interview Panel (5)	53.80
60496	11/28/2018	InfoSend Inc	Mailing Service 10/2018	5,679.60
	11/28/2018		Data Processing Service 10/2018	2,303.06
	11/28/2018		Storage & Support Fee 10/2018	1,323.74
60497	11/28/2018	Iron Mountain Records Management	Offsite Data Storage	319.70
60498	11/28/2018	Joe's Paving	Patch Paving	5,095.95
60499	11/28/2018	Ken Grody Ford Carlsbad	Tire Rotation	21.95
60500	11/28/2018	Laura Rivera	Spanish Interviews/Eval - Testings for Cashier	325.00
60501	11/28/2018	Leon Perrault Trucking & Materials	Trucking 10/2018	1,120.00
	11/28/2018		Trucking & Material 10/2018	2,944.38
	11/28/2018		Trucking & Material 10/2018	11,356.87



Payment Number	Payment Date	Vendor	Description	Amount
	11/28/2018		Trucking 10/2018	450.00
60502	11/28/2018	Lightning Messenger Express	Messenger Service 11/2/18	52.50
60503	11/28/2018	Major League Pest	Bee Removal (1)	85.00
60504	11/28/2018	Moody's	Dump Fees (2)	400.00
	11/28/2018		Dump Fees (2)	400.00
	11/28/2018		Dump Fee	200.00
	11/28/2018		Dump Fee	200.00
60505	11/28/2018	Mutual of Omaha	LTD/STD/Life Insurance 12/2018	7,180.37
60506	11/28/2018	North County Auto Parts	Oil Filter - Truck 16	6.46
	11/28/2018		Filters, Wiper Blades, Battery Cleaners	124.67
	11/28/2018		Brake Pads - Truck 59	97.27
	11/28/2018		"Gasoline Only" Decals	9.83
	11/28/2018		Brake Fluid - Shop	6.48
60507	11/28/2018	Pacific Pipeline Supply	Cover 10" Valve Box Cast Iron (68)	3,238.84
	11/28/2018		Pipe Repair Clamps	694.64
	11/28/2018		10" Ells (2)	521.08
	11/28/2018		Galvanized Sleeves	353.85
60508	11/28/2018	Protel Communications, Inc	Quarterly Phone System Maintenance	1,166.00
60509	11/28/2018	Volvo Construction Equipment & Services	Bucket Tooth Lock Retainers (20)	306.90
60510	11/28/2018	San Diego Chapter-CSDA	Meeting 11/15/18 - J MacKenzie	30.00
60511	11/28/2018	San Diego Gas & Electric	Electric 11/2018 - Warner Ranch	26.34
	11/28/2018		Electric 10/2018 - Cathodic Protection & T&D	214.71
	11/28/2018		Electric 10/2018 - Reservoirs	108.09
	11/28/2018		Electric 10/2018 - Pump Stations	9,289.61
	11/28/2018		Electric 10/2018 - Plants	86.83
60512	11/28/2018	Shea Homes	Refund Inspection Deposit I3064	83,221.00
	11/28/2018		Refund As Built Deposit I3064	5,824.00
60513	11/28/2018	Southern Counties Lubricants, LLC	Fuel - Henshaw	154.25
60514	11/28/2018	Midas Service Experts	Tires (2) - Truck 59	296.25
60515	11/28/2018	TS Industrial Supply	Ratchet .5" Short Handle (3)	168.87
	11/28/2018		Drill 1-2" SCA102 Motor Arbor (3)	136.40
	11/28/2018		Wrench 8" Pipe (6)	121.78
	11/28/2018		Channel Lock 16" (3)	112.85
	11/28/2018		Boots 12 Knee-high Steel Toe (4)	96.99
	11/28/2018		Cutter 150 Copper 1/8" to 1.5" (3)	92.39
	11/28/2018		Nozzle #1W Welding (1)	85.52
	11/28/2018		Boots 11 Knee-high Steel Toe (3)	72.74
	11/28/2018		Boots 13 Knee-high Steel Toe (3)	72.74
	11/28/2018		Boots 10 Knee-high Steel Toe (3)	72.74
	11/28/2018		Cutter 30" Bolt (1)	69.28
	11/28/2018		Hammer 3lb Sledge (4)	67.50
	11/28/2018		Cutter 24" Bolt (1)	49.80
	11/28/2018		Blade 14" Chop Saw Metal (4)	32.17
	11/28/2018		Tarp 8'x10' (3)	29.94
	11/28/2018		Boots 14 Knee-High Steel Toe (3)	75.50
	11/28/2018		Ratchet Extension .5"x5" (3)	38.97

Payment Number	Payment Date	Vendor	Description	Amount
	11/28/2018		Boots 9 Hip Steel Toe (3)	72.74
60516	11/28/2018	Verizon Wireless	Air Cards 10/13/18-11/12/18	76.02
60517	11/28/2018	VG Donuts & Bakery Inc	Board Mtg 11/14/18	63.34
60518	12/05/2018	Refund Check 60518	Customer Refund	187.91
60519	12/05/2018	ABABA Bolt	Hardware, Tape Measure	37.13
	12/05/2018		Hardware	46.49
	12/05/2018		Hardware for General Repairs	69.37
60520	12/05/2018	Airgas USA LLC	Acetylene & Oxygen	559.00
	12/05/2018		Oxygen Cylinder Tank	51.26
60521	12/05/2018	AirX Utility Surveyors, Inc	Processed Data Sheets for Potholing	130.00
60522	12/05/2018	Escondido Metal Supply	Aluminum for Railing - Pechstein	310.84
	12/05/2018		Metal Support	340.99
	12/05/2018		Metal to Repair Meter Vault	120.70
60523	12/05/2018	Alignment Plus	Alignment Check - Truck 69	50.00
60524	12/05/2018	Allied Electronics Inc	SCADA Power Supplies	437.37
60526	12/05/2018	Amazon Capital Services	Office Supplies - Ribbon Cartridges	11.90
	12/05/2018		Retirement Gift	23.82
	12/05/2018		Office Supplies - Aluminum Binder	51.71
	12/05/2018		Office Supplies - Binder	31.80
	12/05/2018		Office Supplies - Daily Diary	57.75
	12/05/2018		Ethernet Cable	136.95
	12/05/2018		Office Supplies - Expandable File Jacket	23.90
60527	12/05/2018	American Water Works Association	Let's Talk Safety Books	327.00
60528	12/05/2018	Asbury Environmental Services	Oily Absorbent Disposal	111.00
60529	12/05/2018	AT&T	9391013680/CALNET3 - 10/13-11/12/18 - Phones	1,033.43
60530	12/05/2018	AT&T	20Mbps Internet Service 10/19/18-11/18/18	1,030.10
60531	12/05/2018	BAVCO	Construction Meter Backflow	428.02
60532	12/05/2018	Boot Barn Inc	Footwear Program	180.00
60534	12/05/2018	California Crane Safety Consulting	Crane Inspections	2,800.00
60535	12/05/2018	Cal-Mesa Steel Supply Inc	Cover Plate for Meter Vault	833.99
60536	12/05/2018	CDW Government Inc	VOIP Phone System - Phones (10)	1,450.23
	12/05/2018		VOIP Phone Systems -Cables	302.18
60537	12/05/2018	Cecilia's Safety Service Inc	Traffic Control - Magellan Lane	1,190.00
	12/05/2018		Traffic Control - Osborne St	5,355.00
	12/05/2018		Traffic Control - Navel Place	595.00
	12/05/2018		Traffic Control Plan #VID-18-10598	1,530.00
	12/05/2018		Traffic Control - Rosario Lane	2,172.50
	12/05/2018		Traffic Control - Sycamore Ave/Watson Wy	1,190.00
	12/05/2018		Traffic Control - Rosario Lane	2,172.50
	12/05/2018		Traffic Control - Osborne St	4,005.00
	12/05/2018		Traffic Control - Penview Dr	722.50
60538	12/05/2018	Christian Magill	Reimburse - Footwear Program	180.00
60539	12/05/2018	Citi Cards	Excel Training	255.00
	12/05/2018		CA-NV Section AWWA Conference	243.49
	12/05/2018		Backflow Refresher Class	195.00
	12/05/2018		Supplies - Costco	1,287.33

Payment Number	Payment Date	Vendor	Description	Amount
	12/05/2018		Supervisor Seminar	199.00
	12/05/2018		CAPPO Conference	395.00
	12/05/2018		CAPPO Conference	119.96
	12/05/2018		Recruitment Advertising -Heavy Equip Operator	200.00
	12/05/2018		Recruitment Advertising -Heavy Equip Operator	70.00
	12/05/2018		Recruitment Advertising - Cashier	200.00
	12/05/2018		Recruitment Advertising - Cashier	70.00
	12/05/2018		Southern CA Water Committee - P Dorey	138.48
	12/05/2018		Colorado River Water Assn Conference- J MacKenzie	505.00
	12/05/2018		Colorado River Water Assn Conference- R Vasquez	505.00
	12/05/2018		Colorado River Water Assn Conference- P Sanchez	505.00
	12/05/2018		Colorado River Water Assn Conference- M Miller	505.00
	12/05/2018		Groundwater Resource Assn Mtg - P Dorey	40.00
	12/05/2018		Board Mtg Supplies	34.56
	12/05/2018		Retirement Gift	248.98
60540	12/05/2018	City Of Escondido	Escondido Water Treatment Plant 09/18-10/18	276,100.00
60541	12/05/2018	City of Oceanside	Weese Treatment 10/2018	49,245.80
60542	12/05/2018	Coast Equipment Rentals	Cement	162.38
60543	12/05/2018	Core & Main	Angles (2)	273.80
60544	12/05/2018	CWEA	Membership, Certification	285.00
60545	12/05/2018	Todd Groundwater, Inc.	Warner Basin Groundwater Assessment 10/2018	7,413.75
60546	12/05/2018	E&M Electric and Machinery, Inc	CFP #38339- Customer FIRST- Premium Level Renewal(SCADA)	1,429.00
	12/05/2018		CFP #38339- Customer FIRST- Premium Level Renewal(SCADA)	7,091.00
60547	12/05/2018	EDCO Waste & Recycling Services Inc	Trash/Recycle 11/2018	212.05
60548	12/05/2018	Electrical Sales Inc	LED Bulbs	573.73
60549	12/05/2018	Endicott Comm., Inc - CV	Answering Service 11/2018	217.99
60550	12/05/2018	Eurofins Eaton Analytical Inc	Pentachlorophenol Samples - Pechstein	450.00
	12/05/2018		UCMR 4-70 Analysis	400.00
	12/05/2018		UCMR 4 RD-8 Lab Analysis	800.00
60551	12/05/2018	Fastenal Company	Bolts, Washers	26.00
60552	12/05/2018	FedEx	Shipping	32.77
	12/05/2018		Shipping	56.81
60553	12/05/2018	Ferguson Waterworks	DFW Meter Box Small (13)	1,027.29
	12/05/2018		Gate Valve 8" POxFL R/W C900 (1)	1,064.35
	12/05/2018		1 1/4" Cap Brass (5)	24.90
	12/05/2018		3/4 Coupling COP (20)	21.65
	12/05/2018		Nipple 1x6 Brass (4)	26.85
	12/05/2018		1" Slip-fix PVC (telescopic) (8)	25.55
	12/05/2018		EII 1" COP 45 (20)	76.86
	12/05/2018		EII 3/4" COP 90 (5)	5.95
	12/05/2018		3/4" x 1/2" Bushing Brass (4)	7.14
	12/05/2018		Nemesis Black Frame Smoke lens (24)	83.14
	12/05/2018		Plug 1" BLK (5)	7.31
	12/05/2018		3/4 W stop Coupling COP (5)	4.06
60554	12/05/2018	Freedom Window Cleaning	Exterior Window Cleaning - Front Lobby	395.00
60555	12/05/2018	Gallagher Benefits Services, Inc	DBM Analysis	425.00

Payment Number	Payment Date	Vendor	Description	Amount
60556	12/05/2018	Glennie's Office Products Inc	Office Supplies	76.83
	12/05/2018		Office Supplies	206.08
	12/05/2018		Office Supplies	233.84
	12/05/2018		Office Supplies	73.97
	12/05/2018		Office Supplies	13.52
60557	12/05/2018	Government Finance Officers Association	CAFR Application Fee 12/2018	435.00
60558	12/05/2018	Hawthorne Machinery Co	Filter - B23	32.89
	12/05/2018		Hydraulic Hose, O-Rings	53.68
	12/05/2018		New Wheel Loader	145,818.14
	12/05/2018		Steam Cleaned & Repaired Leaks - B6	4,830.24
	12/05/2018		Parts to Repair B6	3,597.70
60559	12/05/2018	Hidden Valley Pump Sys Inc	Pull/Inspect/Repair Pump/Motor,Well 8A	22,034.20
60560	12/05/2018	Horton Knox Carter & Foote LLP	Legal Services 12/2018	12,000.00
60561	12/05/2018	IDEXX Distribution Corporation	Colilert Bottles & Reagent	2,076.44
60562	12/05/2018	Infrastructure Engineering Corporation	PO 1289 Daley Bench Slope Stabilization 10/18	8,708.00
60563	12/05/2018	J & R Concrete Products, Inc	72" x 72" x 42" Open Bottom Precast Concrete Vault	6,062.00
60564	12/05/2018	Jackson & Blanc	Diagnose HVAC Boiler Issues	280.00
60565	12/05/2018	Joe's Paving	Patch Paving - Goodwin Dr @ Taylor Rd	35,007.40
	12/05/2018		Patch Paving - Ascot Dr @ Melrose Dr	12,008.00
	12/05/2018		Patch Paving (various)	5,957.80
	12/05/2018		Patch Paving - Edna Way	585.60
60566	12/05/2018	Kimball Midwest	Electrical Connectors	88.77
	12/05/2018		Cable Ties	54.17
60567	12/05/2018	Lawnmowers Plus Inc	Pull Starter - AZ1	75.67
60568	12/05/2018	Liebert Cassidy Whitmore	Legal	518.00
60569	12/05/2018	Lighthouse Inc	Electric Brake Controller, Floodlight	185.87
60570	12/05/2018	Major League Pest	Monthly Pest Control	93.00
	12/05/2018		Bee Removal	85.00
60571	12/05/2018	Mallory Safety and Supply, LLC	Gloves Rubber Nitrile XL 100 per box (30)	365.35
	12/05/2018		Pant Rain XL (3)	219.21
	12/05/2018		Jacket Rain 3XL (4)	311.76
	12/05/2018		Pant Rain 3XL (4)	292.28
	12/05/2018		Pant Rain LG (4)	292.28
	12/05/2018		Pant Rain MED (3)	219.21
60572	12/05/2018	Moodys	Dump Fees	400.00
60573	12/05/2018	NAPA Auto Parts	Decals for Diesel Tanks (2)	26.95
	12/05/2018		Bolt-on D-Rings (2)	21.63
60574	12/05/2018	North County Auto Parts	Spark Plugs, Coil - Truck 69	86.81
	12/05/2018		Air Filters, Shop Supplies	72.15
	12/05/2018		Oil Filters, Spark Plugs	18.50
	12/05/2018		Heater Hose, Coolant	144.78
60575	12/05/2018	North County Industrial Park	Association Fees 12/2018 - Pipeline Dr	256.40
60576	12/05/2018	North County Industrial Park	Association Fees 12/2018 - 1391 Engineer St	879.30
60577	12/05/2018	O'Reilly Auto Parts	Spot Mirrors (3)	11.88
60578	12/05/2018	Pacific Pipeline Supply	Regulator Piping Rehab	1,247.72
	12/05/2018		PVC Pipe	336.01

Payment Number	Payment Date	Vendor	Description	Amount
	12/05/2018		Sleeve 8" Galvanized Top Section (100)	1,190.75
	12/05/2018		Sleeve 10" Galvanized Top Section (20)	281.45
	12/05/2018		Service Saddle 4x1 C900 PVC (10)	941.78
	12/05/2018		Service Saddle 6x1 Brass AC (8)	857.33
	12/05/2018		Service Saddle 4x2 C900 PVC (6)	681.98
	12/05/2018		Ball Meter Valve 2" FLG X FIP DD & Lockwing (15)	3,718.39
60579	12/05/2018	Ramco Petroleum	Fuel 10/2018	1,350.84
60580	12/05/2018	Interstate All Battery Center	Battery - T19	22.63
60581	12/05/2018	Red Wing Shoe Store	Footwear Program	148.81
60582	12/05/2018	Richard Brady & Associates, Inc	HB Reservoir Structural Analysis 10/2018	6,362.70
60583	12/05/2018	Rincon del Diablo MWD	MD Reservoir 11/2018	36.15
60584	12/05/2018	Rutan & Tucker LLP	Legal	159.00
	12/05/2018		Legal	2,252.50
60585	12/05/2018	Volvo Construction Equipment & Services	Compaction Wheel - E2	3,334.10
	12/05/2018		Hydraulic Breaker 2500ft Class	19,268.50
	12/05/2018		Quick Disconnect Hoses	1,176.11
60586	12/05/2018	San Diego County Vector Control Program	County Mosquito Control 07/2018-06/2019	366.76
60587	12/05/2018	San Diego Friction Products	Air Valve - Truck 51	247.43
60588	12/05/2018	San Diego Gas & Electric	Gas Use 11/2018	444.36
	12/05/2018		Electric 11/2018 - Henshaw Buildings & Grounds	391.29
	12/05/2018		Electric 11/2018 - Henshaw Wellfield	11,731.48
	12/05/2018		Electrical Transmission 11/2018	4,009.59
	12/05/2018		Electric 11/2018 - T&D	80.40
	12/05/2018		Electric 11/2018 - Reservoirs	45.46
60589	12/05/2018	Shred-it USA LLC	Monthly Shredding Service	108.98
60590	12/05/2018	Southern Counties Lubricants, LLC	Fuel 11/01/18-11/15/18	5,852.94
60591	12/05/2018	State Water Resources Control Board	NPDES Permit Fee 07/2018 - 06/2019	2,268.00
60592	12/05/2018	Technology Unlimited	Maintenance/Software License Renewal	2,728.00
60593	12/05/2018	Tegriscap Inc	Landscape Maintenance 11/2018	1,625.00
60594	12/05/2018	Midas Service Experts	Mount & Balance Tires - Truck 69	47.04
	12/05/2018		Tires (2) - Truck 69	373.37
60595	12/05/2018	TS Industrial Supply	Gas Cans w/Funnel	147.35
	12/05/2018		Parts to Repair Jackhammer	235.46
	12/05/2018		Power Pak & Charger Kit	432.94
	12/05/2018		Gauge 30lb Pressure Oil (4)	79.93
	12/05/2018		Tape 4" Caution (20)	183.59
	12/05/2018		Vest Lime Hi-Viz 2XL (10)	206.97
	12/05/2018		Boots 10 Hip Steel Toe (3)	294.29
	12/05/2018		Sling Adjustable Valve Lifting (3)	536.81
	12/05/2018		Head Lights (15)	564.25
	12/05/2018		Cutter 2" Carb Shell PVC (4)	896.31
	12/05/2018		Shut-Off Tool #70 (3)	1,542.56
	12/05/2018		Cutter .5" to 1.25" PVC (3)	197.45
	12/05/2018		Level 2' (1)	22.73
	12/05/2018		Blade Replacement VP-30 PVC (3)	83.46
	12/05/2018		Wrench 12" Pipe (3)	91.09

Payment Number	Payment Date	Vendor	Description	Amount
	12/05/2018		Shovel Round Point Straight (15)	306.89
	12/05/2018		Gloves Welding LG (20)	428.67
	12/05/2018		Wrench 1.25" One Hand (10)	1,216.51
	12/05/2018		Cutter 1" Carb Shell PVC (5)	752.34
60596	12/05/2018	Underground Service Alert of Southern California	DigAlert New Tickets 11/2018	333.40
60597	12/05/2018	UniFirst Corporation	Uniform Service	332.58
	12/05/2018		Uniform Service	366.68
60598	12/05/2018	Verizon Wireless	Cell Phones 10/16/18-11/15/18	1,358.95
	12/05/2018		SCADA Remote Access	369.22
60599	12/05/2018	Vulcan Materials Company and Affiliates	Cold Mix	1,984.59
60600	12/05/2018	Weseloh Chevrolet	Vacuum Pump Reservior	35.12
60601	12/05/2018	WorkPartners OHS	New Hire Physical	175.00
60602-60608	12/05/2018	Refund Checks 60602-60608	Customer Refunds	1,256.00
60609	12/10/2018	ACWA/JPIA	Medical & Dental Insurance 01/2019 - Cobra	2,652.00
	12/10/2018		Medical & Dental Insurance 01/2019 - Employees	166,020.36
	12/10/2018		Medical & Dental Insurance 01/2019 - Retirees	42,167.29
	12/10/2018		Medical & Dental Insurance 01/2019 - P Dorey	1,576.55
	12/10/2018		Medical & Dental Insurance 01/2019 - M Miller	1,821.57
	12/10/2018		Medical & Dental Insurance 01/2019 - R Vasquez	1,576.55
	12/10/2018		Medical & Dental Insurance 01/2019 - J MacKenzie	1,821.57
	12/10/2018		Medical & Dental Insurance 01/2019 - P Sanchez	1,821.57
60610	12/10/2018	Airgas USA LLC	Welding Rod	213.67
	12/10/2018		Welding Rod	13.79
	12/10/2018		Blade For Chop Saw In Welding Shop & Welding Rod	282.11
60611	12/10/2018	Allied Electronics Inc	SCADA Control Relays	364.65
60612	12/10/2018	Aquajet Art	Meter Itron ERT & Backflow Brackets	1,050.14
	12/10/2018		SCADA Back Panels, Brackets	258.28
60613	12/10/2018	Association of State Dam Safety Officials Inc	Annual Membership Renewal	55.00
60614	12/10/2018	Big Drip Plumbing	Install Backflow - 933 Valle Terrace	1,000.00
	12/10/2018		Meter Tie-Back	1,100.00
	12/10/2018		Meter Tie-Back	1,250.00
	12/10/2018		Meter Tie-Back	1,250.00
	12/10/2018		Meter Tie-Back	1,250.00
	12/10/2018		Meter Tie-Back	3,250.00
	12/10/2018		Meter Tie-Back	3,000.00
60615	12/10/2018	Boot World Inc	Footwear Program (2)	306.30
60616	12/10/2018	California Chamber of Commerce	Annual Membership Dues 1/3/19 -1/3/20	998.00
60617	12/10/2018	Canon Solutions America, Inc	Copier Maintenance-Administration&Water Resources	98.02
60618	12/10/2018	Cecilia's Safety Service Inc	Traffic Control - Osborne St	4,462.50
	12/10/2018		Traffic Control - Las Flores	2,165.00
	12/10/2018		Traffic Control - Loma Vista Way	510.00
	12/10/2018		Traffic Control - Rosario Lane	2,040.00
	12/10/2018		Traffic Control - Alta Vista Dr	1,020.00
	12/10/2018		Traffic Control - Alta Vista Dr	1,330.00
60619	12/10/2018	Coast Equipment Rentals	Cement	200.26
60620	12/10/2018	Core & Main	Pipe 8" PVC DR-14 C900 (60)	610.53

Payment Number	Payment Date	Vendor	Description	Amount
	12/10/2018		Flange 4" SOW (20)	456.82
	12/10/2018		Flange 6" SOW 8-hole (25)	634.62
	12/10/2018		Adapter 6" Cast Iron POxFL (10)	746.93
	12/10/2018		Pipe 10" PVC DR-14 C900 (60)	933.98
	12/10/2018		Pipe 6 5/8" CMLC #10 Steel (40)	952.60
	12/10/2018		Ell 6"x16" POxFL Bury DI (5)	1,099.44
	12/10/2018		Tubing 2" Copper Soft (60)	753.40
60621	12/10/2018	CoreLogic Solutions Inc	Real Quest Online Service 11/2018	300.00
60622	12/10/2018	Cal West Concrete Cutting	Sawcut Asphalt - Eucalyptus	225.00
60623	12/10/2018	Direct Energy	Electric 11/2018 - VID	1,233.91
	12/10/2018		Electric 11/2018 - Henshaw Buildings & Grounds	183.63
	12/10/2018		Electric11/2018 - Henshaw Well Field	13,778.97
	12/10/2018		Electric 11/2018 - T & D / Cathodic Protection	28.42
	12/10/2018		Electric 11/2018 - Reservoirs	18.02
	12/10/2018		Electric 11/2018 - Pump Stations	4,461.44
	12/10/2018		Electric 11/2018 - Treatment Plants	20.65
60624	12/10/2018	Ferguson Waterworks	8-Inch Cla-Val Angle Pattern Regulator for F Reg	5,515.34
	12/10/2018		DFW Meter Box Lid 3.5 DFW36C (VID Stamp) (75)	3,085.13
	12/10/2018		DFW Meter Box Lid Large PW6C (VID Stamp) (16)	1,316.32
	12/10/2018		DFW Meter Box DFWPW6C4-12 (Large)	2,909.76
	12/10/2018		DFW Meter Box Lid Large PW6C (VID Stamp) (10)	822.70
	12/10/2018		DFW Meter Box DFWPW6C4-12 (Large) (2)	207.84
	12/10/2018		DFW Meter Box Lid Medium 1220E (VID Stamp) (50)	2,598.00
	12/10/2018		DFW Meter Box Lid 4.5 486SA (VID Stamp) (22)	940.69
	12/10/2018		DFW Meter Box Lid 4.5 486SA (VID Stamp)	128.28
60625	12/10/2018	D.H. Maintenance Services	Janitorial Service 12/2018	2,275.00
60626	12/10/2018	Home Depot Credit Services	Studs	9.09
	12/10/2018		Foam	30.22
	12/10/2018		Black Top Patch	30.25
	12/10/2018		Black Top Patch	15.12
	12/10/2018		Work Lights	154.67
	12/10/2018		Christmas Tree - Lobby	289.85
	12/10/2018		Paint	195.50
	12/10/2018		Lumber - Plant 10	63.68
	12/10/2018		Painting Supplies, Clamps	116.72
	12/10/2018		Caulking, Glue	61.14
	12/10/2018		Lumber	50.40
	12/10/2018		Paint, Filter, Adhesive Remover	40.78
	12/10/2018		Paint, Tape	189.47
	12/10/2018		Lumber - Plant 10	273.15
	12/10/2018		Paint Rollers	24.23
	12/10/2018		PVC Parts	22.30
	12/10/2018		Flashlights (4)	107.73
	12/10/2018		Thermostat	(21.44)
	12/10/2018		Lumber for Dump Truck Side Bars	246.99
	12/10/2018		Misc Supplies	104.13

Payment Number	Payment Date	Vendor	Description	Amount
	12/10/2018		Lumber for Sign Post	25.98
	12/10/2018		Returned Pallets	(32.50)
	12/10/2018		Maintenance & Cleaning Supplies	154.02
	12/10/2018		Pressure Regulator	146.14
60627	12/10/2018	Jo MacKenzie	Reimburse - ACWA Fall Conference 11/2018	827.19
60628	12/10/2018	Kimball Midwest	Fittings for Air Brake Hose	197.06
60629	12/10/2018	Lightning Messenger Express	Messenger Service 11/16/18 and 11/30/18	105.00
60630	12/10/2018	Mission Resource Conservation District	Home Water Use Evaluations 11/2018 (5)	160.00
60631	12/10/2018	NAPA Auto Parts	Drive Impact Swivel Joints	45.44
60632	12/10/2018	North County Auto Parts	Filters, Shop Supplies	137.36
60633	12/10/2018	Pacific Pipeline Supply	8 x 6 Tapping Sleeve for 8" AC Pipe (epoxy coated)	646.25
60634	12/10/2018	Patrick Sanchez	Reimburse - ACWA Fall Conference 11/2018	142.06
60635	12/10/2018	Paul Dorey	Reimburse - ACWA Fall Conference 11/20188	416.26
60636	12/10/2018	Paychex of New York LLC	Onboarding/Recruiting Service 12/2018	412.50
60637	12/10/2018	Richard Vasquez	Reimburse - ACWA Fall Conference 11/2018	239.21
60638	12/10/2018	Southern Counties Lubricants, LLC	Fuel 11/16/18 - 11/30/18	5,966.19
60639	12/10/2018	Spok, Inc	Pagers	43.85
60640	12/10/2018	The Sherwin-Williams Co	Paint for Wells	169.58
60641	12/10/2018	TS Industrial Supply	Shop Supplies - Garage	195.30
	12/10/2018		Plastic Spiral Protection	141.33
60642	12/10/2018	UniFirst Corporation	Uniform Service	332.58
	12/10/2018		Uniform Service	366.68
60643	12/10/2018	VG Donuts & Bakery Inc	Board Meeting 12/5/18	100.24
60644	12/10/2018	WaterISAC	Membership Dues 2019	2,099.00
60645	12/10/2018	Xerox Corporation	Monthly Xerox Usage	283.25
60646-60649	12/27/2018	Refund Checks 60646-60649	Customer Refunds	3,884.54
60650	12/27/2018	AirX Utility Surveyors, Inc	Potholing D2336	3,000.00
60651	12/27/2018	Amazon Capital Services	Trolling Motor For Pechstein Reservoir Raft	248.98
	12/27/2018		Range Hood For Road House	65.88
60652	12/27/2018	AT&T	Voice Service	1,027.34
	12/27/2018		Voice Long Distance	8.38
60653	12/27/2018	Bay City Electric Works	Stationary Generator PM & Load Testing	1,990.11
	12/27/2018		Portable Generator PM & Load Testing	1,432.89
60654	12/27/2018	BHA Inc	Lake Henshaw - Hydrographic Aerial Survey	600.00
	12/27/2018		Lake Henshaw - Hydrographical Aerial Survey	3,630.00
60655	12/27/2018	Boot Barn Inc	Footwear Reimbursement	(180.00)
	12/27/2018		Footwear Program (4)	694.29
60656	12/27/2018	Boot World Inc	Footwear	335.14
60657	12/27/2018	CI Solutions	Identification Badge Maintenance	120.00
60658	12/27/2018	CDW Government Inc	Phone Mount Kits	363.85
	12/27/2018		Phone Mounts Power	28.19
	12/27/2018		Phone Power Bricks	122.72
	12/27/2018		McAfee AV - Annual	3,204.80
60659	12/27/2018	Cecilia's Safety Service Inc	Traffic Control For Osborne St	4,015.00
	12/27/2018		Traffic Control Rosario Ln	1,360.00
	12/27/2018		Traffic Control 170 Eucalyptus Ave	3,090.00



Payment Number	Payment Date	Vendor	Description	Amount
	12/27/2018		Traffic Control Osborne St	3,400.00
	12/27/2018		Traffic Control 1123 Branding Iron Dr	85.00
60660	12/27/2018	760Print	Printing- Business Cards	462.23
	12/27/2018		Door Hangers	660.33
60661	12/27/2018	Clark Land Resources, Inc	Encroachment Feasibility Analysis	4,328.81
60662	12/27/2018	Clinical Lab of San Bernardino Inc	Stage 2 DBP Samples	920.00
60663	12/27/2018	Coastal Chlorination & Backflow	Chlorination Services	390.00
60664	12/27/2018	Core & Main	Flange 6" DI Blind 8-hole	251.03
60665	12/27/2018	County of San Diego	County of San Diego Permits	981.50
	12/27/2018		County of San Diego Permits	1,386.00
60666	12/27/2018	Craneworks Southwest Inc	Crane Inspection Logs For Welding Shop's Cranes	42.93
60667	12/27/2018	Todd Groundwater, Inc.	Warner Basin Groundwater Assessment	778.75
60668	12/27/2018	Department of Forestry & Fire Protection	Brush Abatement At VID Reservoirs & Flume	1,816.88
60669	12/27/2018	Diamond Environmental Services	Portable Bathroom Service - Shop	106.58
	12/27/2018		Portable Bathroom Service - Office	81.14
	12/27/2018		Portable/Stationary Restroom Service	193.78
	12/27/2018		Portable/Stationary Restroom Service	96.34
60670	12/27/2018	Digital Deployment, Inc	Website Hosting - Maintenance & Support 11/2018	300.00
60671	12/27/2018	DIRECTV	Direct TV Service	91.99
60672	12/27/2018	Drug Testing Network Inc	Annual Drug Testing Program Enrollment Fee	95.00
60673	12/27/2018	El Camino Rental	Concrete for Vault Footing	200.26
60674	12/27/2018	Electrical Sales Inc	LED Light Bulbs - VID Headquarters	135.79
	12/27/2018		Photo Cell For Plant Station #10	18.29
60675	12/27/2018	FedEx	Shipping	120.85
	12/27/2018		Shipping	63.01
60676	12/27/2018	Ferguson Waterworks	DFW Meter Box Lid Large PW6C (VID Stamp)	329.08
	12/27/2018		Meter Gasket 3/4 x 1/8	116.91
	12/27/2018		2" Brass Clamp	644.09
	12/27/2018		Ball Meter Valve 1.5" FLG X FIP DD & Lockwing	4,253.95
	12/27/2018		DFW Meter Box DFW1324CH4-12 (Small)	7,902.25
	12/27/2018		DFW Meter Box DFWPW6C4-12 (Large)	1,558.80
	12/27/2018		Flange 6" SOW 6-hole	584.55
	12/27/2018		Fire Hydrant Bags- Not in Service	116.75
60677	12/27/2018	G & R Auto & Truck Repair	Opacity Test - Truck #51	50.00
	12/27/2018		Opacity Test - Truck #7	50.00
	12/27/2018		Opacity Test - Truck #44	50.00
	12/27/2018		Opacity Test - Truck #28	50.00
	12/27/2018		Opacity Test - Truck #48	50.00
	12/27/2018		Opacity Test - Truck #30	50.00
	12/27/2018		Opacity Test - Truck #1	50.00
	12/27/2018		Opacity Test - Truck #22	50.00
	12/27/2018		Opacity Test - Truck #11	50.00
	12/27/2018		Opacity Test - Truck #52	50.00
	12/27/2018		Opacity Test - Truck #3	50.00
60678	12/27/2018	GASB	2-Yr Subscription Renewel - 2019&2020	520.00
60679	12/27/2018	Geib Lumber Company	2" X 4" Lumber	34.07

Payment Number	Payment Date	Vendor	Description	Amount
60680	12/27/2018	GLC-(CA) Vista LLC	Solar Energy Use at VID Headquarters	3,822.41
60681	12/27/2018	Glennie's Office Products Inc	Office Supplies	106.94
	12/27/2018		Office Supplies	66.19
	12/27/2018		Office Supplies	153.07
	12/27/2018		Returned Item	(84.26)
	12/27/2018		Returned Item	(71.68)
	12/27/2018		Legal Dividers Return	(20.87)
60682	12/27/2018	Grainger	Louver For Door At Pump Station No. 3	98.77
	12/27/2018		Louver With Cutting Wheel For Pump Station #3	110.73
	12/27/2018		Shelf Bracket For Cabinets In VID Garage	24.68
60683	12/27/2018	Hach Company	Lab Supplies	1,036.67
60684	12/27/2018	Horton Knox Carter & Foote LLP	Legal	12,000.00
60685	12/27/2018	HUB Construction Specialties	Rammer Truck 65	2,781.18
	12/27/2018		Two Multiquip Foot Pads	790.78
60686	12/27/2018	InfoSend Inc	Mailing Service 11/2018	4,705.94
	12/27/2018		Data Processing Service 11/2018	1,926.93
	12/27/2018		Support & Storage 11/2018	1,302.15
60687	12/27/2018	Interstate Battery of San Diego Inc	New Battery - Truck #43	141.91
	12/27/2018		New Battery - Truck #48	141.91
60688	12/27/2018	Iron Mountain Records Management	Offsite Data Retention	319.68
60689	12/27/2018	Jackson & Blanc	HVAC Chiller Diagnostics - VID Headquarters	400.00
60690	12/27/2018	Jo MacKenzie	CRWUA Conference 12/2018- MacKenzie	228.36
	12/27/2018		CRWUA Conference 12/2018- Vasquez	9.15
	12/27/2018		CRWUA Conference 12/2018- Miller	42.18
60691	12/27/2018	Joe's Paving	Final Patch Paving	4,407.15
	12/27/2018		Final Patch Paving	3,542.65
	12/27/2018		Final Patch Paving	3,218.00
	12/27/2018		Final Patch Paving	456.60
60692	12/27/2018	Johnson Controls Fire Protection LP	Fire Suppression System Inspection	1,051.25
	12/27/2018		Control Pad - Lobby	868.59
	12/27/2018		Control Pad - Lobby	(868.59)
60693	12/27/2018	Ken Grody Ford Carlsbad	Engine Control Module-Truck #30	350.59
	12/27/2018		Sensor & Sensor Tube-Truck #30	167.10
	12/27/2018		Radiator Shroud - Truck #62	58.89
	12/27/2018		2 Battery Protective Jackets-Truck #43 & For Stock	36.89
	12/27/2018		Grill Radiator- Truck #62	274.39
60694	12/27/2018	Lawnmowers Plus Inc	Two Cutoff Saws For Maintenance Crew Trucks	1,816.56
	12/27/2018		Chainsaw Chaps For Brush Abatement	129.29
60695	12/27/2018	Liebert Cassidy Whitmore	Legal	703.00
60696	12/27/2018	Major League Pest	Termite Inspection&Tent Service-Plant Station #10	1,200.00
60697	12/27/2018	Mardi Harding	Reimburse Driveway Repair	650.00
60698	12/27/2018	Moody's	Dump Fee Yard Spoils	200.00
	12/27/2018		Dump Fee (3)	600.00
	12/27/2018		Dump Fees (2)	400.00
	12/27/2018		Dump Fee for Spoils Main Line	200.00
	12/27/2018		Dump Fee (6)	1,200.00

Payment Number	Payment Date	Vendor	Description	Amount
60699	12/27/2018	MRC, Smart Technology Solutions	Services & Supplies For Non-Zerox Printers	672.41
	12/27/2018		Managed Print Services	572.65
60700	12/27/2018	NAPA Auto Parts	Fire Extinguisher Inside Decals	26.95
	12/27/2018		Anti-Freeze	100.61
	12/27/2018		New Battery - Truck #29	131.43
60701	12/27/2018	North County Auto Parts	Fuses	6.56
	12/27/2018		Injector Drive Module-Truck #30	541.08
	12/27/2018		Defective IDM Truck 30	(541.08)
	12/27/2018		Oil & Oil Filters-Trucks #6, #46 & #73	47.23
	12/27/2018		Relays-Truck #30	31.05
	12/27/2018		2 Lock Cycle Lube Spray-Truck #45 & For Shop	8.83
	12/27/2018		Air Hose Couplers - Shop	53.65
60702	12/27/2018	North County Industrial Park	Association Fee - 1391 Engineer St	879.30
60703	12/27/2018	North County Industrial Park	Association Fee - Pipeline Dr	256.40
60704	12/27/2018	O'Reilly Auto Parts	Twenty 20" Wiper Blades	43.08
60705	12/27/2018	Pacific Pipeline Supply	Inventory - Non-Stock Brass Bushing 1 x .75	32.31
	12/27/2018		Sleeve 10" Galvanized Top Section	98.05
	12/27/2018		TC Const Co-Missing Part From Construction Meter	115.14
	12/27/2018		Service Saddle 12x1 C900 PVC	1,136.63
	12/27/2018		Coupling 10" Macro 2 Bolt	1,165.85
	12/27/2018		4" PVS Pipe Schedule-40 For Pot Hole Machine	63.57
	12/27/2018		Companion Flange 3"X2"	52.80
	12/27/2018		10" PO X FL Tee Return	(270.63)
	12/27/2018		4" P.O. End Cap	40.29
60706	12/27/2018	Ramco Petroleum	Fuel 11/2018	1,142.11
60707	12/27/2018	Ramona Disposal Service	Trash Service	161.10
60708	12/27/2018	Red Truck Fire & Safety Co	Service All Fire Extinguishers	1,873.73
60709	12/27/2018	Richard Brady & Associates, Inc	HB Reservoir Rehab - Structural Evaluation	9,335.05
60710	12/27/2018	San Diego Gas & Electric	Henshaw Power Buildings & Grounds 11/13 - 12/13/18	681.76
	12/27/2018		Henshaw Wellfield 11/13 - 12/13/18	13,755.03
	12/27/2018		Electric Usage	8,951.96
60711	12/27/2018	SiteOne Landscape Supply, LLC	Backflow Parts Plant 2	17.07
60712	12/27/2018	The Sherwin-Williams Co	Paint For Well Sites	169.58
60713	12/27/2018	Midas Service Experts	Two New Tires & Rotation - Truck#33	539.29
60714	12/27/2018	The San Diego Union-Tribune LLC	Recruitment Advertising	175.00
60715	12/27/2018	TS Industrial Supply	500' Air Hose	921.46
	12/27/2018		Waders For Henshaw Personnel	476.48
	12/27/2018		4" Hose Fittings For Suction Tool	43.98
	12/27/2018		1/2" Impact universal Joint Adapters	95.52
	12/27/2018		3/8"X50' Air Hose&Suction Hose Fitting-Truck#11	120.67
60716	12/27/2018	UniFirst Corporation	Uniforms	335.98
	12/27/2018		Uniforms	361.18
	12/27/2018		Uniforms	330.13
60717	12/27/2018	USABlueBook	Non-Stock Supplies	218.22
60718	12/27/2018	Vista Firestone Brake & Smog	One New Tire - Truck #6	241.88
	12/27/2018		Two New Tires - Truck#66	485.90

Payment Number	Payment Date	Vendor	Description	Amount
	12/27/2018		Two New Front Tires & Alignment - Truck#43	480.49
60719	12/27/2018	Vortex Industries Inc	Repair Roll-up Doors	3,092.98
			Grand Total:	<u>1,446,432.89</u>



## STAFF REPORT

Agenda Item: 8

Board Meeting Date:

January 9, 2019

Prepared By:

Shallako Goodrick

Reviewed By:

Marlene Kelleher

Approved By:

Brett Hodgkiss

SUBJECT: FISCAL YEAR 2018 AUDIT

RECOMMENDATION: Accept the Fiscal year 2018 audit report by White Nelson Diehl Evans LLP.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: The fees for Fiscal Year 2018 audit services are \$23,940.

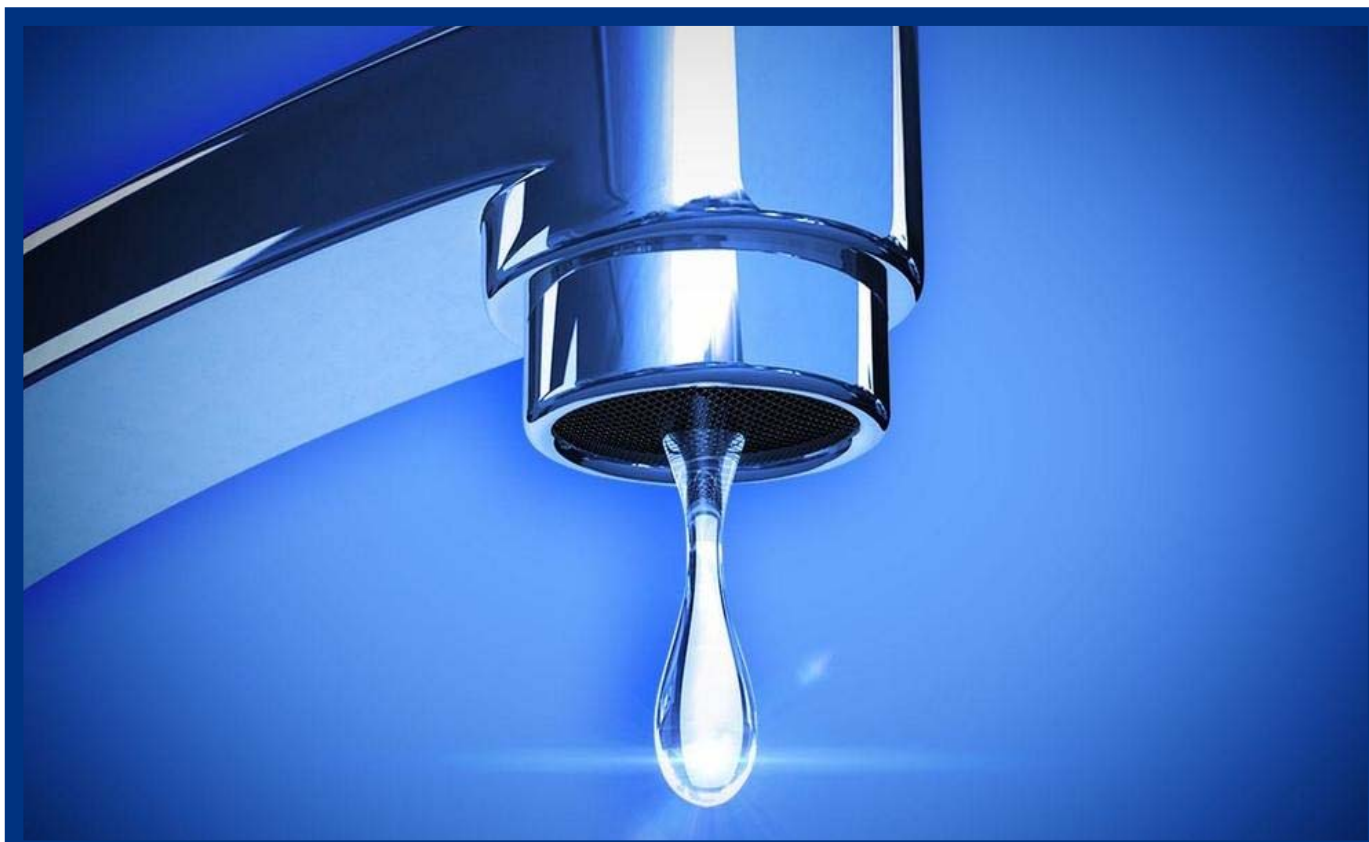
SUMMARY: The District's independent auditors, White Nelson Diehl Evans LLP, are issuing an unmodified opinion on the Financial Section of the District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. The CAFR will be discussed in detail during the Board meeting.

The independent auditors found no material weaknesses involving the internal control structure or its operation; however, the auditors did note a deficiency in their Management Letter. Management's response to their finding is included in the letter. Additionally, as requested, the auditors have reviewed the District's best practices to evaluate potential enhancements to District procedures and have communicated, via memorandum, other matters that could enhance the District's best practices. Management's response to their finding is included in the letter. Both letters will be discussed in detail during the Board meeting.

DETAILED REPORT: See attached financial statements and the auditor's letters. Daphnie Munoz, CPA Partner, White Nelson Diehl Evans LLP, will be in attendance to present the audit.

ATTACHMENTS:

- CAFR for the year ended June 30, 2018
- Summary of Audit Results Letter for the year ended June 30, 2018
- Management Letter for the year ended June 30, 2018
- Best Practices Letter for the year ended June 30, 2018



# Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018

*Prepared by:*

*The Finance Department  
Vista Irrigation District  
Vista, CA*

# **VID** VISTA IRRIGATION DISTRICT

1391 Engineer Street · Vista, California 92081  
Phone: (760) 597-3100 · Fax: (760) 598-8757  
[www.vidwater.org](http://www.vidwater.org)



A public agency serving the city of Vista and portions of San Marcos, Escondido, Oceanside and San Diego County

**Vista Irrigation District  
Comprehensive Annual Financial Report  
For Fiscal Year Ended June 30, 2018  
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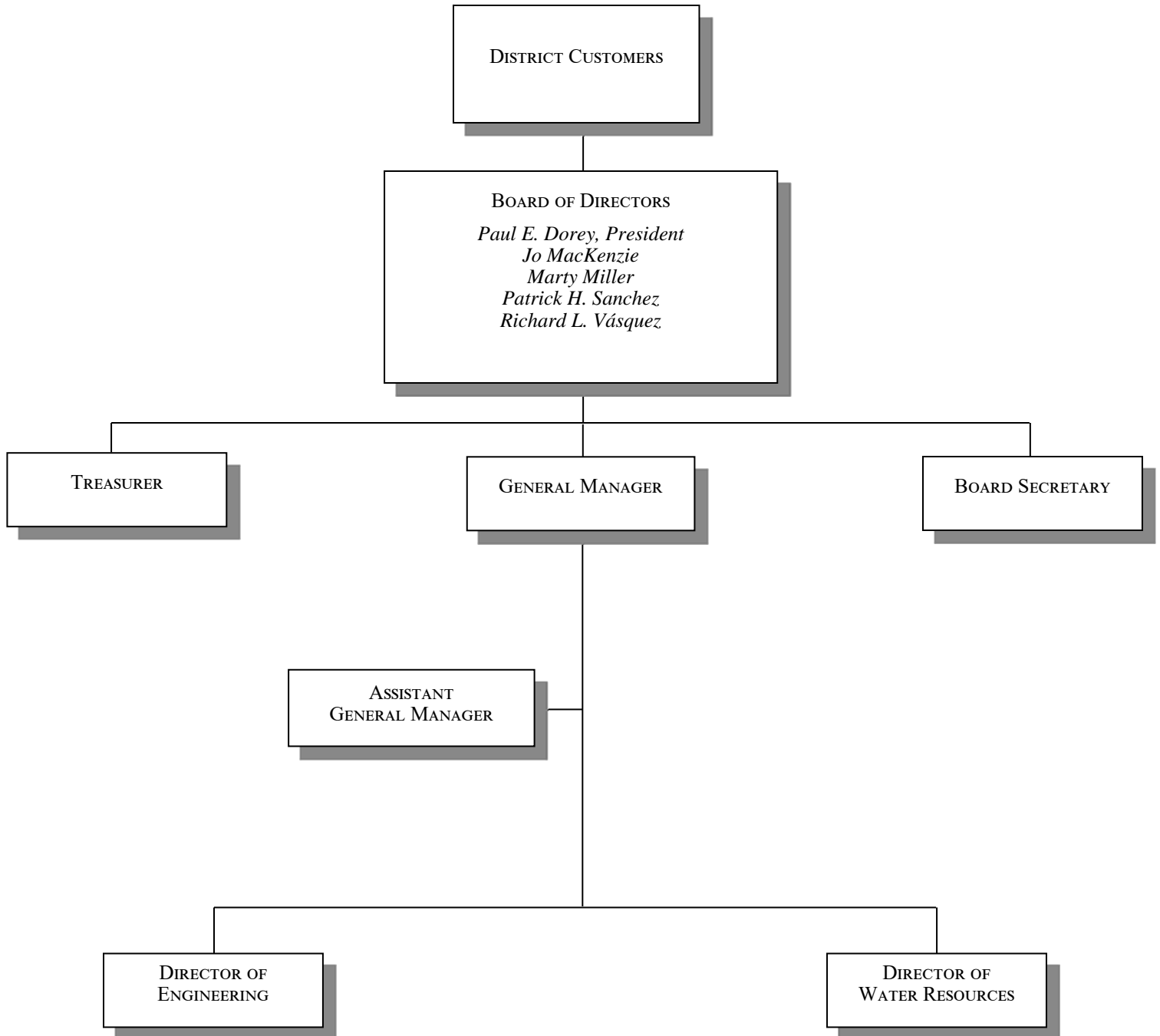
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## **Introductory Section**



## Organization Chart





1391 Engineer Street • Vista, California 92081-8840  
Phone (760) 597-3100 • Fax: (760) 598-8757  
[www.vidwater.org](http://www.vidwater.org)

**Board of Directors**

Paul E. Dorey, *President*  
Marty Miller  
Jo MacKenzie  
Patrick H. Sanchez  
Richard L. Vásquez

**Administrative Staff**

Brett L. Hodgkiss  
*General Manager*  
Lisa R. Soto  
*Board Secretary*  
Joel D. Kuperberg  
*General Counsel*

December 7, 2018

To the Board of Directors and customers served by the Vista Irrigation District:

We are pleased to present the Vista Irrigation District's (the District's) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. The purpose of the report is to provide the Board of Directors, our customers, and any other interested parties with reliable financial information about the District.

The report was prepared by the District's Finance Department following guidelines set forth by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner that provides a fair representation of the financial position and results of operations of the District. Included are all disclosures we believe necessary to enhance your understanding of the financial condition of the District. Internal controls are an important part of any financial reporting framework, and management of Vista Irrigation District has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The District's financial statements have been audited by White Nelson Diehl Evans LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

## **Profile of the District**

### **District's Service Area**

The District's service area consists of a 33-square mile area in the northwestern quadrant of San Diego County that lies west of the Interstate 15 Freeway and east of the Interstate 5 Freeway, encompassing approximately 21,152 acres. Within the District's boundaries are the City of Vista; portions of the cities of San Marcos, Escondido and Oceanside; and unincorporated areas of the county. The District provides potable water to its service area.

### **District's Authority**

Vista Irrigation District is a special district of the State of California organized in 1923 under the Irrigation District Act (Water Code §20500, et. Seq.) and authorizing statutes (Water Code §22975, et. Seq.) and approved by voters on August 28, 1923 which coincided with the building of Henshaw Dam in 1923 by the San Diego County Water Company. Completion of the dam made it possible for the Vista community to receive a reliable source of water, instead of relying on wells in the area. In June 1946, the District purchased the San Diego County Water Company. Included in the purchase was the 43,000-acre Warner Ranch, which includes Henshaw Dam and Lake Henshaw. In 1954, the District became a member of the San Diego County Water Authority (SDCWA) in order to receive water imported from the Colorado River and Northern California.

The State of California Water Code also authorizes the District to exercise the power of eminent domain; to fix, revise and collect rates or other charges for the delivery of water, use of facilities or property, or provision of service; and to fix in each fiscal year, a water standby or availability charge on land within the boundaries of the District to which water is made available by the District. The District may also issue bonds, borrow money and incur indebtedness.

### **Governance**

The District's Board of Directors is comprised of five members elected by the citizens within their geographical area. Each Director serves a four year staggered term and must be a resident of the division he or she represents. The District operates under a Board-Manager form of government. The General Manager is appointed by the Board, and administers the daily affairs of the District and carries out policies of the Board of Directors. The District employs a staff of 90 under the direction of the Board-appointed General Manager.

### **Water Services**

The District serves more than 28,600 customers. Typically, thirty percent of the District's water comes from its local water supply, Lake Henshaw, and seventy percent comes from three imported water sources, the Colorado River, the Pacific Ocean (desalination), and the Sacramento River/San Joaquin River Delta in Northern California. The District currently delivers approximately 16,900 acre feet of water annually to its customers.

The water system operates over 429 miles of pipe, 12 storage reservoirs, and 7 pumping stations. The District jointly owns the Escondido-Vista water treatment plant with the City of Escondido. The Escondido-Vista water treatment plant (EVWTP) has a permitted capacity of 75 MGD and treats raw water before it is delivered to customers.

## **Local Economy**

### **District Economic Results**

The estimated population of the District is 135,204 as of fiscal year 2018. According to the San Diego Association of Governments (SANDAG), the median age of residents within the District as calculated during the most recent US Census, was 34.5 years and the per capita personal income of residents in the City of Vista, which encompasses the majority of the District, was \$43,847. From 2008 to 2018 the population increased 10.2%, and median household income (adjusted for inflation) increased by 12.4%.

The demand for new connections increased, with the District's total service connections increasing in fiscal year 2018 from 28,622 connections to 28,688. Water sales for fiscal year 2018 were 16,937 acre feet, up 1,441 acre feet or 9.3% from sales of 15,496 in fiscal year 2017. Of the 16,937 acre feet, or 5.5 billion gallons sold in fiscal year 2018, 69% was distributed for residential use, 11% for industrial and commercial use, 12% for landscape irrigation use, 6% for agricultural use and 2% for governmental use.

Until the Lake Henshaw area receives several years of average to above average rainfall, surface water run-off totals will not appreciably increase the lake level nor will a significant amount of groundwater recharge take place. As a result, the District will continue to need to purchase imported water to meet the balance of customer needs.

### **Bay-Delta Fix**

The Bay-Delta, a 1,000 square mile network of islands and waterways at the confluence of the Sacramento and San Joaquin rivers east of San Francisco Bay, is a key water supply source for California, including the 3.1 million residents and business community in San Diego County.

Water supplies from the Bay-Delta come to San Diego County via the State Water Project. The Metropolitan Water District of Southern California (MWD) purchases the

water from the state Department of Water Resources under a water supply contract. This water has become increasingly unreliable in recent years as deteriorating ecological conditions have led to regulatory restrictions on pumping water supplies from the Bay-Delta. How much and when the District would begin paying for a Bay-Delta fix is undetermined at this time.

### **MWD Lawsuit**

The SDCWA has filed lawsuits against MWD claiming that their rates violate cost-of-service requirements of California law. The central issue in the litigation related to MWD including in its transportation and wheeling rates the transportation costs it incurs to move SDCWA's Colorado River supplies. The Court of Appeal overturned a lower court's finding, upholding the rates as valid. SDCWA's appeal of the Court of Appeal's ruling was denied by the California Supreme Court in September 2017.

SDCWA won other claims against MWD including that MWD must pay SDCWA for Water Stewardship charges added to the transportation rates charged from 2011 to 2014. The final amount of damages will be determined by the trial court on remand. The court also determined that MWD did not properly calculate SDCWA's water right to MWD's water supply and indicated that a contract clause relating to receiving funding associated with local water supply projects in San Diego County must be removed.

SDCWA's Board of Directors has determined that any money returned to them will be refunded to its member agencies, including the District, in proportion to their payment of MWD's overcharges over the years in dispute, after deducting any litigation expenses that are not recovered. At this point, VID is unable to determine the amount, if any, that would be returned to the District.

SDCWA has two additional cases challenging MWD's rates from 2015 to 2018 that have been stayed in Superior Court while the appellate proceeding were ongoing and are now expected to move forward again.

## **Long-Term Financial Planning**

New facilities and system improvements are funded by water rates. Water rates are increased over time based on the long range capital improvement plan. Replacement facilities are financed by depreciation and interest on accumulated depreciation. Expanded facilities are funded by developer fees and capacity charges.

Items in the long range capital improvement plan are determined not only by the depreciation schedule, but through a process which assesses a combination of factors including age, condition and the critical nature of the facility. The long range capital improvement plan spreads projects over several years to maintain a constant level of capital projects to maximize the efficiency of District resources. Funds collected or accumulated in years in which there are no new or expanded facilities are placed into the

District's construction reserve account. Funds in the construction reserve account are used to pay for construction projects in years that the costs of construction projects exceed the amount collected from water rates.

## **Major Initiatives**

### **Mainline Replacement Program**

In 1995 the Board of Directors initiated an on-going Main Replacement Program with the goal of replacing aging pipelines before they reach the end of their useful life and become a maintenance liability. Formalizing a Main Replacement Program has allowed pipe replacements to be prioritized based on the age of the line, leak history, and pipe material as well as factors related to site conditions. Another important factor is input from District crews, who evaluate the line's condition at the time repairs are being made.

Since its inception, the Board has allocated \$27.1 million to the program which has allowed the replacement of nearly 32.5 miles of older pipe ranging in size from 4 to 20 inches. The Board approved another \$2.75 million for this program as part of the capital improvement program for fiscal year 2019.

## **Accomplishments**

### **Financial Statement Awards and Acknowledgements**

#### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Vista Irrigation District for its CAFR for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government 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 CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

#### **Acknowledgements**

We would like to express our appreciation to the Finance Department staff and the independent accounting firm of White Nelson Diehl Evans LLP for the efforts made to prepare this report. We would also like to thank the members of the District's Board of



Directors for their continued interest and support in all aspects of the District's financial management.

Respectfully submitted,



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Brett Hodgkiss  
General Manager



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Marlene Kelleher  
Treasurer/ Director of Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Vista Irrigation District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

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## **Financial Section**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Vista Irrigation District  
Vista, California

We have audited the accompanying financial statements of Vista Irrigation District (the District) as of and for the year ended June 30, 2018, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the District'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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Vista Irrigation District as of June 30, 2018 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Notes 1 and 9 of the financial statements, the District adopted Governmental Accounting Standards Board's (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The adoption of this standard required retrospective application resulting in a reduction of previously reported net position. Also as discussed in Note 9 to the financial statements, the net position as of July 1, 2017 was restated for another item. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability and the schedules of contributions for the CalPERS pension plans, the schedules of changes in the net other post-employment benefit (OPEB) asset and related ratios, the schedules of contributions – OPEB, as identified in the accompanying table of contents, 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 and the statistical section as identified in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*White Nelson Nick Evans LLP*

Carlsbad, California  
December 7, 2018



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**VISTA IRRIGATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

Our discussion and analysis of the Vista Irrigation District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2018. Please read it in conjunction with the District's financial statements which begin on page 9. This annual financial report consists of two parts -- Management's Discussion and Analysis (this section) and the Financial Statements.

**Financial Statements**

The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

The statement of net position includes all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net Position is displayed in two categories:

- Net investment in capital assets
- Unrestricted

The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations during the year and determines whether the District has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Noncapital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position by only accounting for transactions that result in cash receipts or cash disbursements.

**VISTA IRRIGATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by accounting principles generally accepted in the United States of America that are not otherwise present in the financial statements.

**Financial Highlights**

- Overall, operating revenues increased 7.0%, while operating expenses increased 1.0%.
- The District realized a \$5.3 million operating gain during the current fiscal year primarily due to increased water sales and higher water rates. Costs of purchased water were lower in the current year, due to less imported water activity, as a result of increased availability of local water.
- The District recorded a \$1.0 million prior period adjustment to increase the June 30, 2017 net position balance, as a result of an unbilled revenue accrual adjustment.
- The District implemented GASB Statement No. 75 during the current fiscal year, which requires the establishment of other post-employment benefits (OPEB) liability, deferred outflows/inflows of resources, and retiree health insurance expense according to the Statement's provisions. This resulted in a \$4.8 million prior period adjustment to decrease the June 30, 2017 net position balance, as well as the recording of \$0.5 million in net OPEB liability.

**VISTA IRRIGATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Financial Analysis of the District**

**Net Position** - The District's overall net position increased \$7.4 million between fiscal years 2017 and 2018, from \$105.3 to \$112.7 million, primarily due to increased water sales. The net investment in capital assets increased \$4.7 million in 2018 which reflects the excess of net capital additions over the current year depreciation and dispositions.

**Vista Irrigation District's Net Position**  
(In Millions of Dollars)

	<u>2018</u>	<u>2017 Restated</u>
Current assets	\$ 43.2	\$ 34.8
Capital assets	94.6	89.9
Total Assets	<u>137.8</u>	<u>124.7</u>
 Deferred outflows of resources	 <u>6.8</u>	 <u>5.7</u>
Current liabilities	13.2	8.9
Noncurrent liabilities	17.1	14.9
Total Liabilities	<u>30.3</u>	<u>23.8</u>
 Deferred inflows of resources	 <u>1.6</u>	 <u>1.3</u>
 Net Position:		
Net investment in capital	94.6	89.9
Unrestricted	18.1	15.4
Total Net Position	<u>\$ 112.7</u>	<u>\$ 105.3</u>

**VISTA IRRIGATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Change in Net Position** – In fiscal year 2018, the District's operating revenues increased by 7.0% to \$51.8 million, and 96.1% of the District's operating revenues came from water sales. The increase in operating revenues resulted primarily due to increased water sales and higher water rates.

During fiscal year 2018, the District's operating expenses increased 1.0% to \$46.5 million primarily due to an increase in pension expense, as a result of GASB 68 valuations, and the annual payment of the PERS unfunded liability, along with an increase in contractual services relating to water treatment plant expenses.

**Vista Irrigation District's Changes in Net Position  
(In Millions of Dollars)**

	<u>2018</u>	<u>2017 Restated Water Sales</u>
Operating Revenues		
Water sales, net	\$ 49.8	\$ 45.9
Property rentals	0.8	0.8
System fees	0.7	1.0
Other services	<u>0.5</u>	<u>0.7</u>
Total Operating Revenues	<u>51.8</u>	<u>48.4</u>
Operating Expenses	<u>46.5</u>	<u>46.1</u>
Operating Income	<u>5.3</u>	<u>2.3</u>
Nonoperating Revenues (Expenses)		
Property taxes	0.5	0.4
Investment income	0.3	0.2
Loss on disposal of capital assets	-	(0.1)
Legal settlement	<u>-</u>	<u>(0.1)</u>
Total Nonoperating Revenues	<u>0.8</u>	<u>0.4</u>
Contributed Capital	<u>1.3</u>	<u>1.2</u>
Changes in Net Position	7.4	3.9
Total Net Position - beginning, as restated	<u>105.3</u>	<u>106.2</u>
Total Net Position - ending	<u>\$ 112.7</u>	<u>\$ 110.1</u>

**VISTA IRRIGATION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Capital Assets**

At June 30, 2018, the District had invested \$182.8 million in capital assets with \$88.1 million in accumulated depreciation. Net capital assets increased \$4.7 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year the District added \$7.7 million of capital assets. The largest capital additions were \$2.9 million in costs for several mainline replacement projects, \$1.9 million for reservoir rehabilitation, \$0.6 million for redevelopment project costs, and \$0.3 million for water treatment plant construction costs. This year’s capital reductions included vehicles, replacement/disposals of pipelines, reservoir-related assets, computer equipment, pump station assets, and other equipment with a total historical cost of \$0.5 million. Depreciation for the year was \$3.0 million.

**Vista Irrigation District’s Capital Assets, Net  
(In Millions of Dollars)**

	2018	2017
Land, franchises and water rights	\$ 6.0	\$ 6.0
Buildings, canals, pipelines, reservoirs and dams	83.7	76.1
Equipment	2.1	1.8
Henshaw pumping project	0.4	0.4
Construction in progress	2.4	5.6
Total Capital Assets, Net	\$ 94.6	\$ 89.9

For more detailed information on capital asset activity, please refer to “Note 4 – Capital Assets” in the notes to the financial statements.

**Capital Debt**

At June 30, 2018, the District had no capital debt and has no immediate need to issue debt.

**Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for and the stewardship of the financial resources and facilities it manages and maintains. If you have questions about this report or need additional financial information, contact the Vista Irrigation District’s Finance Department at 1391 Engineer Street, Vista, California 92081.

**VISTA IRRIGATION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

**Assets**

Current Assets:

Cash and cash equivalents (notes 1 and 2)	\$ 17,875,700
Investments (notes 1 and 2)	15,813,532
Accounts receivable, net (notes 1 and 3)	8,684,502
Taxes receivable	24,115
Accrued interest receivable	25,973
Inventories of materials and supplies	414,217
Prepaid expenses and other current assets	<u>351,736</u>
Total Current Assets	<u>43,189,775</u>

Noncurrent Assets:

Capital assets: (notes 1 and 4)

Depreciable assets, net of accumulated depreciation:

Buildings, canals, pipelines, reservoirs and dams	83,740,622
Equipment	2,133,269
Henshaw pumping project	373,808

Nondepreciable assets:

Land, franchises and water rights	6,001,127
Construction in progress	<u>2,397,003</u>
Total capital assets	<u>94,645,829</u>
Total Noncurrent Assets	<u>94,645,829</u>

Total Assets	<u>137,835,604</u>
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**Deferred Outflows of Resources**

Pension related (notes 1 and 6)	6,704,199
Other post-employment benefits (OPEB) related (notes 1 and 7)	<u>94,646</u>
Total Deferred Outflows of Resources	<u>6,798,845</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

**VISTA IRRIGATION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

**Liabilities**

Current Liabilities:

Accounts payable (note 5)	\$ 10,755,722
Deposits	320,715
Compensated absences, current portion	422,900
Accrued expenses and other liabilities	<u>1,730,192</u>
Total Current Liabilities	<u>13,229,529</u>

Noncurrent Liabilities:

Compensated absences, long-term portion	919,555
Net pension liability (notes 1 and 6)	15,622,668
Net OPEB liability (notes 1 and 7)	<u>547,421</u>
Total Noncurrent Liabilities	<u>17,089,644</u>

Total Liabilities	<u>30,319,173</u>
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**Deferred Inflows of Resources**

Pension related (notes 1 and 6)	1,440,845
OPEB related (notes 1 and 7)	<u>143,990</u>

Total Deferred Inflows of Resources	<u>1,584,835</u>
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**Net Position**

Investment in capital assets	94,645,829
Unrestricted (note 9)	<u>18,084,612</u>
Total Net Position	<u>\$ 112,730,441</u>

The accompanying notes are an integral part of the financial statements.



**VISTA IRRIGATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Operating Revenues</b>	
Water sales, net (notes 1 and 3)	\$ 49,802,101
Property rentals	823,871
System fees	731,240
Other services	451,600
Total Operating Revenues	<u>51,808,812</u>
<b>Operating Expenses</b>	
Purchased water	22,569,140
Wages and benefits	14,461,797
Contractual services	4,292,413
Depreciation	2,968,997
Supplies	1,531,232
Professional fees	603,257
Office and general	557,713
Insurance	543,145
Power	405,854
Communications	53,326
Burden allocation	(1,433,392)
Total Operating Expenses	<u>46,553,482</u>
Operating Income	<u>5,255,330</u>
<b>Nonoperating Revenues</b>	
Property taxes	450,512
Investment income	346,063
Gain on disposal of capital assets	19,210
Total Nonoperating Revenues	<u>815,785</u>
Income Before Contributed Capital	6,071,115
Contributed Capital	<u>1,315,564</u>
Changes in Net Position	7,386,679
Total Net Position - beginning, as restated (note 9)	<u>105,343,762</u>
Total Net Position - ending	<u>\$ 112,730,441</u>

The accompanying notes are an integral part of the financial statements.

**VISTA IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Cash Flows From Operating Activities**

Receipts from customers	\$ 51,176,606
Payments to suppliers	(29,497,768)
Payments to employees	(7,966,492)
Collection of deposits	753,130
Return of deposits	(1,066,649)
Net Cash Provided by Operating Activities	<u>13,398,827</u>

**Cash Flows From Noncapital Financing Activities**

Receipts from property taxes	<u>462,742</u>
Net Cash Provided by Noncapital Financing Activities	<u>462,742</u>

**Cash Flows From Capital and Related Financing Activities**

Proceeds from disposal of capital assets	31,971
Acquisition and construction of capital assets	<u>(6,387,190)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(6,355,219)</u>

**Cash Flows From Investing Activities**

Proceeds from maturities of investments	18,000,000
Interest on cash and investments	119,959
Purchase of investments	<u>(15,710,569)</u>
Net Cash Provided by Investing Activities	<u>2,409,390</u>

Net Increase in Cash and Cash Equivalents 9,915,740

Cash and Cash Equivalents - beginning 7,959,960

Cash and Cash Equivalents - ending \$ 17,875,700

The accompanying notes are an integral part of the financial statements.

(Continued)

**VISTA IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Reconciliation of Operating Income to Net**

**Cash Provided by Operating Activities**

Operating Income	\$ 5,255,330
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,968,997
 Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Accounts receivable, net	(632,206)
Inventories of materials and supplies	104,316
Prepaid expenses and other assets	(1,787)
Deferred outflows of resources	(1,102,248)
Accounts payable	3,613,832
Deposits	(313,519)
Accrued expenses and other liabilities	1,049,756
Compensated absences	(90,719)
Net pension liability	2,696,402
Net OPEB liability	(479,250)
Deferred inflows of resources	329,923
Net Cash Provided by Operating Activities	<u>\$ 13,398,827</u>

**Noncash Investing, Capital and Financing Activities**

Contributed capital assets	\$ 1,315,564
Increase in fair value of investments	\$ 209,230

The accompanying notes are an integral part of the financial statements.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

**Description of the Reporting Entity**

Vista Irrigation District (District) is a public entity established in 1923, pursuant to the Irrigation District Act of the California Water Code, for the purpose of providing water services to the properties in the District. The District's service area lies within the northwestern quadrant of San Diego County, encompassing approximately 21,152 acres. Historically, the District has received 30% of its water supply from Lake Henshaw which, along with the surrounding 43,000 acre Warner Ranch, is owned and operated by the District. The remaining 70% of the District's supply comes from Northern California through the State Water Project and from the Colorado River. These sources are conveyed to the District via aqueducts owned and operated by water wholesalers, the Metropolitan Water District of Southern California and the San Diego County Water Authority. The District is governed by a Board of Directors consisting of five directors elected by geographical divisions, based on District population, for four-year alternating terms.

The criteria used in determining the scope of the reporting entity are based on the provisions of the Governmental Accounting Standards Board (GASB) Statement 14. The District is the primary government unit and currently has no component units. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District.

**Basic Financial Statements**

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the basic financial statements.

**Basis of Presentation**

The accounts of the District are reported as an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**Measurement Focus and Basis of Accounting**

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 on the Statements of Net Position. The Statements 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 when a liability is incurred, regardless of the timing of related cash flows.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect: the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, all investment instruments are considered to be cash equivalents if purchased with a maturity of three months or less and are readily convertible to known cash amounts.

**Investments**

Investments are reported at fair value in the statement of net position. All investment income, including changes in the fair value of investments, is recognized as revenues in the statement of revenues, expenses, and changes in net position. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**Accounts Receivable**

Accounts receivable includes both billed and unbilled water sales provided to District customers. An allowance for doubtful accounts is provided for uncollectible accounts based on the District’s bad debt experience and on management’s estimate.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**Inventories of Materials and Supplies**

Inventories of materials and supplies consist primarily of materials used in the construction and maintenance of the water system and are valued at average cost.

**Prepaid Expenses**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**Capital Assets and Depreciation**

The District records at cost the acquisition of capital assets greater than \$5,000 and with a useful life of 3 or more years. Contributed assets are recorded at their acquisition value at the date of acceptance by the District. Self-constructed assets are recorded in the amount of labor, material, and overhead incurred. Depreciation is charged to expense and is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

	<u>Useful Life</u>
Buildings, canals, pipelines, reservoirs and dams	15 - 80 years
Equipment	3 - 25 years
Henshaw pumping project	10 - 20 years

**Burden Allocation**

The District allocates overhead burden costs to pipeline installation jobs, inspection work, fixed fee jobs, damage claims, and other small jobs. The overhead burden costs include management salaries, benefits, use of equipment, warehousing, and handling.

**Vacation, Sick Leave, and Compensatory Time Off**

The District records a liability equal to 100% of vacation earned and compensatory time off, and an applicable percentage of sick leave available to employees at year end (25%-100%), which is included in compensated absences, current and long-term portions. At June 30, 2018, total compensated absences were \$1,342,455.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**Pension Plans**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB 68), requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability and 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 OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report 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 future periods 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 outflows related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experiences. This amount is 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 plans.
- Deferred outflows from pensions resulting from changes in assumptions. This amount is 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.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over five years.
- Deferred outflows related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is 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.
- Deferred outflows related to OPEB. This amount is equal to employer contributions made after the measurement date of the net pension liability.



**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**Deferred Outflows/Inflows of Resources** (Continued)

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods 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 pensions for differences between expected and actual experiences. This amount is 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 plans.
- Deferred inflows from pensions resulting from changes in assumptions. This amount is 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.
- Deferred inflows related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is 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.
- Deferred inflows related to OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan fiduciary net position. This amount is amortized over five years.

**Operating Revenues and Expenses**

Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales, capacity fees, connection and installation fees and property rentals to be operating revenues. The collection of deposits and return of deposits related to operating activities are reported in the District's cash flows from operating activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The collection of deposits and return of deposits related to the specific purpose of deferring the cost of acquiring, constructing or improving assets are reported in the District's cash flows from capital and related financing activities.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**Net Position**

In the Statement of Net Position, net position is classified in the following categories:

- Investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. The District has no outstanding debt at June 30, 2018.
- Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted net position - This amount is all net position that does not meet the definition of “investment in capital assets” or “restricted net position”.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the Statement of Net Position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District’s practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**Property Taxes**

Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due in two installments. The first installment is due on November 1, and is payable through December 10 without penalty. The second installment is due February 1, and becomes delinquent on April 10. Property taxes are remitted to the District from the County of San Diego at various times throughout the year.

**Risk Management**

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters. To help mitigate this risk, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**Risk Management** (Continued)

The District participates in the following self-insurance programs of the Authority:

Property Loss - Insured up to \$500,000,000 per occurrence (total insurable value \$31,466,218) with \$5,000 deductible for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles; the Authority is self-insured up to \$100,000 per occurrence and excess insurance coverage has been purchased.

General Liability - Insured up to \$60,000,000 per occurrence with no deductible; the Authority is self-insured up to \$5,000,000 and excess insurance coverage has been purchased.

Auto Liability - Insured up to \$60,000,000 per occurrence with no deductible for property damage; the Authority is self-insured up to \$5,000,000 and excess insurance coverage has been purchased.

Public Officials' Liability - Insured up to \$60,000,000 per occurrence; the Authority is self-insured up to \$5,000,000 and excess insurance coverage has been purchased.

Crime - Insured up to \$100,000 per occurrence with \$1,000 deductible; the Authority is self-insured.

Dam Failure Liability - Insured up to \$5,000,000 per occurrence with \$50,000 deductible; the Authority is self-insured up to \$50,000 and excess insurance coverage has been purchased.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged to expense as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies** (Continued)

**New Accounting Pronouncements**

**GASB Current Year Standards**

GASB 75 - “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”. In fiscal year 2017-2018, the District implemented GASB 75, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 by \$4,762,948.

GASB 82 – “Pension Issues”, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the District.

GASB 85 – “Omnibus 2017”, effective for periods beginning after June 15, 2017, and did not impact the District.

GASB 86 – “Certain Debt Extinguishment Issues”, effective for periods beginning after June 15, 2017, and did not impact the District.

**GASB Pending Accounting Standards**

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

- GASB 83 – “Certain Asset Retirement Obligations”, effective for periods beginning after June 15, 2018.
- GASB 84 – “Fiduciary Activities”, effective for periods beginning after December 15, 2018.
- GASB 87 – “Leases”, effective for periods beginning after December 15, 2019.
- GASB 88 – “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements”, effective for periods beginning after June 15, 2018.
- GASB 89 – “Accounting for Interest Cost Incurred before the End of a Construction Period”, effective for periods beginning after December 15, 2019.
- GASB 90 – “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61”, effective for periods beginning after December 15, 2018.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 2 - Cash and Investments**

The following is a detail of cash and cash equivalents as of June 30, 2018:

Cash on hand	\$ 9,828
Deposits	920,038
State Treasurer's investment pool	7,958,334
California Asset Management Program	<u>8,987,500</u>
Total cash and cash equivalents	<u><u>\$ 17,875,700</u></u>

As of June 30, 2018, the District had the following investments:

Investment	Maturity	Fair Value
State Treasurer's investment pool	less than 12 months	\$ 7,958,334
California Asset Management Program	less than 12 months	<u>8,987,500</u>
Total cash equivalents		<u><u>\$ 16,945,834</u></u>
U.S. Treasury bills	7 months weighted average	<u>\$ 15,813,532</u>
Total Investments		<u><u>\$ 15,813,532</u></u>

Authorized deposits and investments of the District are governed by the California Government Code as well as policies set forth by the District's Board of Directors. Within the contents of these limitations, permissible instruments include FDIC-insured institutions' certificates of deposit and savings accounts, corporate medium-term notes, U.S. government agency/instrumentalities, money market instruments, money market mutual funds, mortgage backed securities, U.S. government bills, notes and bonds, and asset backed securities. Funds may also be invested in the local government investment pools.

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts 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 that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 2 - Cash and Investments** (Continued)

The District is a voluntary participant in the California Asset Management Program (CAMP), an investment pool managed by Public Financial Management, Inc. CAMP was established under provisions of the California Joint Exercise of Powers Act. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

*Interest Rate Risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting investment maturities to five years. Express authority is granted to invest in investments with term to maturity of greater than five years with a maximum term of ten years, provided the investments are in accordance with stated policy and total investments shall not exceed the amount of long term liabilities outstanding. Investments exceeding five years will be matched with a corresponding liability.

*Credit Risk.* State law and District policy limits investments in money market funds to the top ratings issued by nationally recognized statistical rating organizations. The District's investment in the California Asset Management Program was rated AAAM by Standard & Poor's Corporation. The District's investment in the California State Treasurer's investment pool was unrated. U.S. Treasury bills are exempt from rating disclosures.

*Concentration of Credit Risk.* The District manages the concentration of credit risk by limiting local government investment pools and money market funds to a maximum of 40% and 20%, respectively, of the District's total available investment capital as outlined in the District investment policy. Furthermore, no more than 10% of the District's available investment capital can be invested in a single money market fund.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All deposits are entirely insured or collateralized. State law requires banks to secure the District's deposits by pledging government securities valued at 110% of the amount of the deposit as collateral. The District may waive the collateral requirement for deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC). Beginning on January 1, 2013, combined deposits are insured by the FDIC up to \$250,000. As of June 30, 2018, the District's bank balances were \$785,183, of which \$250,000 were insured and the remaining \$535,183 were collateralized with securities held by the pledging institution's trust department.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 2 - Cash and Investments** (Continued)

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted market prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Fixed Income Securities:				
Treasury Bills	\$ -	\$ 15,813,532	\$ -	\$ 15,813,532
Total Leveled Investments	<u>\$ -</u>	<u>\$ 15,813,532</u>	<u>\$ -</u>	<u>15,813,532</u>
LAIF*				7,958,334
California Asset Management Program*				<u>8,987,500</u>
 Total Investment Portfolio				 <u>\$ 32,759,366</u>

\*Not subject to fair value measurement.

**Note 3 - Accounts Receivable, Net**

As of June 30, 2018, the net balances were comprised of accounts receivable balances of \$8,850,144 less the allowances for doubtful accounts of \$165,642.

On the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2018, the balances of water sales, net of uncollectible accounts expense, were comprised of water sales revenues of \$49,833,312 less uncollectible amounts of \$31,211.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 4 - Capital Assets**

Capital assets consist of the following at June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 6,001,127	\$ -	\$ -	\$ 6,001,127
Construction in progress	<u>5,613,539</u>	<u>5,942,225</u>	<u>(9,158,761)</u>	<u>2,397,003</u>
Total capital assets not being depreciated	<u>11,614,666</u>	<u>5,942,225</u>	<u>(9,158,761)</u>	<u>8,398,130</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	154,946,436	10,307,007	(133,634)	165,119,809
Equipment	5,933,128	588,114	(370,738)	6,150,504
Henshaw pumping project	<u>3,087,030</u>	<u>24,169</u>	<u>(2,800)</u>	<u>3,108,399</u>
Total capital assets being depreciated	<u>163,966,594</u>	<u>10,919,290</u>	<u>(507,172)</u>	<u>174,378,712</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(78,851,843)	(2,652,414)	125,070	(81,379,187)
Equipment	(4,108,468)	(275,308)	366,541	(4,017,235)
Henshaw pumping project	<u>(2,696,116)</u>	<u>(41,275)</u>	<u>2,800</u>	<u>(2,734,591)</u>
Total accumulated depreciation	<u>(85,656,427)</u>	<u>(2,968,997)</u>	<u>494,411</u>	<u>(88,131,013)</u>
Total capital assets being depreciated, net	<u>78,310,167</u>	<u>7,950,293</u>	<u>(12,761)</u>	<u>86,247,699</u>
Total capital assets, net	<u>\$ 89,924,833</u>	<u>\$ 13,892,518</u>	<u>\$ (9,171,522)</u>	<u>\$ 94,645,829</u>

**Note 5 - Accounts Payable**

At June 30, 2018, the accounts payable of \$10,755,722 included \$7,704,320 for obligations to the San Luis Rey Indian Water Authority, \$1,539,415 for water purchases from the San Diego County Water Authority, and \$1,511,987 for obligations to other vendors.



**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan**

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

**Plan Description**

The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information is listed in the June 30, 2017 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**A. General Information about the Pension Plan** (Continued)

**Benefits Provided** (Continued)

The Plan's provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous Plan		
	Tier 1	Tier 2	PEPRA
Hire date	prior to 1/1/2012	from 1/1/12 to 12/31/12	on or after 1/1/13
Benefit formula	3% @ 60	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.092% - 2.418%	1.0% to 2.5%
Required employee contribution rates	4.5%	7.0%	6.25%
Required employer contribution rates			
Normal cost rate	17.045%	7.200%	6.533%
Payment of unfunded liability	\$685,304	\$8.00	\$122.00

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**B. Net Pension Liability**

The District's net pension liability was measured as of June 30, 2017 using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

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

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability for the Plan was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.00%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service.

(2) Net of pension plan investment and administrative expenses; includes inflation.

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**B. Net Pension Liability**

**Change of Assumptions**

In fiscal year 2018, the discount rate was lowered from 7.65% to 7.15%. Deferred outflows of resources for changes of assumptions represent the unamortized portion of this assumption change, and the unamortized portion of the changes of assumptions related to the prior measurement period.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent for the Plan and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**B. Net Pension Liability** (Continued)

**Discount Rate** (Continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

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

<sup>(a)</sup> An expected inflation of 2.5% used for this period

<sup>(b)</sup> An expected inflation of 3.0% used for this period

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**C. Proportionate Share of Net Pension Liability**

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

Miscellaneous Plan:

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (VD)	\$ 84,850,803	\$ 71,924,537	\$ 12,926,266
Balance at: 6/30/2017 (MD)	\$ 93,700,006	\$ 78,077,338	\$ 15,622,668
Net Changes during 2016-17	\$ 8,849,203	\$ 6,152,801	\$ 2,696,402

Valuation Date (VD), Measurement Date (MD).

The District's proportionate share of the net pension liabilities were based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The changes in the District's proportionate share of the collective net pension liabilities were as follows:

Proportionate Share - June 30, 2016	<u>0.37210%</u>
Proportionate Share - June 30, 2017	<u>0.39631%</u>
Change - Increase (Decrease)	<u><u>0.02421%</u></u>

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**C. Proportionate Share of Net Pension Liability** (Continued)

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

The following presents the District's proportionate share of the net pension liability of the Plan as of the June 30, 2017 measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

Measurement Date June 30, 2017	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 28,510,812	\$ 15,622,668	\$ 4,948,474

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the fiscal year ending June 30, 2018, the District incurred a pension expense of \$3,237,444 for the Plan.

As of June 30, 2018, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,862,822	\$ -
Differences between expected and actual experience	31,512	(451,468)
Changes in assumptions	3,909,899	(298,133)
Net difference between projected and actual earnings on pension plan investments	884,258	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	15,708	(691,244)
Total	\$ 6,704,199	\$ (1,440,845)

\$1,862,822 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2019	\$ 568,488
2020	2,121,062
2021	1,235,983
2022	(525,001)
2023	-
Thereafter	-
	\$ 3,400,532



**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 6 - Defined Benefit Pension Plan** (Continued)

**E. Payable to the Pension Plan**

At June 30, 2018, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**Note 7 – OPEB Plan**

**Plan Description**

The District provides post-retirement medical benefits to retirees through the Association of California Water Agencies (ACWA) health program and managed through the California Employers’ Retiree Benefit Trust (CERBT).

The plan is an agent multiple-employer defined benefit healthcare plan that provides retiree medical benefits to eligible retirees and spouses. The plan pays 100% of the cost (premiums) for benefits. To be eligible for retiree health benefits, an employee must retire under CalPERS on or after age 50 with at least 15 years (10 years for at-will employees) of service with the District. Coverage is available to the retiree and the spouse for a combined maximum of 15 years (20 years for at-will employees). The maximum coverage period for the retiree is 10 years and the spouse can be covered for up to the same number of years as the retiree subject to the combined maximum. Employees hired on or after January 1, 2012 are not eligible to continue health benefits at retirement. A separate financial report is not prepared for the plan.

**Employees Covered**

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	28
Active employees	<u>66</u>
Total	<u><u>94</u></u>

**Contributions**

The Plan and its 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. For the fiscal year ended June 30, 2018, the District’s contributions were \$94,656 in the form of estimated implied subsidy.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 7 – OPEB Plan** (Continued)

**Net OPEB Liability**

The District’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected long term investment rate of return	7.00%
Healthcare Cost Trend Rates	6.0% HMO/6.5% PPO, decreasing to 5%
Pre-retirement Turnover	Derived from termination rates under the CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the June 30, 2017 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 7 – OPEB Plan** (Continued)

**Actuarial Assumptions** (Continued)

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 weighing 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 allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
CERBT		
US Equity	30.00%	4.85%
International Equity	27.00%	5.85%
REITs	8.00%	3.65%
US Fixed Income	27.00%	2.35%
Commodities	3.00%	1.75%
Inflation assets	5.00%	1.50%
Total	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that District’s contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Change of Discount Rate**

The discount rate utilized in the June 30, 2017 valuation was 7.00% as compared to the June 30, 2015 valuation discount rate of 7.28%. The discount rate was changed to include an additional margin for adverse deviation from the CERBT published median rate of return of 7.28%.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 7 – OPEB Plan** (Continued)

**Changes in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016 (Measurement Date)	\$ 6,072,491	\$ 5,045,820	\$ 1,026,671
Changes in the Year:			
Service cost	134,285	-	134,285
Interest on the total OPEB liability	416,970	-	416,970
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	500,111	(500,111)
Net investment income	-	533,100	(533,100)
Administrative expenses	-	(2,706)	2,706
Benefit payments	(500,111)	(500,111)	-
Net Changes	<u>51,144</u>	<u>530,394</u>	<u>(479,250)</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 6,123,635</u>	<u>\$ 5,576,214</u>	<u>\$ 547,421</u>

**Change of Assumptions**

There were no changes of assumptions.

**Change of Benefit Terms**

There were no changes of benefit terms.

**Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Note 7 – OPEB Plan** (Continued)

**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 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability	\$ 999,972	\$ 547,421	\$ 137,667

**Sensitivity of the Net OPEB Liability to Changes in Health-Care 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 1-percentage point lower (5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO) or 1-percentage point higher (7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO) than the current healthcare cost trend rates:

	1% Decrease (5.00% HMO/ 5.50% PPO decreasing to 4.00% HMO/ 4.00% PPO)	Current Healthcare Cost Trend Rates (6.00% HMO/ 6.50% PPO decreasing to 5.00% HMO/ 5.00% PPO)	1% Increase (7.00% HMO/ 7.50% PPO decreasing to 6.00% HMO/ 6.00% PPO)
Net OPEB Liability	\$ 70,159	\$ 547,421	\$ 1,090,244

**Note 7 – OPEB Plan** (Continued)

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$164,851. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 94,656	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Differences between projected and actual earnings	-	143,990
Total	\$ 94,656	\$ 143,990

The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

\$94,646 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (35,997)
2020	(35,997)
2021	(35,997)
2022	(35,999)
2023	-
Thereafter	-

**Payable to the OPEB Plan**

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

**Note 8 - Commitments and Contingencies**

**VISTA IRRIGATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2018**

**Commitments**

On May 17, 2017 the District settled its long-standing water rights lawsuit with various Indian bands. The settlement resulted in the District paying its \$4.4 million obligation in accordance with the Settlement Agreement.

Per the terms of the Settlement Agreement, the District and the City of Escondido are responsible for all costs associated with maintaining and operating the local water system, including the cost of undergrounding of a canal on the San Pasqual Indian Reservation (currently estimated to cost \$30 million). The cost of the undergrounding project (Project) will be divided evenly between the District and the City of Escondido. Per the terms of the Settlement Agreement, the Project must be completed no later than May 17, 2023.

The District has been named as defendant in various other legal actions. In the opinion of management and legal counsel, it is too early to determine the outcome and effect on the District's financial position.

**Note 9 – Restatement of Net Position**

Net position as of July 1, 2017 was restated as follows:

Beginning net position, as previously reported	\$ 109,092,882
To adjust receivables to increase accrual for unbilled receivables	1,013,828
To record net OPEB liability as a result of implementation of GASB 75	<u>(4,762,948)</u>
Beginning net position, as restated	<u>\$ 105,343,762</u>

**Note 10 – Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 7, 2018, the date the financial statements were available to be issued.

**VISTA IRRIGATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Fiscal Years\***

	Measurement Date			
	6/30/2017	6/30/2016	6/30/2015	6/30/2014*
Plan's Proportion of the Net Pension Liability <sup>1</sup>	0.15753%	0.14938%	0.22908%	0.21738%
Plan's Proportionate Share of the Net Pension Liability	\$ 15,622,668	\$ 12,926,266	\$ 15,723,785	\$ 13,526,753
Plan's Covered Payroll <sup>2</sup>	\$ 7,576,845	\$ 7,601,853	\$ 7,473,687	\$ 7,494,718
Plan's Proportionate Share of the Net Pension Liability as a % of its Covered Payroll	206.19%	170.04%	210.39%	180.48%
Plan's Proportionate Share of the Fiduciary Net Position as a % of the Plan's Total Pension Liability	73.31%	74.06%	80.66%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions <sup>3</sup>	\$ 2,954,163	\$ 2,678,414	\$ 2,268,191	\$ 1,789,539

<sup>1</sup> Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

<sup>2</sup> Covered Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

<sup>3</sup> The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net positions, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

\* Measurement period 2013-14 (fiscal year 2015) was the first year of implementation.



**VISTA IRRIGATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**Schedule of Contributions - Pension Plan**  
**Last 10 Fiscal Years\***

	Fiscal Year-End			
	2018	2017	2016	2015*
Actuarially Determined Contribution	\$ 1,862,822	\$ 1,816,735	\$ 1,924,128	\$ 1,488,966
Contributions in Relation to the Actuarially Determined Contribution	<u>(1,862,822)</u>	<u>(1,816,735)</u>	<u>(9,682,740)</u>	<u>(1,488,966)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,758,612)</u>	<u>\$ -</u>
Covered Payroll <sup>1</sup>	\$ 7,982,625	\$ 7,576,845	\$ 7,601,853	\$ 7,473,687
Contributions as a % of Covered Payroll	23.34%	23.98%	127.37%	19.92%

<sup>1</sup> Covered Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

\* Fiscal year 2015 was the first year of implementation.

**VISTA IRRIGATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**Schedule of Changes in the Net OPEB Liability and Related Ratios  
Last 10 Fiscal Years\***

Measurement date	6/30/2017
Fiscal Year-End Date	6/30/2018
Total OPEB Liability:	
Service cost	\$ 134,285
Interest on total OPEB liability	416,970
Benefit payments, including refunds of	(500,111)
Net Change in Total OPEB Liability	<u>51,144</u>
Total OPEB Liability - Beginning of Year	6,072,491
Total OPEB Liability - End of Year (a)	<u><u>6,123,635</u></u>
 Plan Fiduciary Net Position:	
Contributions - employer	500,111
Net investment income	533,100
Administrative expenses	(2,706)
Benefit payments	(500,111)
Net Change in Plan Fiduciary Net Position	<u>530,394</u>
Plan Fiduciary Net Position - Beginning of Year	5,045,820
Plan Fiduciary Net Position - End of Year (b)	<u><u>5,576,214</u></u>
 Net OPEB Liability - Ending (a)-(b)	 \$ <u><u>547,421</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	  91.06%
 Covered - payroll	 \$ 6,182,000
 Net OPEB liability as percentage of covered - payroll	  8.86%

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

There were no changes in assumptions.

\* Fiscal year 2018 was the first year of implementation.

**VISTA IRRIGATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**Schedule of Contributions - OPEB**  
**Last 10 Fiscal Years\***

Fiscal Year-End Date	6/30/2018
Actuarially determined contribution	\$ 195,002
Contributions in relation to the actuarially determined contributions	<u>(94,656)</u>
Contribution deficiency (excess)	<u>\$ 100,346</u>
Covered - payroll	\$ 6,182,000
Contributions as a percentage of covered - payroll	1.53%

Notes to Schedule:

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

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	7.00%
Mortality	CalPers pension plan

\* Fiscal year 2018 was the first year of implementation.



## **Statistical Section**

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## STATISTICAL SECTION

This part of the Vista Irrigation District’s (the “District”) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b>	47
<i>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	49
<i>These schedules contain information to help the reader access the District’s most significant local revenue source.</i>	
<b>Demographic and Economic Information</b>	53
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.</i>	
<b>Operating Information</b>	56
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.</i>	

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

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**Table I**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Position					
Net investment in capital assets	\$ 94,645,829	\$ 89,924,833	\$ 84,550,252	\$ 82,551,852	\$ 81,758,263
Unrestricted	18,084,612	15,418,929	21,630,198	19,724,448	31,251,239
Total Net Position	<u>\$ 112,730,441</u>	<u>\$ 105,343,762</u>	<u>\$ 106,180,450</u>	<u>\$ 102,276,300</u>	<u>\$ 113,009,502</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Position					
Net investment in capital assets	\$ 83,082,019	\$ 82,359,487	\$ 82,216,322	\$ 80,952,196	\$ 78,971,219
Unrestricted	24,015,914	17,912,540	13,013,133	15,834,495	15,163,715
Total Net Position	<u>\$ 107,097,933</u>	<u>\$ 100,272,027</u>	<u>\$ 95,229,455</u>	<u>\$ 96,786,691</u>	<u>\$ 94,134,934</u>

Source: Vista Irrigation District



**Table II**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Operating Revenues:</b>										
Water sales	\$ 49,802,101	\$ 45,948,385	\$ 41,193,157	\$ 44,594,810	\$ 46,858,642	\$ 44,675,640	\$ 38,929,306	\$ 36,935,147	\$ 35,112,935	\$ 30,785,729
Property rentals	823,871	770,023	718,075	738,767	705,845	666,495	475,148	740,341	546,448	556,131
Other services	451,600	645,880	657,891	428,667	454,842	206,602	285,692	282,608	342,551	244,894
System fees	731,240	1,029,580	622,039	853,041	667,311	228,954	297,553	332,643	94,243	130,683
<b>Total operating revenues</b>	<b>51,808,812</b>	<b>48,393,868</b>	<b>43,191,162</b>	<b>46,615,285</b>	<b>48,686,640</b>	<b>45,777,691</b>	<b>39,987,699</b>	<b>38,290,739</b>	<b>36,096,177</b>	<b>31,717,437</b>
<b>Operating Expenses:</b>										
Purchased water	22,569,140	23,826,729	18,721,053	19,235,486	21,351,934	19,438,447	14,767,680	11,705,489	13,956,299	11,978,556
Wages and benefits	14,461,797	13,492,353	11,870,598	12,298,601	12,026,730	11,902,693	12,223,638	13,207,539	12,540,325	12,374,900
Depreciation	2,968,997	2,719,379	2,581,311	3,363,263	3,222,382	3,122,974	3,022,459	2,967,954	2,893,214	2,839,422
Contractual services	4,292,413	3,495,060	4,125,191	3,827,299	3,932,249	3,551,800	3,554,268	3,228,825	2,592,296	2,721,679
Supplies	1,531,232	1,450,699	1,396,166	1,309,636	1,369,388	969,997	1,078,481	1,025,154	956,271	1,107,503
Professional fees	603,257	949,374	700,489	658,616	634,801	799,509	831,775	730,715	822,454	709,350
Power	405,854	525,897	656,238	662,164	603,100	735,024	434,811	536,753	575,442	732,570
Office and general	557,713	481,697	489,547	488,237	445,363	477,700	422,474	419,434	515,170	549,509
Insurance	543,145	535,788	531,811	489,023	476,242	407,580	363,291	332,528	291,909	257,289
Uncollectible accounts	-	-	-	-	60,389	54,046	72,180	80,472	125,418	125,851
Communications	53,326	56,779	49,845	55,126	57,814	61,278	72,668	83,428	68,200	64,225
Burden allocation	(1,433,392)	(1,422,130)	(1,255,779)	(945,126)	(947,821)	(934,908)	(1,074,815)	(932,041)	(1,277,798)	(1,045,086)
<b>Total operating expenses</b>	<b>46,553,482</b>	<b>46,111,625</b>	<b>39,866,470</b>	<b>41,442,325</b>	<b>43,232,571</b>	<b>40,586,140</b>	<b>35,768,910</b>	<b>33,386,250</b>	<b>34,059,200</b>	<b>32,415,768</b>
<b>Operating Income (Loss)</b>	<b>5,255,330</b>	<b>2,282,243</b>	<b>3,324,692</b>	<b>5,172,960</b>	<b>5,454,069</b>	<b>5,191,551</b>	<b>4,218,789</b>	<b>4,904,489</b>	<b>2,036,977</b>	<b>(698,331)</b>
<b>Nonoperating Revenues (Expenses):</b>										
Property taxes	450,512	423,469	384,960	381,843	443,255	387,889	313,008	305,985	367,482	340,351
Investment income	346,063	168,777	129,591	63,423	45,451	53,471	47,225	79,800	76,377	359,773
Gain (Loss) on disposal of capital assets	19,210	(139,088)	(16,209)	30,557	(3,819)	9,414	(6,235)	(22,426)	(53,133)	7,339
Interest Expense	-	-	-	-	-	-	-	-	(192,500)	(144,375)
Federal and state assistance	-	-	-	42,810	-	64,015	-	578	-	-
Legal settlement	-	(66,961)	(83,905)	(55,173)	(94,732)	(57,090)	(83,096)	231,600	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>815,785</b>	<b>386,197</b>	<b>414,437</b>	<b>463,460</b>	<b>390,155</b>	<b>457,699</b>	<b>270,902</b>	<b>595,537</b>	<b>198,226</b>	<b>563,088</b>
<b>Income (Loss) Before Contributed Capital</b>	<b>6,071,115</b>	<b>2,668,440</b>	<b>3,739,129</b>	<b>5,636,420</b>	<b>5,844,224</b>	<b>5,649,250</b>	<b>4,489,691</b>	<b>5,500,026</b>	<b>2,235,203</b>	<b>(135,243)</b>
<b>Contributed Capital</b>	<b>1,315,564</b>	<b>1,257,820</b>	<b>165,021</b>	<b>499,911</b>	<b>67,345</b>	<b>1,176,656</b>	<b>552,881</b>	<b>1,174,858</b>	<b>416,554</b>	<b>668,269</b>
<b>Change in net position</b>	<b>7,386,679</b>	<b>3,926,260</b>	<b>3,904,150</b>	<b>6,136,331</b>	<b>5,911,569</b>	<b>6,825,906</b>	<b>5,042,572</b>	<b>6,674,884</b>	<b>2,651,757</b>	<b>533,026</b>
<b>Net Position, beginning of year</b>	<b>110,106,710</b>	<b>106,180,450</b>	<b>102,276,300</b>	<b>113,009,502</b>	<b>107,097,933</b>	<b>100,272,027</b>	<b>95,229,455</b>	<b>96,786,691</b>	<b>94,134,934</b>	<b>93,601,908</b>
<b>Prior Period Adjustment</b>	<b>(4,762,948)</b>	<b>-</b>	<b>-</b>	<b>(16,869,533)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,232,120)</b>	<b>-</b>	<b>-</b>
<b>Net Position, end of year</b>	<b>\$112,730,441</b>	<b>\$110,106,710</b>	<b>\$106,180,450</b>	<b>\$102,276,300</b>	<b>\$113,009,502</b>	<b>\$107,097,933</b>	<b>\$100,272,027</b>	<b>\$95,229,455</b>	<b>\$96,786,691</b>	<b>\$94,134,934</b>

Source: Vista Irrigation District

**Table III**  
**WATER SALES BY USER TYPE**  
**Last Ten Fiscal Years**

Fiscal Year <u>Ended</u>	<u>Residential</u>		<u>Commercial/Industrial</u>		<u>Irrigation</u>		<u>Agricultural</u>		<u>Governmental</u>		Average Rate
	<u>Value</u>	<u>Acre Feet</u>	<u>Value</u>	<u>Acre Feet</u>	<u>Value</u>	<u>Acre Feet</u>	<u>Value</u>	<u>Acre Feet</u>	<u>Value</u>	<u>Acre Feet</u>	
2018	\$22,332,964	11,643.8	\$3,530,165	1,809.8	\$4,230,231	2,149.4	\$1,871,045	964.0	\$729,793	370.0	\$1,930
2017	\$19,568,389	10,767.2	\$3,365,773	1,720.3	\$3,237,014	1,765.9	\$1,635,378	883.5	\$704,645	359.0	\$1,840
2016	\$17,679,019	10,153.3	\$3,037,823	1,681.5	\$2,562,469	1,389.9	\$1,588,646	882.3	\$477,063	268.1	\$1,763
2015	\$20,141,952	11,900.4	\$3,214,629	1,866.1	\$3,377,886	1,954.8	\$1,646,475	954.0	\$766,433	441.3	\$1,703
2014	\$21,671,513	13,079.4	\$3,275,725	1,945.6	\$3,835,833	2,287.1	\$1,810,450	1,075.1	\$1,276,974	740.5	\$1,666
2013	\$20,750,003	13,114.2	\$3,144,742	1,953.8	\$3,384,426	2,098.8	\$1,665,459	1,031.2	\$1,159,166	706.4	\$1,592
2012	\$17,831,592	12,190.5	\$2,677,141	1,796.0	\$2,561,020	1,728.2	\$1,405,719	938.3	\$897,168	588.3	\$1,472
2011	\$16,593,101	12,386.3	\$2,597,904	1,863.5	\$2,402,331	1,725.8	\$1,416,245	994.9	\$915,714	619.4	\$1,360
2010	\$15,409,252	12,922.8	\$2,376,951	1,891.1	\$2,081,667	1,719.8	\$1,343,192	1,075.2	\$858,695	663.7	\$1,208
2009	\$13,721,293	14,279.2	\$2,062,765	2,137.1	\$2,102,655	2,201.1	\$1,356,949	1,473.6	\$746,221	775.0	\$958

Source: Vista Irrigation District

**Table IV**  
**SERVICE CONNECTIONS**  
**Last Ten Fiscal Years**

<u>Fiscal Year Ended</u>	<u>Residential</u>	<u>Commercial/Industrial</u>	<u>Irrigation</u>	<u>Agricultural</u>	<u>Fire Service</u>	<u>Governmental</u>	<u>Total</u>
2018	24,268	1,584	934	568	1,244	90	28,688
2017	24,209	1,582	928	572	1,240	91	28,622
2016	24,036	1,587	918	574	1,237	91	28,443
2015	24,191	1,606	914	586	1,236	92	28,625
2014	24,191	1,608	897	562	1,228	94	28,580
2013	24,048	1,601	889	567	1,218	92	28,415
2012	24,061	1,603	887	555	1,211	92	28,409
2011	23,974	1,630	877	557	1,183	92	28,313
2010	23,958	1,647	864	568	1,177	91	28,305
2009	23,982	1,597	838	573	1,138	90	28,218

Source: Vista Irrigation District

**Table V**  
**WATER RATES**  
Last Ten Fiscal Years

<b>Fiscal Year Ended</b>	<b>VID Commodity Charge per HCF*</b>				<b>Monthly ¾" Meter Charge</b>
	Domestic - Tier 1	Domestic - Tier 2	Domestic - Tier 3	Agricultural	
2018**	\$4.24	\$4.78	\$4.78	\$4.56	\$37.05
2017**	\$4.16	\$4.70	\$4.70	\$4.48	\$35.85
2016**	\$4.04	\$4.58	\$4.58	\$4.36	\$34.76
2015**	\$3.73	\$4.27	\$4.27	\$4.05	\$33.67
2014**	\$3.61	\$4.15	\$4.15	\$3.93	\$32.85
2013**	\$3.52	\$4.06	\$4.06	\$3.84	\$31.87
2012**	\$3.29	\$3.83	\$3.83	\$3.61	\$30.04
2011**	\$3.01	\$3.55	\$3.55	\$3.33	\$29.30
2010***	\$2.69	\$3.23	\$4.37	\$3.01	\$29.30
2009	\$2.34	NA	NA	\$2.00	\$23.70

\* HCF = One Hundred Cubic Feet

\*\* The tier 3 rate is only imposed during times of water delivery cutbacks stipulated by the San Diego County Water Authority. When no water delivery cutbacks are imposed by the Water Authority, Tier 3 usage is billed at the Tier 2 rate.

\*\*\* Tiered rate structure implemented 9/1/2009

Source: Vista Irrigation District

**Table VI**  
**PRINCIPAL WATER CUSTOMERS**  
**Current Fiscal Year and Nine Years Prior**

<u>Fiscal Year ended June 30, 2018</u>			<u>Fiscal Year ended June 30, 2009</u>		
<u>Customer</u>	<u>Usage in Acre Feet</u>	<u>Percent of Water Sold</u>	<u>Customer</u>	<u>Usage in Acre Feet</u>	<u>Percent of Water Sold</u>
Courthouse	122.4	0.72%	Golf Course	328.0	1.52%
Agriculture	85.0	0.50%	Courthouse	120.6	0.56%
Industrial	66.7	0.39%	High School	55.8	0.26%
Industrial	55.7	0.33%	Industrial	52.1	0.24%
Mobile Home Park	38.5	0.23%	Nursery	43.2	0.20%
High School	38.2	0.23%	Nursery	42.4	0.20%
Industrial	38.9	0.23%	Industrial/Uniform Serv	39.0	0.18%
Mobile Home Park	34.1	0.20%	Mobile Home Park	38.7	0.18%
Mobile Home Park	37.2	0.22%	Convalescent Home	36.9	0.17%
Multi Family	36.1	0.21%	Hospital	35.2	0.16%
Total Top Ten Customers	<u>552.8</u>	<u>3.26%</u>	Total Top Ten Customers	<u>791.9</u>	<u>3.67%</u>
Other Customers	<u>16,384.2</u>	<u>96.74%</u>	Other Customers	<u>20,771.0</u>	<u>96.33%</u>
Total Water Sales	<u><u>16,937.0</u></u>	<u><u>100.00%</u></u>	Total Water Sales	<u><u>21,562.9</u></u>	<u><u>100.00%</u></u>

Source: Vista Irrigation District

**Table VII**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

Year	Total Population	Average Household Size	Unemployment Rate*	Per Capita Personal Income*	Total Personal Income (1)
2009	123,312	3.11	<i>10.4%</i>	\$36,339	\$4,480,995
2010	124,885	3.11	9.6%	\$35,982	\$4,493,554
2011	125,746	3.12	9.2%	\$33,588	\$4,223,604
2012	126,737	3.13	8.2%	\$34,042	\$4,314,327
2013	128,208	3.15	7.0%	\$39,579	\$5,074,353
2014	129,260	3.17	5.7%	\$35,743	\$4,620,121
2015	129,895	3.18	4.6%	\$41,553	\$5,397,463
2016	130,979	3.17	4.2%	\$42,684	\$5,590,742
2017	134,072	3.18	2.7%	\$43,847	\$5,790,942
2018	135,204	3.19	<i>n/a**</i>	<i>n/a**</i>	<i>n/a**</i>

\* NOTE: Values in italics text are for the City of Vista. All other values are for the Vista Irrigation District.

\*\* NOTE: Data for the current year is not yet available.

(1) Amounts presented may vary from the prior year's report due to inflation adjustments.

Source: SANDAG

**Table VIII**  
**Principal Employers – County of San Diego**  
**Current Fiscal Year and Nine Years Prior**

Fiscal Year Ended June 30, 2018 <sup>(1)</sup>			Fiscal Year Ended June 30, 2009 <sup>(2)</sup>		
Employer Name	Industry	No. of Employees	Employer Name	Industry	No. of Employees
University of California, San Diego	Education	10,000+	City of San Diego	Government	10,000+
County of San Diego	Government	10,000+	County of San Diego	Government	10,000+
United States Navy, San Diego	Government - Military	10,000+	San Diego Unified School District	Education	10,000+
City of San Diego	Government	10,000+	Scripps Healthcare	Healthcare	10,000+
San Diego Unified School District	Education	10,000+	Sharp Healthcare	Healthcare	10,000+
Sharp Healthcare	Healthcare	10,000+	University of California, San Diego	Education	10,000+
Scripps Healthcare	Healthcare	10,000+	AT&T	Telecommunications	5,000-9,999
Qualcomm, Inc.	Technology	5,000-9,999	Kaiser Permanente	Healthcare	5,000-9,999
Kaiser Medical Center	Healthcare	5,000-9,999	Qualcomm Inc.	Technology/ Communications	5,000-9,999
San Diego State University	Education	5,000-9,999	San Diego Naval Medical Center	Healthcare	5,000-9,999

Source: <sup>1</sup> San Diego's Top 10 Employers [www.sandiegostop10.com/employers.aspx](http://www.sandiegostop10.com/employers.aspx)

<sup>2</sup> Vista Irrigation District 2009 CAFR/San Diego SourceBook 2009

**Table IX**  
**NUMBER OF EMPLOYEES**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Employees	90	89	87	88	84	90	94	94	101	104
Average Years of Service	11.6	12.8	12.0	11.6	11.9	11.7	11.8	11.1	10.4	10.4

*Source: Vista Irrigation District*

Note- Based on active employees at fiscal year-end.



**Table X**  
**OPERATING AND CAPITAL INDICATORS**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Service Area (acres)	21152	21160	21160	21160	21200	21200	21200	21200	21200	21200	21200
Miles of water main (4" and larger) *	429	473	473	473	473	473	471	470	470	469	469
Number of enclosed reservoirs	12	12	12	12	12	12	12	12	12	14	14
Capacity of enclosed reservoirs (acre feet)	142	141	141	142	142	142	142	142	142	147	147
Number of open reservoirs	1	1	1	1	1	1	1	1	1	1	1
Capacity of open reservoirs (acre feet)	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774
Number of pump stations	7	7	7	7	7	7	7	7	8	8	8
Number of pumps	18	18	18	18	18	18	18	18	19	19	19
Total capacity of pumps (horsepower)	1,045	1,045	1,045	1,045	1,045	1,045	1,055	1,055	1,075	1,110	1,110
Number of service connections	28,688	28,622	28,478	28,649	28,609	28,435	28,435	28,314	28,305	28,255	28,152
Production peak (million gallons per day)	21	22	20	24	32	28	26	27	31	31	37
Average production (million gallons per day)	16	15	14	16	18	18	17	16	19	20	21
Total rainfall (inches) - Lake Henshaw	12	34	21	16	13	14	20	36	33	19	30
Total rainfall (inches) - Vista	4	20	11	8	5	9	11	25	18	13	15
Average daily temperature (F) - Lake Henshaw	60	60	59	60	60	57	55	55	56	58	58
Average daily temperature (F) - Vista	64	63	64	64	63	62	61	61	67	64	64
Electricity purchased (1,000 kWh) - Service Area	1,060	712	1,081	1,094	1,078	1,244	1,123	1,719	1,768	1,590	1,804
Electricity purchased (1,000 kWh) - Lake Henshaw	1,077	1,964	3,176	3,352	3,310	3,800	1,315	2,178	3,178	3,841	4,100
Natural gas purchased (therms)	6,926	5,768	5,970	5,573	5,777	6,500	6,990	5,379	5,928	8,792	9,674
Mainline repairs	20	40	29	33	32	41	40	47	20	21	25

\* Miles of pipe within the Vista Irrigation District distribution system was updated consistent with the analysis and findings set forth of the 2018 Potable Water Master Plan.

Board of Directors  
Vista Irrigation District  
Vista, California

We have audited the financial statements of Vista Irrigation District (the District) for the year ended June 30, 2018. 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 letter to you dated May 15, 2018. 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. As discussed in Notes 1 and 9 to the basic financial statements, the District adopted Governmental Accounting Standards Board's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The adoption of this standard required retrospective application resulting in a \$4,762,948 reduction of previously reported net position. No other accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2018. 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 District's financial statements were:

- a. When available, management's estimate of the fair value of investments is based on quoted prices in active markets. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the District's from third party service providers.

## Significant Audit Findings (Continued)

### *Qualitative Aspects of Accounting Practices (Continued)*

- b. Management's estimate of useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- c. 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 actuarial valuations provided by CalPERS.
- d. The actuarially determined contribution, Other Postemployment Benefit (OPEB) expense, net OPEB Asset, and corresponding deferred outflows of resources and deferred inflows of resources for the District's OPEB plan are based on actuarial valuations by an independent third party actuary.
- e. Management's estimate of the allowance for doubtful accounts is based on historical water revenues, historical loss levels, and an analysis of the collectability of individual accounts.

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 are:

- a. The disclosure of the net pension liability in Note 6.
- b. The disclosure of the Other Post-Employment Benefit Plan in Note 7.
- c. The disclosure of restatement of net position in Note 9.

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

### *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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Net position at the beginning of the year was restated to record revenues that should have been accrued at June 30, 2017 but were instead included in revenue recorded in July, 2017. This misstatement was corrected in the District's financial statements and resulted in a prior period adjustment of \$1,013,828.

## **Significant Audit Findings (Continued)**

### *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 7, 2018.

### *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 Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date, the Schedule of Contributions – Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, and the Schedule of Contributions – OPEB, which are required supplementary information (RSI) that supplements the basic 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 not engaged to report on the introductory and statistical sections, 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 District and is not intended to be, and should not be, used by anyone other than these specified parties.

*White Nelson Dick Evans LLP*

Carlsbad, California

December 7, 2018

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 of the  
Vista Irrigation District  
Vista, 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 Vista Irrigation District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2018.

**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 opinion 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 were not 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 a certain deficiency in internal control, described below that we consider to be a significant deficiency.

## **Water Receivable and Revenues**

### Auditors' Comment and Recommendation

During our review of utility billing, we noted revenues for certain customers billed in July 2017 that belongs to prior fiscal year were incorrectly recorded as current fiscal year revenues. This resulted to the understatement of prior year unbilled receivables and revenues and overstatement of current year revenues. Management corrected the error by restating the net position at July 1, 2017 to record the revenues in the proper period. We recommend that District established procedures to ensure that revenues are recorded in the proper period.

### Management's response

Finance has created a new procedure where the Finance Supervisor runs detailed billing reports from the billing system in the District's Finance software and calculates the amount to be accrued for each cycle. Those amounts are then compared to the Senior Accountant's revenue accrual calculation. The Supervisor and Senior use different reports and methodology that calculate the same number, thus this comparison ensures items are not missed.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 Response to Finding**

The District's response to the finding identified in our audit is described in. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

We noted a certain other matter that we have reported to the Board of Directors in a separate letter dated December 7, 2018.

## **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.

*White Nelson Dick Evans LLP*

Carlsbad, California  
December 7, 2018

Board of Directors of the  
Vista Irrigation District  
Vista, California

In planning and performing our audit of the financial statements of the Vista Irrigation District (the District) as of and for the year ended June 30, 2018 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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

As discussed below, we identified a certain matter involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 7, 2018 on the financial statements of the District. Our comment and recommendation are intended to improve the internal control or result in other operating efficiencies.



Our comment with our recommendation for improvement is summarized as follows:

### Payee Positive Pay

#### Auditors' Comment and Recommendation

During our review of cash disbursements, we noted the District currently utilizes positive pay. Positive pay is a fraud deterrent service offered by banks that allows customers to monitor and control the payment of checks by comparing the check number and amount against a list provided by the District. Any checks that do not match that listing are placed on an exception listing. The exceptions are available for review daily, usually online, so the District may make a final determination of payment.

We recommend that District consider utilizing payee positive pay which adds additional layer of protection to help further enhance risk mitigation and fraud reduction. Each check presented for payment is compared to a check listing provided by the District which includes check number, amount and payee information. Any checks that do not match exactly are placed on an exception listing. The exceptions are available for review daily, usually online, so the District may make a final determination of payment.

#### Management's response

The District worked with the District's bank and Finance software developer to implement payee positive pay effective July 11, 2018. It now includes the enhanced feature of providing the bank with a file that also includes the vendor name that the bank then utilizes to compare any checks presented for payment.

#### **District's Response to the Finding**

The District's response to the finding identified in our audit is described above. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

*White Nelson Dick Evans LLP*

December 7, 2018  
Carlsbad, California



## STAFF REPORT

Agenda Item: 9

Board Meeting Date:

January 9, 2019

Prepared By:

Shallako Goodrick

Reviewed By:

Marlene Kelleher

Approved By:

Brett Hodgkiss

SUBJECT: FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2018

RECOMMENDATION: Informational report concerning the financial results of the District.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: None.

SUMMARY: Attached for review by the Board of Directors is the Financial Report for the Year Ended June 30, 2018. This report includes the following items:

### FINANCIAL STATEMENTS

- Lake Henshaw Operations - Statements of Revenues and Expenses

### SPECIAL REPORTS

- Water Statistics Budget Comparison
- Revenue and Expense Budget Comparison
- Capital Outlay Comparison
- Property Revenues
- Legal Expenses

The Lake Henshaw financial statements reflect revenues and expenses directly related to operating Lake Henshaw and the surrounding Warner Ranch. The Lake Henshaw revenues were \$3,837,616, which included an estimated value of \$3,202,869 in local water that was provided to the District. The expenses were \$1,710,942, which included \$146,166 for legal and consulting fees related to the water rights litigation. The Lake Henshaw operations resulted in a \$2,126,674 net income for Fiscal Year 2018.

The first three special reports listed above compare the actual results for the year ended June 30, 2018 with the budgeted amounts approved by the Board.

Overall, the District experienced a \$5.3 million operating gain this fiscal year which is an increase from the \$1.3 million operating gain for the prior fiscal year. The District purchased \$22.6 million of imported water from the San Diego County Water Authority.

DETAILED REPORT: See attached Financial Report for the Year Ended June 30, 2018.



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**FINANCIAL REPORT**  
For the Year Ended  
June 30, 2018

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*(UNAUDITED)*

*VISTA IRRIGATION DISTRICT*

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*FINANCIAL STATEMENTS*

# LAKE HENSHAW OPERATIONS

## STATEMENTS OF REVENUES AND EXPENSES

Years Ended June 30, 2018 and 2017

(Unaudited)

	2018	2017
<b>Revenues:</b>		
Value of local water produced	\$ 3,202,869	\$ 828,356
Property rentals	650,450	584,820
Contract water sales	(1,464)	8,970
Other services	(14,239)	-
Total Revenues	<u>3,837,616</u>	<u>1,422,146</u>
<b>Expenses:</b>		
Contractual services	463,136	433,132
Depreciation	305,595	309,062
Professional fees	273,077	572,792
Burden allocation	272,564	551,242
Power	132,819	288,458
Wages	115,006	230,645
Supplies	85,080	72,141
Insurance	35,488	35,552
Office and general	28,177	17,895
Communications	-	50
Total Expenses	<u>1,710,942</u>	<u>2,510,969</u>
Operating Income (Loss)	<u>2,126,674</u>	<u>(1,088,823)</u>
Nonoperating Revenues (Expenses):		
Legal settlement	-	(66,961)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(66,961)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 2,126,674</u>	<u>\$ (1,155,784)</u>



*SPECIAL REPORTS*

# VISTA IRRIGATION DISTRICT

## WATER STATISTICS BUDGET COMPARISON Year Ended June 30, 2018 (In Acre Feet)

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	Actual	Budget	Percentage of Budget
<b>WATER SOURCES:</b>			
Water Purchases	14,857	13,587	109%
Local Water	<u>3,174</u>	<u>3,813</u>	83%
Total Water Sources	<u><u>18,031</u></u>	<u><u>17,400</u></u>	104%
<b>WATER SALES</b>	<u><u>16,948</u></u>	<u><u>16,400</u></u>	103%



# VISTA IRRIGATION DISTRICT

## REVENUE AND EXPENSE BUDGET COMPARISON Year Ended June 30, 2018

	Actual	Budget	Percentage of Budget
<b>OPERATING REVENUES</b>			
Water sales:			
Single family	\$ 16,118,974	\$ 15,133,000	107%
Multiple family	5,477,338	6,015,000	91%
Irrigation	4,175,019	3,182,000	131%
Commercial	2,334,757	2,483,000	94%
Agricultural	1,862,894	1,973,000	94%
Industrial	1,195,221	1,289,000	93%
Government	829,237	592,000	140%
Mobile homes	764,225	805,000	95%
Unmetered	4,002	8,000	50%
Contract water	(1,464)	49,000	-
Service charges	17,073,109	16,916,000	101%
Subtotal water sales	<u>49,833,312</u>	<u>48,445,000</u>	
Property rentals	823,871	738,000	112%
System fees:			
Capacity	731,240	800,000	91%
Connection	-	15,000	0%
Subtotal system fees	<u>731,240</u>	<u>815,000</u>	
Other services:			
New installations	235,781	300,000	79%
Non construction services	215,819	200,000	108%
Subtotal other services	<u>451,600</u>	<u>500,000</u>	
Total Operating Revenues	<u>51,840,023</u>	<u>50,498,000</u>	103%
<b>OPERATING EXPENSES</b>			
Purchased water	22,569,140	20,758,000	109%
Wages and benefits:			
Salaries	8,077,498	8,152,000	99%
PERS retirement	3,237,444	1,876,000	173%
Employee health insurance	2,024,564	2,047,000	99%
FICA & medicare	626,167	580,000	108%
Workers compensation	197,965	220,000	90%
Deferred compensation plan	106,128	95,000	112%
Life and disability insurance	81,527	80,000	102%
Retiree medical insurance	70,205	171,000	41%
Uniforms	31,606	29,500	107%
Tuition reimbursement	3,109	4,000	78%
EAP counseling	2,905	3,200	91%
Unemployment insurance	2,679	2,000	134%
Subtotal wages and benefits	<u>14,461,797</u>	<u>13,259,700</u>	

# VISTA IRRIGATION DISTRICT

## REVENUE AND EXPENSE BUDGET COMPARISON Year Ended June 30, 2018

	Actual	Budget	Percentage of Budget
Contractual services	4,292,413	4,718,100	91%
Depreciation	2,968,997	2,824,000	105%
Supplies	1,531,232	1,258,600	122%
Professional fees:			
Consulting	305,927	248,500	123%
Legal	274,590	311,000	88%
Audit	22,740	25,000	91%
Subtotal professional fees	<u>603,257</u>	<u>584,500</u>	
Office and general:			
Fees and permits	151,415	162,875	93%
Employment related expense	79,905	51,500	155%
Computer hardware	72,676	61,500	118%
Postage	70,423	75,500	93%
Training	56,599	50,000	113%
Dues, subscriptions, and publications	47,159	47,800	99%
Travel	38,888	39,600	98%
Printing	13,283	12,700	105%
Office supplies	12,263	30,500	40%
Computer software	8,178	24,500	33%
Awards and contributions	6,924	8,700	80%
Subtotal office and general	<u>557,713</u>	<u>565,175</u>	
Insurance	543,145	484,000	112%
Power	405,854	558,300	73%
Communications	53,326	57,400	93%
Uncollectible accounts	31,211	33,000	95%
Burden allocation	(1,433,392)	(1,200,000)	119%
Total Operating Expenses	<u>46,584,693</u>	<u>43,900,775</u>	106%
Operating Income	5,255,330	6,597,225	80%
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Property taxes	450,512	400,000	113%
Investment income	346,063	190,000	182%
Gain on disposal of capital assets	19,210	-	-
Total Nonoperating Revenues	<u>815,785</u>	<u>590,000</u>	138%
Income Before Contributed Capital	<u>\$ 6,071,115</u>	<u>\$ 7,187,225</u>	84%

# VISTA IRRIGATION DISTRICT

## CAPITAL OUTLAY COMPARISON June 30, 2018

	Budget Item #	Board Approved (Inception To Date)	Outlay To Date	Capital Outlay Remaining
<b>ENGINEERING:</b>				
E43 Regulator Relocation & Upgrade	10-02	15,000	-	15,000
AB Line Replacement	11-04	1,100,000	133,971	966,029
East Vista Way - Mason Road Pipeline	12-02	600,000	-	600,000
S Santa Fe Pipeline - Mar Vista to Montg	12-03	10,000	-	10,000
Flume - Siphon Replacement	15-03	1,300,000	65,883	1,234,117
Flume - Pressure Zone Loop	15-05	280,000	13,575	266,425
E Reservoir	16-04	50,000	-	50,000
Paseo Santa Fe Project	16-05	1,550,000	554,422	995,578
HP Reservoir Rehabilitation	17-01	3,000,000	3,771,090	-
FY 2017 Main Replacement Program	17-02	2,500,000	3,320,362	-
Flume Relocation	17-03	800,000	1,096,054	-
FY 2018 Main Replacement Program	18-01	4,500,000	1,903,583	2,596,417
Calle Maria Pipeline Extension	18-02	200,000	-	200,000
Vista Flume - Beehive Bench & Siphon	18-03	100,000	16,862	83,138
Lita Lane Pipeline Extension	18-04	81,000	-	81,000
HB Reservoir Rehabilitation	18-05	75,000	-	75,000
HP Reservoir Pipeline Extension	18-06	52,000	78,260	-
Camino Mateo Pipeline Extension & Intertie	18-07	20,000	-	20,000
		<u>16,233,000</u>	<u>10,954,062</u>	<u>7,192,704</u>
<b>FIELD SERVICES:</b>				
Vehicles (5)	16-06	199,000	218,205	-
Excavator	18-08	185,000	162,519	-
Loader	18-09	170,000	-	170,000
Asphalt Grinder	18-10	135,000	-	135,000
Vehicles (3)	18-11	82,000	92,369	-
Lobby Security Upgrade	18-12	48,000	-	48,000
Light Tower	18-13	8,500	8,335	-
Skid Steer Broom Attachment	18-14	6,300	5,830	-
Truck Ford F250	-	-	39,304	-
HB Reservoir Stairs	-	-	45,977	-
Air Compressor	-	-	21,644	-
Trailer	-	-	23,481	-
Air Conditioner	-	-	11,097	-
Welder	-	-	5,211	-
		<u>833,800</u>	<u>633,972</u>	<u>353,000</u>

# VISTA IRRIGATION DISTRICT

## CAPITAL OUTLAY COMPARISON June 30, 2018

	Budget Item #	Board Approved (Inception To Date)	Outlay To Date	Capital Outlay Remaining
<b>FINANCE:</b>				
Phone System	17-07	35,000	-	35,000
Data Switch	17-08	28,000	16,259	-
Servers (3)	18-15	25,500	-	25,500
Printer	18-16	6,000	5,308	-
		<u>94,500</u>	<u>21,567</u>	<u>60,500</u>
<b>OPERATIONS:</b>				
Hydraulic Butterfly Valve and Seismic Actuator	17-10	48,000	44,498	-
SCADA Control Panel (3)	18-17	110,000	55,118	54,882
Pump Control Valve (2)	18-18	24,000	23,382	-
Motor	18-19	8,000	7,325	-
		<u>190,000</u>	<u>130,323</u>	<u>54,882</u>
<b>WATER RESOURCES:</b>				
On-Site Chlorine Generation System	11-12	3,350,000	2,976,015	373,985
Leach Fields (2)	16-15	14,000	-	14,000
Motor Control Panel	18-20	14,800	16,207	-
SCADA Graphical User Interface Software	18-21	10,000	6,551	-
Pump	-	-	7,962	-
		<u>3,388,800</u>	<u>3,006,735</u>	<u>387,985</u>
		<u>\$ 20,740,100</u>	<u>\$ 14,746,659</u>	<u>\$ 8,049,071</u>

# VISTA IRRIGATION DISTRICT

## PROPERTY REVENUES

Years Ended June 30, 2018 and 2017

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	6/30/18	6/30/17
Hein Hettinga	\$ 235,335	\$ 217,737
My Country Club, Inc.	99,286	90,714
Department of Defense - Navy 2nd lease	97,729	95,218
Lake Henshaw Resort, Inc.	59,967	47,539
Department of Defense - Navy	55,012	53,600
Crown Castle - Cabrillo Circle	47,013	45,542
T-Mobile - Lupine Hills	46,922	45,459
Crown Castle GT Co.	39,855	38,886
Cingular Wireless/AT&T	39,314	39,102
Verizon Wireless	19,757	19,356
Sprint	19,514	18,218
Crown Castle - Vista Towers	17,990	17,382
Puerta La Cruz	13,236	11,850
Mendenhall Cattle Company, Inc.	12,639	13,330
Sempra Energy	12,063	11,806
Noll Seeds	5,315	1,691
Charles Chester Taylor	1,650	1,650
Department of Agriculture	500	500
Vallecitos Water District	360	360
CalFire	355	-
County of San Diego - Warner Pit	59	83
	<hr/>	<hr/>
TOTAL PROPERTY REVENUES	<u>\$ 823,871</u>	<u>\$ 770,023</u>

# VISTA IRRIGATION DISTRICT

## LEGAL EXPENSES Year Ending June 30, 2018

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### General Legal Fees

Liebert, Cassidy & Whitmore	General	11,561	
Rutan & Tucker LLP	General	88,782	
Public Safety Consulting	General	27,781	
Best Best & Krieger	General	<u>300</u>	
			\$ 128,424

### Water Rights Legal Fees

Horton, Knox, Carter & Foote	Indians	144,330	
Rutan & Tucker LLP	Indians	<u>1,836</u>	
			<u>146,166</u>
<b>Total Legal Costs (12 months)</b>			<u><u>\$ 274,590</u></u>

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<b>Total Budgeted Legal Costs (12 months)</b>			<u><u>\$ 311,000</u></u>
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## STAFF REPORT

Agenda Item: 10

**Board Meeting Date:** January 9, 2019  
**Prepared By:** Don Smith, Randy Whitmann,  
Frank Wolinski & Marlene Kelleher  
**Approved By:** Brett Hodgkiss

SUBJECT: DIVISION REPORTS

RECOMMENDATION: Note and file informational report.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: None.

SUMMARY: Previous month's and anticipated activities are reported by each division.

### ENGINEERING DIVISION

#### *December 2018*

- Mainline Replacements – continued working on the design of main replacement projects.
- The District has replaced approximately 8.5 miles of Nipponite pipe since 2002. Of the 7.5 miles of Nipponite pipe remaining in the system, replacement of 1.8 miles is currently in design and 0.4 miles is in construction.
- The District has replaced approximately 6,175 feet (1.17 miles) of pipe (steel – 1,170 feet, non-Nipponite asbestos cement – 275 feet and Nipponite – 4,730 feet) in Fiscal Year 2019.
- HB Reservoir Rehabilitation – Richard Brady and Associates submitted the final structural evaluation report and a proposal for the design of the reservoir rehabilitation.
- Pechstein Reservoir Roof Evaluation – Richard Brady and Associates core sampled the glulam beams and began condition assessment.
- E Reservoir Replacement and Pump Station – Dudek continued the planning phase of the reservoir replacement and new pump station project; began environmental assessment, geotechnical assessment and topographic survey.
- E43 Regulator Relocation and Upgrade – began reviewing draft pre-design and site evaluation report submitted by KEH and Associates.
- Water Supply Planning Study – continued reviewing proposals.

#### *January 2019*

- Mainline Replacement Projects in design (current projects): Camino Ciego\*, Plumosa Ave., South Santa Fe Ave., Lonsdale Ln.\*, Alta Vista Dr. (D3 regulator relocation), Lita Ln., Vista Grande Dr.\*, Warmlands Ave.\*, Montgomery Dr., Catalina Ave.\*, Friendly Dr.\*, Oak Dr.\*, San Clemente Way\*, Devon Pl., Kent Pl., Clarence Dr., York Dr., Nettleton Rd., Calle Maria, Via Christina, Olive Ave.\*, Green Hills Way, Elevado Rd. (Total length = 8.29 miles).
- Mainline Replacement Projects in planning (future projects): N. Citrus Ave.\*, E. Vista Way, Mason Rd., Lado De Loma, Eddy Dr., Camino Patricia, Camino Corto, Nordahl Rd.\*, HN Line-Gopher Canyon to Fairview Dr., Buena Creek Rd.\*, Robinhood Rd., Lower Ln., Easy St., Rancho Vista Rd., Bandini Place, McGavran Dr., Oro Avo Dr., Shale Rock, La Mirada, Crescent Dr., Descanso Ave., Mar Vista Dr., Miramar Dr., Camino Culebra\*, Camino Loma Verde\*, San Clemente Ave.\* (Total length = 8.50 miles).
- City of Vista Projects – (Paseo) South Santa Fe Streetscape Improvements: Phase II along South Santa Fe Avenue from Ocean View to Terrace Drive (CIP #8289); Phase III along South Santa Fe

- City of Vista Projects – (Paseo) South Santa Fe Streetscape Improvements: Phase II along South Santa Fe Avenue from Ocean View to Terrace Drive (CIP #8289); Phase III along South Santa Fe Avenue from Terrace Drive to Civic Center Drive (CIP #9291). Project currently in construction and District to continue inspecting water facilities installed by City’s contractor. (Total length = 0.77 miles).
- HB Reservoir Rehabilitation – negotiate scope of work and fee with Richard Brady and Associates for the design of the reservoir rehabilitation.
- Pechstein Reservoir Roof Evaluation – Richard Brady and Associates to begin design for short-term roof repairs.
- E Reservoir Replacement and Pump Station – Dudek to continue environmental assessment, geotechnical assessment, topographic survey and planning phase of the reservoir replacement and new pump station project.
- E43 Regulator Relocation and Upgrade – continue reviewing the draft pre-design and site evaluation report submitted by KEH and Associates.
- Water Supply Planning Study – begin negotiating scope of work and fee with the selected consultant.

\*Nipponite pipe

### OPERATIONS AND FIELD SERVICES

#### *December 2018*

- Water Quality Calls/Incidents for December – received three discolored/cloudy water calls. Two calls were determined to be private, and the other was related to a system shutdown. All were resolved with minor flushing.
- Assisted City of Escondido with welding repairs on Hellhole siphon.
- Completed mainline replacement of Nipponite pipe on Rosario Lane – installed approximately 700’ of 8” PVC pipe, 13 services and 1 hydrant lateral.
- Continued mainline replacement of steel and Nipponite pipe on Osborne Street – install approximately 3,200’ of various sizes of PVC pipe, 41 services and 5 hydrant laterals.

#### *January 2019*

- Continue mainline replacement of steel and Nipponite pipe on Osborne Street – install approximately 3,200’ of various size PVC pipe, 41 services and 5 hydrant laterals.
- Begin mainline replacement of steel and Nipponite pipe on Camino Ciego and Oak Knoll Drive – install approximately 2,000’ of various sizes of PVC pipe, 37 services and 2 hydrant laterals.

### Electrical Energy Use at VID Headquarters

#### November 2018

Description	Current Month Production	Average of Last 12 Months	Total, Fiscal Year-to-Date
	(kWh)	(kWh)	(kWh)
Solar Production (\$0.16 per kWh)	23,022	33,017	170,151
Power purchased from Direct Energy (\$0.05 per kWh)	19,592	15,942	95,753
<b>TOTAL ELECTRICAL ENERGY USE</b>	<b>42,614</b>	<b>48,959</b>	<b>265,904</b>



## WATER RESOURCES DIVISION

### VID Water Production

November 2018

Description	Current Month Production		Average Production of Last 12 Months		Total, Fiscal Year-to-Date
	(mgd)	(af)	(mgd)	(af)	(af)
<b><i>VID's EVWTP Water Production</i></b>					
Local Water	0.46	42.40	0.15	14.27	169.55
SDCWA Raw Water	2.47	227.50	10.14	947.19	4,839.00
<b>Subtotal (EVWTP Water Production)</b>	<b>2.93</b>	<b>269.90</b>	<b>10.29</b>	<b>961.46</b>	<b>5,008.55</b>
Oceanside Contract Water	3.01	276.70	1.63	151.27	842.50
SDCWA Treated Water	9.42	867.00	3.98	372.83	2,412.70
<b>TOTAL WATER PRODUCTION</b>	<b>15.36</b>	<b>1,413.60</b>	<b>15.90</b>	<b>1,485.55</b>	<b>8,263.75</b>

Lake Henshaw and Warner Ranch Wellfield statistics are summarized as follows:

#### **Lake Henshaw**

Storage as of December 31, 2018: 3,012 af (5.8% of 51,774 af capacity)  
 Current releases: 0 cfs  
 Change in storage for month of November: 377 af (gain)  
 Total releases for month of November: 0 af  
 Hydrologic year-to-date rain total: 7.4 inches (December 31, 2018)  
 Percent of yearly average rain: 31% (30-year average: 24.07 inches)  
 Percent of year-to-date average rain: 105% (30-year average through December: 7.02 in.)

#### **Warner Ranch Wellfield**

Number of wells running in November: 11  
 Total production for month of November: 495 af  
 Average depth to water table (November): 114 ft (see attached historical water table chart)

#### ***December 2018***

- Removed sand from Henshaw outlet tunnel and performed tunnel inspection.
- Met with San Diego Gas & Electric representatives to discuss distribution power pole replacements on the Warner Ranch.
- Attended South Coast Steelhead Coalition Meeting.
- Met with City of Escondido staff and consultant to receive update on design of the San Pasqual Undergrounding Project.
- Submitted draft Emergency Action Plan for Henshaw Dam to the California Office of Emergency Services.

#### ***January 2019***

- Coordinate Henshaw Emergency Action Plan responsibilities with downstream response agencies, including San Diego County Office of Emergency Services and Sheriff's Department.

**ATTACHMENTS:** Lake Henshaw Resort, Inc., Activity Reports – October 31, 2018  
 VID's Warner Wellfield – Water Table Depth vs. Monthly Wellfield Production

## ADMINISTRATION DIVISION

### *December 2019*

- The District's total water production for November 2018 was 1,414 acre-feet (AF) compared to 1,361 AF in 2013, representing a 4% increase.
- Conducted annual review of the District's Investment Policy as required by State law.
- Completed recruitments for Administrative Assistant, Cashier/Receptionist, Heavy Equipment Operator and System Operator positions. Ranae Ogilvie accepted a promotion to the Administrative Assistant position; Sandra Sanchez accepted a job offer for the Receptionist/Cashier position; Robert James accepted a job offer for the Heavy Equipment Operator position; and Matt Farrar accepted a promotion to the System Operator position.
- Began recruitments for Construction Worker and Welder/Equipment Operator positions.
- Coordinated annual Employee Appreciation Event.

### *January 2019*

- Distribute materials regarding the District scholarship program to local high schools. Post an electronic copy of the application materials on the website.
- Deliver 2019 Water Awareness Calendars to fourth grade classes. Invite teachers to schedule a classroom presentation regarding the upcoming poster contest. This year's theme is "Be Water Smart".
- Continue recruitments for Construction Worker and Welder/Equipment Operator positions.

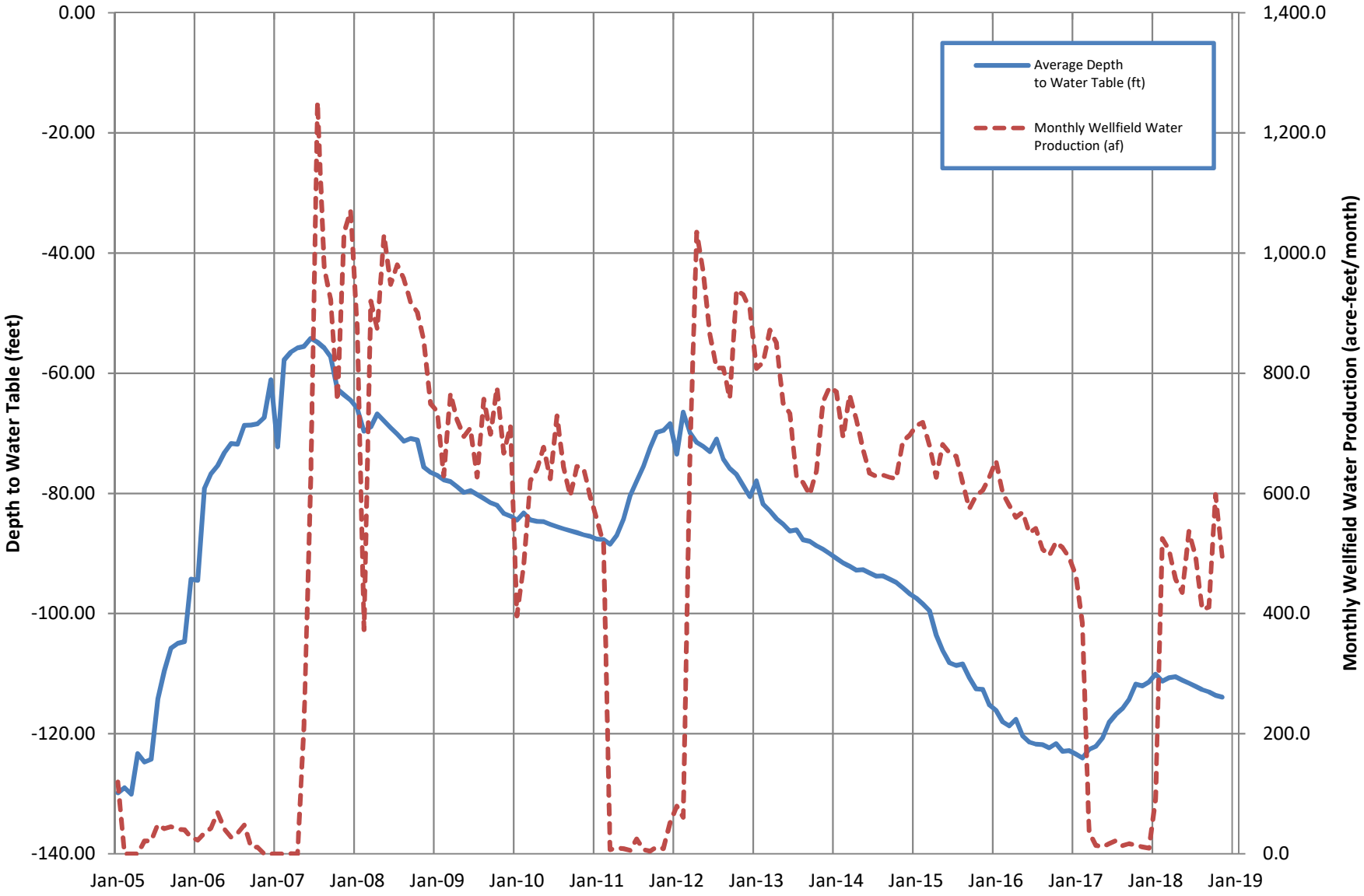


**LAKE HENSHAW RESORT, INC.  
ACTIVITY REPORT  
AS OF OCTOBER 31, 2018**

	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 Jun	2018 Jul	2018 Aug	2018 Sep	2018 Oct	12 MO AVG
Fishing Permits	381	377	136	196	195	238	630	949	694	670	355	454	234	427
Boat Launches	7	3	3	3	3	11	25	41	32	26	1	1	0	12
Motor Boats (full day rental)	13	16	9	15	14	7	40	42	57	32	29	19	0	23
Motor Boats (half day rental)	4	8	3	3	2	4	10	11	11	10	14	2	0	7
Campground/Head Count	485	72	84	31	76	272	602	1,598	813	1,977	1,178	351	282	611
Campground/Cars, Trucks, etc.	172	125	38	15	51	117	246	415	347	732	497	234	182	250
Campground/Recreational Vehicles	11	7	3	1	2	20	2	0	10	3	0	10	8	6
Mobile Home/Spaces	90	90	90	92	93	92	96	92	88	88	89	80	82	89
M.H.P. Daily (Visitors/Head Count)	39	56	62	46	36	37	38	87	86	78	78	72	63	62
M.H.P. (Residents/Head Count)	126	125	128	124	136	138	130	136	132	124	124	122	116	128
Storage	4	4	5	5	5	4	4	5	5	5	5	3	3	4
Cabins	283	217	168	174	168	247	206	210	213	210	237	194	114	197
Hunters	0	0	31	21	0	0	0	0	0	0	0	0	0	4

# VID's Warner Wellfield

## Water Table Depth vs. Monthly Wellfield Production



WELDING REPAIRS TO SIPHON  
PERFORMED BY VID STAFF

EXHIBIT A



WELDING REPAIRS TO SIPHON  
PERFORMED BY VID STAFF





## STAFF REPORT

Agenda Item: 11

Board Meeting Date:	January 9, 2019
Prepared By:	Shallako Goodrick
Reviewed By:	Marlene Kelleher
Approved By:	Brett Hodgkiss

SUBJECT: INVESTMENT POLICY UPDATE

RECOMMENDATION: Adopt Resolution No. 19-XX approving the attached investment policy.

PRIOR BOARD ACTION: The Board adopted the current investment policy on February 2, 2017.

FISCAL IMPACT: There is no fiscal impact associated with this recommendation.

SUMMARY: The District's investment policy is governed by the California Government Code (Code), Section 53600 et seq. Staff annually reviews the investment policy for changes deemed necessary due to changes in law or that are prudent and proper considering the current investment environment and the District's investment portfolio. Staff advises to continue to follow the primary objectives of the investment policy which in priority order are: 1) Safety, 2) Liquidity, and 3) Return on Investment (Yield).

Staff recommends modifying section 4.2.9(I), Mortgage Backed Securities (MBS) and Asset Backed Securities (ABS).

DETAILED REPORT: On January 1, 2019, California Assembly Bill (AB) 1770, which made a change related to maximum maturity requirements for securities, became effective. The bill provided clarification regarding the maximum maturity life for securities, requiring that these types of investments have a maximum maturity of 5 years or less. Currently, the District Investment Policy allows a final legal maturity of no longer than 7 years; staff recommends changing the allowable number of final legal maturity years from 7 to 5 to comply with the requirements of AB 1770.

The investment policy is part of the District's Rules and Regulations. The attached resolution approves revisions to the Rules and Regulations accordingly.

ATTACHMENTS: Draft resolution amending Rules and Regulations

RESOLUTION NO. 19-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF  
VISTA IRRIGATION DISTRICT  
AMENDING THE DISTRICT'S INVESTMENT POLICY

WHEREAS, on February 2, 2017 the Board of Directors of Vista Irrigation District adopted Resolution No. 17-07 approving an Investment Policy; and

WHEREAS, the Board of Directors desires to update the policy.

NOW, THEREFORE, BE IT RESEOLVED by the Board of Directors of Vista Irrigation District that the Board hereby approves the changes to the Investment Policy, Section 4.2 of the District's Rules and Regulations, as indicated in the attached.

PASSED AND ADOPTED by the following roll call vote of the Board of Directors for the Vista Irrigation District on this 9<sup>th</sup> day of January, 2019.

AYES:

NOES:

ABSTAIN:

ABSENT:

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\*\*\*, President

ATTEST:

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Lisa R. Soto, Secretary  
Board of Directors  
VISTA IRRIGATION DISTRICT



## 4.2 INVESTMENT POLICY

*Original Adoption Date:* July 3, 2007

*Action:* Amended by VID Board of Directors by Res. ~~17-07 19-XX~~ dated ~~2/2/17~~ 1/9/19

*Applicable Law/Code/Agency:* California Government Code, Section 53646

### 4.2.1 Policy

It is the policy of the Vista Irrigation District (District) to invest public funds in a manner that enhances its economic status while protecting its funds, providing for daily cash flow demands, and conforming to all state and local statutes governing the investment of the public funds.

Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

### 4.2.2 Purpose

The purpose of this policy is to establish acceptable parameters to protect, preserve, and maintain the cash and investments of the District's financial portfolio.

### 4.2.3 Scope

It is intended that this policy is to include all monetary instruments (including cash and cash equivalents) under the direct authority of the Board of Directors (Board), except for funds held by fiscal agents, for which separate investment objectives are specified and are accounted for in the District's audited financial statements.

### 4.2.4 Prudence

The District adheres to the guidance provided by the "prudent investor rule," which obligates a fiduciary to ensure that: "When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiar with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

### 4.2.5 Objective

The primary objectives, in priority order, of the District's investment activities are as follows:

- A. Safety: Safety of principal is the foremost objective of the investment program. It is the primary duty and responsibility of the District to protect, preserve and maintain cash and investments placed in its trust on behalf of the citizens of the community. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District shall evaluate or have evaluated each potential investment seeking both quality in the issuer and in underlying security or collateral. The District will diversify its investments by investing funds among a variety of securities offering independent returns in order to reduce exposure to principal loss.
- B. Liquidity: In order to remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated, an adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary. Emphasis should be on marketable securities with low sensitivity to market risk.
- C. Return on Investments (Yield): The investment portfolio shall be designed with the objective of attaining a market rate of return throughout economic cycles, taking into account the investment risk constraints and liquidity needs. Yield should become a consideration only after the basic requirements of safety and liquidity have been met, and therefore is of the least importance when compared to safety and liquidity.

#### 4.2.6 Delegation of Authority

In accordance with California Government Code Section 53601, the authority to invest public funds is expressly held under the authority of the Board. In accordance with California Government Code Section 53607, the Board is authorized to delegate the authority and responsibility for the day-to-day operations of investing and reinvesting District funds, as deemed appropriate.

- A. Investment Authority and Procedures: The Board has granted the authority of the management and operation of the investment program to the Treasurer and Assistant Treasurers who shall carry out established written procedures and internal controls of the program consistent with this investment policy.

#### 4.2.7 Ethics and Conflicts of Interest

Directors, Treasurer, Assistant Treasurers, and all employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally, the Treasurer and Assistant Treasurers are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission.

#### 4.2.8 Authorized Financial Dealers and Institutions

Should the District decide to use a Broker/Dealer who is authorized to provide investment services in the State of California, the Dealer/Broker must be approved by the Board of Directors. At that time, an approved Broker/Dealer list will be created and maintained by the Treasurer, which will be reviewed and affirmed by the Board annually. The Treasurer will obtain and have on file the latest audited financials of all approved Broker/Dealers. Each approved Broker/Dealer who desires to become a qualified bidder for investment transactions must supply the District with most recent audited financial statements, proof of National Association of Security Dealers Certification, trading resolution, proof of state registration, completed Broker/Dealer questionnaire, certification of having read the District's investment policy, and depository contracts. In addition, each Broker/Dealer will have a minimum of \$100 million in net capital or act as an introducing broker for a firm that meets the above requirement. All exceptions to the net capital rule will be subject to approval by the Board of Directors.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer. Competitive bidding is required for all investment transactions that are not classified as "new issue" securities. For the purchase of non-new issue securities and the sale of all securities, at least two bidders must be contacted.

#### 4.2.9 Authorized and Suitable Investments

The District is governed by the California Government Code, Sections 53600 et seq. Within the context of these limitations, the following investments are authorized:

- A. Local Government Investment Pools (LGIP): District investments in one LGIP shall not exceed 40% of the District's total available investment capital. All LGIP's, except the Local Agency Investment Fund (LAIF) of the State of California, must maintain an AA or higher rating by a nationally recognized statistical rating organization. The District must adopt a resolution prior to investing in any LGIP, except the LAIF. All LGIP's, except the LAIF, must maintain a net asset value of \$1.00 per share and distribute interest monthly. All LGIP's shall have retained an investment adviser that meets all of the following criteria:
  - (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
  - (2) The adviser has not less than five years of experience investing in authorized securities.
  - (3) The adviser has assets under management in excess of \$500 million.

Investments in LAIF may be made up to the maximum amount permitted by State Law as long as the total investment in LAIF does not exceed 40% of the District's total available investment capital.

- B. FDIC-insured institutions' Certificates of Deposit, and Savings Accounts: District investments shall not exceed 40% of the District's total available investment capital, or more than 20% in a single FDIC-insured financial institution. Negotiable CD's of A1/P1 rated financial institutions are subject to separate limitations.
- C. Corporate Medium Term Notes (MTNs): District investments shall not exceed 20% of the District's total available investment capital. The maturity of MTNs will not exceed 5 years. The investment in one issuer will not exceed 5% of the District's total available investment capital. An MTN eligible for investment shall be rated in the minimum rating category of "A" by Moody's Investor Service or Standard & Poor's. There will be no investments in corporate medium term notes without prior Board approval.
- D. U.S. Government Bills, Notes, Bonds and Treasury Strips: There will be no limit to the amount of the investment portfolio in these instruments. Maturity will be limited to 5 years unless offset by a long term liability. All investments over 5 years will state the liability which they offset.
- E. U.S. Government Agency/Instrumentalities other than above: District investments shall not exceed 40% of the District's total available investment capital. Maturity will be limited to 5 years unless offset by a long term liability. All investments over 5 years will state the liability which they offset.
- F. Bankers' Acceptances: The District may invest in bankers' acceptances (California Government Code Section 53601(g)). Purchases of bankers' acceptances will be limited to FDIC insured banks with a minimum of "A" ratings by Moody's Investor Service or Standard & Poor's. The maximum investment maturity will be restricted to 180 days. No more than 25% of the District's total portfolio may be invested in Banker's Acceptances and single-issuer holdings will be limited to 5% per issuer. There will be no investments in Bankers' Acceptances without prior Board approval.
- G. Commercial Paper: The District may invest in the highest grade of commercial paper as rated by Moody's Investors Service and Standard & Poor's (California Government Code Section 53601 (h)). The commercial paper may only be issued by a general corporation that is organized and operating within the United States, has total assets in excess of \$500 million, and has debt other than commercial paper that is rated "A" or higher by Moody's Investor Service or Standard & Poor's. Purchases shall not exceed 10% of the outstanding paper of the issuing general corporation. Maximum investment maturity will be restricted to 270 days. Maximum portfolio exposure is limited to 25% of the District's total investment portfolio and single-issuer holdings will be limited to no more than 5% per issuer. There will be no investments in commercial paper without prior Board approval.

- H. Negotiable Certificates of Deposit (NCD's): Investment limitations will be the same as money market instruments except for maturity. Maturity will not exceed 5 years. NCD's with a maturity in excess of 1 year will have a long term rating of A-/A3. Investment in one issuer will not exceed 5% of the District's total available investment capital. There will be no investment in negotiable certificates of deposit without prior Board approval.
  
- I. Mortgage Backed Securities (MBS) and Asset Backed Securities (ABS): MBS and ABS will not exceed 10% of the District's total available investment capital. Average life of the security will not exceed 5 years with a final legal maturity of no longer than ~~7~~ 5 years. Credit ratings will be AAA/aaa. There will be no investments in mortgage backed securities or asset backed securities without prior Board approval.
  
- J. Mutual Funds: Mutual Funds will be limited to Money Market Funds with a Net Asset Value of \$1.00. Each Money Market Fund will have assets of a minimum of \$500 million. Only "No Load" Money Market Funds are eligible for investment. District investments shall not exceed 20% of the District's total available investment capital, or more than 10% in a single Money Market Fund. All Money Market Funds must maintain the highest rating by not less than two nationally recognized statistical rating organizations or retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.

#### 4.2.10 Investment Pools/Mutual Funds

Government sponsored investment pools and mutual funds are to be carefully reviewed prior to investing and are to be monitored on an ongoing basis. Requisite information relating to investment pools and mutual funds are to be regularly reviewed by the District and includes the following:

1. Investment policy and objectives;
2. List of allowable investments;
3. Disclosure for settlement and safeguarding of investments;
4. Description of securities pricing and accounting compliance;
5. Explanation of interest calculations, distributions, disclosures;
6. Deposit and withdrawal restrictions; and,
7. Disclosure of audit findings and reports.

#### 4.2.11 Collateralization

Collateralization shall be required on demand deposits, certificates of deposit, and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, a minimum collateralization level is required.

State law regarding collateralization of deposits of public funds requires that securities be held by an agent (i.e. a trust company) of the bank, which may include the bank's trust department only if acceptable to both the bank and the Treasurer, pursuant to California Government Code Section 53656 and 53658. Under the provisions of California Government Code Section 53652, banks are required to secure the deposits of public funds, including certificates of deposits, by: a) pledging government securities with a value of 110 percent of the principal and accrued interest; b) pledging first trust deed mortgage notes having a value 150 percent of the total agency deposit; or c) a letter of credit drawn on the Federal Home Loan Bank of 105 percent of the total agency deposit. Deposits must be secured at all times with eligible securities pursuant to section 53651.

Collateralization of repurchase agreements must be at least 102 percent of the market value of principal and accrued interest. Collateral must consist of U.S. Treasury obligations or U.S. Agency obligations. Other specific requirements on repurchase agreements must be addressed in a master repurchase agreement between the District and the financial institution or broker/dealer.

#### 4.2.12 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the District shall be held in safekeeping by a third party bank trust department that has been designated by the Treasurer, acting as agent for the District under the terms of a custody agreement. All trades executed by a dealer will settle through the District's safekeeping agent as evidenced by safekeeping receipts.

#### 4.2.13 Diversification

The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security type or individual financial institutions. In a diversified portfolio, it must be recognized that measured losses are possible, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

#### 4.2.14 Maximum Maturities

To the extent possible, the District will make every effort to match its investments with anticipated cash flow requirements. Matching maturities with cash flow dates will reduce the need to sell investments prior to maturity, thus reducing the market risk.

Express authority is granted to invest in investments with term to maturity of greater than five years with a maximum term of ten years, provided the investments are in accordance with stated policy and total investments shall not exceed the amount of long term liabilities outstanding. Investments exceeding 5 years will be matched with a corresponding liability.

#### 4.2.15 Internal Control

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by the Treasurer and Assistant Treasurers.

Accordingly, the Treasurer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

1. Control of collusion. Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. Separation of transaction authority from accounting and record keeping. By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a separation of duties is achieved.
3. Custodial safekeeping. Securities purchased from any bank or dealer, including appropriate collateral (as defined by State Law), shall be placed with an independent third party for custodial safekeeping.
4. Avoidance of physical delivery of securities. Book-entry securities are much easier to transfer and track since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. Clear delegation of authority. The Investment Officers must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. Written confirmation of transactions for investments and wire transfers. Confirmations of trades will be mailed directly to the Treasurer. Confirmations will be checked against pending trades as soon as received. Any discrepancies will be immediately reported to the trade counter party and resolved. All investments and wire transfers will be approved by the Treasurer. In the absence of the Treasurer, an Assistant Treasurer may approve investments and wire transfers. However, upon the return of the Treasurer, the Treasurer will sign and re-approve all trade tickets and wires.

#### 4.2.16 Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The objective of the portfolio should be to obtain a stable rate of return taking into consideration economic constraints commensurate with investment risk and cash flow requirements. Portfolio performance should be compared to appropriate benchmarks on a regular basis, as determined by the Treasurer.

- A. Market Yield. The District's investment strategy is passive (buy and hold). Given this strategy, the 52-week US Treasury Bill is used by the Treasurer as the basis to determine whether market yields are being achieved.

A statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that the minimal amount of review has been performed on the investment portfolio in terms of value and subsequently price volatility.

#### 4.2.17 Reporting

The Treasurer shall submit to the Board a quarterly (or more frequently if so directed by the Board) report of the investment portfolio. This report will allow the Board to ascertain whether investment activities during the reporting period have conformed to the investment policy and as a minimum will include the following:

1. The type of investment, name of issuer, date of maturity, par and dollar amount invested in each security, investment, and money within the portfolio.
2. The weighted average maturity of the investments within the portfolio.
3. Any funds, investments, or programs, including loans that are under management of contracted parties.
4. The market value as of the date of the report, and the source of this valuation for any security within the portfolio.
5. A description of the compliance with the statement of investment policy.
6. A statement of the ability (or lack of) to meet six (6) months cash flow needs. If the answer is not affirmative, a statement as to why there may not be sufficient funds available and a proposed course of action to correct the insufficiency.

#### 4.2.18 Investment Policy Adoption

In accordance with California Government Code Section 53646, the investment policy shall be reviewed and submitted to the Board in order to incorporate any changes necessary to



ensure its consistency and relevance to current laws, and financial and economic trends. Any additions, deletions and/or changes to this Investment Policy must always be reviewed and approved by the Board at a public meeting.

#### 4.2.19 Glossary of Terms

Agencies — Federal agency securities and/or Government-sponsored enterprises.

Asked — The price at which securities are offered.

Bankers Acceptance (BA) — A draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark — A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid — Price a prospective buyer is ready to pay.

Broker/Dealer — Individual or firm acting as principal in securities transaction.

Callables — Securities that the issuer has the right to redeem prior to maturity.

Certificates of Deposit (CD) — A time deposit with a specific maturity evidenced by a certificate.

Collateral — Securities pledged to secure repayment of a loan.

Commercial Paper — The short-term unsecured debt of corporations, with maturities of no longer than 270 days.

Comprehensive Annual Financial Report (CAFR) — An expanded annual financial report. It includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material and a detailed statistical section.

Coupon — a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; b) A certificate attached to a bond evidencing interest due on a payment date.

Custody — A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the treasurer.

Debenture — A bond secured only by the general credit of the issuer.

**Delivery vs. Payment** — There are two methods of delivery of securities: Delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with a simultaneous exchange of money. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Discount** — The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**Discount Securities** — Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

**Diversification** — Dividing investment funds among a variety of securities offering independent returns.

**Federal Credit Agencies** — Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

**Federal Deposit Insurance Corporation (FDIC)** — A federal agency that insures bank deposits, currently up to \$100,000.00 per deposit.

**Federal Funds Rate** — The rate of interest associated with borrowing a Federal Reserve bank's excess reserves. This rate is currently pegged by the Federal Reserve through open-market operations.

**Federal Home Loan Banks (FHLB)** — Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, draft institutions, credit unions and insurance companies.

**Federal National Mortgage Association (FNMA or Fannie Mae)** — A publicly owned government sponsored corporation chartered in 1938 to purchase mortgages from lenders and resell them to investors. FNMA is a federal corporation working under the auspices of the Department of Housing (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

**Federal Open Market Committee (FOMC)** — A committee that sets interest rate and credit policies for the Federal Reserve System, the United States' central bank. The FOMC has 12 members. Seven are the members of the Federal Reserve Board, appointed by the President of the United States. The other five are presidents of the 12 regional Federal Reserve banks. Of the five, four are picked on a rotating basis; the other is the president

of the Federal Reserve Bank of New York, who is a permanent member. The committee decides whether to increase or decrease interest rates through open market operations of buying or selling government securities. The committee's decisions are closely watched and interpreted by economists and stock and bond market analysts, who try to predict whether the Fed is seeking to tighten credit to reduce inflation or to loosen credit to stimulate the economy.

**Federal Reserve System** — System established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (the Fed) is comprised of 12 regional Federal Reserve Banks, their branches, and all national and state banks that are a part of the system. The Federal Reserve System's main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for transfer of funds throughout the banking system, and examine member banks to make sure they meet various Federal Reserve regulations.

**Government National Mortgage Association (GNMA or Ginnie Mae)** — A government-owned corporation, nicknamed Ginnie Mae, which is an agency of the U.S. Department of Housing and Urban Development. Security holders are protected by the full faith and credit of the U.S. government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass throughs" is often used to describe Ginnie Maes.

**Intermediate Maturity** — Investment period greater than one year but less than five years and one day.

**Liquidity** — The ability to turn an asset into cash. The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

**Local Agency Investment Fund (LAIF)** — The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**Long-Term Maturity** — Investment period greater than five years.

**Long-Term Investment** — Maturity on investment greater than five years, as of the date of purchase.

**Market Value** — The price at which a security is trading, usually the liquidation value.

**Master Repurchase Agreement** — A written contract covering all future transactions between the parties to repurchase reverse repurchase agreements that establish each party's rights in the transactions. A master repurchase agreement will often specify the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**Maturity** — The date upon which the principal or stated value of an investment becomes due and payable.

Money Market — The market in which short-term debt instruments (Treasury bills, commercial paper, bankers acceptances, etc.) are issued and traded.

Mutual Fund – An entity which pools the funds of investors and invests those funds in a set of securities which are specifically defined in the fund’s prospectus. Mutual funds can be invested in various types of securities, as set forth in individual fund’s prospectus.

Negotiable Certificate of Deposit (NCD) – A large denomination (\$100,000 and larger) certificate of deposit that is issued in bearer form and that can be traded in the secondary market. Due to their large denominations, NCDs are bought most often by large institutional investors.

Offer — Price at which someone who owns a security offers to sell it, also known as the asked price.

Open Market Operations — Activities by which the Securities Department of the Federal Reserve Bank of New York, popularly called the desk, carries out instructions of the Federal Open Market Committee designed to regulate the money supply. Open market operations are the Federal Reserve’s most important and most flexible monetary policy tool.

Portfolio — Collection of securities held by an investor.

Primary Dealer — Investment dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Federal Open Market Operations. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

Qualified Investment — An investment instrument which is approved by this policy or pursuant to procedures set forth in this policy.

Range Note — An investment instrument that pays a high interest rate, if a given index falls within a stipulated range, but pays no interest if the stipulated index falls outside that range.

Rate of Return — The yield obtainable on a security based on its purchase price or its current market price.

Safety — The ability of a security issuer to guarantee redemption of the security.

Safekeeping — See custody.

Secondary Market — A market for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission — Agency created by Congress to protect investors

in securities transactions by administering securities legislation.

SEC Rule 15C3-1 — See Uniform Net Capital Rule.

Short-term Maturities — Investment period of one year or less.

Treasury Bills — A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in 13 weeks, 26 weeks, or 52 weeks.

Treasury Bonds — Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

Treasury Notes — Medium-term coupon bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to ten years.

Treasury Strips – Treasury Strips are treasury notes and treasury bonds whose interest and principal portions of the security have been separated, or “stripped”; these may then be sold separately (in units of \$100 face value) in the secondary market. The name derives from the days before computerization, when paper bonds were physically traded; traders would literally tear the interest coupons off of paper securities for separate resale.

Uniform Net Capital Rule — Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members.

Yield — Percentage rate of interest received versus the purchase price of the instrument if held to maturity.



**STAFF REPORT**

**Board Meeting Date:** January 9, 2019  
**Prepared By:** Lisa Soto  
**Approved By:** Brett Hodgkiss

SUBJECT: CONFLICT OF INTEREST CODE REVISIONS

RECOMMENDATION: Adopt Resolution No. 19-XX amending the Vista Irrigation District’s Conflict of Interest Code.

PRIOR BOARD ACTION:

8/15/18 Adopted Resolution No. 18-24 amending the Vista Irrigation District’s (District) Conflict of Interest Code.

FISCAL IMPACT: None.

SUMMARY: Section 87306.5 of the Government Code requires all local agencies in California to review their conflict of interest code in each even-numbered year, as well as whenever amendments are necessary. Agencies’ revised conflict of interest codes must be approved by the County Board of Supervisors, and they become effective 30 days after Board of Supervisors’ approval.

DETAILED REPORT: As the result of recent staffing changes, a detailed review of the District’s Conflict of Interest Code (Code) has been conducted. Under “Officials Who Manage Public Investments” (page 4 of the Code), revisions are recommended to reflect the elimination of two positions, “Assistant General Manager” and “Finance Manager”, and the addition of the “Director of Administration” position.

Under “Designated Positions (Staff)” (page 6 of the Code), revisions are recommended to reflect the addition of the “Director of Operations and Field Services” position, which has taken the place of the “Operations and Field Services Manager” position and the elimination of the “Customer Service Manager” position. Also recommended is the addition of the “Executive Assistant” position, which has assumed new duties related to District travel.

ATTACHMENTS:

- Draft resolution adopting amended Conflict of Interest Code
- Amended Conflict of Interest Code

RESOLUTION NO. 19-XX  
RESOLUTION OF THE BOARD OF DIRECTORS OF  
VISTA IRRIGATION DISTRICT  
ADOPTING AN AMENDED CONFLICT OF INTEREST CODE

WHEREAS, the Legislature of the State of California enacted the Political Reform Act of 1974, Government Code Section 81000 et seq. (the “Act”), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Vista Irrigation District and requires all public agencies to adopt and promulgate a Conflict of Interest Code; and

WHEREAS, the Board of Directors of the Vista Irrigation District adopted a Conflict of Interest Code (the “Code”) which was amended on August 15, 2018, in compliance with Government Code Section 81000, et seq.; and

WHEREAS, subsequent changed circumstances with the Vista Irrigation District have made it advisable and necessary, pursuant to Sections 87306 and 87307 of the Act, to amend and update the District’s Code; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which would result in the Vista Irrigation District being restrained or prevented from acting in cases where provisions of the act may have been violated; and

WHEREAS, a public meeting was held on the proposed amended Conflict of Interest Code at the regular meeting of the Board of Directors on January 9, 2019, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Vista Irrigation District that the Board of Directors does hereby adopt the proposed amended Conflict of Interest Code, attached hereto. A copy of the revised code is attached hereto and shall be filed with the District Secretary and available for inspection to the public.

BE IT FURTHER RESOLVED that Resolution No. 18-24 adopting the Amended Conflict of Interest Code on August 15, 2018 is rescinded upon the adoption of said amended Code;

BE IT FURTHER RESOLVED that the said amended Conflict of Interest Code shall be submitted to the Board of Supervisors of the County of San Diego for approval and said amended Code shall become effective 30 days after the Board of Supervisors approves the amended Code as submitted.

PASSED AND ADOPTED this 9<sup>th</sup> day of January 2019, by the following roll call vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
\*\*\*, President

ATTEST:

\_\_\_\_\_  
Lisa R. Soto, Secretary  
Board of Directors  
VISTA IRRIGATION DISTRICT



**CONFLICT OF INTEREST CODE**  
(Amended ~~August 15, 2018~~ January 9, 2019)

Vista Irrigation District  
1391 Engineer Street  
Vista, California 92081  
(760) 597-3100



**CONFLICT OF INTEREST CODE  
OF THE  
VISTA IRRIGATION DISTRICT  
COUNTY OF SAN DIEGO**  
*(Amended ~~August 15, 2018~~ January 9, 2019)*

The agency designated above hereby submits the following Conflict of Interest Code to the Board of Supervisors of the County of San Diego.

Dated: ~~August 15, 2018~~ January 9, 2019 Lisa R. Soto, Secretary  
Board of Directors  
VISTA IRRIGATION DISTRICT

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Received on behalf of the Board of Supervisors of the County of San Diego.

Dated: \_\_\_\_\_ DAVID HALL  
Clerk of the Board of Supervisors

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The following Conflict of Interest Code, having been submitted by the agency designated above, was approved by order of the Code Reviewing Body on \_\_\_\_\_.

Other action, if any:

DAVID HALL  
Clerk of the Board of Supervisors

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**CONFLICT OF INTEREST CODE  
OF THE  
VISTA IRRIGATION DISTRICT**  
(Amended ~~August 15, 2018~~ January 9, 2019)

The Political Reform Act of 1974 (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission (FPPC) has adopted a regulation (2 Cal. Code of Regs. Sec. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, the regulation may be amended by the FPPC to conform to amendments in the Political Reform Act.

Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the Conflict of Interest Code of the Vista Irrigation District.

All officials required to submit a statement of economic interests shall file their statements with the Secretary of the Vista Irrigation District as the District's Filing Officer. The Filing Officer shall make and retain a copy of all statements filed by members of the Board of Directors, Treasurer, Assistant Treasurer and the General Manager and forward the originals of these statements to the Clerk of the San Diego County Board of Supervisors. The Vista Irrigation District shall retain statements for all other designated employees. The Filing Officer will make all retained statements available for public inspection and reproduction (Gov. Code Section 81008).

Adopted by the Board of Directors of the Vista Irrigation District on the ~~15<sup>th</sup>~~9<sup>th</sup> day of ~~August 2018~~ January 2019.

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Lisa R. Soto, Secretary  
Board of Directors  
VISTA IRRIGATION DISTRICT

**CONFLICT OF INTEREST CODE  
OF  
VISTA IRRIGATION DISTRICT**  
*(Amended ~~August 15, 2018~~ January 9, 2019)*

*APPENDIX*

**OFFICIALS WHO MANAGE PUBLIC INVESTMENTS**

District officials who manage public investments, as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the District's Code, but are subject to disclosure requirements of the Act (Government Code Section 87200 et seq.). [Regs. 18730(b)(3)] These positions are listed here for informational purposes only.

It has been determined that the positions listed below are other District officials who manage public investments:

Member of Board of Directors  
General Manager  
~~Assistant General Manager~~  
Treasurer  
Assistant Treasurer  
~~Finance Manager~~  
Financial Consultants  
Director of Administration

**DESIGNATED POSITIONS**  
*GOVERNED BY THE CONFLICT OF INTEREST CODE*

The Treasurer, Assistant Treasurer, and all District officials who manage the investment of public funds are included in and governed by this Conflict of Interest Code only with respect to its disqualification provisions. For purposes of disclosure, the Treasurer, Assistant Treasurer, and all District officials who manage the investment of public funds are governed by the statutory conflict of interest provisions of Article 2 of Chapter 7 of the Political Reform Act of 1974 (Government Code Section 87200, et seq.)

The persons holding positions listed below are "designated employees" who are subject to the provisions of this Code. Each such designated employee is required to disclose interests only in those categories set forth, which are identified by the numbers following his or her title.

Disclosure Categories

The disclosure categories listed below identify the types of investments, business entities, sources of income, or real property that the designated employee must disclose for each disclosure category to which he or she is assigned.

Category 1: All investments and business positions in, and sources of income from, all business entities that do business or own real property within the jurisdiction of the District, plan to do business or own real property within the jurisdiction of the District within the next year or have done business or owned real property within the jurisdiction of the District within the past two years.

Category 2: All interest in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District.

Category 3: All investments and business positions in, and sources of income from, business entities subject to the regulatory, permit or licensing authority of the Designated Employee's Department, will be subject to such authority within the next year or have been subject to such authority within the past two years.

Category 4: All investments in, and sources of income from, business entities that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District, plan to engage in such activities within the jurisdiction of the District within the next year or have engaged in such activities within the jurisdiction of the District within the past two years.

Category 5: All investments and business positions in, and sources of income from, business entities that are banking, savings and loan or other financial institutions.

Category 6: All investments and business positions in, and sources of income from, business entities that provide services, supplies, materials, machinery or equipment of a type purchased, leased, used, or administered by the Designated Employee's Department or by the District.

<u>Designated Positions (Staff)</u>	<u>Disclosure Categories</u>
Administrative Assistant	6
Construction Supervisor	6
<del>Customer Service Manager</del>	<del>1, 2, 5, 6</del>
Customer Service Supervisor	6
Director of Engineering	1, 2, 3, 4, 5, 6
Director of Water Resources	1, 2, 4, 6
Engineering Inspector	2, 3, 4, 6
Engineering Services Manager	2, 3, 4, 6
Engineering Project Manager	1, 2, 4, 6
<del>Executive Assistant</del>	<del>6</del>
Facilities Supervisor	6
Finance Supervisor	1, 2, 5, 6
<del>Director of Operations and Field Services Manager</del>	<del>1, 2, 4, 6</del>
General Counsel, Special Counsel, Attorney	1, 2, 3, 4, 5, 6
Human Resources Manager	1, 2, 5, 6
Information Technology Supervisor	1, 2, 5, 6
Inventory Control Clerk	6
Management Analyst	1, 2, 6
Purchasing Agent	6
Safety/Risk Manager	6
Senior Equipment Mechanic	6
System Controls Supervisor	6
Water Distribution Supervisor	6
Water Resources Specialist	1, 2, 6
Water Resources Supervisor	6

<u>Designated Positions (Consultants)*</u>	<u>Disclosure Categories</u>
Appraisers	1, 2, 4, 6
Real Estate Brokers	1, 2, 4, 6

\*Consultants shall be included in the list of Designated Positions and shall disclose pursuant to the disclosure categories listed. If not listed, consultants shall disclose pursuant to the broadest disclosure category in this code, subject to the following limitation:

The General Manager may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this Section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.



**Agenda Item: 13**

**STAFF REPORT**

**Board Meeting Date: January 9, 2019**  
**Prepared By: Brett Hodgkiss**

**SUBJECT:** MATTERS PERTAINING TO THE ACTIVITIES OF THE SAN DIEGO COUNTY WATER AUTHORITY

**SUMMARY:** Informational report by staff and directors concerning the San Diego County Water Authority. No action will be required.



Our Region's Trusted Water Leader  
**San Diego County Water Authority**

## **SUMMARY OF FORMAL BOARD OF DIRECTORS' MEETING December 6, 2018**

- 9-1. Amendment 3 to the services contract with Baker Electric, Inc., for electrical preventative maintenance, inspection, testing, and repair services.  
The Board authorized the General Manager to approve Amendment 3 with Baker Electric, Inc., for \$400,000 to provide additional electrical preventative maintenance, inspection, testing, and repair services, increasing the contract amount from \$965,000 to \$1,365,000.
- 9-2. Construction contract with Kiewit Infrastructure West, Inc., for the Northern First Aqueduct Structures and Lining Rehabilitation Project.  
The Board authorized the General Manager to award a construction contract to Kiewit Infrastructure West, Inc., in the amount of \$30,400,000 for the Northern First Aqueduct Structures and Lining Rehabilitation Project.
- 9-3. Resolution setting preliminary, informal terms and conditions for the Lakeside Water District's proposed Yerba Valley Annexation.  
The Board adopted Resolution No. 2018-21 establishing preliminary, informal terms and conditions for the Lakeside Water District's proposed Yerba Valley Annexation, and requesting that the Metropolitan Water District of Southern California set formal terms and conditions.
- 9-4. Contract Amendments for Hawkins Delafield & Wood LLP, Clean Energy Capital Securities and Louis Berger Group associated with the Lewis Carlsbad Desalination Plant Intake Modifications Project.
- a. The Board authorized the General Counsel to amend the legal services agreement with Hawkins Delafield & Wood LLP as special counsel to include new transactional legal work for the Claude "Bud" Lewis Carlsbad Desalination Plant (CDP) project intake and discharge system modifications phased implementation. This will add \$318,000 to the contract, increasing the authorized cumulative amount from \$180,000 to \$498,000.
  - b. The Board authorized the General Manager to amend the professional services contract with Clean Energy Capital Securities LLC to include work for the CDP project intake and discharge system modifications phased implementation. This will add \$257,500 to the contract, increasing the authorized cumulative amount from \$140,000 to \$397,500 and extend the term from its current end date of December 31, 2018 to June 30, 2020.
  - c. The Board authorized the General Manager to amend the professional services contract with Louis Berger Group to include work for the CDP project intake and discharge system modifications phased implementation. This will add \$250,400 to the contract, increasing the authorized cumulative amount from \$1,287,692 to \$1,538,092 and extend the term from its current end date of December 31, 2018 to June 30, 2021.
- 9-5. Monthly Treasurer's Report on Investments and Cash Flow.  
The Board noted and filed the Treasurer's report.

- 9-6. Vote Entitlement and Representation Resolution for Calendar Year 2019.  
The Board adopted Resolution No. 2018-22 establishing the vote and representative entitlements of each member agency effective January 1, 2019.
- 9-7. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2019.  
The Board adopted the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2019.
- 9-8. Approve the Refinancing of the Claude "Bud" Lewis Carlsbad Desalination Project Conveyance Pipeline and approve related debt management activities.
- a. The Board adopted Resolution No. 2018- 23 approving the refunding of California Pollution Control Financing Authority \$203,215,000 Water Furnishing Revenue Bonds, Series 2012 (San Diego County Water Authority Desalination Project Pipeline) via a negotiated sale; a Preliminary Limited Offering Memorandum, a Bond Purchase Agreement and other documents and agreements necessary to accomplish tax exempt project refinancing through the California Pollution Control Financing Authority (CPCFA); and
  - b. The Board approved the amendment to the Legal Services Agreement with Polsinelli LLP, Bond Counsel to increase the amount by \$175,000 from \$344,000 for as-needed services, Pipeline Refunding bond counsel services and disclosure counsel services to \$519,685.
  - c. The Board approved the amendments to the Financial Advisory Services agreements with Montague DeRose and Associates, LLC and Acacia Financial Group, Inc to increase the amount by \$260,000, from \$976,250 for Carlsbad Desalination debt and debt refinancing transaction fees to \$1,236,250.
- 9-9. Water Conservation Authority Amended and Restated Joint Powers Agreement.  
The Board approved the Amended and Restated Joint Powers Agreement creating the Water Conservation Authority. Authorize the Water Authority's representative to the Water Conservation Authority to sign the final agreement on behalf of the Water Authority Board of Directors.
- 9-10. Proposed 2019 Legislative Policy Guidelines.  
The Board adopted the proposed 2019 Legislative Policy Guidelines.
- 9-11. Water Authority Sponsorship of Legislation in the 2019 State Legislative Session.  
The Board approved to sponsor or co-sponsor the following legislative proposals:
- Legislative Proposal #1 to seek grant eligibility for public-private partnership projects, like the Carlsbad desalination intake facility.



- Legislative Proposal #2 to create opportunities for bulk energy storage projects to advance as transmission assets to improve grid reliability.
- Legislative Proposal #3 to provide a path of reciprocity for military veterans to apply their skills and experiences toward water and wastewater system operation certifications.

9-12. Audit Committee Annual Report.

The Board accepted and filed the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066 and the Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2018.

9-13. Defer Biennial Review of Representatives to the Metropolitan Water District of Southern California to the January 24, 2019 Board meeting.

The Board approved deferral of the Biennial review of representatives to the Metropolitan Water District of Southern California to the January 24, 2019 Board meeting.



## **STAFF REPORT**

**Agenda Item: 14.A**

**Board Meeting Date: January 9, 2019**  
**Prepared By: Lisa Soto**  
**Approved By: Brett Hodgkiss**

**SUBJECT:** REPORTS ON MEETINGS AND EVENTS ATTENDED BY DIRECTORS

**SUMMARY:** Directors will present brief reports on meetings and events attended since the last Board meeting.



**STAFF REPORT**

**Agenda Item: 14.B**

**Board Meeting Date: January 9, 2019**  
**Prepared By: Lisa Soto**  
**Approved By: Brett Hodgkiss**

**SUBJECT:** SCHEDULE OF UPCOMING MEETINGS AND EVENTS

**SUMMARY:** The following is a listing of upcoming meetings and events. Requests to attend any of the following events should be made during this agenda item.

	<b>SCHEDULE OF UPCOMING MEETINGS AND EVENTS</b>	<b>ATTENDEES</b>
1 *	<b>Council of Water Utilities Meeting</b> <i>Jan. 15, 2019 – Hotel Karlan San Diego</i> <i>Reservation deadline: 1/10/19</i>	Dorey
2 *	<b>State of the Community Luncheon</b> <i>Jan. 28, 2019 – 11:00 a.m. – 1:00 p.m. – Vista Civic Center</i> <i>Reservation deadline: None</i>	
3 *	<b>Council of Water Utilities Meeting</b> <i>Feb. 19, 2019 – Hotel Karlan San Diego</i> <i>Reservation deadline: 2/14/19</i>	
4	<b>Urban Water Institute’s Spring Water Conference</b> <i>Feb. 27-Mar.1, 2019 – Hilton Palm Springs Hotel</i> <i>Registration deadline: 2/13/19</i>	
5	<b>Lower Colorado River Tour</b> (Water Education Foundation) <i>Feb. 27-Mar.1, 2019 – Starts in Las Vegas and ends at Ontario Airport</i> <i>Reservation deadline: 2/6/19</i>	
6	<b>State Water Project/Bay Delta</b> (SDCWA/MWD) <i>Mar. 16-17, 2019 – Sacramento</i> <i>Reservation deadline: Not open yet</i>	
7	<b>Santa Ana River Watershed Conference</b> (Water Education Foundation) <i>Mar. 29, 2019 – Cal State Fullerton University Conference Center</i> <i>Registration deadline: TBD</i>	
8	<b>California Water Policy Conference</b> <i>Apr. 4-5, 2019 – Courtyard by Marriott at Liberty Station</i> <i>Registration deadline: TBD</i>	
9	<b>Special District Leadership Academy</b> (CSDA) <i>Apr. 7-10, 2019 – Embassy Suites San Diego Bay</i> <i>Registration deadline: 3/8/19</i>	
10	<b>Colorado River Aqueduct System</b> (SDCWA/MWD) <i>Apr. 12-13, 2019 – Starts at the San Diego County Water Authority</i> <i>Reservation deadline: Not open yet</i>	
11	<b>ACWA Spring Conference</b> <i>May 7-10, 2019 – Monterey (Venue TBD)</i> <i>Registration deadline: TBD</i>	
12 *	<b>Vista Historical Society Hall of Fame Luncheon</b> <i>May 18, 2019 – Shadowridge Country Club</i> <i>Reservation deadline: TBD</i>	
13	<b>Special Districts Legislative Days</b> (CSDA) <i>May 21-22, 2019 – Sacramento Convention Center</i> <i>Registration deadline: 4/26/19</i>	

	<b>SCHEDULE OF UPCOMING MEETINGS AND EVENTS</b>	<b>ATTENDEES</b>
<b>14</b>	<b>Hoover Dam &amp; Colorado River Aqueduct System (SDCWA/MWD)</b> <i>June 7-8, 2019 – SDCWA</i> <i>Reservation deadline: Not open yet</i>	
<b>15</b>	<b>General Manager Leadership Summit (CSDA)</b> <i>June 23-25, 2019 – Hyatt Regency Newport Beach</i> <i>Registration deadline: 5/24/19</i>	
<b>16</b>	<b>Special District Leadership Academy (CSDA)</b> <i>July 7-10, 2019 – Embassy Suites Napa Valley</i> <i>Registration deadline: 6/7/19</i>	
<b>17</b>	<b>Second Annual Western Groundwater Congress (GRA)</b> <i>Sept. 17-19, 2019 – Double Tree by Hilton, Sacramento</i> <i>Registration deadline: TBD</i>	
<b>18</b>	<b>CSDA Annual Conference</b> <i>Sept. 25-28, 2019 – Anaheim Marriott</i> <i>Registration deadline: TBD</i>	
<b>19</b>	<b>ACWA Fall Conference</b> <i>Dec. 3-6, 2019 – San Diego (Venue TBD)</i> <i>Registration deadline: TBD</i>	
<b>20</b>	<b>Colorado River Water Users Association Conference (CRWUA)</b> <i>Dec. 11-13, 2019 – Caesars Palace, Las Vegas</i> <i>Registration deadline: TBD</i>	

\* Non-per diem meeting except when serving as an officer of the organization

The following abbreviations indicate arrangements that have been made by staff:

**A**=Airline; **R**=Registration; **C**=Car; **H**=Hotel; **T**=Tentative



Agenda Item: 15

## STAFF REPORT

Board Meeting Date: January 9, 2019  
Prepared By: Lisa Soto

**SUBJECT:** ITEMS FOR FUTURE AGENDAS AND/OR PRESS RELEASES

**SUMMARY:** This item is placed on the agenda to enable the Board to identify and schedule future items for discussion at upcoming Board meetings and/or identify press release opportunities.

*Staff-generated list of tentative items for future agendas:*

- Groundwater assessment of Warner Basin (*Board workshop on 1/16/19*)
- Committee appointments
- Water Supply Planning Study
- HB Reservoir design



## **STAFF REPORT**

**Agenda Item: 16**

**Board Meeting Date: January 9, 2019**  
**Prepared By: Lisa Soto**

**SUBJECT:** COMMENTS BY DIRECTORS

**SUMMARY:** This item is placed on the agenda to enable individual Board members to convey information to the Board and the public not requiring discussion or action.



**Agenda Item: 17**

**STAFF REPORT**

**Board Meeting Date: January 9, 2019**  
**Prepared By: Brett Hodgkiss**

SUBJECT: COMMENTS BY GENERAL COUNSEL

SUMMARY: Informational report by the General Counsel on items not requiring discussion or action.



**Agenda Item: 18**

**STAFF REPORT**

**Board Meeting Date: January 9, 2019**  
**Prepared By: Brett Hodgkiss**

SUBJECT: COMMENTS BY GENERAL MANAGER

SUMMARY: Informational report by the General Manager on items not requiring discussion or action.





**Agenda Item: 19**

**STAFF REPORT**

**Board Meeting Date: January 9, 2019**  
**Prepared By: Brett Hodgkiss**

**SUBJECT:** CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS

**SUMMARY:** Discussion concerning real property transactions in compliance with Government Code section 54956.8 regarding:

**Property:** Vista Irrigation District property located at the northwest corner of Engineer Street and Pipeline Drive in Vista, CA 92081 (APN 219-532-22)

**Agency Negotiators:** Brett Hodgkiss

**Negotiating Party:** Burtech Real Estate Investments, LLC

**Under Negotiation:** Price and terms

NOTICE OF ADJOURNED MEETING  
OF THE BOARD OF DIRECTORS OF THE  
VISTA IRRIGATION DISTRICT

A REGULAR MEETING OF THE BOARD OF DIRECTORS OF VISTA IRRIGATION DISTRICT, HELD ON JANUARY 9, 2019, WAS ADJOURNED UNTIL 9:00 AM, JANUARY 23, 2019, AT THE OFFICE OF THE VISTA IRRIGATION DISTRICT, 1391 ENGINEER STREET, VISTA, CALIFORNIA.

\* \* \* \* \*

AFFIDAVIT OF POSTING ORDER OF ADJOURNMENT OF MEETING

STATE OF CALIFORNIA )  
COUNTY OF SAN DIEGO )

I, Lisa R. Soto, hereby certify that I am the duly appointed, qualified Secretary of the Board of Directors of Vista Irrigation District; that the foregoing is duly noted in the Minutes of said Regular Meeting of the Board of Directors of Vista Irrigation District; that said Regular Board Meeting was ordered adjourned to the time and place above specified; and that I posted a copy of this order of adjournment near the public entrance to the Board Room at the offices of the District.



\_\_\_\_\_  
Lisa R. Soto, Secretary  
Board of Directors  
Vista Irrigation District

POSTED: January 9, 2019