

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

January 20, 2021

An Adjourned Meeting of the Board of Directors of Vista Irrigation District was held on Wednesday, January 20, 2021, at the offices of the District, 1391 Engineer Street, Vista, California.

1. CALL TO ORDER

President Sanchez called the meeting to order at 9:00 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; and Marlene Kelleher, Director of Administration. Shallako Goodrick, Finance Supervisor and David Cosgrove, General Counsel were present via teleconference.

Other attendees: Daphne Munoz of CliftonLarsonAllen LLP was present via teleconference for agenda Item 8.

3. PLEDGE OF ALLEGIANCE

Director Miller led the pledge of allegiance.

4. APPROVAL OF AGENDA

21-01-07	<i>Upon motion by Director MacKenzie, seconded by Director Miller and unanimously carried (5 ayes: Miller, Vásquez, Dorey, MacKenzie, and Sanchez), the Board of Directors approved the agenda as presented.</i>
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5. ORAL COMMUNICATIONS

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

6. CONSENT CALENDAR

21-01-08	<i>Upon motion by Director Miller, seconded by Director Vásquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, MacKenzie, and Sanchez), the Board of Directors approved the Consent Calendar, including Resolution No. 21-03 approving disbursements.</i>
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Regarding Item 6.A, President Sanchez requested that staff let the Board know the amount of financial assistance received.

A. Federal Emergency Management Agency and California Office of Emergency Services Financial Assistance

See staff report attached hereto. The Board noted and filed this informational report.

B. Acceptance of water system

See staff report attached hereto. Staff recommended and the Board accepted this water system for a 44-unit detached condominium development known as MLC Buena Vista, consisting of approximately 4.82 gross acres owned by Meritage HMS of California, Inc., located at 1525 Buena Vista Drive, Vista (I-3085, P17-0042; LN 2018-007; APN 169-220-10; DIV NO 4).

C. Minutes of Board of Directors meetings on December 9, 2020 and January 6, 2021

The minutes of December 9, 2020 and January 6, 2021 were approved as presented.

D. Resolution ratifying check disbursements

RESOLUTION NO. 21-03

BE IT RESOLVED, that the Board of Directors of Vista Irrigation District does hereby approve checks numbered 65957 through 66031 drawn on Union Bank totaling \$700,437.81.

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 20th day of January 2021.

7. RESOLUTION HONORING PAST PRESIDENT RICHARD L. VÁSQUEZ

See staff report attached hereto.

21-01-09 *Upon motion by Director Miller, seconded by Director MacKenzie, the Board of Directors adopted Resolution 21-04 honoring the District's 2020 past president, Richard L. Vásquez, by the following roll call vote:*

AYES: Directors Miller, Vásquez, Dorey, MacKenzie, and Sanchez
NOES: None
ABSTAIN: None
ABSENT: None

A copy of Resolution 21-04 is on file in the official Resolution Book of the District.

The Board members joined General Manager Brett Hodgkiss in commending and thanking Director Vásquez for his leadership as Board President in 2020, which proved to be a challenging year due to the COVID-19 pandemic. Director Vásquez thanked his fellow Board members and staff for their hard work and support during his tenure as Board President.

8. FISCAL YEAR 2020 AUDIT

See staff report attached hereto.

Director of Administration Marlene Kelleher introduced Daphne Munoz of CliftonLarsonAllen LLP (auditors) who presented the results of the audit for the year ended June 30, 2020. 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 stated that the auditors issued a "best practices" report, which recommends that the District implement policies and technologies to strengthen its cybersecurity. She stated that the auditors' recommendation is to begin by performing a comprehensive risk assessment of the District's physical and logical infrastructure, networks, data, and personnel. Based on the findings of the assessment, the District implement policies and technologies to reduce the risk of cyberattacks, data breaches, theft, fraud and other threats.

Ms. Kelleher responded that staff intends to hire a consultant to perform a cybersecurity assessment; the findings will be shared with the Board. She noted that staff has already taken the step of inserting a notice on emails that originate from outside the District reminding the recipient not to use links or open attachments unless the sender is recognized. Ms. Kelleher stated that the assessment will be included in next year's budget request. Director Dorey suggested that, when appropriate, this item be added to the list of upcoming agenda items.

Ms. Munoz thanked staff for making the process as smooth as possible this year since work on the audit was performed remotely due to the pandemic. She noted that in spite of the special challenges the process was as smooth as in previous years. Ms. Kelleher thanked Ms. Munoz and her staff as well, stating that it has been a pleasure working with them for the last five years.

Ms. Kelleher updated the Board regarding funding liabilities for the District's retiree health coverage (no longer available for new hires), which she stated is fully funded. With regard to the District's funding liability for its participation in the Public Employees Retirement System (PERS), the District is considered a small agency (under 100 employees) and therefore part of a pool in which the District is adequately funded.

The Board thanked Ms. Munoz for her report. General Manager Brett Hodgkiss and the Board thanked Ms. Kelleher and Finance Supervisor Shallako Goodrick as well as Finance staff for their good work and another clean audit.

21-01-10	<i>Upon motion by Director Vásquez, seconded by Director Dorey and unanimously carried (5 ayes: Miller, Vásquez, Dorey, MacKenzie, and Sanchez), the Board of Directors accepted the Fiscal Year 2020 audit report by CliftonLarsonAllen LLP.</i>
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9. FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

See staff report attached hereto.

Ms. Kelleher presented the Financial Report for the year ended June 30, 2020. She stated that this report contains statements of revenues and expenses directly related to operating Lake Henshaw and the surrounding Warner Ranch as well as three special reports comparing actual results to budgeted amounts approved by the Board. Ms. Kelleher stated that overall the District experienced a \$3.8 million operating

gain this fiscal year, which is a decrease from the \$5.1 million operating gain for the prior fiscal year. The District purchased \$20.9 million of water from the San Diego County Water Authority. She reviewed the revenue and expense budget comparison as well as the property revenue and legal expense reports.

Mr. Kelleher provided clarification regarding the Capital Outlay Comparison, specifically concerning the line items with the notation “canceled” next to them. She stated that these notations were made in response to the Board’s request that that staff review the items on the Capital Outlay list that had been outstanding for a long period of time and assess whether the projects are still viable, and if not, remove them from the list. Ms. Kelleher stated that the items with the word “canceled” next to them will be removed from future Capital Outlay lists. She clarified that many of these projects were individual projects related to the Vista Flume, and they will be incorporated as part of the larger Flume replacement project now being planned. Director MacKenzie requested more detailed information regarding the canceled items; Ms. Kelleher said she would provide that information for the Board.

Director MacKenzie noticed that the legal expenses for Liebert, Cassidy & Whitmore (LCW) were higher than in past years. Mr. Hodgkiss responded that LCW did a great deal of work for the District on labor relations issues as well as on the COVID-19 Response and Action Plan.

The Board thanked Ms. Kelleher for her report.

10. REQUEST FOR PROPOSAL FOR SPECIAL COUNSEL

See staff report attached hereto.

Mr. Hodgkiss said that the District is in need of Special Counsel services due to passing of the District’s Special Counsel John Carter. He stated that staff modeled the Request for Proposal (RFP) for Special Counsel Services after the RFP the District issued in 2008; however, it was tailored to meet the District’s needs now that a settlement has been reached. Mr. Hodgkiss stated that the list of attorneys/firms to receive the RFP included attorneys/firms that received the RFP in 2008, attorneys/firms on a State Water Resources Control Board list with expertise in water law and water rights and attorneys/firms recommended by counsel. He said that he also reached out to former General Manager Roy Coox, who headed up the RFP process in 2008, to inquire about any advertising that was done at that time for Special Counsel; Mr. Coox indicated that no advertising was done due to the specialized field of legal expertise being sought.

Mr. Hodgkiss stated that following the deadline for submittals staff will conduct an internal ranking of candidates, consistent with the 2008 process, to narrow the number of attorneys/firms to be interviewed by the Board. He advised that due to the COVID-19 pandemic interviews may need to be conducted virtually for the safety of all involved. Mr. Hodgkiss stated that the RFP packet will be sent out via email and United States postal service.

The Board expressed its desire to hire an attorney/firm with experience working with Native American Bands. Mr. Hodgkiss stated that experience working with Native American Bands will be considered when ranking attorneys/firms. It was noted that due to the specialized field of legal expertise being sought the RFP was being sent to attorneys/firms located in all parts of California including Sacramento, Bakersfield, Santa Barbara, Los Angeles, etc.

21-01-11	<i>Upon motion by Director Miller, seconded by Director MacKenzie and unanimously carried (5 ayes: Miller, Vásquez, Dorey, MacKenzie, and Sanchez), the Board of Directors authorized the General Manager to send the Request for Proposal for Special Counsel to the firms listed.</i>
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11. CALL FOR NOMINATIONS FOR ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 LEADERSHIP

See staff report attached hereto.

The Board discussed this matter briefly, noting Director Vásquez’s ten years of past experience on the Association of California Water Agencies (ACWA) Region 10 Board and his willingness to receive the nomination, and took the following action:

21-01-12 *Upon motion by Director Dorey, seconded by Director Miller, the Board of Directors adopted Resolution 21-05 placing in nomination Richard L. Vásquez for a position on the ACWA Region 10 Board of Directors, by the following roll call vote:*

AYES: Directors Miller, Vásquez, Dorey, MacKenzie, and Sanchez
NOES: None
ABSTAIN: None
ABSENT: None

A copy of Resolution 21-05 is on file in the official Resolution Book of the District.

12. MATTERS PERTAINING TO THE ACTIVITIES OF THE SAN DIEGO COUNTY WATER AUTHORITY

See staff report attached hereto.

Director Miller reported that he received his San Diego County Water Authority (Water Authority) committee assignments, which include him serving as Chair of the Administrative & Finance Committee, as well as Chair of the Labor Negotiations Work Group. He stated that he will also serve on the Financial Strategy Work Group and Engineering & Operations Committee. Director Miller reported on some discussion regarding changes to the Water Authority Boardroom to make in-person meetings safe to resume during the pandemic; however, the decision was made to continue virtual meetings until the pandemic is over or conditions improve such that in-person meetings can resume safely.

Mr. Hodgkiss reported on the Member Agencies Managers’ meeting the previous day in which information was shared regarding the COVID-19 pandemic. Also discussed was potential legislation to allow virtual meetings to continue to take place beyond emergency times in order to increase participation by the public.

13. MEETINGS AND EVENTS

See staff report attached hereto.

Director Vásquez reported on his virtual attendance at the Colorado River Water Users Federal Friday meeting. He stated that David Ross, Assistant Administrator for Water at the Environmental Protection Agency, presented the draft National Water Reuse Action Plan (WRAP). The WRAP seeks to support all communities to build capacity for water reuse projects and enhance the availability and effective use of water resources. Mr. Ross noted, to date, 139 out of 322 implementation milestones have been completed. The plan is expected to be completed by the end of the year. Director Vásquez noted that the National Weather Service also provided an update about the use of drones to aid in predicting weather patterns.

Director MacKenzie reported on her participation in a webinar by the California Special Districts Association (CSDA) titled "Brown Act Principles". She stated that the coverage of the Ralph M. Brown Act was a good refresher. Director MacKenzie noted one interesting point that was covered regarding closed sessions; if opposing counsel wishes to address the Board in closed session on negotiations or litigation, it is up to the Board to decide whether to allow it. If permitted, discussion would be limited to questions and answers, and any in-depth discussion by the Board would need to take place after opposing counsel leaves the room.

Director MacKenzie reported on her attendance at a meeting of the San Diego Chapter CSDA Board of Directors. She reported on the newly filled positions on the San Diego Chapter CSDA Board, including Albert Lau of Santa Fe Irrigation District as Chair, Jack Beebe of Fallbrook Public Utilities District as Vice Chair and Jose Martinez from Otay Water District as Secretary. Director MacKenzie noted that the San Diego Chapter CSDA meeting in February will include a panel discussion regarding how COVID-19 has affected agency operations.

Director Miller reported that he attended a two-hour Harassment Prevention Training course provided by the Water Authority the previous week. It was noted that the Board will be due to fulfill their Harassment Prevention Training requirement during the latter part of 2021.

Director Vásquez requested to attend the Vista State of the Community virtual event on January 25, 2021. He suggested that if the District could get a small timeslot to speak at the event it would be a good vehicle for promoting the District's upcoming 100-year anniversary in 2023. The Board agreed with Director Vásquez's suggestion and indicated that it would be a good idea for next year's State of the Community event. Director Dorey suggested that the District submit itself as a nomination for the Vista Historical Society Hall of Fame; the Board was also in favor of this idea. The Board briefly discussed the District's upcoming milestone anniversary and suggested when the time is right to begin planning a celebration event that an ad hoc committee of the Board be selected to provide input.

Director MacKenzie requested authorization to attend the ACWA Legislative Committee meetings as her schedule permits throughout 2021.

21-01-13	<i>Upon motion by Director Dorey, seconded by Director Vásquez and unanimously carried (5 ayes: Miller, Vásquez, Dorey, MacKenzie, and Sanchez), the Board of Directors authorized Director Vásquez to attend the Vista State of the Community virtual event on January 25, 2021 and Director MacKenzie to attend the ACWA Legislative Committee meeting as her schedule will allow throughout 2021.</i>
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14. ITEMS FOR FUTURE AGENDAS AND/OR PRESS RELEASES

See staff report attached hereto.

It was noted that the Board will have to issue a request for proposal for audit services this year since the current firm has provided services to the District for the maximum number of years (five years) allowed per District policy.

President Sanchez suggested a future agenda item, when appropriate, to discuss the District's 100-year anniversary and appoint an ad hoc committee to provide input regarding the commemoration activities.

15. COMMENTS BY DIRECTORS

President Sanchez noted that the day (January 20) marked the four-year anniversary of the passing of former Vista Irrigation District Board member Randy Reznicek.

16. COMMENTS BY GENERAL COUNSEL

General Counsel David Cosgrove updated the Board regarding “Kessner et al. v. City of Santa Clara, et al. stating that the Court is still assessing the case and how it will be processed. The parties have stipulated to a briefing schedule on venue and jurisdiction as well as whether the case remains as one case, splits into 80 cases or some combination thereof. He stated that the opening brief from the defendants is due on March 4, 2021, and the matter will be heard towards the end of May 2021. Mr. Cosgrove also reported briefly on recent activity in the Antelope Valley groundwater adjudication.

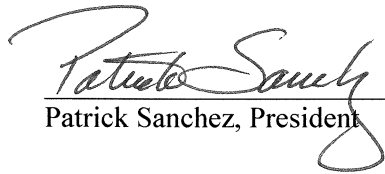
17. COMMENTS BY GENERAL MANAGER

Mr. Hodgkiss updated the Board on the results of a survey done by State Water Resources Control Board regarding the financial impact of COVID-19 on water systems. He stated that the survey found that throughout California, 1.6 million (or 12 percent) of residential water customers have been unable to pay their water bills during the pandemic. Mr. Hodgkiss noted that the average amount owed per household in past due water bills for the period beginning March 2020 and ending October 2020 was \$500. He said that the survey covered water systems providing service to 70 percent of Californians (28 million people); as of October 2020, total household debt was at \$1 billion with \$600 million of that debt being specifically attributable to past due water bills.

Mr. Hodgkiss reported that the water level of Lake Henshaw was at just over 6,000 acre-feet.

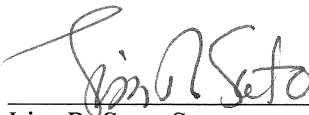
18. ADJOURNMENT

There being no further business to come before the Board, at 10:51 a.m., President Sanchez adjourned the meeting.



Patrick Sanchez, President

ATTEST:



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



STAFF REPORT

Agenda Item: 6.A

Board Meeting Date:	January 20, 2021
Prepared By:	Shallako Goodrick
Reviewed By:	Marlene Kelleher
Approved By:	Brett Hodgkiss

SUBJECT: FEDERAL EMERGENCY MANAGEMENT AGENCY AND CALIFORNIA OFFICE OF EMERGENCY SERVICES FINANCIAL ASSISTANCE

RECOMMENDATION: Information only.

PRIOR BOARD ACTION: Adopted resolution No. 20-17 on July 1, 2020 designating the General Manager, Director of Administration and Finance Supervisor as District's Authorized Agents to engage with the Federal Emergency Management Agency (FEMA) and the Governor's Office of Emergency Services (Cal OES) for the purpose of obtaining financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or State financial assistance under the California Disaster Assistance Act.

FISCAL IMPACT: Request for reimbursement of \$23,518 for COVID-19 related expenses.

SUMMARY: The District has applied to FEMA for a "Request for Public Assistance" due to the COVID-19 pandemic. As of September 15, 2020, COVID-19 reimbursable expenses are limited to those directly involved with healthcare. Since expenses incurred on and after September 15, 2020 are no longer reimbursable, the District's expenses for reimbursement covering the period of March 12, 2020 to September 14, 2020 have been finalized. The District will seek reimbursements of \$15,643 for contract related work including legal, telephone remote services and day cleaning, and \$7,875 for supplies including sanitizer, gloves and barriers; total request \$23,518.



STAFF REPORT

Agenda Item: 6.B

Board Meeting Date:	January 20, 2021
Prepared By:	Paul Dupree
Reviewed By:	Randy Whitmann
Approved By:	Brett Hodgkiss

SUBJECT: ACCEPTANCE OF WATER SYSTEM

RECOMMENDATION: Accept this water system for a 44-unit detached condominium development, known as MLC Buena Vista, consisting of approximately 4.82 gross acres owned by Meritage HMS of California, Inc., located at 1525 Buena Vista Drive, Vista (I-3085, P17-0042; LN 2018-007; APN 169-220-10; DIV NO 4).

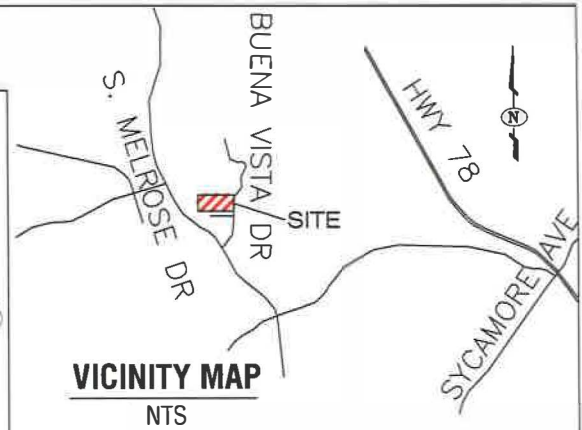
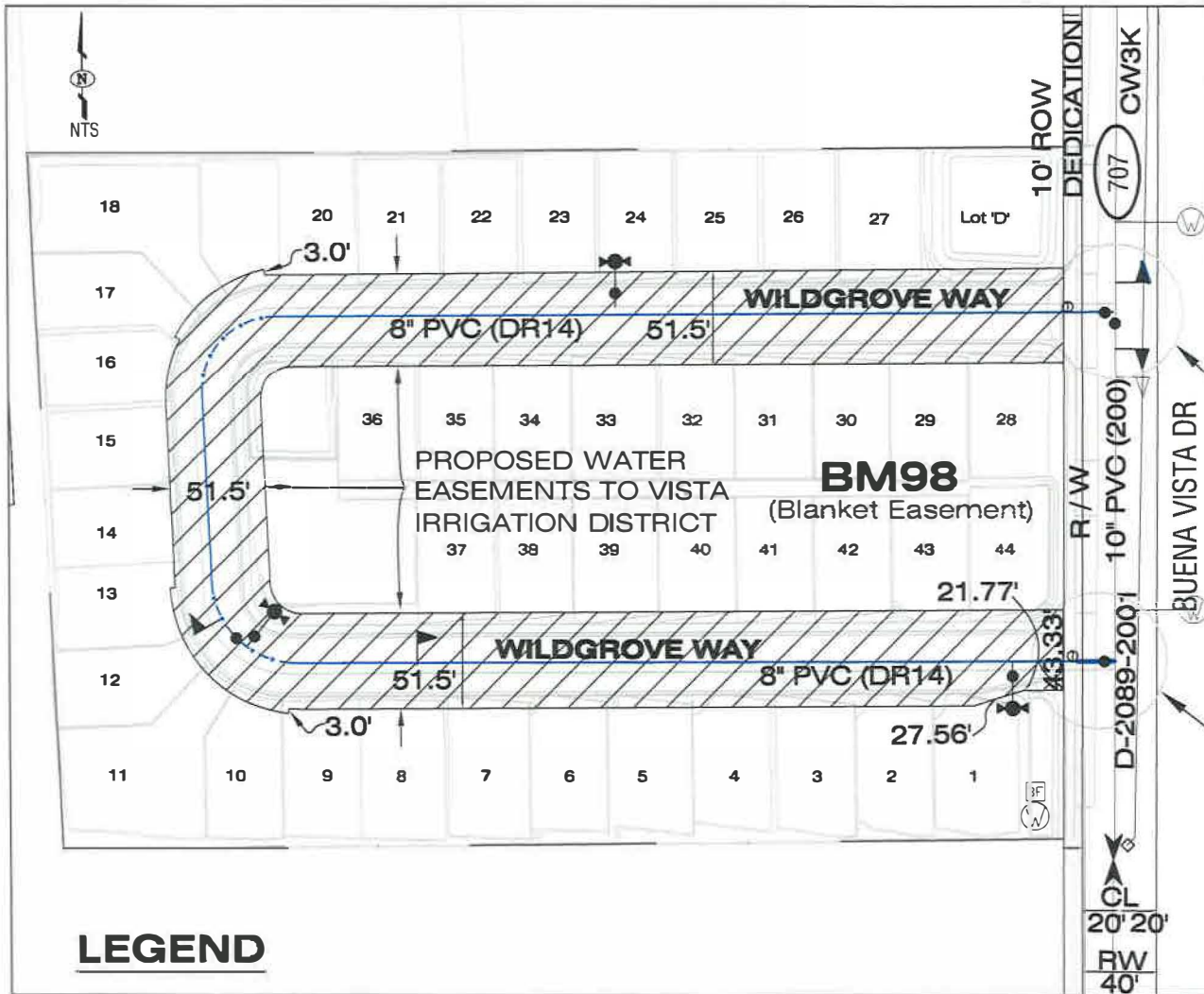
PRIOR BOARD ACTION: On May 1, 2019, the Board approved the waterline project, accepted Grant of Right of Way (M130) via Tract Map No. P17-0042 and directed staff to file the Notice of Exemption.

FISCAL IMPACT: None.

SUMMARY: The water system is ready for acceptance by the Board, which will allow the Notice of Acceptance to be filed with the County Recorder.

DETAILED REPORT: All of the work required by the construction contract (I-3085) has been completed. Under District inspection, the owner's contractor installed approximately 1,111 feet of 8-inch waterline, ten feet of 10-inch waterline, four 2-inch air-vents, two 2-inch blow-offs, three 8-inch gate valves, one 10-inch gate valve, three 6-inch fire hydrants, and 44 1-inch domestic water services. The owner has paid for 44 1-inch domestic meters. This project will be completed with the filing of the Notice of Acceptance.

ATTACHMENT: Map












CONNECTION NO. 1
UNDER DISTRICT INSPECTION

OWNER
MERITAGE HMS OF CALIFORNIA, INC.
5 PETERS CANYON RD., SUITE 310
IRVINE, CA 92606

CONNECTION NO. 2
UNDER DISTRICT INSPECTION

 **GRANT OF RIGHT OF WAY TO VID PER FINAL MAP (M130)**

LEGEND

- EXISTING
-  10" PVC (DR14) WATER MAIN
 -  AIR VENT
 -  BACK FLOW
 -  WATER METER
- PROPOSED
-  8" PVC (DR14) WATER MAIN
 -  BLOW-OFF
 -  AIR VENT
 -  GATE VALVE
 -  FIRE HYDRANT

VISTA IRRIGATION DISTRICT

MLC BUENA VISTA

APN 169-220-10		T.B. 1107-G4
SCALE NOT TO SCALE		L.N. 2018-007
APPD. BY	DATE	W.O. I-3085
DRAWN BY P.D.	DATE 04/16/19	
SHEET 1 OF 1	MAP E19	
REVISED 12/18/20		
Z:\Engineering\JOBS\LN-Jobs\LN2018\LN 2018-007		



Cash Disbursement Report

Payment Dates 12/17/2020 - 1/6/2021

Payment Number	Payment Date	Vendor	Description	Amount
65957	12/30/2020	Refund Check 65957	Customer Refund	287.80
65958	12/30/2020	Alignment Plus	Alignment - Truck 52	695.80
65959	12/30/2020	Amazon Capital Services	Pressure Gauge	60.44
	12/30/2020		Honda Parts, Universal Equipment Key	107.56
65960	12/30/2020	American Water Works Association	Tailgate Safety Books (3)	229.00
65961	12/30/2020	AT&T	3680/CALNET 11/13/20 - 12/12/20	414.83
	12/30/2020		0230/CALNET 11/13/20 - 12/12/20	20.38
65962	12/30/2020	Barry Key	Smart Leak Detector Rebate Program Customer Rebate	100.00
65963	12/30/2020	Bearcom	2-Way Radio Installation - Truck 69	410.00
65964	12/30/2020	Basic pacific	Flexible Spending Service/Cobra 12/2020	303.40
65965	12/30/2020	Boot World Inc	Footwear Program	180.00
	12/30/2020		Footwear Program	180.00
	12/30/2020		Footwear Program	180.00
65966	12/30/2020	Cal Pacific Truck Center LLC	Reservoir Cap Kit - Truck 52	46.29
65967	12/30/2020	CDW Government Inc	UPS Replacement Battery	408.26
	12/30/2020		McAfee Gold Business Support	3,955.20
65968	12/30/2020	Cecilia's Safety Service Inc	Traffic Control - York Drive	4,370.00
	12/30/2020		Traffic Control - York Drive	5,035.00
	12/30/2020		Traffic Control - Alta Vista Drive	950.00
	12/30/2020		Traffic Control - Via Felicidad	665.00
	12/30/2020		Traffic Control - Buena Creek Rd	1,520.00
	12/30/2020		Traffic Control - York Drive	5,035.00
	12/30/2020		Traffic Control - Ora Avo Drive	570.00
	12/30/2020		Traffic Control - York Dr/Monte Vista Dr	1,330.00
	12/30/2020		Traffic Control - Alta Vista Drive	1,995.00
	12/30/2020		Traffic Control Plan - E Vista Way	35.00
	12/30/2020		Traffic Control - Barsby St	1,805.00
	12/30/2020		Traffic Control - Calle Colorado	522.50
65969	12/30/2020	Citi Cards	Air Cylinders (2) - Truck 22	1,171.25
	12/30/2020		CAPPO Conference (Virtual)	299.00
	12/30/2020		Costco Membership Renewal	180.00
	12/30/2020		Kitchen & Building Supplies	130.50
	12/30/2020		Kitchen & Building Supplies	238.04
	12/30/2020		Microsoft Basic Office 365 Licenses	38.00
	12/30/2020		GFI FaxMaker Online Service	12.75

Payment Number	Payment Date	Vendor	Description	Amount
	12/30/2020		Employee Appreciation	142.25
	12/30/2020		Training & Board Mtg Supplies	59.20
	12/30/2020		Employee Appreciation	620.44
	12/30/2020		Cloud Based Phone System - COVID-19	340.39
65970	12/30/2020	City of Oceanside	Weese Treatment 11/2020	20,528.22
65971	12/30/2020	Claims Management Associates Inc	Damage Assessment - Castillo	472.50
65972	12/30/2020	Coastal Chlorination & Backflow	Chlorination of Mainline - York Dr and Kent Place	396.00
65973	12/30/2020	Core & Main	Lid 8" Slotted Valve (VID) (1000)	23,403.65
	12/30/2020		Materials - HB Reservoir	2,276.91
	12/30/2020		14" PVC Pipe (40')	1,201.15
	12/30/2020		Straight Lever Handle (4-7/8" Long) (HB-675)(12)	168.87
65974	12/30/2020	County of San Diego	Permit Fees 11/2020	3,783.40
65975	12/30/2020	CSMFO	Membership Renewal 2021	110.00
65976	12/30/2020	CWEA	Membership Renewal/Certification	293.00
65977	12/30/2020	Direct Energy	Electric 12/2020 - Henshaw Buildings & Grounds	283.49
	12/30/2020		Electric 12/2020 - Henshaw Well Field	9,415.81
	12/30/2020		Electric 12/2020 - T & D / Cathodic Protection	28.06
	12/30/2020		Electric 12/2020 - Reservoirs	8.20
	12/30/2020		Electric 12/2020 - Pump Stations	5,838.07
	12/30/2020		Electric 12/2020 - Treatment Plants	23.40
65978	12/30/2020	DIRECTV	Direct TV Service	97.99
65979	12/30/2020	Drug Testing Network Inc	Random Drug Testing	97.95
65980	12/30/2020	EDCO Waste & Recycling Services Inc	Trash & Recycle 12/2020	245.71
65981	12/30/2020	Electrical Sales Inc	LED Fixture Replacements	378.88
65982	12/30/2020	Ferguson Waterworks	Pipe 6" PVC DR-14 C900 (60)	379.96
	12/30/2020		Pipe 10" PVC DR-14 C900 (1000)	16,562.25
	12/30/2020		Pipe 8" PVC DR-14 C900 (1000)	10,889.95
	12/30/2020		Pipe 4" PVC DR-14 C900 (40)	129.47
	12/30/2020		Wire 10 Copper (4000)	1,117.14
	12/30/2020		8" x 4" PO x Flg Tee 910 (1)	163.61
	12/30/2020		2" Sch 80 Threaded Caps 990 (9)	46.76
	12/30/2020		Ell 6"x16" POxFL Bury DI (2)	554.24
	12/30/2020		Flange 4" SOW (2)	24.90
	12/30/2020		Flange 8" SOW (2)	51.74
	12/30/2020		Ball Meter Valve 1"Lockwing FIPxSwivel Mtr Nut (50)	4,858.26
	12/30/2020		Coupling 1"x1" Female Flare Super Grip (4)	99.07
	12/30/2020		Angle Ball Mtr Valve 1" Flare Swl Mtr Nut (20)	2,090.96
	12/30/2020		Tubing 1" Copper Soft 60' (300)	1,575.04
	12/30/2020		Corp Stop 1" MIP X Flare (20)	1,106.32
	12/30/2020		Air Vent 1" ARI Combination Valve (5)	1,022.96

Payment Number	Payment Date	Vendor	Description	Amount
	12/30/2020		Sleeve 8"x12" Galvanized Top Sections (50)	465.48
	12/30/2020		DFW Meter Box Lid Small D1324 (VID Stamp) (10)	573.73
	12/30/2020		DFW Meter Box Large DFWPW6C4-12 (15)	1,558.80
	12/30/2020		DFW Meter Box Lid Large PW6C (VID Stamp) (20)	1,729.84
	12/30/2020		DFW Meter Box Lid Medium 1220E (VID Stamp) (10)	519.60
	12/30/2020		DFW Meter Box Lid 3.5 DFW36C (VID Stamp) (15)	617.03
	12/30/2020		Small Meter Boxes (22)	1,182.41
65983	12/30/2020	G & R Auto & Truck Repair	Replaced Head Gasket - Truck 52	3,760.60
65984	12/30/2020	Glennie's Office Products Inc	Office Supplies	45.30
	12/30/2020		Office Supplies	34.66
	12/30/2020		Office Supplies	15.37
	12/30/2020		Disinfecting Wipes - COVID-19	162.35
65985	12/30/2020	Government Finance Officers Association	CAFR Application Fee	460.00
65986	12/30/2020	Grainger	Plastic Stack Bin (1) - Garage	15.37
	12/30/2020		Plastic Stack Bins (11) - Garage	210.74
	12/30/2020		Garden Hose Adapters (10)	50.41
65987	12/30/2020	Hach Company	Lab Supplies	550.99
65988	12/30/2020	Harry H Joh Construction, Inc	Ballistic Resistant Glass - Progress Payment	18,891.23
65989	12/30/2020	Hawthorne Machinery Co	Parts - B21	378.33
	12/30/2020		Parts - Backhoe	873.82
	12/30/2020		Transmission Oil - B21	198.80
	12/30/2020		Stabilizer Pads - B21	566.31
	12/30/2020		Filter (1) - L6	23.65
	12/30/2020		Filters (2)	120.81
65990	12/30/2020	Iconix Waterworks (US) Inc.	Meter 3/4" x 1" electronic read (252)	31,299.92
65991	12/30/2020	InfoSend Inc	Backflow Notices	146.85
65992	12/30/2020	Joe's Paving	Patch Paving	5,038.50
65993	12/30/2020	Ken Grody Ford Carlsbad	Battery Heat Jackets, Hold Down Brackets	60.45
65994	12/30/2020	Mallory Safety and Supply, LLC	Eyewash Station	61.70
65995	12/30/2020	Mutual of Omaha	LTD/STD/Life Insurance 01/2021	6,365.45
65996	12/30/2020	NAPA Auto Parts	Filter (1)- L6	10.81
	12/30/2020		Sensor (1) - Truck 37	60.61
65997	12/30/2020	Partsmaster	Snap Rings (50)	46.31
	12/30/2020		Metric Snap Rings (60)	58.22
	12/30/2020		Bit Set, Hardware	281.82
65998	12/30/2020	North County Auto Parts	Fuel Caps (2)	33.73
	12/30/2020		Shop Chemicals, Fuel Cap - Truck 43	17.20
	12/30/2020		Shop Chemicals, Hydraulic Fluid	96.22
	12/30/2020		Emission Parts - Truck 43	43.71
65999	12/30/2020	North County Industrial Park	Association Fees 01/2021	879.30

Payment Number	Payment Date	Vendor	Description	Amount
66000	12/30/2020	Toyota Carlsbad	Tailgate Cables - Truck 56	38.68
66001	12/30/2020	O'Reilly Auto Parts	Battery - A10	118.42
66002	12/30/2020	Pacific Pipeline Supply	Weld Reducer (1)	62.98
	12/30/2020		Calder Coupling 4" Clay x 4" PVC (1)	6.50
	12/30/2020		Ell 1" 90 Degree PVC S x S Sch 40 (5)	5.41
	12/30/2020		Ell 1" 45 Degree PVC S x S Sch 40 (5)	5.41
	12/30/2020		6" Push-On Gaskets (10)	32.48
	12/30/2020		Cap 0.75" PVC Threaded Sch 40 (5)	5.41
	12/30/2020		10" Push-On Gaskets (10)	54.13
	12/30/2020		1" Brass Clamps for Anodes (30)	97.42
	12/30/2020		5/8" x 2.5" Brass Bolts (30)	162.38
	12/30/2020		8" Pipe Restrainer with T-Bolts (5)	200.26
	12/30/2020		Ultra Seal Pipe Thread Sealant (1/2 pt) (12)	220.83
	12/30/2020		Plug 1.25" Brass (4)	34.64
	12/30/2020		Nut Bolt Gasket Kit 3" (3" gasket) (10)	64.95
	12/30/2020		Flange 6" SOW 8-hole (4)	108.25
	12/30/2020		Ell 10" DI POxFL 11.25 Degree (1)	163.46
	12/30/2020		Ell 6" DI FL 90 Degree (2)	177.53
	12/30/2020		Flange 8" DI Blind (3)	201.35
	12/30/2020		Angle Ball Mtr Valve .75" Flare w/Swivel Mtr Nut (3)	217.58
	12/30/2020		Nut Bolt Gasket Kit 10"- 12" (10" gasket) (20)	389.70
	12/30/2020		Pipe 10" PVC DR-14 C900 (20)	368.05
	12/30/2020		Adapter 4" DI FLxPO (1)	45.47
	12/30/2020		Sleeve 8"x12" Galvanized Top Sections (50)	649.48
	12/30/2020		Adapter 10" DI FLxPO (6)	733.94
	12/30/2020		Gate Valve 6" FL R/W (2)	1,353.13
	12/30/2020		Air Vent 2" ARI Combination Valve (4)	1,753.65
	12/30/2020		Pipe 8" PVC DR-14 C900 (20)	259.80
	12/30/2020		Cap 2" Brass (2)	36.81
	12/30/2020		Coupling 10" Macro 2 Bolt (3)	1,295.75
	12/30/2020		Coupling Meter .75" x 3" (2)	25.98
	12/30/2020		Coupling Meter .75"x1.50" (2)	23.82
66003	12/30/2020	Ramco Petroleum	Fuel 11/2020	1,419.01
66004	12/30/2020	RC Auto & Smog	Repaired Main Harness Short Circuit - Van	880.00
66005	12/30/2020	Red Wing Shoe Store	Footwear Program (2)	402.63
66006	12/30/2020	Ruby Slipper Shoes & Repair	Footwear Repair	30.00
66007	12/30/2020	San Diego Friction Products	Front Bearing Reservoir Hub Caps (2) - Truck 7	75.69
	12/30/2020		Park Control Valve Knobs (4)	44.13
66008	12/30/2020	San Diego Gas & Electric	Electric 12/2020 - Henshaw Buildings & Grounds	427.91
	12/30/2020		Electric 12/2020 - Henshaw Well Field	12,668.79

Payment Number	Payment Date	Vendor	Description	Amount
	12/30/2020		Electrical Transmission 12/2020	4,347.07
	12/30/2020		Electric 12/2020 - Warner Ranch House	272.64
	12/30/2020		Electric 11/2020 - Cathodic Protection & T&D	228.81
	12/30/2020		Electric 11/2020 - Reservoirs	328.85
	12/30/2020		Electric 11/2020 - Pump Stations	10,135.51
	12/30/2020		Electric 11/2020 - Plants	109.61
66009	12/30/2020	Shred-it USA LLC	Shredding Service	129.34
66010	12/30/2020	South Santa Fe Housing Associates, LP	Reimburse for Damage	8,865.41
66011	12/30/2020	Southern Counties Lubricants, LLC	Fuel 12/01/20 - 12/16/20	5,228.55
66012	12/30/2020	Steve Tester	Reimburse - Parts for Truck 4	137.35
66013	12/30/2020	Tegriscap Inc	Landscape Service 12/2020	1,787.00
66014	12/30/2020	Bend Genetics, LLC	Lake Henshaw HABS Analysis	975.00
66015	12/30/2020	TS Industrial Supply	Gatorade Fruit Punch 2.12 oz pack (144)	128.82
	12/30/2020		2" Pipe Wrap Tape (12)	93.27
	12/30/2020		Sea Electrical Tape (20)	22.73
	12/30/2020		Saw PVC (1)	28.69
	12/30/2020		Towel Wypall X80 (3)	111.06
	12/30/2020		Cutting Attachment Victor CA2460-CS (1)	361.56
	12/30/2020		Wrench Crescent 8" Adjustable (1)	23.00
	12/30/2020		Channel Lock 10" (1)	21.43
	12/30/2020		Hammer 4lb Steel Sledge (1)	19.31
	12/30/2020		Digging Bar Heavy Duty (1)	124.49
66016	12/30/2020	Underground Solutions, Inc	Potholing - York Dr/Clarence Dr	15,325.00
66017	12/30/2020	UniFirst Corporation	Uniform Service	334.94
	12/30/2020		Uniform Service	335.92
	12/30/2020		Uniform Service	335.92
66018	12/30/2020	Verizon Wireless	Air Cards	152.04
	12/30/2020		Cell Phones 11/16/20 - 12/15/20	1,419.87
66019	12/30/2020	Video Fact Documentation Service	Pre-construction Video - York Dr/Clarence	500.00
66020	12/30/2020	WorkPartners OHS	New Hire & DOT Physicals (4)	475.00
66021	12/30/2020	Xerox Corporation	Xerox Supplies & Service	94.43
66022-66025	01/06/2021	Refund Checks 66022-66025	Customer Refunds	854.87
66026	01/06/2021	California Department of Tax and Fee Administration	E-Waste Return 12/2020	13.00
	01/06/2021		Dec '20 Use Tax Return	19.00
66027	01/06/2021	Pacific Safety Center	Traffic Control Training (2)	300.00
66028	01/06/2021	Plateau Pest Solutions Inc	Bee & Hive Removal	75.00
66029	01/06/2021	Richard Brady & Associates, Inc	HB Reservoir Rehabilitation 11/2020	399,162.00
66030	01/06/2021	San Diego Gas & Electric	Gas Use 12/2020	673.72
66031	01/06/2021	TS Industrial Supply	Pressure Washer Gun, Bungie Cords, Shackles	152.19

Payment Number	Payment Date	Vendor	Description	Amount
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Grand Total:				<u><u>700,437.81</u></u>
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STAFF REPORT

Agenda Item: 7

Board Meeting Date: January 20, 2021
Prepared By: Lisa Soto
Approved By: Brett Hodgkiss

SUBJECT: RESOLUTION HONORING PAST PRESIDENT RICHARD L. VASQUEZ

RECOMMENDATION: Adopt Resolution No. 21-XX honoring the District's 2020 past president, Richard L. Vásquez.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: None.

SUMMARY: Director Vasquez has served as Director of Division 2 since 2008 as well as from 1992 to 2000. He recently completed his term as Board President for 2020 during which time the District faced many unique challenges related to the COVID-19 pandemic. Under Director Vásquez's leadership, the District undertook unprecedented measures to ensure the health and well-being of its workforce and customers, including foregoing an inflationary adjustment to its service charge for 2020.

As Board President, Director Vásquez led the District in numerous special projects including the completion of a Water Supply Planning Study, which guided the Board's monumental decision to begin planning for the replacement of the 100-year old Vista Flume. The District also embarked on significant capital projects including the replacement of Edgehill (E) Reservoir and pump station, repair of a section of the Warner Ranch ditch system, and rehabilitation of the Buena Creek (HB) Reservoir. The District also developed new programs for opportunity-based pipeline condition assessments and smart leak detector rebates and adopted rules for the San Diego County Water Authority's new Permanent Special Agricultural Water Rate program.

Under Director Vásquez's leadership, the District received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for thirteenth consecutive year. The District also was a recipient of the President's Special Recognition Award from the Association of California Water (ACWA) Agencies Joint Powers Insurance Authority for its efforts in maintaining a low loss ratio in the Liability and Workers' Compensation programs.

Director Vásquez has actively represented the District's best interests through his dedicated service on the ACWA Water Quality Committee and on the District's Fiscal Policy and Water Sustainability committees.

In recognition of Director Vásquez's accomplishments and outstanding efforts for the benefit of all the people of Vista Irrigation District during his tenure as President, the attached resolution is presented for the Board's consideration.

ATTACHMENT: Draft resolution

RESOLUTION NO. 21-xx

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE VISTA IRRIGATION DISTRICT
HONORING PAST PRESIDENT RICHARD L. VÁSQUEZ

WHEREAS, Richard L. Vásquez has served as Director of Division 2 since 2008, as well as from 1992 to 2000; and

WHEREAS, he has conscientiously and ably served as President of the Board for 2020; and

WHEREAS, during his term as President the District faced many unique challenges related to the COVID-19 pandemic. Under Director Vásquez's leadership, the District undertook unprecedented measures to ensure the health and well-being of its workforce and customers, including foregoing an inflationary adjustment to its service charge for 2020; and

WHEREAS, as Board President, Director Vásquez led the District in numerous special projects including the completion of a Water Supply Planning Study, which guided the Board's monumental decision to begin planning the replacement of the Vista Flume. The District also embarked on significant capital projects including the replacement of Edgehill (E) Reservoir and pump station, repair of a section of the Warner Ranch Ditch, and rehabilitation of the Buena Creek (HB) Reservoir. The District also developed new programs for opportunity-based pipeline condition assessments and smart leak detector rebates and adopted rules for the San Diego County Water Authority's new Permanent Special Agricultural Water Rate; and

WHEREAS, under Director Vásquez's leadership, the District received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for thirteenth consecutive year. The District was also a recipient of the President's Special Recognition Award from the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority for its efforts in maintaining a low loss ratio in the Liability and Workers' Compensation programs; and

WHEREAS, Director Vásquez has actively represented the District's best interests through his dedicated service on the ACWA Water Quality Committee and on the District's Fiscal Policy and Water Sustainability committees.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors and staff of the Vista Irrigation District does hereby express appreciation to Richard L. Vásquez for his accomplishments and outstanding efforts for the benefit of all the people of Vista Irrigation District during his tenure as President.

PASSED AND ADOPTED by the following roll call vote of the Board of Directors for the Vista Irrigation District this 20th day of January 2021.

AYES:
NOES:
ABSTAIN:
ABSENT:

Patrick H. Sanchez, President

ATTEST:

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



STAFF REPORT

Agenda Item: 8

Board Meeting Date:	January 20, 2021
Prepared By:	Shallako Goodrick
Reviewed By:	Marlene Kelleher
Approved By:	Brett Hodgkiss

SUBJECT: FISCAL YEAR 2020 AUDIT

RECOMMENDATION: Accept the Fiscal year 2020 audit report by CliftonLarsonAllen LLP.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: None by this action. The fees for Fiscal Year 2020 audit services are \$25,390.

SUMMARY: The District's independent auditors, CliftonLarsonAllen LLP (formerly White Nelson Diehl Evans LLP), are issuing an unmodified opinion on the District's Financial Section in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. 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. 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. The letter will be discussed in detail during the Board meeting.

DETAILED REPORT: See attached financial statements and the auditor's letters. Daphnie Munoz, CPA, Principal, CliftonLarsonAllen LLP, will be in attendance to present the audit.

ATTACHMENTS:

- CAFR for the year ended June 30, 2020
- Summary of Audit Results Letter for the year ended June 30, 2020
- Management Letter for the year ended June 30, 2020
- Best Practices Letter for the year ended June 30, 2020



2020

Comprehensive Annual Financial Report Fiscal Years Ended June 30, 2020 and June 30, 2019

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



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 Years Ended June 30, 2020 and 2019
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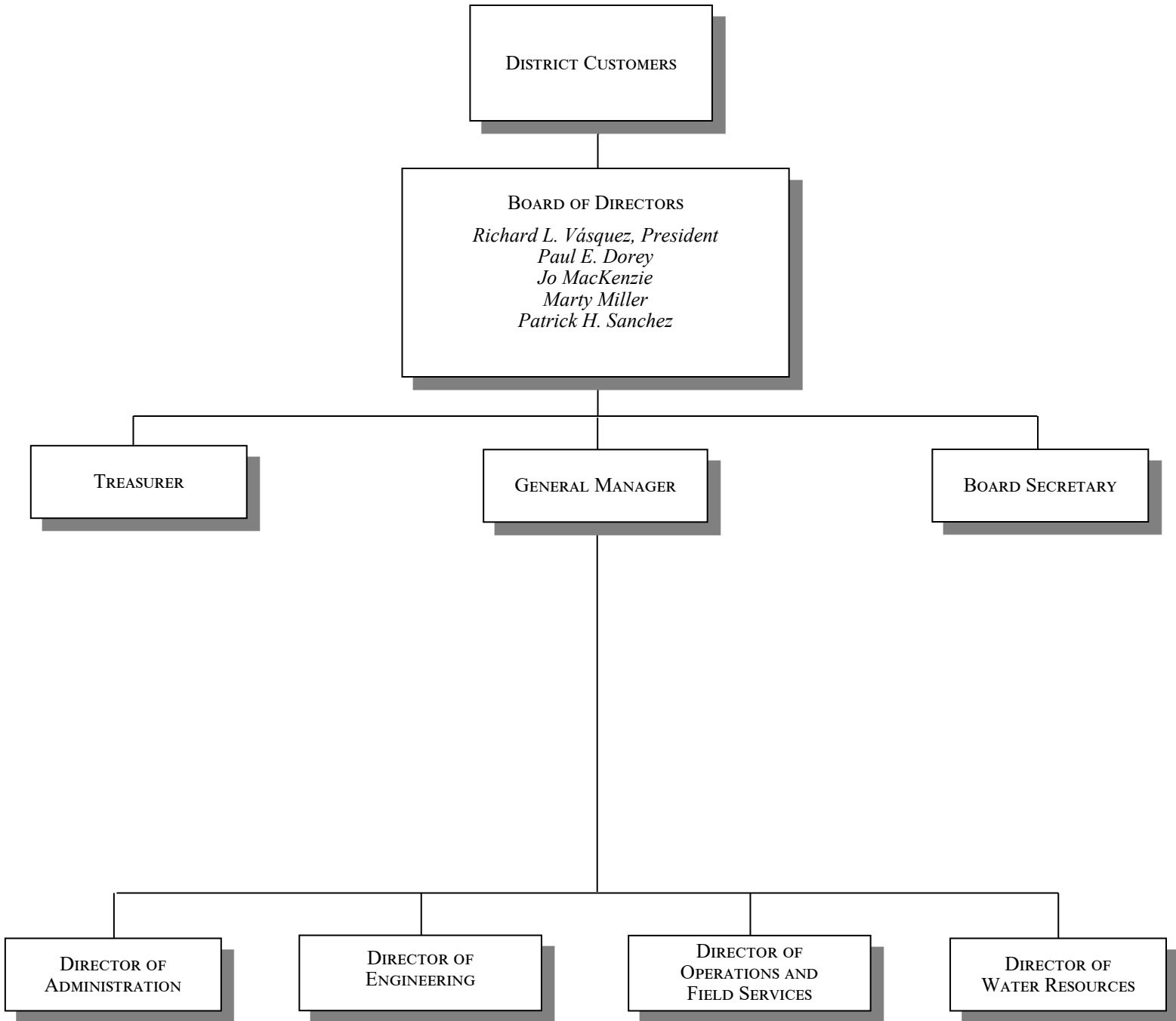
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Introductory Section



Organization Chart





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

Board of Directors

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

Administrative Staff

Brett L. Hodgkiss
General Manager
Lisa R. Soto
Board Secretary
David B. Cosgrove
General Counsel

December 9, 2020

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, 2020. 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 whose partners and professional staff joined CliftonLarsonAllen LLP as of November 1, 2020 and has subsequently ceased operations. 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, 2020, 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, 2020, 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 budgets a staff of 89 under the direction of the Board-appointed General Manager.

Water Services

The District serves more than 28,800 customers. Typically, twenty percent of the District's water comes from its local water supply, Lake Henshaw, and eighty 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 15,200 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 134,588 as of fiscal year 2020. 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 34.0 years and the per capita personal income of residents in the City of Vista, which encompasses the majority of the District, was \$54,594. From 2010 to 2020 the population increased 7.7%, and median household income (adjusted for inflation) increased by 42.6%.

The demand for new connections increased, with the District's total service connections increasing in fiscal year 2020 from 28,780 connections to 28,879. Water sales for fiscal year 2020 were 15,224 acre feet, down 260 acre feet or 1.7% from sales of 15,484 in fiscal year 2019. Of the 15,224 acre feet, or 5.0 billion gallons sold in fiscal year 2020, 70% was distributed for residential use, 11% for industrial and commercial use, 12% for landscape irrigation use, 5% 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 \$32.1 million to the program which has allowed the replacement of nearly 34.95 miles of older pipe ranging in size from 4 to 20 inches.

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, 2019. 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

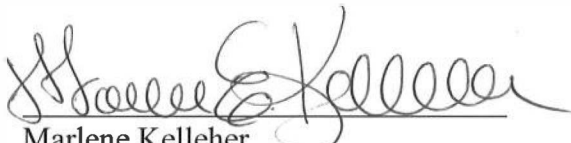
We would like to express our appreciation to the Finance Department staff and the independent accounting firm of White Nelson Diehl Evans LLP whose partners and professional staff joined CliftonLarsonAllen LLP as of November 1, 2020 for the efforts

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,



Brett Hodgkiss
General Manager



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, 2019

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 years ended June 30, 2020 and 2019, 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 audits. We conducted our audits 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 risk 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, 2020 and 2019, and the respective 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.

Other Matters

The financial statements as of June 30, 2019 were audited by White Nelson Diehl Evans LLP, whose partners and professional staff joined CliftonLarsonAllen LLP as of November 1, 2020 and has subsequently ceased operations. White Nelson Diehl Evans LLP's report dated December 3, 2020 expressed unmodified opinions on those statements.

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 Related Ratios as of the Measurement Date, the Schedules of Contributions - Pension Plans, the Schedules of Changes in the Net OPEB Liability and Related Ratios, the Schedules of Contributions - OPEB, as identified as Required Supplementary Information (RSI) 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 RSI 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 9, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Carlsbad, California
December 9, 2020

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**VISTA IRRIGATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2020. Please read it in conjunction with the District’s financial statements which begin on page 10. 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:

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

The statements of net position include 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:

- Investment in capital assets
- Unrestricted

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

The statements of revenues, expenses and changes in net position present 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 statements of revenues, expenses and changes in net position measure the success of the District’s operations during the year and determine whether the District has recovered its costs through user fees and other charges.

The statements of cash flows provide information regarding the District’s cash receipts and cash disbursements during the year. These statements report cash activity in four categories:

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

These statements differ from the statements 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 YEARS ENDED JUNE 30, 2020 AND 2019**

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

Fiscal Year 2020

- Overall, operating revenues increased 0.8%, while operating expenses increased by 3.8%.
- The District realized a \$3.8 million operating gain for fiscal year 2020 compared to a \$5.1 million operating gain for fiscal year 2019. The decrease in gain is primarily a result of the Pension expense increasing by \$2.4 million due to the GASB 68 valuation for the current year.
- Costs of purchased water were lower in the fiscal year, due to less imported water activity, as a result of increased availability of local water.
- Due to the COVID-19 pandemic, late fees and other similar charges have been suspended. In addition, the District experienced a decrease in new activity, causing a decrease in other fees such as capacity fees. For fiscal year 2020, the District estimated a loss of revenue of approximately \$300,000 due to COVID-19 pandemic. Water usage demand was similar in both fiscal years 2020 and 2019. The District also experienced a decrease in operating expenses such as travel and training, resulting in a savings of approximately \$50,000.

Fiscal Year 2019

- Overall, operating revenues and expenses decreased by 2.7% due a decrease in water demand of 4.1% and the resulting decrease in the purchase of water due to rain.
- The District recorded a \$3.6 million gain on sale of a 3.96 acre vacant lot owned by the District.

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Financial Analysis of the District

Net Position - The District's overall net position increased \$5.9 million between fiscal years 2019 and 2020, from \$124.4 to \$130.3 million, primarily due to operating revenue of \$3.8 million. The District's overall net position increased \$11.7 million between fiscal years 2018 and 2019, from \$112.7 to \$124.4 million, primarily due to operating revenue of \$5.1 and a \$3.6 million gain on the sale of vacant land. The investment in capital assets increased \$4.5 million in 2020 and \$3.2 million in 2019, which reflect the excess of net capital additions over the current year depreciation and dispositions.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 54.3	\$ 48.5	\$ 43.2
Capital assets	<u>102.3</u>	<u>97.8</u>	<u>94.6</u>
Total Assets	<u>156.6</u>	<u>146.3</u>	<u>137.8</u>
Deferred outflows of resources	<u>4.8</u>	<u>5.0</u>	<u>6.8</u>
Current liabilities	11.2	9.6	13.2
Noncurrent liabilities	<u>18.6</u>	<u>16.2</u>	<u>17.1</u>
Total Liabilities	<u>29.8</u>	<u>25.8</u>	<u>30.3</u>
Deferred inflows of resources	<u>1.3</u>	<u>1.1</u>	<u>1.6</u>
Net Position:			
Investment in capital assets	102.3	97.8	94.6
Unrestricted	<u>28.0</u>	<u>26.6</u>	<u>18.1</u>
Total Net Position	<u>\$ 130.3</u>	<u>\$ 124.4</u>	<u>\$ 112.7</u>

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Change in Net Position – In fiscal year 2020, the District's operating revenues increased by 0.8% to \$50.8 million, and 95.9% of the District's operating revenues came from water sales. The increase in operating revenues resulted primarily due to increased water revenues, as a result of higher water rates in the current year. In fiscal year 2019, the District's operating revenues decreased by 2.7% to \$50.4 million, and 94.8% of the District's operating revenues came from water sales. The decrease in operating revenues resulted primarily due to decreased water sales, as a result of higher rainfall in fiscal year 2019.

During fiscal year 2020, the District's operating expenses increased 3.8% to \$47.0 million primarily due to an increase in pension expense as a result of GASB 68 valuations. During fiscal year 2019, the District's operating expenses decreased 2.7% to \$45.3 million primarily due to purchasing less imported water, along with a decrease in pension expense as a result of GASB 68 valuations, and an increase in water treatment plant costs.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues			
Water sales, net	\$ 48.7	\$ 47.8	\$ 49.8
System fees	0.9	1.2	0.7
Property rentals	0.8	0.8	0.8
Other services	0.4	0.6	0.5
Total Operating Revenues	<u>50.8</u>	<u>50.4</u>	<u>51.8</u>
Operating Expenses	<u>47.0</u>	<u>45.3</u>	<u>46.5</u>
Operating Income	<u>3.8</u>	<u>5.1</u>	<u>5.3</u>
Nonoperating Revenues (Expenses)			
Investment income	0.9	0.9	0.3
Property taxes	0.5	0.5	0.5
Gain (Loss) on disposal of capital	-	3.7	-
Total Nonoperating Revenues	<u>1.4</u>	<u>5.1</u>	<u>0.8</u>
Contributed Capital	<u>0.7</u>	<u>1.5</u>	<u>1.3</u>
Changes in Net Position	5.9	11.7	7.4
Total Net Position - beginning	124.4	112.7	110.1
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(4.8)</u>
Total Net Position - ending	<u>\$ 130.3</u>	<u>\$ 124.4</u>	<u>\$ 112.7</u>

**VISTA IRRIGATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Capital Assets

At June 30, 2020, the District had invested \$195.9 million in capital assets with \$93.6 million in accumulated depreciation. Net capital assets increased \$4.5 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 \$4.1 million for reservoir rehabilitation, \$2.6 million in costs for several mainline replacement projects, \$0.3 million for redevelopment project costs, and \$0.2 million for pressure regulating station costs. This year’s capital reductions included the replacement/disposals of pipelines, reservoir equipment, and other capital assets with a total historical cost of \$0.2 million. Depreciation for the year was \$3.2 million.

At June 30, 2019, the District had invested \$188.4 million in capital assets with \$90.6 million in accumulated depreciation. Net capital assets increased \$3.2 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year the District added \$6.9 million of capital assets. The largest capital additions were \$3.2 million in costs for several mainline replacement projects, \$0.6 million for reservoir rehabilitation, \$0.6 million for redevelopment project costs, and \$0.2 million for pressure regulating station costs. This year’s capital reductions included the sale of a 3.96 acre unused lot, vehicles, computer equipment, replacement/disposals of pipelines, and other capital assets with a total historical cost of \$1.3 million. Depreciation for the year was \$3.2 million.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land, franchises and water rights	\$ 5.4	\$ 5.4	\$ 6.0
Buildings, canals, pipelines, reservoirs and dams	85.4	86.7	83.7
Equipment	2.6	2.7	2.1
Henshaw pumping project	0.3	0.3	0.4
Construction in progress	8.6	2.7	2.4
Total Capital Assets, Net	<u>\$ 102.3</u>	<u>\$ 97.8</u>	<u>\$ 94.6</u>

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

Long-term Debt

At June 30, 2020, the District had no debt and has no immediate need to issue debt.

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash and cash equivalents (notes 1 and 2)	\$ 25,641,692	\$ 20,187,502
Investments (notes 1 and 2)	19,483,935	19,304,648
Accounts receivable, net (notes 1 and 3)	7,957,475	7,984,633
Taxes receivable	38,137	32,242
Accrued interest receivable	41,192	38,582
Other receivable	125,545	-
Inventories of materials and supplies	716,723	612,666
Prepaid expenses and other current assets	280,602	288,438
Total Current Assets	<u>54,285,301</u>	<u>48,448,711</u>
Noncurrent Assets:		
Capital assets: (notes 1 and 4)		
Depreciable assets, net of accumulated depreciation:		
Buildings, canals, pipelines, reservoirs and dams	85,413,391	86,678,221
Equipment	2,556,308	2,684,068
Henshaw pumping project	296,943	341,162
Nondepreciable assets:		
Land, franchises and water rights	5,453,295	5,453,295
Construction in progress	8,614,923	2,693,197
Total capital assets	<u>102,334,860</u>	<u>97,849,943</u>
Total Noncurrent Assets	<u>102,334,860</u>	<u>97,849,943</u>
Total Assets	<u>156,620,161</u>	<u>146,298,654</u>
Deferred Outflows of Resources		
Pension related (notes 1 and 6)	4,488,550	4,926,365
Other post-employment benefits (OPEB) related (notes 1 and 7)	327,492	101,590
Total Deferred Outflows of Resources	<u>4,816,042</u>	<u>5,027,955</u>

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

(Continued)

**VISTA IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities:		
Accounts payable (note 5)	\$ 8,708,940	\$ 6,456,917
Deposits	490,482	1,255,451
Compensated absences, current portion	404,593	405,613
Accrued expenses and other liabilities	<u>1,583,590</u>	<u>1,541,549</u>
Total Current Liabilities	<u>11,187,605</u>	<u>9,659,530</u>
Noncurrent Liabilities:		
Compensated absences, long-term portion	893,429	817,213
Net pension liability (notes 1 and 6)	16,707,460	14,791,100
Net OPEB liability (notes 1 and 7)	<u>1,002,426</u>	<u>587,748</u>
Total Noncurrent Liabilities	<u>18,603,315</u>	<u>16,196,061</u>
Total Liabilities	<u>29,790,920</u>	<u>25,855,591</u>
Deferred Inflows of Resources		
Pension related (notes 1 and 6)	1,242,821	908,670
OPEB related (notes 1 and 7)	<u>75,181</u>	<u>159,543</u>
Total Deferred Inflows of Resources	<u>1,318,002</u>	<u>1,068,213</u>
Net Position		
Investment in capital assets	102,334,860	97,849,943
Unrestricted	<u>27,992,421</u>	<u>26,552,862</u>
Total Net Position	<u>\$ 130,327,281</u>	<u>\$ 124,402,805</u>

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

VISTA IRRIGATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Water sales, net (notes 1 and 3)	\$ 48,703,324	\$ 47,799,794
System fees	924,945	1,225,043
Property rentals	771,289	807,180
Other services	408,369	569,180
Total Operating Revenues	<u>50,807,927</u>	<u>50,401,197</u>
Operating Expenses		
Purchased water	20,917,710	21,287,616
Wages and benefits	16,207,874	13,591,552
Contractual services	4,945,888	5,240,188
Depreciation	3,247,471	3,157,173
Supplies	1,288,380	1,359,577
Professional fees	719,175	596,320
Power	411,118	466,694
Office and general	408,249	536,420
Insurance	110,882	385,026
Communications	49,025	51,755
Burden allocation	(1,257,841)	(1,363,958)
Total Operating Expenses	<u>47,047,931</u>	<u>45,308,363</u>
Operating Income	<u>3,759,996</u>	<u>5,092,834</u>
Nonoperating Revenues		
Investment income	903,373	859,164
Property taxes	507,604	487,062
Gain on disposal of capital assets	35,014	3,722,423
Federal and state assistance (refund)	(32,341)	49,198
Total Nonoperating Revenues	<u>1,413,650</u>	<u>5,117,847</u>
Income Before Contributed Capital	5,173,646	10,210,681
Contributed Capital	<u>750,830</u>	<u>1,461,683</u>
Changes in Net Position	5,924,476	11,672,364
Total Net Position - beginning	<u>124,402,805</u>	<u>112,730,441</u>
Total Net Position - ending	<u>\$ 130,327,281</u>	<u>\$ 124,402,805</u>

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

**VISTA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 50,835,085	\$ 51,101,066
Payments to suppliers	(30,497,351)	(38,243,041)
Payments to employees	(8,362,875)	(8,187,350)
Collection of deposits	974,513	1,506,511
Return of deposits	(1,739,482)	(571,775)
(Payment to) Receipts from others	(32,341)	49,198
Net Cash Provided by Operating Activities	<u>11,177,549</u>	<u>5,654,609</u>
Cash Flows From Noncapital Financing Activities		
Receipts from property taxes	501,709	478,935
Net Cash Provided by Noncapital Financing Activities	<u>501,709</u>	<u>478,935</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from disposal of capital assets	38,459	4,296,785
Acquisition and construction of capital assets	(6,985,003)	(5,473,966)
Net Cash Used by Capital and Related Financing Activities	<u>(6,946,544)</u>	<u>(1,177,181)</u>
Cash Flows From Investing Activities		
Proceeds from maturities of investments	19,500,000	16,000,000
Interest on cash and investments	490,336	377,083
Purchase of investments	(19,268,860)	(19,021,644)
Net Cash Provided (Used) by Investing Activities	<u>721,476</u>	<u>(2,644,561)</u>
Net Increase in Cash and Cash Equivalents	5,454,190	2,311,802
Cash and Cash Equivalents - beginning	<u>20,187,502</u>	<u>17,875,700</u>
Cash and Cash Equivalents - ending	<u>\$ 25,641,692</u>	<u>\$ 20,187,502</u>

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

(Continued)

**VISTA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 3,759,996	\$ 5,092,834
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,247,471	3,157,173
Federal and state assistance (refund)	(32,341)	49,198
 Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Accounts receivable, net	27,158	699,869
Other receivable	(125,545)	-
Inventories of materials and supplies	(104,057)	(198,449)
Prepaid expenses and other assets	7,836	63,298
Deferred outflows of resources	211,913	1,770,890
Accounts payable	2,252,023	(4,298,805)
Deposits	(764,969)	934,736
Accrued expenses and other liabilities	42,041	(188,643)
Compensated absences	75,196	(119,629)
Net pension liability	1,916,360	(831,568)
Net OPEB liability	414,678	40,327
Deferred inflows of resources	249,789	(516,622)
Net Cash Provided by Operating Activities	\$ 11,177,549	\$ 5,654,609
 Noncash Investing, Capital and Financing Activities		
Contributed capital assets	\$ 750,830	\$ 1,461,683
Increase in fair value of investments	\$ 410,427	\$ 469,473

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 21,153 acres. Historically, the District has reported receiving 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. In order to be more representative of current trends and conditions, the District has based the current year percentage on a historical 10-year rolling average, which is 20%. The remaining 80% 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 Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements 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 YEARS ENDED JUNE 30, 2020 AND 2019**

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 statements 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 statements of net position. All investment income, including changes in the fair value of investments, is recognized as revenues in the statements 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 YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2020 and 2019 total compensated absences were \$1,298,022, and \$1,222,826, respectively.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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.

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 YEARS ENDED JUNE 30, 2020 AND 2019**

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 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.
- Deferred outflows related to OPEB 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 OPEB through the plans.
- Deferred outflows related to OPEB resulting in a difference in expected and actuarial of the Total OPEB Liability. 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 OPEB through the plans.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 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 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.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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

Operating Revenues and Expenses (Continued)

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.

Net Position

In the Statements 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, 2020 and 2019.
- 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 Statements 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.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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

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.

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

Property Loss - Insured up to \$500,000,000 per occurrence, except boiler & machinery \$100,000,000 per occurrence, earthquake \$2,500,000 program aggregate, and flood \$25,000,000 (total insurable value \$33,087,906). Deductibles are as follows: \$5,000 for buildings, personal property, mobile equipment, licensed vehicles/trailers; \$25,000 for boiler & machinery, except \$50,000 if turbine or power generation equipment; 5% of TIV for earthquake; and \$100,000 for flood. The Authority is self-insured up to \$100,000 per occurrence and excess insurance coverage has been purchased.

General Liability - Insured up to \$55,000,000 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 \$55,000,000 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 \$55,000,000 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.

Cyber Liability - Insured up to \$3,000,000 per occurrence/\$5,000,000 aggregate with up to \$50,000 deductible depending on annual revenues.

Workers' Compensation (WC) and Employer's Liability (EL) – Insured up to statutory limits per occurrence for WC and up to \$4,000,000 for EL. The Authority is self-insured up to \$2,000,000 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 YEARS ENDED JUNE 30, 2020 AND 2019**

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

New Accounting Pronouncements

GASB Current Year Standards

GASB 95 – “Postponement of the Effective Dates of Certain Authority Guidance”, effective during fiscal year 2019-2020 and resulted delaying the implementation requirements for certain Statements and Implementation Guides to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Pending Accounting Standards

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

- GASB 84 – “Fiduciary Activities”, effective for periods beginning after December 15, 2019.
- GASB 87 – “Leases”, effective for periods beginning after June 15, 2021.
- GASB 89 – “Accounting for Interest Cost Incurred before the End of a Construction Period”, effective for periods beginning after December 15, 2020.
- GASB 90 – “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61”, effective for periods beginning after December 15, 2019.
- GASB 91 – “Conduit Debt Obligations”, effective for periods beginning after December 15, 2021.
- GASB 92 – “Omnibus 2020”, primarily effective for periods beginning after June 15, 2020.
- GASB 93 – “Replacement of Interbank Offered Rates”, effective for periods beginning after June 15, 2021.
- GASB 94 – “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, effective for periods beginning after June 15, 2022.
- GASB 96 – “Subscription-Based Information Technology Arrangements”, effective for fiscal years beginning after June 15, 2022.
- GASB 97 – “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32”, effective for fiscal years beginning after June 15, 2021.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 2 - Cash and Investments

The following is a detail of cash and cash equivalents as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 6,635	\$ 9,103
Deposits	871,986	1,005,483
State Treasurer's investment pool	14,395,293	9,587,529
California Asset Management Program	10,367,778	9,585,387
Total cash and cash equivalents	<u>\$ 25,641,692</u>	<u>\$ 20,187,502</u>

As of June 30, 2020 and 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2020 Fair Value</u>	<u>2019 Fair Value</u>
State Treasurer's investment pool	less than 12 months	\$ 14,395,293	\$ 9,587,529
California Asset Management Program	less than 12 months	10,367,778	9,585,387
Total cash equivalents		<u>\$ 24,763,071</u>	<u>\$ 19,172,916</u>
U.S. Treasury bills	6 months weighted average	\$ 19,483,935	\$ 19,304,648
Total Investments		<u>\$ 19,483,935</u>	<u>\$ 19,304,648</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).

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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).

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, 2020, the District's bank balances were \$845,499, of which \$250,000 were insured and the remaining \$595,499 were collateralized with securities held by the pledging institution's trust department. As of June 30, 2019, the District's bank balances were \$967,375, of which \$250,000 were insured and the remaining \$717,375 were collateralized with securities held by the pledging institution's trust department.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2020:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservabl e Inputs Level 3	Total
Fixed Income Securities:				
Treasury Bills	\$ -	\$ 19,483,935	\$ -	\$ 19,483,935
Total Leveled Investments	<u>\$ -</u>	<u>\$ 19,483,935</u>	<u>\$ -</u>	<u>19,483,935</u>
LAIF*				14,395,293
California Asset Management Program*				<u>10,367,778</u>
 Total Investment Portfolio				 <u>\$ 44,247,006</u>

*Not subject to fair value measurement.

The District has the following recurring fair value measurements as of June 30, 2019:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservabl e Inputs Level 3	Total
Fixed Income Securities:				
Treasury Bills	\$ -	\$ 19,304,648	\$ -	\$ 19,304,648
Total Leveled Investments	<u>\$ -</u>	<u>\$ 19,304,648</u>	<u>\$ -</u>	<u>19,304,648</u>
LAIF*				9,587,529
California Asset Management Program*				<u>9,585,387</u>
 Total Investment Portfolio				 <u>\$ 38,477,564</u>

*Not subject to fair value measurement.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 3 - Accounts Receivable, Net

As of June 30, 2020 and 2019, the net balances were comprised of accounts receivable balances of \$8,116,114 and \$8,121,054, respectively, less the allowances for doubtful accounts of \$158,639 and \$136,421, respectively.

On the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2020 and 2019, the balances of water sales, net of uncollectible accounts expense, were comprised of water sales revenues of \$48,737,922 and \$47,811,749, respectively, less uncollectible amounts of \$34,598 and \$11,955, respectively.

Note 4 - Capital Assets

Capital assets consist of the following at June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 5,453,295	\$ -	\$ -	\$ 5,453,295
Construction in progress	2,693,197	6,802,645	(880,919)	8,614,923
Total capital assets not being depreciated	<u>8,146,492</u>	<u>6,802,645</u>	<u>(880,919)</u>	<u>14,068,218</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	170,710,043	1,573,259	(219,495)	172,063,807
Equipment	6,462,114	240,848	(15,621)	6,687,341
Henshaw pumping project	3,111,870	-	-	3,111,870
Total capital assets being depreciated	<u>180,284,027</u>	<u>1,814,107</u>	<u>(235,116)</u>	<u>181,863,018</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(84,031,822)	(2,836,250)	217,656	(86,650,416)
Equipment	(3,778,046)	(367,002)	14,015	(4,131,033)
Henshaw pumping project	(2,770,708)	(44,219)	-	(2,814,927)
Total accumulated depreciation	<u>(90,580,576)</u>	<u>(3,247,471)</u>	<u>231,671</u>	<u>(93,596,376)</u>
Total capital assets being depreciated, net	<u>89,703,451</u>	<u>(1,433,364)</u>	<u>(3,445)</u>	<u>88,266,642</u>
Total capital assets, net	<u>\$ 97,849,943</u>	<u>\$ 5,369,281</u>	<u>\$ (884,364)</u>	<u>\$ 102,334,860</u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 4 - Capital Assets (Continued)

Capital assets consist of the following at June 30, 2019:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 6,001,127	\$ -	\$ (547,832)	\$ 5,453,295
Construction in progress	2,397,003	4,697,846	(4,401,652)	2,693,197
Total capital assets not being depreciated	<u>8,398,130</u>	<u>4,697,846</u>	<u>(4,949,484)</u>	<u>8,146,492</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	165,119,809	5,734,643	(144,409)	170,710,043
Equipment	6,150,504	901,925	(590,315)	6,462,114
Henshaw pumping project	3,108,399	14,851	(11,380)	3,111,870
Total capital assets being depreciated	<u>174,378,712</u>	<u>6,651,419</u>	<u>(746,104)</u>	<u>180,284,027</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(81,379,187)	(2,774,926)	122,291	(84,031,822)
Equipment	(4,017,235)	(338,136)	577,325	(3,778,046)
Henshaw pumping project	(2,734,591)	(44,111)	7,994	(2,770,708)
Total accumulated depreciation	<u>(88,131,013)</u>	<u>(3,157,173)</u>	<u>707,610</u>	<u>(90,580,576)</u>
Total capital assets being depreciated, net	<u>86,247,699</u>	<u>3,494,246</u>	<u>(38,494)</u>	<u>89,703,451</u>
Total capital assets, net	<u>\$ 94,645,829</u>	<u>\$ 8,192,092</u>	<u>\$ (4,987,978)</u>	<u>\$ 97,849,943</u>

Note 5 - Accounts Payable

At June 30, 2020, the accounts payable of \$8,708,940 included \$5,221,686 for obligations to the San Luis Rey Indian Water Authority, \$1,718,124 for water purchases from the San Diego County Water Authority, and \$1,769,130 for obligations to other vendors. At June 30, 2019, the accounts payable of \$6,456,917 included \$3,825,719 for obligations to the San Luis Rey Indian Water Authority, \$1,294,428 for water purchases from the San Diego County Water Authority, and \$1,336,770 for obligations to other vendors.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2019 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.

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 YEARS ENDED JUNE 30, 2020 AND 2019**

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 measurement date June 30, 2019 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	17.869%	7.634%	6.842%
Payment of unfunded liability	\$827,165	\$340	\$616

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 YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability

The District's net pension liabilities were measured as of June 30, 2019 and 2018 using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, and June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement periods ended June 30, 2019 and June 30, 2018, the total pension liabilities were determined by actuarial valuations as of June 30, 2018 and 2017, with update procedures used to roll forward the total pension liabilities. The total pension liabilities for the Plan were based on the following actuarial methods and assumptions:

Valuation Dates	June 30, 2018 and 2017
Measurement Dates	June 30, 2019 and 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

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

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

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Long-term Expected Rate of Return

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

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

The expected real rates of return by asset class at measurement date June 30, 2019 are as follows:

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

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

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

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Long-term Expected Rate of Return (Continued)

The expected real rates of return by asset class at measurement date June 30, 2018 were as follows:

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

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

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

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

Discount Rate

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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: 6/30/2018 (VD)	\$ 95,958,641	\$ 81,167,541	\$ 14,791,100
Balance at: 6/30/2019 (MD)	\$ 99,920,150	\$ 83,212,690	\$ 16,707,460
Net Changes during 2018-19	\$ 3,961,509	\$ 2,045,149	\$ 1,916,360

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, 2018	<u>0.39247%</u>
Proportionate Share - June 30, 2019	<u>0.41722%</u>
Change - Increase (Decrease)	<u><u>0.02475%</u></u>
Proportionate Share - June 30, 2017	<u>0.39631%</u>
Proportionate Share - June 30, 2018	<u>0.39247%</u>
Change - Increase (Decrease)	<u><u>(0.00384%)</u></u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6 - Defined Benefit Pension Plan (Continued)

C. Proportionate Share of Net Pension Liability

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, 2019 and 2018 measurement dates, 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:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability - 2019	\$ 30,147,025	\$ 16,707,460	\$ 5,614,048

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability - 2018	\$ 27,771,539	\$ 14,791,100	\$ 4,075,962

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6 - Defined Benefit Pension Plan (Continued)

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

For the fiscal years ending June 30, 2020 and June 30, 2019, the District incurred a pension expense of \$4,843,507 and \$2,421,809, respectively for the Plan.

As of June 30, 2020, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,155,181	\$ -
Differences between expected and actual experience	1,160,404	(89,908)
Changes in assumptions	796,689	(282,420)
Net difference between projected and actual earnings on pension plan investments	-	(292,099)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	376,276	(578,394)
Total	<u>\$ 4,488,550</u>	<u>\$ (1,242,821)</u>

\$2,155,181 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources, Net</u>
2021	\$ 1,145,457
2022	(125,400)
2023	11,466
2024	59,025
2025	-
Thereafter	-
	<u>\$ 1,090,548</u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6 - Defined Benefit Pension Plan (Continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

As of June 30, 2019, the District had 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	\$ 2,007,718	\$ -
Differences between expected and actual experience	567,508	(193,120)
Changes in assumptions	1,686,230	(413,262)
Net difference between projected and actual earnings on pension plan investments	73,123	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	591,786	(302,288)
Total	\$ 4,926,365	\$ (908,670)

\$2,007,718 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions were recognized in future pension expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2020	\$ 1,500,900
2021	916,053
2022	(273,938)
2023	(133,038)
2024	-
Thereafter	-
	\$ 2,009,977

E. Payable to the Pension Plan

At June 30, 2020 and 2019, the District had no outstanding amount of contributions to the pension plan required for the years ended June 30, 2020 and 2019.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	29
Active employees	<u>53</u>
Total	<u><u>82</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 measurement dates ended June 30, 2019 and 2018, the District’s contributions were \$101,590 and \$94,656, respectively in the form of estimated implied subsidy.

Net OPEB Liability

The District’s net OPEB liabilities were measured as of June 30, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 and June 30 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liabilities is shown below.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 7 – OPEB Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 and 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019 and 2017
Measurement Date	June 30, 2019 and 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.5% and 2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected long term investment rate of return	7.00%
Healthcare Cost Trend Rates	6.5% 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 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 at measurement date June 30, 2019 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		
Global Equity	59.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	<u>100.00%</u>	

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 7 – OPEB Plan (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation at measurement date June 30, 2018 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		
Global Equity	57.00%	5.50%
Global Debt Securities	27.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
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.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 7 – OPEB Plan (Continued)

Changes in the Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 6,169,970	\$ 5,582,222	\$ 587,748
Changes in the Year:			
Service cost	147,996	-	147,996
Interest on the total OPEB liability	421,739	-	421,739
Differences between actual and expected experience	211,413	-	211,413
Changes in assumptions	62,548	-	62,548
Contribution - employer	-	101,590	(101,590)
Net investment income	-	329,378	(329,378)
Administrative expenses	-	(1,950)	1,950
Benefit payments	(586,233)	(586,233)	-
Net Changes	<u>257,463</u>	<u>(157,215)</u>	<u>414,678</u>
Balance at June 30, 2019	<u>\$ 6,427,433</u>	<u>\$ 5,425,007</u>	<u>\$ 1,002,426</u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 7 – OPEB Plan (Continued)

Changes in the Net OPEB Liability (Continued)

The changes in the net OPEB liability during measurement period June 30, 2018 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 6,123,635	\$ 5,576,214	\$ 547,421
Changes in the Year:			
Service cost	143,685	-	143,685
Interest on the total OPEB liability	420,585	-	420,585
Contribution - employer	-	94,656	(94,656)
Net investment income	-	439,596	(439,596)
Administrative expenses	-	(10,309)	10,309
Benefit payments	(517,935)	(517,935)	-
Net Changes	<u>46,335</u>	<u>6,008</u>	<u>40,327</u>
Balance at June 30, 2018	<u><u>\$ 6,169,970</u></u>	<u><u>\$ 5,582,222</u></u>	<u><u>\$ 587,748</u></u>

Change of Assumptions

The inflation assumption was adjusted from 2.75% to 2.5% for the valuation completed June 30, 2019.

Change of Benefit Terms

There were no changes of benefit terms.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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 of the June 30, 2019 and 2018 measurement dates, 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 - 2019	\$ 1,441,063	\$ 1,002,426	\$ 601,690
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability - 2018	\$ 1,036,885	\$ 587,748	\$ 180,268

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 of the June 30, 2019 and 2018 measurement dates, 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 (5.50% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO) or 1-percentage point higher (7.50% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO) than the current healthcare cost trend rates:

	1% Decrease (5.50% HMO/ 5.50% PPO decreasing to 4.00% HMO/ 4.00% PPO)	Current Healthcare Cost Trend Rates (6.50% HMO/ 6.50% PPO decreasing to 5.00% HMO/ 5.00% PPO)	1% Increase (7.50% HMO/ 7.50% PPO decreasing to 6.00% HMO/ 6.00% PPO)
Net OPEB Liability - 2019	\$ 533,459	\$ 1,002,426	\$ 1,532,743

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 7 – OPEB Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates (Continued)

	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 - 2018	\$ 60,151	\$ 587,748	\$ 1,188,264

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

For the year ended June 30, 2020 and 2019, the District recognized OPEB expense of \$226,435 and \$150,526, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 122,021	\$ -
Differences between actual and expected experience	158,560	-
Change in assumptions	46,911	-
Differences between projected and actual earnings	-	75,181
Total	\$ 327,492	\$ 75,181

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 7 – OPEB Plan (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

\$122,021 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, 2021. 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>
2021	\$ 28,475
2022	28,473
2023	64,471
2024	8,871
2025	-
Thereafter	-

At June 30, 2019, 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	\$ 101,590	\$ -
Differences between projected and actual earnings	-	159,543
Total	<u>\$ 101,590</u>	<u>\$ 159,543</u>

\$101,590 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. 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>
2020	\$ (48,884)
2021	(48,884)
2022	(48,886)
2023	(12,889)
2024	-
Thereafter	-

Payable to the OPEB Plan

At June 30, 2020 and 2019, the District had no outstanding amount of contributions to the OPEB plan required for the years ended June 30, 2020 and 2019.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

Note 8 - Commitments and Contingencies

Commitments

On May 17, 2017 the District settled its long-standing water rights lawsuit with various Indian bands. 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.

COVID-19

On January 30, 2020 the World Health Organization (WHO) announced a global health emergency because of an outbreak of a new strain of coronavirus (the COVID-19 outbreak) and the risks that are posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District's financial condition, liquidity, operations, and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the District's results of future operations and financial position in fiscal year 2021.

Note 9 – Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 9, 2020, the date the financial statements were available to be issued.

**VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

Schedule of the Proportionate Share of the Plan's Net Pension Liability and Related Ratios
Last 10 Fiscal Years*

	Measurement Date					
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014*
Plan's Proportion of the Net Pension Liability ¹	0.16305%	0.15349%	0.15753%	0.14938%	0.22908%	0.21738%
Plan's Proportionate Share of the Net Pension Liability	\$ 16,707,460	\$ 14,791,100	\$ 15,622,668	\$ 12,926,266	\$ 15,723,785	\$ 13,526,753
Plan's Covered Payroll ²	\$ 8,034,376	\$ 7,982,625	\$ 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	207.95%	185.29%	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	75.26%	75.26%	73.31%	74.06%	80.66%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions ³	\$ 3,448,002	\$ 3,091,757	\$ 2,954,163	\$ 2,678,414	\$ 2,268,191	\$ 1,789,539

¹ 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.

² 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.

³ 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, 2020**

Schedule of Contributions - Pension Plan

Last 10 Fiscal Years*

	Fiscal Year-End					
	2020	2019	2018	2017	2016	2015*
Actuarially Determined Contribution	\$ 2,155,181	\$ 2,007,718	\$ 1,862,822	\$ 1,816,735	\$ 1,924,128	\$ 1,488,966
Contributions in Relation to the						
Actuarially Determined Contribution	<u>(2,155,181)</u>	<u>(2,007,718)</u>	<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>\$ -</u>	<u>\$ -</u>	<u>\$ (7,758,612)</u>	<u>\$ -</u>
Covered Payroll ¹	\$ 8,272,132	\$ 8,034,376	\$ 7,982,625	\$ 7,576,845	\$ 7,601,853	\$ 7,473,687
Contributions as a % of Covered Payroll	26.05%	24.99%	23.34%	23.98%	127.37%	19.92%

¹ 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.

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

**VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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

Measurement date	6/30/2019	6/30/2018	6/30/2017
Fiscal Year-End Date	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability:			
Service cost	\$ 147,996	\$ 143,685	\$ 134,285
Interest on total OPEB liability	421,739	420,585	416,970
Differences between actual and expected experience	211,413	-	-
Changes in assumptions	62,548	-	-
Benefit payments, including refunds of member contributions	<u>(586,233)</u>	<u>(517,935)</u>	<u>(500,111)</u>
Net Change in Total OPEB Liability	257,463	46,335	51,144
Total OPEB Liability - Beginning of Year	<u>6,169,970</u>	<u>6,123,635</u>	<u>6,072,491</u>
Total OPEB Liability - End of Year (a)	<u>6,427,433</u>	<u>6,169,970</u>	<u>6,123,635</u>
Plan Fiduciary Net Position:			
Contributions - employer	101,590	94,656	500,111
Net investment income	329,378	439,596	533,100
Administrative expenses	(1,950)	(10,309)	(2,706)
Benefit payments, including refunds of member contributions	<u>(586,233)</u>	<u>(517,935)</u>	<u>(500,111)</u>
Net Change in Plan Fiduciary Net Position	(157,215)	6,008	530,394
Plan Fiduciary Net Position - Beginning of Year	<u>5,582,222</u>	<u>5,576,214</u>	<u>5,045,820</u>
Plan Fiduciary Net Position - End of Year (b)	<u>5,425,007</u>	<u>5,582,222</u>	<u>5,576,214</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 1,002,426</u>	<u>\$ 587,748</u>	<u>\$ 547,421</u>
Plan fiduciary net position as a percentage of the total OPEB liability	84.40%	90.47%	91.06%
Covered - employee payroll	5,559,000	\$ 6,109,000	\$ 6,182,000
Net OPEB liability as percentage of covered - employee payroll	18.03%	9.62%	8.86%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

Inflation was changed on valuation 06/30/2019 to 2.5% from 2.75%

* Fiscal year 2018 was the first year of implementation.

**VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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

Fiscal Year-End Date	6/30/2020	6/30/2019	6/30/2018
Actuarially determined contribution	\$ 225,216	\$ 200,852	\$ 195,002
Contributions in relation to the actuarially determined contributions	<u>(122,021)</u>	<u>(101,590)</u>	<u>(94,656)</u>
Contribution deficiency (excess)	\$ <u>103,195</u>	\$ <u>99,262</u>	\$ <u>100,346</u>
Covered - employee payroll	\$ 5,178,000	\$ 5,559,000	\$ 6,109,000
Contributions as a percentage of covered - employee payroll	2.36%	1.83%	1.55%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2017	6/30/2017
----------------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair Value
Inflation	2.50%**
Salary increases	3.00%
Investment rate of return	7.00%
Mortality	CalPers pension plan

* Fiscal year 2018 was the first year of implementation.

** Inflation prior to 6/30/20 was 2.75%



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.

CONTENTS	PAGE
Financial Trends	52
<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>	
Revenue Capacity	54
<i>These schedules contain information to help the reader access the District’s most significant local revenue source.</i>	
Demographic and Economic Information	58
<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>	
Operating Information	61
<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.

Table I
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Position					
Net investment in capital assets	\$ 102,334,860	\$ 97,849,943	\$ 94,645,829	\$ 89,924,833	\$ 84,550,252
Unrestricted	27,992,421	26,552,862	18,084,612	15,418,929	21,630,198
Total Net Position	<u>\$ 130,327,281</u>	<u>\$ 124,402,805</u>	<u>\$ 112,730,441</u>	<u>\$ 105,343,762</u>	<u>\$ 106,180,450</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Position					
Net investment in capital assets	\$ 82,551,852	\$ 81,758,263	\$ 83,082,019	\$ 82,359,487	\$ 82,216,322
Unrestricted	19,724,448	31,251,239	24,015,914	17,912,540	13,013,133
Total Net Position	<u>\$ 102,276,300</u>	<u>\$ 113,009,502</u>	<u>\$ 107,097,933</u>	<u>\$ 100,272,027</u>	<u>\$ 95,229,455</u>

Source: Vista Irrigation District

Table II
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating Revenues:										
Water sales	\$ 48,703,324	\$ 47,799,794	\$ 49,802,101	\$ 45,948,385	\$ 41,193,157	\$ 44,594,810	\$ 46,858,642	\$ 44,675,640	\$ 38,929,306	\$ 36,935,147
Property rentals	771,289	807,180	823,871	770,023	718,075	738,767	705,845	666,495	475,148	740,341
Other services	408,369	569,180	451,600	645,880	657,891	428,667	454,842	206,602	285,692	282,608
System fees	924,945	1,225,043	731,240	1,029,580	622,039	853,041	667,311	228,954	297,553	332,643
Total operating revenues	50,807,927	50,401,197	51,808,812	48,393,868	43,191,162	46,615,285	48,686,640	45,777,691	39,987,699	38,290,739
Operating Expenses:										
Purchased water	20,917,710	21,287,616	22,569,140	23,826,729	18,721,053	19,235,486	21,351,934	19,438,447	14,767,680	11,705,489
Wages and benefits	16,207,874	13,591,552	14,461,797	13,492,353	11,870,598	12,298,601	12,026,730	11,902,693	12,223,638	13,207,539
Depreciation	3,247,471	3,157,173	2,968,997	2,719,379	2,581,311	3,363,263	3,222,382	3,122,974	3,022,459	2,967,954
Contractual services	4,945,888	5,240,188	4,292,413	3,495,060	4,125,191	3,827,299	3,932,249	3,551,800	3,554,268	3,228,825
Supplies	1,288,380	1,359,577	1,531,232	1,450,699	1,396,166	1,309,636	1,369,388	969,997	1,078,481	1,025,154
Professional fees	719,175	596,320	603,257	949,374	700,489	658,616	634,801	799,509	831,775	730,715
Power	411,118	466,694	405,854	525,897	656,238	662,164	603,100	735,024	434,811	536,753
Office and general	408,249	536,420	557,713	481,697	489,547	488,237	445,363	477,700	422,474	419,434
Insurance	110,882	385,026	543,145	535,788	531,811	489,023	476,242	407,580	363,291	332,528
Uncollectible accounts	-	-	-	-	-	-	60,389	54,046	72,180	80,472
Communications	49,025	51,755	53,326	56,779	49,845	55,126	57,814	61,278	72,668	83,428
Burden allocation	(1,257,841)	(1,363,958)	(1,433,392)	(1,422,130)	(1,255,779)	(945,126)	(947,821)	(934,908)	(1,074,815)	(932,041)
Total operating expenses	47,047,931	45,308,363	46,553,482	46,111,625	39,866,470	41,442,325	43,232,571	40,586,140	35,768,910	33,386,250
Operating Income	3,759,996	5,092,834	5,255,330	2,282,243	3,324,692	5,172,960	5,454,069	5,191,551	4,218,789	4,904,489
Nonoperating Revenues (Expenses):										
Property taxes	507,604	487,062	450,512	423,469	384,960	381,843	443,255	387,889	313,008	305,985
Investment income	903,373	859,164	346,063	168,777	129,591	63,423	45,451	53,471	47,225	79,800
Gain (Loss) on disposal of capital assets	35,014	3,722,423	19,210	(139,088)	(16,209)	30,557	(3,819)	9,414	(6,235)	(22,426)
Federal and state assistance (refund)	(32,341)	49,198	-	-	-	42,810	-	64,015	-	578
Legal settlement	-	-	-	(66,961)	(83,905)	(55,173)	(94,732)	(57,090)	(83,096)	231,600
Total Nonoperating Revenues	1,413,650	5,117,847	815,785	386,197	414,437	463,460	390,155	457,699	270,902	595,537
Income Before Contributed Capital	5,173,646	10,210,681	6,071,115	2,668,440	3,739,129	5,636,420	5,844,224	5,649,250	4,489,691	5,500,026
Contributed Capital	750,830	1,461,683	1,315,564	1,257,820	165,021	499,911	67,345	1,176,656	552,881	1,174,858
Change in net position	5,924,476	11,672,364	7,386,679	3,926,260	3,904,150	6,136,331	5,911,569	6,825,906	5,042,572	6,674,884
Net Position, beginning of year	124,402,805	112,730,441	110,106,710	106,180,450	102,276,300	113,009,502	107,097,933	100,272,027	95,229,455	96,786,691
Prior Period Adjustment	-	-	(4,762,948)	-	-	(16,869,533)	-	-	-	(8,232,120)
Net Position, end of year	\$ 130,327,281	\$ 124,402,805	\$ 112,730,441	\$ 110,106,710	\$ 106,180,450	\$ 102,276,300	\$ 113,009,502	\$ 107,097,933	\$ 100,272,027	\$ 95,229,455

Source: Vista Irrigation District

Table III
WATER SALES BY USER TYPE
Last Ten Fiscal Years

Fiscal Year Ended	<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>	
2020	\$21,166,639	10,747.0	\$3,239,744	1,621.9	\$3,624,924	1,836.0	\$1,463,693	742.8	\$570,427	276.2	\$1,975
2019	\$20,866,138	10,747.2	\$3,441,266	1,740.4	\$3,635,381	1,820.5	\$1,593,200	815.6	\$720,781	360.6	\$1,954
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

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>
2020	24,470	1,571	954	524	1,269	91	28,879
2019	24,393	1,581	944	515	1,258	89	28,780
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

Source: Vista Irrigation District

Table V
WATER RATES
Last Ten Fiscal Years

Fiscal Year Ended	VID Commodity Charge per HCF*				Monthly ¾" Meter Charge
	Domestic - Tier 1	Domestic - Tier 2	Domestic - Tier 3**	Agricultural	
2020	\$4.35	\$4.89	\$4.89	\$4.67	\$40.97
2019	\$4.27	\$4.81	\$4.81	\$4.59	\$40.97
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

* 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.

Source: Vista Irrigation District

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

<u>Fiscal Year ended June 30, 2020</u>			<u>Fiscal Year ended June 30, 2011</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	81.2	0.53%	Golf Course	192.3	1.09%
City	52.4	0.34%	Courthouse	111.0	0.63%
Industrial	51.2	0.34%	Agricultural	55.2	0.31%
Industrial	48.6	0.32%	Industrial	41.5	0.24%
Multi-Family	39.9	0.26%	Industrial	40.8	0.23%
Mobile Home Park	36.5	0.24%	High School	39.3	0.22%
High School	33.2	0.22%	Mobile Home Park	36.1	0.21%
Mobile Home Park	32.6	0.21%	Industrial	33.9	0.19%
Mobile Home Park	30.0	0.20%	Mobile Home Park	33.4	0.19%
Mobile Home Park	25.6	0.17%	Mobile Home Park	31.7	0.18%
Total Top Ten Customers	<u>431.1</u>	<u>2.83%</u>	Total Top Ten Customers	<u>615.2</u>	<u>3.50%</u>
Other Customers	<u>14,792.9</u>	<u>97.17%</u>	Other Customers	<u>16,974.8</u>	<u>96.50%</u>
Total Water Sales	<u><u>15,224.0</u></u>	<u><u>100.00%</u></u>	Total Water Sales	<u><u>17,590.0</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)
2011	125,802	3.12	9.2%	\$35,619.97	\$4,481,063.41
2012	126,901	3.14	8.2%	\$36,205.82	\$4,594,554.16
2013	128,494	3.15	7.0%	\$42,253.99	\$5,429,384.16
2014	129,231	3.17	5.7%	\$38,351.21	\$4,956,165.28
2015	129,866	3.19	4.6%	\$44,598.13	\$5,791,780.60
2016	131,338	3.19	5.0%	\$45,936.94	\$6,033,265.90
2017	133,714	3.21	4.3%	\$45,070.41	\$6,026,544.22
2018	133,902	3.21	3.6%	\$49,604.22	\$6,642,104.75
2019	134,143	3.22	3.5%	\$54,594.12	\$7,320,539.60
2020	134,588	3.22	<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, 2020 ⁽¹⁾			Fiscal Year Ended June 30, 2011 ⁽²⁾		
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+	United States Postal Service	Government	10,000+
Qualcomm, Inc.	Technology	5,000-9,999	Kaiser Permanente	Healthcare	5,000-9,000
Kaiser Medical Center	Healthcare	5,000-9,999	Qualcomm Inc.	Technology/ Communications	5,000-9,000
San Diego State University	Education	5,000-9,999	San Diego Community College District	Education	5,000-9,000

Source: ¹ San Diego's Top 10 Employers www.sandiegostop10.com/employers.aspx
² Vista Irrigation District 2011 CAFR/San Diego Economic Development Corporation

Table IX
NUMBER OF EMPLOYEES
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Employees	87	87	90	89	87	88	84	90	94	94
Average Years of Service	10.2	10.8	11.6	12.8	12.0	11.6	11.9	11.7	11.8	11.1

Source: Vista Irrigation District

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

Table X
OPERATING AND CAPITAL INDICATORS
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Service Area (acres)	21152	21152	21152	21160	21160	21160	21200	21200	21200	21200
Miles of water main (4" and larger) *	429	429	429	473	473	473	473	473	471	470
Number of enclosed reservoirs	12	12	12	12	12	12	12	12	12	12
Capacity of enclosed reservoirs (acre feet)	142	142	142	141	141	142	142	142	142	142
Number of open reservoirs	1	1	1	1	1	1	1	1	1	1
Capacity of open reservoirs (acre feet) **	51,832	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	7	7
Number of pumps	18	18	18	18	18	18	18	18	18	18
Total capacity of pumps (horsepower)	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,055	1,055
Number of service connections	28,879	28,780	28,688	28,622	28,478	28,649	28,609	28,435	28,435	28,314
Production peak (million gallons per day)	21	22	21	22	20	24	32	28	26	27
Average production (million gallons per day)	15	14	16	15	14	16	18	18	17	16
Total rainfall (inches) - Lake Henshaw	29	35	12	34	21	16	13	14	20	36
Total rainfall (inches) - Vista	21	16	4	20	11	8	5	9	11	25
Average daily temperature (F) - Lake Henshaw	58	58	60	60	59	60	60	57	55	55
Average daily temperature (F) - Vista	63	62	64	63	64	64	63	62	61	61
Electricity purchased (1,000 kWh) - Service Area	1,017	1,075	1,060	712	1,081	1,094	1,078	1,244	1,123	1,719
Electricity purchased (1,000 kWh) - Lake Henshaw	302	1,783	1,077	1,964	3,176	3,352	3,310	3,800	1,315	2,178
Natural gas purchased (therms)	8,829	7,833	6,926	5,768	5,970	5,573	5,777	6,500	6,990	5,379
Mainline repairs	19	31	20	40	29	33	32	41	40	47

* 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.

** Capacity of open reservoir was updated according to a 2018 study.

Source: Vista Irrigation District



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Vista Irrigation District
Vista, California

We have audited the financial statements of Vista Irrigation District (the District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 27, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of other existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

The most sensitive estimates affecting the 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.
- 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.

Significant Audit Matters (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- 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 Liability, 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.

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. As a result of our audit-related test work, we proposed no corrections to the financial statements.

Significant Audit Matters (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 9, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to 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 Plans, 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.

Other Matters (Continued)

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Carlsbad, California
December 9, 2020



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

Board of Directors 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, 2020, 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 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. 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 not have been identified.

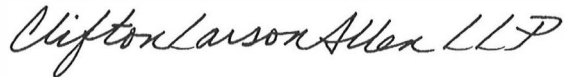
Compliance and Other Matters

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*.

We noted a certain other matter that we have reported to the Board of Directors in a separate letter dated December 9, 2020.

Purpose of This Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Carlsbad, California
December 9, 2020



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Board of Directors of the
Vista Irrigation District
Vista, California

In planning and performing our audit of the financial statements of Vista Irrigation District (the District) as of and for the year ended June 30, 2020, 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 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 9, 2020 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:

Cybersecurity

Auditors' Comment and Recommendation

During internal control testing, we inquired with the District regarding their cybersecurity policies and procedures. We noted that cybersecurity training is not being done covering topics of phishing scams and business email compromise. Also, the District does not perform penetration testing to determine how vulnerable their financial systems are to cybercrimes.

Serious information-related security threats, ranging from cybercrimes to the loss or theft of laptops, mobile phones, and client or company data, occur every day. To improve IT security, we recommend that companies should begin by performing a comprehensive risk assessment of their physical and logical infrastructure, networks, data, and personnel. Based on those findings, they can implement policies and technologies to reduce the risk of cyberattacks, data breaches, theft, fraud, and other threats.

Management's response

The District will perform a comprehensive risk assessment including researching web-based training programs including simulated scams to identify vulnerabilities and develop a plan to address weaknesses related to physical and logical infrastructure, networks, data and personnel. From this assessment, the District can implement policies and procedures to identify areas of weakness, reduce the risk of cyberattacks, data breaches, theft, fraud and other threats and to develop methods for mitigating those risks.

The District has already implemented a notice on emails to identify the source as being from outside the District with a warning to not use links or open attachments unless the sender is recognized.

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.



CliftonLarsonAllen LLP

December 9, 2020
Carlsbad, California



STAFF REPORT

Agenda Item: 9

Board Meeting Date: January 20, 2021
Prepared By: Shallako Goodrick
Reviewed By: Marlene Kelleher
Approved By: Brett Hodgkiss

SUBJECT: FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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 \$4,722,542, which included an estimated value of \$4,079,946 in local water that was provided to the District; expenses were \$2,071,488, which included \$145,458 for legal and consulting fees related to the water rights litigation. The Lake Henshaw operations resulted in a \$2,651,054 net income for Fiscal Year 2020.

The first three special reports listed above compare the actual results for the year ended June 30, 2020 with the budgeted amounts approved by the Board.

Overall, the District experienced a \$3.8 million operating gain this fiscal year, which is a decrease from the \$5.1 million operating gain for the prior fiscal year. Water purchases from the San Diego County Water Authority totaled \$20.9 million.

DETAILED REPORT: See attached Financial Report for the Year Ended June 30, 2020.



FINANCIAL REPORT
For the Year Ended
June 30, 2020

(UNAUDITED)

VISTA IRRIGATION DISTRICT

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FINANCIAL STATEMENTS

LAKE HENSHAW OPERATIONS

STATEMENTS OF REVENUES AND EXPENSES

Years Ended June 30, 2020 and 2019

(Unaudited)

	2020	2019
Revenues:		
Value of local water produced	\$ 4,079,946	\$ 2,697,421
Property rentals	607,609	646,205
Other services	34,987	22,968
Total Revenues	<u>4,722,542</u>	<u>3,366,594</u>
Expenses:		
Contractual services	865,326	623,934
Burden allocation	388,754	208,540
Depreciation	291,477	309,214
Wages	172,015	90,277
Professional fees	156,495	262,650
Power	106,778	169,117
Supplies	56,472	45,079
Insurance	30,613	27,873
Office and general	3,558	29,575
Total Expenses	<u>2,071,488</u>	<u>1,766,259</u>
NET INCOME	<u>\$ 2,651,054</u>	<u>\$ 1,600,335</u>



SPECIAL REPORTS

VISTA IRRIGATION DISTRICT

WATER STATISTICS BUDGET COMPARISON Year Ended June 30, 2020 (In Acre Feet)

	Actual	Budget	Percentage of Budget
WATER SOURCES:			
Water Purchases	12,556	14,114	89%
Local Water	<u>3,860</u>	<u>3,486</u>	111%
Total Water Sources	<u><u>16,416</u></u>	<u><u>17,600</u></u>	93%
WATER SALES	<u><u>15,224</u></u>	<u><u>16,500</u></u>	92%

VISTA IRRIGATION DISTRICT

REVENUE AND EXPENSE BUDGET COMPARISON Year Ended June 30, 2020

	Actual	Budget	Percentage of Budget
OPERATING REVENUES			
Water sales:			
Single family	\$ 14,865,902	\$ 16,030,000	93%
Multiple family	5,544,380	5,450,000	102%
Irrigation	3,621,035	4,150,000	87%
Commercial	2,201,795	2,320,000	95%
Agricultural	1,463,693	1,850,000	79%
Industrial	1,037,949	1,190,000	87%
Mobile homes	756,357	760,000	100%
Government	570,427	820,000	70%
Unmetered	3,889	10,000	39%
Service charges	18,672,495	18,060,000	103%
Subtotal water sales	<u>48,737,922</u>	<u>50,640,000</u>	
System fees:			
Capacity	904,047	660,000	137%
Annexation and detachments	20,898	-	-
Subtotal system fees	<u>924,945</u>	<u>660,000</u>	
Property rentals	771,289	748,900	103%
Other services:			
Non construction services	218,416	245,000	89%
New installations	189,953	263,000	72%
Subtotal other services	<u>408,369</u>	<u>508,000</u>	
Total Operating Revenues	<u>50,842,525</u>	<u>52,556,900</u>	97%
OPERATING EXPENSES			
Purchased water	20,917,710	22,729,000	92%
Wages and benefits:			
Salaries	8,194,261	8,150,000	101%
PERS retirement	4,843,507	2,220,000	218%
Employee health insurance	2,044,970	2,093,000	98%
FICA & medicare	627,473	612,000	103%
Workers compensation	165,335	175,000	94%
Deferred compensation plan	109,876	108,000	102%
Retiree medical insurance	104,414	-	-
Life and disability insurance	81,895	90,000	91%
Uniforms	27,681	31,800	87%
Unemployment insurance	2,978	3,200	93%
EAP counseling	2,873	3,200	90%
Tuition reimbursement	2,611	4,000	65%
Subtotal wages and benefits	<u>16,207,874</u>	<u>13,490,200</u>	

VISTA IRRIGATION DISTRICT

REVENUE AND EXPENSE BUDGET COMPARISON Year Ended June 30, 2020

	Actual	Budget	Percentage of Budget
Contractual services	4,945,888	5,450,500	91%
Depreciation	3,247,471	3,340,000	97%
Supplies	1,288,380	1,406,200	92%
Professional fees:			
Consulting	466,344	256,900	182%
Legal	225,931	246,900	92%
Audit	26,900	25,000	108%
Subtotal professional fees	<u>719,175</u>	<u>528,800</u>	
Power	411,118	461,300	89%
Office and general:			
Fees and permits	158,717	174,600	91%
Postage	59,232	72,700	81%
Dues, subscriptions, and publications	44,231	46,400	95%
Training	35,563	69,600	51%
Employment related expense	27,078	51,500	53%
Office supplies	23,775	22,700	105%
Travel	19,032	43,200	44%
Computer hardware	16,025	10,500	153%
Printing	14,490	13,000	111%
Awards and contributions	6,970	9,500	73%
Computer software	3,136	4,000	78%
Subtotal office and general	<u>408,249</u>	<u>517,700</u>	
Insurance	110,882	311,000	36%
Communications	49,025	51,100	96%
Uncollectible accounts	34,598	26,300	132%
Burden allocation	(1,257,841)	(1,370,000)	92%
Total Operating Expenses	<u>47,082,529</u>	<u>46,942,100</u>	100%
Operating Income	3,759,996	5,614,800	67%
NONOPERATING REVENUES (EXPENSES)			
Investment income	903,373	774,000	117%
Property taxes	507,604	469,000	108%
Gain on disposal of capital assets	35,014	-	-
Federal & state assistance	(32,341)	-	-
Total Nonoperating Revenues	<u>1,413,650</u>	<u>1,243,000</u>	114%
Income Before Contributed Capital	<u>\$ 5,173,646</u>	<u>\$ 6,857,800</u>	75%

VISTA IRRIGATION DISTRICT

CAPITAL OUTLAY COMPARISON June 30, 2020

	Budget Item #	Board Approved (Inception To Date)	Outlay To Date	Capital Outlay Remaining
ENGINEERING:				
E43 Regulator Relocation & Upgrade	10-02	350,000	233,506	116,494
AB Line Replacement (Canceled)	11-04	1,100,000	-	-
East Vista Way - Mason Road Pipeline (Canceled)	12-02	600,000	-	-
Flume - Siphon Replacement (Canceled)	15-03	1,300,000	-	-
Flume - Pressure Zone Loop (Canceled)	15-05	280,000	-	-
E Reservoir and Pump Station	16-04	1,400,000	678,481	721,519
Paseo Santa Fe Project	16-05	1,850,000	1,421,389	428,611
FY 2018 Main Replacement Program	18-01	4,500,000	4,148,626	-
Calle Maria Pipeline Extension	18-02	200,000	-	200,000
Vista Flume - Beehive Bench & Siphon (Canceled)	18-03	100,000	-	-
Lita Lane Pipeline Extension	18-04	81,000	-	81,000
HB Reservoir Rehabilitation	18-05	4,750,000	3,858,559	891,441
FY 2019 Main Replacement Program	19-01	2,750,000	3,522,878	-
FY 2020 Main Replacement Program	20-01	2,500,000	237,904	2,262,096
Daley Bench Slope Stabilization (Canceled)	20-02	220,000	-	-
Four (4) Reservoirs Rehabilitation (On-going)	20-03	50,000	168,931	-
		22,031,000	14,270,274	4,701,161
FIELD SERVICES:				
Lobby Security Upgrade	18-12	48,000		48,000
Vehicles (3)	20-04	280,000	40,995	239,005
Boiler System	20-05	200,000		200,000
Backhoe	20-06	120,000	116,436	-
Lowboy Trailer	20-07	36,000	42,495	-
Dump Trailers (2)	20-08	13,000	11,650	-
		697,000	211,576	487,005

VISTA IRRIGATION DISTRICT

CAPITAL OUTLAY COMPARISON June 30, 2020

	Budget Item #	Board Approved (Inception To Date)	Outlay To Date	Capital Outlay Remaining
FINANCE:				
Scissor Lift (Canceled)	20-09	15,200		
		15,200	-	-
INFORMATION TECHNOLOGY:				
Uninterruptible Power Supply (UPS) System	20-10	25,000		25,000
Document Management System	20-11	10,000		10,000
		35,000	-	35,000
OPERATIONS:				
Flow Control Facility	19-10	85,000	107,914	-
Altitude and Seismic Valve Actuators	19-12	20,000	20,838	-
Motors (2) (Cancel second motor)	20-12	14,500	6,347	-
Roof	20-13	9,000		9,000
Seismic Actuator	20-14	8,000		8,000
Welder/Generator			6,520	-
Power Quality Analyzer			7,915	-
		136,500	149,534	17,000
WATER RESOURCES:				
Warner Wellfield Assessment and Enhancement	20-15	500,000		500,000
Ditch Repair - Warner Ranch	21-05		3,723	-
		500,000	3,723	500,000
		\$ 23,414,700	\$ 14,635,107	\$ 5,740,166

VISTA IRRIGATION DISTRICT

PROPERTY REVENUES

Years Ended June 30, 2020 and 2019

	6/30/20	6/30/19
Hein Hettinga	\$ 214,000	\$ 258,158
Department of Defense - Navy 2nd lease	103,727	100,805
My Country Club, Inc.	80,000	80,000
Department of Defense - Navy	58,389	56,744
Crown Castle - Cabrillo Circle	49,909	48,454
T-Mobile - Lupine Hills	49,820	48,366
Crown Castle GT Co.	42,405	41,101
Cingular Wireless/AT&T	41,989	40,493
Lake Henshaw Resort, Inc.	39,006	33,658
Crown Castle - Vista Towers	23,263	28,902
Verizon Wireless	21,185	20,475
Puerta La Cruz	14,400	14,400
Sempra Energy	12,982	12,569
Mendenhall Cattle Company, Inc.	9,789	9,514
SDGE - 2nd lease	4,500	-
Noll Seeds/S&S Seeds	3,415	6,167
Taylor Grazing	1,650	1,650
Department of Agriculture	500	500
Vallecitos Water District	360	360
Sprint	-	2,219
County of San Diego - Warner Pit	-	1,645
AECOM Technical Services	-	1,000
	<hr/>	<hr/>
TOTAL PROPERTY REVENUES	<u>\$ 771,289</u>	<u>\$ 807,180</u>

VISTA IRRIGATION DISTRICT

LEGAL EXPENSES Year Ending June 30, 2020

General Legal Fees

Liebert, Cassidy & Whitmore	General	27,868	
Rutan & Tucker LLP	General	<u>52,605</u>	
			\$ 80,473

Water Rights Legal Fees

Horton, Knox, Carter & Foote	Indians	144,000	
Rutan & Tucker LLP	Indians	<u>1,458</u>	
			<u>145,458</u>

Total Legal Costs (12 months)			<u><u>\$ 225,931</u></u>
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Total Budgeted Legal Costs (12 months)			<u><u>\$ 246,900</u></u>
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STAFF REPORT

Board Meeting Date: January 20, 2021
Prepared By: Brett Hodgkiss

SUBJECT: REQUEST FOR PROPOSAL FOR SPECIAL COUNSEL

RECOMMENDATION: Authorize the General Manager to send the Request for Proposal for Special Counsel to the firms listed.

PRIOR BOARD ACTION: None.

FISCAL IMPACT: Unknown at this time. Fee proposals will be requested as part of each respondent's proposal.

SUMMARY: The District requires the services of Special Counsel to assist with implementation of San Luis Rey Indian Water Rights Settlement Agreement (Settlement Agreement). Staff has drafted a Request for Proposal (RFP) soliciting the required legal services. Additionally, a list of potential candidate attorneys and firms has been developed.

DETAILED REPORT: Consistent with the process used in 2008, staff has prepared a comprehensive RFP for Special Counsel services. Staff has also developed a list of attorneys and firms to receive the RFP that includes attorneys/firms that received the RFP in 2008, State Water Resources Control Board list of attorneys/firms that perform services in the areas of water rights and recommendations received regarding attorneys/firms with experience in the areas of water rights. Other avenues to advertise the District's needs, including periodicals and online sources, may be utilized during the search process.

This RFP is similar to the one issued in 2008; however, the focus has change from pre-settlement to post-settlement matters, primarily the on-going interpretation and implementation of the Settlement Agreement. The RFP provides information to candidates about the District's requirements/needs and establishes a framework for responses. The RFP also includes a detailed scope of work and a description of qualifications and experience sought.

With Board approval, the RFP would be sent to the suggested parties with a response deadline of February 26, 2021. It is anticipated that the Board would subsequently be involved in the selection process with a final decision to be made by the end of March/beginning of April.

ATTACHMENT:

- Request for Proposal for Special Counsel Services
- Special Counsel Candidates List

Request for Proposal for Legal Services Special Counsel for Indian Water Rights Settlement Implementation

Vista Irrigation District (VID or District) is requesting proposals from qualified attorneys to provide legal services as Special Counsel for the District on the San Luis Rey Indian Water Rights Settlement Implementation. More specifically, the District seeks legal assistance with ongoing interpretation and implementation of the San Luis Rey Indian Water Rights Settlement Agreement, maintaining relationships with Settlement Parties, and related matters. VID is an irrigation district organized under the State Water Code and the Irrigation District Act.

Background and General Information:

1. The District

Vista Irrigation District was organized in September 1923. Its mission is to provide a safe and reliable supply of water to its customers. The District currently serves 28,800 accounts with a population of 135,000 people.

The service area lies within the northwestern quadrant of San Diego County, encompassing approximately 21,150 acres in its service area. On average, the District receives 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 is purchased from the San Diego County Water Authority, a member agency of the Metropolitan Water District of Southern California.

The District employs 89 full-time employees.

Copies of the District's annual report, budget, and audit are available on request at the District offices at the following address:

Vista Irrigation District
1391 Engineer Street
Vista, CA 92081

2. Organizational Structure

A five member Board of Directors governs the District. The General Manager and administrative staff implement the policies approved by the Board of Directors and handle the District's day-to-day operations.

3. Name of Contact Person

Special Counsel's principal contact with the District will be Brett Hodgkiss, General Manager, who will coordinate the services to be provided.

4. Previous Special Counsel

John Penn Carter of Horton, Knox, Carter and Foote provided legal services pertaining to San Luis Rey Indian water rights matters beginning in 2008 until his passing in late 2020. The District is seeking to engage new special counsel to continue to receive legal services regarding these matters.

5. Background

The District was formed in 1923, in part, for the purpose of entering into contracts to receive water from the San Luis Rey River from the San Diego County Water Company. In 1946, the District purchased all the stock of the San Diego County Water Company, and thereby became its successor in interest to Lake Henshaw, the Warner Ranch, and certain contracts pertaining to the delivery and conveyance of water from the San Luis Rey River. These contracts were executed with various entities, including the Rincon and Pala Bands of Mission Indians and the Escondido Mutual Water Company (which was later taken over by the City of Escondido, hereinafter collectively referred to as “Escondido”).

Starting in 1969, a series of suits were filed in Federal District Court by five (5) Indian bands (including La Jolla, Rincon, Pala, Pauma, and San Pasqual) and the United States against Escondido and the District with claims pertaining to rights-of-way, breach of contract, and water rights. Because Escondido had licensed its local water facilities with the Federal Power Commission (later the Federal Energy Regulatory Commission – FERC or Commission), in 1972 the plaintiffs also intervened in Escondido’s proceedings for relicensing of its project before the Commission. After being remanded back to the Commission by the United States Supreme Court, the Commission determined that the District was a co-licensee with Escondido for the Escondido Project (FERC Project 176).

In 1985, the Settlement Parties (including the five Indian bands, Escondido and the District) reached an agreement in principle to settle their dispute and successfully pursued legislation (the 1985 San Luis Rey Indian Water Rights Settlement Act and the Packard Amendment of 2000) to secure assets necessary to effect that agreement. The Settlement Act directed the Secretary of the Interior to provide to the Settlement Parties 16,000 acre feet per year of supplemental water conserved from the lining of the All American and Coachella Canals. This requirement involved the Settlement Parties in the Colorado River Quantification Settlement Agreement and associated agreements for the conveyance of water, the provision of power to move the water, etc., most of which became effective in 2003.

After 2003, the Settlement Parties engaged in negotiations to determine how the various settlement assets (including both local and supplemental water) would be apportioned and to reach agreement with the Federal government on matters pertaining to their trust obligations for the Indian bands. These negotiations resulted in three agreements: the San Luis Rey Indian Water Rights Settlement Agreement (Settlement Agreement – executed in 2015); the San Luis Rey Indian Water Rights Implementing Agreement (Implementing Agreement – executed in 2014); and the Agreement Between City of Escondido and Vista Irrigation District for the

Allocation and Management of Local Water and Facilities (Local Entities' Agreement – executed in 2017). The United States District Court dismissed the consolidated cases among the Parties in April 2017, and FERC issued its Notice granting exemption from licensing on May 17, 2017, which date became the Effective Date of the Settlement, Implementing and the Local Entities' agreements. These agreements are available on request.

Since 2017, the Parties have been working to implement the complex and varied terms of the three agreements. The District continues to require legal services to assist with ongoing interpretation and implementation of the San Luis Rey Indian Water Rights Settlement Agreement, maintaining relationships with Settlement Parties and related matters.

Scope of Legal Services to be Provided as Special Counsel:

The District needs an attorney with experience in water rights law to address legal issues that arise related to the previously described matters. A wide range of experience is required in complex negotiations, water rights, Native American law, and contracts. Familiarity with the federal legislative process, environmental law, and water and power utilities will be considered a plus. Special Counsel will be expected to keep current in all aspects of water rights law, particularly as it relates to Native American bands, the Federal government, and other governmental agencies, as well as all pertaining laws, and provide counsel and support for the District's Board of Directors and General Manager. The following items are specifically required and are presented as a list of duties and scope of work.

Special Counsel will perform services for the District on an as-needed basis. Duties and responsibilities shall include the following:

1. Attendance at meetings and closed sessions of the Board of Directors of the District, as requested by the Board, for the purpose of providing legal services, status reports, and consultation;
2. Attendance at such other meetings, including negotiations sessions, as requested by the President, Board of Directors, General Manager, or other designee;
3. Preparation of draft agreement terms, as well as documents, correspondence, proposals, resolutions, and the like concerning the District's water rights issues;
4. Preparation of written legal opinions on matters concerning the District's water rights, particularly as they relate to the settlement, at the request of the Board, General Manager or designee;
5. Analysis of proposed and enacted legislation, published legal opinions, and other matters that may have an impact on the operations of the District related to water rights issues, particularly as they relate to the settlement agreement;

6. Consultation with District staff and/or the District's General Counsel regarding legal questions, litigation, and other matters concerning District business, as requested (that may not otherwise be covered by District agreements with other legal resources);
7. Engaging in negotiations among the Settlement Parties and other related entities as necessary to protect the District's interests in regards to the settlement; and
8. Such other activities as directed by the Board of Directors President, Board of Directors, General Manager, or other designee.

Response Requested:

Your proposal must provide the following information:

1. Qualification of the attorney and, if applicable, the firm:
 - a. A description of the attorney's qualifications and experience, including areas of expertise, accomplishments, previous employers/clients, etc.
 - b. A description of the law firm including the size of the firm, other attorneys and support staff, scope (national, regional or local, and indicating the location of the responsible office).
 - c. A resume/curriculum vitae including years of experience, education, professional affiliations, etc.
 - d. Relevant prior experience, specifically experience with complex negotiations, water rights, Native American law, and contracts. Work as Special Counsel for public agencies, particularly water districts, should be included.
 - e. References from at least three California public agencies, preferably water and/or irrigation districts, which have utilized your services including addresses and phone numbers of elected officials or key agency staff who are familiar with your performance and number of years served.
 - f. A description of legal services performed for public agencies in the San Diego, Orange County or Riverside County area.
 - g. A description of backup attorney(s) within your firm who would be available in your absence and other support staff, both professional and administrative, who would provide resources to this engagement. Resumes of key staff, particularly backup attorney(s), should be included. Backup attorney(s) must have prior and specific qualifying experience while acting in a similar capacity for public agencies, in particular water districts.

Selection Process:

Written proposals may be submitted by email to bhodgkiss@vidwater.org or by United States mail/other delivery service to Vista Irrigation District, 1391 Engineer Street, Vista, California 92081-8840 (Attn: Brett Hodgkiss, General Manager); proposals must be received by no later than 4:00 p.m. on Friday, February 26, 2021.

The District will review the proposals and selected attorneys will then be asked to participate in an interview. It is anticipated that the Board of Directors will approve the final selection in March.

Questions:

Any questions should be directed to Brett Hodgkiss, General Manager, via email at bhodgkiss@vidwater.org or by telephone at (760) 597-3117.

Attachment: Draft Agreement for Legal Services

SPECIAL COUNSEL CANDIDATES LIST

Attorney	Firm
David Aleshire ¹	Aleshire & Wynder LLP 18881 Von Karman Ave., Ste. 1700 Irvine, CA 92612 (949) 223-1170 https://www.awattorneys.com
Keith McCollough ¹	Alvarado Smith 1 McArthur Place, Ste. 200 Santa Ana, CA 92707 (714) 852-6088 https://www.alvaradosmith.com
David L. Osias ^{1,3}	Allen Matkins 600 W. Broadway, 27th Floor San Diego, CA 92101-0903 (619) 233-1155 https://www.allenmatkins.com
Ryan Bezerra ² Jennifer Buckman ² Andrew Ramos ²	Bartkiewicz, Kronick & Shanahan 1011 22 nd St. Sacramento, CA 95816-4907 (916) 446-4254 https://www.bkslawfirm.com
Arthur Littleworth ²	Best, Best & Krieger 3750 University Avenue, Suite 400, P.O. Box 1028 Riverside, California 92502-1028 (909) 686-1450 https://www.bbklaw.com
Eric Garner ^{1,2}	Best, Best & Krieger 300 South Grand Ave., 25 th Floor Los Angeles, CA 90071 (213) 787-2561 https://www.bbklaw.com
Douglas Gosling ²	Braun Gosling 1620 Mill Rock Way, Ste. 400 Bakersfield, CA 93311 (661)663-8300 https://www.braungosling.com
Scott Slater ² Bradley Herrema ²	Brownstein Hyatt Farber Schreck 2049 Century Park East, Ste. 3550 Los Angeles, CA 90067-3217 310-500-4600 https://www.bhfs.com
Stephanie Osler Hastings ^{1,2} Jennifer Shoaf Acos ² Robert Saperstein ² Amy Steinfeld ^{2,3}	Brownstein Hyatt Farber Schreck 1021 Anacapa Street, 2nd Floor Santa Barbara, CA 93101-2711 805-963-7000 https://www.bhfs.com

¹Special Counsel Candidate List from 2008

²State Water Resources Control Board Water Rights List

³Recommendation from Local Entities Counsel

SPECIAL COUNSEL CANDIDATES LIST

Attorney	Firm
Kimberly Arouh ²	Buchanan Ingersoll Rooney LLP ¹ 600 W. Broadway, Ste. 1100 San Diego, CA 92101-3387 (619) 239-8700 https://www.bipc.com
Jeffery Caufield ²	Caufield & James LLP 2851 Camino Del Rio South, Ste. 410 San Diego, CA 92108 (619) 618-2973 https://www.caufieldjames.com
Kevin O'Brien ²	Downey Brand 621 Capitol Mall, 18th Floor Sacramento, CA 95814 Tel: 916.444.1000 https://www.downeybrand.com
Thomas Berliner ^{1,2}	Duane Morris LLP Spear Tower One Market Plaza, Ste. 2200 San Francisco, CA 94105-1127 (415) 957-3100 https://www.duanemorris.com
Robert Donlan ^{1,2}	Ellison Schneider Harris & Donlan LLP 2600 Capitol Avenue, Ste. 400 Sacramento, CA 95816-5905 (916) 447-2166 https://www.eslawfirm.com
Roger Masuda ^{1,2} David Hobbs ²	Griffith Masuda & Hobbs 517 E. Olive Ave. Turlock, CA 95380 (209) 667-5501 https://www.calwaterlaw.com
Michael Van Zandt ²	Hanson Bridgett LLP 425 Market St., 26 th Floor San Francisco, CA 94105 (415) 777-3200 https://www.hansonbridgett.com
Jeanne Zolezzi ^{1,2}	Herum Crabtree Suntag 575 Pacific Ave., Ste. 222 Stockton, CA 95207 209-472-7700 https://www.herumcrabtree.com
Michele Staples ²	Jackson Tidus 2030 Main Street, 12th Floor Irvine, CA 92614 949-752-8585 https://www.jacksontidus.law

¹Special Counsel Candidate List from 2008

²State Water Resources Control Board Water Rights List

³Recommendation from Local Entities Counsel

SPECIAL COUNSEL CANDIDATES LIST

Attorney	Firm
Art Kidman ^{1,2} Kari Nieblas Vozenilek ²	Kidman Gagen Law 2030 Main Street, Ste. 1300 Irvine, CA 92614 (714) 755-3100 https://www.kidmanlaw.com
Scott Morris ² Stanley Powell ² Eric Robinson ²	Kronick Moskowitz Tiedemann & Girard 400 Capitol Mall, 27 th Floor Sacramento, CA 95814-3363 (916)321-4500 https://www.kmtg.com
Thomas Bunn III ²	Lagerlof LLP 155 N. Lake Ave., 11 th Floor Pasadena, CA 91101 (626) 793-9400 https://www.lagerlof.com
Gregory Newmark ²	Meyers Nave 707 Wilshire Blvd., 24 th Floor Los Angeles, CA 90017 (213) 626-2906 https://www.meyersnave.com
James Worth ²	McMurtrey Harstock & Worth 2001 22 nd St., Ste. 100 Bakersfield, CA 93301 (661) 322-4417 https://www.mhwlegal.com
Alfred Smith ^{1,2} Frederic Fudacz ^{1,2}	Nossaman LLP 777 S. Figueroa St., 34 th Floor Los Angeles, CA 90017 (213) 612-7800 https://www.nossaman.com
Wayne Lemieux ^{1,2}	Olivarez Madruga Lemieux O'Neill 500 S. Grand Ave., 12 th Floor Los Angeles, CA 90071 (213) 744-0099 https://www.omlola.com
Steven Abbott ³	Redwine & Sherrill 1950 Market Street Riverside, CA 92501 (909) 684-2520
Tony Rossmann ^{1,2}	Rossmann and Moore, LLP 2014 Shattuck Ave. Berkeley, CA 94704 (510) 548-1401 https://www.landwater.org

¹Special Counsel Candidate List from 2008

²State Water Resources Control Board Water Rights List

³Recommendation from Local Entities Council

SPECIAL COUNSEL CANDIDATES LIST

Attorney	Firm
Stuart Somach ^{1,2}	Somach Simmons & Dunn 500 Capitol Mall, Ste. 1000 Sacramento, California 95814 (916) 446-7979 https://www.somachlaw.com
Scott Kuney ²	Young Woolridge LLP 1800 30 th St., 4 th Floor Bakersfield, CA 93301 (661) 451-5569 https://www.youngwooldridge.com

¹Special Counsel Candidate List from 2008

²State Water Resources Control Board Water Rights List

³Recommendation from Local Entities Counsel



STAFF REPORT

Board Meeting Date: January 20, 2021
Prepared By: Lisa Soto
Approved By: Brett Hodgkiss

SUBJECT: CALL FOR NOMINATIONS FOR ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 LEADERSHIP

RECOMMENDATION: Consider making a nomination for a position on the Association of California Water Agencies (ACWA) Region 10 Board of Directors.

PRIOR BOARD ACTION: The Board nominated Director Richard Vásquez to serve as an ACWA Region 10 Board Member at its June 5, 2019 meeting.

FISCAL IMPACT: Undetermined amount for expenses and per diem should a director be appointed to the ACWA Region 10 Board.

SUMMARY: ACWA Region 10 is seeking nominations to fill one position on the Region 10 Board of Directors to complete the 2021-2022 term ending on December 31, 2021. The District does not have a representative on the ACWA Region 10 Board at this time. The nomination form and supporting resolution must be submitted to ACWA by Friday, February 12, 2021.

DETAILED REPORT: Only one individual may be nominated from a given agency for appointment to a region board. The ACWA Region 10 Board will announce its appointment shortly after the February 12, 2021 deadline for nominations.

ATTACHMENTS:

- Draft resolution
- ACWA Memorandum dated January 11, 2021
- Region Board Candidate Nomination Form
- The Role of the Regions
- Rules and Regulations for Region 10
- Region Map
- ACWA Region 10 Board 2020-2021 Term

RESOLUTION NO. 21-xx

RESOLUTION OF THE BOARD OF DIRECTORS OF
VISTA IRRIGATION DISTRICT
PLACING IN NOMINATION _____
AS A MEMBER OF THE ACWA REGION 10 BOARD

BE IT RESOLVED by the Board of Directors of Vista Irrigation District as follows:

A. Recitals

- (i) The Board of Directors of the Vista Irrigation District does encourage and support the participation of its members in the affairs of the Association of California Water Agencies (ACWA).
- (ii) _____ is currently serving as a Board Member for ACWA Region 10;

and/or

- (iii) _____ has indicated a desire to serve as a Board member of ACWA Region 10.

B. Resolves

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Vista Irrigation District,

- (i) Does place its full and unreserved support in the nomination of _____ for Board Member of ACWA Region 10.
- (ii) Does hereby determine that the expenses attendant with the service of _____ in ACWA Region 10 shall be borne by the Vista Irrigation District.

PASSED AND ADOPTED by the Board of Directors of the Vista Irrigation District this 20th day of January, 2021 by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Patrick H. Sanchez, President

ATTEST:

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

MEMORANDUM

Date: January 11, 2021

To: Region 10 Member Agency Presidents and General Managers
(sent via e-mail)

From: ACWA Region 10 Board

The Region 10 Board is looking for ACWA members who are interested in leading the direction of ACWA Region 10 for the remainder of the 2020-2021 term. The Board is seeking candidates from Region 10 to fill one board vacancy.

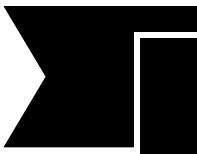
The leadership of ACWA's ten geographical regions is integral to the leadership of the Association as a whole. The Chair and Vice Chair of Region 10 serve on ACWA's Statewide Board of Directors and recommend all committee appointments for Region 10. The members of the Region 10 Board determine the direction and focus of region issues and activities. Additionally, they support the fulfillment of ACWA's goals on behalf of members.

If you, or someone within your agency, are interested in serving in a leadership role within ACWA by becoming a Region 10 Board Member, please familiarize yourself with the Role of the Regions and Responsibilities; and the Region 10 Rules and Regulations [HERE](#) and complete the following steps:

- **Complete the Nomination Form [HERE](#)**
- **Obtain a Resolution of support from your agency's Board of Directors (sample resolution [HERE](#))**
- **Submit the requested nomination form to ACWA by 5:00 p.m. February 12, 2021**

The Region 10 Board will make their appointment shortly thereafter and will inform the region of the results.

If you have any questions, please contact ACWA Regional Affairs Representative Augustine Han at AugustineH@acwa.com, or call (916) 441-4545.



REGION BOARD CANDIDATE NOMINATION FORM

Name of Candidate: _____

Agency: _____ Title: _____

Agency Phone: _____ Direct Phone: _____

E-mail: _____ ACWA Region: _____ County: _____

Address: _____

Agency Function(s): (check all that apply)

- | | | |
|--------------------|------------------------|--|
| Wholesale | Sewage Treatment | Flood Control |
| Urban Water Supply | Retailer | Groundwater Management / Replenishment |
| Ag Water Supply | Wastewater Reclamation | Other: _____ |

Describe your ACWA-related activities that help qualify you for this office:

In the space provided, please write or attach a brief, half-page bio summarizing the experience and qualifications that make you a viable candidate for ACWA Region leadership. Please include the number of years you have served in your current agency position, the number of years you have been involved in water issues and in what capacity you have been involved in the water community.

I acknowledge that the role of a region board member is to actively participate on the Region Board during my term, including attending region board and membership meetings, participating on region conference calls, participating in ACWA's Outreach Program, as well as other ACWA functions to set an example of commitment to the region and the association.

*I hereby submit my name for consideration by the Nominating Committee.
(Please attach a copy of your agency's resolution of support/sponsorship for your candidacy.)*

Signature Title Date

Submit completed form to Petra Rice at petrar@acwa.com.

THE ROLE OF THE REGIONS

Mission:

ACWA Regions will provide the grassroots support to advance ACWA's legislative and regulatory agenda.

Background:

As a result of ACWA's 1993 strategic planning process, known as Vision 2000, ACWA modified its governance structure from one that was based on sections to a regional-based configuration. Ten regions were established to provide geographic balance and to group agencies with similar interests.

The primary charge of regions:

- To provide a structure where agencies can come together and discuss / resolve issues of mutual concern and interest and based on that interaction, provide representative input to the ACWA board.
- To assist the Outreach Task Force in building local grassroots support for the ACWA Outreach Program in order to advance ACWA's legislative and regulatory priorities as determined by the ACWA Board and the State Legislative, Federal Affairs or other policy committees.
- To provide a forum to educate region members on ACWA's priorities and issues of local and statewide concern.
- To assist staff with association membership recruitment at the regional level.
- To recommend specific actions to the ACWA Board on local, regional, state and federal issues as well as to recommend endorsement for various government offices and positions.
 - *Individual region boards CANNOT take positions, action or disseminate communication on issues and endorsements without going through the ACWA Board structure.*

Region chairs and vice chairs, with support from their region boards, provide the regional leadership to fulfill this charge.

GENERAL DUTIES / RESPONSIBILITIES FOR REGION OFFICERS

Region Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Chair will also call at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
 - Appoints Outreach Captain to help lead outreach effort within the region.



- Presides over all region activities and ensures that such activities promote and support accomplishment of ACWA's Goals.
- Makes joint recommendations to the ACWA President regarding regional appointments to all ACWA committees.
- Appoints representatives in concurrence of the region board, to serve on the region's nominating committee with the approval of the region board.
- Facilitates communication from the region board and the region membership to the ACWA board and staff.

Region Vice Chair:

- Serves as a member of the ACWA Board of Directors at bimonthly meetings at such times and places as the Board may determine. The Vice Chair will also participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- In the absence of the chair and in partnership with the chair, exercises the powers and performs duties of the region chair.
- Is a member of ACWA's Outreach Program, and encourages region involvement.
- Makes joint recommendations to the ACWA president regarding regional appointments to all ACWA committees.

Region Board Member:

- May serve as alternate for the chair and/or vice chair in their absence (if appointed) to represent the region to the ACWA Board.
- Will participate in at least two Region membership meetings to be held at each of the ACWA Conferences and periodic Region Board meetings.
- Supports program planning and activities for the region.
- Actively participates and encourages region involvement in ACWA's Outreach Program.

ACWA Region 10
Rules & Regulations

Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association (ACWA Bylaw V, 6.).

Officers

The chair and vice chair shall be from different counties.

At least one of the chair or vice chair positions must be an elected/appointed director from a member agency.

The region board members shall alternate every two years with three from one county and two from the other. The county from which the chair comes from shall have two region board members and the county from which the vice chair comes from shall have three region board members.

The chair will provide the region secretary.

Meetings

The region will hold at least quarterly meetings, including the ACWA spring and fall conferences.

The region chair will determine when and if nonmembers are invited to regional activities or events.

Attendance

If a region chair or vice chair is no longer allowed to serve on the Board of Directors due to his / her attendance, the region board shall appoint from the existing region board a new region officer. (ACWA Policy & Guideline Q, 1.)

If a region chair or vice chair misses three consecutive region board / membership meetings, the same process shall be used to backfill the region officer position. (ACWA Policy & Guideline Q, 1.)

If a region board member has three consecutive unexcused absences from a region board meeting or general membership business meeting, the region board will convene to discuss options for removal of the inactive board member. If the vacancy causes the board to fail to meet the minimum requirement of five board members, the region must fill the vacancy according to its rules and regulations. (ACWA Policy & Guideline Q, 3.)

Elections

All nominations received for the region chair, vice chair and board positions must be accompanied by a resolution of support from each sponsoring member agency, signed by an authorized representative of the Board of Directors. Only one individual may be nominated from a given agency to run for election to a region board. Agencies with representatives serving on the nominating committees should strive not to submit nominations for the region board from their agency. (ACWA Policy & Guideline P, 2.)

Election ballots will be e-mailed to ACWA member agency general managers and presidents.

The nominating committee shall consist of four persons, two from each county.

The nominating committee shall pursue qualified members within the region to run for the region board and consider geographic diversity, agency size and focus in selecting a slate.

A member of the nominating committee cannot be nominated by the committee for an elected position.

See current region election timeline for specific dates.

Endorsements

ACWA, as a statewide organization, may endorse potential nominees and nominees for appointment to local, regional, and statewide commissions and boards. ACWA's regions may submit a recommendation for consideration and action to the ACWA Board of Directors to endorse a potential nominee or nominee for appointment to a local, regional or statewide commission or board. (ACWA Policy & Guideline P, 3.)

Committee Recommendations & Representation

All regions are given equal opportunity to recommend representatives of the region for appointment to a standing or regular committee of the Association. If a region fails to provide full representation on all ACWA committees, those committee slots will be left open for the remainder of the term or until such time as the region designates a representative to complete the remainder of the term. (ACWA Policy & Guideline P, 4. A.)

At the first region board / membership meeting of the term, regions shall designate a representative serving on each of the standing and regular committees to serve as the official reporter to and from the committee on behalf of the region to facilitate input and communication. (ACWA Policy & Guideline P, 4. B.)

The chair and vice chair will recommend an official alternate for excused committee members.

Tours

ACWA may develop and conduct various tours for the regions. All tour attendees must sign a "release and waiver" to attend any and all region tours. Attendees agree to follow environmental guidelines and regulations in accordance with direction from ACWA staff; and will respect the rights and privacy of other attendees. (ACWA Policy & Guideline P, 6.)

Finances

See "Financial Guidelines for ACWA Region Events" document.

Amending the Region Rules & Regulations

ACWA policies and guidelines can be amended by approval of the ACWA Board of Directors.

The region 10 rules and regulations can be changed at any time with advanced written notice to member agencies.

REGION MAP



REGIONS
1, 3, 5

Jennifer Rotz
Regional Affairs Representative
jenniferr@acwa.com

REGIONS
2, 6, 7

Michael Cervantes
Senior Regional Affairs Representative
michaelc@acwa.com

REGION
4

Ana Javaid
Region & Member Engagement
Specialist II
anaj@acwa.com

REGIONS
8, 9, 10

Augustine Han
Regional Affairs Representative
augustineh@acwa.com



ACWA Region 10 Board 2020-2021 Term

Chair:

**DeAna Verbeke, Helix Water District
(San Diego County)**

7811 University Avenue
La Mesa, CA 91941
Phone: (619) 750-9006
Email: verbeke@cox.net
Position: Board Member

**Shauna Lorange, City of San Diego Public Utilities
(San Diego County)**

9192 Topaz Way
San Diego, CA 92123
Phone: (858) 292-6401
Cell: (858) 292-6441
Email: slorange@sandiego.gov
Position: Director

Vice Chair:

**Cathy Green, Orange County Water District
(Orange County)**

18700 Ward Street
Fountain Valley, CA 92708
Phone: (714) 378-3200
Cell: (714) 897-2039
Email: ctpgreen@gmail.com
Position: Director

**George Murdoch, East Orange County Water
District (Orange County)**

1751 Rainbow Drive
Santa Ana, CA 92706
Phone: (714) 538-5815
Cell: (714) 292-1570
Email: gmurdoch@eocwd.com
Position: Director

Board Members:

**Jim Atkinson, Mesa Water District
(Orange County)**

1965 Placentia Avenue
Costa Mesa, CA 92627
Phone: (949) 631-1201
Email: jima@mesawater.org
Position: President

VACANT (San Diego County)

**Charles T. Gibson, Santa Margarita Water District
(Orange County)**

P.O. Box 7005
Mission Viejo, CA 92690-7005
Phone: (949) 459-6642
Cell: (949) 485-0658
Email: charlesg@smwd.com
CC Email: kellyr@smwd.com
Position: Board President



Agenda Item: 12

STAFF REPORT

Board Meeting Date: January 20, 2021
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.



STAFF REPORT

Agenda Item: 13.A

Board Meeting Date: January 20, 2021
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: 13.B

Board Meeting Date: January 20, 2021
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.

	SCHEDULE OF UPCOMING MEETINGS AND EVENTS	ATTENDEES
1	Take Action: Engaging with Your Legislators (CSDA Webinar) <i>Jan. 28, 2021, 10:00 a.m.-12:00 p.m.</i> <i>Registration deadline: None</i>	
2	Urban Water Spring 2021 Virtual Conference (Urban Water Institute) <i>Feb. 17-18, 2021; Start times: Feb. 17-1:00 p.m., Feb. 18-12:30 p.m.</i> <i>Registration deadline: TBD</i>	MacKenzie
3 *	CSDA Quarterly Meeting <i>Feb. 18, 2021, 6:00 p.m.</i> <i>Registration deadline: TBD</i>	MacKenzie
4	Completing Your Form 700 & Spotting Potential Conflicts of Interest (CSDA Webinar) <i>Feb. 22, 2021, 1:00-2:30 p.m.</i> <i>Registration deadline: None</i>	
5	The Future of Water (Groundwater Resources Association) <i>Feb. 23-24, 2021, 8:30 a.m. – 1:00 p.m. Virtual event</i> <i>Registration deadline: 2/20/21</i>	
6	Board Member Best Practices (CSDA Virtual Workshop) <i>Mar. 2, 2021, 9:00 a.m.-12:00 p.m.</i> <i>Registration deadline: None</i>	
7	Building the Board Chair and Manager Connection (CSDA Two-day Virtual Workshop) <i>Mar. 8 and 15, 2021, 9:00 a.m.-12:00 p.m.</i> <i>Registration deadline: None</i>	
8	Is Your District Recession Ready? (CSDA Webinar) <i>Apr.1, 2021, 10:00 a.m.-12:00 p.m.</i> <i>Registration deadline: None</i>	
9	Lessons Learned from 2020 and How They Will Impact Litigation for Years to Come (CSDA Webinar) <i>Apr.6, 2021, 10:00-11:30 a.m.</i> <i>Registration deadline: None</i>	
10	Rate Setting Under Propositions 218 & 26 (CSDA Two-day Virtual Workshop) <i>Apr.14 and 15, 2021, 9:00 a.m.-12:00 p.m. each day</i> <i>Registration deadline: None</i>	
11	Legislative, Legal and Local Responses to PFAS 2021 (CSDA Webinar) <i>Apr.20, 2021, 10:00 a.m.-12:00 p.m.</i> <i>Registration deadline: None</i>	
12	ACWA Spring Conference <i>May 4-7, 2021 – Monterey</i> <i>Registration deadline: TBD</i>	

	SCHEDULE OF UPCOMING MEETINGS AND EVENTS	ATTENDEES
13 *	CSDA Quarterly Meeting <i>May 20, 2021, 6:00 p.m.</i> <i>Registration deadline: TBD</i>	MacKenzie
14	Special Districts Legislative Days (CSDA Virtual Conference) <i>May 18-19, 2021</i> <i>Registration deadline: 4/16/21</i>	
15	Ask the Experts: Financing Options for Your District (CSDA Webinar) <i>Jun.4, 2021, 10:00-11:30 p.m.</i> <i>Registration deadline: None</i>	
16 *	CSDA Quarterly Meeting <i>Aug. 19, 2021, 6:00 p.m.</i> <i>Registration deadline: TBD</i>	
17	CSDA Annual Conference <i>Aug. 30-Sept. 2, 2021 – Monterey</i> <i>Registration deadline: 7/30/21</i>	
18 *	CSDA Quarterly Meeting <i>Nov. 18, 2021, 6:00 p.m.</i> <i>Registration deadline: TBD</i>	MacKenzie
19	ACWA Fall Conference <i>Nov. 30-Dec. 3, 2021 – Pasadena</i> <i>Registration deadline: TBD</i>	
20	Colorado River Water Users Association Conference (CRWUA) <i>Dec. 13-15, 2021</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:

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



Agenda Item: 14

STAFF REPORT

Board Meeting Date: January 20, 2021
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:

- Employee Personnel Policies Manual revisions (February)
- Flume Replacement Alignment Study consultant selection (February)
- Harmful Algal Bloom Management and Mitigation consultant selection (February)
- Monthly billing (February)
- Warner Wellfield Assessment (April)



STAFF REPORT

Agenda Item: 15

Board Meeting Date: January 20, 2021
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: 16

STAFF REPORT

Board Meeting Date: January 20, 2021
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: 17

STAFF REPORT

Board Meeting Date: January 20, 2021
Prepared By: Brett Hodgkiss

SUBJECT: COMMENTS BY GENERAL MANAGER

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