



Comprehensive Annual Financial Report

2015

For Fiscal Year Ended June 30, 2015

Prepared by:
The Finance Department
Marlene Kelleher, Finance Manager
Vista Irrigation District · Vista, CA

VID VISTA IRRIGATION DISTRICT

1391 Engineer Street · Vista, California 92081

Phone: (760) 597-3100 · Fax: (760) 598-8757

www.vid-h2o.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**

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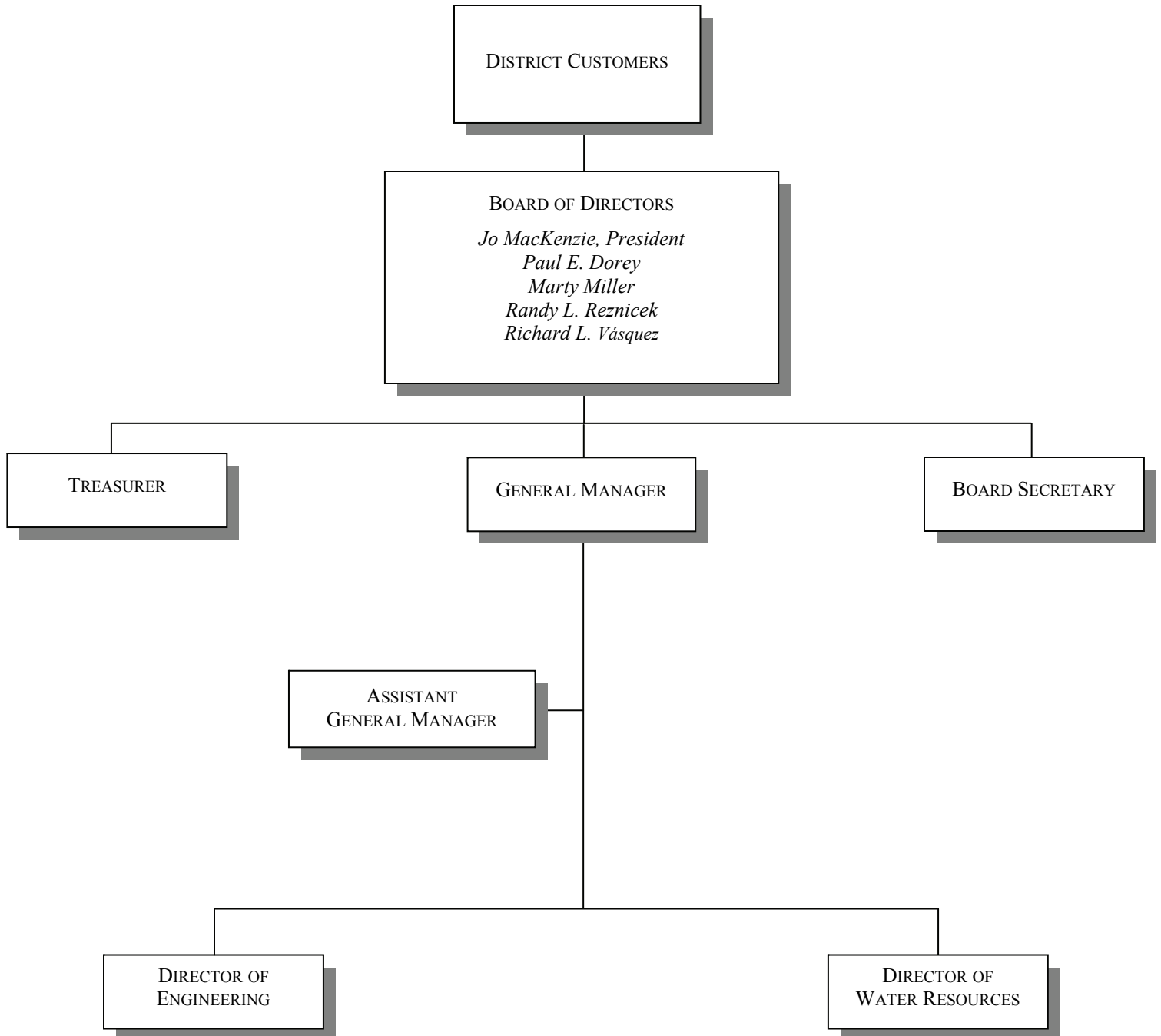
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Introductory Section



Organization Chart





1391 Engineer Street • Vista, California 92081-8840

Phone (760) 597-3100 • Fax: (760) 598-8757

www.vid-h2o.org

Board of Directors

Jo MacKenzie, *President*

Paul E. Dorey

Marty Miller

Randy Reznicek

Richard L. Vásquez

Administrative Staff

Roy A. Coox

General Manager

Eldon L. Boone

Assistant General Manager/Treasurer

Lisa R. Soto

Board Secretary

Joel D. Kuperberg

General Counsel

December 14, 2015

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, 2015. 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 Rogers, Anderson, Malody and Scott, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2015, 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, 2015, 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 31-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 21,200 acres. Within the District's boundaries are the City of Vista; portions of the cities of San Marcos, Escondido and Oceanside; and unincorporated areas of the county. The District provides potable water to its service area.

District's Authority

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

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

Governance

The District's Board of Directors is comprised of five members elected by the citizens within their geographical area. Each Director serves a four year staggered term and must be a resident of the division he or she represents. The District operates under a Board-Manager form of government. The General Manager is appointed by the Board, and administers the daily affairs of the District and carries out policies of the Board of Directors. The District employs a staff of 88 under the direction of the Board-appointed General Manager.

Water Services

The District serves more than 28,600 customers. Typically, thirty percent of the District's water comes from its local water supply, Lake Henshaw, and seventy percent comes from two imported water sources, the Colorado River and the Sacramento River/San Joaquin River Delta in Northern California. The District currently delivers approximately 17,100 acre feet of water annually to its customers.

The water system operates over 473 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 capacity of 66 MGD and treats all raw water before it is delivered to customers.

Local Economy

District Economic Results

The estimated population of the District is 127,699 as of fiscal year 2015. 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 33 years and the median household income of residents in the City of Vista, which encompasses the majority of the District, was \$39,410. From 2005 to 2015 the population increased 6.4%, and median household income (adjusted for inflation) increased by 1.3%.

The demand for new connections continued, with the District's total meters in service increasing in fiscal year 2015 by 69 meters to 28,341. Water sales for fiscal year 2015 were 17,117 acre feet, down 2,011 acre feet or -10.5% from sales of 19,128 in fiscal year 2014. Of the 17,117 acre feet, or 5.6 billion gallons sold in fiscal year 2015, 69% was distributed for residential use, 11% for industrial and commercial use, 11% for landscape irrigation use, 6% for agricultural use and 3% 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.

Drought

With the lowest snowpack on record and on-going conservation efforts not being enough to address the drought emergency, Governor Brown issued an Executive Order on April 1, 2015 directing the State Board to implement mandatory water conservation measures to reduce water usage by 25 percent statewide. The State Board met on May 5, 2015 and adopted a regulatory framework for implementing the 25% conservation standard. The regulatory framework became effective May 15, 2015 when it was approved by the Office of Administrative Law. The District's conservation standard was set at 20%.

MWD Lawsuit

The SDCWA filed a lawsuit in 2010 against MWD. The SDCWA alleged that the water rates set by MWD discriminated against the SDCWA by artificially inflating the price charged for transporting water through MWD's pipelines.

A final judgement was entered in San Francisco Superior Court in November 2015 directing MWD to pay the SDCWA \$188.3 million in contract damages; and a finding that MWD had under-calculated the SDCWA's right to MWD water by tens of thousands of acre-feet of water per year. In addition, the judge indicated that MWD owed the SDCWA \$46.6 million in prejudgment interest, for a total judgment of nearly \$235 million. The amount will accrue simple post-judgment interest at 7 percent annually until MWD repays the SDCWA.

MWD filed a motion for a new trial on November 16, 2015. The court has 60 days from that date to rule on the motion. Additionally, MWD has stated it will appeal the trial court's decision, which could significantly delay payment of the judgment.

The Board of Directors of the SDCWA determined that after deducting litigation expenses it will return the remaining money to its member agencies, including the District.

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 \$19.9 million to the program which has allowed the replacement of nearly 26 miles of older pipe ranging in size from 4 to 20 inches. The Board approved another \$1.5 million for this program as part of the capital improvement program for fiscal year 2016.

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, 2014. 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 Rogers, Anderson, Malody and Scott, LLP for the efforts made to prepare this report. We would also like to thank the members of the District's Board of Directors for their continued interest and support in all aspects of the District's financial management.

Respectfully submitted,



Roy A. Coox
General Manager



Marlene Kelleher
Finance Manager



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, 2014

Executive Director/CEO

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Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

DIRECTORS

Bradferd A. Welebir, CPA, MBA

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Nathan Statham, CPA, MBA
Brigitta Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA
Daniel Hernandez, CPA, MBA

Independent Auditor's Report

To the Board of Directors
Vista Irrigation District
Vista, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Vista Irrigation District (District) as of and for the year ended June 30, 2015, 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 as well as the State Controller's *Minimum Audit Requirements for California Special Districts*; 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.

Auditor's Responsibility

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

MEMBERS

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Certified Public Accountants

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Quality Center*

California Society of
Certified Public Accountants

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No.68*. Our opinion is not modified with respect to this matter.

Restatement of the comparative financial data for the prior periods presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior periods. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, and the schedule of plan contributions, as listed in the table of contents be presented to supplement the basic

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section 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 *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers Anderson Maloney & Scott, LLP

San Bernardino, California
December 14, 2015

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**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND COMPARATIVE DATA FOR JUNE 30, 2014**

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, 2015. Please read it in conjunction with the District's financial statements which begin on page 9. This annual financial report consists of two parts -- Management's Discussion and Analysis (this section) and the Financial Statements.

Financial Statements

The District's financial statements include four components:

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

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

- Net investment in capital assets
- Unrestricted

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

The statement of revenues, expenses and changes in net position 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 statement 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 statement of cash flows provide information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

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

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

See independent auditors' report.

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND COMPARATIVE DATA FOR JUNE 30, 2014**

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

Financial Highlights

- Overall, operating revenues decreased 4.1%, while operating expenses decreased 4.0%.
- The District realized a \$5.2 million operating gain during the current fiscal year primarily due to the result of purchasing less imported water, due to decreased demand arising from water conservation efforts.
- Contributed capital increased \$0.4 million due to the completion of five capital contribution jobs in the current year, as compared to two in the prior year.
- The District implemented GASB Statement No. 68 during the current fiscal year, which requires the establishment of pension plan liabilities, deferred outflows/inflows of resources, and pension expense according to the Statement's provisions. This resulted in a \$16.9 million prior period restatement of the June 30, 2014 net position balance, as well as the recording of \$18.5 million in net pension liability and \$1.8 million in deferred outflows of resources.

See independent auditors' report.

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND COMPARATIVE DATA FOR JUNE 30, 2014**

Financial Analysis of the District

Net Position - The District's overall net position decreased \$10.7 million between fiscal years 2014 and 2015, from \$113.0 to \$102.3 million primarily due to the \$16.9 million prior period restatement of net position as previously reported in the Financial Highlights section. The net investment in capital assets increased \$0.8 million which reflects the excess of net capital additions over the current year depreciation and dispositions. The unrestricted net position decreased \$11.5 million primarily due to the prior period restatement, along with operating income exceeding operating expenses.

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

	<u>2015</u>	<u>2014</u>
Current assets	\$ 45.4	\$ 40.7
Capital assets	82.5	81.8
Long-term prepaid expenses	<u>2.4</u>	<u>2.1</u>
Total Assets	<u>130.3</u>	<u>124.6</u>
 Deferred outflows of resources	 <u>1.5</u>	 <u>-</u>
Current liabilities	6.8	7.4
Noncurrent liabilities	<u>17.8</u>	<u>4.2</u>
Total Liabilities	<u>24.6</u>	<u>11.6</u>
 Deferred inflows of resources	 <u>4.9</u>	 <u>-</u>
 Net Position:		
Net investment in capital assets	82.6	81.8
Unrestricted	<u>19.7</u>	<u>31.2</u>
Total Net Position	<u>\$ 102.3</u>	<u>\$ 113.0</u>

See independent auditors' report.

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND COMPARATIVE DATA FOR JUNE 30, 2014**

Change in Net Position - The District's operating revenues decreased by 4.1% to \$46.6 million. In fiscal year 2015, 95.7% 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 water conservation efforts.

The District's operating expenses decreased 4.0% to \$41.4 million primarily due to a decrease of \$2.1 million in purchased water, due to lesser demand as discussed above.

The District's contributed capital increased from \$67.3 thousand to \$0.5 million due to more capital contribution jobs completed in the current year.

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

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Water sales, net	\$ 44.6	\$ 46.8
System fees	0.9	0.7
Property rentals	0.7	0.7
Other services	<u>0.4</u>	<u>0.4</u>
Total Operating Revenues	<u>46.6</u>	<u>48.6</u>
 Operating Expenses	 <u>41.4</u>	 <u>43.1</u>
 Operating Income	 <u>5.2</u>	 <u>5.5</u>
 Nonoperating Revenues (Expenses)		
Property taxes	0.4	0.4
Investment income	0.1	0.1
Legal settlement	<u>(0.1)</u>	<u>(0.1)</u>
Total Nonoperating Revenues	<u>0.4</u>	<u>0.4</u>
 Contributed Capital	 <u>0.5</u>	 <u>-</u>
 Change in Net Position	 <u>\$ 6.1</u>	 <u>\$ 5.9</u>

See independent auditors' report.

**VISTA IRRIGATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND COMPARATIVE DATA FOR JUNE 30, 2014**

Capital Assets

At June 30, 2015, the District had invested \$164.7 million in capital assets with \$82.1 million in accumulated depreciation. Net capital assets increased \$0.8 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year the District added \$4.2 million of capital assets. The largest capital additions were \$1.8 million in costs for several mainline replacement projects, \$0.7 million for SCADA upgrades and expansion, and \$0.6 million for water treatment plant construction costs. This year’s capital reductions included replacement/disposals of pipelines, pumping equipment, vehicles, and copiers with a total historical cost of \$0.4 million. Depreciation for the year was \$3.4 million.

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

	<u>2015</u>	<u>2014</u>
Land, franchises and water rights	\$ 6.0	\$ 6.0
Buildings, canals, pipelines, reservoirs and dams	73.6	73.9
Equipment	1.2	1.0
Henshaw pumping project	0.4	0.4
Construction in progress	<u>1.3</u>	<u>0.5</u>
Total Capital Assets, Net	<u>\$ 82.5</u>	<u>\$ 81.8</u>

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

Capital Debt

At June 30, 2015, the District had no capital debt and has no immediate need to issue debt.

Contacting the District’s Financial Management

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

See independent auditors’ report.

**VISTA IRRIGATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

Assets

Current Assets:

Cash and cash equivalents (notes 1 and 2)	\$ 18,204,575
Investments (notes 1 and 2)	19,485,885
Accounts receivable, net (notes 1 and 3)	6,958,027
Taxes receivable	33,228
Accrued interest receivable	7,509
Inventories of materials and supplies	547,277
Prepaid expenses and other current assets	<u>123,865</u>
Total Current Assets	<u>45,360,366</u>

Noncurrent Assets:

Capital assets: (notes 1 and 4)

Depreciable assets, net of accumulated depreciation:

Buildings, canals, pipelines, reservoirs and dams	73,650,324
Equipment	1,165,718
Henshaw pumping project	379,715

Nondepreciable assets:

Land, franchises and water rights	6,001,127
Construction in progress	<u>1,354,968</u>
Total capital assets	<u>82,551,852</u>

Long-term prepaid expenses (note 9)	<u>2,374,626</u>
Total Noncurrent Assets	<u>84,926,478</u>

Total Assets	<u>130,286,844</u>
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Deferred Outflows of Resources

Pension related (notes 1, 6 and 8)	<u>1,488,966</u>
Total Deferred Outflows of Resources	<u>1,488,966</u>

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

(Continued)

**VISTA IRRIGATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

Liabilities

Current Liabilities:

Accounts payable (note 5)	\$ 4,331,156
Deposits	726,632
Accrued expenses and other liabilities	<u>1,736,973</u>
Total Current Liabilities	<u>6,794,761</u>

Noncurrent Liabilities:

Claims payable (note 6)	4,245,365
Net pension liability (notes 1, 6 and 8)	<u>13,526,753</u>
Total Noncurrent Liabilities	<u>17,772,118</u>

Total Liabilities	<u>24,566,879</u>
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Deferred Inflows of Resources

Pension related (notes 1, 6 and 8)	<u>4,932,631</u>
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Total Deferred Inflows of Resources	<u>4,932,631</u>
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Net Position

Net investment in capital assets	82,551,852
Unrestricted (notes 7 and 11)	<u>19,724,448</u>
Total Net Position	<u>\$ 102,276,300</u>

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

VISTA IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues	
Water sales, net (notes 1 and 3)	\$ 44,594,810
System fees	853,041
Property rentals	738,767
Other services	428,667
Total Operating Revenues	<u>46,615,285</u>
Operating Expenses	
Purchased water	19,235,486
Wages and benefits	12,298,601
Contractual services	3,827,299
Depreciation	3,363,263
Supplies	1,309,636
Power	662,164
Professional fees	658,616
Insurance	489,023
Office and general	488,237
Communications	55,126
Burden allocation	(945,126)
Total Operating Expenses	<u>41,442,325</u>
Operating Income	<u>5,172,960</u>
Nonoperating Revenues (Expenses)	
Property taxes	381,843
Investment income	63,423
Federal and state assistance	42,810
Gain on disposal of capital assets	30,557
Legal settlement	(55,173)
Total Nonoperating Revenues	<u>463,460</u>
Income Before Contributed Capital	5,636,420
Contributed Capital	<u>499,911</u>
Change in Net Position	6,136,331
Total Net Position - beginning, as restated (note 11)	<u>96,139,969</u>
Total Net Position - ending	<u>\$ 102,276,300</u>

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

**VISTA IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

Cash Flows From Operating Activities

Receipts from customers	\$ 46,771,464
Payments to suppliers	(31,356,878)
Payments to employees	(6,646,243)
Collection of deposits	1,021,251
Return of deposits	<u>(786,508)</u>
Net Cash Provided by Operating Activities	<u>9,003,086</u>

Cash Flows From Noncapital Financing Activities

Receipts from property taxes	376,947
Proceeds from Federal and State assistance	<u>42,810</u>
Net Cash Provided by Noncapital Financing Activities	<u>419,757</u>

Cash Flows From Capital and Related Financing Activities

Proceeds from disposal of capital assets	40,827
Acquisition of capital assets	<u>(3,667,212)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,626,385)</u>

Cash Flows From Investing Activities

Proceeds from maturities of investments	13,000,000
Interest on cash and investments	32,540
Purchase of investments	<u>(19,461,325)</u>
Net Cash Used by Investing Activities	<u>(6,428,785)</u>

Net Decrease in Cash and Cash Equivalents	(632,327)
Cash and Cash Equivalents - beginning	<u>18,836,902</u>
Cash and Cash Equivalents - ending	<u><u>\$ 18,204,575</u></u>

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

(Continued)

**VISTA IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

Reconciliation of Operating Income to Net

Cash Provided by Operating Activities

Operating Income	\$ 5,172,960
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,363,263
Pension related adjustments	100,885
Changes in Assets and Liabilities:	
Accounts receivable, net	1,177,430
Inventories of materials and supplies	(162,368)
Prepaid expenses and other assets	(91,311)
Accounts payable	(830,498)
Deposits	234,742
Accrued expenses and other liabilities	37,983
Net Cash Provided by Operating Activities	<u>\$ 9,003,086</u>

Noncash Investing, Capital and Financing Activities

Contributed capital assets	\$ 499,911
Capital asset acquisitions included in accounts payable and accrued expenses	\$ 577,141
Increase in fair value of investments	\$ 28,758

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 21,160 acres. Historically, the District has received 30% of its water supply from Lake Henshaw which, along with the surrounding 43,000 acre Warner Ranch, is owned and operated by the District. The remaining 70% of the District's supply comes from Northern California through the State Water Project and from the Colorado River. These sources are conveyed to the District via aqueducts owned and operated by water wholesalers, the Metropolitan Water District of Southern California and the San Diego County Water Authority. The District is governed by a Board of Directors consisting of five directors elected by geographical divisions, based on District population, for four-year alternating terms.

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

Basis of Accounting

The accounting principles of the District conform to accounting principles generally accepted in the United States of America applicable to enterprise funds. Accordingly, the statements of net position and the statements of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

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.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

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

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.

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 fair market 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 - 60 years
Equipment	3 - 20 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.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

Vacation and Sick Leave

The District records a liability equal to 100% of vacation earned and the applicable percentage of sick leave available to employees at year end (25%-100%), which is included in accrued expenses and other liabilities.

Pension Plans

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

GASB Statement No. 68 (see Implementation of New Pronouncement below) requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

Revenue Recognition

The District recognizes revenues from water sales, property rentals, investments and other fees and services as they are earned. Water sales are reported net of uncollectible accounts expense. Taxes and assessments are recognized as revenue, based upon amounts reported to the District by the County of San Diego. The District first utilizes restricted resources to finance qualifying activities, then unrestricted resources as they are needed. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales, capacity fees, connection and installation fees and property rentals to be operating revenues. The collection of deposits and return of deposits related to operating activities are reported in the District's cash flows from operating activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The collection of deposits and return of deposits related to the specific purpose of deferring the cost of acquiring, constructing or improving assets are reported in the District's cash flows from capital and related financing activities.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

Property Taxes

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

Risk Management

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

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

Property Loss - Insured up to \$150,000,000 per occurrence (total insurable value \$28,297,441) with \$5,000 deductible for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles; the Authority is self-insured up to \$100,000 per occurrence and excess insurance coverage has been purchased.

General Liability - Insured up to \$60,000,000 per occurrence with no deductible; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Auto Liability - Insured up to \$60,000,000 per occurrence with no deductible for property damage; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Public Officials' Liability - Insured up to \$60,000,000 per occurrence; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Fidelity - Insured up to \$100,000 per occurrence with \$1,000 deductible.

Dam Failure Liability - Insured up to \$5,000,000 per occurrence with \$250,000 deductible; the Authority is self-insured up to \$250,000 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
JUNE 30, 2015**

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

Implementation of New Pronouncement

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) – An Amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (GASB 71) – An Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 2 - Cash and Investments

The following is a detail of cash and cash equivalents as of June 30, 2015:

Cash on hand	\$ 6,147
Deposits	599,935
State Treasurer's investment pool	10,941,309
California Asset Management Program	<u>6,657,184</u>
Total cash and cash equivalents	<u>\$ 18,204,575</u>

As of June 30, 2015, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
State Treasurer's investment pool	8 months weighted	\$ 10,941,309
California Asset Management Program	1 month weighted average	<u>6,657,184</u>
Total cash equivalents		<u>\$ 17,598,493</u>
U.S. Treasury bills	6 months weighted	<u>\$ 19,485,885</u>
Total Investments		<u>\$ 19,485,885</u>

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

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

VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 2 - Cash and Investments (Continued)

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

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All deposits are entirely insured or collateralized. State law requires banks to secure the District's deposits by pledging government securities valued at 110% of the amount of the deposit as collateral. The District may waive the collateral requirement for deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC). Beginning on January 1, 2013, combined deposits are insured by the FDIC up to \$250,000. As of June 30, 2015, the District's bank balances were \$402,133, of which \$250,000 were insured and the remaining \$152,133 were uninsured and collateralized with securities held by the pledging institution's trust department.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 3 - Accounts Receivable, Net

As of June 30, 2015, the net balances were comprised of accounts receivable balances of \$7,449,667 less the allowances for doubtful accounts of \$491,640.

On the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2015, the balance of water sales, net of uncollectible accounts expense, was comprised of water sales revenues of \$44,596,500 less uncollectible amounts of \$1,690.

Note 4 - Capital Assets

Capital assets consist of the following at June 30, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 5,960,313	\$ 40,814	-	\$ 6,001,127
Construction in progress	456,338	3,194,297	(2,295,667)	1,354,968
Total capital assets not being depreciated	<u>6,416,651</u>	<u>3,235,111</u>	<u>(2,295,667)</u>	<u>7,356,095</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	146,320,440	2,752,855	(37,476)	149,035,819
Equipment	5,228,882	417,137	(367,078)	5,278,941
Henshaw pumping project	2,977,296	54,618	(28,119)	3,003,795
Total capital assets being depreciated	<u>154,526,618</u>	<u>3,224,610</u>	<u>(432,673)</u>	<u>157,318,555</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(72,378,776)	(3,044,142)	37,423	(75,385,495)
Equipment	(4,182,763)	(290,389)	359,929	(4,113,223)
Henshaw pumping project	(2,623,467)	(28,732)	28,119	(2,624,080)
Total accumulated depreciation	<u>(79,185,006)</u>	<u>(3,363,263)</u>	<u>425,471</u>	<u>(82,122,798)</u>
Total capital assets being depreciated, net	<u>75,341,612</u>	<u>(138,653)</u>	<u>(7,202)</u>	<u>75,195,757</u>
Total capital assets, net	<u>\$ 81,758,263</u>	<u>\$ 3,096,458</u>	<u>\$ (2,302,869)</u>	<u>\$ 82,551,852</u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 5 - Accounts Payable

At June 30, 2015, the accounts payable of \$4,331,156 included \$2,869,116 for water purchases from the San Diego County Water Authority and \$1,462,040 for obligations to other vendors.

Note 6 - Noncurrent Liabilities

See Note 10 – Commitments and Contingencies, for information regarding the establishment of the original \$3.85 million in claims payable that is owed to the Indian Water Authority.

Changes in the claims payable amounts for the year ended June 30, 2015 were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Consumer Price Index Adjustment</u>	<u>Ending Balance</u>
2015	\$ 4,190,193	\$ 55,172	\$ 4,245,365

Increases to the claims payable amount are based on the increase in the Consumer Price Index, All Urban Consumers, San Diego, published by the United States Department of Labor, Bureau of Labor Statistics, per the proposed changes to the Settlement Agreement terms discussed in Note 10.

Changes in the net pension liability amounts for the year ended June 30, 2015 were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions*</u>	<u>Reductions</u>	<u>Ending Balance</u>
2015	\$ -	\$ 18,482,409	\$ 4,955,656	\$ 13,526,753

*Additions to the net pension liability resulted from the implementation of GASB 68.

The entire net pension liability is reported as a noncurrent liability in the accompanying Statement of Net Position in accordance with GASB 68.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 7 - Unrestricted Net Position

Unrestricted net position has been reserved by the Board of Directors for the following purposes:

Emergency and contingency	\$ 8,000,000
Future construction	2,643,279
Working capital	9,000,000
Ranch improvements	81,169
Total unrestricted net position	\$ <u>19,724,448</u>

Note 8 - 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, 2013 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
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

The Plan's provisions and benefits in effect at June 30, 2015 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	21.322%	8.005%	6.25%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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. For public agency cost-sharing plans covered by Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate for the respective miscellaneous Tier 1, Tier 2, and PEPRA plans are 4.5%, 7.0%, and 6.25% of annual pay, and the employer's contribution rates are 20.273%, 8.049% and 6.25% of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the combined miscellaneous Tier 1, Tier 2, and PEPRA plans are \$1,459,677. The actual employer payments of \$1,459,677 made to CalPERS by the District during the measurement period ended June 30, 2014 differed from the District's proportionate share of the employer's contributions of \$1,636,341 by \$176,664, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities for the Plan was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.50%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

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

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

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

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. Refer to the sensitivity of the net pension liability to changes in the discount rate section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Incom	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The Plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

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: 6/30/2013 (VD)	\$ 75,227,170	\$ 56,744,761	\$ 18,482,409
Balance at: 6/30/2014 (MD)	\$ 79,703,912	\$ 66,177,159	\$ 13,526,753
Net Changes during 2013-14	\$ 4,476,742	\$ 9,432,398	\$ (4,955,656)

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

C. Proportionate Share of Net Pension Liability (Continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportionate Share - June 30, 2013	0.56406%
Proportionate Share - June 30, 2014	0.54731%
Change - Increase (Decrease)	(0.01675%)

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 measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan's Net Pension Liability	\$ 24,100,492	\$ 13,526,753	\$ 4,751,554

Subsequent Events

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

C. Proportionate Share of Net Pension Liability (Continued)

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2013), the net pension liability for the plan is \$18,482,409 (the net pension liability of the aggregate plan as of June 30, 2013 is \$3,276,668,431).

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

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

For the measurement period ending June 30, 2014 (the measurement date), the District incurred a pension expense of \$1,589,850 for the Plan (the pension expense for the aggregate plan for the measurement period is \$239,824,465). A complete breakdown of the pension expense is as follows:

Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 1,873,950	0.5531%
Interest on the Total Pension Liability	921,162,366	5,599,919	0.6079%
Employee Contributions	(159,834,203)	(379,778)	0.2376%
Projected Earnings on Pension Plan Investments	(678,133,636)	(4,229,617)	0.6237%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(1,136,404)	0.6237%
Recognized Portion of Adjustment due to Differences in Proportions	-	(91,729)	N/A
Recognized Difference Between Contributions and Proportionate Share of Contributions	-	(46,491)	
Subtotal: Employer's Share of Expense Components	\$ 239,824,465	<u>1,589,850</u>	
Employer's Proportionate Share of Pension Expense		<u>\$ 1,589,850</u>	

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

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

As of June 30, 2014, 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>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ (4,545,617)
Adjustment due to Differences in Proportions	-	(256,841)
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(130,173)
Pension Contributions Subsequent to Measurement Date	1,488,966	-
Total	<u>\$ 1,488,966</u>	<u>\$ (4,932,631)</u>

These amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense. \$1,488,966 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 ended June 30, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources, Net</u>
2015	\$ (1,228,133)
2016	(1,274,624)
2017	(1,256,278)
2018	(1,173,596)
2019	-
Thereafter	-
	<u>\$ (4,932,631)</u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 8 - Defined Benefit Pension Plan (Continued)

E. Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 9 - Other Postemployment Benefits

Plan Description

In accordance with the terms and conditions of the employment agreements for employees hired before January 1, 2012, the District offers postemployment healthcare benefits to eligible employees who retire on or after January 1, 2006 under CalPERS, who have reached the minimum age of 50, and have completed fifteen years of service with the District (ten years for management employees). The plan is a single-employer benefit plan. Coverage will not extend beyond a combined fifteen years for the retiree and their eligible spouse (twenty years for management employees). The years of coverage may be split between the retiree and spouse; however, the maximum coverage for a retiree may not exceed ten years, and the number of years of coverage for the spouse may not exceed the number of years of coverage for the retiree. A specific health plan provides this direct insurance coverage to retiring employees that reside in the California service area as defined by the plan. If the retiree lives outside the California service area, the District reimburses the retiree quarterly for health insurance premiums not to exceed the current premiums paid to the specific health plan.

For employees who retired on or after January 1, 1990 and prior to January 1, 2006, the District offers postemployment healthcare benefits to eligible employees for a coverage period not extending beyond 10 years and does not cover dependents.

The District pre-funds its other postemployment benefits (OPEB) with CalPERS through the California Employers' Retiree Benefits Trust (CERBT) Fund. The CERBT is a trust fund that allows public employers to pre-fund the future cost of their retiree health insurance benefits and OPEB obligations for their covered employees or retirees. Employers that elect to participate in the CERBT make contributions into the trust fund. Participating employers use investment earnings to pay for retiree health benefits, similar to the CalPERS pension trust.

The District fully funds its OPEB liability through the CERBT. For the year ended June 30, 2015, the District was fully funded in a prepaid status (in relation to the Annual Required Contribution), and was not required to make any contributions to the CERBT.

CERBT publishes separate financial statements that conform to GASB Statement No. 43 in separately issued financial statements for the CalPERS Trust. Copies of the CalPERS' annual financial report for its OPEB Trust may be obtained from its executive office at 400 P Street, Sacramento, California 95811.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9 - Other Postemployment Benefits (Continued)

Funding Policy and Annual OPEB Cost

The District's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the "annual required contribution of the employer" (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the value of employer promised benefits expected to be earned or allocated for each fiscal year and to amortize any unfunded actuarial liabilities (or funding expense) over a period not to exceed thirty years. The District's annual OPEB cost for the current year and the related information for the plan are as follows:

	<u>Retiree Healthcare Plan</u>
Contribution rate:	Actuarially determined
District	4.3%
Annual required contribution	\$ 316,284
Adjustment to annual required contribution	138,785
Interest on net OPEB asset	<u>(172,439)</u>
Annual OPEB cost (expense)	282,630
Contributions made	<u>(391,306)</u>
Increase (decrease) in net OPEB obligation/(asset)	(108,676)
Net OPEB obligation (asset) - beginning of year	<u>(2,265,950)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (2,374,626)</u></u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9 - Other Postemployment Benefits (Continued)

Funding Policy and Annual OPEB Cost (Continued)

Annual OPEB Cost includes interest and the ARC adjustment, in addition to the ARC.

In accordance with the provisions of GASB Statement No. 45, the District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

	Year End	Annual OPEB Cost	Actual Contribution	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
Retiree Healthcare Plan	June 30, 2013	\$349,516	\$372,236	106.5%	(\$66,617)
Retiree Healthcare Plan	June 30, 2014	\$306,082	\$2,505,415	818.5%	(\$2,265,950)
Retiree Healthcare Plan	June 30, 2015	\$282,630	\$391,306	138.5%	(\$2,374,626)

Funded Status and Funding Progress

The funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as a % of Annual Covered Payroll
	(A)	(B)	(A-B)	(A/B)	(C)	[(A-B)/C]
July 1, 2012	\$1,370,387	\$4,162,912	(\$2,792,525)	32.9%	\$7,416,382	(37.7%)
July 1, 2013	\$1,238,734	\$3,574,767	(\$2,336,033)	34.7%	\$7,494,718	(31.2%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

In June 2014, the District opted to make a lump sum payment of \$2,119,265 in order to pay off the unfunded portion of the District's OPEB liability, and as a result, the District was fully funded as of June 30, 2014. This payment was not included in the most recent actuarial valuation dated July 1, 2013 but will be included in the actuarial valuation dated July 1, 2015.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 9 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay
Remaining amortization period	24 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.61%
Projected salary increases	3.00%

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit with service prorated. The actuarial assumptions included a 7.61% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.5% HMO and 7.0% PPO for 2015, each declining by 0.5% per year through 2018, and 0.5% per year for both HMO and PPO for all years after 2018. Both rates included a 2.8% inflation assumption. The UAAL is being amortized over an initial 30 years using the level-percentage of pay method on a closed-basis. The remaining amortization period at June 30, 2013 is assumed to be 24 years. It is assumed the District's payroll will increase 3.00% per year.

Note 10 - Commitments and Contingencies

Commitments

Under terms of a 1922 contractual agreement with the United States Department of the Interior, the District and the City of Escondido are obligated to provide the first 6 cubic feet per second of the natural flow of the San Luis Rey River to the Rincon Indians. The agreement is one of those claimed to be void ab initio by the United States and the Rincon Indians in the litigation discussed below.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 10 - Commitments and Contingencies (Continued)

Commitments (Continued)

In July 2007, the District announced entry into a “settlement agreement in principle” with the City of Escondido (Escondido) and the Indian bands. Per the terms of the “settlement agreement in principle”, the Rincon Band would continue to receive its historic entitlement of water, but now quantified as a right to 2,900 acre-feet per year, on average, adjusted by annual hydrologic conditions. Following are the provisions of the “settlement agreement in principle”:

1. Allocation of Local Water and Supplemental Water

- a) The Rincon Band shall receive its historic right to the first 6 cubic feet per second of the natural flow of the San Luis Rey River (local water). The District and Escondido shall have the right to use the remaining local water, subject to the right of the Bands to divert and use local water through an acre foot for acre foot exchange with supplemental water.
- b) The Indian Water Authority (an intertribal entity established by the Bands) shall be entitled to the benefit of the 16,000 acre feet of supplemental water provided by the Settlement Act. The Indian Water Authority may exchange supplemental water for local water.

2. Financial Obligations

- a) The Indian Water Authority is responsible for all costs associated with obtaining supplemental water. The District and Escondido are responsible for all costs associated with maintaining and operating the local water system, including the cost of a proposed canal undergrounding on the San Pasqual Indian Reservation (currently estimated to cost \$27 million). The cost of the proposed undergrounding project will be divided evenly between the District and Escondido.
- b) In return for the Bands’ and the United States’ agreement that the Settlement shall be an entire agreement, and no obligations among the parties from the 1894, 1914, and 1922 contracts shall endure, there shall be no annual charges paid by the District or Escondido for the use of tribal lands, and all liability among the parties shall be waived prior to the effective date of the Settlement Agreement. The District and Escondido agree to each pay the Indian Water Authority \$3.85 million on October 1, 2008. This amount can be paid either as a lump sum, or paid over the next 20 years at 5% interest, or paid over 20 years, delayed for 5 years, at 6% interest. Any payment may be prepaid without a prepayment penalty.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 10 - Commitments and Contingencies (Continued)

Commitments (Continued)

- c) The Rincon Band's revised entitlement to local water is estimated to cost the District approximately \$240,000 annually, based on the current cost of imported water and the assumption that the new formulation of the Rincon entitlement will result in the District purchasing additional imported water.

On September 30, 2008, the negotiators for the District, the Bands and Escondido announced a Settlement Agreement regarding the water rights issues. The provisions of the Settlement Agreement are essentially the same as those of the "settlement agreement in principle" announced in July, 2007 as mentioned above.

However, in order for the Agreement to take effect, the following conditions are necessary: (i) the Agreement must be executed by all of the parties; (ii) the Agreement must be approved by the United States District Court for the Southern District of California after the Court has ascertained in open court and on the record that all parties understand and agree with the terms of the Agreement and represent that: (a) the Settlement was entered into in good faith, and this Agreement provides fair and reasonable terms for the use of Local and Supplemental Water by the Parties and for financial and other consideration among the Parties, and (b) that all Parties understand and agree with the terms of this Agreement and represent that they have received adequate legal representation in reaching that conclusion; (iii) a stipulated judgment of dismissal or other appropriate final disposition has been entered in the litigation involving the City of Escondido and Vista Irrigation District (Local Entities), the United States, and the Bands in all of the proceedings among the parties pending in United States District Court for the Southern District of California and the Federal Energy Regulatory Commission (FERC); (iv) FERC has issued the Conduit Exemption License and has approved the Surrender Application; (v) the Secretary of the Interior has issued all necessary rights-of-way for the Local Water System in accordance with section 109(b) of the Settlement Act; and (vi) all applicable appeal periods have expired. The date when all these conditions have been satisfied shall be the effective date of the Agreement.

The District's legal counsel and management are unable to opine upon the length of time it will take to resolve the matter and obtain all required approvals for a final settlement agreement.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 10 - Commitments and Contingencies (Continued)

Litigation

Several bands of Indians have claimed the rights to certain water now utilized by the District, substantial actual and punitive damages, and the invalidation of certain contracts. Actions on those claims naming the District as a defendant have been filed in the United States District Court by the bands and by the United States, in its own right and on behalf of the bands. Legislation authorizing the settlement of the Indian water rights dispute was enacted on November 17, 1988, as the "San Luis Rey Indian Water Rights Settlement Act". This legislation authorizes the parties to the dispute to enter into a settlement agreement and establishes a trust fund in the amount of \$30,000,000. Implementation of this legislation is pending development of a 16,000 acre foot per year supplemental water supply and negotiation of the precise terms of the settlement agreement. In October 2000, the source of the 16,000 acre foot supplemental water supply was identified as a portion of the water conserved from the lining of the All-American Canal and the Coachella Branch of the All-American Canal. Commencing in about January 2007, the settlement parties began obtaining 4,500 acre feet of water annually from the completed Coachella Branch Canal Lining Project. Construction of the lining of the All-American Canal (which produces the remaining 11,500 acre feet) was completed in 2010.

The District's legal counsel and management are unable to opine upon the ultimate outcome of the above matters. The Settlement Agreement summarizes some of the major proposed terms of agreement among the parties.

Discussions have continued on a long-standing dispute between the District and the City of Escondido (successor to Escondido Mutual Water Company) over the calculations and allocations between the two entities of natural flow of the San Luis Rey River. Management's opinion is that this matter will be resolved concurrently with the dispute with the Indian bands by adhering to the settlement rubric outlined in the July 2007 "settlement agreement in principle."

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.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 11 – Prior Year Restatement

Change in Accounting Principle

As discussed in Note 1, the District implemented GASB 68 effective July 1, 2014. GASB 68, among other provisions, amended prior guidance with respect to the reporting of pensions. GASB 68, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, the District's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. Restatement of the comparative financial data for the prior period presented is not practical due to the unavailability of information from the pension plan; therefore, the provisions of GASB 68 and GASB 71 were not applied to the prior period. The cumulative effects of applying the provisions of GASB 68 and GASB 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Accordingly, beginning net position on the Statement of Net Position for the year ended June 30, 2015 has been restated for changes related to GASB 68 as follows:

Beginning net position, as previously reported	\$ 113,009,502
Restatement due to change in accounting	<u>(16,869,533)</u>
Beginning net position, as restated	<u><u>\$ 96,139,969</u></u>

**VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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

	Measurement Date <u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability ¹	0.21738%
Plan's Proportionate Share of the Net Pension Liability	\$ 13,526,753
Plan's Covered-Employee Payroll ²	\$ 7,846,034
Plan's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	172.40%
Plan's Proportion of the Fiduciary Net Position ³	0.622%
Plan's Share of Risk Pool Fiduciary Net Position ³	\$ 66,177,159
Plan's Additional Payments to Side Fund During Measurement Period	\$ -
Plan's Proportionate Share of the Fiduciary Net Position (sum of the two preceding lines)	\$ 66,177,159
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions ⁴	\$ 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-Employee 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 term Fiduciary Net Position (FNP) as used in this line denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all employers' additional side fund contributions made during the measurement period.

⁴ 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

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

**VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

**Schedule of Plan Contributions
Last 10 Years***

	Measurement Period 2013-14
Actuarially Determined Contribution	\$ 1,527,803
Contributions in Relation to the Actuarially Determined Contribution	(1,527,803)
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll ¹	\$ 7,846,034
Contributions as a Percentage of Covered-Employee Payroll	19.47%

¹ Covered-Employee 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 1st year of implementation, therefore, only one year is shown.

Notes to Schedule

Change in Benefit Terms: None

Change in Assumptions: None

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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	44
<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	46
<i>These schedules contain information to help the reader access the District’s most significant local revenue source.</i>	
Demographic and Economic Information	50
<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	52
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.</i>	

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

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Table I
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>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>

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Position					
Net investment in capital assets	\$ 80,952,196	\$ 78,971,219	\$ 78,227,737	\$ 74,880,933	\$ 73,838,726
Unrestricted	15,834,495	15,163,715	15,374,171	22,659,076	21,168,181
Total Net Position	<u>\$ 96,786,691</u>	<u>\$ 94,134,934</u>	<u>\$ 93,601,908</u>	<u>\$ 97,540,009</u>	<u>\$ 95,006,907</u>

Source: Vista Irrigation District

Table II
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues:										
Water sales	\$ 44,594,810	\$ 46,858,642	\$ 44,675,640	\$ 38,929,306	\$ 36,935,147	\$ 35,112,935	\$ 30,785,729	\$ 30,158,938	\$ 29,112,733	\$ 26,954,977
Property rentals	738,767	705,845	666,495	475,148	740,341	546,448	556,131	505,513	342,836	295,488
Other services	428,667	454,842	206,602	285,692	282,608	342,551	244,894	522,448	598,243	434,292
System fees	853,041	667,311	228,954	297,553	332,643	94,243	130,683	354,184	879,943	363,461
Total operating revenues	46,615,285	48,686,640	45,777,691	39,987,699	38,290,739	36,096,177	31,717,437	31,541,083	30,933,755	28,048,218
Operating Expenses:										
Purchased water	19,235,486	21,351,934	19,438,447	14,767,680	11,705,489	13,956,299	11,978,556	13,814,124	12,426,903	8,926,946
Wages and benefits	12,298,601	12,026,730	11,902,693	12,223,638	13,207,539	12,540,325	12,374,900	12,151,999	11,180,783	10,261,865
Depreciation	3,363,263	3,222,382	3,122,974	3,022,459	2,967,954	2,893,214	2,839,422	2,731,596	2,577,112	2,482,366
Contractual services	3,827,299	3,932,249	3,551,800	3,554,268	3,228,825	2,592,296	2,721,679	2,650,631	2,870,002	2,089,996
Supplies	1,309,636	1,369,388	969,997	1,078,481	1,025,154	956,271	1,107,503	1,226,572	1,115,256	1,017,952
Professional fees	658,616	634,801	799,509	831,775	730,715	822,454	709,350	911,761	435,822	558,141
Power	662,164	603,100	735,024	434,811	536,753	575,442	732,570	737,235	302,994	248,893
Office and general	488,237	445,363	477,700	422,474	419,434	515,170	549,509	659,782	574,360	574,271
Insurance	489,023	476,242	407,580	363,291	332,528	291,909	257,289	266,362	279,861	251,685
Uncollectible accounts	-	60,389	54,046	72,180	80,472	125,418	125,851	83,509	59,483	14,203
Communications	55,126	57,814	61,278	72,668	83,428	68,200	64,225	68,093	65,675	87,624
Burden allocation	(945,126)	(947,821)	(934,908)	(1,074,815)	(932,041)	(1,277,798)	(1,045,086)	(938,878)	(879,541)	(1,042,436)
Total operating expenses	41,442,325	43,232,571	40,586,140	35,768,910	33,386,250	34,059,200	32,415,768	34,362,786	31,008,710	25,471,506
Operating Income (Loss)	5,172,960	5,454,069	5,191,551	4,218,789	4,904,489	2,036,977	(698,331)	(2,821,703)	(74,955)	2,576,712
Nonoperating Revenues (Expenses):										
Property taxes	381,843	443,255	387,889	313,008	305,985	367,482	340,351	348,561	327,361	103,326
Investment income	63,423	45,451	53,471	47,225	79,800	76,377	359,773	886,671	1,192,890	838,893
Gain (Loss) on disposal of capital assets	30,557	(3,819)	9,414	(6,235)	(22,426)	(53,133)	7,339	-	-	1,311
Interest Expense	-	-	-	-	-	(192,500)	(144,375)	-	-	-
Federal and state assistance	42,810	-	64,015	-	578	-	-	-	17,081	231,772
Legal settlement	(55,173)	(94,732)	(57,090)	(83,096)	231,600	-	-	(3,850,000)	-	-
Total Nonoperating Revenues (Expenses)	463,460	390,155	457,699	270,902	595,537	198,226	563,088	(2,614,768)	1,537,332	1,175,302
Income (Loss) Before Contributed Capital	5,636,420	5,844,224	5,649,250	4,489,691	5,500,026	2,235,203	(135,243)	(5,436,471)	1,462,377	3,752,014
Contributed Capital	499,911	67,345	1,176,656	552,881	1,174,858	416,554	668,269	1,498,370	1,070,725	1,115,738
Change in net position	6,136,331	5,911,569	6,825,906	5,042,572	6,674,884	2,651,757	533,026	(3,938,101)	2,533,102	4,867,752
Net Position, beginning of year	113,009,502	107,097,933	100,272,027	95,229,455	96,786,691	94,134,934	93,601,908	97,540,009	95,006,907	90,139,155
Prior Period Adjustment	(16,869,533)	-	-	-	(8,232,120)	-	-	-	-	-
Net Position, end of year	\$102,276,300	\$ 113,009,502	\$ 107,097,933	\$ 100,272,027	\$ 95,229,455	\$ 96,786,691	\$ 94,134,934	\$ 93,601,908	\$ 97,540,009	\$ 95,006,907

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
	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	
2015	\$20,141,952	11,900.4	\$3,214,629	1,866.1	\$3,377,886	1,954.8	\$1,646,475	954.0	\$766,433	441.3	\$1,703
2014	\$21,671,513	13,079.4	\$3,275,725	1,945.6	\$3,835,833	2,287.1	\$1,810,450	1,075.1	\$1,276,974	740.5	\$1,666
2013	\$20,750,003	13,114.2	\$3,144,742	1,953.8	\$3,384,426	2,098.8	\$1,665,459	1,031.2	\$1,159,166	706.4	\$1,592
2012	\$17,831,592	12,190.5	\$2,677,141	1,796.0	\$2,561,020	1,728.2	\$1,405,719	938.3	\$897,168	588.3	\$1,472
2011	\$16,593,101	12,386.3	\$2,597,904	1,863.5	\$2,402,331	1,725.8	\$1,416,245	994.9	\$915,714	619.4	\$1,360
2010	\$15,409,252	12,922.8	\$2,376,951	1,891.1	\$2,081,667	1,719.8	\$1,343,192	1,075.2	\$858,695	663.7	\$1,208
2009	\$13,721,293	14,279.2	\$2,062,765	2,137.1	\$2,102,655	2,201.1	\$1,356,949	1,473.6	\$746,221	775.0	\$958
2008	\$13,422,143	15,037.8	\$2,045,280	2,274.3	\$2,081,908	2,346.4	\$1,640,548	1,936.8	\$684,716	766.9	\$897
2007	\$12,730,608	15,228.0	\$1,919,874	2,296.5	\$1,912,768	2,288.0	\$1,763,040	2,108.9	\$623,489	745.8	\$836
2006	\$12,047,282	14,947.0	\$1,816,160	2,253.3	\$1,707,753	2,118.8	\$1,675,996	2,079.4	\$530,751	658.5	\$806

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>
2015	24,191	1,606	914	586	1,236	92	28,625
2014	24,191	1,608	897	562	1,228	94	28,580
2013	24,048	1,601	889	567	1,218	92	28,415
2012	24,061	1,603	887	555	1,211	92	28,409
2011	23,974	1,630	877	557	1,183	92	28,313
2010	23,958	1,647	864	568	1,177	91	28,305
2009	23,982	1,597	838	573	1,138	90	28,218
2008	23,778	1,614	825	740	1,111	84	28,152
2007	23,592	1,620	816	753	1,011	80	27,872
2006	23,562	1,584	796	754	898	76	27,670

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	
2015**	\$3.73	\$4.27	\$4.27	\$4.05	\$33.67
2014**	\$3.61	\$4.15	\$4.15	\$3.93	\$32.85
2013**	\$3.52	\$4.06	\$4.06	\$3.84	\$31.87
2012**	\$3.29	\$3.83	\$3.83	\$3.61	\$30.04
2011**	\$3.01	\$3.55	\$3.55	\$3.33	\$29.30
2010***	\$2.69	\$3.23	\$4.37	\$3.01	\$29.30
2009	\$2.34	NA	NA	\$2.00	\$23.70
2008	\$2.14	NA	NA	\$1.80	\$22.70
2007	\$1.98	NA	NA	\$1.64	\$21.40
2006	\$1.92	NA	NA	\$1.58	\$20.00

* HCF = One Hundred Cubic Feet

** The tier 3 rate is only imposed during times of water delivery cutbacks stipulated by the San Diego County Water Authority.

When no water delivery cutbacks are imposed by the Water Authority, Tier 3 usage is billed at the Tier 2 rate.

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

Source: Vista Irrigation District

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

<u>Fiscal Year ended June 30, 2015</u>			<u>Fiscal Year ended June 30, 2006</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>
Golf Course	151.4	0.87%	Golf Course	304.3	1.42%
Courthouse	67.1	0.38%	Courthouse	102.5	0.48%
Industrial	64.8	0.37%	Agriculture	67.4	0.31%
Industrial	59.2	0.34%	Agricultural	57.8	0.27%
Agricultural	53.7	0.31%	Industrial	49.6	0.23%
High School	40.2	0.23%	Industrial	47.1	0.22%
Mobile Home Park	39.3	0.22%	Mobile Home Park	46.2	0.22%
Mobile Home Park	38.2	0.22%	Agriculture	39.2	0.18%
Convalescent	37.9	0.22%	Mobile Home Park	37.1	0.17%
Apartments	33.6	0.19%	Mobile Home Park	36.4	0.17%
Total Top Ten Customers	<u>585.4</u>	<u>3.35%</u>	Total Top Ten Customers	<u>787.6</u>	<u>3.67%</u>
Other Customers	<u>16,884.8</u>	<u>96.65%</u>	Other Customers	<u>20,665.1</u>	<u>96.33%</u>
Total Water Sales	<u><u>17,470.2</u></u>	<u><u>100.00%</u></u>	Total Water Sales	<u><u>21,452.7</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)
2006	120,207	3.07	4.4%	\$38,930	\$4,680,200
2007	120,443	3.07	5.1%	\$39,080	\$4,707,400
2008	121,491	3.10	6.7%	\$39,760	\$4,831,000
2009	122,120	3.11	10.7%	\$38,650	\$4,719,600
2010	123,936	3.12	11.8%	\$38,200	\$4,735,000
2011	124,596	3.13	11.2%	\$38,530	\$4,800,500
2012	125,032	3.13	9.9%	\$39,010	\$4,877,300
2013	126,154	3.13	8.4%	\$39,120	\$4,935,600
2014	127,026	3.14	5.7%	\$39,410	\$5,006,300
2015	127,699	3.14	<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, 2015 ⁽¹⁾			Fiscal Year Ended June 30, 2006 ⁽²⁾		
Employer Name	Industry	No. of Employees	Employer Name	Industry	No. of Employees
State of California	Education	10,000+	Federal and State Government	Government	10,000+
University of California, San Diego	Education	10,000+	University of California, San Diego	Education	10,000+
Federal Government	Government	10,000+	County of San Diego	Government	10,000+
US Department of Defense	Military	10,000+	San Diego Unified School District	Education	10,000+
County of San Diego	Government	10,000+	Scripps Health	Healthcare	10,000+
City of San Diego	Government	10,000+	San Diego State Univ.	Education	5,000-9,999
Sharp Healthcare	Healthcare	10,000+	SBC	Telecommunications	5,000-9,999
Scripps Health	Healthcare	10,000+	Qualcomm, Inc.	Technology/ Communications	5,000-9,999
San Diego Unified School District	Education	10,000+	Kaiser Permanente	Healthcare	5,000-9,999
Kaiser San Diego Medical Center	Healthcare	5,000-9,999	Sempra	Utility	5,000-9,999

Source: ¹ San Diego Source Book
² San Diego County Water Authority

Table IX
NUMBER OF EMPLOYEES
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Employees	88	84	90	94	94	101	104	103	100	99
Average Years of Service	11.6	11.9	11.7	11.8	11.1	10.4	10.4	11.4	11.2	11.8

Source: Vista Irrigation District

Table X
OPERATING AND CAPITAL INDICATORS
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Service Area (acres)*	21,160	21,200	21,200	21,200	21,200	21,200	21,200	21,200	19,800	19,800
Miles of water main (4" and larger)	473	473	473	471	470	470	469	469	466	465
Number of enclosed reservoirs	12	12	12	12	12	12	14	14	14	14
Capacity of enclosed reservoirs (acre feet)	142	142	142	142	142	142	147	147	147	147
Number of open reservoirs	1	1	1	1	1	1	1	1	1	1
Capacity of open reservoirs (acre feet)	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774
Number of pump stations	7	7	7	7	7	8	8	8	8	8
Number of pumps	18	18	18	18	18	19	19	19	19	19
Total capacity of pumps (horsepower)	1,045	1,045	1,045	1,055	1,055	1,075	1,110	1,110	1,110	1,110
Number of service connections	28,649	28,609	28,435	28,435	28,314	28,305	28,255	28,152	27,872	27,670
Number of meters in service	28,341	28,272	28,208	28,149	28,028	27,974	27,896	27,770	27,062	26,780
Production peak (million gallons per day)	24	32	28	26	27	31	31	37	42	42
Average production (million gallons per day)	16	18	18	17	16	19	20	21	21	21
Total rainfall (inches) - Lake Henshaw	16	13	14	20	36	33	19	30	9	22
Total rainfall (inches) - Vista	8	5	9	11	25	18	13	15	8	11
Average daily temperature (F) - Lake Henshaw	60	60	57	55	55	56	58	58	59	51
Average daily temperature (F) - Vista	64	63	62	61	61	67	64	64	60	61
Electricity purchased (1,000 kWh) - Service Area	1,094	1,078	1,244	1,123	1,719	1,768	1,590	1,804	1,860	3,344
Electricity purchased (1,000 kWh) - Lake Henshaw	3,352	3,310	3,800	1,315	2,178	3,178	3,841	4,100	1,475	213
Natural gas purchased (1,000 therms)	5,573	5,777	6,500	6,990	5,379	5,928	8,792	9,674	9,107	6,954
Mainline repairs	33	32	41	40	47	20	21	25	22	20

*In 2006 and 2007, service area measurement only included parcel acreage. Beginning in 2008, service area figures included parcel and right-of-way acreage, increasing the number of service area acres.

Source: Vista Irrigation District