

# Casitas Municipal Water District

*Comprehensive Annual Financial Report  
For the Years Ended June 30, 2018 and 2017*



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Casitas Municipal Water District  
Oak View, California

Comprehensive Annual Financial Report

For the Years Ended June 30, 2018 and 2017

Prepared by:

*Denise Collin – Accounting Manager / Treasurer*

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**Casitas Municipal Water District  
Comprehensive Annual Financial Report  
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## **INTRODUCTORY SECTION**

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December 12, 2018

Board of Directors  
Casitas Municipal Water District

## **Introduction**

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Casitas Municipal Water District (District) for the years ended June 30, 2018 and 2017, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

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

## **District Structure and Leadership**

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

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

Drawing from the 105-square mile watershed, Lake Casitas began to form in the Santa Ana Valley. In 1978, 19 years after the dam's completion, the lake overflowed for the first time. With a capacity of 254,000-acre feet, the reservoir has a shoreline of 35 miles and provides water to over 65,000 people.

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

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

### **Economic Condition and Outlook**

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

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

### **Internal Control Structure**

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

### **Budgetary Control**

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

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

### **Investment Policy**

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

### **Water Rates and District Revenues**

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

## **Audit and Financial Reporting**

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

## **Awards and Acknowledgements**

For the year ended June 30, 2017, the District received for the 24<sup>th</sup> year the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. (See Page 6)

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

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

Respectfully submitted,



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Michael Flood  
General Manager



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Denise Collin  
Accounting Manager/Treasurer

# Casitas Municipal Water District

## Directory

July 1, 2017 – June 30, 2018

### Board of Directors

Board Member	Division	Date of Original Election of Appointment	Ending Date of Term
Bill Hicks	Division 1	November, 1990	December, 2018
Jim Word	Division 2	May, 1997	December, 2020
Pete Kaiser	Division 3	November, 2002	December, 2020
Mary Bergen	Division 4	November, 2010	December, 2018
Russ Baggerly	Division 5	November, 2004	December, 2020

### Staff

Steve Wickstrum	General Manager
Michael Flood	Assistant General Manager
Rebekah Vieira	Executive Administrator
Julia Aranda	Principal Civil Engineer
Carol Belser	Park Services Manager
Denise Collin	Accounting Manager / Treasurer
Michael Shields	O&M Manager
Scott Lewis	Fisheries Biologist
Gregory Romey	Safety Officer

**Board of Directors**  
 Jim Word - President, Bill Hicks - Vice President  
 Mary Bergen - Secretary, Pete Kaiser - Asst. Secretary  
 Russ Baggerly - Director

**Steve Wickstrum**  
 General Manager

**Michael Flood**  
 Assistant General Manager

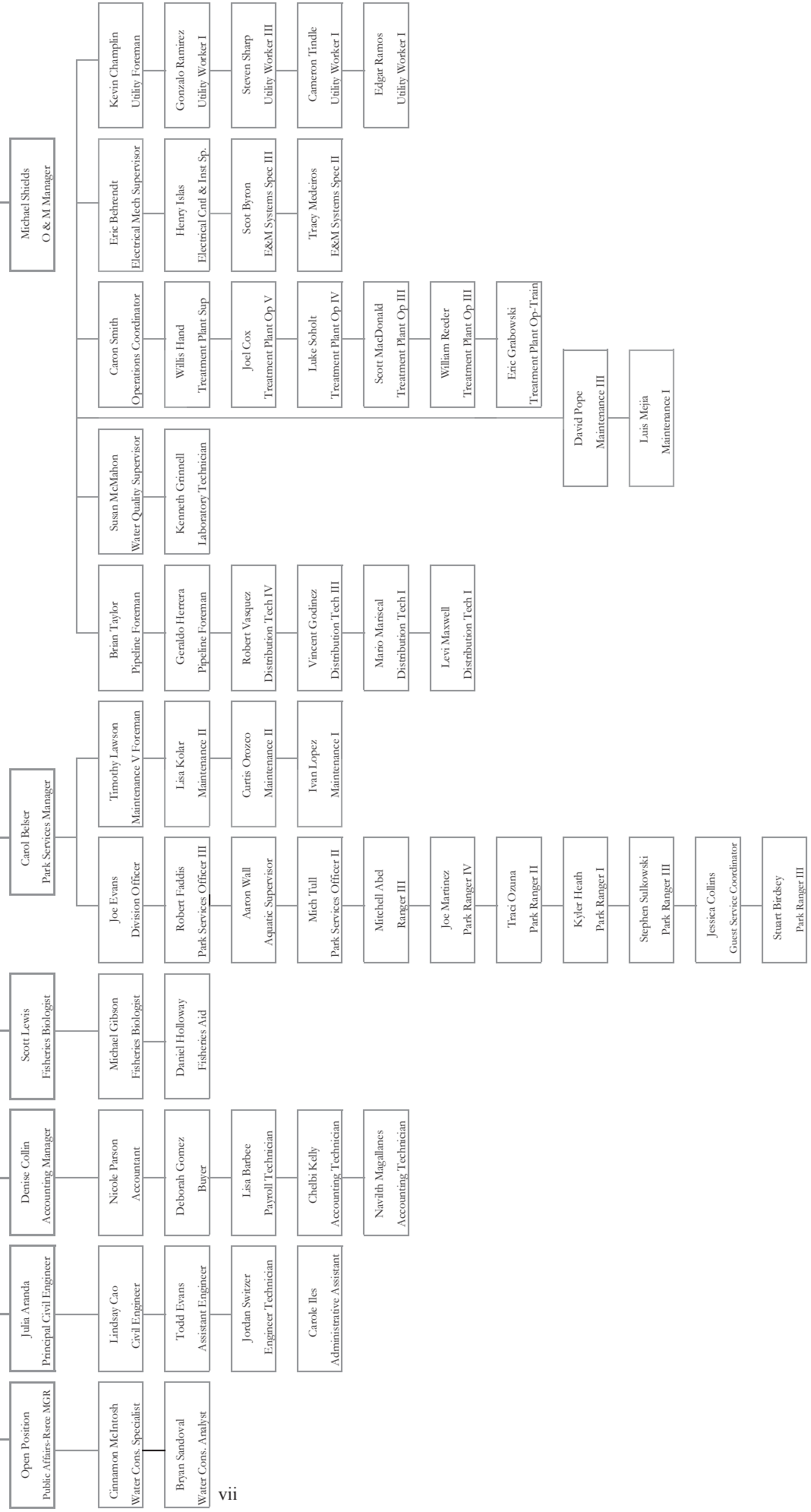
**Kevin Nguyen**  
 IT Administrator

**Rebekah Vieira**  
 Executive Administrator

**Gregory Romy**  
 Safety Manager

**Lake Casitas Recreation Area**

**Operations & Maintenance**





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Casitas Municipal Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of the Casitas Municipal Water District  
Oak View, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Casitas Municipal Water District (District), which comprises the statements of net position as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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***Emphasis of Matter***

***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of the stand required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2017 as described in Note 11 to the basic financial statements. In addition, total OPEB liability is reported in the statement of Net position in the amount of \$10,282,145 as of the measurement date. The District hired a qualified actuary to evaluate the Total OPEB Liability as of the measurement date as required by GASB Statement No. 75. The Total OPEB Liability is calculated by actuaries using estimates and actuarial techniques from actuarial valuation as of June 30, 2017. The actuary applied the Section 3.7.7(c)(4) of the ASOP No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 7 through 12 and the Schedule of the District's Proportionate Share of the Plan’s Net Pension Liability, the Schedule of the District’s Contributions to the Pension Plan, the Schedule of Changes in the District’s Total OPEB Liability and Related Ratio, and the Schedule of the District’s Contributions to the OPEB Plan, on pages 57 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s basic financial statements as a whole. The supplementary information on pages 63 through 74 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors  
of the Casitas Municipal Water District  
Oak View, California  
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***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory and the statistical sections are presented for purposes of additional analysis and are not required parts 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 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
December 12, 2018

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

**Independent Auditors' Report**

To the Board of Directors  
of the Casitas Municipal Water District  
Oak View, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Casitas Municipal Water District (District) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 12, 2018.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

To the Board of Directors  
of the Casitas Municipal Water District  
Oak View, California  
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**Purpose of this Report**

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

*The PwC Group, LLP*

Santa Ana, California  
December 12, 2018

**Casitas Municipal Water District**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Years Ended June 30, 2018 and 2017**

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Casitas Municipal Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The District incurred a net loss of (\$3,964,883) and (\$5,736,057) for fiscal years ended June 30, 2018 and 2017, respectively.
- In 2018, total revenues increased by 30.0% or \$4,661,227 from \$15,517,755 to \$20,178,982 from the prior year, primarily due to the purchase of the Ojai System (CFD 2013-1) on June 8, 2017. Water consumption increased from \$5,391,087 to \$6,346,257 also due to the CFD 2013-1, The monthly water service charge increased from \$2,151,152 to \$3,680,853 and the CFD 2013-1 assessment increased from \$601,938 to \$2,592,342 to fund the bond repayment.
- In 2017, total revenues decreased by 8.7% or (\$1,496,676) from \$17,756,822 to \$15,517,755, from the prior year, primarily due to the increase in retail water consumption of (\$1,050,611) and wholesale water sales of (\$422,947) as the District continued with its water conservation measures as the California drought was declared over by the Governor on April 7, 2017.
- In 2018, total operating expenses for the District's operations before depreciation expense increased by 7.0% or \$1,065,172 from \$15,307,494 to \$16,372,666, respectively from the prior year, primarily due to operational costs in every area other than administrative expenses, which decreased from \$5,543,278 to 4,332,172, or \$-1,211,106, respectively due to the purchase of the Ojai System (CFD 2013-1) in June of 2017 resulting in less legal fees and issuance costs in 2018.
- In 2017, total operating expenses for the District's operations before depreciation expense increased by 9.8% or \$1,376,363 from \$13,931,131 to \$15,307,494, from the prior year, primarily due to an increase in general and administrative expenses of \$1,245,217 due to an increase in salaries and benefits of \$794,964 and professional services and contract of \$461,063.

**Required Financial Statements**

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

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

**Casitas Municipal Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

**Financial Analysis of the District**

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

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

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

**Notes to the Basic Financial Statements**

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

**Statements of Net Position**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>June 30, 2016</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 31,037,807	\$ 30,999,175	\$ 38,632	\$29,273,544	\$ 1,725,631
Non-current assets	12,150,615	16,264,433	(4,113,818)	5,084,988	11,179,445
Capital assets, net	82,388,499	83,403,429	(1,014,930)	58,243,096	25,160,333
<b>Total assets</b>	<u>125,576,921</u>	<u>130,667,037</u>	<u>(5,090,116)</u>	<u>92,601,628</u>	<u>38,065,409</u>
<b>Deferred outflows of resources</b>	<u>7,202,723</u>	<u>5,839,055</u>	<u>1,363,668</u>	<u>566,878</u>	<u>5,272,177</u>
<b>Liabilities:</b>					
Current liabilities	5,118,926	6,066,411	(947,485)	1,863,239	4,203,172
Non-current liabilities	66,013,982	63,852,347	2,161,635	18,356,743	45,495,604
<b>Total liabilities</b>	<u>71,132,908</u>	<u>69,918,758</u>	<u>1,214,150</u>	<u>20,219,982</u>	<u>49,698,776</u>
<b>Deferred inflows of resources</b>	<u>1,616,824</u>	<u>1,996,455</u>	<u>(379,631)</u>	<u>2,621,588</u>	<u>(625,133)</u>
<b>Net position:</b>					
Net investment in capital assets	34,740,556	35,176,319	(435,763)	53,810,078	(18,633,759)
Restricted	5,233,089	8,510,347	(3,277,258)	25,720	8,484,627
Unrestricted	20,056,267	20,904,213	(847,946)	16,491,138	4,413,075
<b>Total net position</b>	<u>\$ 60,029,912</u>	<u>\$ 64,590,879</u>	<u>\$ (4,560,967)</u>	<u>\$70,326,936</u>	<u>\$(5,736,057)</u>



**Casitas Municipal Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$60,029,912 and \$64,590,879 as of June 30, 2018 and 2017, respectively.

The District's net position as of June 30, 2018 and of June 30, 2017 reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2018 and 2017, the District showed a positive balance in its unrestricted net position of \$20,056,268 and \$20,904,213 respectively, which may be utilized in future years.

**Statement of Revenues, Expenses and Change in Net Position**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>June 30, 2016</u>	<u>Change</u>
Operating revenues	\$ 14,828,090	\$ 12,758,081	\$ 2,070,009	\$12,869,735	\$ (111,654)
Operating expenses	<u>(16,370,951)</u>	<u>(15,307,494)</u>	<u>(1,063,457)</u>	<u>(13,931,131)</u>	<u>(1,376,363)</u>
<b>Operating loss before depreciation</b>	(1,542,861)	(2,549,413)	1,006,552	(1,061,396)	(1,488,017)
Depreciation expense	<u>(4,195,538)</u>	<u>(3,736,067)</u>	<u>(459,471)</u>	<u>(3,174,681)</u>	<u>(561,386)</u>
<b>Operating loss</b>	(5,738,399)	(6,285,480)	547,081	(4,236,077)	(2,049,403)
Non-operating revenues (expenses), net	<u>1,554,967</u>	<u>318,779</u>	<u>1,236,188</u>	<u>2,784,518</u>	<u>(2,465,739)</u>
<b>Net loss before capital contributions</b>	(4,183,432)	(5,966,701)	1,783,269	(1,451,559)	(4,515,142)
Capital contributions	<u>220,264</u>	<u>230,644</u>	<u>(10,380)</u>	<u>844,524</u>	<u>(613,880)</u>
<b>Change in net position</b>	(3,963,168)	(5,736,057)	1,772,889	(607,035)	(5,129,022)
Net position:					
<b>Beginning of year</b>	64,590,879	70,326,936	(5,736,057)	70,933,971	(607,035)
<b>Prior period adjustment</b>	<u>(597,799)</u>	<u>-</u>	<u>(597,799)</u>	<u>-</u>	<u>-</u>
<b>End of year</b>	<u>\$ 60,029,912</u>	<u>\$ 64,590,879</u>	<u>\$ (4,560,967)</u>	<u>\$70,326,936</u>	<u>\$(5,736,057)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position decreased by (\$4,560,967) and (\$5,736,057) for the fiscal years ended June 30, 2018 and 2017, respectively.

**Casitas Municipal Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

**Total Revenues**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase (Decrease)</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>					
Retail water consumption	\$ 5,321,304	\$ 4,433,772	\$ 887,532	\$ 5,484,383	\$(1,050,611)
Wholesale water sales	1,024,953	957,315	67,638	1,380,262	(422,947)
Monthly water service charge	3,680,853	2,151,152	1,529,701	2,123,742	27,410
Recreation revenue	3,905,083	4,027,340	(122,257)	3,592,600	434,740
Other water charges and services	895,897	1,188,502	(292,605)	288,748	899,754
<b>Total operating revenues</b>	<u>14,828,090</u>	<u>12,758,081</u>	<u>2,070,009</u>	<u>12,869,735</u>	<u>(111,654)</u>
<b>Non-operating:</b>					
Property taxes – ad valorem	2,313,211	2,164,262	148,949	2,199,074	(34,812)
Pass-through property tax increment	95,729	94,267	1,462	93,403	864
Property tax assessment for SWP	369,167	151,501	217,666	730,400	(578,899)
CFD 2013-1 assessment	2,592,342	601,938	1,990,404	454,543	147,395
Mira Monte assessment	19,012	19,280	(268)	19,049	231
Investment earnings	576,708	519,022	57,686	515,352	3,670
Change in fair-value of investments	(660,798)	(861,978)	201,180	203,143	(1,065,121)
Other non-operating revenues/(expenses), net	45,521	71,382	(25,861)	41,386	29,996
<b>Total non-operating</b>	<u>5,350,892</u>	<u>2,759,674</u>	<u>2,591,218</u>	<u>4,256,350</u>	<u>(1,496,676)</u>
<b>Total revenues</b>	<u>\$ 20,178,982</u>	<u>\$ 15,517,755</u>	<u>\$ 4,661,227</u>	<u>\$17,126,085</u>	<u>\$(1,608,330)</u>

In 2018, total revenues increased by 30.0% or \$4,661,227 from \$15,517,755 to \$20,178,982 from the prior year, primarily due to the purchase of the Ojai System (CFD 2013-1) on June 8, 2017. This increased water consumption from \$5,391,087 to \$6,346,257, respectively. The monthly water service charge increased from \$2,151,152 to \$3,680,853 and the CFD 2013-1 assessment increased from \$601,938 to \$2,592,342 respectively to fund the bond repayment.

In 2017, total revenues decreased by 8.7% or (\$1,496,676) from \$17,756,822 to \$15,517,755, from the prior year, primarily due to the decrease in retail water consumption of (\$1,050,611) and wholesale water sales of (\$422,947) as the District continued with its water conservation measures as the California drought was declared over by the Governor on April 7, 2017.

**Casitas Municipal Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

**Total Expenses**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase (Decrease)</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>
<b>Operating expenses:</b>					
Source of supply	\$ 2,000,607	\$ 1,706,783	\$ 293,824	\$ 1,432,140	\$ 274,643
Pumping	1,585,222	1,204,538	380,684	1,360,622	(156,084)
Water treatment	1,259,158	1,168,090	91,068	1,372,695	(204,605)
Transmission and distribution	1,012,384	672,992	339,392	697,974	(24,982)
Telemetry	302,003	213,595	88,408	173,559	40,036
Customer accounts	682,832	548,117	134,715	367,204	180,913
Recreation expenses	5,199,660	4,250,101	949,559	4,228,876	21,225
General and administrative	4,329,085	5,543,278	(1,214,193)	4,298,061	1,245,217
<b>Operating expenses before depreciation</b>	<u>16,370,951</u>	<u>15,307,494</u>	<u>1,063,457</u>	<u>13,931,131</u>	<u>1,376,363</u>
Depreciation	4,195,538	3,736,067	459,471	3,174,681	561,386
<b>Total operating expenses</b>	<u>20,566,489</u>	<u>19,043,561</u>	<u>1,522,928</u>	<u>17,105,812</u>	<u>1,937,749</u>
<b>Non-operating expenses:</b>					
State water project expense	616,152	266,509	349,643	183,384	83,125
Change in water-in-storage inventory	1,279,005	(2,555,167)	3,834,172	1,193,960	(3,749,127)
Tax collection expense	38,038	27,697	10,341	32,050	(4,353)
Interest expense – long-term debt	1,639,245	168,407	1,470,838	62,438	105,969
Amortization of deferred loss and insurance	220,615	18,690	201,925	-	18,690
Acquisition expense of CFD 2013-1	-	3,975,599	(3,975,599)	-	3,975,599
Cost of debt issuance	2,870	539,160	(536,290)	-	539,160
<b>Total non-operating</b>	<u>3,795,925</u>	<u>2,440,895</u>	<u>1,355,030</u>	<u>1,471,832</u>	<u>969,063</u>
<b>Total expenses</b>	<u>\$ 24,362,414</u>	<u>\$ 21,484,456</u>	<u>\$ 2,877,958</u>	<u>\$18,577,644</u>	<u>\$ 2,906,812</u>

In 2018, total operating expenses for the District's operations before depreciation expense increased by 7.0% or \$1,065,172 from \$15,307,494 to \$16,372,666, respectively from the prior year, primarily due to the purchase and operational costs in every area other than administrative expenses, which decreased from \$5,543,278 to 4,332,172, or \$1,065,172, respectively due to the purchase of the Ojai System (CFD 2013-1) in June of 2017 resulting in less legal fees and issuance costs in 2018.

In 2017, total operating expenses for the District's operations before depreciation expense increased by 9.8% or \$1,376,363 from \$13,931,131 to \$15,307,494, from the prior year, primarily due to an increase in general and administrative expenses of \$1,245,217 due to an increase in salaries and benefits of \$794,964 and professional services and contract of \$461,063.

**Casitas Municipal Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

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**Capital Asset Administration**

	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Capital assets:</b>			
Non-depreciable assets	\$ 8,654,788	\$ 10,523,881	\$ 6,288,912
Depreciable assets	141,590,204	136,599,607	111,938,176
Accumulated depreciation	<u>(67,856,493)</u>	<u>(63,720,059)</u>	<u>(59,983,992)</u>
<b>Total capital assets, net</b>	<u>\$ 82,388,499</u>	<u>\$ 83,403,429</u>	<u>\$58,243,096</u>

At the end of fiscal year 2018, 2017 and 2016, the District's investment in capital assets amounted to \$82,388,499, \$83,403,429 and \$58,243,096 (net of accumulated depreciation), respectively. This investment in capital assets includes land, land improvements, structures, building, operating equipment and office equipment. See Note 6 for further information.

**Debt Administration**

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

	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
<b>Long-term debt:</b>			
Reimbursement agreement	\$ 2,625,757	\$ 2,702,986	\$ 2,780,214
Assessment bonds payable	56,500	73,500	89,500
Loans payable	1,136,523	1,398,725	1,398,725
Special tax bonds	<u>43,885,662</u>	<u>44,125,399</u>	<u>4,215,399</u>
<b>Total</b>	<u>\$ 47,704,442</u>	<u>\$ 48,300,610</u>	<u>\$ 8,483,838</u>

See Notes 6, 7 and 8 for further information.

**Conditions Affecting Current Financial Position**

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

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

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**Casitas Municipal Water District**  
**Statements of Net Position**  
**June 30, 2018 and 2017**

ASSETS	2018	2017
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 4,942,219	\$ 3,304,457
Investments (Note 2)	20,031,043	20,696,527
Accrued interest receivable	125,070	123,513
Accounts receivable (Note 4)	5,205,399	6,033,970
Materials and supplies inventory	119,665	82,132
Prepaid expenses	614,411	758,576
<b>Total current assets</b>	<b>31,037,807</b>	<b>30,999,175</b>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents (Notes 2 and 3)	5,827,859	8,643,510
Restricted – special assessments receivable (Note 3)	76,826	95,988
Water-in-storage inventory (Note 5)	6,245,930	7,524,935
Capital assets – not being depreciated (Note 6)	8,654,788	10,523,881
Capital assets – being depreciated, net (Note 6)	73,733,711	72,879,548
<b>Total non-current assets</b>	<b>94,539,114</b>	<b>99,667,862</b>
<b>Total assets</b>	<b>125,576,921</b>	<b>130,667,037</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding CFD 2013-1 (Note 10)	3,895,560	4,100,000
OPEB related deferred outflows of resources (Note 11)	570,358	-
Pensions related deferred outflows of resources (Note 12)	2,736,805	1,739,055
<b>Total deferred outflows of resources</b>	<b>7,202,723</b>	<b>5,839,055</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	931,222	2,077,815
Deposits and unearned revenue	2,739,479	3,018,270
Accrued interest payable	624,253	166,920
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	458,048	346,976
Reimbursement agreement (Note 8)	77,228	77,228
Assessment bonds payable (Note 9)	18,000	17,000
Long-term debt (Note 10)	270,696	362,202
<b>Total current liabilities</b>	<b>5,118,926</b>	<b>6,066,411</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	458,047	520,465
Reimbursement agreement (Note 8)	2,548,530	2,625,758
Assessment bonds payable (Note 9)	38,500	56,500
Long-term debt (Note 10)	44,751,492	45,161,922
Net other post-employment benefits obligations (Note 11)	-	8,800,102
Net other post-employment benefits liability (Note 11)	10,282,145	-
Net pension liability (Note 12)	7,935,268	6,687,600
<b>Total non-current liabilities</b>	<b>66,013,982</b>	<b>63,852,347</b>
<b>Total liabilities</b>	<b>71,132,908</b>	<b>69,918,758</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions related deferred inflows of resources (Note 12)	1,616,824	1,996,455
<b>Total deferred inflows of resources</b>	<b>1,616,824</b>	<b>1,996,455</b>
<b>NET POSITION</b>		
Net investment in capital assets (Note 13)	34,740,556	35,176,319
Restricted for debt service (Note 14)	5,233,089	8,510,347
Unrestricted	20,056,267	20,904,213
<b>Total net position</b>	<b>\$ 60,029,912</b>	<b>\$ 64,590,879</b>

See Accompanying Notes to the Basic Financial Statements

**Casitas Municipal Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating revenues:</b>		
Retail water consumption	\$ 5,321,304	\$ 4,433,772
Wholesale water sales	1,024,953	957,315
Monthly water service charge	3,680,853	2,151,152
Recreation revenue	3,905,083	4,027,340
Other water charges and services	895,897	1,188,502
<b>Total operating revenues</b>	<b>14,828,090</b>	<b>12,758,081</b>
<b>Operating expenses:</b>		
Source of supply	2,000,607	1,706,783
Pumping	1,585,222	1,204,538
Water treatment	1,259,158	1,168,090
Transmission and distribution	1,012,384	672,992
Telemetry	302,003	213,595
Customer accounts	682,832	548,117
Recreation expenses	5,199,660	4,250,101
General and administrative	4,329,085	5,543,278
Depreciation – water department	3,873,898	3,415,057
Depreciation – recreation department	321,640	321,010
<b>Total operating expenses</b>	<b>20,566,489</b>	<b>19,043,561</b>
<b>Operating (loss)</b>	<b>(5,738,399)</b>	<b>(6,285,480)</b>
<b>Non-operating revenues (expenses):</b>		
Property taxes – ad valorem	2,313,211	2,164,262
Pass-through property tax increment	95,729	94,267
Property tax assessment for State Water Project	369,167	151,501
State water project expense	(616,152)	(266,509)
Change in water-in-storage inventory (Note 5)	(1,279,005)	2,555,167
CFD 2013-1 assessment	2,592,342	601,938
Mira Monte assessment	19,012	19,280
Tax collection expense	(38,038)	(27,697)
Investment earnings	576,708	519,022
Change in fair-value of investments	(660,798)	(861,978)
Interest expense – long-term debt	(1,639,245)	(168,407)
Amortization of deferred loss and bond insurance on CFD 2013-1	(220,615)	(18,690)
Acquisition expense of CFD 2013-1	-	(3,975,599)
Cost of debt issuance	(2,870)	(539,160)
Other, net	45,521	71,382
<b>Total non-operating revenues (expenses)</b>	<b>1,554,967</b>	<b>318,779</b>
<b>Net (loss) before capital contributions</b>	<b>(4,183,432)</b>	<b>(5,966,701)</b>
<b>Capital contributions:</b>		
Federal, state and local grants	220,264	230,644
<b>Total capital contributions</b>	<b>220,264</b>	<b>230,644</b>
<b>Change in net position</b>	<b>(3,963,168)</b>	<b>(5,736,057)</b>
<b>Net position:</b>		
Beginning of year	64,590,879	70,326,936
Restatement due to implementation of GASB 75	(597,799)	-
End of year	<b>\$ 60,029,912</b>	<b>\$ 64,590,879</b>

See Accompanying Notes to the Basic Financial Statements



**Casitas Municipal Water District**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 15,423,391	\$ 12,272,918
Cash paid to employees for salaries and wages	(10,124,581)	(5,905,764)
Cash paid to vendors and suppliers for materials and services	(8,814,275)	(8,677,684)
<b>Net cash (used in) operating activities</b>	<u>(3,515,465)</u>	<u>(2,310,530)</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes and assessments	5,408,623	3,012,016
Tax collection expense	(38,038)	(27,697)
<b>Net cash provided by non-capital financing activities</b>	<u>5,370,585</u>	<u>2,984,319</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(2,716,076)	(3,005,659)
Proceeds from capital grants	220,264	230,644
Proceeds from debt issuance	-	44,137,303
Cost of debt issuance	(2,870)	(539,160)
Principal paid on long-term debt	(596,164)	(347,307)
Interest paid on long-term debt	(1,181,912)	(55,864)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(4,276,758)</u>	<u>40,419,957</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale or maturity of investments	665,484	3,609,269
Purchases of investments, net	-	(4,684,894)
Acquisition of CFD 2013-1	-	(34,481,628)
Acquisition of CFD 2013-1 expenses	-	(366,372)
Investment earnings	578,265	497,505
<b>Net cash provided by (used in) investing activities</b>	<u>1,243,749</u>	<u>(35,426,120)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,177,889)	5,667,626
<b>Cash and cash equivalents:</b>		
Beginning of year	11,947,967	6,280,341
End of year	<u>\$ 10,770,078</u>	<u>\$ 11,947,967</u>
<b>Reconciliation of cash and cash equivalents to the balance sheet:</b>		
Cash and cash equivalents	\$ 4,942,219	\$ 3,304,457
Restricted assets – cash and cash equivalents	5,827,859	8,643,510
<b>Total cash and cash equivalents</b>	<u>\$ 10,770,078</u>	<u>\$ 11,947,967</u>

**Casitas Municipal Water District**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Reconciliation of operating (loss) to net cash (used in) operating activities:</b>		
Operating (loss)	\$ (5,738,399)	\$ (6,285,480)
<b>Adjustments to reconcile operating (loss) to net cash (used in) operating activities:</b>		
Depreciation	4,195,538	3,736,067
State water project expense	(616,152)	(266,509)
Other, net	45,521	71,382
<b>Change in assets – (increase) decrease:</b>		
Accounts receivable	828,571	(3,035,246)
Materials and supplies inventory	(37,533)	14,461
Prepaid expenses	144,165	(514,938)
<b>Change in deferred outflows of resources – (increase) decrease</b>		
Pensions related deferred outflows of resources	(997,750)	(1,172,177)
<b>Change in liabilities – increase(decrease):</b>		
Accounts payable and accrued expenses	(1,146,593)	1,458,037
Deposits and unearned revenue	(278,791)	2,478,701
Compensated absences	48,654	9,177
Net other post-employment benefits obligations	-	(249,646)
Net other post-employment benefits liability	(830,733)	-
Net pension liability	1,247,668	2,070,774
<b>Change in deferred inflows of resources – increase(decrease)</b>		
Pensions related deferred inflows of resources	(379,631)	(625,133)
<b>Total adjustments</b>	<u>2,222,934</u>	<u>3,974,950</u>
<b>Net cash (used in) operating activities</b>	<u>\$ (3,515,465)</u>	<u>\$ (2,310,530)</u>
<b>Non-cash investing, capital and financing transactions:</b>		
Change in fair-value of investments	<u>\$ (660,798)</u>	<u>\$ (861,978)</u>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

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

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

The criteria used in determining the scope of the financial reporting entity is based on the provisions of U.S. GAAP. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable for a component that has substantively the same governing body as the District's governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. The District has no component units.

**Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's enterprise fund.

**Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered, primarily through user charges (water sales and services) or similar funding. The District segregates its Wholesale and Retail Zone accounting internally as separate entities. The financial statements are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through the water sales activities to the District's customers. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

In accordance with U.S. GAAP, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

**Deferred Inflows of Resources** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

**Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Investments**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

U.S. GAAP, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and/or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

**Receivables and Allowance for Doubtful Accounts**

Customer accounts receivable consist of amounts owed by organizations for services rendered in the regular course of business operations. Uncollectable accounts are based on prior experience and management’s assessment of the collectability of existing accounts. As of June 30, 2018 and 2017, no allowance for doubtful accounts has been recorded as the District deems all accounts receivable balances collectable.

**Property Taxes and Assessments**

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of Ventura, California (County) bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy properties at 1% of full market value (at time of purchase) and can increase the property tax rate at no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976-1978. Property taxes are recognized in the fiscal year for which the taxes have been levied.

Property assessments are extended on the property tax bills and are collected by the County and distributed to the District throughout the year.

**Materials and Supplies Inventory**

Materials and supplies inventory consists primarily of water meters, pipe and pipefittings for construction and repair to the District’s water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid expenses.

**Water-In-Storage Inventory**

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

**Capital Assets**

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Transmission and distribution system	50 to 75 years
Pumping plant	10 to 30 years
Water treatment plant	10 to 30 years
Buildings and structures	10 to 30 years
Equipment	5 to 10 years
Fish ladder	5 years
Recreation assets	7 years
Alternate swimming facility	2 to 5 years

Major outlays for capital assets are capitalized as construction in progress until fully constructed. Once the construction is completed the capital asset is transferred and depreciated based on its useful life.

**State Water Project Participation Rights**

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

**Compensated Absences**

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

**Customer Deposits**

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 12). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

<u>Fiscal year ended</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Valuation date	June 30, 2016	June 30, 2015
Measurement date	June 30, 2017	June 30, 2016
Measurement period	July 1, 2016 to June 30, 2017	July 1, 2015 to June 30, 2016

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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line 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.

**Net Other Post Employment Retirement Benefits**

The District provides certain health care benefits for all retired employees that meet eligibility requirements. For the fiscal year ended June 30, 2018, governments are required to implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

<u>Fiscal year ended</u>	<u>June 30, 2018</u>
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line 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.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Net Position**

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

**Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted** – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

**Unrestricted** – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Implementation of New GASB Pronouncements**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement basically parallels GASB Statement 68 and replaces GASB Statement 45. Application of this statement is effective for the District's fiscal year ended June 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Application of this statement did not have a significant effect on the District's fiscal year ended June 30, 2018.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement also addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Application of this statement did not have a significant effect on the District's fiscal year ended June 30, 2018.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Implementation of New GASB Pronouncements (Continued)**

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Application of this statement did not have a significant effect on the District’s fiscal year ended June 30, 2018.

**Note 2 – Cash and Investments**

Cash and investments as of June 30 were classified in the accompanying financial statements as follows:

Description	June 30, 2018	June 30, 2017
Cash and cash equivalents	\$ 4,942,219	\$ 3,304,457
Investments	20,031,043	20,696,527
Restricted – cash and cash equivalents	5,827,859	8,643,510
Total	<u>\$ 30,801,121</u>	<u>\$ 32,644,494</u>

Cash and investments as of June 30 consisted of the following:

Description	June 30, 2018	June 30, 2017
Cash on hand	\$ 6,400	\$ 6,400
Deposits held with financial institutions	4,932,461	3,294,734
Investments	25,862,260	29,343,360
Total	<u>\$ 30,801,121</u>	<u>\$ 32,644,494</u>

**Demand Deposits**

At June 30, 2018 and 2017, the carrying amount of the District’s demand deposits was \$4,932,461 and \$3,294,732, respectively, and the financial institution balance was \$5,133,942 and \$4,712,483, respectively. The \$(201,479) and \$1,417,751 respective net difference as of June 30, 2018 and 2017 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.



**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Investments**

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

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	AAA	\$ 3,099,193	\$ 1,163,138	\$ 1,171,353	\$ 764,702
Government sponsored agency securities	Level 2	AAA	16,931,850	1,340,199	-	15,591,651
Money market mutual funds	Level 2	N/A	5,827,859	5,827,859	-	-
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	456	456	-	-
Ventura County Pooled Investment Fund	Level 2	AAA/S-1+	2,902	2,902	-	-
<b>Total investments</b>			<b>\$ 25,862,260</b>	<b>\$ 8,334,554</b>	<b>\$ 1,171,353</b>	<b>\$ 16,356,353</b>

The District's investments as of June 30, 2017 were as follows:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	AAA	\$ 3,119,948	\$ 1,151,779	\$ -	\$ 1,968,169
Government sponsored agency securities	Level 2	AAA	17,576,579	1,014,900	1,354,590	15,207,089
Money market mutual funds	Level 2	N/A	8,643,511	8,643,511	-	-
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	451	451	-	-
Ventura County Pooled Investment Fund	Level 2	AAA/S-1+	2,873	2,873	-	-
<b>Total investments</b>			<b>\$ 29,343,362</b>	<b>\$ 10,813,514</b>	<b>\$ 1,354,590</b>	<b>\$ 17,175,258</b>

**Authorized Deposits and Investments**

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Investment in California Local Agency Investment Fund (LAIF)**

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 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. Further information about LAIF is available on the California State Controller's website: [www.treasurer.ca.gov/pmia-laif/](http://www.treasurer.ca.gov/pmia-laif/)

The District's investments with LAIF at June 30, 2018 and 2017 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

**Structured Notes:** debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

**Asset-Backed Securities:** generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had \$456 and \$451 invested in LAIF, which had invested 2.67% and 2.89% of the pooled investment funds as of June 30, 2018 and June 30, 2017, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998126869 and 0.998940671 was used to calculate the fair value of the investments in LAIF as of June 30, 2018 and 2017, respectively.

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

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools and other Treasury Department support staff meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. Further information about the VCPIF is available on the Ventura County Treasurer-Tax Collector's website: [www.ventura.org/ttc/](http://www.ventura.org/ttc/)

The County's Treasurer has indicated to the District that as of June 30, 2018 and 2017 that the value of the County's portfolio was approximately \$4.0 billion and \$2.1 billion, respectively. As of June 30, 2018 and 2017, the District has investment in the VCPIF \$2,902 and \$2,873, respectively. The VCPIF fair value factor of 1.00216836 and 1.00026119 was used to calculate the fair value of the investments in VCPIF as of June 30, 2018 and 2017, respectively.

**Disclosures relating to Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2018 and 2017, the District's investment in the LAIF was not rated as noted in the table above and the District's investment in the VCPIF was rated AAf/S-1+.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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

**Disclosures relating to Interest Rate Risk**

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

**Disclosures relating to Concentration of Credit Risk**

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

Description	June 30, 2018		June 30, 2017	
	Percentage	Balance	Percentage	Balance
U.S. treasury obligations	10%	\$ 3,099,193	10%	\$ 3,119,948
Government sponsored agency securities	55%	16,931,850	54%	17,576,579

**Disclosures relating to Custodial Credit Risk**

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and VCPIF).

As of June 30, 2018 and 2017, none of the District's deposits and investments was exposed to custodial credit risk.

**Note 3 – Restricted Assets**

Restricted assets as of June 30 were classified in the accompanying financial statements as follows:

Description	June 30, 2018	June 30, 2017
Restricted – cash and cash equivalents	\$ 5,827,859	\$ 8,643,510
Restricted – special assessments receivable	76,826	95,988
<b>Total restricted assets</b>	<b>\$ 5,904,685</b>	<b>\$ 8,739,498</b>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

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**Note 3 – Restricted Assets (Continued)**

Restricted assets as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Proceeds from debt issuance – capital project funds	\$ 5,826,704	\$ 8,177,062
Proceeds from debt issuance – debt reserve funds	1,155	466,448
Special assessments receivable for debt service	76,826	95,988
<b>Total restricted assets</b>	<b>\$ 5,904,685</b>	<b>\$ 8,739,498</b>

**Note 4 – Accounts Receivable**

Accounts receivable as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Accounts receivable – customers	\$ 2,316,248	\$ 3,178,189
Accounts receivable – others	33,963	145,379
Accounts receivable – property taxes	176,020	103,230
Accounts receivable – CFD 2013-1 assessment	2,679,168	2,607,172
<b>Total accounts receivable</b>	<b>\$ 5,205,399</b>	<b>\$ 6,033,970</b>

**Note 5 – Water-in-Storage Inventory**

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

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

<u>Description</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Beginning balance – water-in-storage	\$ 7,524,935	\$ 4,969,768
Current year water-in-storage valuation	(1,279,005)	2,555,167
Ending balance – water-in-storage	<b>\$ 6,245,930</b>	<b>\$ 7,524,935</b>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 6 – Capital Assets**

Summary changes in capital asset balances for the year ended June 30, 2018 were as follows:

Description	Balance July 1, 2017	Additions	Deletions/ Transfers	Balance June 30, 2018
<b>Non-depreciable assets:</b>				
Land	7,797,935	\$ -	\$ -	\$ 7,797,935
Easements	393,408	-	-	393,408
Construction-in-process	2,332,538	-	(1,869,093)	463,445
<b>Total non-depreciable assets</b>	<b>10,523,881</b>	<b>-</b>	<b>(1,869,093)</b>	<b>8,654,788</b>
<b>Depreciable assets:</b>				
State water project entitlement	3,005,581	-	-	3,005,581
Transmission and distribution system	56,223,437	2,175,008	-	58,398,445
Pumping plant	20,463,792	515,555	-	20,979,347
Water treatment plant	29,900,070	91,470	-	29,991,540
Buildings and structures	2,903,872	1,429,332	-	4,333,204
Equipment	4,714,594	780,240	-	5,494,834
Fish ladder	8,354,076	-	(59,104)	8,294,972
Recreation assets	9,098,280	58,096	-	9,156,376
Alternate swimming facility	1,935,905	-	-	1,935,905
<b>Total depreciable assets</b>	<b>136,599,607</b>	<b>5,049,701</b>	<b>(59,104)</b>	<b>141,590,204</b>
<b>Accumulated depreciation:</b>				
State water project entitlement	(1,954,030)	(2,803)	-	(1,956,833)
Transmission and distribution system	(20,096,719)	(679,011)	-	(20,775,730)
Pumping plant	(6,871,952)	(781,979)	-	(7,653,931)
Water treatment plant	(18,784,252)	(1,269,420)	-	(20,053,672)
Buildings and structures	(1,440,133)	(115,383)	-	(1,555,516)
Equipment	(2,696,413)	(664,700)	59,104	(3,302,009)
Fish ladder	(4,536,628)	(356,097)	-	(4,892,725)
Recreation assets	(6,178,391)	(229,350)	-	(6,407,741)
Alternate swimming facility	(1,161,541)	(96,795)	-	(1,258,336)
<b>Total accumulated depreciation</b>	<b>(63,720,059)</b>	<b>(4,195,538)</b>	<b>59,104</b>	<b>(67,856,493)</b>
<b>Total depreciable assets, net</b>	<b>72,879,548</b>	<b>854,163</b>	<b>-</b>	<b>73,733,711</b>
<b>Total capital assets, net</b>	<b>\$ 83,403,429</b>	<b>\$ 854,163</b>	<b>\$ (1,869,093)</b>	<b>\$ 82,388,499</b>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 6 – Capital Assets (Continued)**

Summary changes in capital asset balances for the year ended June 30, 2017 were as follows:

Description	Balance July 1, 2016	Additions	CFD 2013-1 Purchase	Deletions/ Transfers	Balance June 30, 2017
<b>Non-depreciable assets:</b>					
Land	\$ 6,047,935	\$ -	\$ 1,750,000	\$ -	\$ 7,797,935
Easements	-	-	393,408	-	393,408
Construction-in-process	240,977	2,091,561	-	-	2,332,538
<b>Total non-depreciable assets</b>	<b>6,288,912</b>	<b>2,091,561</b>	<b>2,143,408</b>	<b>-</b>	<b>10,523,881</b>
<b>Depreciable assets:</b>					
State water project entitlement	2,951,000	54,581	-	-	3,005,581
Transmission and distribution system	42,296,326	6,860	13,920,251	-	56,223,437
Pumping plant	11,098,895	63,219	9,301,678	-	20,463,792
Water treatment plant	29,034,612	341,091	524,367	-	29,900,070
Buildings and structures	2,865,014	38,858	-	-	2,903,872
Equipment	4,412,401	301,156	1,037	-	4,714,594
Fish ladder	8,288,923	65,153	-	-	8,354,076
Recreation assets	9,055,100	43,180	-	-	9,098,280
Alternate swimming facility	1,935,905	-	-	-	1,935,905
<b>Total depreciable assets</b>	<b>111,938,176</b>	<b>914,098</b>	<b>23,747,333</b>	<b>-</b>	<b>136,599,607</b>
<b>Accumulated depreciation:</b>					
State water project entitlement	(1,886,866)	(67,164)	-	-	(1,954,030)
Transmission and distribution system	(19,357,848)	(738,871)	-	-	(20,096,719)
Pumping plant	(6,211,403)	(660,549)	-	-	(6,871,952)
Water treatment plant	(17,490,644)	(1,293,608)	-	-	(18,784,252)
Buildings and structures	(1,353,336)	(86,797)	-	-	(1,440,133)
Equipment	(2,487,150)	(209,263)	-	-	(2,696,413)
Fish ladder	(4,180,531)	(356,097)	-	-	(4,536,628)
Recreation assets	(5,951,468)	(226,923)	-	-	(6,178,391)
Alternate swimming facility	(1,064,746)	(96,795)	-	-	(1,161,541)
<b>Total accumulated depreciation</b>	<b>(59,983,992)</b>	<b>(3,736,067)</b>	<b>-</b>	<b>-</b>	<b>(63,720,059)</b>
<b>Total depreciable assets, net</b>	<b>51,954,184</b>	<b>(2,821,969)</b>	<b>23,747,333</b>	<b>-</b>	<b>72,879,548</b>
<b>Total capital assets, net</b>	<b>\$ 58,243,096</b>	<b>\$ (730,408)</b>	<b>\$ 25,890,741</b>	<b>\$ -</b>	<b>\$ 83,403,429</b>

**State Water Project Entitlement**

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 6 – Capital Assets (Continued)**

**State Water Project Entitlement (Continued)**

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

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

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

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

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

**Note 7 – Compensated Absences**

Summary changes in compensated absences balances for the years ended June 30, 2018 was as follows:

<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 867,441	\$ 540,644	\$ (491,990)	\$ 916,095	\$ 458,048	\$ 458,047

Summary changes in compensated absences balances for the years ended June 30, 2017 was as follows:

<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>Than One Year</u>
\$ 858,264	\$ 364,200	\$ (355,023)	\$ 867,441	\$ 346,976	\$ 520,465

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 8 – Reimbursement Agreement**

**Casitas Dam Project – Seismic Safety of Casitas Dam**

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

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 77,228
2020	77,228
2021	77,228
2022	77,228
2023	77,228
2024-2028	386,141
2029-2033	386,141
2034-2038	386,141
2039-2043	386,141
2044-2048	386,140
2049-2052	308,913
Total	<u>\$ 2,625,757</u>

**Note 9 – Assessment Bonds Payable**

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

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

Changes in assessment bonds payable amounts for the year ended June 30, 2017 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2017</u>
Assessment bonds payable	\$ 89,500	\$ -	\$ (16,000)	\$ 73,500

**Mira Monte Special Assessment Bonds Payable**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 18,000	\$ 3,250	\$ 21,250
2020	19,000	2,375	21,375
2021	19,500	1,450	20,950
Total	<u>\$ 56,500</u>	<u>\$ 7,075</u>	<u>\$ 63,575</u>



**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 10 – Long-term Debt**

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

<u>Long-Term Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2018</u>
Loans payable	\$ 1,398,725	\$ -	\$ (262,202)	\$ 1,136,523
Special tax bonds – Series A	100,000	-	(100,000)	-
Special tax bonds – Series B	39,810,000	-	-	39,810,000
Special tax bonds – Series B premium	4,215,399	-	(139,737)	4,075,662
Total long-term debt	45,524,124	<u>\$ -</u>	<u>\$ (501,939)</u>	45,022,185
Less current portion	(362,202)			(270,694)
Non-current portion	<u>\$ 45,161,922</u>			<u>\$ 44,751,491</u>

Changes in long-term debt amounts for the year ended June 30, 2017 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2017</u>
Loans payable	\$ 1,652,804	\$ -	\$ (254,079)	\$ 1,398,725

**Loans Payable**

***1991 California Department of Water Resources Loan***

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 270,694	\$ 34,374	\$ 305,068
2020	279,416	25,652	305,068
2021	288,552	16,516	305,068
2022	297,861	7,207	305,068
Total	<u>\$ 1,136,523</u>	<u>\$ 83,749</u>	<u>\$ 1,220,272</u>

**Special Tax Bonds**

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

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 10 – Long-term Debt (Continued)**

**Special Tax Bonds (Continued)**

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

Fiscal Year	Principal	Interest	Total
2019	\$ 145,000	\$ 1,843,838	\$ 1,988,838
2020	190,000	1,839,537	2,029,537
2021	235,000	1,831,988	2,066,988
2022	285,000	1,821,587	2,106,587
2023	340,000	1,809,088	2,149,088
2024-2028	2,610,000	8,773,162	11,383,162
2029-2033	4,565,000	7,969,007	12,534,007
2034-2038	6,870,000	6,961,500	13,831,500
2039-2043	10,000,000	5,153,125	15,153,125
2044-2048	14,570,000	2,020,987	16,590,987
Total	<u>\$ 39,810,000</u>	<u>\$ 40,023,819</u>	<u>\$ 79,833,819</u>

**Note 11 – Other Post-Employment Benefits**

The District provides Other Post-Employment Benefits (OPEB) to employees who retire from the District and meet certain eligibility requirements. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors. In fiscal year 2017, the District entered into an agreement with the CalPERS California Employees Retirement Benefit Trust (CERBT) to fund its other post-employment benefits through the CERBT OPEB Trust program and contributed \$1,196,266. The plan is an agent multiple-employer plan. OPEB benefits are currently paid directly to the eligible retirees who request reimbursement. The total amount of these benefits paid may be deducted from the actuarial determined contribution or be reimbursed directly from the trust.

For fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Due to practical reason, the District did not retrospective valuate the Total OPEB Liability under GASB 75 for the fiscal year ended June 30, 2017. Therefore, the District reported its Net OPEB Obligations under GASB Statement No. 45.

**A. For the fiscal year ended June 30, 2018 - GASB Statement No. 75**

***General Information about the OPEB Plan***

**Plan Description**

The District participates in the *California Employers' Retiree Benefit Trust* (the "Trust") in order to provide a means to fund the annual OPEB costs, referred to as the *Actuarially Determined Contribution (ADC)*. The ADC includes the normal cost (current accrual for benefits being earned) plus an amortization of the unfunded accrued liability or net OPEB liability over 15 years on level-percentage of pay basis.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 11 – Other Post-Employment Benefits (Continued)**

**A. For the fiscal year ended June 30, 2018 - GASB Statement No. 75 (Continued)**

**Eligibility**

Employees of the District are eligible for retiree health benefits if they retire from the District and commence pension benefits under PERS (typically on or after age 52 with at least five years of PERS eligible service). Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation.

Active employees	61
Inactive employees receiving benefits	39
Inactive employees entitled to but not receiving benefits	-
	100
	100

**Net OPEB Liability**

**Actuarial Assumptions**

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	6.00%
Healthcare Trend Rate	4.00%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous
Retirement Rates	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Adjusted to reflect a minimum retirement age of 52 for those hired after 12/31/2012.
Service Requirement	100% at 20 Years of Service
Participation Rate	100%
Turnover Rate	2009 CalPERS Turnover for Miscellaneous

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2017.

The actuary applied Section 3.7.7(c) 4 of Actuarial Standard of Practice No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments.

**Discount Rate**

The discount rate used to measure the net OPEB liability was 6.0%. This discount rate assumes the District continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 11 – Other Post-Employment Benefits (Continued)**

**A. For the fiscal year ended June 30, 2018 - GASB Statement No. 75 (Continued)**

**Discount Rate (Continued)**

The table below 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	Percentage of Portfolio	Real Return <sup>1</sup>
US Large Cap	24.00%	7.795%
Long-Term Corporate Bonds	34.00%	5.295%
Long-Term Government Bonds	8.00%	4.500%
US Small Cap	8.00%	7.795%
Treasury Inflation Protected Securities (TIPS)	15.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
	<u>100.00%</u>	

***Change in the Net OPEB Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 11,112,878	\$ -	\$ 11,112,878
Changes Recognized for the Measurement Period:			
Service Cost	226,427	-	226,427
Interest on the total OPEB liability	657,817	-	657,817
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	1,714,977	(1,714,977)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	-	-
Benefit payments, including refunds of employee contributions	(518,711)	(518,711)	-
Administrative Expense	-	-	-
Net Changes during July 1, 2016 to June 30, 2017	<u>365,533</u>	<u>1,196,266</u>	<u>(830,733)</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 11,478,411</u>	<u>\$ 1,196,266</u>	<u>\$ 10,282,145</u>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

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**Note 11 – Other Post-Employment Benefits (Continued)**

**A. For the fiscal year ended June 30, 2018 - GASB Statement No. 75 (Continued)**

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

Plan's OPEB Liability/(Asset)		
Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
\$ 11,940,008	\$ 10,282,145	\$ 8,944,157

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

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2017:

Plan's OPEB Liability/(Asset)		
-1.00%	Healthcare Trend Rate	+1.00%
\$ 8,921,645	\$ 10,282,145	\$ 11,931,737

**OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$884,244 for the District Plan.

Since the prior valuation was performed in accordance with GASB 43/45, it is not practical to calculate compliant gains and losses. The District, based on the recommendation of the Actuary, applies GASB Statement No. 75, paragraph 244 during the transition period. Therefore, no deferred outflows/inflows of resources is reported in the accompanying financial statements.

**B. For the fiscal year ended June 30, 2017 - GASB Statement No. 45**

**Funding Policy**

An actuary determines the District's Annual Required Contributions (ARC) at least once every three years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

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**Note 11 – Other Post-Employment Benefits (Continued)**

**B. For the fiscal year ended June 30, 2017 - GASB Statement No. 45 (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The following table shows the components of the District's Annual OPEB cost for the fiscal year ended June 30, 2017, the amount actually contributed to the plan and the changes in the District's net OPEB obligation:

Description	June 30, 2017
<b>Annual OPEB cost:</b>	
Annual required contribution (ARC)	\$ 1,229,265
Interest on net OPEB obligation	407,239
Adjustment to annual required contribution	(176,631)
<b>Total annual OPEB cost</b>	<b>1,459,873</b>
<b>Contributions made:</b>	
Contributions	(1,709,519)
<b>Total contributions made</b>	<b>(1,709,519)</b>
<b>Total change in net OPEB obligation</b>	<b>(249,646)</b>
<b>Net OPEB obligation(asset):</b>	
Beginning of year	9,049,748
End of year	<b>\$ 8,800,102</b>

The District's annual OPEB cost, the amounts contributed to the irrevocable trust, retiree benefit payments, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation payable/asset for the fiscal year ended June 30, 2018 and the two preceding years are shown in the following table.

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	\$ 1,459,873	\$ 1,709,519	117.10%	\$ 8,800,102
June 30, 2016	1,406,145	469,613	33.40%	9,049,748
June 30, 2015	1,342,755	510,988	38.06%	8,113,216

The most recent valuation under GASB Statement No. 45 (dated June 30, 2015) includes an Actuarial Accrued Liability of \$14,591,064. Plan assets amounted to \$0. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2015 was \$4,800,000. The funded ratio of the liability was 0.00%.

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 11 – Other Post-Employment Benefits (Continued)**

**B. For the fiscal year ended June 30, 2017 - GASB Statement No. 45 (Continued)**

*Actuarial Methods and Assumptions*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2015
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent, closed 30 years
Remaining amortization period	25 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increase	2.75%
Inflation - discount rate	2.75%
Health care trend rate	4.00%

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

**Note 12 – Net Pension Liability and Defined Benefit Pension Plan**

Changes in the net pension liability and the related deferred outflows and inflows of resources for the year ended June 30, 2018 were as follows:

Type of Account	Balance as of July 1, 2017	Additions	Deletions	Balance as of June 30, 2018
<b>Deferred Outflows of Resources:</b>				
Pension contributions made after the measurement date	\$ 555,952	\$ 133,070	\$ -	\$ 689,022
Changes in assumptions	-	1,498,676	-	1,498,676
Adjustment due to differences in proportions	350,591	-	(152,502)	198,089
Differences between projected and actual earnings on pension plan investments	819,681	-	(480,742)	338,939
Differences between expected and actual experience	12,831	-	(752)	12,079
<b>Total deferred outflows of resources</b>	<u>\$ 1,739,055</u>	<u>\$ 1,631,746</u>	<u>\$ (633,996)</u>	<u>\$ 2,736,805</u>
<b>Net Pension Liability</b>	<u>\$ 6,687,600</u>	<u>\$ 1,247,668</u>	<u>\$ -</u>	<u>\$ 7,935,268</u>
<b>Deferred Inflows of Resources:</b>				
Differences between projected and actual earnings on pension plan investments	\$ -	\$ -	\$ 173,049	\$ 173,049
Difference between actual and proportionate share of employer contributions	755,083	-	(12,661)	742,422
Adjustment due to differences in proportions	1,083,883	-	(496,806)	587,077
Changes in assumptions:	157,489	-	(43,213)	114,276
<b>Total deferred inflows of resources</b>	<u>\$ 1,996,455</u>	<u>\$ -</u>	<u>\$ (379,631)</u>	<u>\$ 1,616,824</u>

Changes in the net pension liability and the related deferred outflows and inflows of resources for the year ended June 30, 2017 were as follows:

Type of Account	Balance as of July 1, 2016	Additions	Deletions	Balance as of June 30, 2017
<b>Deferred Outflows of Resources:</b>				
Pension contributions made after the measurement date	\$ 465,843	\$ 555,952	\$ (465,843)	\$ 555,952
Adjustment due to differences in proportions	79,214	431,136	(159,759)	350,591
Differences between projected and actual earnings on pension plan investments	-	819,681	-	819,681
Differences between expected and actual experience	21,821	-	(8,990)	12,831
<b>Total deferred outflows of resources</b>	<u>\$ 566,878</u>	<u>\$ 1,806,769</u>	<u>\$ (634,592)</u>	<u>\$ 1,739,055</u>
<b>Net Pension Liability</b>	<u>\$ 4,616,826</u>	<u>\$ 2,536,617</u>	<u>\$ (465,843)</u>	<u>\$ 6,687,600</u>
<b>Deferred Inflows of Resources:</b>				
Differences between projected and actual earnings on pension plan investments	\$ 103,494	\$ -	\$ (103,494)	\$ -
Difference between actual and proportionate share of employer contributions	627,341	530,691	(402,949)	755,083
Adjustment due to differences in proportions	1,684,301	-	(600,418)	1,083,883
Changes in assumptions	206,452	-	(48,963)	157,489
<b>Total deferred inflows of resources</b>	<u>\$ 2,621,588</u>	<u>\$ 530,691</u>	<u>\$ (1,155,824)</u>	<u>\$ 1,996,455</u>



**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 12 – Defined Benefit Pension Plan (Continued)**

*General Information about the Pension Plans*

**Plan Description**

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

**Benefits Provided**

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

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

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

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

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 12 – Defined Benefit Pension Plan (Continued)**

*General Information about the Pension Plan (Continued)*

**Benefits Provided (Continued)**

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

	<b>Miscellaneous Plans</b>	
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required member contribution rates	6.880%	6.308%
Required employer contribution rates – FY 2017	7.612%	
Required employer contribution rates – FY 2016	7.612%	6.555%

**Members Covered by Benefit Terms**

At June 30, 2016 (Valuation Date), the following members were covered by the benefit terms:

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

At June 30, 2015 (Valuation Date), the following members were covered by the benefit terms:

<b>Plan Members</b>	<b>Miscellaneous Plans</b>		<b>Total</b>
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>	
Active members	37	13	50
Transferred and terminated members	22	3	25
Retired members and beneficiaries	72	-	72
<b>Total plan members</b>	<b>131</b>	<b>16</b>	<b>147</b>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 12 – Defined Benefit Pension Plan (Continued)**

*General Information about the Pension Plans (Continued)*

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2017 and 2016 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

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

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Contributions – employer	\$ 573,354	\$ 115,668	\$ 689,022
Contributions – members	237,046	72,549	309,595
<b>Total contributions</b>	<b>\$ 810,400</b>	<b>\$ 188,217</b>	<b>\$ 998,617</b>

Contributions for the year ended June 30, 2017 were as follows:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Contributions – employer	\$ 479,501	\$ 76,451	\$ 555,952
Contributions – members	237,046	72,549	309,595
<b>Total contributions</b>	<b>\$ 716,547</b>	<b>\$ 149,000</b>	<b>\$ 865,547</b>

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans***

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

For the measurement periods ending June 30, 2017 and 2016 (Measurement Dates), the total pension liability was determined by rolling forward the June 30, 2016 and 2015 total pension liabilities. The June 30, 2017, 2016 and 2015 total pension liabilities were based on the following actuarial methods and assumptions:

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 12 – Defined Benefit Pension Plan (Continued)**

*Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)*

**Actuarial Methods and Assumptions Used to Determine the Total Pension Liability (Continued)**

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2017 and 2016 Valuations were based on the results of an actuarial experience study for the 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.

**Change in Assumptions**

GASB 68, paragraph 30 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In the current year, the discount rate was reduced from 7.65 percent to 7.15 percent. All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 12 – Defined Benefit Pension Plan (Continued)**

*Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)*

**Discount Rate (Continued)**

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 table below 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.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	47.00%	4.90%	5.71%
Global Fixed Income	19.00%	80.00%	2.43%
Inflation Sensitive	6.00%	60.00%	3.36%
Private Equity	12.00%	6.60%	6.95%
Real Estate	11.00%	2.80%	5.13%
Infrastructure and Forestland	3.00%	3.90%	5.09%
Liquidity	2.00%	-0.40%	-1.05%
	<u>100.00%</u>		

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

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

**Sensitivity of the District's 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 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate for the June 30, 2016 Valuation Date as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 12,875,334	\$ 7,935,268	\$ 3,843,816

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 12 – Defined Benefit Pension Plan (Continued)**

*Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)*

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)**

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 7.65%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate for the June 30, 2015 Valuation Date as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount Rate 7.65%	Discount Rate + 1%
	6.65%	Rate 7.65%	8.65%
CalPERS – Miscellaneous Plan	\$ 11,190,733	\$ 6,687,600	\$ 2,965,983

**Pension Plan Fiduciary Net Position**

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

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

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

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

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2017:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2015 (Measurement Date)	\$ 32,067,972	\$ 27,451,146	\$ 4,616,826
Balance as of June 30, 2016 (Measurement Date)	\$ 33,447,932	\$ 26,760,332	\$ 6,687,600
<b>Change in Plan Net Pension Liability</b>	<b>\$ 1,379,960</b>	<b>\$ (690,814)</b>	<b>\$ 2,070,774</b>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 12 – Defined Benefit Pension Plan (Continued)**

*Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)*

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

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

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2017). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY2017).
- (3) The individual plan's TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from step (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in step (2) multiplied by the TPL ratio generated in step (4). The plan's FNP as of the measurement date is equal to the FNP generated in step (2) multiplied by the FNP ratio generated in step (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in step (5).

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

	<b>Percentage Share of Risk Pool</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2018</b>	<b>Fiscal Year Ending June 30, 2017</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	
Measurement Date			
Percentage of Risk Pool Net Pension Liability	0.224240%	0.192511%	0.031729%
Percentage of Plan (PERF C) Net Pension Liability	0.080015%	0.077286%	0.002729%

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 12 – Defined Benefit Pension Plan (Continued)**

*Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)*

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

The District’s proportionate share of the net pension liability for the June 30, 2016 measurement date was as follows:

	<b>Percentage Share of Risk Pool</b>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2017</b>	<b>Fiscal Year Ending June 30, 2016</b>	
	Measurement Date	June 30, 2016	
Percentage of Risk Pool Net Pension Liability	0.192511%	0.168284%	0.024227%
Percentage of Plan (PERF C) Net Pension Liability	0.077286%	0.067262%	0.010024%

For the years ended June 30, 2018 and 2017, the District recognized pension expense in the amounts of \$559,309 and \$829,416, respectively, for the CalPERS Miscellaneous Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line 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.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

The District will recognize \$555,952 reported as deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2018, as noted above.



**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 12 – Defined Benefit Pension Plan (Continued)**

*Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)*

**Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources**

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

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

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 555,952	\$ -
Difference between actual and proportionate share of employer contributions	-	755,083
Adjustment due to differences in proportions	350,591	1,083,883
Differences between expected and actual experience	12,831	-
Differences between projected and actual earnings on pension plan investments	819,681	-
Changes in assumptions	-	157,489
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 1,739,055</b>	<b>\$ 1,996,455</b>

The District will recognize \$465,843 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2018, as noted above.

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ (793,359)
2019	(581,769)
2020	349,469
2021	212,307
<b>Total</b>	<b>\$ (813,352)</b>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

**Note 13 – Net Investment in Capital Assets**

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

Description	June 30, 2018	June 30, 2017
<b>Non-current portion of assets:</b>		
Capital assets – not being depreciated	8,654,788	10,523,881
Capital assets – being depreciated, net	73,733,711	72,879,548
<b>Current portion of liabilities:</b>		
Reimbursement agreement	(77,228)	(77,228)
Long-term debt	(270,694)	(362,202)
<b>Non-current portion of liabilities:</b>		
Reimbursement agreement	(2,548,530)	(2,625,758)
Long-term debt	(44,751,491)	(45,161,922)
<b>Total net investment in capital assets</b>	<b>\$ 34,740,556</b>	<b>\$ 35,176,319</b>

**Note 14 – Restricted Net Position**

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

Description	June 30, 2018	June 30, 2017
Proceeds from debt issuance – debt reserve	\$ 1,155	\$ 466,448
Proceeds from debt issuance – capital project funds	5,826,704	8,177,062
Accrued interest payable – special tax bonds	(615,096)	(155,651)
Special assessments receivable for debt service	76,826	95,988
Assessment bonds payable – current portion	(18,000)	(17,000)
Assessment bonds payable – noncurrent portion	(38,500)	(56,500)
<b>Total restricted net position</b>	<b>\$ 5,233,089</b>	<b>\$ 8,510,347</b>

**Note 15 – Deferred Compensation Savings Plan**

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors. Market value of the plan assets held in trust by Nationwide at June 30, 2018 and 2017 was \$3,465,647 and \$2,282,647, respectively, and ICMA as of June 30, 2018 and 2017 was \$2,014,349 and \$1,790,349, respectively.

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 16 – Risk Management**

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

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2018, 2017 and 2016. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2018, 2017 and 2016.

**Note 17 – Commitments and Contingencies**

***State Water Contract***

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

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

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 1,073,324
2020	1,127,304
2021	1,291,316
2022	1,290,527
2023	1,214,737

As of June 30, 2018, the District has expended \$22.8 Million since the District started participating in the State Water Contract.

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

Transportation facilities	\$ 10,826,092
Conservation facilities	6,475,851
Off-aqueduct power facilities	5,981
Revenue bond surcharge	2,035,829
<b>Total long-term SWP contract obligations</b>	<u><u>\$ 19,343,753</u></u>

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 17 – Commitments and Contingencies (Continued)**

**State Water Contract (Continued)**

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

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

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

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

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

**Grant Awards**

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

**Litigation**

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

**Casitas Municipal Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June, 30, 2018 and 2017**

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**Note 18 – Prior Period Adjustments**

For the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of the stand required retrospective application of previously reported net position of certain accounts as of July 1, 2017. Accordingly, net position as of July 1, 2017 was restated as follows:

Beginning of year, as originally reported	\$ 64,590,879
Restatement due to implementation of GASB 75	
Net OPEB Obligations under GASB 45	8,800,102
Deferred outflow on contributions made after measurement date	1,714,977
Beginning Net OPEB Liability under GASB 75	<u>(11,112,878)</u>
Total adjustments	<u>(597,799)</u>
Beginning of year, as restated	<u><u>\$ 63,993,080</u></u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Casitas Municipal Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the District's Proportionate Share of the Plan's Net Pension Liability**  
**For the Year Ended June 30, 2018**

**Last Ten Fiscal Years**

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

<b>Measurement Date:</b>	<b>June 30, 2017<sup>1</sup></b>	<b>June 30, 2016<sup>1</sup></b>	<b>June 30, 2015<sup>1</sup></b>
District's Proportion of the Net Pension Liability	<u>0.080015%</u>	<u>0.077286%</u>	<u>0.067262%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 7,935,268</u>	<u>\$ 6,687,600</u>	<u>\$ 4,616,826</u>
District's Covered Payroll	<u>\$ 4,602,594</u>	<u>\$ 4,334,649</u>	<u>\$ 4,123,809</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>172.41%</u>	<u>154.28%</u>	<u>111.96%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>73.31%</u>	<u>74.06%</u>	<u>78.40%</u>

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

**Casitas Municipal Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the District's Contributions to the Pension Plan**  
**For the Year Ended June 30, 2018**

**Last Ten Fiscal Years**

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

<b>Fiscal Year:</b>	<b>2017-18<sup>1</sup></b>	<b>2016-17<sup>1</sup></b>	<b>2015-16<sup>1</sup></b>	<b>2014-15<sup>1</sup></b>
Actuarially Determined Contribution <sup>2</sup>	\$ 689,022	\$ 555,952	\$ 465,843	\$ 311,168
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(689,022)	(555,952)	(465,843)	(311,168)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,566,652	\$ 4,602,594	\$ 4,334,649	\$ 4,123,809
Contributions as a Percentage of Covered Payroll	12.38%	12.08%	10.75%	7.55%

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

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

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

**Notes to the Schedule:**

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

**Casitas Municipal Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratio**  
**For the Year Ended June 30, 2018**

**Last Ten Fiscal Years**

Measurement period	<b>2016-17<sup>1</sup></b>
<b>Total OPEB liability</b>	
Service cost	\$ 226,427
Interest	657,817
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(518,711)
<b>Net change in total OPEB liability</b>	<b>365,533</b>
<b>Total OPEB liability - beginning</b>	<b>11,112,878</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 11,478,411</b>
<b>OPEB fiduciary net position</b>	
Contributions - employer	\$ 1,714,977
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(518,711)
Other	-
<b>Net change in plan fiduciary net position</b>	<b>1,196,266</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,196,266</b>
<b>District's net OPEB liability - ending (a) - (b)</b>	<b>\$ 10,282,145</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>10.42%</b>
<b>Covered payroll</b>	<b>N/A</b>
<b>District's net OPEB liability as a percentage of covered payroll</b>	<b>N/A</b>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB No. 75 is applicable.

**Casitas Municipal Water District**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the District's Contributions to the OPEB Plan**  
**For the Year Ended June 30, 2018**

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**Last Ten Fiscal Years**

<b>Fiscal Year:</b>	<u><b>2017-18<sup>1</sup></b></u>
Actuarially Determined Contribution	\$ 884,244
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,714,977)</u>
Contribution Deficiency (Excess)	<u>\$ (830,733)</u>
District's Covered Payroll	<u>N/A</u>
Contributions as a Percentage of Covered Payroll	<u>N/A</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB No. 75 is applicable.

**SUPPLEMENTARY INFORMATION**

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**Casitas Municipal Water District**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
<b>Operating revenues:</b>			
Retail water consumption	\$ 7,628,801	\$ 5,321,304	\$ (2,307,497)
Wholesale water consumption	1,545,894	1,024,953	(520,941)
Monthly water service charge	3,574,672	3,680,853	106,181
Recreation revenue	4,110,740	3,905,083	(205,657)
Other water charges and services	136,848	895,897	759,049
<b>Total operating revenues</b>	<u>16,996,955</u>	<u>14,828,090</u>	<u>(2,168,865)</u>
<b>Operating expenses:</b>			
Source of supply	2,114,327	2,000,607	113,720
Pumping	1,444,181	1,585,222	(141,041)
Water Treatment	1,121,195	1,259,158	(137,963)
Transmission and distribution	1,012,661	1,012,384	277
Telemetry	239,326	302,003	(62,677)
Customer accounts	439,425	682,832	(243,407)
Recreation expenses	4,062,920	5,199,660	(1,136,740)
General and administrative	12,349,776	4,329,085	8,020,691
Depreciation – water department	3,873,898	3,873,898	-
Depreciation – recreation department	321,640	321,640	-
<b>Total operating expenses</b>	<u>26,979,349</u>	<u>20,566,489</u>	<u>6,412,860</u>
<b>Operating (loss)</b>	<u>(9,982,394)</u>	<u>(5,738,399)</u>	<u>(8,581,725)</u>
<b>Non-operating revenue(expense)</b>			
Property taxes – ad valorem	2,034,169	2,313,211	279,042
Pass-through property tax increment	73,279	95,729	22,450
Property tax assessment for State Water Project	-	369,167	369,167
State water project expense	-	(616,152)	(616,152)
Change in water-in-storage inventory	-	(1,279,005)	(1,279,005)
CFD 2013-1 assessment	2,594,838	2,592,342	(2,496)
Mira Monte assessment	19,351	19,012	(339)
Tax collection expense	-	(38,038)	(38,038)
Investment earnings	518,867	576,708	57,841
Change in fair-value of investments	-	(660,798)	(660,798)
Interest expense – long-term debt	-	(1,639,245)	(1,639,245)
Amortization of deferred loss and bond insurance on CFD 2013-1	-	(220,615)	(220,615)
Other, net	35,000	42,651	7,651
<b>Total non-operating revenues, net</b>	<u>5,275,504</u>	<u>1,554,967</u>	<u>(3,720,537)</u>
<b>Net (loss) before capital contributions</b>	<u>(4,706,890)</u>	<u>(4,183,432)</u>	<u>(12,302,262)</u>
<b>Capital contributions:</b>			
Federal, state and local capital grants	169,472	220,264	50,792
<b>Capital contributions</b>	<u>169,472</u>	<u>220,264</u>	<u>50,792</u>
<b>Change in net position</b>	<u>\$ (4,537,418)</u>	<u>(3,963,168)</u>	<u>\$ (12,251,470)</u>
<b>Net position:</b>			
Beginning of year		64,590,879	
Restatement due to implementation of GASB 75		(597,799)	
End of year		<u>\$ 60,029,912</u>	

**Casitas Municipal Water District**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
<b>Operating revenues:</b>			
Retail water consumption	\$ 6,797,929	\$ 4,433,772	\$ (2,364,157)
Wholesale water consumption	1,646,946	957,315	(689,631)
Monthly water service charge	2,210,153	2,151,152	(59,001)
Recreation revenue	3,616,082	4,027,340	411,258
Other water charges and services	127,441	1,188,502	1,061,061
<b>Total operating revenues</b>	<u>14,398,551</u>	<u>12,758,081</u>	<u>(1,640,470)</u>
<b>Operating expenses:</b>			
Source of supply	1,470,865	1,706,783	(235,918)
Pumping	1,902,648	1,204,538	698,110
Water Treatment	1,167,576	1,168,090	(514)
Transmission and distribution	992,144	672,992	319,152
Telemetry	207,695	213,595	(5,900)
Customer accounts	533,164	548,117	(14,953)
Recreation expenses	4,247,049	4,250,101	(3,052)
General and administrative	8,380,842	5,543,278	2,837,564
Depreciation – water department	-	3,415,057	(3,415,057)
Depreciation – recreation department	-	321,010	(321,010)
<b>Total operating expenses</b>	<u>18,901,983</u>	<u>19,043,561</u>	<u>(141,578)</u>
<b>Operating (loss)</b>	<u>(4,503,432)</u>	<u>(6,285,480)</u>	<u>(1,498,892)</u>
<b>Non-operating revenues (expenses)</b>			
Property taxes – ad valorem	2,080,209	2,164,262	84,053
Pass-through property tax increment	62,500	94,267	31,767
Property tax assessment for State Water Project	-	151,501	151,501
State water project expense	-	(266,509)	(266,509)
Change in water-in-storage inventory	-	2,555,167	2,555,167
CFD 2013-1 assessment	150,000	601,938	451,938
Mira Monte assessment	19,351	19,280	(71)
Tax collection expense	(30,500)	(27,697)	2,803
Investment earnings	515,011	519,022	4,011
Change in fair-value of investments	-	(861,978)	(861,978)
Interest expense – long-term debt	(50,989)	(168,407)	(117,418)
Amortization of deferred loss and bond insurance on CFD 2013-1	-	(18,689)	(18,689)
Acquisition expense of CFD 2013-1	-	(3,975,600)	(3,975,600)
Cost of debt issuance	-	(539,160)	(539,160)
Other, net	35,000	71,382	36,382
<b>Total non-operating revenues, net</b>	<u>2,780,582</u>	<u>318,779</u>	<u>(2,461,803)</u>
<b>Net (loss) before capital contributions</b>	<u>(1,722,850)</u>	<u>(5,966,701)</u>	<u>(3,960,695)</u>
<b>Capital contributions:</b>			
Federal, state and local capital grants	153,784	230,644	76,860
<b>Capital contributions</b>	<u>153,784</u>	<u>230,644</u>	<u>76,860</u>
<b>Change in net position</b>	<u>\$ (1,569,066)</u>	<u>(5,736,057)</u>	<u>\$ (3,883,835)</u>
<b>Net position:</b>			
Beginning of year		70,326,936	
End of year		<u>\$ 64,590,879</u>	



**Casitas Municipal Water District**  
**Combining Balance Sheets**  
**June 30, 2018**

<i>Assets and Deferred Outflows of Resources</i>	<b>Operating Fund</b>	<b>Financing Fund</b>	<b>Improvement Assessment Fund</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 4,942,219	\$ -	\$ -
Investments	20,031,043	-	-
Accrued interest receivable	125,070	-	-
Accounts receivable – customers	5,205,399	-	-
Due from other funds	154,764	9,438,010	-
Materials and supplies inventory	119,665	-	-
Prepaid expenses	614,411	-	-
<b>Total current assets</b>	<b>31,192,571</b>	<b>9,438,010</b>	<b>-</b>
<b>Non-current assets:</b>			
Restricted – cash and cash equivalents	5,827,859	-	-
Restricted – special assessments receivable	-	-	76,826
Water-in-storage inventory	6,245,930	-	-
Capital assets – not being depreciated	8,654,788	-	-
Capital assets – being depreciated, net	73,733,712	-	-
<b>Total non-current assets</b>	<b>94,462,289</b>	<b>-</b>	<b>76,826</b>
<b>Total assets</b>	<b>125,654,860</b>	<b>9,438,010</b>	<b>76,826</b>
<b>Deferred outflows of resources</b>	<b>7,202,723</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 132,857,583</b>	<b>\$ 9,438,010</b>	<b>\$ 76,826</b>
<b><i>Liabilities, Deferred Outflows of Resources and Net Position</i></b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 931,222	\$ -	\$ -
Deposits and unearned revenue	2,739,479	-	-
Accrued interest payable	624,253	-	-
Due to other funds	-	9,438,010	154,764
Long-term liabilities – due within one year:			
Compensated absences	458,048	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	18,000
Long-term debt	270,696	-	-
<b>Total current liabilities</b>	<b>5,100,926</b>	<b>9,438,010</b>	<b>172,764</b>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences	458,047	-	-
Reimbursement agreement	2,548,530	-	-
Assessment bonds payable	-	-	38,500
Long-term debt	44,751,492	-	-
Net other post-employment benefits obligation	10,282,145	-	-
Net pension liability	7,935,268	-	-
<b>Total non-current liabilities</b>	<b>65,975,482</b>	<b>-</b>	<b>38,500</b>
<b>Total liabilities</b>	<b>71,076,408</b>	<b>9,438,010</b>	<b>211,264</b>
<b>Deferred inflows of resources</b>	<b>1,616,824</b>	<b>-</b>	<b>-</b>
<b>Net position:</b>			
Net investment in capital assets	34,740,556	-	-
Restricted for debt service	5,233,089	-	20,326
Unrestricted	20,190,706	-	(154,764)
<b>Total net position</b>	<b>60,164,351</b>	<b>-</b>	<b>(134,438)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 132,857,583</b>	<b>\$ 9,438,010</b>	<b>\$ 76,826</b>

**Casitas Municipal Water District**  
**Combining Balance Sheets (Continued)**  
**June 30, 2018**

<i>Assets and Deferred Outflows of Resources</i>	<b>Eliminations for Financial Reporting</b>	<b>Total</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ 4,942,219
Investments	-	20,031,043
Accrued interest receivable	-	125,070
Accounts receivable – customers	-	5,205,399
Due from other funds	(9,592,774)	-
Materials and supplies inventory	-	119,665
Prepaid items	-	614,411
<b>Total current assets</b>	<b>(9,592,774)</b>	<b>31,037,807</b>
<b>Non-current assets:</b>		
Restricted – special assessments receivable	-	5,827,859
Water-in-storage inventory	-	76,826
Capital assets – not being depreciated	-	6,245,930
Capital assets – being depreciated, net	-	8,654,788
	-	73,733,712
<b>Total non-current assets</b>	<b>-</b>	<b>94,539,115</b>
<b>Total assets</b>	<b>(9,592,774)</b>	<b>125,576,922</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>7,202,723</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ (9,592,774)</b>	<b>\$ 132,779,645</b>
<b><i>Liabilities, Deferred Outflows of Resources and Net Position</i></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ -	\$ 931,222
Deposits and unearned revenue	-	2,739,479
Accrued interest payable	-	624,253
Due to other funds	(9,592,774)	-
Long-term liabilities – due within one year:		
Compensated absences	-	458,048
Reimbursement agreement	-	77,228
Special assessment bonds payable	-	18,000
Special assessment bonds payable	-	270,696
<b>Total current liabilities</b>	<b>(9,592,774)</b>	<b>5,118,926</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences	-	458,047
Reimbursement agreement	-	2,548,530
Loans payable	-	38,500
Special assessment bonds payable	-	44,751,492
Net other post-employment benefits obligation	-	10,282,145
Net pension liability	-	7,935,268
<b>Total non-current liabilities</b>	<b>-</b>	<b>66,013,982</b>
<b>Total liabilities</b>	<b>(9,592,774)</b>	<b>71,132,908</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>1,616,824</b>
<b>Net position:</b>		
Net investment in capital assets	-	34,740,556
Restricted for debt service	-	5,253,415
Unrestricted	-	20,035,942
<b>Total net position</b>	<b>-</b>	<b>60,029,913</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ (9,592,774)</b>	<b>\$ 132,779,645</b>

**Casitas Municipal Water District**  
**Combining Balance Sheets**  
**June 30, 2017**

<i>Assets and Deferred Outflows of Resources</i>	<b>Operating Fund</b>	<b>Financing Fund</b>	<b>Improvement Assessment Fund</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,304,457	\$ -	\$ -
Investments	20,696,527	-	-
Accrued interest receivable	123,513	-	-
Accounts receivable – customers	6,033,970	-	-
Due from other funds	137,312	9,083,227	-
Materials and supplies inventory	82,132	-	-
Prepaid expenses	758,576	-	-
<b>Total current assets</b>	<b>31,136,487</b>	<b>9,083,227</b>	<b>-</b>
<b>Non-current assets:</b>			
Restricted – cash and cash equivalents	8,643,510	-	-
Restricted – special assessments receivable	-	-	95,988
Water-in-storage inventory	7,524,935	-	-
Capital assets – not being depreciated	10,521,881	-	-
Capital assets – being depreciated, net	72,879,548	-	-
<b>Total non-current assets</b>	<b>99,569,874</b>	<b>-</b>	<b>95,988</b>
<b>Total assets</b>	<b>130,706,361</b>	<b>9,083,227</b>	<b>95,988</b>
<b>Deferred outflows of resources</b>	<b>5,839,055</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 136,545,416</b>	<b>\$ 9,083,227</b>	<b>\$ 95,988</b>
<b><i>Liabilities, Deferred Outflows of Resources and Net Position</i></b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 2,077,815	\$ -	\$ -
Deposits and unearned revenue	3,018,270	-	-
Accrued interest payable	166,920	-	-
Due to other funds	-	9,083,227	137,312
Long-term liabilities – due within one year:			
Compensated absences	346,976	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	17,000
Long-term debt	362,202	-	-
<b>Total current liabilities</b>	<b>6,049,411</b>	<b>9,083,227</b>	<b>154,312</b>
<b>Non-current liabilities:</b>			
Long-term liabilities – due in more than one year:			
Compensated absences	520,465	-	-
Reimbursement agreement	2,625,758	-	-
Assessment bonds payable	-	-	56,500
Long-term debt	45,161,922	-	-
Net other post-employment benefits obligation	8,800,102	-	-
Net pension liability	6,687,600	-	-
<b>Total non-current liabilities</b>	<b>63,795,847</b>	<b>-</b>	<b>56,500</b>
<b>Total liabilities</b>	<b>69,845,258</b>	<b>9,083,227</b>	<b>210,812</b>
<b>Deferred inflows of resources</b>	<b>1,996,455</b>	<b>-</b>	<b>-</b>
<b>Net position:</b>			
Net investment in capital assets	43,353,381	-	-
Restricted for debt service	310,797	-	22,488
Unrestricted	21,039,525	-	(137,312)
<b>Total net position</b>	<b>64,703,703</b>	<b>-</b>	<b>(114,824)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 136,545,416</b>	<b>\$ 9,083,227</b>	<b>\$ 95,988</b>

**Casitas Municipal Water District**  
**Combining Balance Sheets (Continued)**  
**June 30, 2017**

<i>Assets and Deferred Outflows of Resources</i>	<b>Eliminations for Financial Reporting</b>	<b>Total</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ 3,304,457
Investments	-	20,696,527
Accrued interest receivable	-	123,513
Accounts receivable – customers	-	6,033,970
Due from other funds	(9,220,539)	-
Materials and supplies inventory	-	82,132
Prepaid items	-	758,576
<b>Total current assets</b>	<b>(9,220,539)</b>	<b>30,999,175</b>
<b>Non-current assets:</b>		
Restricted – special assessments receivable	-	8,643,510
Water-in-storage inventory	-	95,988
Capital assets – not being depreciated	-	7,524,935
Capital assets – being depreciated, net	-	10,521,881
	-	72,879,548
<b>Total non-current assets</b>	<b>-</b>	<b>99,665,862</b>
<b>Total assets</b>	<b>(9,220,539)</b>	<b>130,665,037</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>5,839,055</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ (9,220,539)</b>	<b>\$ 136,504,092</b>
<b><i>Liabilities, Deferred Outflows of Resources and Net Position</i></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ -	\$ 2,077,815
Deposits and unearned revenue	-	3,018,270
Accrued interest payable	-	166,920
Due to other funds	(9,220,539)	-
Long-term liabilities – due within one year:		
Compensated absences	-	346,976
Reimbursement agreement	-	77,228
Special assessment bonds payable	-	17,000
Special assessment bonds payable	-	362,202
<b>Total current liabilities</b>	<b>(9,220,539)</b>	<b>6,066,411</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences	-	520,465
Reimbursement agreement	-	2,625,758
Loans payable	-	56,500
Special assessment bonds payable	-	45,161,922
Net other post-employment benefits obligation	-	8,800,102
Net pension liability	-	6,687,600
<b>Total non-current liabilities</b>	<b>-</b>	<b>63,852,347</b>
<b>Total liabilities</b>	<b>(9,220,539)</b>	<b>69,918,758</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>1,996,455</b>
<b>Net position:</b>		
Net investment in capital assets	-	43,353,381
Restricted for debt service	-	333,285
Unrestricted	-	20,902,213
<b>Total net position</b>	<b>-</b>	<b>64,588,879</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ (9,220,539)</b>	<b>\$ 136,504,092</b>

**Casitas Municipal Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2018**

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Retail water consumption	\$ 5,321,304	\$ -	\$ 5,321,304
Wholesale water consumption	1,024,953	-	1,024,953
Monthly water service charge	3,680,853	-	3,680,853
Recreation revenue	-	3,905,083	3,905,083
Other water charges and services	895,897	-	895,897
<b>Total operating revenues</b>	<u>10,923,007</u>	<u>3,905,083</u>	<u>14,828,090</u>
<b>Operating expenses:</b>			
Source of supply	2,000,607	-	2,000,607
Pumping	1,585,222	-	1,585,222
Water treatment	1,259,158	-	1,259,158
Transmission and distribution	1,012,384	-	1,012,384
Telemetry	302,003	-	302,003
Customer accounts	681,460	-	681,460
Recreation expenses	-	5,199,660	5,199,660
General and administrative	4,330,457	-	4,330,457
<b>Total operating expenses</b>	<u>11,171,291</u>	<u>5,199,660</u>	<u>16,370,951</u>
<b>Operating (loss) before depreciation</b>	(248,284)	(1,294,577)	(1,542,861)
Depreciation – water department	(3,873,898)	-	(3,873,898)
Depreciation – recreation department	-	(321,640)	(321,640)
<b>Operating income(loss)</b>	<u>(4,122,182)</u>	<u>(1,616,217)</u>	<u>(5,738,399)</u>
<b>Non-operating revenue(expense)</b>			
Property taxes – ad valorem	2,313,211	-	2,313,211
Pass-through property tax increment	95,729	-	95,729
Property tax assessment for State Water Project	369,167	-	369,167
State water project expense	(616,152)	-	(616,152)
Change in water-in-storage inventory	(1,279,005)	-	(1,279,005)
CFD 2013-1 assessment	2,592,342	-	2,592,342
Mira Monte assessment	19,012	-	19,012
Tax collection expense	(38,038)	-	(38,038)
Investment earnings	576,708	-	576,708
Change in fair-value of investments	(660,798)	-	(660,798)
Interest expense – long-term debt	(1,639,245)	-	(1,639,245)
Amortization of deferred loss and bond insurance on CFD 2013-1	(220,615)	-	(220,615)
Acquisition expense of CFD 2013-1	-	-	-
Cost of debt issuance	(2,870)	-	(2,870)
Other, net	45,521	-	45,521
<b>Total non-operating revenue(expense), net</b>	<u>1,554,967</u>	<u>-</u>	<u>1,554,967</u>
<b>Net income(loss) before capital contributions</b>	<u>(2,567,215)</u>	<u>(1,616,217)</u>	<u>(4,183,432)</u>
<b>Capital contributions:</b>			
Federal, state and local capital grants	14,675	205,589	220,264
<b>Change in net position</b>	<u>\$ (2,552,540)</u>	<u>\$ (1,410,628)</u>	<u>\$ (3,963,168)</u>

**Casitas Municipal Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2017**

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Retail water consumption	\$ 4,433,772	\$ -	\$ 4,433,772
Wholesale water consumption	957,315	-	957,315
Monthly water service charge	2,151,152	-	2,151,152
Recreation revenue	-	4,027,340	4,027,340
Other water charges and services	1,188,502	-	1,188,502
<b>Total operating revenues</b>	<u>8,730,741</u>	<u>4,027,340</u>	<u>12,758,081</u>
<b>Operating expenses:</b>			
Source of supply	1,706,783	-	1,706,783
Pumping	1,204,538	-	1,204,538
Water treatment	1,168,090	-	1,168,090
Transmission and distribution	672,992	-	672,992
Telemetry	213,595	-	213,595
Customer accounts	548,117	-	548,117
Recreation expenses	-	4,250,101	4,250,101
General and administrative	5,543,278	-	5,543,278
<b>Total operating expenses</b>	<u>11,057,393</u>	<u>4,250,101</u>	<u>15,307,494</u>
<b>Operating (loss) before depreciation</b>	(2,326,652)	(222,761)	(2,549,413)
Depreciation – water department	(3,415,057)	-	(3,415,057)
Depreciation – recreation department	-	(321,010)	(321,010)
<b>Operating income(loss)</b>	<u>(5,741,709)</u>	<u>(543,771)</u>	<u>(6,285,480)</u>
<b>Non-operating revenue(expense)</b>			
Property taxes – ad valorem	2,164,262	-	2,164,262
Pass-through property tax increment	94,267	-	94,267
Property tax assessment for State Water Project	151,501	-	151,501
State water project expense	(266,509)	-	(266,509)
Change in water-in-storage inventory	2,555,167	-	2,555,167
CFD 2013-1 assessment	601,938	-	601,938
Mira Monte assessment	19,280	-	19,280
Tax collection expense	(27,697)	-	(27,697)
Investment earnings	519,022	-	519,022
Change in fair-value of investments	(861,978)	-	(861,978)
Interest expense – long-term debt	(168,407)	-	(168,407)
Amortization of deferred loss and bond insurance on CFD 2013-1	(18,689)	-	(18,689)
Acquisition expense of CFD 2013-1	(3,975,600)	-	(3,975,600)
Cost of debt issuance	(539,160)	-	(539,160)
Other, net	71,382	-	71,382
<b>Total non-operating revenue(expense), net</b>	<u>318,779</u>	<u>-</u>	<u>318,779</u>
<b>Net income(loss) before capital contributions</b>	<u>(5,422,930)</u>	<u>(543,771)</u>	<u>(5,966,701)</u>
<b>Capital contributions:</b>			
Federal, state and local capital grants	109,540	121,104	230,644
<b>Change in net position</b>	<u>\$ (5,313,390)</u>	<u>\$ (422,667)</u>	<u>\$ (5,736,057)</u>

**Casitas Municipal Water District**  
**Detail Schedules of Operating Expenses - Water Department**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Source of supply:</b>		
Advertising and legal notices	\$ 5,455	\$ 7,318
Books and publications	191	73
Chlorine	25,594	2,195
Clothing and personal supplies	733	265
Communications	7,994	5,163
Computer upgrades – hardware and software	17,999	11,437
Costs applied	16,189	1,150
District equipment	10,738	8,142
Education and training	13,293	19,269
Insurance – Aflac service fee	70	242
Insurance – EAP	146	165
Licenses and permits	83,815	38,962
Memberships and dues	40,842	41,594
Office supplies	-	37
Other professional services	(4,947)	6,994
Outside contracts	356,029	152,759
Postage	7,454	15,405
Printing and binding	9,330	8,367
Public information program	962	225
Purchased water	190	1,645
Safety program	2,555	-
Salaries and benefits	1,200,985	1,289,920
Services and supplies	181,610	70,856
Small tools	-	4,723
Travel expense	18,267	15,253
Utilities	5,113	4,624
<b>Total source of supply</b>	<u>2,000,607</u>	<u>1,706,783</u>
<b>Pumping:</b>		
Communications	2,111	1,807
Outside contracts	23,226	31,364
Power purchased for pumping	1,479,266	1,121,709
Salaries and benefits	26,220	8,167
Service and supplies	42,522	38,872
Small tools	11,877	2,619
<b>Total pumping</b>	<u>1,585,222</u>	<u>1,204,538</u>
<b>Water treatment:</b>		
Ammonia	16,394	22,520
Caustics	61,553	62,144
Chlorine	56,400	56,925
Clothing and personal supplies	1,648	978
Communications	5,030	3,651
Computer upgrades – hardware and software	1,336	-
Education and training	475	615
Ferric	8,670	4,484
Licenses and permits	1,722	1,406
Liquid oxygen	146,798	131,921
Outside contracts	30,796	10,927
Polymer	31,237	30,102
Salaries and benefits	730,968	692,221
Service and supplies	65,820	72,997
Small tools	1,670	1,845
Travel	1,658	120
Utilities	96,983	75,234
<b>Total water treatment</b>	<u>\$ 1,259,158</u>	<u>\$ 1,168,090</u>

**Casitas Municipal Water District**  
**Detail Schedules of Operating Expenses - Water Department (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Transmission and distribution:</b>		
Clothing and personal supplies	\$ 1,516	\$ 1,889
Communications	3,680	1,519
Computer upgrades – hardware and software	3,395	-
Education and training	4,380	3,531
Licenses and permits	32,181	9,628
Other operating expenses	19,162	19,232
Outside contracts	255,611	86,061
Salaries and benefits	510,151	377,239
Service and supplies	169,941	155,953
Small tools	10,840	17,265
Travel expense	1,527	675
	<u>1,012,384</u>	<u>672,992</u>
<b>Telemetering:</b>		
Books and publications	-	-
Communications	1,381	1,091
Computer upgrades – hardware and software	-	-
Outside contracts	48,348	32,242
Salaries and benefits	226,096	159,016
Service and supplies	1,955	685
Small tools	812	
Travel expense	658	
Utilities	22,753	20,561
	<u>302,003</u>	<u>213,595</u>
<b>Customer accounts:</b>		
Advertising and legal notices	-	400
Bad debt provision	4,637	4,803
Clothing and personal supplies	2,508	1,845
Communications	3,009	1,373
Computer upgrades – hardware and software	2,228	12,268
Education and training	3,988	3,881
Licenses and permits	314	230
Outside contracts	37,664	27,565
Postage	4,142	1,693
Printing and binding	1,224	507
Salaries and benefits	529,184	394,837
Service and supplies	90,728	98,630
Small tools	1,372	-
Travel expense	1,834	85
	<u>\$ 682,832</u>	<u>\$ 548,117</u>



**Casitas Municipal Water District**  
**Detail Schedules of Operating Expenses - Water Department (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>General and administrative:</b>		
Advertising and legal notices	\$ 3,973	\$ 383
Bank charges	50,089	29,873
Books and publications	6,677	5,719
Clothing and personal supplies	9,970	4,873
Communications	67,047	28,237
Computer upgrades – hardware and software	54,051	14,817
Directors election fees	-	7,168
District equipment	166,049	117,957
Education and training	22,334	14,591
Gains/losses on inventory	(25,932)	23,018
Insurance – Aflac	1,829	1,109
Insurance – EAP	1,081	1,037
Insurance – liability	63,241	60,866
Licenses and permits	6,571	10,323
Memberships and dues	89,905	47,756
Office equipment maintenance	5,134	5,423
Office supplies	12,185	12,120
Other professional services	178,123	699,660
Outside contracts	578,901	571,870
Petty cash (over)/short	(53)	(5)
Postage	640	3,175
Printing and binding	10,426	3,523
Private vehicle mileage	4,940	7,049
Safety program	9,269	6,304
Salaries and benefits	4,247,703	4,575,372
Service and supplies	297,121	159,565
Small tools	4,698	2,863
Travel expense	2,833	5,510
Utilities	36,796	37,421
Vehicle costs direct	106,070	74,549
Workers' compensation	149,820	146,963
Costs applied	(213,003)	(165,084)
Administrative overhead burden	(1,619,403)	(970,727)
<b>Total general and administrative</b>	<u>4,329,085</u>	<u>5,543,278</u>
<b>Depreciation expense:</b>		
Water department	<u>3,873,898</u>	<u>3,415,057</u>
<b>Total depreciation expense</b>	<u>3,873,898</u>	<u>3,415,057</u>
<b>Total operating expenses – water department</b>	<u>\$ 15,045,189</u>	<u>\$ 14,472,450</u>

**Casitas Municipal Water District**  
**Detail Schedule of Revenues and Expenses - Recreation Department**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Recreation revenue:</b>		
Animal permit	\$ 13,808	\$ 8,629
Bad debt collection recovery	31	344
Boat fees - annual	30,340	33,057
Boat fees - daily	8,398	9,802
Boat fees - overnight	810	778
Boat inspection fees - Quagga	2,560	2,862
Boat lock revenue - Quagga	2,592	2,979
Boat rental - concession	56,893	63,549
Cafe - concession	23,053	27,774
Cafe pass fee	-	7,290
Cafe pass reimbursement	-	(8,830)
Camping fees	1,825,933	1,894,131
Commercials	-	5,650
Event reimbursement	2,246	2,159
Events	33,814	37,161
Gift cards and certificates	470	(196)
Guest pass	(240)	-
Impound fee	500	350
Kayak and canoes annual	3,552	3,167
Kayak and canoes daily	-	33
Miscellaneous revenue	1,942	2,234
Over / short - recreation	(1,678)	384
Over / short - water park	113	25
Park store	49,688	53,102
Rain checks	(349)	(268)
Reservations	137,998	144,635
Shower facility fees	20,992	20,928
Snow bird pumping	2,680	4,160
Trailer storage fees	168,375	195,302
Vehicle fees - daily	452,240	458,486
Violation ordinance fees	865	35
Visitor cards	135,103	142,378
Water park - group pass fee	(4,392)	(4,512)
Water park - guest pass	(186)	-
Water park - junior lifeguard	5,220	6,830
Water park - late day pass fee	100,065	102,691
Water park - lifeguard training	632	691
Water park - locker fee	1,314	1,128
Water park - next day pass fee	(1,094)	(1,217)
Water park - promotion	(556)	(556)
Water park - rain checks	(535)	(266)
Water park - reservation fee	51,793	45,224
Water park - season pass fee	26,472	24,622
Water park - shade rental fee	7,200	10,050
Water park - shower facility fee	16,317	17,000
Water park - single splash fee	711,173	694,938
Water park - special event fee	1,250	72
Water park - water fitness - fee	8,436	11,400
Water park snack bar	9,245	7,155
<b>Total recreation revenue</b>	<u>\$ 3,905,083</u>	<u>\$ 4,027,340</u>

**Casitas Municipal Water District**  
**Detail Schedule of Revenues and Expenses - Recreation Department (Continued)**  
**For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Recreation expenses:</b>		
Administrative overhead burden	\$ 1,619,403	\$ 970,727
Advertising and legal notices	4,113	4,291
Bad debt provision	498	-
Bank charges	-	-
Chemicals – water playground	4,500	4,198
Chlorine	29,502	22,882
Clothing and personal supplies	16,330	24,194
Communications	13,595	11,202
Computer upgrades – hardware and software	5,377	4,712
Credit card fees	90,158	90,274
District equipment	148,038	113,924
Education and training	4,518	3,890
Fish purchases	-	-
Insurance	21,659	26,533
Licenses and permits	4,921	6,277
Memberships and dues	1,654	1,304
Office supplies	1,262	2,667
Other operating expenses	18	-
Other professional services	31,470	27,188
Outside contracts	108,694	261,273
Postage	1,292	1,002
Pre-employment screening	6,884	10,435
Printing and binding	4,170	5,274
Private vehicle mileage	617	431
Public information program	9,494	4,529
Purchased water	49,109	43,454
Safety program	1,476	503
Salaries and benefits	2,653,274	2,259,230
Service and supplies	209,204	203,138
Small tools	1,467	4,596
Travel expense	2,014	482
Uninsured losses - injuries	4,704	569
Utilities	150,245	140,922
	<u>5,199,660</u>	<u>4,250,101</u>
<b>Total recreation expenses</b>		
Recreation operating (loss) before depreciation	(1,294,577)	(222,761)
Depreciation – recreation department	(321,640)	(321,010)
	<u>(1,616,217)</u>	<u>(543,771)</u>
<b>Recreation operating (loss)</b>		

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## **STATISTICAL SECTION**

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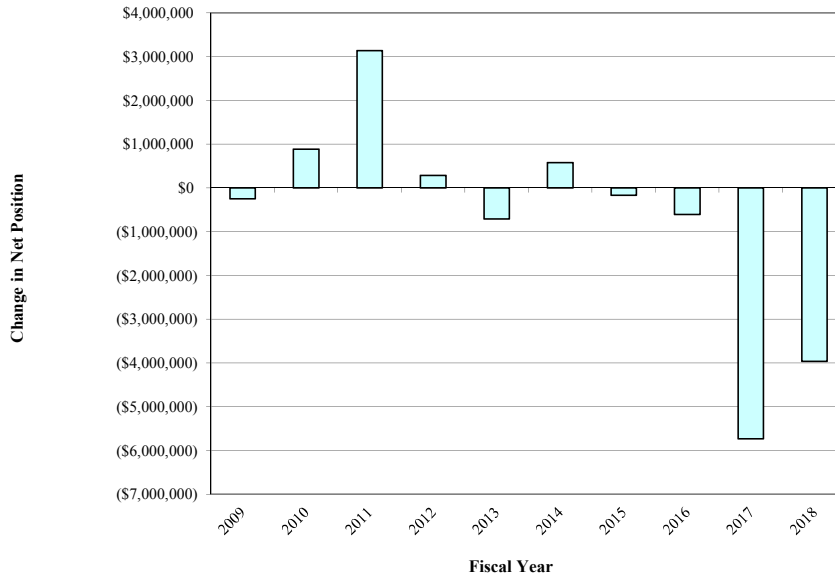
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	89-90
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	91
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	92-93

**Casitas Municipal Water District**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2009	2010	2011	2012	2013
Changes in net position:					
Operating revenues (see Schedule 2)	12,129,996	12,194,917	10,956,600	\$ 11,645,576	13,212,527
Operating expenses (see Schedule 3)	(13,384,114)	(11,171,141)	(11,587,130)	(12,047,019)	(13,639,029)
Depreciation and amortization	(2,834,977)	(2,863,329)	(3,037,340)	(3,097,495)	(3,084,521)
<b>Operating income(loss)</b>	<b>(4,089,095)</b>	<b>(1,839,553)</b>	<b>(3,667,870)</b>	<b>(3,498,938)</b>	<b>(3,511,023)</b>
Non-operating revenues(expenses)					
Property taxes	1,982,172	1,959,850	2,012,458	2,025,655	2,147,033
Clean Water Act surcharge	1,685,062	1,290,042	1,682,991	1,554,698	462,896
CFD 2013-1 assessment	-	-	-	-	-
Mira Monte assessment	18,914	18,601	17,113	17,630	19,783
Oak View availability charge	6,992	7,709	7,657	293	232
Property tax collection expense	(29,433)	(30,416)	(31,158)	(30,158)	(31,284)
Investment income/(loss)	213,695	129,472	402,229	449,707	(164,338)
Water-in-storage valuation	-	-	3,318,094	-	-
State water project expense	-	(666,442)	(787,665)	(382,908)	(517,749)
Interest expense	(116,361)	(106,239)	(102,295)	(94,969)	(87,015)
Amortization of deferred loss and bond insurance	-	-	-	-	-
Acquisition expense of CFD 2013-1	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-
Other revenue/(expense), net	14,460	(6,638)	213,445	12,454	(20,137)
Total non-operating revenues(expenses), net	3,775,501	2,595,939	6,732,869	3,552,402	1,809,421
<b>Net income before capital contributions</b>	<b>(313,594)</b>	<b>756,386</b>	<b>3,064,999</b>	<b>53,464</b>	<b>(1,701,602)</b>
Capital contributions	63,784	131,179	74,095	232,755	990,526
<b>Change in net position</b>	<b>(249,810)</b>	<b>887,565</b>	<b>3,139,094</b>	<b>\$ 286,219</b>	<b>(711,076)</b>
Net position by component:					
Net investment in capital assets	55,408,560	55,277,544	55,261,613	\$ 55,501,696	54,428,683
Restricted	67,343	60,922	217,413	199,890	180,151
Unrestricted	22,131,554	23,156,556	26,155,090	26,218,749	26,600,425
<b>Total net position</b>	<b>77,607,457</b>	<b>78,495,022</b>	<b>81,634,116</b>	<b>\$ 81,920,335</b>	<b>81,209,259</b>



**Notes:**

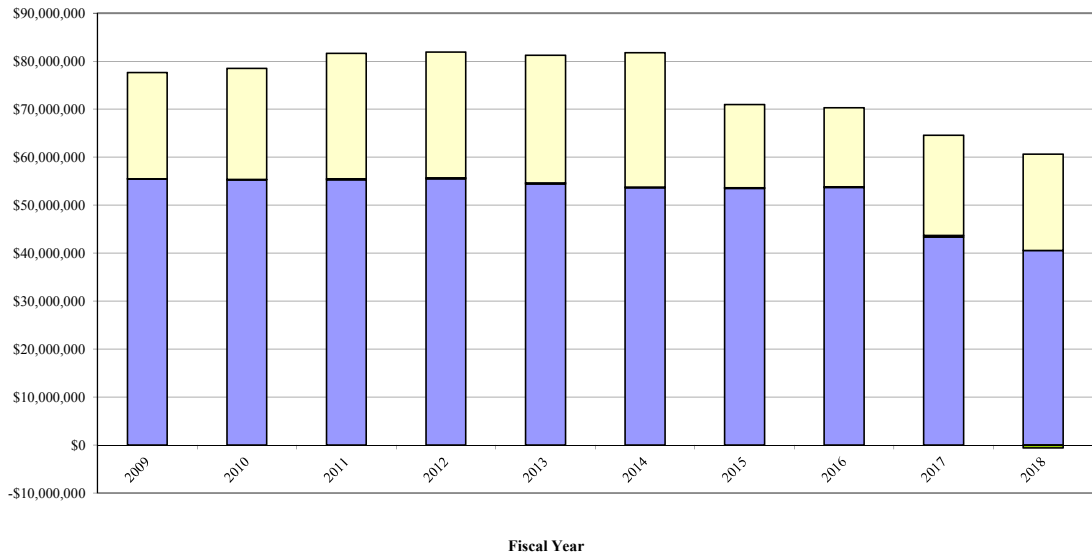
- (1) The District made a prior period adjustment of \$796,383.
- (2) The District made a prior period adjustment of \$(10,684,160).

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



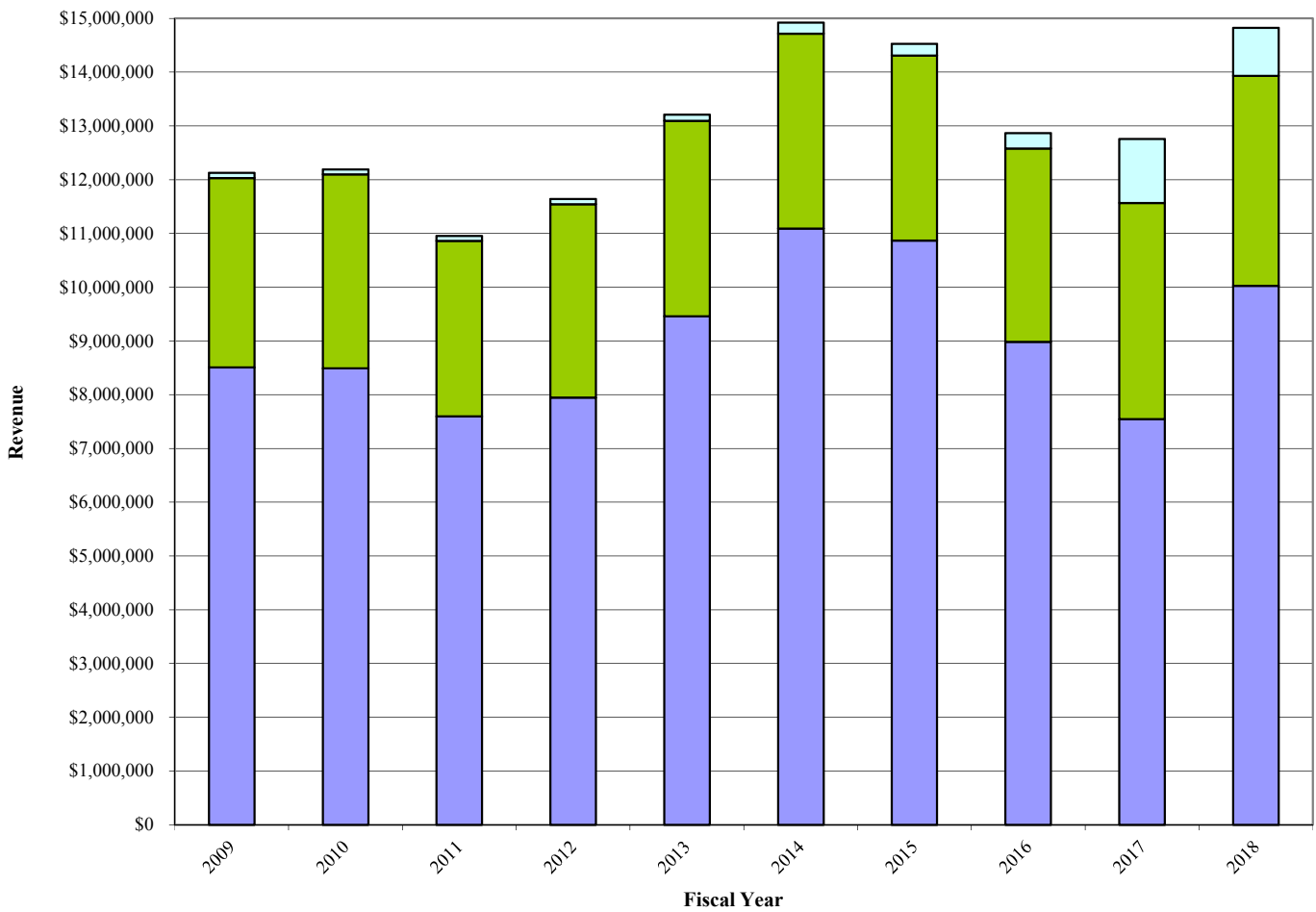
**Casitas Municipal Water District**  
**Changes in Net Position and Net Position by Component**  
**Last Ten Fiscal Years (Continued)**

	Fiscal Year				
	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues (see Schedule 2)	14,923,271	14,530,148	12,869,735	12,758,081	14,828,090
Operating expenses (see Schedule 3)	(14,238,444)	(13,277,286)	(13,931,131)	(15,307,494)	(16,372,666)
Depreciation and amortization	(3,152,038)	(3,164,097)	(3,174,681)	(3,736,067)	(4,195,538)
<b>Operating income(loss)</b>	<b>(2,467,211)</b>	<b>(1,911,235)</b>	<b>(4,236,077)</b>	<b>(6,285,480)</b>	<b>(5,740,114)</b>
Non-operating revenues(expenses)					
Property taxes	2,192,072	2,309,270	2,292,477	2,258,529	2,408,940
Clean Water Act surcharge	566,610	490,989	730,400	151,501	369,167
CFD 2013-1 assessment	-	-	454,543	601,938	2,592,342
Mira Monte assessment	31,797	19,434	19,049	19,280	19,012
Oak View availability charge	-	-	-	-	-
Property tax collection expense	(8,360)	(31,610)	(32,050)	(27,697)	(38,038)
Investment income/(loss)	281,851	227,483	718,495	(342,956)	(84,090)
Water-in-storage valuation	-	(1,171,790)	(1,193,960)	2,555,167	(1,279,005)
State water project expense	(451,590)	(696,576)	(183,384)	(266,509)	(616,152)
Interest expense	(79,124)	(70,887)	(62,438)	(168,407)	(1,639,245)
Amortization of deferred loss and bond insurance	-	-	-	(18,689)	(220,615)
Acquisition expense of CFD 2013-1	-	-	-	(3,975,600)	-
Cost of debt issuance	-	-	-	(539,160)	(2,870)
Other revenue/(expense), net	24,506	179,498	41,386	71,382	45,521
Total non-operating revenues(expenses), net	2,557,762	1,255,811	2,784,518	318,779	1,554,967
<b>Net income before capital contributions</b>	<b>90,551</b>	<b>(655,424)</b>	<b>(1,451,559)</b>	<b>(5,966,701)</b>	<b>(4,185,147)</b>
Capital contributions	489,071	484,674	844,524	230,644	220,264
<b>Change in net position</b>	<b>579,622</b>	<b>(170,750)</b>	<b>(607,035)</b>	<b>(5,736,057)</b>	<b>(3,964,883)</b>
Net position by component:					
Net investment in capital assets	53,612,183	53,488,631	53,720,578	43,353,381	40,567,259
Restricted	153,708	134,267	115,220	333,285	(593,615)
Unrestricted	28,022,990	17,311,073	16,491,138	20,902,213	20,056,268
<b>Total net position</b>	<b>81,788,881</b>	<b>70,933,971</b> <sup>(2)</sup>	<b>70,326,936</b>	<b>64,588,879</b>	<b>60,029,912</b>



**Casitas Municipal Water District**  
**Operating Revenue By Source**  
**Last Ten Fiscal Years**

Fiscal Year	Water Sales and Service	Recreation Revenue	Local Runoff	Other Operating Revenue	Total Operating Revenue
2009	\$ 8,507,054	\$ 3,526,264	\$ -	\$ 96,678	\$ 12,129,996
2010	8,488,083	3,611,110	- <sup>1</sup>	95,724	12,194,918
2011	7,592,767	3,269,377	-	94,456	10,956,600
2012	7,944,558	3,599,744	-	101,274	11,645,576
2013	9,461,356	3,637,050	-	114,121	13,212,527
2014	11,092,279	3,625,800	-	205,192	14,923,271
2015	10,868,054	3,443,089	-	219,005	14,530,148
2016	8,988,387	3,592,600	-	288,748	12,869,735
2017	7,542,239	4,027,340	-	1,188,502	12,758,081
2018	10,027,110	3,905,083	-	895,897	14,828,090

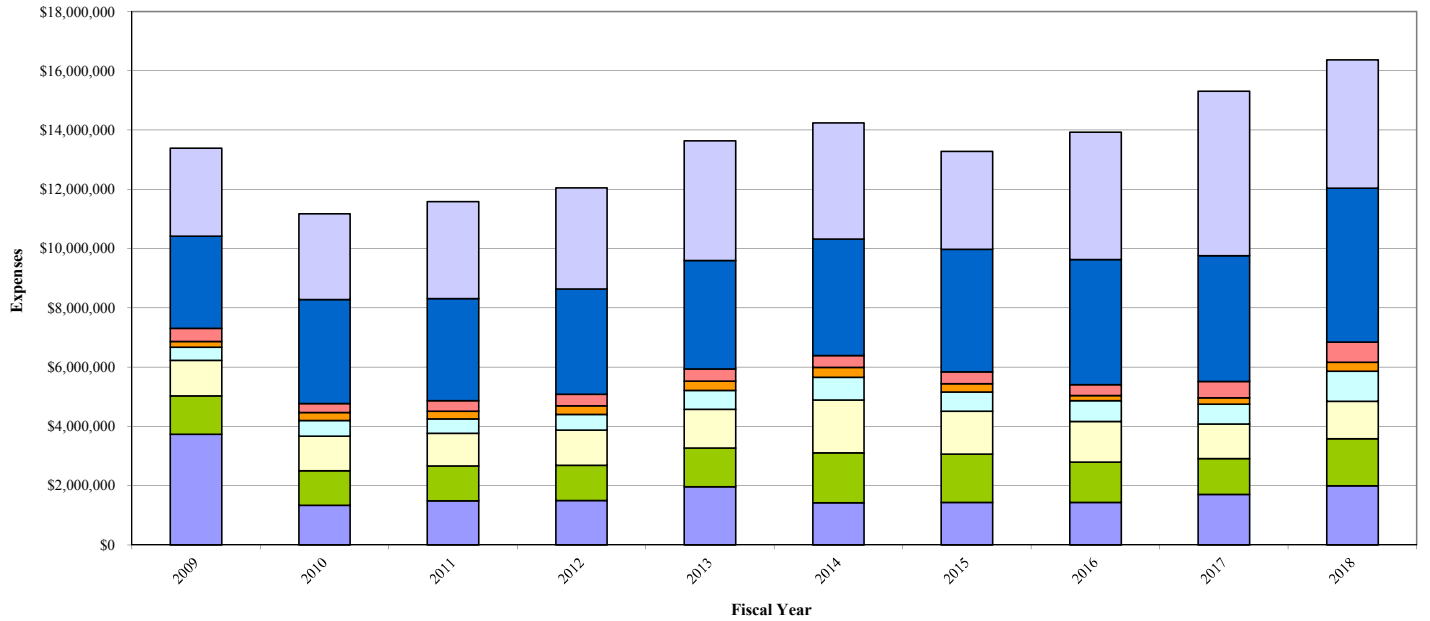


Note 1 - Beginning in FY 2010 the District classified the Water Storage Valuation as a Non-Operating Revenue

Source: Casitas Municipal Water District Accounting Department

**Casitas Municipal Water District  
Operating Expenses by Activity  
Last Ten Fiscal Years**

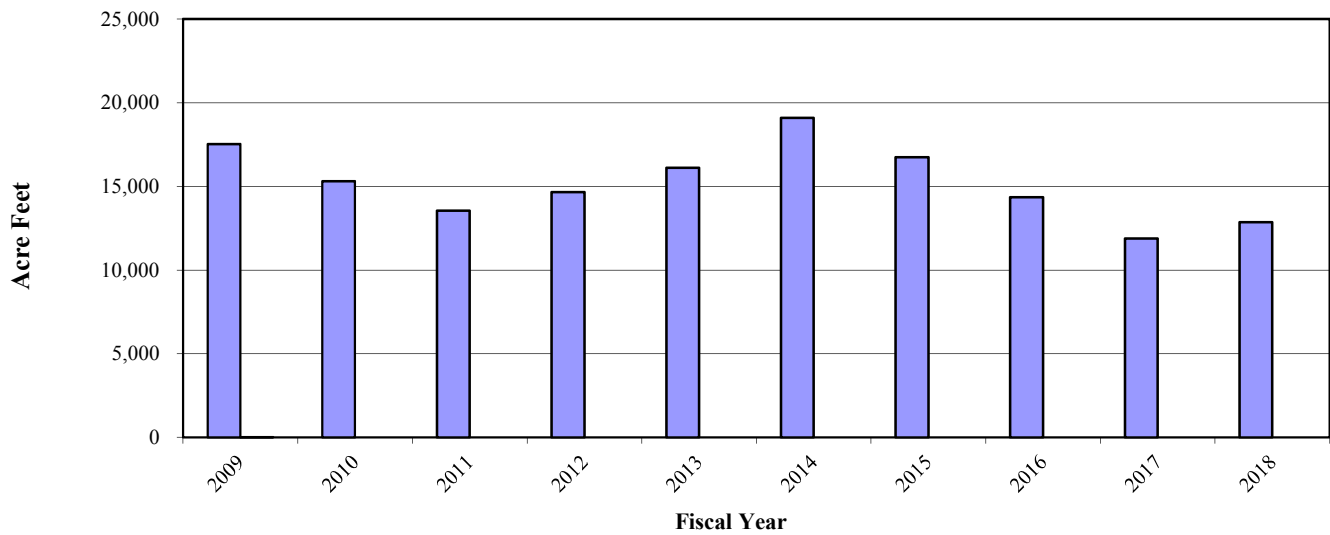
Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Telemetry	Customer Accounts	Recreation Area	General and Administrative	Total Operating Expenses
2009	3,735,269	1,292,700	1,197,050	448,678	197,119	436,851	3,113,058	2,963,389	\$ 13,384,114
2010	1,338,079	1,166,950	1,165,062	530,798	266,133	308,364	3,504,726	2,891,029	11,171,141
2011	1,493,036	1,168,939	1,107,391	488,434	251,534	362,054	3,436,849	3,278,893	11,587,130
2012	1,498,408	1,194,225	1,184,305	527,004	294,816	387,735	3,551,695	3,408,831	12,047,019
2013	1,958,838	1,313,549	1,305,364	640,781	309,327	412,021	3,662,878	4,036,271	13,639,029
2014	1,421,801	1,685,967	1,783,448	762,346	332,776	400,493	3,939,152	3,912,461	14,238,444
2015	1,430,475	1,634,202	1,451,902	646,868	272,594	399,383	4,140,358	3,301,504	13,277,286
2016	1,432,140	1,360,622	1,372,695	697,974	173,559	367,204	4,228,876	4,298,061	13,931,131
2017	1,706,783	1,204,538	1,168,090	672,992	213,595	548,117	4,250,101	5,543,278	15,307,494
2018	2,000,607	1,585,222	1,259,158	1,012,384	302,003	681,460	5,199,660	4,332,172	16,372,666



Source: Casitas Municipal Water District Accounting Department

**Casitas Municipal Water District**  
**Revenue Base**  
**Last Ten Fiscal Years**

Fiscal Year	Water Sales (Acre Feet)
2009	17,533
2010	15,307
2011	13,549
2012	14,655
2013	16,106
2014	19,093
2015	16,746
2016	14,346
2017	11,891
2018	12,853



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

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

**Casitas Municipal Water District**  
**Revenue Rates**  
**Fiscal Years 2009 to 2011**

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

			Rate per Unit **	
			GRAVITY	PUMPED
<b>RATE SCHEDULE - CLASS 1 SERVICE</b>				
Residential:				
Bi-Monthly Lifeline	0-20 Units	\$ 0.567	\$ 0.831	
Bi-Monthly Lifeline	21-34 Units	\$ 1.003	\$ 1.267	
Bi-Monthly Lifeline	35-100 units	\$ 1.404	\$ 1.668	
Bi-Monthly Lifeline	101 units +	\$ 2.200	\$ 2.464	
Business		\$ 1.259	\$ 1.524	
Industrial		\$ 1.259	\$ 1.524	
Resale		\$ 0.780	\$ 1.403	
Other		\$ 1.259	\$ 1.524	
Temporary		\$ 1.419	\$ 1.683	
Recreation		\$ 1.259	\$ 1.524	
<b>RATE SCHEDULE - CLASS 3 SERVICE</b>				
Ag-Residential:				
Monthly Lifeline	0-10 Units	\$ 0.567	\$ 0.831	
Monthly Usage	11-17 Units	\$ 1.003	\$ 1.267	
Monthly Usage	18 -50 Units	\$ 1.404	\$ 1.668	
Irrigation (AG)	51 units +	\$ 0.588	\$ 0.852	
<b>** One unit equals 100 cubic feet (748 gallons)</b>				
Cost per AF (example)	Irrigation	per AF = \$0.588 x 435.6 =	\$ 256.13	Gravity
		per AF = \$0.852 x 435.6 =	\$ 371.13	Pumped

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

Source: Casitas Municipal Water District Finance Department

**Casitas Municipal Water District**  
**Revenue Rates**  
**Fiscal Years 2012 to 2017**

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

			Rate per Unit **	
			GRAVITY	PUMPED
<b>RATE SCHEDULE - CLASS 1 SERVICE</b>				
Residential:				
Bi-Monthly Lifeline	0-20 Units	\$	0.584	\$ 0.856
Bi-Monthly Lifeline	21-34 Units	\$	1.033	\$ 1.305
Bi-Monthly Lifeline	35-100 units	\$	1.446	\$ 1.718
Bi-Monthly Lifeline	101 units +	\$	2.266	\$ 2.538
Business		\$	1.297	\$ 1.570
Industrial		\$	1.297	\$ 1.570
Resale		\$	0.803	\$ 1.445
Other		\$	1.297	\$ 1.570
Temporary		\$	1.462	\$ 1.733
Recreation		\$	1.297	\$ 1.570
<b>RATE SCHEDULE - CLASS 3 SERVICE</b>				
Ag-Residential:				
Monthly Lifeline	0-10 Units	\$	0.584	\$ 0.856
Monthly Usage	11-17 Units	\$	1.033	\$ 1.305
Monthly Usage	18 -50 Units	\$	1.446	\$ 1.718
Irrigation (AG)	51 units +	\$	0.606	\$ 0.878
<b>** One unit equals 100 cubic feet (748 gallons)</b>				
Cost per AF (example)	Irrigation	per AF = \$0.606 x 435.6 =	\$ 263.97	Gravity
		per AF = \$0.878 x 435.6 =	\$ 382.46	Pumped

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

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

Source: Casitas Municipal Water District Finance Department

**Casitas Municipal Water District  
Revenue Rates  
Fiscal Year 2018**

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

			Rate per Unit **	
			GRAVITY	PUMPED
<b>RATE SCHEDULE - CLASS 1 SERVICE</b>				
Residential:				
Bi-Monthly Lifeline	0-10 Units	\$ 0.490	\$ 0.960	
Bi-Monthly Lifeline	11-50 Units	\$ 0.990	\$ 1.460	
Bi-Monthly Lifeline	51+ units	\$ 1.890	\$ 2.360	
Bi-Monthly Lifeline		\$ -	\$ -	
Business		\$ 0.990	\$ 1.460	
Industrial		\$ 0.990	\$ 1.460	
Resale		\$ 0.990	\$ 1.460	
Other		\$ 0.990	\$ 1.460	
Temporary		\$ 0.990	\$ 1.460	
Recreation		\$ 0.990	\$ 1.460	
<b>RATE SCHEDULE - CLASS 3 SERVICE</b>				
Ag-Residential:				
Monthly Lifeline	0-10 Units	\$ 0.490	\$ 0.960	
Monthly Usage	11-50 Units	\$ 0.990	\$ 1.460	
Monthly Usage	51+ Units	\$ 1.890	\$ 2.360	
Irrigation (AG)	51 units +	\$ 0.620	\$ 1.090	
<b>** One unit equals 100 cubic feet (748 gallons)</b>				
Cost per AF (example)	Irrigation	per AF = \$0.606 x 435.6 =	\$ 263.97	Gravity
		per AF = \$0.878 x 435.6 =	\$ 382.46	Pumped

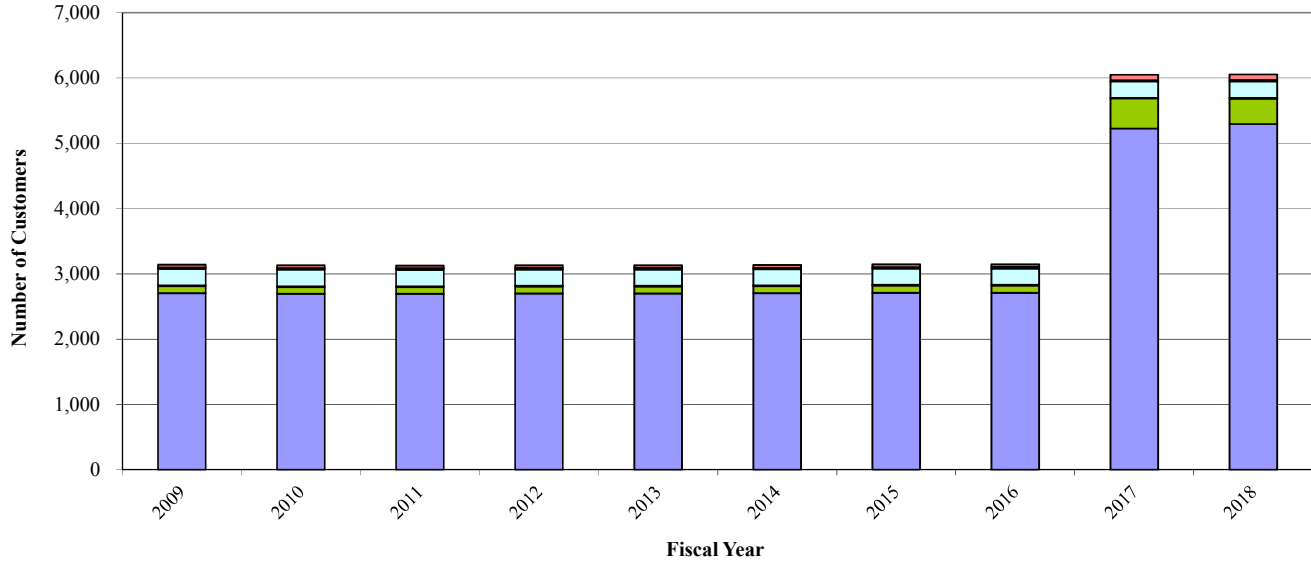
**9.3.4 COMBINATION (CLASS C) SERVICE.** Where more than one class of water service or use is provided through a single connection, the General Manager shall make an equitable proration of rates and fees, such proration shall be conclusive unless appealed within 30 days by the customer to the Board,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

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
<b>RESIDENTIAL</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>BUSINESS</b>	Monthly	\$ 22.97	\$ 38.28	\$ 76.56	\$ 122.50	\$ 204.16	\$ 267.96	\$ 482.33	\$ 995.29	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>INDUSTRIAL</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>IRRIGATION/ AG</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>RESALE(G)</b>	Monthly	\$ 25.27	\$ 42.12	\$ 84.24	\$ 134.78	\$ 224.63	\$ 294.83	\$ 530.70	\$ 1,095.09	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>RESALE(P)</b>	Monthly	\$ 25.27	\$ 42.12	\$ 84.24	\$ 134.78	\$ 224.63	\$ 294.83	\$ 530.70	\$ 1,095.09	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>OTHER</b>	Monthly	\$ 20.54	\$ 34.24	\$ 68.47	\$ 109.55	\$ 182.59	\$ 239.65	\$ 431.36	\$ 1,095.09	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>TEMPORARY</b>	Monthly	\$ 20.54	\$ 34.24	\$ 68.47	\$ 109.55	\$ 182.59	\$ 239.65	\$ 431.36	\$ 1,095.09	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm
<b>RECREATION</b>	Monthly	\$ 28.75	\$ 47.91	\$ 95.82	\$ 153.31	\$ 255.52	\$ 335.37	\$ 603.67	\$ 995.29	\$ 2.82751	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5.65502	per gpm

Source: Casitas Municipal Water District Finance Department

**Casitas Municipal Water District  
Customers by Type at Fiscal Year-End  
Last Ten Fiscal Years**

Fiscal Year	Customer Type						Total
	Residential	Business	Industrial	Agricultural	Wholesale	Other	
2009	2,707	105	9	257	22	41	3,141
2010	2,696	104	9	258	22	41	3,130
2011	2,695	104	9	257	22	41	3,128
2012	2,700	108	9	252	22	41	3,132
2013	2,700	108	9	251	23	41	3,132
2014	2,703	112	9	247	23	41	3,135
2015	2,711	112	9	249	23	41	3,145
2016	2,711	114	9	248	25	41	3,148
2017	5,224	460	13	249	22	81	6,049
2018	5,292	391	13	251	22	83	6,052



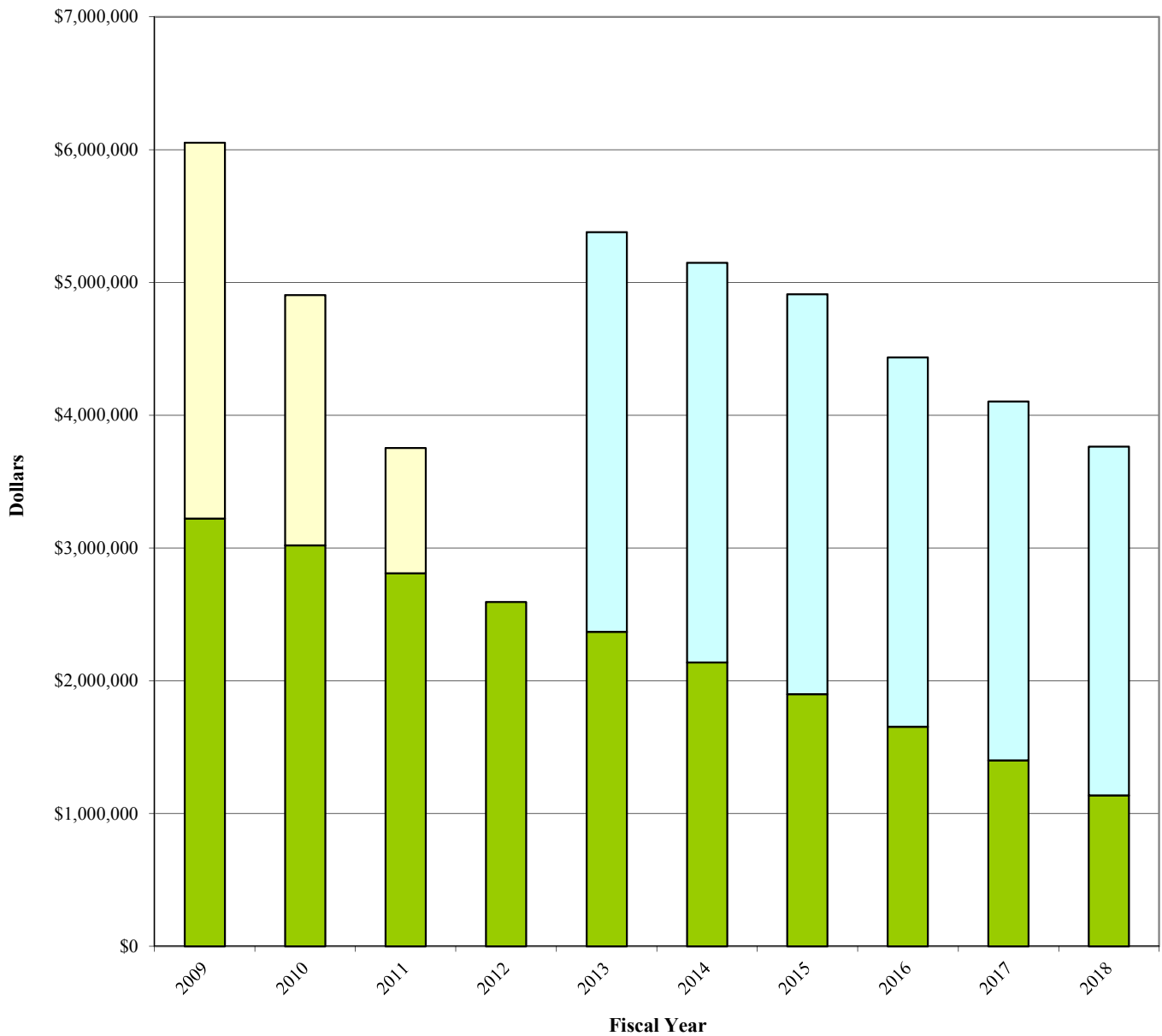
**Note:** Number of customers as of June 30 of fiscal year.

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



**Casitas Municipal Water District**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Loans Payable	Notes Payable	Reimbursement Agreement	Total		
				Debt	Per Capita	As a Share of Personal Income
2009	\$ 3,220,825	\$ 2,830,938	\$ -	\$ 6,051,763	7.42	16.61%
2010	3,017,650	1,887,292	-	4,904,942	5.94	13.04%
2011	2,807,893	943,646	-	3,751,539	4.51	9.47%
2012	2,591,520	-	-	2,591,520	3.10	6.28%
2013	2,367,787	-	3,011,898	5,379,685	6.40	12.89%
2014	2,136,978	-	3,011,898	5,148,876	6.09	11.81%
2015	1,898,692	-	3,011,898	4,910,590	5.77	10.66%
2016	1,652,804	-	2,780,214	4,433,018	5.19	9.64%
2017	1,398,725	-	2,702,986	4,101,711	4.78	8.51%
2018	1,136,523	-	2,625,757	3,762,280	4.40	7.60%



Source: Casitas Municipal Water District Accounting Department

**Casitas Municipal Water District  
Debt Coverage  
Last Ten Fiscal Years**

Fiscal Year	Net Revenues	Operating Expenses <sup>(1)</sup>	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2009	\$ 17,172,474	(12,382,370)	4,790,104	1,151,666	118,147	1,269,813	3.77
2010	15,605,715	(10,169,397)	5,436,318	1,158,821	107,098	1,265,919	4.29
2011	15,304,255	(9,614,381)	5,689,874	1,165,403	96,491	1,261,894	4.51
2012	15,717,774	(10,948,207)	4,769,567	237,733	89,085	326,818	14.59
2013	15,752,090	(11,998,166)	3,753,924	244,809	81,334	326,143	11.51
2014	18,020,107	(12,234,997)	5,785,110	253,286	73,157	326,443	17.72
2015	17,937,802	(13,277,286)	4,660,516	261,888	64,830	326,718	14.26
2016	16,910,651	(13,931,131)	2,979,520	331,307	55,864	387,171	7.70
2017	15,758,515	(15,307,494)	451,021	339,430	42,866	382,296	1.18
2018	20,176,194	(16,372,666)	3,803,528	262,202	42,866	305,068	12.47

**Notes:**

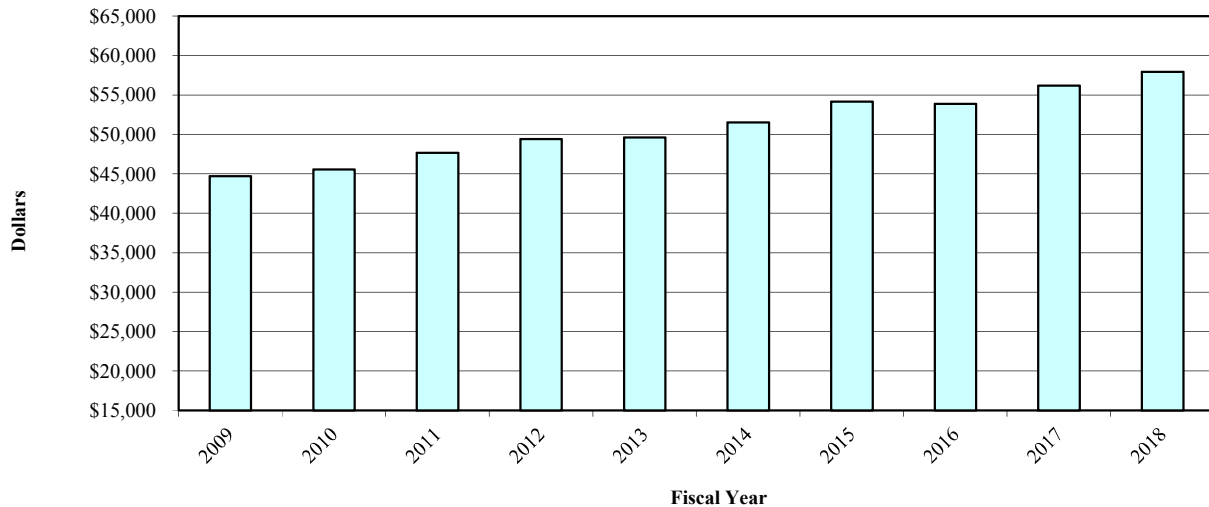
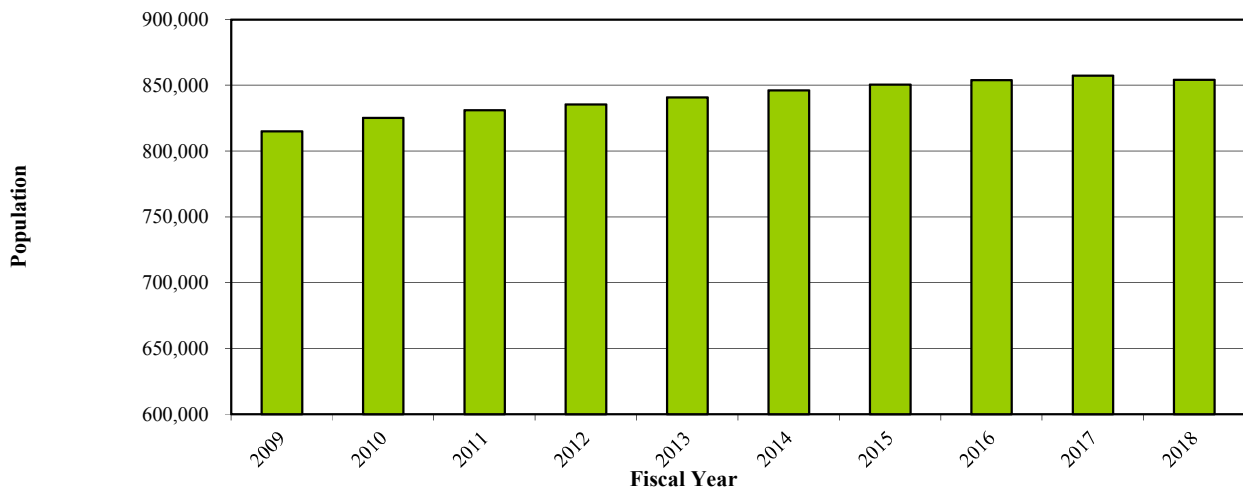
(1) Operating expenses exclude depreciation expense.

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

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

**Casitas Municipal Water District**  
**Demographics and Economic Statistics - County of Ventura**  
**Last Ten Calendar Years**

Year	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2009	9.6%	815,130	36,440,000	44,705
2010	10.8%	825,298	37,605,000	45,565
2011	10.2%	831,130	39,627,000	47,678
2012	9.1%	835,416	41,294,000	49,429
2013	7.9%	840,964	41,728,000	49,619
2014	6.6%	846,119	43,608,000	51,539
2015	5.6%	850,536	46,060,000	54,154
2016	5.2%	853,893	46,000,000	53,871
2017	4.5%	857,386	48,200,000	56,217
2018	3.1%	854,223	49,500,000	57,947



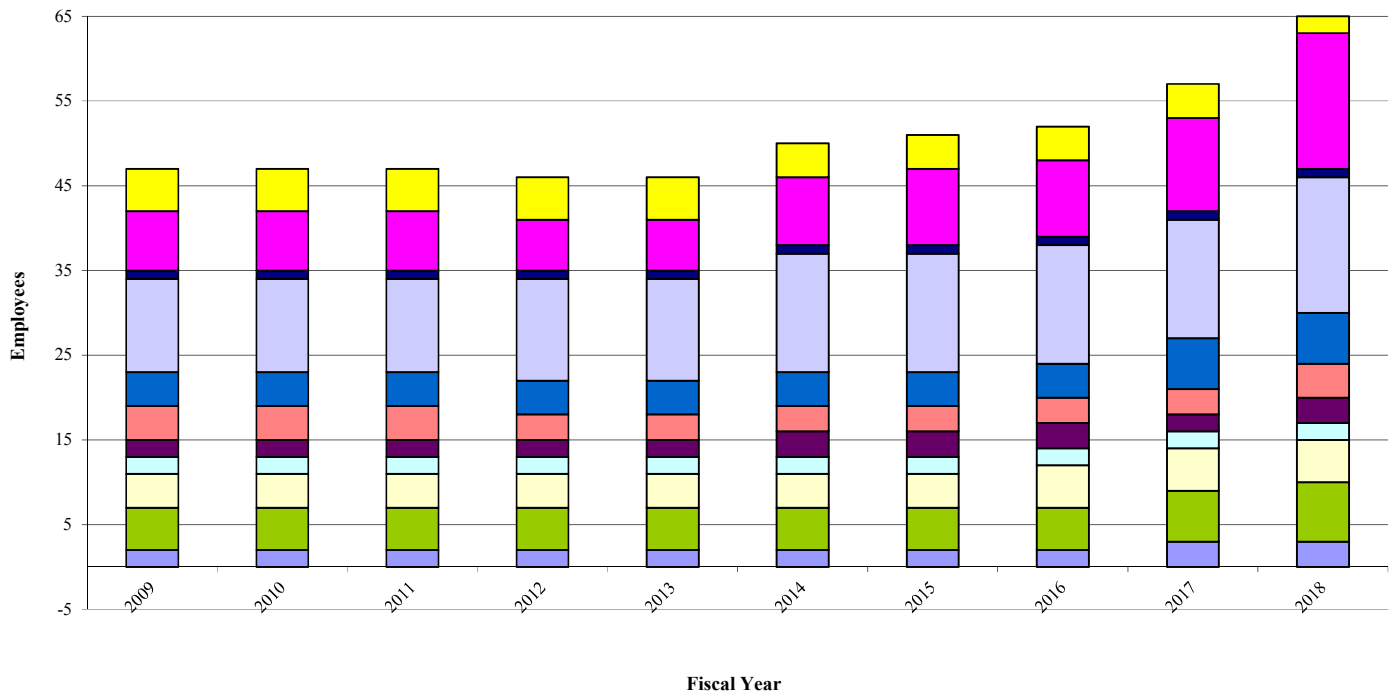
**Sources:** California Department of Finance and CaliforniaLaborMarketInfo

**Notes:**

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

**Casitas Municipal Water District  
Operating and Capacity Indicators – Employees  
Last Ten Fiscal Years**

Employees										
Department	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Management	2	2	2	2	2	2	2	2	3	3
Administration	5	5	5	5	5	5	5	5	6	7
Engineering	4	4	4	4	4	4	4	5	5	5
Water Quality Lab	2	2	2	2	2	2	2	2	2	2
Fisheries	2	2	2	2	2	3	3	3	2	3
Electrical and Mechanical	4	4	4	3	3	3	3	3	3	4
Distribution	4	4	4	4	4	4	4	4	6	6
Conservation and Treatment	11	11	11	12	12	14	14	14	14	16
Information Technology	1	1	1	1	1	1	1	1	1	1
Recreation Operations	7	7	7	6	6	8	9	9	11	16
Recreation Maintenance	5	5	5	5	5	4	4	4	4	2
<b>Total</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>50</b>	<b>51</b>	<b>52</b>	<b>57</b>	<b>65</b>



Sources: Casitas Municipal Water District Operations and Accounting Departments

**Casitas Municipal Water District  
Operating and Capacity Indicators – Operations  
Last Ten Fiscal Years**

<b>Other Operating and Capacity Indicators</b>					
<b>Fiscal Year</b>	<b>Miles of Pipeline</b>	<b>Lake Storage Capacity (AF)</b>	<b>Lake Level at Year-End (AF)</b>	<b>Percentage of Lake Capacity</b>	<b>Daily System Capacity (MGD)</b>
2009	105.7	254,000	199,851	78.7%	65
2010	105.7	254,000	194,405	76.5%	65
2011	105.7	254,000	218,328	86.0%	65
2012	105.7	254,000	197,199	77.6%	65
2013	105.7	254,000	171,748	67.6%	65
2014	105.7	254,000	145,253	57.2%	65
2015	105.7	254,000	122,050	48.1%	65
2016	105.7	254,000	100,696	39.6%	65
2017	138.4	254,000	106,322	41.9%	65
2018	138.4	254,000	80,996	31.9%	65

N/A - Data not available for these years

AF - Acre Feet

MGD - Millions of Gallons per Day

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

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