

Casitas Municipal Water District

*Comprehensive Annual Financial Report
For the Years Ended June 30, 2017 and 2016*



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Casitas Municipal Water District
Oak View, California

Comprehensive Annual Financial Report

For the Years Ended June 30, 2017 and 2016

Prepared by:

Denise Collin – Accounting Manager / Treasurer

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INTRODUCTORY SECTION

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December 31, 2017

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, 2017 and 2016, 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, 2016, the District received for the 23rd 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,



Steve Wickstrum
General Manager



Denise Collin
Accounting Manager/Treasurer

Casitas Municipal Water District

Directory

July 1, 2016 – June 30, 2017

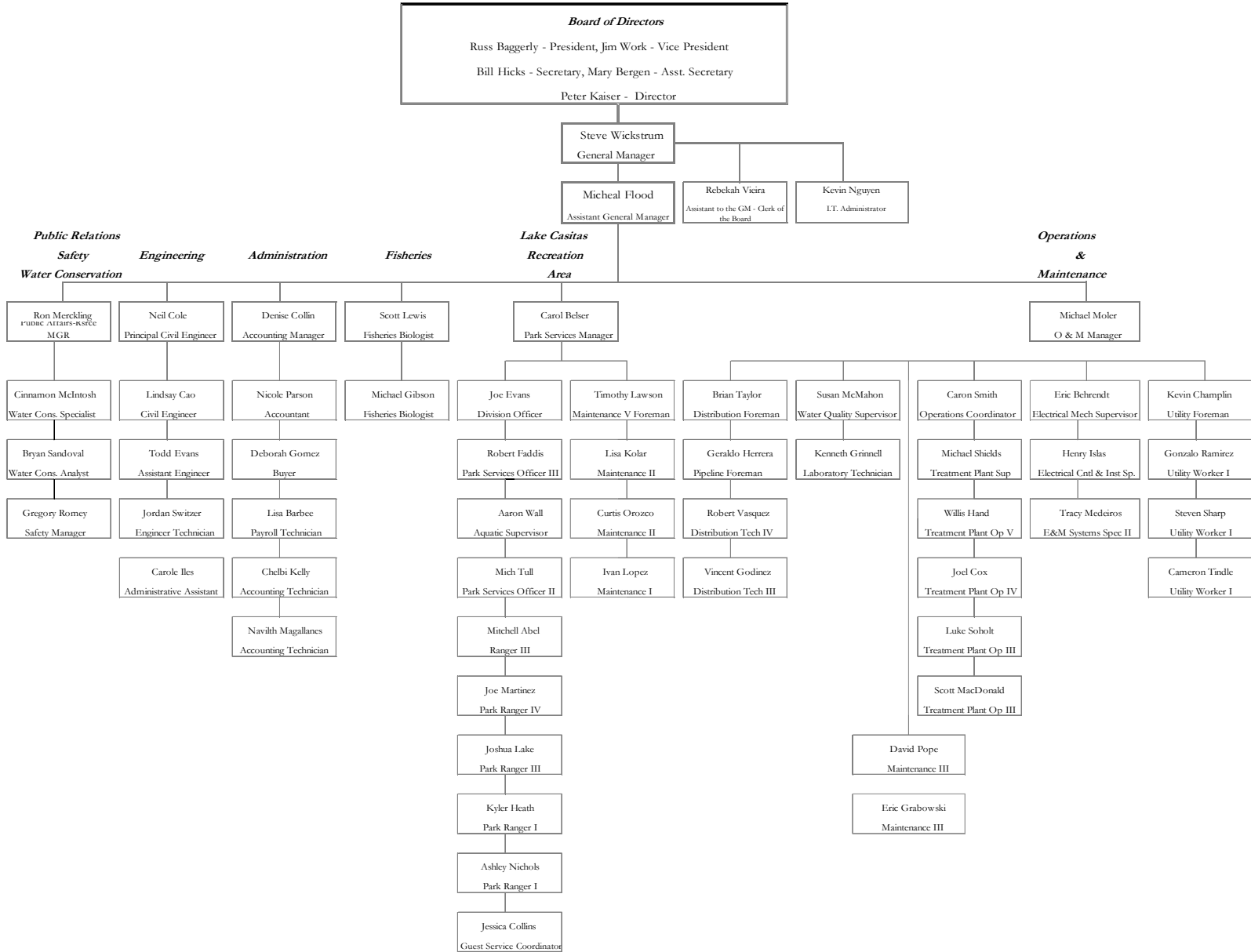
Board of Directors

Board Member	Division	Date of Original Election or 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	Assistant to the General Manager and Clerk of the Board
Neil Cole	Principal Civil Engineer
Carol Belser	Park Services Manager
Denise Collin	Accounting Manager / Treasurer
Michael Moler	O&M Manager
Ron Merckling	Public Affairs Resource Manager
Scott Lewis	Fisheries Biologist
Greg Romey	Safety Officer

Casitas Municipal Water District Organizational Chart





Government Finance Officers Association

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

Presented to

**Casitas Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

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 balance sheets as of June 30, 2017 and 2016, 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.

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 2017 and 2016, 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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To the Board of Directors
of the Casitas Municipal Water District
Oak View, California

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 14 through 18 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 Plans, and the Schedule of Funding Progress – Other Post-Employment Benefits Plan on pages 61 through 63, 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 audit was 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 67 through 79 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.

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2017, 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 31, 2017



**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, 2017 and 2016, 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 31, 2017.

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*.

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

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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 31, 2017

Casitas Municipal Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2017 and 2016

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, 2017 and 2016. 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 (\$5,736,057) and (\$607,035) for fiscal years ended June 30, 2017 and 2016, respectively.
- In May 2017, the District acquired the Ojai water facilities located within Community Facilities District 2013-1 (CFD 2013-1) for approximately \$34.4 million by issuing \$39.9 million in special tax bonds for the acquisition and capital improvements needed to upgrade the water facilities.
- 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.
- In 2016, total revenues decreased by 3.5% or (\$630,737) from \$17,756,822 to \$17,126,085, from the prior year, primarily due to the decrease in retail water consumption of (\$1,141,921) and wholesale water sales of (\$677,957) as the California drought continues with a State mandated 25% reduction in consumption.
- 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.
- In 2016, total operating expenses for the District's operations before depreciation expense increased by 4.9% or \$653,845 from \$13,277,286 to \$13,931,131, from the prior year, primarily due to the combination of a decrease in pumping expenses of (\$273,580) and an increase in general and administrative expenses of \$996,557.

Required Financial Statements

This annual report consists of a series of financial statements. The Balance Sheet, 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 Balance Sheet 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)
For the Years Ended June 30, 2017 and 2016**

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 Balance Sheet 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.

Balance Sheets

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>June 30, 2015</u>	<u>Change</u>
Assets:					
Current assets	\$ 30,999,175	\$ 29,273,544	\$ 1,725,631	\$ 29,120,364	\$ 153,180
Non-current assets	16,264,433	5,084,988	11,179,445	6,163,728	(1,078,740)
Capital assets, net	83,401,429	58,243,096	25,158,333	58,504,721	(261,625)
Total assets	<u>130,665,037</u>	<u>92,601,628</u>	<u>38,063,409</u>	<u>93,788,813</u>	<u>(1,187,185)</u>
Deferred outflows of resources	<u>5,839,055</u>	<u>566,878</u>	<u>5,272,177</u>	<u>434,390</u>	<u>132,488</u>
Total assets and deferred outflows of resources	<u>\$ 136,504,092</u>	<u>\$ 93,168,506</u>	<u>\$ 43,335,586</u>	<u>\$ 94,223,203</u>	<u>\$ (1,054,697)</u>
Liabilities:					
Current liabilities	\$ 6,066,411	\$ 1,863,239	\$ 4,203,172	\$ 2,686,351	\$ (823,112)
Non-current liabilities	63,852,347	18,356,743	45,495,604	18,518,230	(161,487)
Total liabilities	<u>69,918,758</u>	<u>20,219,982</u>	<u>49,698,776</u>	<u>21,204,581</u>	<u>(984,599)</u>
Deferred inflows of resources	<u>1,996,455</u>	<u>2,621,588</u>	<u>(625,133)</u>	<u>2,084,651</u>	<u>536,937</u>
Net position:					
Net investment in capital assets	43,353,381	53,810,078	(10,456,697)	53,488,631	321,447
Restricted	333,285	25,720	307,565	134,267	(108,547)
Unrestricted	20,902,213	16,491,138	4,411,075	17,311,073	(819,935)
Total net position	<u>64,588,879</u>	<u>70,326,936</u>	<u>(5,738,057)</u>	<u>70,933,971</u>	<u>(607,035)</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 136,504,092</u>	<u>\$ 93,168,506</u>	<u>\$ 43,335,586</u>	<u>\$ 94,223,203</u>	<u>\$ (1,054,697)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$64,588,879 and \$70,326,936 as of June 30, 2017 and 2016, respectively.

Casitas Municipal Water District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Years Ended June 30, 2017 and 2016

The District's net position (67% as of June 30, 2017 and 76% as of June 30, 2016) 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 2017 and 2016, the District showed a positive balance in its unrestricted net position of \$20,902,213 and \$16,491,138, respectively, which may be utilized in future years.

Statement of Revenues, Expenses and Change in Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>June 30, 2015</u>	<u>Change</u>
Operating revenues	\$ 12,758,081	\$ 12,869,735	\$ (111,654)	\$ 14,530,148	\$ (1,660,413)
Operating expenses	<u>(15,307,494)</u>	<u>(13,931,131)</u>	<u>(1,376,363)</u>	<u>(13,277,286)</u>	<u>(653,845)</u>
Operating income before depreciation	(2,549,413)	(1,061,396)	(1,488,017)	1,252,862	(2,314,258)
Depreciation expense	<u>(3,736,067)</u>	<u>(3,174,681)</u>	<u>(561,386)</u>	<u>(3,164,097)</u>	<u>(10,584)</u>
Operating income(loss)	(6,285,480)	(4,236,077)	(2,049,403)	(1,911,235)	(2,324,842)
Non-operating revenues(expenses), net	<u>318,779</u>	<u>2,784,518</u>	<u>(2,465,739)</u>	<u>1,255,811</u>	<u>1,528,707</u>
Net loss before capital contributions	(5,966,701)	(1,451,559)	(4,515,142)	(655,424)	(796,135)
Capital contributions	<u>230,644</u>	<u>844,524</u>	<u>(613,880)</u>	<u>484,674</u>	<u>359,850</u>
Change in net position	(5,736,057)	(607,035)	(5,129,022)	(170,750)	(436,285)
Net position:					
Beginning of year	70,326,936	70,933,971	(607,035)	81,788,881	(10,854,910)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,684,160)</u>	<u>10,684,160</u>
End of year	<u>\$ 64,590,879</u>	<u>\$ 70,326,936</u>	<u>\$ (5,736,057)</u>	<u>\$ 70,933,971</u>	<u>\$ (607,035)</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 (\$5,736,057) and (\$607,035) for the fiscal years ended June 30, 2017 and 2016, respectively.

Total Revenues

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
Operating revenues:					
Retail water consumption	\$ 4,433,772	\$ 5,484,383	\$ (1,050,611)	\$ 6,626,304	\$ (1,141,921)
Wholesale water sales	957,315	1,380,262	(422,947)	2,058,219	(677,957)
Monthly water service charge	2,151,152	2,123,742	27,410	2,183,531	(59,789)
Recreation revenue	4,027,340	3,592,600	434,740	3,443,089	149,511
Other water charges and services	<u>1,188,502</u>	<u>288,748</u>	<u>899,754</u>	<u>219,005</u>	<u>69,743</u>
Total operating revenues	<u>12,758,081</u>	<u>12,869,735</u>	<u>(111,654)</u>	<u>14,530,148</u>	<u>(1,660,413)</u>
Non-operating:					
Property taxes – ad valorem	2,164,262	2,199,074	(34,812)	2,240,433	(41,359)
Pass-through property tax increment	94,267	93,403	864	68,837	24,566
Property tax assessment for SWP	151,501	730,400	(578,899)	490,989	239,411
CFD 2013-1 assessment	601,938	454,543	147,395	-	454,543
Mira Monte assessment	19,280	19,049	231	19,434	(385)
Investment earnings	519,022	515,352	3,670	427,897	87,455
Change in fair-value of investments	(861,978)	203,143	(1,065,121)	(200,414)	403,557
Other non-operating revenues/(expenses), net	<u>71,382</u>	<u>41,386</u>	<u>29,996</u>	<u>179,498</u>	<u>(138,112)</u>
Total non-operating	<u>2,759,674</u>	<u>4,256,350</u>	<u>(1,496,676)</u>	<u>3,226,674</u>	<u>1,029,676</u>
Total revenues	<u>\$ 15,517,755</u>	<u>\$ 17,126,085</u>	<u>\$ (1,608,330)</u>	<u>\$ 17,756,822</u>	<u>\$ (630,737)</u>

Casitas Municipal Water District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Years Ended June 30, 2017 and 2016

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.

In 2016, total revenues decreased by 3.5% or (\$630,737) from \$17,756,822 to \$17,126,085, from the prior year, primarily due to the decrease in retail water consumption of (\$1,141,921) and wholesale water sales of (\$677,957) as the California drought continues with a State mandated 25% reduction in consumption.

Total Expenses

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
Operating expenses:					
Source of supply	\$ 1,706,783	\$ 1,432,140	\$ 274,643	\$ 1,430,475	\$ 1,665
Pumping	1,204,538	1,360,622	(156,084)	1,634,202	(273,580)
Water treatment	1,168,090	1,372,695	(204,605)	1,451,902	(79,207)
Transmission and distribution	672,992	697,974	(24,982)	646,868	51,106
Telemetry	213,595	173,559	40,036	272,594	(99,035)
Customer accounts	548,117	367,204	180,913	399,383	(32,179)
Recreation expenses	4,250,101	4,228,876	21,225	4,140,358	88,518
General and administrative	5,543,278	4,298,061	1,245,217	3,301,504	996,557
Operating expenses before depreciation	<u>15,307,494</u>	<u>13,931,131</u>	<u>1,376,363</u>	<u>13,277,286</u>	<u>653,845</u>
Depreciation	3,736,067	3,174,681	561,386	3,164,097	10,584
Total operating expenses	<u>19,043,561</u>	<u>17,105,812</u>	<u>1,937,749</u>	<u>16,441,383</u>	<u>664,429</u>
Non-operating expenses:					
State water project expense	266,509	183,384	83,125	696,576	(513,192)
Change in water-in-storage inventory	(2,555,167)	1,193,960	(3,749,127)	1,171,790	22,170
Tax collection expense	27,697	32,050	(4,353)	31,610	440
Interest expense – long-term debt	168,407	62,438	105,969	70,887	(8,449)
Amortization of deferred loss and insurance	18,689	-	18,689	-	-
Acquisition expense of CFD 2013-1	3,975,600	-	3,975,600	-	-
Cost of debt issuance	539,160	-	539,160	-	-
Total non-operating	<u>2,440,895</u>	<u>1,471,832</u>	<u>969,063</u>	<u>1,970,863</u>	<u>(499,031)</u>
Total expenses	<u>\$ 21,484,456</u>	<u>\$ 18,577,644</u>	<u>\$ 2,906,812</u>	<u>\$ 18,412,246</u>	<u>\$ 165,398</u>

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.

In 2016, total operating expenses for the District's operations before depreciation expense increased by 4.9% or \$653,845 from \$13,277,286 to \$13,931,131, from the prior year, primarily due to the combination of a decrease in pumping expenses of (\$273,580) and an increase in general and administrative expenses of \$996,557.

Casitas Municipal Water District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Years Ended June 30, 2017 and 2016

Capital Asset Administration

	Balance	Balance	Balance
Capital assets:	June 30, 2017	June 30, 2016	June 30, 2015
Non-depreciable assets	\$ 10,523,881	\$ 6,288,912	\$ 6,230,088
Depreciable assets	136,599,607	111,938,176	109,187,029
Accumulated depreciation	<u>(63,720,059)</u>	<u>(59,983,992)</u>	<u>(56,912,396)</u>
Total capital assets, net	<u>\$ 83,403,429</u>	<u>\$ 58,243,096</u>	<u>\$ 58,504,721</u>

At the end of fiscal year 2017, 2016 and 2015, the District's investment in capital assets amounted to \$83,403,429, \$58,243,096 and \$58,504,721 (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:

	Balance	Balance	Balance
Long-term debt:	June 30, 2017	June 30, 2016	June 30, 2015
Reimbursement agreement	\$ 2,702,986	\$ 2,780,214	\$ 3,011,898
Assessment bonds payable	73,500	89,500	105,500
Loans payable	1,398,725	1,652,804	1,898,692
Special tax bonds	<u>44,125,399</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 48,300,610</u>	<u>\$ 4,522,518</u>	<u>\$ 5,016,090</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
Balance Sheet
June 30, 2017 and 2016

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,304,457	\$ 6,280,341
Investments (note 2)	20,696,527	19,552,252
Accrued interest receivable	123,513	101,996
Accounts receivable (note 4)	6,033,970	2,998,724
Materials and supplies inventory	82,132	96,593
Prepaid expenses	758,576	243,638
Total current assets	<u>30,999,175</u>	<u>29,273,544</u>
Non-current assets:		
Restricted – cash and cash equivalents (note 2 and 3)	8,643,510	-
Restricted – special assessments receivable (note 7)	95,988	115,220
Water-in-storage inventory (note 5)	7,524,935	4,969,768
Capital assets – not being depreciated (note 6)	10,523,881	6,288,912
Capital assets – being depreciated, net (note 6)	72,879,548	51,954,184
Total non-current assets	<u>99,667,862</u>	<u>63,328,084</u>
Total assets	<u>130,667,037</u>	<u>92,601,628</u>
Deferred outflows of resources:		
Deferred loss on CFD 2013-1 (note 10)	4,100,000	-
Pension related deferred outflows of resources (note 12)	1,739,055	566,878
Total deferred outflows of resources	<u>5,839,055</u>	<u>566,878</u>
Total assets and deferred outflows of resources	<u>\$ 136,506,092</u>	<u>\$ 93,168,506</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,077,815	\$ 619,778
Deposits and unearned revenue	3,018,270	539,569
Accrued interest payable	166,920	13,279
Long-term liabilities – due within one year:		
Compensated absences (note 7)	346,976	343,306
Reimbursement agreement (note 8)	77,228	77,228
Assessment bonds payable (note 9)	17,000	16,000
Long-term debt (note 10)	362,202	254,079
Total current liabilities	<u>6,066,411</u>	<u>1,863,239</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	520,465	514,958
Reimbursement agreement (note 8)	2,625,758	2,702,986
Assessment bonds payable (note 9)	56,500	73,500
Long-term debt (note 10)	45,161,922	1,398,725
Net other post-employment benefits payable (note 11)	8,800,102	9,049,748
Net pension liability (note 12)	6,687,600	4,616,826
Total non-current liabilities	<u>63,852,347</u>	<u>18,356,743</u>
Total liabilities	<u>69,918,758</u>	<u>20,219,982</u>
Deferred inflows of resources:		
Pension related deferred inflows of resources (Note 12)	1,996,455	2,621,588
Total deferred inflows of resources	<u>1,996,455</u>	<u>2,621,588</u>
Net position:		
Net investment in capital assets (note 13)	43,353,381	53,810,078
Restricted for debt service (note 14)	333,285	25,720
Unrestricted	20,904,213	16,491,138
Total net position	<u>64,590,879</u>	<u>70,326,936</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 136,506,092</u>	<u>\$ 93,168,506</u>

Casitas Municipal Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Retail water consumption	\$ 4,433,772	\$ 5,484,383
Wholesale water sales	957,315	1,380,262
Monthly water service charge	2,151,152	2,123,742
Recreation revenue	4,027,340	3,592,600
Other water charges and services	1,188,502	288,748
Total operating revenues	<u>12,758,081</u>	<u>12,869,735</u>
Operating expenses:		
Source of supply	1,706,783	1,432,140
Pumping	1,204,538	1,360,622
Water treatment	1,168,090	1,372,695
Transmission and distribution	672,992	697,974
Telemetry	213,595	173,559
Customer accounts	548,117	367,204
Recreation expenses	4,250,101	4,228,876
General and administrative	5,543,278	4,298,061
Total operating expenses	<u>15,307,494</u>	<u>13,931,131</u>
Operating (loss) before depreciation	(2,549,413)	(1,061,396)
Depreciation – water department	(3,415,057)	(2,826,579)
Depreciation – recreation department	(321,010)	(348,102)
Operating (loss)	<u>(6,285,480)</u>	<u>(4,236,077)</u>
Non-operating revenues(expenses):		
Property taxes – ad valorem	2,164,262	2,199,074
Pass-through property tax increment	94,267	93,403
Property tax assessment for State Water Project	151,501	730,400
State water project expense	(266,509)	(183,384)
Change in water-in-storage inventory (note 5)	2,555,167	(1,193,960)
CFD 2013-1 assessment	601,938	454,543
Mira Monte assessment	19,280	19,049
Tax collection expense	(27,697)	(32,050)
Investment earnings	519,022	515,352
Change in fair-value of investments	(861,978)	203,143
Interest expense – long-term debt	(168,407)	(62,438)
Amortization of deferred loss and bond insurance on CFD 2013-1	(18,689)	-
Acquisition expense of CFD 2013-1	(3,975,600)	-
Cost of debt issuance	(539,160)	-
Other, net	71,382	41,386
Total non-operating revenue(expense), net	<u>318,779</u>	<u>2,784,518</u>
Net (loss) before capital contributions	<u>(5,966,701)</u>	<u>(1,451,559)</u>
Capital contributions:		
Federal, state and local grants	230,644	844,524
Total capital contributions	<u>230,644</u>	<u>844,524</u>
Change in net position	(5,736,057)	(607,035)
Net position:		
Beginning of year	70,326,936	70,933,971
End of year	<u>\$ 64,590,879</u>	<u>\$ 70,326,936</u>

Casitas Municipal Water District
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 12,272,918	\$ 12,940,637
Cash paid to employees for salaries and wages	(5,905,764)	(5,329,582)
Cash paid to vendors and suppliers for materials and services	(8,677,684)	(8,744,560)
Net cash (used in) operating activities	<u>(2,310,530)</u>	<u>(1,133,505)</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	3,012,016	3,511,308
Tax collection expense	(27,697)	(32,050)
Net cash provided by non-capital financing activities	<u>2,984,319</u>	<u>3,479,258</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,005,659)	(2,913,056)
Proceeds from capital grants	230,644	844,524
Proceeds from debt issuance	44,137,303	-
Cost of debt issuance	(539,160)	-
Principal paid on long-term debt	(347,307)	(517,921)
Interest paid on long-term debt	(55,864)	(49,159)
Net cash provided by (used in) capital and related financing activities	<u>40,419,957</u>	<u>(2,635,612)</u>
Cash flows from investing activities:		
Proceeds from the sale or maturity of investments	3,609,269	2,256,411
Purchases of investments, net	(4,684,894)	(2,570,123)
Acquisition of CFD 2013-1	(34,481,628)	-
Acquisition of CFD 2013-1 expenses	(366,372)	-
Investment earnings	497,505	522,731
Net cash provided by (used in) investing activities	<u>(35,426,120)</u>	<u>209,019</u>
Net increase (decrease) in cash and cash equivalents	5,667,626	(80,840)
Cash and cash equivalents:		
Beginning of year	<u>6,280,341</u>	<u>6,361,181</u>
End of year	<u>\$ 11,947,967</u>	<u>\$ 6,280,341</u>

Casitas Municipal Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	\$ (6,285,480)	\$ (4,236,077)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	3,736,067	3,174,681
State water project expense	(266,509)	(183,384)
Other, net	71,382	41,386
Change in assets – (increase)decrease:		
Accounts receivable	(3,035,246)	11,018
Materials and supplies inventory	14,461	(7,889)
Prepaid items	(514,938)	151,320
Change in deferred outflows of resources – (increase)decrease		
Pension related deferred outflows of resources	(1,172,177)	(132,488)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	1,458,037	(683,588)
Deposits and unearned revenue	2,478,701	18,498
Compensated absences	9,177	(24,349)
Net other post-employment benefits payable	(249,646)	936,532
Net pension liability	2,070,774	(736,102)
Change in deferred inflows of resources – increase(decrease)		
Pension related deferred inflows of resources	(625,133)	536,937
Total adjustments	3,974,950	3,102,572
Net cash (used in) operating activities	\$ (2,310,530)	\$ (1,133,505)
Non-cash investing, capital and financing transactions:		
Change in fair-value of investments	\$ (861,978)	\$ 203,143

Casitas Municipal Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2017 and 2016

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 (GAAP), as applied to enterprise funds. 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. Revenues and expenses are recognized on the full 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

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

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.

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, 2017 and 2016, 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, 2017 and 2016

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, 2017 and 2016

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

Net Other Post Employment Retirement Benefits

The District provides certain health care benefits for all retired employees that meet eligibility requirements. The District’s share of the estimated costs that will be paid after retirement is being accounted for on a pay-as-you-go basis.

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 9). 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>CalPERS</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Valuation date	June 30, 2015	June 30, 2014
Measurement date	June 30, 2016	June 30, 2015
Measurement period	July 1, 2015 to June 30, 2016	July 1, 2014 to June 30, 2015

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 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments

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

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash and cash equivalents	\$ 3,304,457	\$ 6,280,341
Investments	20,696,527	19,552,252
Restricted – cash and cash equivalents	8,643,510	-
Total	<u>\$ 32,644,494</u>	<u>\$ 25,832,593</u>

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

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash on hand	\$ 6,400	\$ 5,000
Deposits held with financial institutions	3,294,732	6,225,779
Investments	29,343,362	19,601,814
Total	<u>\$ 32,644,494</u>	<u>\$ 25,832,593</u>

Demand Deposits

At June 30, 2017 and 2016, the carrying amount of the District's demand deposits was \$3,294,732 and \$6,225,779, respectively, and the financial institution balance was \$4,712,483 and \$6,787,388, respectively. The \$1,417,751 and \$561,609 respective net difference as of June 30, 2017 and 2016 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.

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.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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, 2017 and 2016, none of the District’s deposits and investments was exposed to disclosable custodial credit risk.

Investments

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

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Maturity</u>		
				<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 120 Months</u>
U.S. treasury obligations	Level 2	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	AAAf/S-1+	2,873	2,873	-	-
Total investments			\$ 29,343,362	\$ 10,813,514	\$ 1,354,590	\$ 17,175,258

The District’s investments as of June 30, 2016 were as follows:

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Maturity</u>		
				<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 120 Months</u>
U.S. treasury obligations	Level 2	AAA	\$ 3,187,930	\$ -	\$ -	\$ 3,187,930
Government sponsored agency securities	Level 2	AAA	16,364,322	685,356	1,062,220	14,616,746
Money market mutual funds	Level 2	N/A	46,262	46,262	-	-
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	448	448	-	-
Ventura County Pooled Investment Fund	Level 2	AAAf/S-1+	2,852	2,852	-	-
Total investments			\$ 19,601,814	\$ 734,918	\$ 1,062,220	\$ 17,804,676

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

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

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/

The District’s investments with LAIF at June 30, 2017 and 2016 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 \$451 and \$448 invested in LAIF, which had invested 2.89% and 2.81% of the pooled investment funds as of June 30, 2017 and June 30, 2016, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998940671 and 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2017 and 2016, respectively.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

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/

The County’s Treasurer has indicated to the District that as of June 30, 2017 and 2016 that the value of the County’s portfolio was approximately \$2.1 billion and \$2.2 billion, respectively. As of June 30, 2017 and 2016, the District has investment in the VCPIF \$2,873 and \$2,852, respectively. The VCPIF fair value factor of 1.00026119 and 1.00155537 was used to calculate the fair value of the investments in VCPIF as of June 30, 2017 and 2016, respectively.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

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, 2017 and 2016, 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 AAAs/S-1+.

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.

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, 2017		June 30, 2016	
	Percentage	Balance	Percentage	Balance
U.S. treasury obligations	10%	\$ 3,119,948	12%	\$ 3,187,930
Government sponsored agency securities	54%	17,576,579	63%	16,364,322

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 3 – Restricted Assets

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

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Restricted – cash and cash equivalents	\$ 8,643,510	\$ -
Restricted – special assessments receivable	95,988	115,220
Total restricted assets	\$ 8,739,498	\$ 115,220

Restricted assets as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Proceeds from debt issuance – capital project funds	\$ 8,177,062	\$ -
Proceeds from debt issuance – debt reserve funds	466,448	-
Special assessments receivable for debt service	95,988	115,220
Total restricted assets	\$ 8,739,498	\$ 115,220

Note 4 – Accounts Receivable

Accounts receivable as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Accounts receivable – customers	\$ 3,178,189	\$ 1,605,628
Accounts receivable – others	145,379	849,634
Accounts receivable – property taxes	103,230	66,011
Accounts receivable – CFD 2013-1 assessment	2,607,172	477,451
Total accounts receivable	\$ 6,033,970	\$ 2,998,724

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, 2017</u>	<u>June 30, 2016</u>
Beginning balance – water-in-storage	\$ 4,969,768	\$ 6,163,728
Current year water-in-storage valuation	2,555,167	(1,193,960)
Ending balance – water-in-storage	\$ 7,524,935	\$ 4,969,768

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 6 – Capital Assets

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
Non-depreciable assets:					
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
Total non-depreciable assets	6,288,912	2,091,561	2,143,408	-	10,523,881
Depreciable assets:					
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
Total depreciable assets	111,938,176	914,098	23,747,333	-	136,599,607
Accumulated depreciation:					
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)
Total accumulated depreciation	(59,983,992)	(3,736,067)	-	-	(63,720,059)
Total depreciable assets, net	51,954,184	(2,821,969)	23,747,333	-	72,879,548
Total capital assets, net	\$ 58,243,096	\$ (730,408)	\$ 25,890,741	\$ -	\$ 83,403,429

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 4 – Capital Assets (Continued)

Summary changes in capital asset balances for the year ended June 30, 2016 were as follows:

Description	Balance July 1, 2015	Additions	Deletions/ Transfers	Balance June 30, 2016
Non-depreciable assets:				
Land	\$ 6,047,935	\$ -	\$ -	\$ 6,047,935
Construction-in-process	182,153	143,652	(84,828)	240,977
Total non-depreciable assets	<u>6,230,088</u>	<u>143,652</u>	<u>(84,828)</u>	<u>6,288,912</u>
Depreciable assets:				
State water project entitlement	2,951,000	-	-	2,951,000
Transmission and distribution system	42,122,969	168,164	5,193	42,296,326
Pumping plant	10,569,368	444,699	84,828	11,098,895
Water treatment plant	27,400,940	1,638,865	(5,193)	29,034,612
Buildings and structures	2,809,377	73,491	(17,854)	2,865,014
Equipment	4,273,467	224,165	(85,231)	4,412,401
Fish ladder	8,270,495	18,428	-	8,288,923
Recreation assets	8,853,508	201,592	-	9,055,100
Alternate swimming facility	1,935,905	-	-	1,935,905
Total depreciable assets	<u>109,187,029</u>	<u>2,769,404</u>	<u>(18,257)</u>	<u>111,938,176</u>
Accumulated depreciation:				
State water project entitlement	(1,865,977)	(20,889)	-	(1,886,866)
Transmission and distribution system	(18,883,070)	(474,778)	-	(19,357,848)
Pumping plant	(5,752,632)	(458,771)	-	(6,211,403)
Water treatment plant	(16,236,434)	(1,254,210)	-	(17,490,644)
Buildings and structures	(1,279,995)	(91,195)	17,854	(1,353,336)
Equipment	(2,391,419)	(180,962)	85,231	(2,487,150)
Fish ladder	(3,837,465)	(343,066)	-	(4,180,531)
Recreation assets	(5,697,453)	(254,015)	-	(5,951,468)
Alternate swimming facility	(967,951)	(96,795)	-	(1,064,746)
Total accumulated depreciation	<u>(56,912,396)</u>	<u>(3,174,681)</u>	<u>103,085</u>	<u>(59,983,992)</u>
Total depreciable assets, net	<u>52,274,633</u>	<u>(405,277)</u>	<u>84,828</u>	<u>51,954,184</u>
Total capital assets, net	<u>\$ 58,504,721</u>	<u>\$ (261,625)</u>	<u>\$ -</u>	<u>\$ 58,243,096</u>

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.

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.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 6 – Capital Assets

State Water Project Entitlement (Continued)

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, 2017 was as follows:

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

Summary changes in compensated absences balances for the years ended June 30, 2016 was as follows:

<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$ 882,613	\$ 384,471	\$ (408,820)	\$ 858,264	\$ 343,306	\$ 514,958

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 8 – Reimbursement Agreement

Casitas Dam Project – Seismic Safety of Casitas Dam

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

Fiscal Year	Amount
2018	\$ 77,228
2019	77,229
2020	77,228
2021	77,228
2022	77,228
2023-2027	386,141
2028-2032	386,141
2033-2037	386,141
2038-2042	386,140
2043-2047	386,141
2048-2052	386,141
Total	2,702,986
Less current portion	(77,228)
Total non-current	\$ 2,625,758

Note 9 – Assessment Bonds Payable

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

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

Changes in assessment bonds payable amounts for the year ended June 30, 2016 were as follows:

Long-Term Debt	Balance July 1, 2015	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2016
Assessment bonds payable	\$ 105,500	\$ -	\$ (16,000)	\$ 89,500

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 9 – Assessment Bonds Payable (Continued)

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>
2018	\$ 17,000	\$ 4,075	\$ 21,075
2019	18,000	3,250	21,250
2020	19,000	2,375	21,375
2021	<u>19,500</u>	<u>1,450</u>	<u>20,950</u>
Total	73,500	<u>\$ 11,150</u>	<u>\$ 84,650</u>
Less current	<u>(17,000)</u>		
Total non-current	<u>\$ 56,500</u>		

Note 10 – Long-term Debt

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
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	-	4,227,303	(11,904)	4,215,399
Total long-term debt	1,652,804	<u>\$ 44,137,303</u>	<u>\$ (265,983)</u>	45,524,124
Less current portion	<u>(254,079)</u>			<u>(362,202)</u>
Non-current portion	<u>\$ 1,398,725</u>			<u>\$ 45,161,922</u>

Changes in long-term debt amounts for the year ended June 30, 2016 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2016</u>
Loans payable	\$ 1,898,692	\$ -	\$ (245,888)	\$ 1,652,804

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 10 – Long-Term Debt (Continued)

Loans Payable:

1991 California Department of Water Resources Loan

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 262,202	\$ 42,866	\$ 305,068
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	1,398,725	<u>\$ 126,615</u>	<u>\$ 1,525,340</u>
Less current	<u>(262,202)</u>		
Total non-current	<u>\$ 1,136,523</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 \$4,117,427 as a deferred loss on the acquisition of CFD 2013-1 that is being amortized over 30 years.

The special tax bonds are scheduled to mature on September 1, 2047 with annual principal and interest payments due September 1st and March 1st. Annual interest rates range between 2.0% 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:

Series A

Annual debt service requirements on the special tax bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$ 100,000</u>	<u>\$ 505</u>	<u>\$ 100,505</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 10 – Long-Term Debt (Continued)

Special Tax Bonds (Continued)

Annual debt service requirements on the special tax bonds are as follows:

Series B

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 1,389,091	\$ 1,389,091
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
2023-2027	2,295,000	8,874,538	11,169,538
2028-2032	4,130,000	8,157,906	12,287,906
2033-2037	6,380,000	7,186,751	13,566,751
2038-2042	9,255,000	5,623,637	14,878,637
2043-2047	13,570,000	2,756,756	16,326,756
2048	3,325,000	87,281	3,412,281
	<u>\$ 39,810,000</u>	<u>\$ 41,412,910</u>	<u>81,222,910</u>

Note 11 – Net Other Post-Employment Benefits

Plan Description

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.

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, 2017 and 2016

Note 11 – Net Other Post-Employment Benefits Asset (Continued)

Annual OPEB Cost and Net OPEB Asset

The following table shows the components of the District's Annual OPEB cost for the fiscal year ended June 30, 2017 and 2016, the amount actually contributed to the plan and the changes in the District's net OPEB obligation: Summary changes in net other post-employment benefits obligation as of June 30 were as follows:

Description	June 30, 2017	June 30, 2016
Annual OPEB cost:		
Annual required contribution (ARC)	\$ 1,229,163	\$ 1,196,266
Interest on net OPEB obligation	407,239	365,095
Adjustment to annual required contribution	(176,631)	(155,216)
Total annual OPEB cost	1,459,771	1,406,145
Contributions made:		
Contributions	(1,709,519)	(469,613)
Total contributions made	(1,709,519)	(469,613)
Total change in net OPEB obligation	(249,748)	936,532
Net OPEB obligation(asset):		
Beginning of year	9,049,748	8,113,216
End of year	<u>\$ 8,800,000</u>	<u>\$ 9,049,748</u>

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, 2017 and the two preceding years are shown in the following table.

<i>Three-Year History of Net OPEB Obligation(Asset)</i>				
Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable(Asset)
June 30, 2017	\$ 1,459,771	\$ 1,709,519	117.11%	\$ 8,800,000
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 (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%.

In fiscal year 2017, the District entered into an agreement with the CalPERS California Employees Retirement Benefit Trust (CERBT) to prefund 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 annual required contribution or be reimbursed directly from the trust.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 11 – Net Other Post-Employment Benefits Asset (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, 2017 and 2016

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, 2017 were as follows:

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

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Changes in the net pension liability and the related deferred outflows and inflows of resources for the year ended June 30, 2016 were as follows:

<u>Type of Account</u>	<u>Balance as of July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2016</u>
Deferred Outflows of Resources:				
Pension contributions made after the measurement date:				
CalPERS – Miscellaneous Plan	\$ 311,168	\$ 495,443	\$ (340,768)	\$ 465,843
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	123,222	-	(44,008)	79,214
Differences between expected and actual experience:				
CalPERS – Miscellaneous Plan	-	29,615	(7,794)	21,821
Total deferred outflows of resources	<u>\$ 434,390</u>	<u>\$ 525,058</u>	<u>\$ (392,570)</u>	<u>\$ 566,878</u>
Net Pension Liability:				
CalPERS – Miscellaneous Plan	<u>\$ 5,352,928</u>	<u>\$ 28,481</u>	<u>\$ (764,583)</u>	<u>\$ 4,616,826</u>
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	\$ 1,798,832	\$ 8,996	\$ (1,704,334)	\$ 103,494
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	285,819	601,041	(259,519)	627,341
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	-	2,285,491	(601,190)	1,684,301
Changes in assumptions:				
CalPERS – Miscellaneous Plan	-	280,186	(73,734)	206,452
Total deferred inflows of resources	<u>\$ 2,084,651</u>	<u>\$ 3,175,714</u>	<u>\$ (2,638,777)</u>	<u>\$ 2,621,588</u>

General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0 @ 62
Benefit vesting schedule	5-years 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 2016	7.612%	6.555%
Required employer contribution rates – FY 2015	8.435%	6.250%

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

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, 2014 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.

Members Covered by Benefit Terms

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

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

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

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Active members	40	10	50
Transferred and terminated members	20	1	21
Retired members and beneficiaries	74	-	74
Total plan members	134	11	145

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.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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%.

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, 2016 and 2015 (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, 2017 were as follows:

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

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

Contributions for the year ended June 30, 2016 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	\$ 425,254	\$ 40,589	\$ 465,843
Contributions – members	252,921	40,674	293,595
Total contributions	\$ 678,175	\$ 81,263	\$ 759,438

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, 2016 and 2015 (Measurement Dates), the total pension liability was determined by rolling forward the June 30, 2015 and 2014 total pension liabilities. The June 30, 2016, 2014 and 2013 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
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, 2016 and 2015 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and 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)

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*.

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.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
	<u>100.00%</u>		

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

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

CalPERS Discount Rate

On December 16, 2016, the CalPERS Board of Administration (Board) approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent over the next three years. This will increase the District’s employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the Board is as follows:

<u>Valuation Date</u>	<u>Required Contribution Date</u>	<u>Discount Rate</u>
June 30, 2016	Fiscal Year 2018-19	7.375%
June 30, 2017	Fiscal Year 2019-20	7.250%
June 30, 2018	Fiscal Year 2020-21	7.000%

Lowering the discount rate means plans will see increases in both normal costs, the cost of pension benefits accruing in one year for active members and the accrued liabilities. These increases will result in higher required employer contributions.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

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 7.65%, 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, 2016 Valuation Date as follows:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u> <u>6.65%</u>	<u>Current Discount</u> <u>Rate 7.650%</u>	<u>Discount Rate + 1%</u> <u>8.65%</u>
CalPERS – Miscellaneous Plan	11,190,733	\$ 6,687,600	\$ 2,965,983

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:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u> <u>6.65%</u>	<u>Current Discount</u> <u>Rate 7.650%</u>	<u>Discount Rate + 1%</u> <u>8.65%</u>
CalPERS – Miscellaneous Plan	8,984,057	\$ 4,616,826	\$ 1,011,170

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.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and 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

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:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
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
Change in Plan Net Pension Liability	<u>\$ 1,379,960</u>	<u>\$ (690,814)</u>	<u>\$ 2,070,774</u>

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, 2016:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2014 (Measurement Date)	\$ 31,541,147	\$ 26,188,219	\$ 5,352,928
Balance as of June 30, 2015 (Measurement Date)	\$ 32,067,972	\$ 27,451,146	\$ 4,616,826
Change in Plan Net Pension Liability	<u>\$ 526,825</u>	<u>\$ 1,262,927</u>	<u>\$ (736,102)</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and 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, 2015 and 2014). 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, 2016 and 2015). 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, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16 fiscal year and the 2014-15 fiscal year).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and 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:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2017	Fiscal Year Ending June 30, 2016	
	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%

The District's proportionate share of the net pension liability for the June 30, 2015 measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2016	Fiscal Year Ending June 30, 2015	
	Measurement Date	June 30, 2015	
Percentage of Risk Pool Net Pension Liability	0.168284%	0.177276%	-0.008992%
Percentage of Plan (PERF C) Net Pension Liability	0.067262%	0.070412%	-0.003150%

For the years ended June 30, 2017 and 2016, the District recognized pension expense/(credit) in the amounts of \$829,416 and \$173,698, 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and 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 Period

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2016 is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 1,739,055</u>	<u>\$ 1,996,455</u>

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, 2017, as noted above.

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:

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

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and 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 Period

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2015 is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 465,843	\$ -
Difference between actual and proportionate share of employer contributions	-	627,341
Adjustment due to differences in proportions	79,214	1,684,301
Differences between expected and actual experience	21,821	-
Differences between projected and actual earnings on pension plan investments	-	103,494
Changes in assumptions	-	206,452
Total Deferred Outflows/(Inflows) of Resources	\$ 566,878	\$ 2,621,588

The District will recognize \$311,168 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, 2017, as noted above.

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2017	\$ (961,238)
2018	(950,372)
2019	(741,240)
2020	132,297
Total	\$ (2,520,553)

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 13 – Net Investment in Capital Assets

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

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Non-current portion of assets:		
Proceeds from debt issuance – capital project funds	\$ 8,177,062	\$ -
Capital assets – not being depreciated	10,523,881	6,288,912
Capital assets – being depreciated, net	72,879,548	51,954,184
Current portion of liabilities:		
Reimbursement agreement	(77,228)	(77,228)
Long-term debt	(362,202)	(254,079)
Non-current portion of liabilities:		
Reimbursement agreement	(2,625,758)	(2,702,986)
Long-term debt	(45,161,922)	(1,398,725)
Total net investment in capital assets	\$ 43,353,381	\$ 53,810,078

Note 14 – Restricted Net Position

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

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Proceeds from debt issuance – debt reserve funds for September 1, 2018 payment	\$ 466,448	\$ -
Accrued interest payable – special tax bonds	(155,651)	-
Special assessments receivable for debt service	95,988	115,220
Assessment bonds payable – current portion	(17,000)	(16,000)
Assessment bonds payable – noncurrent portion	(56,500)	(73,500)
Total restricted net position	\$ 333,285	\$ 25,720

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

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, 2017 and 2016 was \$2,282,647 and \$1,897,204, respectively, and ICMA as of June 30, 2017 and 2016 was \$1,790,349 and \$1,640,788, 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.

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 2017, 2016 and 2015. 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, 2017, 2016 and 2015.

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>
2018	\$ 1,046,535
2019	1,060,644
2020	1,102,781
2021	1,024,011
2022	945,241

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 15 – Commitments and Contingencies (Continued)

State Water Contract, continued

As of June 30, 2017, the District has expended \$21,779,285 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:

	State Water Contract Long-term Obligations
Transportation facilities	\$ 12,062,076
Conservation facilities	6,775,528
Off-aqueduct power facilities	8,515
Revenue bond surcharge	1,757,205
Total long-term SWP contract obligations	\$ 20,603,324

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.

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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, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	June 30, 2016¹	June 30, 2015¹	June 30, 2014¹
District's Proportion of the Net Pension Liability	0.077286%	0.067262%	0.086026%
District's Proportionate Share of the Net Pension Liability	\$ 6,687,600	\$ 4,616,826	\$ 5,352,928
District's Covered-Employee Payroll	\$ 4,334,649	\$ 4,123,809	\$ 3,866,484
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	154.28%	111.96%	138.44%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.06%	78.40%	83.03%

¹ 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, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	<u>2016-17¹</u>	<u>2015-16¹</u>	<u>2014-15¹</u>	<u>2013-14¹</u>
Actuarially Determined Contribution ²	\$ 555,952	\$ 465,843	\$ 311,168	\$ 320,275
Contribution in Relation to the Actuarially Determined Contribution ²	<u>(555,952)</u>	<u>(465,843)</u>	<u>(311,168)</u>	<u>(320,275)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 4,602,594</u>	<u>\$ 4,334,649</u>	<u>\$ 4,123,809</u>	<u>\$ 3,866,484</u>
Contributions as a Percentage of Covered- Employee Payroll	<u>12.08%</u>	<u>10.75%</u>	<u>7.55%</u>	<u>8.28%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

² 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.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee 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 Funding Progress – Other Post-Employment Benefit Plan
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2015	\$ -	\$ 14,591,064	\$ 14,591,064	0.00%	\$ 4,800,000	303.98%
June 30, 2014	\$ -	\$ 33,059,340	\$ 33,059,340	0.00%	\$ 4,992,482	662.18%
June 30, 2013	\$ -	\$ 18,832,580	\$ 18,832,580	0.00%	\$ 5,079,639	370.75%
June 30, 2012	\$ -	\$ 18,832,580	\$ 18,832,580	0.00%	\$ 4,830,682	389.85%

Notes to the Schedule:

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every two years or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2018, based on the year ending June 30, 2017.

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SUPPLEMENTARY INFORMATION

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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>
Operating revenues:			
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
Total operating revenues	<u>14,398,551</u>	<u>12,758,081</u>	<u>(1,640,470)</u>
Operating expenses:			
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
Total operating expenses	<u>18,901,983</u>	<u>15,307,494</u>	<u>3,594,489</u>
Operating (loss) before depreciation	(4,503,432)	(2,549,413)	(5,234,959)
Depreciation – water department	-	(3,415,057)	(3,415,057)
Depreciation – recreation department	-	(321,010)	(321,010)
Operating (loss)	<u>(4,503,432)</u>	<u>(6,285,480)</u>	<u>(8,971,026)</u>
Non-operating revenue(expense)			
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
Total non-operating revenues, net	<u>2,780,582</u>	<u>318,779</u>	<u>(2,461,803)</u>
Net loss before capital contributions	<u>(1,722,850)</u>	<u>(5,966,701)</u>	<u>(11,432,829)</u>
Capital contributions:			
Federal, state and local capital grants	153,784	230,644	76,860
Capital contributions	<u>153,784</u>	<u>230,644</u>	<u>76,860</u>
Change in net position	<u>\$ (1,569,066)</u>	<u>(5,736,057)</u>	<u>\$ (11,355,969)</u>
Net position:			
Beginning of year		<u>70,326,936</u>	
End of year		<u>\$ 64,590,879</u>	

Casitas Municipal Water District
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Operating revenues:			
Retail water consumption	\$ 4,319,435	\$ 5,484,383	\$ 1,164,948
Wholesale water consumption	1,938,870	1,380,262	(558,608)
Monthly water service charge	1,981,097	2,123,742	142,645
Recreation revenue	3,720,220	3,592,600	(127,620)
Other water charges and services	99,499	288,748	189,249
Total operating revenues	<u>12,059,121</u>	<u>12,869,735</u>	<u>810,614</u>
Operating expenses:			
Source of supply	1,648,659	1,432,140	216,519
Pumping	1,394,723	1,360,622	34,101
Water Treatment	1,186,949	1,372,695	(185,746)
Transmission and distribution	986,820	697,974	288,846
Telemetry	279,096	173,559	105,537
Customer accounts	424,879	367,204	57,675
Recreation expenses	4,392,180	4,228,876	163,304
General and administrative	6,309,615	4,298,061	2,011,554
Total operating expenses	<u>16,622,921</u>	<u>13,931,131</u>	<u>2,691,790</u>
Operating income(loss) before depreciation	(4,563,800)	(1,061,396)	(1,881,176)
Depreciation – water department	-	(2,826,579)	(2,826,579)
Depreciation – recreation department	-	(348,102)	(348,102)
Operating (loss)	<u>(4,563,800)</u>	<u>(4,236,077)</u>	<u>(5,055,857)</u>
Non-operating revenue(expense)			
Property taxes – ad valorem	2,091,855	2,199,074	107,219
Redevelopment agency property tax increment	-	93,403	93,403
Property tax assessment for State Water Project	-	730,400	730,400
State water project expense	-	(183,384)	(183,384)
Change in water-in-storage inventory	-	(1,193,960)	(1,193,960)
CFD 2013-1 assessment	-	454,543	454,543
Mira Monte assessment	-	19,049	19,049
Tax collection expense	(30,500)	(32,050)	(1,550)
Interest and investment earnings	441,320	515,352	74,032
Change in fair-value of investments	-	203,143	203,143
Interest expense – long-term debt	(66,781)	(62,438)	4,343
Other non-operating revenues/(expenses), net	50,000	41,386	(8,614)
Total non-operating revenues, net	<u>2,485,894</u>	<u>2,784,518</u>	<u>298,624</u>
Net loss before capital contributions	<u>(2,077,906)</u>	<u>(1,451,559)</u>	<u>(4,757,233)</u>
Capital contributions:			
Federal, state and local capital grants	278,784	844,524	565,740
Capital contributions	<u>278,784</u>	<u>844,524</u>	<u>565,740</u>
Change in net position	<u>\$ (1,799,122)</u>	<u>(607,035)</u>	<u>\$ (4,191,493)</u>
Net position:			
Beginning of year		<u>70,933,971</u>	
End of year		<u>\$ 70,326,936</u>	

Casitas Municipal Water District
Combining Balance Sheets
June 30, 2017

<i>Assets and Deferred Outflows of Resources</i>	Operating Fund	Financing Fund	Improvement Assessment Fund
Current assets:			
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	-	-
Total current assets	31,136,487	9,083,227	-
Non-current assets:			
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	-	-
Total non-current assets	99,569,874	-	95,988
Total assets	130,706,361	9,083,227	95,988
Deferred outflows of resources	5,839,055	-	-
Total assets and deferred outflows of resources	\$ 136,545,416	\$ 9,083,227	\$ 95,988
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>			
Current liabilities:			
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	-	-
Total current liabilities	6,049,411	9,083,227	154,312
Non-current liabilities:			
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	-	-
Total non-current liabilities	63,795,847	-	56,500
Total liabilities	69,845,258	9,083,227	210,812
Deferred inflows of resources	1,996,455	-	-
Net position:			
Net investment in capital assets	43,353,381	-	-
Restricted for debt service	310,797	-	22,488
Unrestricted	21,039,525	-	(137,312)
Total net position	64,703,703	-	(114,824)
Total liabilities, deferred inflows of resources and net position	\$ 136,545,416	\$ 9,083,227	\$ 95,988

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

<i>Assets and Deferred Outflows of Resources</i>	Eliminations for Financial Reporting	Total
Current assets:		
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
Total current assets	(9,220,539)	30,999,175
Non-current assets:		
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
Total non-current assets	-	99,665,862
Total assets	(9,220,539)	130,665,037
Deferred outflows of resources	-	5,839,055
Total assets and deferred outflows of resources	\$ (9,220,539)	\$ 136,504,092
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>		
Current liabilities:		
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
Total current liabilities	(9,220,539)	6,066,411
Non-current liabilities:		
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
Total non-current liabilities	-	63,852,347
Total liabilities	(9,220,539)	69,918,758
Deferred inflows of resources	-	1,996,455
Net position:		
Net investment in capital assets	-	43,353,381
Restricted for debt service	-	333,285
Unrestricted	-	20,902,213
Total net position	-	64,588,879
Total liabilities, deferred inflows of resources and net position	\$ (9,220,539)	\$ 136,504,092

Casitas Municipal Water District
Combining Balance Sheets
June 30, 2016

<i>Assets and Deferred Outflows of Resources</i>	Operating Fund	Financing Fund	Improvement Assessment Fund
Current assets:			
Cash and cash equivalents	\$ 6,280,341	\$ -	\$ -
Investments	19,552,252	-	-
Accrued interest receivable	101,996	-	-
Accounts receivable – customers	2,998,724	-	-
Due from other funds	119,364	8,932,664	-
Materials and supplies inventory	96,593	-	-
Prepaid expenses	243,638	-	-
Total current assets	29,392,908	8,932,664	-
Non-current assets:			
Restricted – special assessments receivable	-	-	115,220
Water-in-storage inventory	4,969,768	-	-
Capital assets – not being depreciated	6,288,912	-	-
Capital assets – being depreciated, net	51,954,184	-	-
Total non-current assets	63,212,864	-	115,220
Total assets	92,605,772	8,932,664	115,220
Deferred outflows of resources	566,878	-	-
Total assets and deferred outflows of resources	\$ 93,172,650	\$ 8,932,664	\$ 115,220
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 619,778	\$ -	\$ -
Deposits and unearned revenue	539,569	-	-
Accrued interest payable	13,279	-	-
Due to other funds	-	8,932,664	119,364
Long-term liabilities – due within one year:			
Compensated absences	343,306	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	16,000
Long-term debt	254,079	-	-
Total current liabilities	1,847,239	8,932,664	135,364
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	514,958	-	-
Reimbursement agreement	2,702,986	-	-
Assessment bonds payable	-	-	73,500
Long-term debt	1,398,725	-	-
Net other post-employment benefits obligation	9,049,748	-	-
Net pension liability	4,616,826	-	-
Total non-current liabilities	18,283,243	-	73,500
Total liabilities	20,130,482	8,932,664	208,864
Deferred inflows of resources	2,621,588	-	-
Net position:			
Net investment in capital assets	53,810,078	-	-
Restricted for debt service	-	-	25,720
Unrestricted	16,610,502	-	(119,364)
Total net position	70,420,580	-	(93,644)
Total liabilities, deferred inflows of resources and net position	\$ 93,172,650	\$ 8,932,664	\$ 115,220

Casitas Municipal Water District
Combining Balance Sheets (Continued)
June 30, 2016

<i>Assets and Deferred Outflows of Resources</i>	Eliminations for Financial Reporting	Total
Current assets:		
Cash and cash equivalents	\$ -	\$ 6,280,341
Investments	-	19,552,252
Accrued interest receivable	-	101,996
Accounts receivable – customers	-	2,998,724
Due from other funds	(9,052,028)	-
Materials and supplies inventory	-	96,593
Prepaid items	-	243,638
Total current assets	(9,052,028)	29,273,544
Non-current assets:		
Restricted – special assessments receivable	-	115,220
Water-in-storage inventory	-	4,969,768
Capital assets – not being depreciated	-	6,288,912
Capital assets – being depreciated, net	-	51,954,184
Total non-current assets	-	63,328,084
Total assets	(9,052,028)	92,601,628
Deferred outflows of resources	-	566,878
Total assets and deferred outflows of resources	\$ (9,052,028)	\$ 93,168,506
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 619,778
Deposits and unearned revenue	-	539,569
Accrued interest payable	-	13,279
Due to other funds	(9,052,028)	-
Long-term liabilities – due within one year:		
Compensated absences	-	343,306
Reimbursement agreement	-	77,228
Special assessment bonds payable	-	16,000
Special assessment bonds payable	-	254,079
Total current liabilities	(9,052,028)	1,863,239
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences	-	514,958
Reimbursement agreement	-	2,702,986
Loans payable	-	73,500
Special assessment bonds payable	-	1,398,725
Net other post-employment benefits obligation	-	9,049,748
Net pension liability	-	4,616,826
Total non-current liabilities	-	18,356,743
Total liabilities	(9,052,028)	20,219,982
Deferred inflows of resources	-	2,621,588
Net position:		
Net investment in capital assets	-	53,810,078
Restricted for debt service	-	25,720
Unrestricted	-	16,491,138
Total net position	-	70,326,936
Total liabilities, deferred inflows of resources and net position	\$ (9,052,028)	\$ 93,168,506

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>
Operating revenues:			
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
Total operating revenues	<u>8,730,741</u>	<u>4,027,340</u>	<u>12,758,081</u>
Operating expenses:			
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
Total operating expenses	<u>11,057,393</u>	<u>4,250,101</u>	<u>15,307,494</u>
Operating (loss) before depreciation	(2,326,652)	(222,761)	(2,549,413)
Depreciation – water department	(3,415,057)	-	(3,415,057)
Depreciation – recreation department	-	(321,010)	(321,010)
Operating income(loss)	<u>(5,741,709)</u>	<u>(543,771)</u>	<u>(6,285,480)</u>
Non-operating revenue(expense)			
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
Total non-operating revenue(expense), net	<u>318,779</u>	<u>-</u>	<u>318,779</u>
Net income(loss) before capital contributions	<u>(5,422,930)</u>	<u>(543,771)</u>	<u>(5,966,701)</u>
Capital contributions:			
Federal, state and local capital grants	109,540	121,104	230,644
Change in net position	<u>\$ (5,313,390)</u>	<u>\$ (422,667)</u>	<u>\$ (5,736,057)</u>

Casitas Municipal Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
Operating revenues:			
Retail water consumption	\$ 5,484,383	\$ -	\$ 5,484,383
Wholesale water consumption	1,380,262	-	1,380,262
Monthly water service charge	2,123,742	-	2,123,742
Recreation revenue	-	3,592,600	3,592,600
Other water charges and services	288,748	-	288,748
Total operating revenues	<u>9,277,135</u>	<u>3,592,600</u>	<u>12,869,735</u>
Operating expenses:			
Source of supply	1,432,140	-	1,432,140
Pumping	1,360,622	-	1,360,622
Water treatment	1,372,695	-	1,372,695
Transmission and distribution	697,974	-	697,974
Telemetry	173,559	-	173,559
Customer accounts	367,204	-	367,204
Recreation expenses	-	4,228,876	4,228,876
General and administrative	4,298,061	-	4,298,061
Total operating expenses	<u>9,702,255</u>	<u>4,228,876</u>	<u>13,931,131</u>
Operating (loss) before depreciation	(425,120)	(636,276)	(1,061,396)
Depreciation – water department	(2,826,579)	-	(2,826,579)
Depreciation – recreation department	-	(348,102)	(348,102)
Operating income(loss)	<u>(3,251,699)</u>	<u>(984,378)</u>	<u>(4,236,077)</u>
Non-operating revenue(expense)			
Property taxes – ad valorem	2,199,074	-	2,199,074
Pass-through property tax increment	93,403	-	93,403
Property tax assessment for State Water Project	730,400	-	730,400
State water project expense	(183,384)	-	(183,384)
Change in water-in-storage inventory	(1,193,960)	-	(1,193,960)
CFD 2013-1 assessment	454,543	-	454,543
Mira Monte assessment	19,049	-	19,049
Tax collection expense	(32,050)	-	(32,050)
Investment earnings	515,352	-	515,352
Change in fair-value of investments	203,143	-	203,143
Interest expense – long-term debt	(62,438)	-	(62,438)
Other, net	41,386	-	41,386
Total non-operating revenue(expense), net	<u>2,784,518</u>	<u>-</u>	<u>2,784,518</u>
Net income(loss) before capital contributions	<u>(467,181)</u>	<u>(984,378)</u>	<u>(1,451,559)</u>
Capital contributions:			
Federal, state and local capital grants	805,852	38,672	844,524
Change in net position	<u>\$ 338,671</u>	<u>\$ (945,706)</u>	<u>\$ (607,035)</u>

Casitas Municipal Water District
Detail Schedules of Operating Expenses - Water Department
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Source of supply:		
Advertising and legal notices	\$ 7,318	\$ 5,004
Books and publications	73	165
Chlorine	2,195	-
Clothing and personal supplies	265	-
Communications	5,163	4,046
Computer upgrades – hardware and software	11,437	5,326
Costs applied	1,150	9,728
District equipment	8,142	6,123
Education and training	19,269	4,800
Insurance – Aflac service fee	242	235
Insurance – EAP	165	153
Licenses and permits	38,962	20,774
Memberships and dues	41,594	37,556
Office supplies	37	73
Other professional services	6,994	2,647
Outside contracts	152,759	209,876
Postage	15,405	11,837
Printing and binding	8,367	6,629
Public information program	225	-
Purchased water	1,645	1,356
Safety program	-	477
Salaries and benefits	1,289,920	1,042,527
Services and supplies	70,856	45,962
Small tools	4,723	3,420
Travel expense	15,253	9,812
Utilities	4,624	3,614
Total source of supply	<u>1,706,783</u>	<u>1,432,140</u>
Pumping:		
Communications	1,807	1,558
Outside contracts	31,364	41,943
Power purchased for pumping	1,121,709	1,196,901
Salaries and benefits	8,167	11,675
Service and supplies	38,872	106,196
Small tools	2,619	2,349
Total pumping	<u>1,204,538</u>	<u>1,360,622</u>
Water treatment:		
Ammonia	22,520	33,477
Caustics	62,144	62,001
Chlorine	56,925	86,690
Clothing and personal supplies	978	915
Communications	3,651	3,274
Computer upgrades – hardware and software	-	825
Education and training	615	1,016
Ferric	4,484	13,719
Licenses and permits	1,406	915
Liquid oxygen	131,921	85,340
Outside contracts	10,927	8,519
Polymer	30,102	29,898
Salaries and benefits	692,221	885,303
Service and supplies	72,997	50,543
Small tools	1,845	1,656
Travel	120	1,339
Utilities	75,234	107,265
Total water treatment	<u>\$ 1,168,090</u>	<u>\$ 1,372,695</u>

Casitas Municipal Water District
Detail Schedules of Operating Expenses - Water Department (Continued)
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Transmission and distribution:		
Clothing and personal supplies	\$ 1,889	\$ 1,363
Communications	1,519	650
Computer upgrades – hardware and software	-	2,443
Education and training	3,531	2,278
Licenses and permits	9,628	10,609
Other operating expenses	19,232	21,371
Outside contracts	86,061	91,115
Salaries and benefits	377,239	410,194
Service and supplies	155,953	150,495
Small tools	17,265	6,088
Travel expense	675	1,368
	<u>672,992</u>	<u>697,974</u>
Total transmission and distribution		
Telemetering:		
Books and publications	-	598
Communications	1,091	836
Computer upgrades – hardware and software	-	85
Outside contracts	32,242	43,094
Salaries and benefits	159,016	89,257
Service and supplies	685	16,724
Utilities	20,561	22,965
	<u>213,595</u>	<u>173,559</u>
Total telemetering		
Customer accounts:		
Advertising and legal notices	400	200
Bad debt provision	4,803	3,702
Clothing and personal supplies	1,845	1,020
Communications	1,373	380
Computer upgrades – hardware and software	12,268	35,463
Education and training	3,881	2,116
Licenses and permits	230	220
Outside contracts	27,565	28,157
Postage	1,693	4,064
Printing and binding	507	-
Salaries and benefits	394,837	261,533
Service and supplies	98,630	28,878
Small tools	-	122
Travel expense	85	1,349
	<u>548,117</u>	<u>367,204</u>
Total customer accounts		

Casitas Municipal Water District
Detail Schedules of Operating Expenses - Water Department (Continued)
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
General and administrative:		
Advertising and legal notices	\$ 383	\$ 737
Bank charges	29,873	24,733
Books and publications	5,719	5,790
Clothing and personal supplies	4,873	6,991
Communications	28,237	36,872
Computer upgrades – hardware and software	14,817	18,017
Directors election fees	7,168	-
District equipment	117,957	133,224
Education and training	14,591	19,805
Gains/losses on inventory	23,018	(167)
Insurance – Aflac	1,109	941
Insurance – EAP	1,037	954
Insurance – liability	60,866	60,984
Licenses and permits	10,323	9,385
Memberships and dues	47,756	47,051
Office equipment maintenance	5,423	3,051
Office supplies	12,120	10,675
Other professional services	699,660	425,839
Outside contracts	571,870	384,628
Petty cash (over)/short	(5)	49
Postage	3,175	1,356
Printing and binding	3,523	1,723
Private vehicle mileage	7,049	7,432
Safety program	6,304	2,385
Salaries and benefits	4,575,372	3,780,408
Service and supplies	159,565	130,040
Small tools	2,863	5,665
Travel expense	5,510	3,480
Utilities	37,421	38,366
Vehicle costs direct	74,549	100,601
Workers' compensation	146,963	136,555
Costs applied	(165,084)	(173,628)
Administrative overhead burden	(970,727)	(925,881)
	<u>5,543,278</u>	<u>4,298,061</u>
Total general and administrative		
Depreciation expense:		
Water department	<u>3,415,057</u>	<u>2,826,579</u>
Total depreciation expense	<u>3,415,057</u>	<u>2,826,579</u>
Total operating expenses – water department	<u>\$ 14,472,450</u>	<u>\$ 12,528,834</u>

Casitas Municipal Water District
Detail Schedule of Revenues and Expenses - Recreation Department
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Recreation revenue:		
Animal permit	\$ 8,629	\$ 7,181
Bad debt collection recovery	344	55
Boat fees - annual	33,057	33,813
Boat fees - daily	9,802	7,891
Boat fees - overnight	778	891
Boat inspection fees - Quagga	2,862	1,990
Boat lock revenue - Quagga	2,979	2,179
Boat rental - concession	63,549	54,562
Cafe - concession	27,774	27,015
Cafe pass fee	7,290	20,175
Cafe pass reimbursement	(8,830)	(17,729)
Camping fees	1,894,131	1,728,801
Commercials	5,650	800
Event reimbursement	2,159	750
Events	37,161	32,783
Gift cards and certificates	(196)	(303)
Guest pass	-	(100)
Impound fee	350	650
Kayak and canoes annual	3,167	3,261
Kayak and canoes daily	33	62
Miscellaneous revenue	2,234	2,880
Over / short - recreation	384	243
Over / short - water park	25	28
Park store	53,102	50,730
Rain checks	(268)	(446)
Reservations	144,635	134,368
Shower facility fees	20,928	18,397
Snow bird pumping	4,160	1,660
Trailer storage fees	195,302	188,708
Vehicle fees - daily	458,486	308,962
Violation ordinance fees	35	6,100
Visitor cards	142,378	131,756
Water park - group pass fee	(4,512)	(4,506)
Water park - guest pass	-	(48)
Water park - junior lifeguard	6,830	8,910
Water park - late day pass fee	102,691	78,226
Water park - lifeguard training	691	404
Water park - locker fee	1,128	1,158
Water park - next day pass fee	(1,217)	(1,359)
Water park - promotion	(556)	16
Water park - rain checks	(266)	(372)
Water park - reservation fee	45,224	36,687
Water park - season pass fee	24,622	29,045
Water park - shade rental fee	10,050	7,580
Water park - shower facility fee	17,000	16,618
Water park - single splash fee	694,938	656,816
Water park - special event fee	72	120
Water park - water fitness - fee	11,400	9,871
Water park snack bar	7,155	5,321
Total recreation revenue	\$ 4,027,340	\$ 3,592,600

Casitas Municipal Water District
Detail Schedule of Revenues and Expenses - Recreation Department (Continued)
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Recreation expenses:		
Administrative overhead burden	\$ 970,727	\$ 925,881
Advertising and legal notices	4,291	4,452
Bad debt provision	-	11,622
Bank charges	-	14
Chemicals – water playground	4,198	4,171
Chlorine	22,882	26,000
Clothing and personal supplies	24,194	12,412
Communications	11,202	12,297
Computer upgrades – hardware and software	4,712	6,821
Credit card fees	90,274	72,310
District equipment	113,924	112,862
Education and training	3,890	9,279
Fish purchases	-	29,998
Insurance	26,533	-
Licenses and permits	6,277	5,313
Memberships and dues	1,304	1,675
Office supplies	2,667	3,393
Other operating expenses	-	108
Other professional services	27,188	35,394
Outside contracts	261,273	381,705
Postage	1,002	2,176
Pre-employment screening	10,435	5,942
Printing and binding	5,274	7,486
Private vehicle mileage	431	53
Public information program	4,529	6,956
Purchased water	43,454	43,030
Safety program	503	1,569
Salaries and benefits	2,259,230	2,165,172
Service and supplies	203,138	184,362
Small tools	4,596	8,237
Travel expense	482	1,680
Uninsured losses - injuries	569	3,000
Utilities	140,922	143,506
	<u>4,250,101</u>	<u>4,228,876</u>
Total recreation expenses		
Recreation operating (loss) before depreciation	(222,761)	(636,276)
Depreciation – recreation department	(321,010)	(348,102)
	<u>(543,771)</u>	<u>(984,378)</u>
Recreation operating (loss)		

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STATISTICAL SECTION

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**Casitas Municipal Water District
Statistical Section
For the Year Ended June 30, 2017**

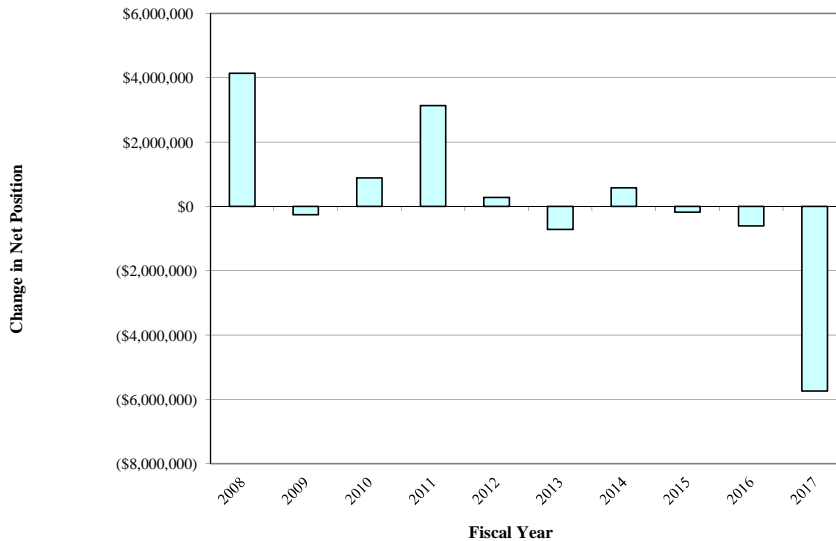
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	84-87
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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.	93-94
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Casitas Municipal Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
Changes in net position:					
Operating revenues (see Schedule 2)	13,805,964	12,129,996	12,194,917	10,956,600	\$ 11,645,576
Operating expenses (see Schedule 3)	(10,107,124)	(13,384,114)	(11,171,141)	(11,587,130)	(12,047,019)
Depreciation and amortization	(2,975,653)	(2,834,977)	(2,863,329)	(3,037,340)	(3,097,495)
Operating income(loss)	723,187	(4,089,095)	(1,839,553)	(3,667,870)	(3,498,938)
Non-operating revenues(expenses)					
Property taxes	1,831,087	1,982,172	1,959,850	2,012,458	2,025,655
Clean Water Act surcharge	1,071,637	1,685,062	1,290,042	1,682,991	1,554,698
CFD 2013-1 assessment	-	-	-	-	-
Mira Monte assessment	19,657	18,914	18,601	17,113	17,630
Oak View availability charge	7,862	6,992	7,709	7,657	293
Property tax collection expense	(28,261)	(29,433)	(30,416)	(31,158)	(30,158)
Investment income/(loss)	463,786	213,695	129,472	402,229	449,707
Water-in-storage valuation	-	-	-	3,318,094	-
State water project expense	-	-	(666,442)	(787,665)	(382,908)
Interest expense	(123,440)	(116,361)	(106,239)	(102,295)	(94,969)
Amortization of deferred loss and bond insurance	-	-	-	-	-
Acquisition expense of CFD 2013-1	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-
Other revenue/(expense), net	31,307	14,460	(6,638)	213,445	12,454
Total non-operating revenues(expenses), net	3,273,635	3,775,501	2,595,939	6,732,869	3,552,402
Net income before capital contributions	3,996,822	(313,594)	756,386	3,064,999	53,464
Capital contributions	146,880	63,784	131,179	74,095	232,755
Change in net position	4,143,702	(249,810)	887,565	3,139,094	\$ 286,219
Net position by component:					
Net investment in capital assets	54,636,436	55,408,560	55,277,544	55,261,613	\$ 55,501,696
Restricted	75,088	67,343	60,922	217,413	199,890
Unrestricted	23,145,743	22,131,554	23,156,556	26,155,090	26,218,749
Total net position	77,857,267	77,607,457	78,495,022	81,634,116	\$ 81,920,335



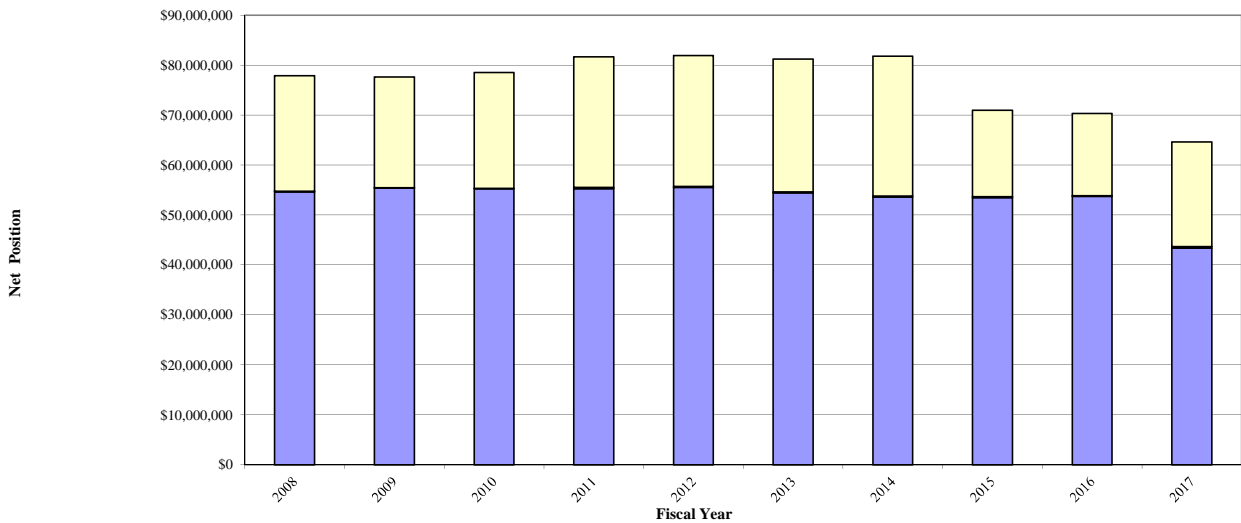
Notes:

- (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

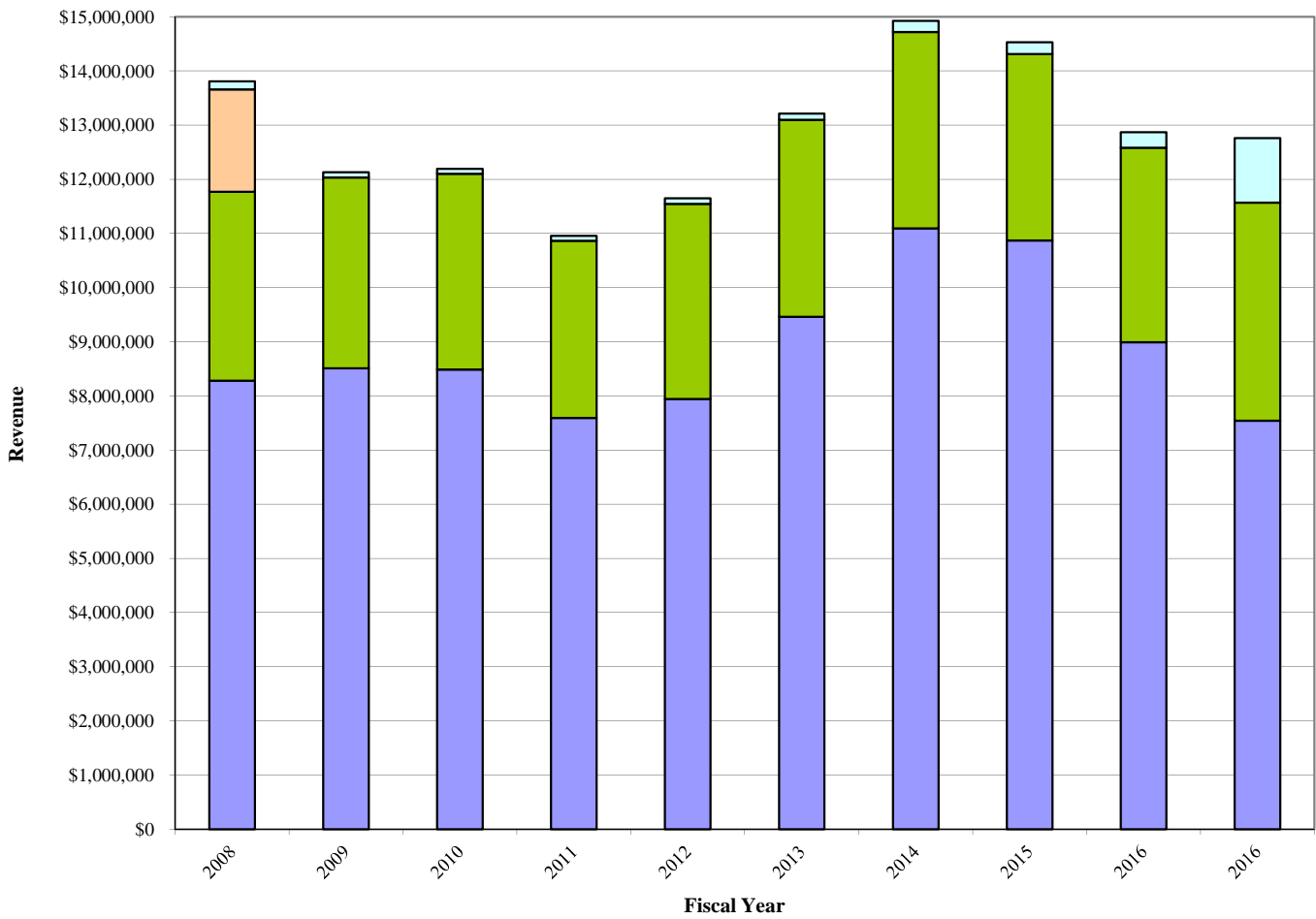
Casitas Municipal Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years (Continued)

	Fiscal Year				
	2013	2014	2015	2016	2017
Changes in net position:					
Operating revenues (see Schedule 2)	13,212,527	14,923,271	14,530,148	12,869,735	12,758,081
Operating expenses (see Schedule 3)	(13,639,029)	(14,238,444)	(13,277,286)	(13,931,131)	(15,307,494)
Depreciation and amortization	(3,084,521)	(3,152,038)	(3,164,097)	(3,174,681)	(3,736,067)
Operating income(loss)	<u>(3,511,023)</u>	<u>(2,467,211)</u>	<u>(1,911,235)</u>	<u>(4,236,077)</u>	<u>(6,285,480)</u>
Non-operating revenues(expenses)					
Property taxes	2,147,033	2,192,072	2,309,270	2,292,477	2,258,529
Clean Water Act surcharge	462,896	566,610	490,989	730,400	151,501
CFD 2013-1 assessment	-	-	-	454,543	601,938
Mira Monte assessment	19,783	31,797	19,434	19,049	19,280
Oak View availability charge	232	-	-	-	-
Property tax collection expense	(31,284)	(8,360)	(31,610)	(32,050)	(27,697)
Investment income/(loss)	(164,338)	281,851	227,483	718,495	(342,956)
Water-in-storage valuation	-	-	(1,171,790)	(1,193,960)	2,555,167
State water project expense	(517,749)	(451,590)	(696,576)	(183,384)	(266,509)
Interest expense	(87,015)	(79,124)	(70,887)	(62,438)	(168,407)
Amortization of deferred loss and bond insurance	-	-	-	-	(18,689)
Acquisition expense of CFD 2013-1	-	-	-	-	(3,975,600)
Cost of debt issuance	-	-	-	-	(539,160)
Other revenue/(expense), net	(20,137)	24,506	179,498	41,386	71,382
Total non-operating revenues(expenses), net	<u>1,809,421</u>	<u>2,557,762</u>	<u>1,255,811</u>	<u>2,784,518</u>	<u>318,779</u>
Net income before capital contributions	<u>(1,701,602)</u>	<u>90,551</u>	<u>(655,424)</u>	<u>(1,451,559)</u>	<u>(5,966,701)</u>
Capital contributions	990,526	489,071	484,674	844,524	230,644
Change in net position	<u>(711,076)</u>	<u>579,622</u>	<u>(170,750)</u>	<u>(607,035)</u>	<u>(5,736,057)</u>
Net position by component:					
Net investment in capital assets	54,428,683	53,612,183	53,488,631	53,720,578	43,353,381
Restricted	180,151	153,708	134,267	115,220	333,285
Unrestricted	26,600,425	28,022,990	17,311,073	16,491,138	20,902,213
Total net position	<u>81,209,259⁽¹⁾</u>	<u>81,788,881</u>	<u>70,933,971⁽²⁾</u>	<u>70,326,936</u>	<u>64,588,879</u>



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
2008	\$ 8,282,482	\$ 3,487,877	\$ 1,890,639	\$ 144,966	\$ 13,805,964
2009	8,507,054	3,526,264	-	96,678	12,129,996
2010	8,488,083	3,611,110	-	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
2016	7,542,239	4,027,340	-	1,188,502	12,758,081

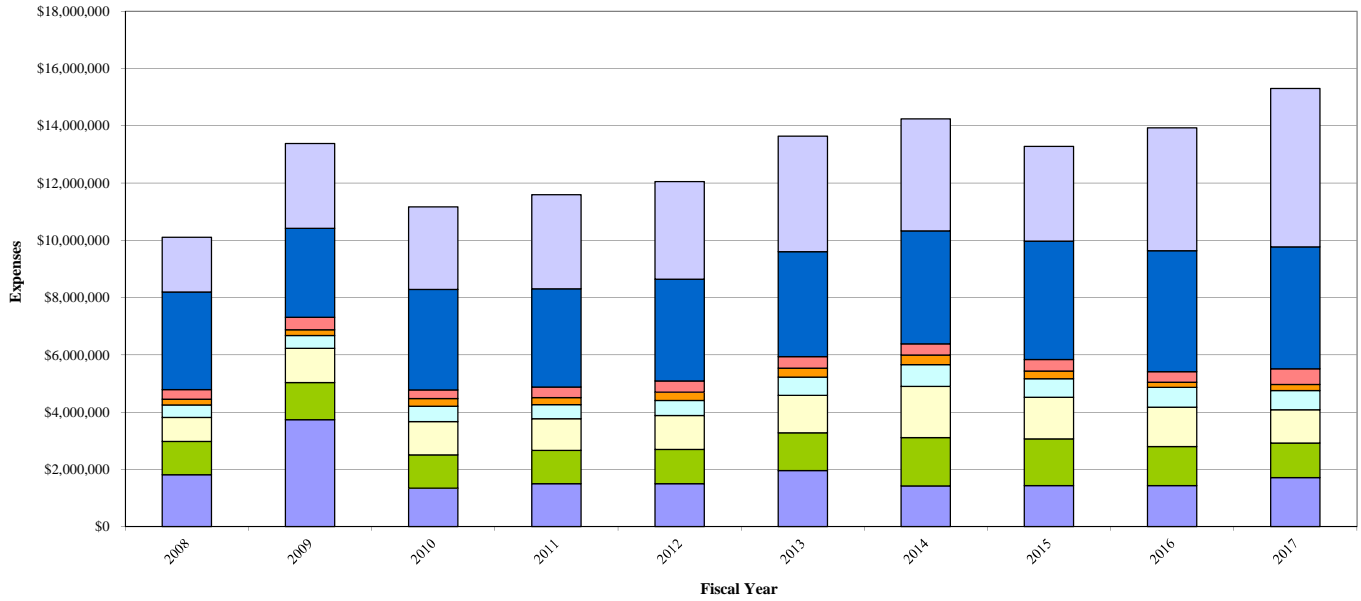


Note 1 - Beginning in FY 2010 the District classified the Water Storage Valuation as a Non-Operating Revenue

Source: Casitas Municipal Water District Accounting Department

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

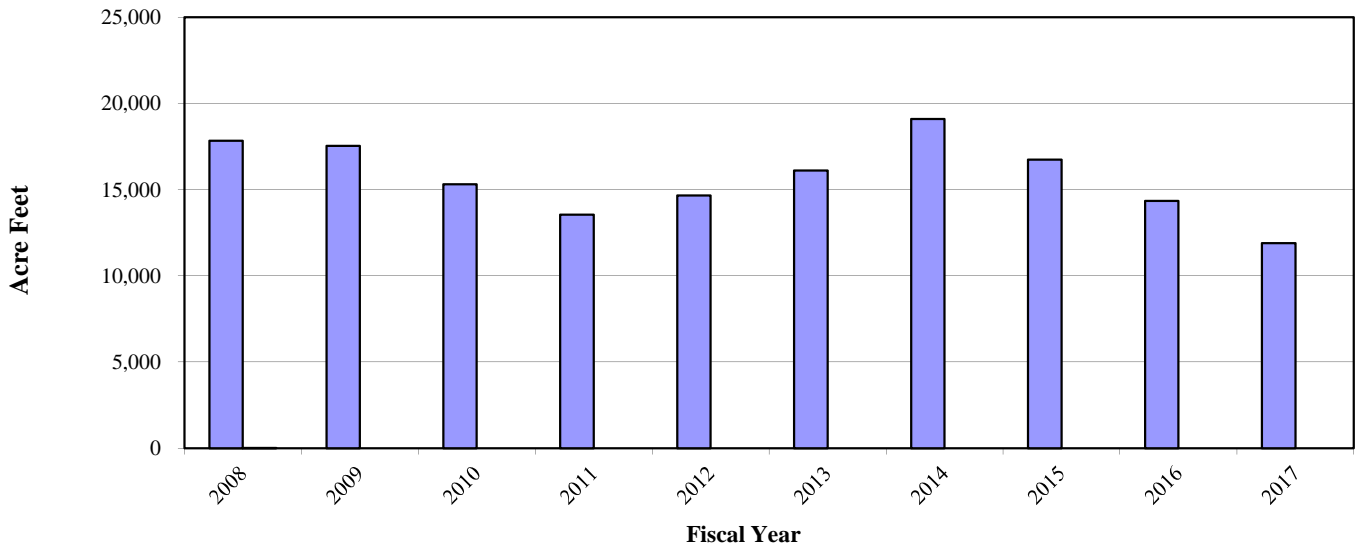
Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Telemetry	Customer Accounts	Recreation Area	General and Administrative	Total Operating Expenses
2008	\$ 1,815,132	\$ 1,160,984	\$ 831,760	\$ 435,705	\$ 209,198	\$ 335,952	\$ 3,401,609	\$ 1,916,784	\$ 10,107,124
2009	3,735,269	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



Source: Casitas Municipal Water District Accounting Department

Casitas Municipal Water District
Revenue Base
Last Ten Fiscal Years

Fiscal Year	Water Sales (Acre Feet)
2008	17,844
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



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(1)
Fiscal Years 1999 to 2008

Categories	Gravity Zone Water Consumption (per HCF)									
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:										
0-10 HCF	\$ 0.621	0.640	0.659	0.699	0.720	0.742	0.835	0.835	0.868	0.888
11-17 HCF	0.992	1.022	1.053	1.118	1.152	1.187	1.322	1.322	1.369	1.389
18+ HCF	1.379	1.420	1.463	1.552	1.598	1.646	1.825	1.825	1.888	1.908
Business	0.646	0.665	0.685	0.727	0.749	0.771	0.832	0.832	0.897	0.958
Industrial	0.608	0.626	0.645	0.684	0.704	0.725	0.783	0.783	0.856	0.958
Resale	0.374	0.385	0.397	0.421	0.434	0.447	0.474	0.474	0.545	0.709
Other	0.627	0.646	0.665	0.706	0.727	0.749	0.808	0.808	0.883	0.958
Temporary	1.958	2.017	2.078	2.204	2.270	2.338	2.493	2.493	2.686	2.706
Recreation	N/A	0.900	0.927	0.984	1.014	1.044	1.121	1.121	1.121	0.958
Irrigation	0.298	0.307	0.316	0.335	0.345	0.355	0.398	0.398	0.448	0.717

Categories	Pumped Zone Water Consumption (per HCF) ⁽²⁾									
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:										
0-10 HCF	\$ 0.846	0.871	0.898	1.053	1.069	1.001	1.094	1.094	1.127	1.127
11-17 HCF	1.216	1.254	1.292	1.472	1.501	1.446	1.581	1.581	1.628	1.628
18+ HCF	1.605	1.652	1.702	1.906	1.947	1.905	2.084	2.084	2.147	2.147
Business	0.871	0.897	0.924	1.081	1.098	1.030	1.091	1.091	1.156	1.197
Industrial	0.832	0.858	0.884	1.038	1.053	0.984	1.042	1.042	1.115	1.197
Resale	0.846	0.871	0.897	1.036	1.044	0.967	1.109	1.109	1.275	1.275
Other	0.852	0.878	0.904	1.060	1.076	1.008	1.067	1.067	1.142	1.197
Temporary	2.184	2.249	2.317	2.558	2.619	2.597	2.752	2.752	2.945	2.945
Recreation	0.874	0.900	0.927	1.338	1.363	1.303	1.380	1.380	1.380	1.197
Irrigation	0.298	0.307	0.316	0.450	0.455	0.375	0.418	0.418	0.468	0.717

Meter Size	Water Service Charges (monthly)									
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:										
5/8" - 1"	\$ 10.72	11.04	11.37	12.06	12.42	12.79	14.01	14.01	15.30	15.99
1 1/2" - 2"	32.91	33.90	34.92	37.05	38.16	39.30	43.03	43.03	46.99	49.1
2 1/2" - 3"	70.08	72.18	74.35	78.88	81.25	83.69	91.64	91.64	100.07	104.57
4"	148.75	153.21	157.81	167.42	172.44	177.61	194.48	194.48	212.37	221.93
6"	439.12	452.29	465.86	494.24	509.07	524.34	574.15	574.15	626.97	655.18
Businesses:										
5/8" - 1"	19.42	20.00	20.60	21.86	22.52	23.20	24.59	24.59	26.85	28.06
1 1/2" - 2"	59.56	61.35	63.19	67.04	69.05	71.12	75.39	75.39	82.33	86.03
2 1/2" - 3"	126.93	130.74	134.66	142.86	147.15	151.56	160.65	160.65	175.43	183.32
4"	269.39	277.47	285.79	303.19	312.29	321.66	340.96	340.96	372.33	389.08
6"	795.19	819.05	843.62	895.00	921.85	949.51	1,006.48	1,006.48	1,099.08	1,148.54
Industrial:										
5/8" - 1"	14.49	14.92	15.37	16.30	16.79	17.29	18.06	18.06	19.72	20.61
1 1/2" - 2"	44.45	45.78	47.15	50.02	51.52	53.07	55.43	55.43	60.53	63.25
2 1/2" - 3"	94.70	97.54	100.47	106.58	109.78	113.07	118.12	118.12	128.99	134.79
4"	200.99	207.02	213.23	226.22	233.01	240.00	250.70	250.70	273.76	286.08
6"	593.86	611.68	630.03	668.40	688.45	709.10	740.71	740.71	808.86	845.26
Irrigation:										
5/8" - 1"	23.88	24.60	25.34	26.88	27.69	28.52	31.94	31.94	34.88	36.45
1 1/2" - 2"	73.20	75.40	77.66	82.39	84.86	87.41	97.90	97.90	106.91	111.72
2 1/2" - 3"	155.96	160.64	165.46	175.53	180.80	186.22	208.57	208.57	227.76	238.01
4"	331.03	340.96	351.19	372.58	383.76	395.27	442.70	442.70	483.43	505.18
6"	977.17	1,006.49	1,036.68	1,099.81	1,132.80	1,166.78	1,306.79	1,306.79	1,427.01	1,491.23
Resale (Gravity):										
5/8" - 1"	40.61	41.83	43.09	45.71	47.08	48.49	51.40	51.40	56.13	58.66
1 1/2" - 2"	124.56	128.30	132.15	140.19	144.40	148.73	157.65	157.65	172.15	179.7
2 1/2" - 3"	265.38	273.34	281.54	298.69	307.65	316.88	335.89	335.89	388.63	406.12
4"	563.27	580.17	597.58	633.98	653.00	672.59	712.95	712.95	778.54	813.57
6"	1,662.70	1,712.58	1,763.96	1,871.39	1,927.53	1,985.36	2,104.48	2,104.48	2,298.09	2,401.5
Resale (Pumped):										
5/8" - 1"	15.71	16.18	16.67	17.69	18.22	18.77	21.59	21.59	23.58	24.64
1 1/2" - 2"	48.17	49.62	51.11	54.22	55.85	57.53	66.16	66.16	72.25	75.5
2 1/2" - 3"	102.59	105.67	108.84	115.47	118.93	122.50	140.88	140.88	153.84	160.76
4"	217.76	224.29	231.02	245.09	252.44	260.01	299.01	299.01	326.52	341.21
6"	642.81	662.09	681.95	723.48	745.18	767.54	882.67	882.67	963.88	1,007.25
Other:										
5/8" - 1"	16.21	16.70	17.20	18.25	18.80	19.36	20.52	20.52	22.41	23.42
1 1/2" - 2"	49.72	51.21	52.75	55.96	57.64	59.37	62.93	62.93	68.72	71.81
2 1/2" - 3"	105.90	109.08	112.35	119.19	122.77	126.57	143.45	143.45	153.45	160.5
4"	224.77	231.51	238.46	252.98	260.57	268.39	284.49	284.49	310.66	324.64
6"	663.47	683.37	703.87	746.74	769.14	792.21	839.74	839.74	914.00	958.27
Temporary:										
1 1/2" - 2"	45.11	46.46	47.85	50.77	52.29	53.86	57.09	57.09	62.34	65.15
2 1/2" - 3"	96.12	99.00	101.97	108.18	111.43	114.77	121.66	121.66	132.85	138.83
Recreation:										
5/8" - 1"	20.72	21.34	21.98	23.32	24.02	24.74	26.22	26.22	28.63	
1 1/2" - 2"	63.57	65.48	67.44	71.54	73.69	75.90	80.45	80.45	87.85	
2 1/2" - 3"	135.46	139.52	143.71	152.46	157.03	161.74	171.44	171.44	187.21	
4"	287.47	296.09	304.97	323.54	333.25	343.25	363.85	363.85	397.32	
6"	848.60	874.06	900.28	952.02	980.58	1,010.00	1,070.60	1,070.60	1,169.10	

Notes:
(1) Rates as of June 30 of each fiscal year.
(2) Rates are net of applicable energy surcharges.

Source: Casitas Municipal Water District Board of Directors approved rate ordinances and resolutions

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

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

RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Residential:					
Bi-Monthly Lifeline	0-20 Units	\$	0.567	\$	0.831
Bi-Monthly Lifeline	21-34 Units	\$	1.003	\$	1.267
Bi-Monthly Lifeline	35-100 units	\$	1.404	\$	1.668
Bi-Monthly Lifeline	101 units +	\$	2.200	\$	2.464
Business		\$	1.259	\$	1.524
Industrial		\$	1.259	\$	1.524
Resale		\$	0.780	\$	1.403
Other		\$	1.259	\$	1.524
Temporary		\$	1.419	\$	1.683
Recreation		\$	1.259	\$	1.524

RATE SCHEDULE - CLASS 3 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Ag-Residential:					
Monthly Lifeline	0-10 Units	\$	0.567	\$	0.831
Monthly Usage	11-17 Units	\$	1.003	\$	1.267
Monthly Usage	18 -50 Units	\$	1.404	\$	1.668
Irrigation (AG)	51 units +	\$	0.588	\$	0.852

**** One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$0.588 x 435.6 =	\$	256.13	Gravity
		per AF = \$0.852 x 435.6 =	\$	371.13	Pumped

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
RESIDENTIAL	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	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
BUSINESS	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
INDUSTRIAL	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
IRRIGATION/ AG	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
RESALE(G)	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
RESALE(P)	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
OTHER	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
TEMPORARY	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
RECREATION	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 Present**

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

RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
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

RATE SCHEDULE - CLASS 3 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
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

**** One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$0.606 x 435.6 =	\$	263.97	Gravity
		per AF = \$0.878 x 435.6 =	\$	382.46	Pumped

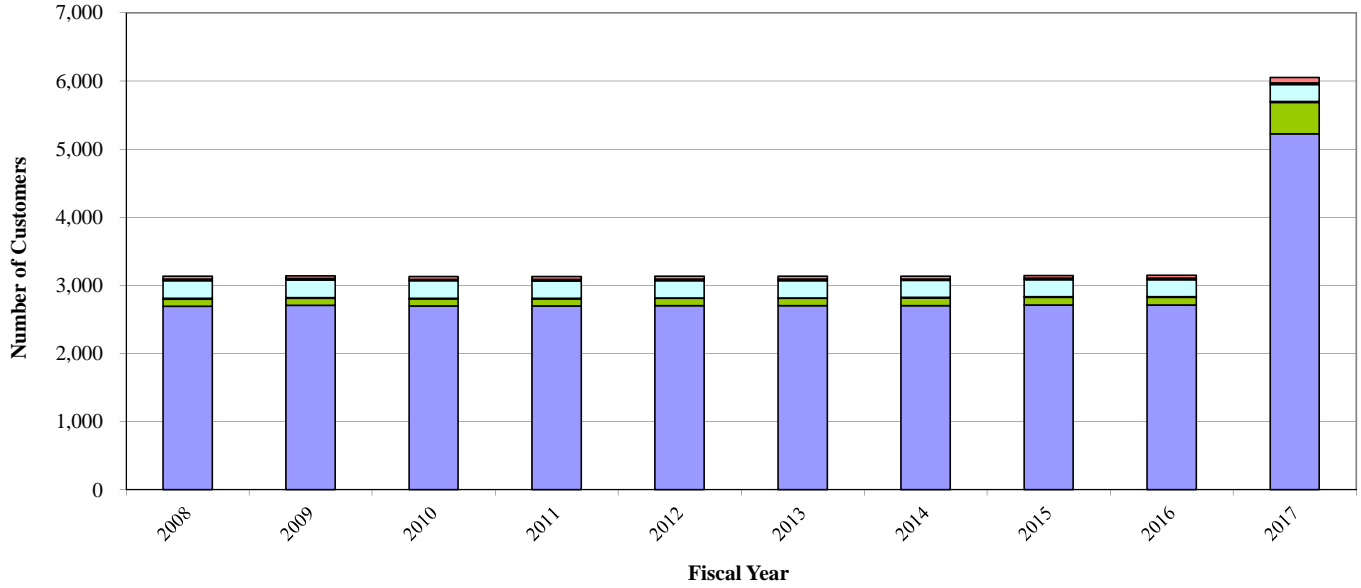
9.3.4 COMBINATION (CLASS C) SERVICE. Where more than one class of water service or use is provided through a single connection, the General Manager shall make an equitable proration of rates and fees, such proration shall be conclusive unless appealed within 30 days by the customer to the Board, in which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

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

Source: Casitas Municipal Water District 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	
2008	2,691	104	13	262	22	40	3,132
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

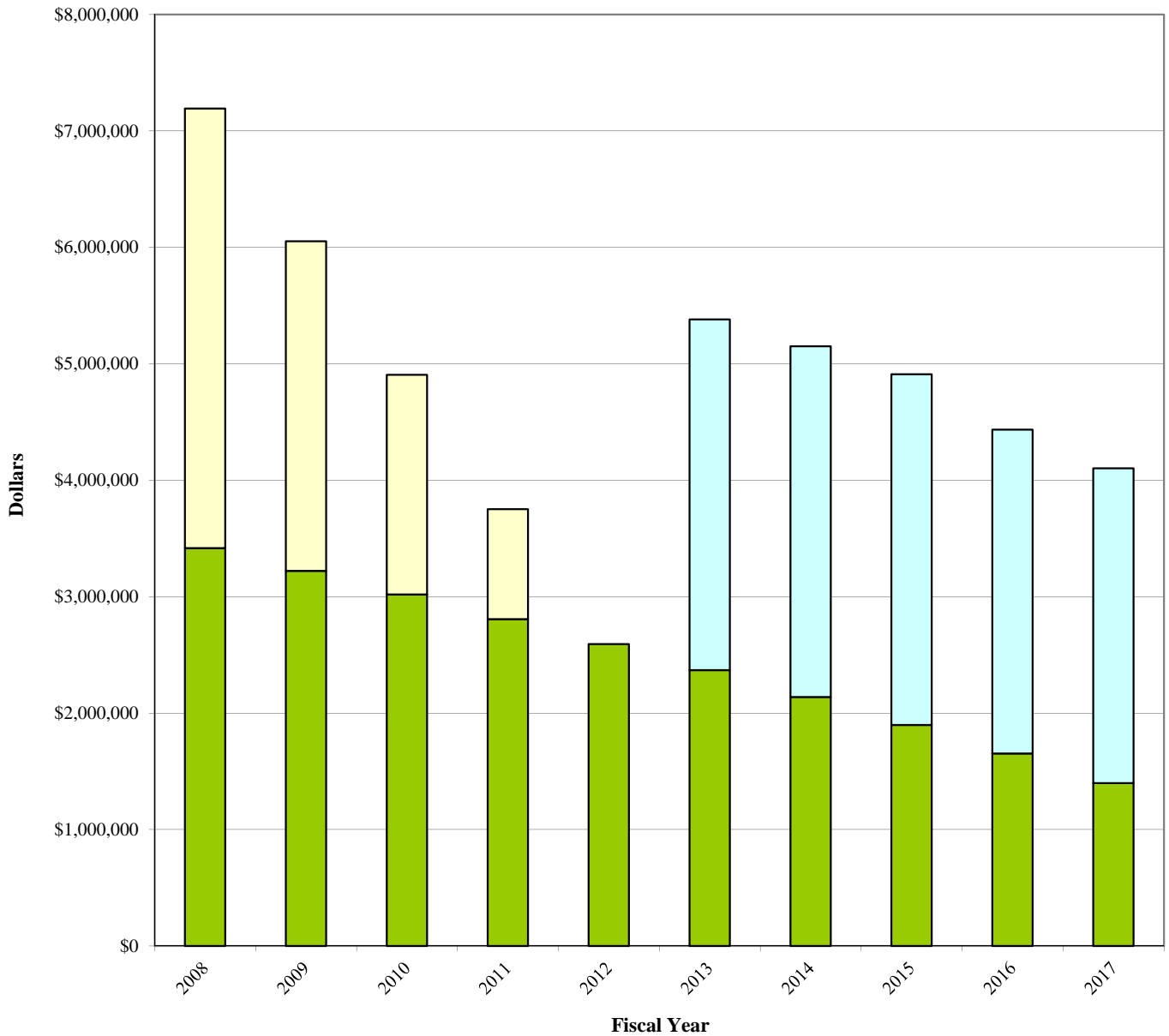


Note: Number of customers as of June 30 of fiscal year.

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
2008	\$ 3,417,845	\$ 3,774,584	\$ -	\$ 7,192,429	8.92	19.15%
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%



Source: Casitas Municipal Water District Accounting Department

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

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2008	\$ 17,231,300	(10,107,124)	7,124,176	1,145,039	124,805	1,269,844	5.61
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

Notes:

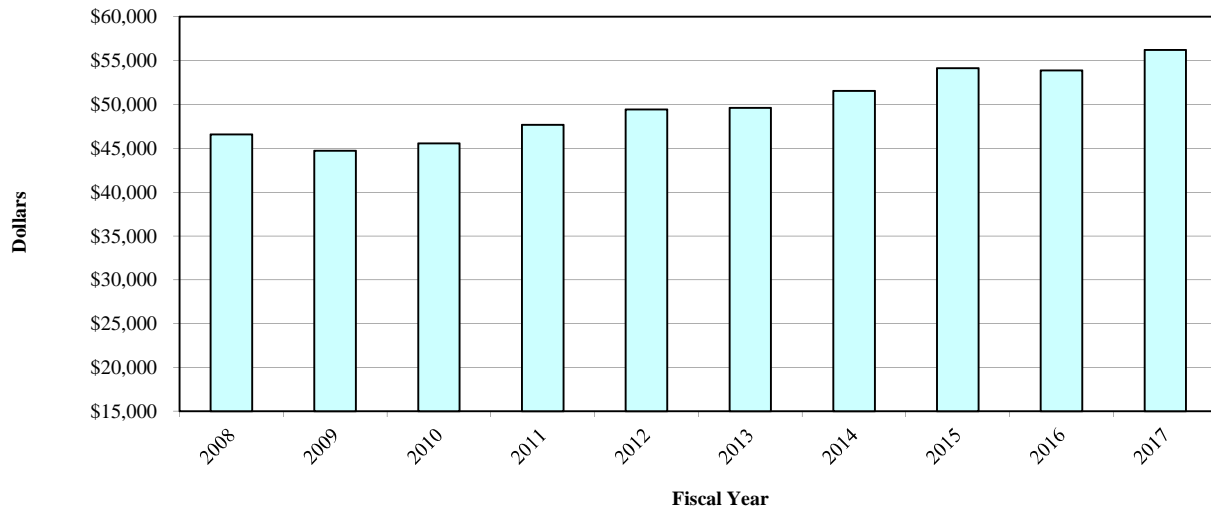
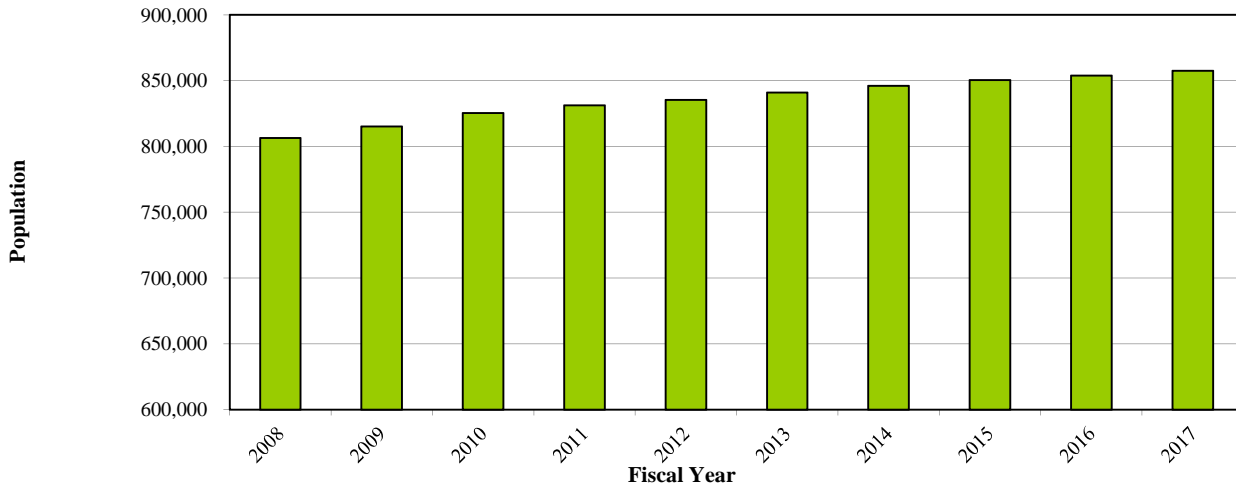
(1) Operating expenses exclude depreciation expense.

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
2008	6.3%	806,353	37,551,000	46,569
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



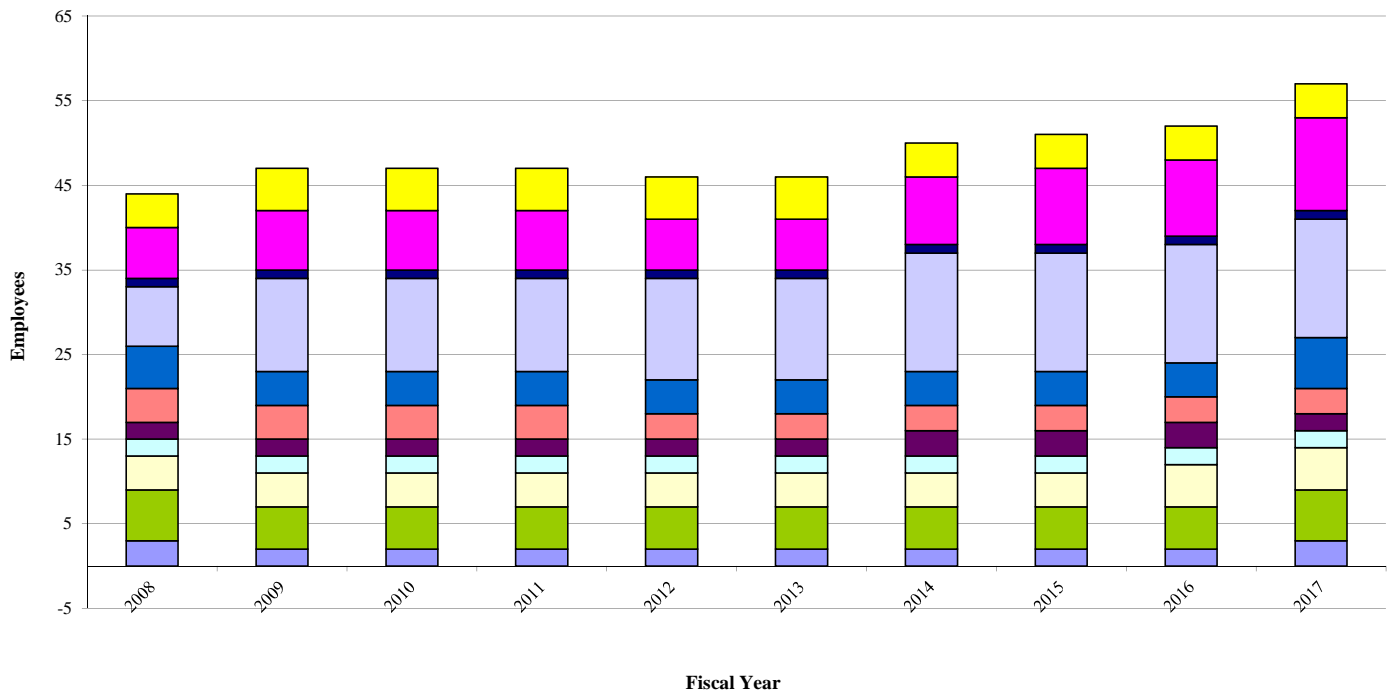
Sources: California Department of Finance and CaliforniaLaborMarketInfo

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Management	3	2	2	2	2	2	2	2	2	3
Administration	6	5	5	5	5	5	5	5	5	6
Engineering	4	4	4	4	4	4	4	4	5	5
Water Quality Lab	2	2	2	2	2	2	2	2	2	2
Fisheries	2	2	2	2	2	2	3	3	3	2
Electrical and Mechanical	4	4	4	4	3	3	3	3	3	3
Distribution	5	4	4	4	4	4	4	4	4	6
Conservation and Treatment	7	11	11	11	12	12	14	14	14	14
Information Technology	1	1	1	1	1	1	1	1	1	1
Recreation Operations	6	7	7	7	6	6	8	9	9	11
Recreation Maintenance	4	5	5	5	5	5	4	4	4	4
Total	44	47	47	47	46	46	50	51	52	57



Sources: Casitas Municipal Water District Operations and Accounting Departments

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

Other Operating and Capacity Indicators

Fiscal Year	Miles of Pipeline	Lake Storage Capacity (AF)	Lake Level at Year-End (AF)	Percentage of Lake Capacity	Daily System Capacity (MGD)
2008	105.7	254,000	222,528	87.6%	65
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

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