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Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2013

2013

Celebrating 90 Years of Service 1923 - 2013

Prepared by:

The Finance Department
Marlene Kelleher, Finance Manager

Vista Irrigation District - Vista, California

VID VISTA IRRIGATION DISTRICT

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www.vid-h2o.org



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

**Vista Irrigation District
Comprehensive Annual Financial Report**

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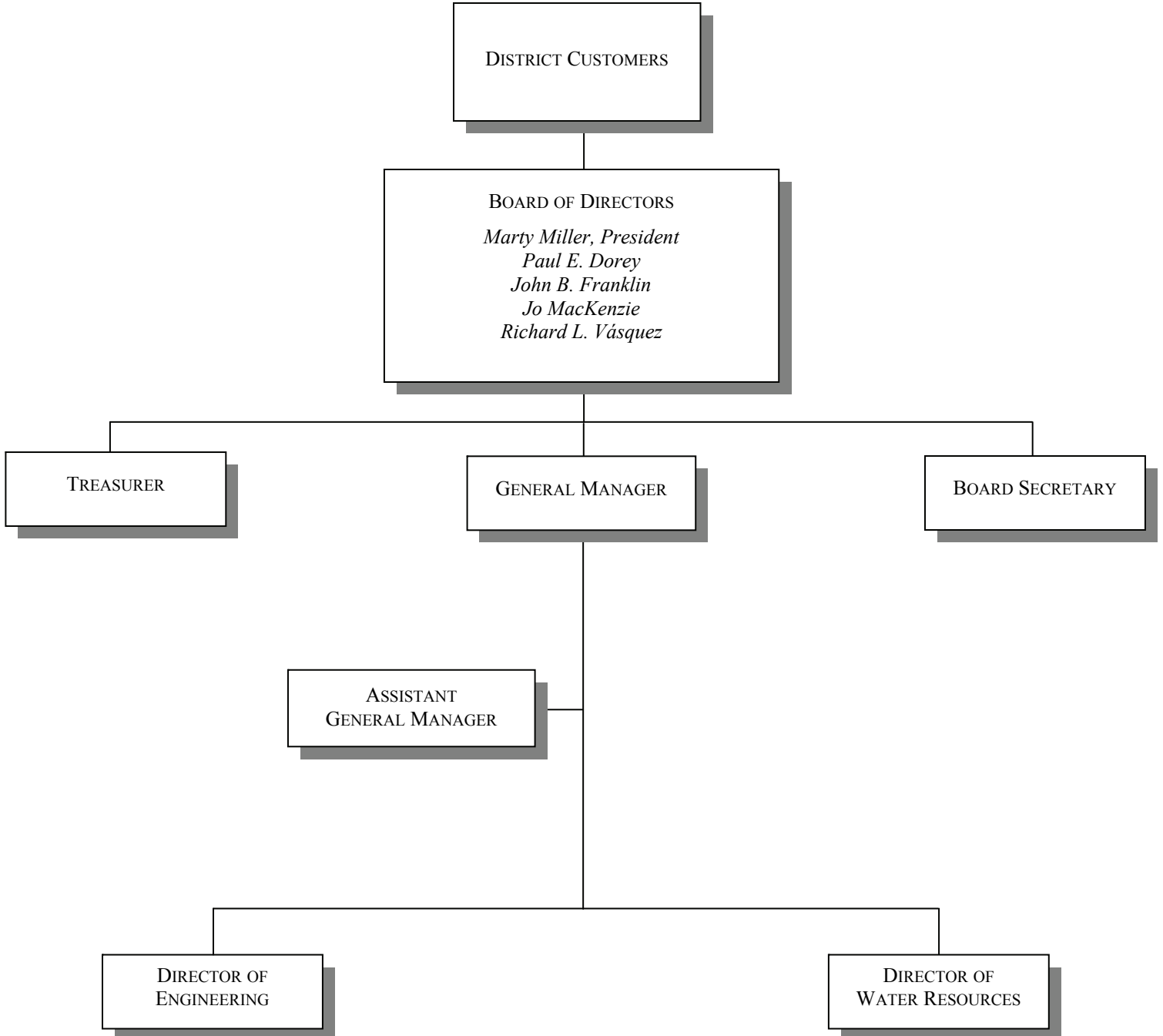
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Introductory Section



Organization Chart





1391 Engineer Street • Vista, California 92081-8840

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

www.vid-h2o.org

Board of Directors

Marty Miller, *President*

Paul E. Dorey

John Franklin

Jo MacKenzie

Richard L. Vásquez

Administrative Staff

Roy A. Coox

General Manager

Eldon L. Boone

Assistant General Manager/Treasurer

Lisa R. Soto

Board Secretary

Joel D. Kuperberg

General Counsel

December 4, 2013

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

We are pleased to present the Vista Irrigation District's (the District's) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The purpose of the report is to provide the Board of Directors, our customers, and any other interested parties with reliable financial information about the District.

The report was prepared by the District's Finance Department following guidelines set forth by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner that provides a fair representation of the financial position and results of operations of the District. Included are all disclosures we believe necessary to enhance your understanding of the financial condition of the District. Internal controls are an important part of any financial reporting framework, and management of Vista Irrigation District has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented.

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

The District's financial statements have been audited by Rogers, Anderson, Malody and Scott, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Profile of the District

District's Service Area

The District's service area consists of a 31-square mile area in the northwestern quadrant of San Diego County that lies west of the Interstate 15 Freeway and east of the Interstate 5 Freeway, encompassing approximately 21,200 acres. Within the District's boundaries are the City of Vista; portions of the cities of San Marcos, Escondido and Oceanside; and unincorporated areas of the county. The District provides potable water to its service area.

District's Authority

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

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

Governance

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

Water Services

The District serves more than 28,400 customers. Typically, thirty percent of the District's water comes from its local water supply, Lake Henshaw, and seventy percent comes from two imported water sources, the Colorado River and the Sacramento River/San Joaquin River Delta in Northern California. The District currently delivers approximately 18,900 acre feet of water annually to its customers.

The water system operates over 473 miles of pipe, 12 storage reservoirs, and 7 pumping stations. The District jointly owns the Escondido-Vista water treatment plant with the City of Escondido. The Escondido-Vista water treatment plant (EVWTP) has a capacity of 66 MGD and treats all raw water before it is delivered to customers.

Local Economy

District Economic Results

The estimated population of the District is 124,293 as of fiscal year 2013. According to the San Diego Association of Governments (SANDAG), the median age of residents within the District as calculated during the most recent US Census, was 32.8 years and the median household income of residents in the City of Vista, which encompasses the majority of the District, was \$35,900. From 2003 to 2012 the population increased 3.7%, and median household income (adjusted for inflation) decreased by 3.2%.

The demand for new connections continued, with the District's total meters in service increasing in fiscal year 2013 by 59 meters to 28,208. Water sales for fiscal year 2013 were 18,904 acre feet, up 1,663 acre feet or 9.6% from sales of 17,241 in fiscal year 2012. Of the 18,904 acre feet, or 6.2 billion gallons sold in fiscal year 2013, 69% was distributed for residential use, 10% for industrial and commercial use, 11% for landscape irrigation use, 6% for agricultural use and 4% for governmental use.

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

Bay-Delta Fix

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

Water supplies from the Bay-Delta come to San Diego County via the State Water Project. The Metropolitan Water District of Southern California (MWD) purchases the water from the state Department of Water Resources under a water supply contract. This water has become increasingly unreliable in recent years as deteriorating ecological conditions have led to regulatory restrictions on pumping water supplies from the Bay-Delta. How much and when the District would begin paying for a Bay-Delta fix is undetermined at this time.

MWD Lawsuit

The Authority filed a lawsuit in 2010 against MWD. The Authority alleges that the water rates set by MWD discriminate against the Authority by artificially inflating the price charged for transporting water through MWD's pipelines. If the Authority wins the case, MWD will be required to refund amounts estimated to be approximately \$135 million at the end of 2013. The Authority has indicated that it would then refund the proportionate share of the proceeds to its member agencies, including the District.

Long-Term Financial Planning

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

Items in the long range capital improvement plan are determined not only by the depreciation schedule, but through a process which assesses a combination of factors including age, condition and the critical nature of the facility. The long range capital improvement plan spreads projects over several years to maintain a constant level of capital projects to maximize the efficiency of District resources. Funds collected or accumulated in years in which there are no new or expanded facilities are placed into the District's construction reserve account. Funds in the construction reserve account are used to pay for construction projects in years that the costs of construction projects exceed the amount collected from water rates.

Major Initiatives

Mainline Replacement Program

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

Since its inception, the Board has allocated \$17.2 million to the program which has allowed the replacement of nearly 22.5 miles of older pipe ranging in size from 4 to 20 inches. The Board approved another \$1.7 million for this program as part of the capital improvement program for fiscal year 2014.

Accomplishments

Outreach Award

The District received the Association of California Water Agencies' (ACWA) Outreach Recognition Award for Region 10. The award is given annually to agencies that are the top outreach participants in their region. The winner of the award is determined by the number of contacts made with legislators that are consistent with ACWA's support or oppose positions, as determined by the ACWA State Legislative Committee.

Governor's Historic Preservation Award

The District received this award from the California Office of Historic Preservation, on behalf of The Honorable Governor Edmund G. Brown. The award is in recognition of the preservation and restoration of the Warner-Carrillo Ranch House and Barn which is a National and State Historic Landmark owned by the District.

Project of the Year

The American Public Works Association (APWA), San Diego & Imperial County chapter presented the District with the Project of the Year Award in the historical restoration/preservation category. The award recognizes the preservation and restoration of the Warner-Carrillo Ranch House.

Financial Statement Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Vista Irrigation District for its CAFR for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

We would like to express our appreciation to the Finance Department staff and the independent accounting firm of Rogers, Anderson, Malody and Scott LLP for the efforts made to prepare this report. We would also like to thank the Board of Directors for their continued interest and support in all aspects of the District's financial management.

Respectfully submitted,



Roy A. Coox
General Manager



Marlene Kelleher
Finance Manager



Government Finance Officers Association

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

Presented to

**Vista Irrigation District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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Financial Section

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

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Independent Auditor's Report

To the Board of Directors
Vista Irrigation District
Vista, California

PARTNERS

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

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Peter E. Murray, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Daniel T. Turner, CPA, MSA
Derek J. Brown, CPA, MST
David D. Henwood, CPA

Report on the Financial Statements

We have audited the accompanying financial statements of the Vista Irrigation District (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

To the Board of Directors
Vista Irrigation District

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2013, and the changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on summarized comparative information

We have previously audited the District's 2012 financial statements, and our report dated December 3, 2012, we expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Directors
Vista Irrigation District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, 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.

A handwritten signature in black ink that reads "Rogers Anderson Maloney & Scott, LLP". The signature is written in a cursive style with a large, sweeping initial 'R'.

San Bernardino, CA
December 4, 2013

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**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Our discussion and analysis of the Vista Irrigation District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2013. Please read it in conjunction with the District's financial statements which begin on page 8. This annual financial report consists of two parts -- Management's Discussion and Analysis (this section) and the Financial Statements.

Financial Statements

The District's financial statements include four components:

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

The statements of net position include all of the District's assets and liabilities, with the difference between the two reported as net position. Net Position is displayed in two categories:

- Net investment in capital assets
- Unrestricted

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

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

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

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

These statements differ from the statements of revenues, expenses and changes in net position by only accounting for transactions that result in cash receipts or cash disbursements.

See independent auditors' report.

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

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

Financial Highlights

- Overall, operating revenues increased 14.5%, while operating expenses increased 13.5%.
- The District realized a \$5.2 million operating gain during the current fiscal year primarily due to an increase in water revenues, resulting from the tiered-rate structure, as well as a decrease in wages and benefits, due to a decrease in the size of the District's workforce.
- Nonoperating revenues increased \$0.2 million primarily due to slightly higher property tax revenues in the current year.
- Contributed capital increased \$0.6 million due to the completion of nine capital contribution jobs in the current year, as compared to four in the prior year.

Financial Analysis of the District

Net Position - The District's overall net position increased \$6.8 million between fiscal years 2012 and 2013, from \$100.3 to \$107.1 million. The net investment in capital assets increased \$0.7 million which reflects the excess of net capital additions over the current year depreciation and dispositions. The unrestricted net position increased \$6.1 million primarily due to operating income exceeding operating expenses.

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

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 34.8	\$ 29.2
Capital assets	<u>83.1</u>	<u>82.4</u>
Total Assets	117.9	111.6
Liabilities	<u>10.8</u>	<u>11.3</u>
Net Position:		
Net investment in capital assets	83.1	82.4
Unrestricted	<u>24.0</u>	<u>17.9</u>
Total Net Position	\$ <u>107.1</u>	\$ <u>100.3</u>

See independent auditors' report.

**VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Change in Net Position - The District's operating revenues increased by 14.5% to \$45.8 million. In fiscal year 2013, 97.6% of the District's operating revenues came from water sales. The increase in operating revenues resulted primarily due to increased water rates.

The District's operating expenses increased 13.5% to \$40.6 million primarily due to an increase of \$4.7 million in purchased water.

The District's nonoperating revenues increased from \$0.2 million to \$0.4 million primarily due to slightly higher property tax revenues in the current year.

The District's contributed capital increased from \$0.6 million to \$1.2 million primarily due to more capital contribution jobs completed in the current year.

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

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Water sales	\$ 44.7	\$ 38.9
Property rentals	0.7	0.5
System fees	0.2	0.3
Other services	<u>0.2</u>	<u>0.3</u>
Total Operating Revenues	<u>45.8</u>	<u>40.0</u>
Operating Expenses	<u>40.6</u>	<u>35.8</u>
Operating Income	<u>5.2</u>	<u>4.2</u>
Nonoperating Revenues (Expenses)		
Property taxes	0.4	0.3
Legal settlement	(0.1)	(0.1)
Investment income	<u>0.1</u>	<u>-</u>
Total Nonoperating Revenues	<u>0.4</u>	<u>0.2</u>
Contributed Capital	<u>1.2</u>	<u>0.6</u>
Increase in Net Position	<u>\$ 6.8</u>	<u>\$ 5.0</u>

See independent auditors' report.

**VISTA IRRIGATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Capital Assets

At June 30, 2013, the District had invested \$159.1 million in capital assets with \$76.0 million in accumulated depreciation. Net capital assets increased \$0.7 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year, the District added \$3.3 million in pipeline projects and \$0.6 million in equipment. The largest capital additions were \$2.0 million in costs for several mainline replacement projects, \$0.1 million for the on-site chlorine generation system project, \$0.2 million for a pump station upgrade, and \$1.2 million of contributed pipeline projects. This year’s capital retirements were comprised of the replacement/disposal of pipelines, vehicles, computer, and pumping equipment with a total historical cost for all these items of \$0.2 million. Depreciation for the year was \$3.1 million.

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

	<u>2013</u>	<u>2012</u>
Land, franchises and water rights	\$ 6.0	\$ 6.0
Buildings, canals, pipelines, reservoirs and dams	75.0	74.2
Equipment	0.8	0.5
Henshaw pumping project	0.3	0.4
Construction in progress	<u>1.0</u>	<u>1.3</u>
Total Capital Assets, Net	<u>\$ 83.1</u>	<u>\$ 82.4</u>

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

Capital Debt

At June 30, 2013, the District had no capital debt and has no immediate need to issue debt.

Contacting the District’s Financial Management

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

See independent auditors’ report.

**VISTA IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

ASSETS

	<u>2013</u>	<u>2012</u>
<u>Current Assets:</u>		
Cash and cash equivalents (notes 1 and 2)	\$ 13,464,086	\$ 9,127,114
Investments (notes 1 and 2)	12,993,484	12,989,042
Accounts receivable, net (notes 1 and 3)	7,835,894	6,405,894
Taxes receivable	27,005	62,296
Accrued interest receivable	4,677	3,581
Inventories of materials and supplies	352,470	356,768
Prepaid expenses and other current assets	<u>188,642</u>	<u>261,478</u>
Total Current Assets	<u>34,866,258</u>	<u>29,206,173</u>
<u>Noncurrent Assets:</u>		
Capital assets: (notes 1 and 4)		
Depreciable assets, net of accumulated depreciation:		
Buildings, canals, pipelines, reservoirs and dams	74,987,426	74,231,217
Equipment	846,102	457,048
Henshaw pumping project	322,949	361,517
Nondepreciable assets:		
Land, franchises and water rights	5,960,313	5,960,313
Construction in progress	<u>965,229</u>	<u>1,349,392</u>
Total capital assets	<u>83,082,019</u>	<u>82,359,487</u>
Total Noncurrent Assets	<u>83,082,019</u>	<u>82,359,487</u>
TOTAL ASSETS	\$ <u>117,948,277</u>	\$ <u>111,565,660</u>

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

(Continued)

**VISTA IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

LIABILITIES AND NET POSITION

	<u>2013</u>	<u>2012</u>
<u>Current Liabilities:</u>		
Accounts payable (note 5)	\$ 4,674,112	\$ 4,124,702
Deposits	142,456	279,974
Accrued expenses and other liabilities	<u>1,938,315</u>	<u>2,850,586</u>
Total Current Liabilities	<u>6,754,883</u>	<u>7,255,262</u>
 <u>Noncurrent Liabilities:</u>		
Claims payable (note 6)	<u>4,095,461</u>	<u>4,038,371</u>
Total Liabilities	<u>10,850,344</u>	<u>11,293,633</u>
 <u>Net Position:</u>		
Net investment in capital assets	83,082,019	82,359,487
Unrestricted (note 7)	<u>24,015,914</u>	<u>17,912,540</u>
Total Net Position	<u>107,097,933</u>	<u>100,272,027</u>
 TOTAL LIABILITIES AND NET POSITION	 \$ <u>117,948,277</u>	 \$ <u>111,565,660</u>

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

VISTA IRRIGATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012

	<u>2013</u>	<u>2012</u>
<u>Operating Revenues:</u>		
Water sales	\$ 44,675,640	\$ 38,929,306
Property rentals	666,495	475,148
System fees	228,954	297,553
Other services	<u>206,602</u>	<u>285,692</u>
Total Operating Revenues	<u>45,777,691</u>	<u>39,987,699</u>
<u>Operating Expenses:</u>		
Purchased water	19,438,447	14,767,680
Wages and benefits	11,902,693	12,223,638
Contractual services	3,551,800	3,554,268
Depreciation	3,122,974	3,022,459
Supplies	969,997	1,078,481
Professional fees	799,509	831,775
Power	735,024	434,811
Office and general	477,700	422,474
Insurance	407,580	363,291
Communications	61,278	72,668
Uncollectible accounts	54,046	72,180
Burden allocation	<u>(934,908)</u>	<u>(1,074,815)</u>
Total Operating Expenses	<u>40,586,140</u>	<u>35,768,910</u>
Operating Income	<u>5,191,551</u>	<u>4,218,789</u>
<u>Nonoperating Revenues (Expenses):</u>		
Property taxes	387,889	313,008
Federal and state assistance	64,015	-
Investment income	53,471	47,225
Gain (Loss) on disposal of capital assets	9,414	(6,235)
Legal settlement	<u>(57,090)</u>	<u>(83,096)</u>
Total Nonoperating Revenues	<u>457,699</u>	<u>270,902</u>
Income Before Contributions	5,649,250	4,489,691
Capital Contributions	<u>1,176,656</u>	<u>552,881</u>
Change in Net Position	6,825,906	5,042,572
Total Net Position - Beginning	<u>100,272,027</u>	<u>95,229,455</u>
TOTAL NET POSITION - ENDING	\$ <u>107,097,933</u>	\$ <u>100,272,027</u>

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

**VISTA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Operating Activities:</u>		
Receipts from customers	\$ 44,545,047	\$ 40,579,972
Payments to suppliers	(33,862,027)	(36,163,654)
Payments to employees	(4,103,281)	(4,128,885)
Collection of deposits	259,824	335,993
Return of deposits	<u>(400,342)</u>	<u>(587,705)</u>
Net Cash Provided by Operating Activities	<u>6,439,221</u>	<u>35,721</u>
<u>Cash Flows From Noncapital Financing Activities:</u>		
Receipts from property taxes	<u>387,889</u>	<u>313,008</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>		
Proceeds from disposal of capital assets	9,604	33
Acquisition of capital assets	(2,639,356)	(3,002,254)
Receipts from developers for capital purposes	28,000	81,555
Proceeds from Federal and State assistance	<u>64,015</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,537,737)</u>	<u>(2,920,666)</u>
<u>Cash Flows From Investing Activities:</u>		
Proceeds from maturities of investments	13,000,000	14,000,000
Interest on cash and investments	26,973	37,495
Purchase of investments	<u>(12,979,374)</u>	<u>(13,980,561)</u>
Net Cash Provided by Investing Activities	<u>47,599</u>	<u>56,934</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,336,972	(2,515,003)
Cash and Cash Equivalents - Beginning	<u>9,127,114</u>	<u>11,642,117</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 13,464,086</u>	<u>\$ 9,127,114</u>

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

(Continued)

**VISTA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
<u>Reconciliation of Operating Income to Net</u>		
<u>Cash Provided by Operating Activities:</u>		
Operating Income	\$ 5,191,551	\$ 4,218,789
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,122,974	3,022,459
Change in Assets and Liabilities:		
Accounts receivable, net	(1,430,000)	35,203
Taxes receivable	35,291	(4,081)
Inventories of materials and supplies	4,298	(84,483)
Prepaid expenses and other current assets	72,836	38,046
Accounts payable	549,410	803,142
Accrued expenses and other liabilities	(966,621)	(7,741,642)
Deposits - operating	<u>(140,518)</u>	<u>(251,712)</u>
Net Cash Provided by Operating Activities	<u>\$ 6,439,221</u>	<u>\$ 35,721</u>
<u>Noncash Investing, Capital and Financing Activities:</u>		
Contributed capital assets	\$ 1,176,656	\$ 552,881
Capital asset acquisitions included in accounts payable and accrued expenses	\$ 86,683	\$ 109,308
Increase in fair value of investments	\$ 25,068	\$ 14,980

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

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

Description of the Reporting Entity

Vista Irrigation District (District) is a public entity established in 1923, pursuant to the Irrigation District Act of the California Water Code, for the purpose of providing water services to the properties in the District. The District's service area lies within the northwestern quadrant of San Diego County, encompassing approximately 21,180 acres. Historically, the District has received 30% of its water supply from Lake Henshaw which, along with the surrounding 43,000 acre Warner Ranch, is owned and operated by the District. The remaining 70% of the District's supply comes from Northern California through the State Water Project and from the Colorado River. These sources are conveyed to the District via aqueducts owned and operated by water wholesalers, the Metropolitan Water District of Southern California and the San Diego County Water Authority. The District is governed by a Board of Directors consisting of five directors elected by geographical divisions, based on District population, for four-year alternating terms.

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

Basis of Accounting

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

Use of Estimates

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

Implementation of New Pronouncement

Beginning with the current fiscal year, the District implemented GASBS No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the District's net position.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

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

Revenue Recognition

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

Pronouncements of GASB and FASB

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date, the District has chosen not to do so.

Cash and Cash Equivalents

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

Investments

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

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

Accounts Receivable

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

Inventories of Materials and Supplies

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

Capital Assets and Depreciation

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

	<u>Useful Life</u>
Buildings, canals, pipelines, reservoirs and dams	15 - 60 years
Equipment	3 - 20 years
Henshaw pumping project	10 - 20 years

Risk Management

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

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

Property Loss - Insured up to \$100,000,000 per occurrence (total insurable value \$27,553,913) with \$5,000 deductible for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles; the Authority is self-insured up to \$100,000 per occurrence and excess insurance coverage has been purchased.

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

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

Risk Management (Continued)

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

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

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

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

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

Vacation and Sick Leave

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

Burden Allocation

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

Comparative Data

Comparative total data for the prior year have been presented in order to provide an understanding of the changes in the financial position and operations of the District. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Property Taxes

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 2 - Cash and Investments:

The following is a detail of cash and cash equivalents as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cash on hand	\$ 5,039	\$ 4,910
Deposits	619,392	407,746
State Treasurer's investment pool	8,491,805	4,374,221
California Asset Management Program	4,347,850	4,340,237
Total cash and cash equivalents	<u>\$ 13,464,086</u>	<u>\$ 9,127,114</u>

As of June 30, 2013 and 2012, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>2013 Fair Value</u>	<u>2012 Fair Value</u>
State Treasurer's investment pool	9 months weighted average	\$ 8,491,805	\$ 4,374,221
California Asset Management Program	1 month weighted average	4,347,850	4,340,237
Total cash equivalents		<u>\$ 12,839,655</u>	<u>\$ 8,714,458</u>
U.S. Treasury bills	6 months weighted average	\$ 12,993,484	\$ 12,989,042
Total Investments		<u>\$ 12,993,484</u>	<u>\$ 12,989,042</u>

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

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 2 - Cash and Investments: (Continued)

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

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All deposits are entirely insured or collateralized. State law requires banks to secure the District's deposits by pledging government securities valued at 110% of the amount of the deposit as collateral. The District may waive the collateral requirement for deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC). On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provided for unlimited deposit insurance coverage for deposit balances in noninterest-bearing transaction accounts beginning December 31, 2010, through December 31, 2012. As of June 30, 2012, the District's bank balances were \$687,765, and were fully insured. Beginning on January 1, 2013, combined deposits are insured by the FDIC up to \$250,000. As of June 30, 2013, the District's bank balances were \$567,737, of which \$250,000 were insured and the remaining \$317,737 were uninsured and collateralized with securities held by the pledging institution's trust department.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 3 - Accounts Receivable, Net:

As of June 30, 2013 and 2012, the net balances were comprised of accounts receivable balances of \$8,318,186 and \$6,847,118, respectively, less the allowances for doubtful accounts of \$482,292 and \$441,224, respectively.

Note 4 - Capital Assets:

Capital assets consist of the following at June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 5,960,313	\$ -	\$ -	\$ 5,960,313
Construction in progress	<u>1,349,392</u>	<u>2,211,076</u>	<u>(2,595,239)</u>	<u>965,229</u>
Total capital assets not being depreciated	<u>7,309,705</u>	<u>2,211,076</u>	<u>(2,595,239)</u>	<u>6,925,542</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	140,806,546	3,670,109	(33,816)	144,442,839
Equipment	4,480,302	559,751	(215,132)	4,824,921
Henshaw pumping project	<u>2,917,377</u>	<u>-</u>	<u>-</u>	<u>2,917,377</u>
Total capital assets being depreciated	<u>148,204,225</u>	<u>4,229,860</u>	<u>(248,948)</u>	<u>152,185,137</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(66,575,329)	(2,913,709)	33,625	(69,455,413)
Equipment	(4,023,254)	(170,697)	215,132	(3,978,819)
Henshaw pumping project	<u>(2,555,860)</u>	<u>(38,568)</u>	<u>-</u>	<u>(2,594,428)</u>
Total accumulated depreciation	<u>(73,154,443)</u>	<u>(3,122,974)</u>	<u>248,757</u>	<u>(76,028,660)</u>
Total capital assets being depreciated, net	<u>75,049,782</u>	<u>1,106,886</u>	<u>(191)</u>	<u>76,156,477</u>
Total capital assets, net	<u>\$ 82,359,487</u>	<u>\$ 3,317,962</u>	<u>\$ (2,595,430)</u>	<u>\$ 83,082,019</u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 4 - Capital Assets: (Continued)

Capital assets consisted of the following at June 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land, franchises, and water rights	\$ 5,960,313	\$ -	\$ -	\$ 5,960,313
Construction in progress	<u>1,337,861</u>	<u>2,787,195</u>	<u>(2,775,664)</u>	<u>1,349,392</u>
Total capital assets not being depreciated	<u>7,298,174</u>	<u>2,787,195</u>	<u>(2,775,664)</u>	<u>7,309,705</u>
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	137,907,236	2,955,692	(56,382)	140,806,546
Equipment	4,374,664	171,820	(66,182)	4,480,302
Henshaw pumping project	<u>2,884,529</u>	<u>32,848</u>	<u>-</u>	<u>2,917,377</u>
Total capital assets being depreciated	<u>145,166,429</u>	<u>3,160,360</u>	<u>(122,564)</u>	<u>148,204,225</u>
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(63,803,564)	(2,821,879)	50,114	(66,575,329)
Equipment	(3,929,852)	(159,584)	66,182	(4,023,254)
Henshaw pumping project	<u>(2,514,865)</u>	<u>(40,995)</u>	<u>-</u>	<u>(2,555,860)</u>
Total accumulated depreciation	<u>(70,248,281)</u>	<u>(3,022,458)</u>	<u>116,296</u>	<u>(73,154,443)</u>
Total capital assets being depreciated, net	<u>74,918,148</u>	<u>137,902</u>	<u>(6,268)</u>	<u>75,049,782</u>
Total capital assets, net	<u>\$ 82,216,322</u>	<u>\$ 2,925,097</u>	<u>\$ (2,781,932)</u>	<u>\$ 82,359,487</u>

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 5 - Accounts Payable:

At June 30, 2013, the accounts payable of \$4,674,112 included \$3,523,250 for water purchases from the San Diego County Water Authority and \$1,150,862 for obligations to other vendors. The accounts payable of \$4,124,702 at June 30, 2012 included \$3,133,335 for water purchases from the San Diego County Water Authority and \$991,367 for obligations to other vendors.

Note 6 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30, 2013:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Claims payable	\$ 4,038,371	\$ 57,090	\$ -	\$ 4,095,461
Total noncurrent liabilities	<u>\$ 4,038,371</u>	<u>\$ 57,090</u>	<u>\$ -</u>	<u>\$ 4,095,461</u>

Noncurrent liabilities consist of the following at June 30, 2012:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Claims payable	\$ 3,955,275	\$ 83,096	\$ -	\$ 4,038,371
Pension plan side-fund debt:				
Due within one year	907,547	-	(907,547)	-
Due beyond one year	<u>7,324,573</u>	<u>-</u>	<u>(7,324,573)</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 12,187,395</u>	<u>\$ 83,096</u>	<u>\$ (8,232,120)</u>	<u>\$ 4,038,371</u>

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 7 - Unrestricted Net Position:

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

	<u>2013</u>	<u>2012</u>
Emergency and contingency	\$ 8,000,000	\$ 8,000,000
Future construction	7,007,114	1,882,555
Working capital	9,000,000	8,000,000
Water purchase stabilization	-	23,065
Ranch improvements	<u>8,800</u>	<u>6,920</u>
Total unrestricted net position	<u>\$ 24,015,914</u>	<u>\$ 17,912,540</u>

Note 8 - Defined Benefit Pension Plan:

Plan Description

The District's contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of the PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

Contributions and Funding Policy

Active plan members in the Plan are required to contribute 4.5% of their annual covered salary.

The District is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2013 was 19.835% of annual covered payroll. In January 2012 of the prior fiscal year, the District opted to make a lump sum payment of \$8,232,120 in order to pay off the side fund (the difference between the funded status of the PERS pool and the funded status of the District's plan at the time PERS pooled the agencies together in 2003), which reduced the pooled employer contribution rate from 30.253% to 19.36%.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 8 - Defined Benefit Pension Plan: (Continued)

Contributions and Funding Policy (Continued)

The contribution requirements of plan members and the District are established and may be amended by the District's Board of Directors in conjunction with applicable labor contracts. The District's contributions to the plan for the years ending June 30, 2011, 2012 and 2013 were \$2,364,295, \$10,135,592 (which included the \$8,232,120 side fund prepayment discussed above) and \$1,450,517, respectively, and were equal to the required contributions for each year.

Note 9 - Other Postemployment Benefits:

Plan Description

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

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

The District pre-funds its other postemployment benefits (OPEB) with CalPERS through the California Employers' Retiree Benefits Trust (CERBT) Fund. The CERBT is a trust fund that allows public employers to pre-fund the future cost of their retiree health insurance benefits and OPEB obligations for their covered employees or retirees. Employers that elect to participate in the CERBT make contributions into the trust fund. Participating employers use investment earnings to pay for retiree health benefits, similar to the CalPERS pension trust. Pre-funding OPEB obligations produces important benefits: Investment returns from trust fund investments will be used to pay for future obligations thereby lowering future employer costs; the higher investment return rate, expected to be earned by trust assets used to pre-fund OPEB obligations, will lower the employer's reported annual expense and the net OPEB obligation; a lower unfunded liability may result in a higher bond rating; and the financial security of employees and retirees is improved.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 9 - Other Postemployment Benefits: (Continued)

Plan Description (Continued)

The District fully funds its OPEB liability through the CERBT. For the years ended June 30, 2013 and 2012, the District was fully funded in a prepaid status (in relation to the Annual Required Contribution), and was not required to make any contributions to the CERBT.

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

Funding Policy and Annual OPEB Cost

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

	Retiree Healthcare Plan <u>2013</u>	Retiree Healthcare Plan <u>2012</u>
	Actuarially determined	Actuarially determined
Contribution rate: District	4.4%	4.4%
Annual required contribution	\$ 350,168	\$ 332,565
Contributions made	<u>(372,888)</u>	<u>(307,783)</u>
Increase in net OPEB obligation/(asset)	(22,720)	24,782
Net OPEB obligation (asset) - beginning of year	<u>(43,897)</u>	<u>(68,679)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (66,617)</u></u>	<u><u>\$ (43,897)</u></u>

Net OPEB asset balances are included in the "Prepaid expenses and other current assets" line on the Statements of Net Position.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 9 - Other Postemployment Benefits: (Continued)

Funding Policy and Annual OPEB Cost (Continued)

Annual OPEB Cost includes interest and the ARC adjustment, in addition to the ARC. However, the net difference between the interest on the asset and the ARC adjustment are immaterial to the District's financial statements and are not separately disclosed. Additionally, the Contributions Made exceeds the ARC by an amount immaterial to the District's financial statements and the District has chosen to disclose the ARC as its Annual OPEB Cost.

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

	<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percent of OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Retiree Healthcare Plan	2011	\$318,022	100.0%	(\$68,679)
Retiree Healthcare Plan	2012	\$332,565	100.0%	(\$43,897)
Retiree Healthcare Plan	2013	\$350,168	100.0%	(\$66,617)

Funded Status and Funding Progress

The funded status of the plan was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (A)</u>	<u>Actuarial Accrued Liability (B)</u>	<u>Unfunded Liability (A-B)</u>	<u>Funded Ratio (A/B)</u>	<u>Annual Covered Payroll (C)</u>	<u>Unfunded Liability as a % of Annual Covered Payroll [(A-B)/C]</u>
July 1, 2010	\$848,599	\$3,396,726	(\$2,548,127)	25.0%	\$7,741,925	(32.9%)
July 1, 2011	\$1,109,493	\$3,779,819	(\$2,670,326)	29.4%	\$7,523,865	(35.5%)
July 1, 2012	\$1,370,387	\$4,162,912	(\$2,792,525)	32.9%	\$7,416,382	(37.7%)

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 9 - Other Postemployment Benefits: (Continued)

Actuarial Methods and Assumptions

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

Actuarial valuation date	June 30, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay
Remaining amortization period	26 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.61%
Projected salary increases	3.25%

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit with service prorated. The actuarial assumptions included a 7.61% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5% for 2012, 8, 7, and 6 percent for 2013, 2014, and 2015, respectively, to an ultimate rate of 5% after 2015. Both rates included a 3% inflation assumption. The UAAL is being amortized over an initial 30 years using the level-percentage of pay method on a closed-basis. The remaining amortization period at June 30, 2011 is assumed to be 26 years. It is assumed the District's payroll will increase 3.25% per year.

Note 10 - Commitments and Contingencies:

Commitments

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 10 - Commitments and Contingencies: (Continued)

Commitments (Continued)

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

1. Allocation of Local Water and Supplemental Water

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

2. Financial Obligations

- a) The Indian Water Authority is responsible for all costs associated with obtaining supplemental water. The District and Escondido are responsible for all costs associated with maintaining and operating the local water system, including the cost of a proposed canal undergrounding on the San Pasqual Indian Reservation (currently estimated to cost \$15 million). The cost of the proposed undergrounding project will be divided evenly between the District and Escondido.
- b) In return for the Bands’ and the United States’ agreement that the Settlement shall be an entire agreement, and no obligations among the parties from the 1894, 1914, and 1922 contracts shall endure, there shall be no annual charges paid by the District or Escondido for the use of tribal lands, and all liability among the parties shall be waived prior to the effective date of the Settlement Agreement. The District and Escondido agree to each pay the Indian Water Authority \$3.85 million on October 1, 2008. This amount can be paid either as a lump sum, or paid over the next 20 years at 5% interest, or paid over 20 years, delayed for 5 years, at 6% interest. Any payment may be prepaid without a prepayment penalty.

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 10 - Commitments and Contingencies: (Continued)

Commitments (Continued)

- c) The Rincon Band's entitlement to 2,900 acre-feet per year of local water is estimated to cost the District approximately \$225,000 annually, based on the current cost of imported water and the assumption that the new formulation of the Rincon entitlement will result in the District purchasing additional imported water.

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

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

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

**VISTA IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND COMPARATIVE DATA FOR JUNE 30, 2012**

Note 10 - Commitments and Contingencies: (Continued)

Litigation

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

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

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

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



Statistical Section

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STATISTICAL SECTION

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

CONTENTS	PAGE
Financial Trends	31
<i>These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	33
<i>These schedules contain information to help the reader access the District’s most significant local revenue source.</i>	
Demographic and Economic Information	37
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.</i>	
Operating Information	39
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.</i>	

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

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Table I
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Position					
Net investment in capital assets	\$ 83,082,019	\$ 82,359,487	\$ 82,216,322	\$ 80,952,196	\$ 78,971,219
Restricted	-	-	-	-	-
Unrestricted	24,015,914	17,912,540	13,013,133	15,834,495	15,163,715
Total Net Position	<u>\$ 107,097,933</u>	<u>\$ 100,272,027</u>	<u>\$ 95,229,455</u>	<u>\$ 96,786,691</u>	<u>\$ 94,134,934</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Position					
Net investment in capital assets	\$ 78,227,737	\$ 74,880,933	\$ 73,838,726	\$ 69,423,661	\$ 67,548,221
Restricted	-	-	-	1,921,624	3,567,630
Unrestricted	15,374,171	22,659,076	21,168,181	18,793,870	19,268,974
Total Net Position	<u>\$ 93,601,908</u>	<u>\$ 97,540,009</u>	<u>\$ 95,006,907</u>	<u>\$ 90,139,155</u>	<u>\$ 90,384,825</u>

Source: Vista Irrigation District

Table II
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating Revenues:										
Water sales	\$ 44,675,640	\$ 38,929,306	\$ 36,935,147	\$ 35,112,935	\$ 30,785,729	\$ 30,158,938	\$ 29,112,733	\$ 26,954,977	\$ 24,236,602	\$ 23,828,073
Property rentals	666,495	475,148	740,341	546,448	556,131	505,513	342,836	295,488	221,881	209,131
Other services	206,602	285,692	282,608	342,551	244,894	522,448	598,243	434,292	534,317	426,127
System fees	228,954	297,553	332,643	94,243	130,683	354,184	879,943	363,461	380,815	447,163
Total operating revenues	45,777,691	39,987,699	38,290,739	36,096,177	31,717,437	31,541,083	30,933,755	28,048,218	25,373,615	24,910,494
Operating Expenses:										
Purchased water	19,438,447	14,767,680	11,705,489	13,956,299	11,978,556	13,814,124	12,426,903	8,926,946	11,471,173	11,339,775
Wages and benefits	11,902,693	12,223,638	13,207,539	12,540,325	12,374,900	12,151,999	11,180,783	10,261,865	9,348,123	7,973,669
Depreciation	3,122,974	3,022,459	2,967,954	2,893,214	2,839,422	2,731,596	2,577,112	2,482,366	2,524,458	2,481,111
Contractual services	3,551,800	3,554,268	3,228,825	2,592,296	2,721,679	2,650,631	2,870,002	2,089,996	1,944,759	1,648,951
Supplies	969,997	1,078,481	1,025,154	956,271	1,107,503	1,226,572	1,115,256	1,017,952	926,064	905,946
Professional fees	799,509	831,775	730,715	822,454	709,350	911,761	435,822	558,141	734,674	494,732
Power	735,024	434,811	536,753	575,442	732,570	737,235	302,994	248,893	300,622	543,443
Office and general	477,700	422,474	419,434	515,170	549,509	659,782	574,360	574,271	753,062	511,016
Insurance	407,580	363,291	332,528	291,909	257,289	266,362	279,861	251,685	192,557	209,715
Uncollectible accounts	54,046	72,180	80,472	125,418	125,851	83,509	59,483	14,203	52,269	39,645
Communications	61,278	72,668	83,428	68,200	64,225	68,093	65,675	87,624	67,323	73,652
Burden allocation	(934,908)	(1,074,815)	(932,041)	(1,277,798)	(1,045,086)	(938,878)	(879,541)	(1,042,436)	(701,870)	(768,911)
Total operating expenses	40,586,140	35,768,910	33,386,250	34,059,200	32,415,768	34,362,786	31,008,710	25,471,506	27,613,214	25,452,744
Operating Income (Loss)	5,191,551	4,218,789	4,904,489	2,036,977	(698,331)	(2,821,703)	(74,955)	2,576,712	(2,239,599)	(542,250)
Nonoperating Revenues (Expenses):										
Property taxes	387,889	313,008	305,985	367,482	340,351	348,561	327,361	103,326	141,919	238,318
Investment income	53,471	47,225	79,800	76,377	359,773	886,671	1,192,890	838,893	516,129	294,459
Gain (Loss) on disposal of capital assets	9,414	(6,235)	(22,426)	(53,133)	7,339	-	-	1,311	5,000	673,691
Interest Expense	-	-	-	(192,500)	(144,375)	-	-	-	-	-
Federal and state assistance	64,015	-	578	-	-	-	17,081	231,772	-	53,452
Legal settlement	(57,090)	(83,096)	231,600	-	-	(3,850,000)	-	-	-	-
Total Nonoperating Revenues (Expenses)	457,699	270,902	595,537	198,226	563,088	(2,614,768)	1,537,332	1,175,302	663,048	1,259,920
Income (Loss) Before Contributions	5,649,250	4,489,691	5,500,026	2,235,203	(135,243)	(5,436,471)	1,462,377	3,752,014	(1,576,551)	717,670
Capital Contributions	1,176,656	552,881	1,174,858	416,554	668,269	1,498,370	1,070,725	1,115,738	1,330,881	1,206,124
Change in net position	6,825,906	5,042,572	6,674,884	2,651,757	533,026	(3,938,101)	2,533,102	4,867,752	(245,670)	1,923,794
Net Position, beginning of year	100,272,027	95,229,455	96,786,691	94,134,934	93,601,908	97,540,009	95,006,907	90,139,155	90,384,825	88,461,031
Prior Period Adjustment	-	-	(8,232,120)	-	-	-	-	-	-	-
Net Position, end of year	\$ 107,097,933	\$ 100,272,027	\$ 95,229,455	\$ 96,786,691	\$ 94,134,934	\$ 93,601,908	\$ 97,540,009	\$ 95,006,907	\$ 90,139,155	\$ 90,384,825

Source: Vista Irrigation District

Table III
WATER SALES BY USER TYPE
Last Ten Fiscal Years

Fiscal Year Ended	<u>Residential</u>		<u>Commercial/Industrial</u>		<u>Irrigation</u>		<u>Agricultural</u>		<u>Governmental</u>		Average Rate
	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	
2013	\$20,750,003	13,114.2	\$3,144,742	1,953.8	\$3,384,426	2,098.8	\$1,665,459	1,031.2	\$1,159,166	706.4	\$1,592
2012	\$17,831,592	12,190.5	\$2,677,141	1,796.0	\$2,561,020	1,728.2	\$1,405,719	938.3	\$897,168	588.3	\$1,472
2011	\$16,593,101	12,386.3	\$2,597,904	1,863.5	\$2,402,331	1,725.8	\$1,416,245	994.9	\$915,714	619.4	\$1,360
2010	\$15,409,252	12,922.8	\$2,376,951	1,891.1	\$2,081,667	1,719.8	\$1,343,192	1,075.2	\$858,695	663.7	\$1,208
2009	\$13,721,293	14,279.2	\$2,062,765	2,137.1	\$2,102,655	2,201.1	\$1,356,949	1,473.6	\$746,221	775.0	\$958
2008	\$13,422,143	15,037.8	\$2,045,280	2,274.3	\$2,081,908	2,346.4	\$1,640,548	1,936.8	\$684,716	766.9	\$897
2007	\$12,730,608	15,228.0	\$1,919,874	2,296.5	\$1,912,768	2,288.0	\$1,763,040	2,108.9	\$623,489	745.8	\$836
2006	\$12,047,282	14,947.0	\$1,816,160	2,253.3	\$1,707,753	2,118.8	\$1,675,996	2,079.4	\$530,751	658.5	\$806
2005	\$11,267,537	14,690.4	\$1,708,876	2,228.0	\$1,503,013	1,959.6	\$1,519,197	1,980.7	\$502,002	654.5	\$767
2004	\$10,480,288	14,844.6	\$1,586,523	2,247.2	\$1,481,823	2,098.9	\$1,572,121	2,226.8	\$475,632	673.7	\$706

Source: Vista Irrigation District

Table IV
SERVICE CONNECTIONS
Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>Residential</u>	<u>Commercial/Industrial</u>	<u>Irrigation</u>	<u>Agricultural</u>	<u>Fire Service</u>	<u>Governmental</u>	<u>Total</u>
2013	24,048	1,601	889	567	1,218	92	28,415
2012	24,061	1,603	887	555	1,211	92	28,409
2011	23,974	1,630	877	557	1,183	92	28,313
2010	23,958	1,647	864	568	1,177	91	28,305
2009	23,982	1,597	838	573	1,138	90	28,218
2008	23,778	1,614	825	740	1,111	84	28,152
2007	23,592	1,620	816	753	1,011	80	27,872
2006	23,562	1,584	796	754	898	76	27,670
2005	23,564	1,544	782	753	833	78	27,554
2004	23,481	1,538	770	747	725	76	27,337

Source: Vista Irrigation District

Table V
WATER RATES
Last Ten Fiscal Years

Fiscal Year Ended	VID Commodity Charge per HCF*				Monthly ¾" Meter Charge
	Domestic - Tier 1	Domestic - Tier 2	Domestic - Tier 3	Agricultural	
2013**	\$3.52	\$4.06	\$4.06	\$3.84	\$31.87
2012**	\$3.29	\$3.83	\$3.83	\$3.61	\$30.04
2011**	\$3.01	\$3.55	\$3.55	\$3.33	\$29.30
2010***	\$2.69	\$3.23	\$4.37	\$3.01	\$29.30
2009	\$2.34	NA	NA	\$2.00	\$23.70
2008	\$2.14	NA	NA	\$1.80	\$22.70
2007	\$1.98	NA	NA	\$1.64	\$21.40
2006	\$1.92	NA	NA	\$1.58	\$20.00
2005	\$1.85	NA	NA	\$1.51	\$18.50
2004	\$1.66	NA	NA	\$1.32	\$16.50

* HCF = One Hundred Cubic Feet

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

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

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

Source: Vista Irrigation District

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

<u>Fiscal Year ended June 30, 2013</u>			<u>Fiscal Year ended June 30, 2004</u>		
<u>Customer</u>	<u>Usage in Acre Feet</u>	<u>Percent of Water Sold</u>	<u>Customer</u>	<u>Usage in Acre Feet</u>	<u>Percent of Water Sold</u>
Golf Course	236.0	1.28%	Golf Course	318.6	1.44%
Courthouse	138.4	0.75%	Courthouse	100.9	0.46%
Industrial	66.5	0.36%	Agriculture	109.6	0.50%
Agricultural	47.4	0.26%	Agriculture	61.5	0.28%
Mobile Home Park	38.0	0.21%	Industrial	56.6	0.26%
High School	37.9	0.21%	Agriculture	49.3	0.22%
Industrial	37.2	0.20%	Mobile Home Park	46.3	0.21%
Commercial Medical	37.1	0.20%	Agriculture	46.0	0.21%
Agricultural	36.8	0.20%	Agriculture	45.8	0.21%
Mobile Home Park	35.9	0.19%	High School	44.4	0.20%
Total Top Ten Customers	<u>711.2</u>	<u>3.85%</u>	Total Top Ten Customers	<u>879.0</u>	<u>3.98%</u>
Other Customers	<u>17,753.5</u>	<u>96.15%</u>	Other Customers	<u>21,179.7</u>	<u>96.02%</u>
Total Water Sales	<u><u>18,464.7</u></u>	<u><u>100.00%</u></u>	Total Water Sales	<u><u>22,058.7</u></u>	<u><u>100.00%</u></u>

Source: Vista Irrigation District

Table VII
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Total Population	Average Household Size	Unemployment Rate*	Per Capita Personal Income*	Total Personal Income (1)
2004	120,258	3.10	5.3%	\$37,500	\$4,515,500
2005	120,053	3.06	4.9%	\$37,100	\$4,457,000
2006	120,207	3.07	4.4%	\$37,200	\$4,475,400
2007	120,443	3.07	5.1%	\$37,800	\$4,548,400
2008	121,491	3.10	6.7%	\$38,100	\$4,628,500
2009	122,120	3.11	10.7%	\$36,600	\$4,471,800
2010	122,217	3.13	11.7%	\$36,800	\$4,493,600
2011	122,878	3.14	11.1%	\$34,200	\$4,205,300
2012	123,843	3.14	9.9%	\$35,870	\$4,442,500
2013	124,293	3.15	n/a	n/a	n/a

* NOTE: Values in italics text are for the City of Vista. All other values are for the Vista Irrigation District.
(1) Amounts presented may vary from the prior year's report due to inflation adjustments to 2012 in the current year's calculations.

Source: SANDAG

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

Fiscal Year Ended June 30, 2013 ⁽¹⁾			Fiscal Year Ended June 30, 2004 ⁽²⁾		
Employer Name	Industry	No. of Employees	Employer Name	Industry	No. of Employees
U.S. Dept. of Defense	Military	10,000+	Federal Government of State of California	Government	10,000+
Federal Government	Government	10,000+	University of California, San Diego	Education	10,000+
State of California	Government	10,000+	County of San Diego	Government	10,000+
University of California, San Diego	Education	10,000+	San Diego Unified School District	Education	10,000+
County of San Diego	Government	10,000+	City of San Diego	Government	10,000+
Sharp Healthcare	Healthcare	10,000+	Scripps Health	Healthcare	5,000-9,999
Scripps Health	Healthcare	10,000+	SAC	Telecommunications	5,000-9,999
San Diego Unified School District	Education	10,000+	Qualcomm, Inc.	Technology/Communications	5,000-9,999
Qualcomm, Inc.	Technology/Communications	10,000+	Kaiser Permanente	Healthcare	5,000-9,999
City of San Diego	Government	10,000+	San Diego Community Colleges	Education	5,000-9,999

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

Table IX
NUMBER OF EMPLOYEES
Last Ten Fiscal Years

DIVISIONS	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration & Field Services	65	68	66	72	74	73	71	71	69	68
Engineering	7	8	10	10	11	11	11	11	11	11
Water Resources	18	18	18	19	19	19	17	17	16	16
Other	-	-	-	-	-	-	1	-	-	-
Total Employees	<u>90</u>	<u>94</u>	<u>94</u>	<u>101</u>	<u>104</u>	<u>103</u>	<u>100</u>	<u>99</u>	<u>96</u>	<u>95</u>
Average Years of Service	11.7	11.8	11.11	10.37	10.41	11.44	11.15	11.80	13.06	12.80

Source: Vista Irrigation District

Table X
OPERATING AND CAPITAL INDICATORS
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Service Area (acres)*	21,200	21,200	21,200	21,200	21,200	21,200	19,800	19,800	19,800	19,800
Miles of water main (4" and larger)	473	471	470	470	469	469	466	465	462	457
Number of enclosed reservoirs	12	12	12	12	14	14	14	14	14	14
Capacity of enclosed reservoirs (acre feet)	142	142	142	142	147	147	147	147	147	147
Number of open reservoirs	1	1	1	1	1	1	1	1	1	1
Capacity of open reservoirs (acre feet)	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774	51,774
Number of pump stations	7	7	7	8	8	8	8	8	8	8
Number of pumps	18	18	18	19	19	19	19	19	19	19
Total capacity of pumps (horsepower)	1,045	1,055	1,055	1,075	1,110	1,110	1,110	1,110	1,110	1,110
Number of service connections	28,435	28,435	28,314	28,305	28,255	28,152	27,872	27,670	27,554	27,337
Number of meters in service	28,208	28,149	28,028	27,974	27,896	27,770	27,062	26,780	26,588	26,264
Production peak (million gallons per day)	28	26	27	31	31	37	42	42	40	44
Average production (million gallons per day)	18	17	16	19	20	21	21	21	20	22
Total rainfall (inches) - Lake Henshaw	14	20	36	33	19	30	9	22	46	16
Total rainfall (inches) - Vista	9	11	25	18	13	15	8	11	33	8
Average daily temperature (F) - Lake Henshaw	57	55	55	56	58	58	59	51	56	54
Average daily temperature (F) - Vista	62	61	61	67	64	64	60	61	63	61
Electricity purchased (1,000 kWh) - Service Area	1,244	1,123	1,719	1,768	1,590	1,804	1,860	3,344	3,356	2,721
Electricity purchased (1,000 kWh) - Lake Henshaw	3,800	1,315	2,178	3,178	3,841	4,100	1,475	213	293	2,715
Natural gas purchased (1,000 therms)	6,500	6,990	5,379	5,928	8,792	9,674	9,107	6,954	9,363	7,938
Mainline repairs	41	40	47	20	21	25	22	20	13	13

*From 2004 to 2007, service area measurement only included parcel acreage. Beginning in 2008, service area figures included parcel and right-of-way acreage, increasing the number of service area acres.

Source: Vista Irrigation District