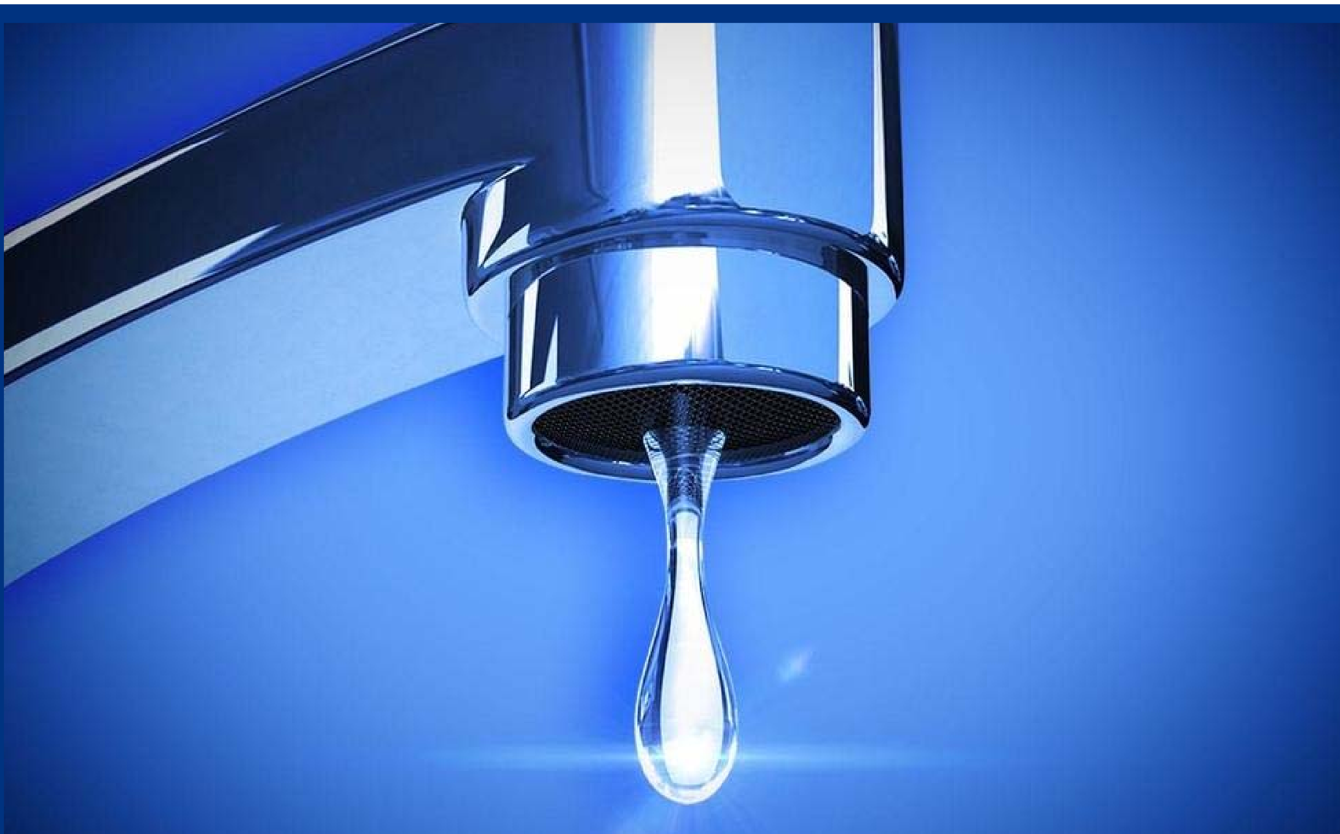


VISTA IRRIGATION DISTRICT

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018

Prepared by:

The Finance Department
Vista Irrigation District
Vista, CA

VISTA IRRIGATION DISTRICT
1391 Engineer Street · Vista, California 92081
Phone: (760) 597-3100 · Fax: (760) 598-8757
www.vidwater.org

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

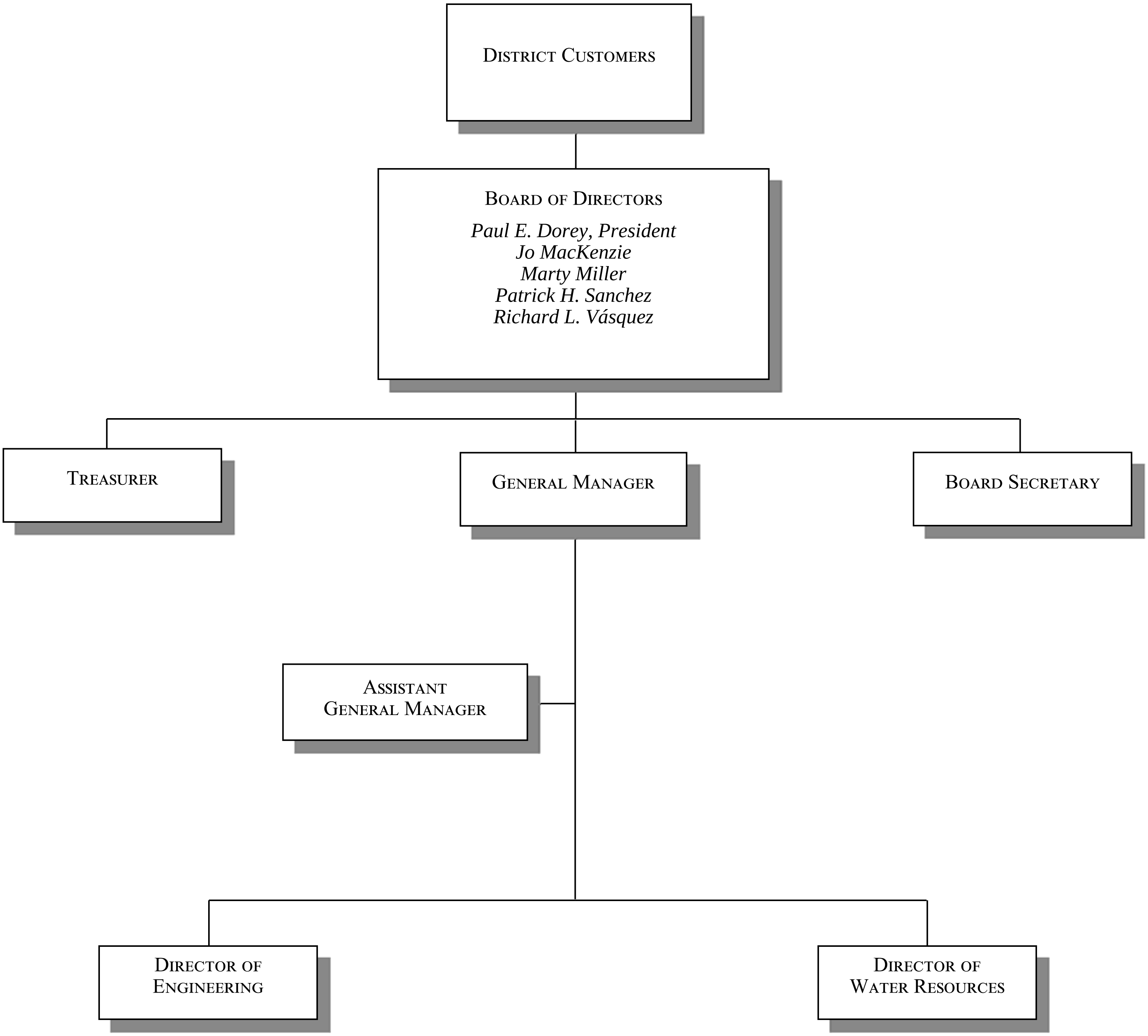
Vista Irrigation District
Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2018
Table of Contents

This Page Intentionally Blank

Introductory Section

VISTA IRRIGATION DISTRICT

Organization Chart



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

December 7, 2018

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, 2018. The purpose of the report is to provide the Board of Directors, our customers, and any other interested parties with reliable financial information about the District.

The report was prepared by the District's Finance Department following guidelines set forth by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner that provides a fair representation of the financial position and results of operations of the District. Included are all disclosures we believe necessary to enhance your understanding of the financial condition of the District. Internal controls are an important part of any financial reporting framework, and management of Vista Irrigation District has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of an internal control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

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

The District's financial statements have been audited by White Nelson Diehl Evans LLP, a firm of licensed certified public accountants. 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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Profile of the District

District's Service Area

The District's service area consists of a 33-square mile area in the northwestern quadrant of San Diego County that lies west of the Interstate 15 Freeway and east of the Interstate 5 Freeway, encompassing approximately 21,152 acres. Within the District's boundaries are the City of Vista; portions of the cities of San Marcos, Escondido and Oceanside; and unincorporated areas of the county. The District provides potable water to its service area.

District's Authority

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

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

Governance

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

Water Services
The District serves more than 28,600 customers. Typically, thirty percent of the District's water comes from its local water supply, Lake Henshaw, and seventy percent comes from three imported water sources, the Colorado River, the Pacific Ocean (desalination), and the Sacramento River/San Joaquin River Delta in Northern California. The District currently delivers approximately 16,900 acre feet of water annually to its customers.

The water system operates over 429 miles of pipe, 12 storage reservoirs, and 7 pumping stations. The District jointly owns the Escondido-Vista water treatment plant with the City of Escondido. The Escondido-Vista water treatment plant (EVWTP) has a permitted capacity of 75 MGD and treats raw water before it is delivered to customers.

Local Economy

District Economic Results
The estimated population of the District is 135,204 as of fiscal year 2018. According to the San Diego Association of Governments (SANDAG), the median age of residents within the District as calculated during the most recent US Census, was 34.5 years and the per capita personal income of residents in the City of Vista, which encompasses the majority of the District, was $43,847. From 2008 to 2018 the population increased 10.2%, and median household income (adjusted for inflation) increased by 12.4%.

The demand for new connections increased, with the District's total service connections increasing in fiscal year 2018 from 28,622 connections to 28,688. Water sales for fiscal year 2018 were 16,937 acre feet, up 1,441 acre feet or 9.3% from sales of 15,496 in fiscal year 2017. Of the 16,937 acre feet, or 5.5 billion gallons sold in fiscal year 2018, 69% was distributed for residential use, 11% for industrial and commercial use, 12% for landscape irrigation use, 6% for agricultural use and 2% for governmental use.

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

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

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

MWD Lawsuit

The SDCWA has filed lawsuits against MWD claiming that their rates violate cost-of-service requirements of California law. The central issue in the litigation related to MWD including in its transportation and wheeling rates the transportation costs it incurs to move SDCWA's Colorado River supplies. The Court of Appeal overturned a lower court's finding, upholding the rates as valid. SDCWA's appeal of the Court of Appeal's ruling was denied by the California Supreme Court in September 2017.

SDCWA won other claims against MWD including that MWD must pay SDCWA for Water Stewardship charges added to the transportation rates charged from 2011 to 2014. The final amount of damages will be determined by the trial court on remand. The court also determined that MWD did not properly calculate SDCWA's water right to MWD's water supply and indicated that a contract clause relating to receiving funding associated with local water supply projects in San Diego County must be removed.

SDCWA's Board of Directors has determined that any money returned to them will be refunded to its member agencies, including the District, in proportion to their payment of MWD's overcharges over the years in dispute, after deducting any litigation expenses that are not recovered. At this point, VID is unable to determine the amount, if any, that would be returned to the District.

SDCWA has two additional cases challenging MWD's rates from 2015 to 2018 that have been stayed in Superior Court while the appellate proceeding were ongoing and are now expected to move forward again.

Long-Term Financial Planning

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

Items in the long range capital improvement plan are determined not only by the depreciation schedule, but through a process which assesses a combination of factors including age, condition and the critical nature of the facility. The long range capital improvement plan spreads projects over several years to maintain a constant level of capital projects to maximize the efficiency of District resources. Funds collected or accumulated in years in which there are no new or expanded facilities are placed into the

District's construction reserve account. Funds in the construction reserve account are used to pay for construction projects in years that the costs of construction projects exceed the amount collected from water rates.

Major Initiatives

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

Since its inception, the Board has allocated $27.1 million to the program which has allowed the replacement of nearly 32.5 miles of older pipe ranging in size from 4 to 20 inches. The Board approved another $2.75 million for this program as part of the capital improvement program for fiscal year 2019.

Accomplishments

Financial Statement Awards and Acknowledgements

Awards
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Vista Irrigation District for its CAFR for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements
We would like to express our appreciation to the Finance Department staff and the independent accounting firm of White Nelson Diehl Evans LLP for the efforts made to prepare this report. We would also like to thank the members of the District's Board of

Directors for their continued interest and support in all aspects of the District's financial management.

Respectfully submitted,

Brett Hodgkiss
General Manager

Marlene Kelleher
Treasurer/ Director of Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Vista Irrigation District
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

This Page Intentionally Blank

Financial Section

This Page Intentionally Blank

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Vista Irrigation District
Vista, California

We have audited the accompanying financial statements of Vista Irrigation District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

2965 Roosevelt Street, Carlsbad, CA 92008-2389 • Tel: 760.729.2343 • Fax: 760.729.2234

Offices located in Orange and San Diego Counties

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Vista Irrigation District as of June 30, 2018 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.

Emphasis of Matters

As discussed in Notes 1 and 9 of the financial statements, the District adopted Governmental Accounting Standards Board's (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The adoption of this standard required retrospective application resulting in a reduction of previously reported net position. Also as discussed in Note 9 to the financial statements, the net position as of July 1, 2017 was restated for another item. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability and the schedules of contributions for the CalPERS pension plans, the schedules of changes in the net other post-employment benefit (OPEB) asset and related ratios, the schedules of contributions – OPEB, as identified in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 the statistical section as identified in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards,* we have also issued our report dated December 7, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Carlsbad, California
December 7, 2018

This Page Intentionally Blank

VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. Please read it in conjunction with the District's financial statements which begin on page 9. This annual financial report consists of two parts -- Management's Discussion and Analysis (this section) and the Financial Statements.

Financial Statements

The District's financial statements include four components:

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

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

- Net investment in capital assets
- Unrestricted

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

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

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

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

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

VISTA IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

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 7.0%, while operating expenses increased 1.0%.

- The District realized a $5.3 million operating gain during the current fiscal year primarily due to increased water sales and higher water rates. Costs of purchased water were lower in the current year, due to less imported water activity, as a result of increased availability of local water.

- The District recorded a $1.0 million prior period adjustment to increase the June 30, 2017 net position balance, as a result of an unbilled revenue accrual adjustment.

- The District implemented GASB Statement No. 75 during the current fiscal year, which requires the establishment of other post-employment benefits (OPEB) liability, deferred outflows/inflows of resources, and retiree health insurance expense according to the Statement's provisions. This resulted in a $4.8 million prior period adjustment to decrease the June 30, 2017 net position balance, as well as the recording of $0.5 million in net OPEB liability.

Financial Analysis of the District

Net Position - The District's overall net position increased $7.4 million between fiscal years 2017 and 2018, from $105.3 to $112.7 million, primarily due to increased water sales. The net investment in capital assets increased $4.7 million in 2018 which reflects the excess of net capital additions over the current year depreciation and dispositions.

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

	2018	2017 Restated
Current assets	$ 43.2	$ 34.8
Capital assets	94.6	89.9
Total Assets	137.8	124.7
Deferred outflows of resources	6.8	5.7
Current liabilities	13.2	8.9
Noncurrent liabilities	17.1	14.9
Total Liabilities	30.3	23.8
Deferred inflows of resources	1.6	1.3
Net Position:		
Net investment in capital	94.6	89.9
Unrestricted	18.1	15.4
Total Net Position	$ 112.7	$ 105.3

Change in Net Position – In fiscal year 2018, the District's operating revenues increased by 7.0% to $51.8 million, and 96.1% of the District's operating revenues came from water sales. The increase in operating revenues resulted primarily due to increased water sales and higher water rates.

During fiscal year 2018, the District's operating expenses increased 1.0% to $46.5 million primarily due to an increase in pension expense, as a result of GASB 68 valuations, and the annual payment of the PERS unfunded liability, along with an increase in contractual services relating to water treatment plant expenses.

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

	2018	2017 Restated Water Sales
Operating Revenues		
Water sales, net	$ 49.8	$ 45.9
Property rentals	0.8	0.8
System fees	0.7	1.0
Other services	0.5	0.7
Total Operating Revenues	51.8	48.4
Operating Expenses	46.5	46.1
Operating Income	5.3	2.3
Nonoperating Revenues (Expenses)		
Property taxes	0.5	0.4
Investment income	0.3	0.2
Loss on disposal of capital assets	-	(0.1)
Legal settlement	-	(0.1)
Total Nonoperating Revenues	0.8	0.4
Contributed Capital	1.3	1.2
Changes in Net Position	7.4	3.9
Total Net Position - beginning, as restated	105.3	106.2
Total Net Position - ending	$ 112.7	$ 110.1

Capital Assets

At June 30, 2018, the District had invested $182.8 million in capital assets with $88.1 million in accumulated depreciation. Net capital assets increased $4.7 million as a result of capital acquisitions exceeding the annual depreciation and dispositions. During the year the District added $7.7 million of capital assets. The largest capital additions were $2.9 million in costs for several mainline replacement projects, $1.9 million for reservoir rehabilitation, $0.6 million for redevelopment project costs, and $0.3 million for water treatment plant construction costs. This year's capital reductions included vehicles, replacement/disposals of pipelines, reservoir-related assets, computer equipment, pump station assets, and other equipment with a total historical cost of $0.5 million. Depreciation for the year was $3.0 million.

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

	2018	2017
Land, franchises and water rights	$ 6.0	$ 6.0
Buildings, canals, pipelines, reservoirs and dams	83.7	76.1
Equipment	2.1	1.8
Henshaw pumping project	0.4	0.4
Construction in progress	2.4	5.6
Total Capital Assets, Net	$ 94.6	$ 89.9

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, 2018, 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.

VISTA IRRIGATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

Assets	
Current Assets:	
Cash and cash equivalents (notes 1 and 2)	$ 17,875,700
Investments (notes 1 and 2)	15,813,532
Accounts receivable, net (notes 1 and 3)	8,684,502
Taxes receivable	24,115
Accrued interest receivable	25,973
Inventories of materials and supplies	414,217
Prepaid expenses and other current assets	351,736
Total Current Assets	43,189,775
Noncurrent Assets**:**	
Capital assets: (notes 1 and 4)	
Depreciable assets, net of accumulated depreciation:	
Buildings, canals, pipelines, reservoirs and dams	83,740,622
Equipment	2,133,269
Henshaw pumping project	373,808
Nondepreciable assets:	
Land, franchises and water rights	6,001,127
Construction in progress	2,397,003
Total capital assets	94,645,829
Total Noncurrent Assets	94,645,829
Total Assets	137,835,604
Deferred Outflows of Resources	
Pension related (notes 1 and 6)	6,704,199
Other post-employment benefits (OPEB) related (notes 1 and 7)	94,646
Total Deferred Outflows of Resources	6,798,845

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

(Continued)

VISTA IRRIGATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

Liabilities	
Current Liabilities:	
Accounts payable (note 5)	$ 10,755,722
Deposits	320,715
Compensated absences, current portion	422,900
Accrued expenses and other liabilities	1,730,192
Total Current Liabilities	13,229,529
Noncurrent Liabilities:	
Compensated absences, long-term portion	919,555
Net pension liability (notes 1 and 6)	15,622,668
Net OPEB liability (notes 1 and 7)	547,421
Total Noncurrent Liabilities	17,089,644
Total Liabilities	30,319,173
Deferred Inflows of Resources	
Pension related (notes 1 and 6)	1,440,845
OPEB related (notes 1 and 7)	143,990
Total Deferred Inflows of Resources	1,584,835
Net Position	
Investment in capital assets	94,645,829
Unrestricted (note 9)	18,084,612
Total Net Position	$ 112,730,441

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

VISTA IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Operating Revenues		
Water sales, net (notes 1 and 3)	$	49,802,101
Property rentals		823,871
System fees		731,240
Other services		451,600
Total Operating Revenues		51,808,812
Operating Expenses		
Purchased water		22,569,140
Wages and benefits		14,461,797
Contractual services		4,292,413
Depreciation		2,968,997
Supplies		1,531,232
Professional fees		603,257
Office and general		557,713
Insurance		543,145
Power		405,854
Communications		53,326
Burden allocation		(1,433,392)
Total Operating Expenses		46,553,482
Operating Income		5,255,330
Nonoperating Revenues		
Property taxes		450,512
Investment income		346,063
Gain on disposal of capital assets		19,210
Total Nonoperating Revenues		815,785
Income Before Contributed Capital		6,071,115
Contributed Capital		1,315,564
Changes in Net Position		7,386,679
Total Net Position - beginning, as restated (note 9)		105,343,762
Total Net Position - ending	$	112,730,441

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

VISTA IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash Flows From Operating Activities	
Receipts from customers	$ 51,176,606
Payments to suppliers	(29,497,768)
Payments to employees	(7,966,492)
Collection of deposits	753,130
Return of deposits	(1,066,649)
Net Cash Provided by Operating Activities	13,398,827
Cash Flows From Noncapital Financing Activities	
Receipts from property taxes	462,742
Net Cash Provided by Noncapital Financing Activities	462,742
Cash Flows From Capital and Related Financing Activities	
Proceeds from disposal of capital assets	31,971
Acquisition and construction of capital assets	(6,387,190)
Net Cash Used by Capital and Related Financing Activities	(6,355,219)
Cash Flows From Investing Activities	
Proceeds from maturities of investments	18,000,000
Interest on cash and investments	119,959
Purchase of investments	(15,710,569)
Net Cash Provided by Investing Activities	2,409,390
Net Increase in Cash and Cash Equivalents	9,915,740
Cash and Cash Equivalents - beginning	7,959,960
Cash and Cash Equivalents - ending	**$** 17,875,700

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

(Continued)

VISTA IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$	5,255,330
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		2,968,997
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Accounts receivable, net		(632,206)
Inventories of materials and supplies		104,316
Prepaid expenses and other assets		(1,787)
Deferred outflows of resources		(1,102,248)
Accounts payable		3,613,832
Deposits		(313,519)
Accrued expenses and other liabilities		1,049,756
Compensated absences		(90,719)
Net pension liability		2,696,402
Net OPEB liability		(479,250)
Deferred inflows of resources		329,923
Net Cash Provided by Operating Activities	$	13,398,827
Noncash Investing, Capital and Financing Activities		
Contributed capital assets	$	1,315,564
Increase in fair value of investments	$	209,230

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

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 21,152 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.

Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes to the basic financial statements.

Basis of Presentation

The accounts of the District are reported as an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

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

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

Inventories of Materials and Supplies

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

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Capital Assets and Depreciation

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

	Useful Life
Buildings, canals, pipelines, reservoirs and dams	15 - 80 years
Equipment	3 - 25 years
Henshaw pumping project	10 - 20 years

Burden Allocation

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

Vacation, Sick Leave, and Compensatory Time Off

The District records a liability equal to 100% of vacation earned and compensatory time off, and an applicable percentage of sick leave available to employees at year end (25%-100%), which is included in compensated absences, current and long-term portions. At June 30, 2018, total compensated absences were $1,342,455.

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

Pension Plans

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

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB 68), requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

- Deferred outflows related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

- Deferred outflows from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over five years.

- Deferred outflows related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred outflows related to OPEB. This amount is equal to employer contributions made after the measurement date of the net pension liability.

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

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

- Deferred inflows from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred inflows related to pensions for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

- Deferred inflows related to OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan fiduciary net position. This amount is amortized over five years.

Operating Revenues and Expenses

Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales, capacity fees, connection and installation fees and property rentals to be operating revenues. The collection of deposits and return of deposits related to operating activities are reported in the District's cash flows from operating activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

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

Net Position

In the Statement of Net Position, net position is classified in the following categories:

- Investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. The District has no outstanding debt at June 30, 2018.
- Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted net position - This amount is all net position that does not meet the definition of "investment in capital assets" or "restricted net position".

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the Statement of Net Position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Property Taxes

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

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.

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

Risk Management (Continued)

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

Property Loss - Insured up to $500,000,000 per occurrence (total insurable value $31,466,218) 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 $5,000,000 and excess insurance coverage has been purchased.

Auto Liability - Insured up to $60,000,000 per occurrence with no deductible for property damage; the Authority is self-insured up to $5,000,000 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 $5,000,000 and excess insurance coverage has been purchased.

Crime - Insured up to $100,000 per occurrence with $1,000 deductible; the Authority is self-insured.

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

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.

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

New Accounting Pronouncements

GASB Current Year Standards

GASB 75 - "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". In fiscal year 2017-2018, the District implemented GASB 75, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 by $4,762,948.

GASB 82 – "Pension Issues", effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the District.

GASB 85 – "Omnibus 2017", effective for periods beginning after June 15, 2017, and did not impact the District.

GASB 86 – "Certain Debt Extinguishment Issues", effective for periods beginning after June 15, 2017, and did not impact the District.

GASB Pending Accounting Standards

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

- GASB 83 – "Certain Asset Retirement Obligations", effective for periods beginning after June 15, 2018.

- GASB 84 – "Fiduciary Activities", effective for periods beginning after December 15, 2018.

- GASB 87 – "Leases", effective for periods beginning after December 15, 2019.

- GASB 88 – "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements", effective for periods beginning after June 15, 2018.

- GASB 89 – "Accounting for Interest Cost Incurred before the End of a Construction Period", effective for periods beginning after December 15, 2019.

- GASB 90 – "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61", effective for periods beginning after December 15, 2018.

Note 2 - Cash and Investments

The following is a detail of cash and cash equivalents as of June 30, 2018:

Cash on hand	$	9,828
Deposits		920,038
State Treasurer's investment pool		7,958,334
California Asset Management Program		8,987,500
Total cash and cash equivalents	$	17,875,700

As of June 30, 2018, the District had the following investments:

Investment	Maturity		Fair Value
State Treasurer's investment pool	less than 12 months	$	7,958,334
California Asset Management Program	less than 12 months		8,987,500
Total cash equivalents		$	16,945,834
U.S. Treasury bills	7 months weighted average	$	15,813,532
Total Investments		$	15,813,532

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.

Note 2 - Cash and Investments (Continued)

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

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All deposits are entirely insured or collateralized. State law requires banks to secure the District's deposits by pledging government securities valued at 110% of the amount of the deposit as collateral. The District may waive the collateral requirement for deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC). Beginning on January 1, 2013, combined deposits are insured by the FDIC up to $250,000. As of June 30, 2018, the District's bank balances were $785,183, of which $250,000 were insured and the remaining $535,183 were collateralized with securities held by the pledging institution's trust department.

Note 2 - Cash and Investments (Continued)

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted market prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Fixed Income Securities:				
Treasury Bills	$ -	$ 15,813,532	$ -	$ 15,813,532
Total Leveled Investments	$ -	$ 15,813,532	$ -	15,813,532
LAIF*				7,958,334
California Asset Management Program*				8,987,500
Total Investment Portfolio				$ 32,759,366

*Not subject to fair value measurement.

Note 3 - Accounts Receivable, Net

As of June 30, 2018, the net balances were comprised of accounts receivable balances of $8,850,144 less the allowances for doubtful accounts of $165,642.

On the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2018, the balances of water sales, net of uncollectible accounts expense, were comprised of water sales revenues of $49,833,312 less uncollectible amounts of $31,211.

Note 4 - Capital Assets

Capital assets consist of the following at June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land, franchises, and water rights	$ 6,001,127	$ -	$ -	$ 6,001,127
Construction in progress	5,613,539	5,942,225	(9,158,761)	2,397,003
Total capital assets not being depreciated	11,614,666	5,942,225	(9,158,761)	8,398,130
Capital assets being depreciated:				
Buildings, canals, pipelines, reservoirs and dams	154,946,436	10,307,007	(133,634)	165,119,809
Equipment	5,933,128	588,114	(370,738)	6,150,504
Henshaw pumping project	3,087,030	24,169	(2,800)	3,108,399
Total capital assets being depreciated	163,966,594	10,919,290	(507,172)	174,378,712
Less accumulated depreciation for:				
Buildings, canals, pipelines, reservoirs and dams	(78,851,843)	(2,652,414)	125,070	(81,379,187)
Equipment	(4,108,468)	(275,308)	366,541	(4,017,235)
Henshaw pumping project	(2,696,116)	(41,275)	2,800	(2,734,591)
Total accumulated depreciation	(85,656,427)	(2,968,997)	494,411	(88,131,013)
Total capital assets being depreciated, net	78,310,167	7,950,293	(12,761)	86,247,699
Total capital assets, net	$ 89,924,833	$ 13,892,518	$ (9,171,522)	$ 94,645,829

Note 5 - Accounts Payable

At June 30, 2018, the accounts payable of $10,755,722 included $7,704,320 for obligations to the San Luis Rey Indian Water Authority, $1,539,415 for water purchases from the San Diego County Water Authority, and $1,511,987 for obligations to other vendors.

Note 6 - Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information is listed in the June 30, 2017 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

Note 6 - Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

	Miscellaneous Plan		
	Tier 1	Tier 2	PEPRA
Hire date	prior to 1/1/2012	from 1/1/12 to 12/31/12	on or after 1/1/13
Benefit formula	3% @ 60	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.092% - 2.418%	1.0% to 2.5%
Required employee contribution rates	4.5%	7.0%	6.25%
Required employer contribution rates			
Normal cost rate	17.045%	7.200%	6.533%
Payment of unfunded liability	$685,304	$8.00	$122.00

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

Note 6 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability

The District's net pension liability was measured as of June 30, 2017 using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability for the Plan was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.00%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

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

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

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

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 6 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability

Change of Assumptions

In fiscal year 2018, the discount rate was lowered from 7.65% to 7.15%. Deferred outflows of resources for changes of assumptions represent the unamortized portion of this assumption change, and the unamortized portion of the changes of assumptions related to the prior measurement period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for the Plan and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

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

Note 6 - Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[a]	Real Return Years 11+[b]
Global Equity	47.0%	4.90%	5.38%
Global Fixed Incom	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)
Total	100.0%		

[a] An expected inflation of 2.5% used for this period

[b] An expected inflation of 3.0% used for this period

Note 6 - Defined Benefit Pension Plan (Continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

Miscellaneous Plan:

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2016 (VD)	$ 84,850,803	$ 71,924,537	$ 12,926,266
Balance at: 6/30/2017 (MD)	$ 93,700,006	$ 78,077,338	$ 15,622,668
Net Changes during 2016-17	$ 8,849,203	$ 6,152,801	$ 2,696,402

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

The District's proportionate share of the net pension liabilities were based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The changes in the District's proportionate share of the collective net pension liabilities were as follows:

	Miscellaneous
Proportionate Share - June 30, 2016	0.37210%
Proportionate Share - June 30, 2017	0.39631%
Change - Increase (Decrease)	0.02421%

Note 6 - Defined Benefit Pension Plan (Continued)

C. Proportionate Share of Net Pension Liability (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the June 30, 2017 measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

Measurement Date June 30, 2017	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	$ 28,510,812	$ 15,622,668	$ 4,948,474

Note 6 - Defined Benefit Pension Plan (Continued)

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

For the fiscal year ending June 30, 2018, the District incurred a pension expense of $3,237,444 for the Plan.

As of June 30, 2018, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,862,822	$ -
Differences between expected and actual experience	31,512	(451,468)
Changes in assumptions	3,909,899	(298,133)
Net difference between projected and actual earnings on pension plan investments	884,258	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	15,708	(691,244)
Total	$ 6,704,199	$ (1,440,845)

$1,862,822 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2019	$ 568,488
2020	2,121,062
2021	1,235,983
2022	(525,001)
2023	-
Thereafter	-
	$ 3,400,532

Note 6 - Defined Benefit Pension Plan (Continued)

E. Payable to the Pension Plan

At June 30, 2018, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Note 7 – OPEB Plan

Plan Description

The District provides post-retirement medical benefits to retirees through the Association of California Water Agencies (ACWA) health program and managed through the California Employers' Retiree Benefit Trust (CERBT).

The plan is an agent multiple-employer defined benefit healthcare plan that provides retiree medical benefits to eligible retirees and spouses. The plan pays 100% of the cost (premiums) for benefits. To be eligible for retiree health benefits, an employee must retire under CalPERS on or after age 50 with at least 15 years (10 years for at-will employees) of service with the District. Coverage is available to the retiree and the spouse for a combined maximum of 15 years (20 years for at-will employees). The maximum coverage period for the retiree is 10 years and the spouse can be covered for up to the same number of years as the retiree subject to the combined maximum. Employees hired on or after January 1, 2012 are not eligible to continue health benefits at retirement. A separate financial report is not prepared for the plan.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	28
Active employees	66
Total	94

Contributions

The Plan and its contribution requirements are established by District policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the District's contributions were $94,656 in the form of estimated implied subsidy.

Note 7 – OPEB Plan (Continued)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	3.00% per annum, in aggregate
Expected long term investment rate of return	7.00%
Healthcare Cost Trend Rates	6.0% HMO/6.5% PPO, decreasing to 5%
Pre-retirement Turnover	Derived from termination rates under the CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the June 30, 2017 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

Note 7 – OPEB Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
CERBT		
US Equity	30.00%	4.85%
International Equity	27.00%	5.85%
REITs	8.00%	3.65%
US Fixed Income	27.00%	2.35%
Commodities	3.00%	1.75%
Inflation assets	5.00%	1.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change of Discount Rate

The discount rate utilized in the June 30, 2017 valuation was 7.00% as compared to the June 30, 2015 valuation discount rate of 7.28%. The discount rate was changed to include an additional margin for adverse deviation from the CERBT published median rate of return of 7.28%.

Note 7 – OPEB Plan (Continued)

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016 (Measurement Date)	$ 6,072,491	$ 5,045,820	$ 1,026,671
Changes in the Year:			
Service cost	134,285	-	134,285
Interest on the total OPEB liability	416,970	-	416,970
Differences between actual and			-
expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	500,111	(500,111)
Net investment income	-	533,100	(533,100)
Administrative expenses	-	(2,706)	2,706
Benefit payments	(500,111)	(500,111)	-
Net Changes	51,144	530,394	(479,250)
Balance at June 30, 2017 (Measurement Date)	$ 6,123,635	$ 5,576,214	$ 547,421

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

Note 7 – OPEB Plan (Continued)

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability	$ 999,972	$ 547,421	$ 137,667

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.00% HMO/5.50% PPO decreasing to 4.00% HMO/4.00% PPO) or 1-percentage point higher (7.00% HMO/7.50% PPO decreasing to 6.00% HMO/6.00% PPO) than the current healthcare cost trend rates:

	1% Decrease (5.00% HMO/ 5.50% PPO decreasing to 4.00% HMO/ 4.00% PPO)	Current Healthcare Cost Trend Rates (6.00% HMO/ 6.50% PPO decreasing to 5.00% HMO/ 5.00% PPO)	1% Increase (7.00% HMO/ 7.50% PPO decreasing to 6.00% HMO/ 6.00% PPO)
Net OPEB Liability	$ 70,159	$ 547,421	$ 1,090,244

Note 7 – OPEB Plan (Continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of $164,851. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 94,656	$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Differences between projected and actual earnings	-	143,990
Total	$ 94,656	$ 143,990

The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

$94,646 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	$ (35,997)
2020	(35,997)
2021	(35,997)
2022	(35,999)
2023	-
Thereafter	-

Payable to the OPEB Plan

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

Note 8 - Commitments and Contingencies

Commitments

On May 17, 2017 the District settled its long-standing water rights lawsuit with various Indian bands. The settlement resulted in the District paying its $4.4 million obligation in accordance with the Settlement Agreement.

Per the terms of the Settlement Agreement, the District and the City of Escondido are responsible for all costs associated with maintaining and operating the local water system, including the cost of undergrounding of a canal on the San Pasqual Indian Reservation (currently estimated to cost $30 million). The cost of the undergrounding project (Project) will be divided evenly between the District and the City of Escondido. Per the terms of the Settlement Agreement, the Project must be completed no later than May 17, 2023.

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

Note 9 – Restatement of Net Position

Net position as of July 1, 2017 was restated as follows:

Beginning net position, as previously reported	$ 109,092,882
To adjust receivables to increase accrual for unbilled receivables	1,013,828
To record net OPEB liability as a result of implementation of GASB 75	(4,762,948)
Beginning net position, as restated	$ 105,343,762

Note 10 – Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 7, 2018, the date the financial statements were available to be issued.

VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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

	Measurement Date			
	6/30/2017	6/30/2016	6/30/2015	6/30/2014*
Plan's Proportion of the Net Pension Liability[1]	0.15753%	0.14938%	0.22908%	0.21738%
Plan's Proportionate Share of the Net Pension Liability	$ 15,622,668	$ 12,926,266	$ 15,723,785	$ 13,526,753
Plan's Covered Payroll[2]	$ 7,576,845	$ 7,601,853	$ 7,473,687	$ 7,494,718
Plan's Proportionate Share of the Net Pension Liability as a % of its Covered Payroll	206.19%	170.04%	210.39%	180.48%
Plan's Proportionate Share of the Fiduciary Net Position as a % of the Plan's Total Pension Liability	73.31%	74.06%	80.66%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions[3]	$ 2,954,163	$ 2,678,414	$ 2,268,191	$ 1,789,539

[1] Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

[2] Covered Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

[3] The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net positions, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

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

VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of Contributions - Pension Plan
Last 10 Fiscal Years*

	Fiscal Year-End			
	2018	2017	2016	2015*
Actuarially Determined Contribution	$ 1,862,822	$ 1,816,735	$ 1,924,128	$ 1,488,966
Contributions in Relation to the Actuarially Determined Contribution	(1,862,822)	(1,816,735)	(9,682,740)	(1,488,966)
Contribution Deficiency (Excess)	$ -	$ -	$ (7,758,612)	$ -
Covered Payroll[1]	$ 7,982,625	$ 7,576,845	$ 7,601,853	$ 7,473,687
Contributions as a % of Covered Payroll	23.34%	23.98%	127.37%	19.92%

[1] Covered Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

* Fiscal year 2015 was the first year of implementation.

VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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

Measurement date	6/30/2017
Fiscal Year-End Date	6/30/2018
Total OPEB Liability:	
Service cost	$ 134,285
Interest on total OPEB liability	416,970
Benefit payments, including refunds of	(500,111)
Net Change in Total OPEB Liability	51,144
Total OPEB Liability - Beginning of Year	6,072,491
Total OPEB Liability - End of Year (a)	6,123,635
Plan Fiduciary Net Position:	
Contributions - employer	500,111
Net investment income	533,100
Administrative expenses	(2,706)
Benefit payments	(500,111)
Net Change in Plan Fiduciary Net Position	530,394
Plan Fiduciary Net Position - Beginning of Year	5,045,820
Plan Fiduciary Net Position - End of Year (b)	5,576,214
Net OPEB Liability - Ending (a)-(b)	$ 547,421
Plan fiduciary net position as a percentage of the total OPEB liability	91.06%
Covered - payroll	$ 6,182,000
Net OPEB liability as percentage of covered - payroll	8.86%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
There were no changes in assumptions.

* Fiscal year 2018 was the first year of implementation.

VISTA IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of Contributions - OPEB
Last 10 Fiscal Years*

Fiscal Year-End Date	6/30/2018
Actuarially determined contribution	$ 195,002
Contributions in relation to the actuarially determined contributions	(94,656)
Contribution deficiency (excess)	$ 100,346
Covered - payroll	$ 6,182,000
Contributions as a percentage of covered - payroll	1.53%

Notes to Schedule:

Valuation Date	6/30/2017

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	7.00%
Mortality	CalPers pension plan

* Fiscal year 2018 was the first year of implementation.

Statistical Section

This Page Intentionally Blank

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**

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

This Page Intentionally Blank

Table I
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2018	2017	2016	2015	2014
Net Position					
Net investment in capital assets	$ 94,645,829	$ 89,924,833	$ 84,550,252	$ 82,551,852	$ 81,758,263
Unrestricted	18,084,612	15,418,929	21,630,198	19,724,448	31,251,239
Total Net Position	$ 112,730,441	$ 105,343,762	$ 106,180,450	$ 102,276,300	$ 113,009,502

	2013	2012	2011	2010	2009
Net Position					
Net investment in capital assets	$ 83,082,019	$ 82,359,487	$ 82,216,322	$ 80,952,196	$ 78,971,219
Unrestricted	24,015,914	17,912,540	13,013,133	15,834,495	15,163,715
Total Net Position	$ 107,097,933	$ 100,272,027	$ 95,229,455	$ 96,786,691	$ 94,134,934

Source: Vista Irrigation District

Table II
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues:										
Water sales	$ 49,802,101	$ 45,948,385	$ 41,193,157	$ 44,594,810	$ 46,858,642	$ 44,675,640	$ 38,929,306	$ 36,935,147	$ 35,112,935	$ 30,785,729
Property rentals	823,871	770,023	718,075	738,767	705,845	666,495	475,148	740,341	546,448	556,131
Other services	451,600	645,880	657,891	428,667	454,842	206,602	285,692	282,608	342,551	244,894
System fees	731,240	1,029,580	622,039	853,041	667,311	228,954	297,553	332,643	94,243	130,683
Total operating revenues	51,808,812	48,393,868	43,191,162	46,615,285	48,686,640	45,777,691	39,987,699	38,290,739	36,096,177	31,717,437
Operating Expenses:										
Purchased water	22,569,140	23,826,729	18,721,053	19,235,486	21,351,934	19,438,447	14,767,680	11,705,489	13,956,299	11,978,556
Wages and benefits	14,461,797	13,492,353	11,870,598	12,298,601	12,026,730	11,902,693	12,223,638	13,207,539	12,540,325	12,374,900
Depreciation	2,968,997	2,719,379	2,581,311	3,363,263	3,222,382	3,122,974	3,022,459	2,967,954	2,893,214	2,839,422
Contractual services	4,292,413	3,495,060	4,125,191	3,827,299	3,932,249	3,551,800	3,554,268	3,228,825	2,592,296	2,721,679
Supplies	1,531,232	1,450,699	1,396,166	1,309,636	1,369,388	969,997	1,078,481	1,025,154	956,271	1,107,503
Professional fees	603,257	949,374	700,489	658,616	634,801	799,509	831,775	730,715	822,454	709,350
Power	405,854	525,897	656,238	662,164	603,100	735,024	434,811	536,753	575,442	732,570
Office and general	557,713	481,697	489,547	488,237	445,363	477,700	422,474	419,434	515,170	549,509
Insurance	543,145	535,788	531,811	489,023	476,242	407,580	363,291	332,528	291,909	257,289
Uncollectible accounts	-	-	-	-	60,389	54,046	72,180	80,472	125,418	125,851
Communications	53,326	56,779	49,845	55,126	57,814	61,278	72,668	83,428	68,200	64,225
Burden allocation	(1,433,392)	(1,422,130)	(1,255,779)	(945,126)	(947,821)	(934,908)	(1,074,815)	(932,041)	(1,277,798)	(1,045,086)
Total operating expenses	46,553,482	46,111,625	39,866,470	41,442,325	43,232,571	40,586,140	35,768,910	33,386,250	34,059,200	32,415,768
Operating Income (Loss)	5,255,330	2,282,243	3,324,692	5,172,960	5,454,069	5,191,551	4,218,789	4,904,489	2,036,977	(698,331)
Nonoperating Revenues (Expenses):										
Property taxes	450,512	423,469	384,960	381,843	443,255	387,889	313,008	305,985	367,482	340,351
Investment income	346,063	168,777	129,591	63,423	45,451	53,471	47,225	79,800	76,377	359,773
Gain (Loss) on disposal of capital assets	19,210	(139,088)	(16,209)	30,557	(3,819)	9,414	(6,235)	(22,426)	(53,133)	7,339
Interest Expense	-	-	-	-	-	-	-	-	(192,500)	(144,375)
Federal and state assistance	-	-	-	42,810	-	64,015	-	578	-	-
Legal settlement	-	(66,961)	(83,905)	(55,173)	(94,732)	(57,090)	(83,096)	231,600	-	-
Total Nonoperating Revenues (Expenses)	815,785	386,197	414,437	463,460	390,155	457,699	270,902	595,537	198,226	563,088
Income (Loss) Before Contributed Capital	6,071,115	2,668,440	3,739,129	5,636,420	5,844,224	5,649,250	4,489,691	5,500,026	2,235,203	(135,243)
Contributed Capital	1,315,564	1,257,820	165,021	499,911	67,345	1,176,656	552,881	1,174,858	416,554	668,269
Change in net position	7,386,679	3,926,260	3,904,150	6,136,331	5,911,569	6,825,906	5,042,572	6,674,884	2,651,757	533,026
Net Position, beginning of year	110,106,710	106,180,450	102,276,300	113,009,502	107,097,933	100,272,027	95,229,455	96,786,691	94,134,934	93,601,908
Prior Period Adjustment	(4,762,948)	-	-	(16,869,533)	-	-	-	(8,232,120)	-	-
Net Position, end of year	$ 112,730,441	$ 110,106,710	$ 106,180,450	$ 102,276,300	$ 113,009,502	$ 107,097,933	$ 100,272,027	$ 95,229,455	$ 96,786,691	$ 94,134,934

Source: Vista Irrigation District

Table III
WATER SALES BY USER TYPE
Last Ten Fiscal Years

Fiscal Year Ended	Residential		Commercial/Industrial		Irrigation		Agricultural		Governmental		Average
	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Rate
2018	$22,332,964	11,643.8	$3,530,165	1,809.8	$4,230,231	2,149.4	$1,871,045	964.0	$729,793	370.0	$1,930
2017	$19,568,389	10,767.2	$3,365,773	1,720.3	$3,237,014	1,765.9	$1,635,378	883.5	$704,645	359.0	$1,840
2016	$17,679,019	10,153.3	$3,037,823	1,681.5	$2,562,469	1,389.9	$1,588,646	882.3	$477,063	268.1	$1,763
2015	$20,141,952	11,900.4	$3,214,629	1,866.1	$3,377,886	1,954.8	$1,646,475	954.0	$766,433	441.3	$1,703
2014	$21,671,513	13,079.4	$3,275,725	1,945.6	$3,835,833	2,287.1	$1,810,450	1,075.1	$1,276,974	740.5	$1,666
2013	$20,750,003	13,114.2	$3,144,742	1,953.8	$3,384,426	2,098.8	$1,665,459	1,031.2	$1,159,166	706.4	$1,592
2012	$17,831,592	12,190.5	$2,677,141	1,796.0	$2,561,020	1,728.2	$1,405,719	938.3	$897,168	588.3	$1,472
2011	$16,593,101	12,386.3	$2,597,904	1,863.5	$2,402,331	1,725.8	$1,416,245	994.9	$915,714	619.4	$1,360
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

Source: Vista Irrigation District

Table IV
SERVICE CONNECTIONS
Last Ten Fiscal Years

Fiscal Year Ended	Residential	Commercial/Industrial	Irrigation	Agricultural	Fire Service	Governmental	Total
2018	24,268	1,584	934	568	1,244	90	28,688
2017	24,209	1,582	928	572	1,240	91	28,622
2016	24,036	1,587	918	574	1,237	91	28,443
2015	24,191	1,606	914	586	1,236	92	28,625
2014	24,191	1,608	897	562	1,228	94	28,580
2013	24,048	1,601	889	567	1,218	92	28,415
2012	24,061	1,603	887	555	1,211	92	28,409
2011	23,974	1,630	877	557	1,183	92	28,313
2010	23,958	1,647	864	568	1,177	91	28,305
2009	23,982	1,597	838	573	1,138	90	28,218

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	
2018**	$4.24	$4.78	$4.78	$4.56	$37.05
2017**	$4.16	$4.70	$4.70	$4.48	$35.85
2016**	$4.04	$4.58	$4.58	$4.36	$34.76
2015**	$3.73	$4.27	$4.27	$4.05	$33.67
2014**	$3.61	$4.15	$4.15	$3.93	$32.85
2013**	$3.52	$4.06	$4.06	$3.84	$31.87
2012**	$3.29	$3.83	$3.83	$3.61	$30.04
2011**	$3.01	$3.55	$3.55	$3.33	$29.30
2010***	$2.69	$3.23	$4.37	$3.01	$29.30
2009	$2.34	NA	NA	$2.00	$23.70

* 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

Fiscal Year ended June 30, 2018			Fiscal Year ended June 30, 2009		
Customer	Usage in Acre Feet	Percent of Water Sold	Customer	Usage in Acre Feet	Percent of Water Sold
Courthouse	122.4	0.72%	Golf Course	328.0	1.52%
Agriculture	85.0	0.50%	Courthouse	120.6	0.56%
Industrial	66.7	0.39%	High School	55.8	0.26%
Industrial	55.7	0.33%	Industrial	52.1	0.24%
Mobile Home Park	38.5	0.23%	Nursery	43.2	0.20%
High School	38.2	0.23%	Nursery	42.4	0.20%
Industrial	38.9	0.23%	Industrial/Uniform Serv	39.0	0.18%
Mobile Home Park	34.1	0.20%	Mobile Home Park	38.7	0.18%
Mobile Home Park	37.2	0.22%	Convalescent Home	36.9	0.17%
Multi Family	36.1	0.21%	Hospital	35.2	0.16%
Total Top Ten Customers	552.8	3.26%	Total Top Ten Customers	791.9	3.67%
Other Customers	16,384.2	96.74%	Other Customers	20,771.0	96.33%
Total Water Sales	16,937.0	100.00%	Total Water Sales	21,562.9	100.00%

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)
2009	123,312	3.11	*10.4%*	*$36,339*	*$4,480,995*
2010	124,885	3.11	*9.6%*	*$35,982*	*$4,493,554*
2011	125,746	3.12	*9.2%*	*$33,588*	*$4,223,604*
2012	126,737	3.13	*8.2%*	*$34,042*	*$4,314,327*
2013	128,208	3.15	*7.0%*	*$39,579*	*$5,074,353*
2014	129,260	3.17	*5.7%*	*$35,743*	*$4,620,121*
2015	129,895	3.18	*4.6%*	*$41,553*	*$5,397,463*
2016	130,979	3.17	*4.2%*	*$42,684*	*$5,590,742*
2017	134,072	3.18	*2.7%*	*$43,847*	*$5,790,942*
2018	135,204	3.19	*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.

** NOTE: Data for the current year is not yet available.

(1) Amounts presented may vary from the prior year's report due to inflation adjustments.

Source: SANDAG

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

Fiscal Year Ended June 30, 2018[1]			Fiscal Year Ended June 30, 2009[2]		
Employer Name	**Industry**	**No. of Employees**	**Employer Name**	**Industry**	**No. of Employees**
University of California, San Diego	Education	10,000+	City of San Diego	Government	10,000+
County of San Diego	Government	10,000+	County of San Diego	Government	10,000+
United States Navy, San Diego	Government - Military	10,000+	San Diego Unified School District	Education	10,000+
City of San Diego	Government	10,000+	Scripps Healthcare	Healthcare	10,000+
San Diego Unified School District	Education	10,000+	Sharp Healthcare	Healthcare	10,000+
Sharp Healthcare	Healthcare	10,000+	University of California, San Diego	Education	10,000+
Scripps Healthcare	Healthcare	10,000+	AT&T	Telecommunications	5,000-9,999
Qualcomm, Inc.	Technology	5,000-9,999	Kaiser Permanente	Healthcare	5,000-9,999
Kaiser Medical Center	Healthcare	5,000-9,999	Qualcomm Inc.	Technology/ Communications	5,000-9,999
San Diego State University	Education	5,000-9,999	San Diego Naval Medical Center	Healthcare	5,000-9,999

Source: [1] *San Diego's Top 10 Employers www.sandiegostop10.com/employers.aspx*
[2] *Vista Irrigation District 2009 CAFR/San Diego SourceBook 2009*

Table IX
NUMBER OF EMPLOYEES
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Employees	90	89	87	88	84	90	94	94	101	104
Average Years of Service	11.6	12.8	12.0	11.6	11.9	11.7	11.8	11.1	10.4	10.4

Source: Vista Irigation District
Note- Based on active employees at fiscal year-end.

Table X
OPERATING AND CAPITAL INDICATORS
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Service Area (acres)	21152	21160	21160	21160	21200	21200	21200	21200	21200	21200	21200
Miles of water main (4" and larger) *	429	473	473	473	473	473	471	470	470	469	469
Number of enclosed reservoirs	12	12	12	12	12	12	12	12	12	14	14
Capacity of enclosed reservoirs (acre feet)	142	141	141	142	142	142	142	142	142	147	147
Number of open reservoirs	1	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	51,774
Number of pump stations	7	7	7	7	7	7	7	7	8	8	8
Number of pumps	18	18	18	18	18	18	18	18	19	19	19
Total capacity of pumps (horsepower)	1,045	1,045	1,045	1,045	1,045	1,045	1,055	1,055	1,075	1,110	1,110
Number of service connections	28,688	28,622	28,478	28,649	28,609	28,435	28,435	28,314	28,305	28,255	28,152
Production peak (million gallons per day)	21	22	20	24	32	28	26	27	31	31	37
Average production (million gallons per day)	16	15	14	16	18	18	17	16	19	20	21
Total rainfall (inches) - Lake Henshaw	12	34	21	16	13	14	20	36	33	19	30
Total rainfall (inches) - Vista	4	20	11	8	5	9	11	25	18	13	15
Average daily temperature (F) - Lake Henshaw	60	60	59	60	60	57	55	55	56	58	58
Average daily temperature (F) - Vista	64	63	64	64	63	62	61	61	67	64	64
Electricity purchased (1,000 kWh) - Service Area	1,060	712	1,081	1,094	1,078	1,244	1,123	1,719	1,768	1,590	1,804
Electricity purchased (1,000 kWh) - Lake Henshaw	1,077	1,964	3,176	3,352	3,310	3,800	1,315	2,178	3,178	3,841	4,100
Natural gas purchased (therms)	6,926	5,768	5,970	5,573	5,777	6,500	6,990	5,379	5,928	8,792	9,674
Mainline repairs	20	40	29	33	32	41	40	47	20	21	25

* Miles of pipe within the Vista Irrigation District distribution system was updated consistent with the analysis and findings set forth of the 2018 Potable Water Master Plan.