

VALLEY OF THE MOON WATER DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

**VALLEY OF THE MOON WATER DISTRICT
FINANCIAL STATEMENTS**

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Valley of the Moon Water District
El Verano, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Valley of the Moon Water District (District) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Change in Accounting Principles

As discussed in Note 1 to the basic financial statements effective July 1, 2012, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress for Post-employment Health Insurance Benefits budgetary comparison information on pages 3-5 and 23 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
October 2, 2013

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Valley of The Moon Water District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read this in conjunction with the financial statements as listed in the Table of Contents.

Using This Financial Report

This annual report consists of three required financial statements. The "Comparative Statement of Net Position" is similar to a "Balance Sheet" of a private sector (commercial) entity. Assets, Liabilities and Net Position are reported in this statement.

The "Comparative Statement of Revenue, Expenses, and Changes in Net Position" reports revenues and expenses of the District and is similar to an "Income Statement" of a commercial enterprise.

The "Comparative Statement of Cash Flows" reports what activity occurred that caused increases and decreases in cash. This is very similar to a private sector cash flow statement. Increases or decreases in cash are segregated into natural categories such as "Operating Activities", "Capital and Related Financing Activities", "Non-Capital and Related Financing Activities", and "Investing Activities".

All statements are in comparative form to facilitate comparison to last fiscal year's financial activity.

The Comparative Statement of Net Position

Condensed comparative information is as follows:

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>
<u>ASSETS</u>			
Current Assets	\$3,293,892	\$2,942,201	\$ 351,691
Net Capital Assets	21,664,080	22,213,830	(549,750)
Other Non-Current Assets	<u>553,447</u>	<u>556,447</u>	<u>(3,000)</u>
TOTAL ASSETS	<u>25,511,419</u>	<u>25,712,478</u>	<u>(201,059)</u>
<u>LIABILITIES</u>			
Current Liabilities	337,206	329,542	7,664
Long-Term Liabilities	<u>2,417,244</u>	<u>2,682,341</u>	<u>(265,097)</u>
TOTAL LIABILITIES	<u>2,754,450</u>	<u>3,011,883</u>	<u>(257,433)</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	19,426,591	19,803,024	(376,433)
Unrestricted	<u>3,330,378</u>	<u>2,897,571</u>	<u>432,807</u>
<u>TOTAL NET ASSETS</u>	<u>\$22,756,969</u>	<u>\$22,700,595</u>	<u>\$ 56,374</u>

The District's primary assets are property and equipment, investments held with the State LAIF Account and the County of Sonoma Treasury, as well as current assets such as accounts receivable and operating cash.

At the end of the fiscal year, the District had \$2,455,606 in investments included in "Current Assets" shown in the table on the previous page – \$789,912 in the State Investment Pool and \$1,665,694 with the Sonoma County Investment Pool.

The Comparative Statement of Activities and Changes in Net Position

Condensed financial information is as follows (for the fiscal year ended):

<u>OPERATING REVENUES</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>
Sale of Water and Service Charges	<u>\$4,602,520</u>	<u>\$4,127,168</u>	<u>\$475,352</u>
 <u>OPERATING EXPENSES</u>			
Water Purchases	1,948,314	1,745,234	203,080
Plant Operating Expenses	938,843	797,516	141,327
General & Administrative Expenses	<u>981,166</u>	<u>889,126</u>	<u>92,040</u>
TOTAL OPERATING EXPENSES	<u>3,868,323</u>	<u>3,431,876</u>	<u>436,447</u>
Operating Income Before Depreciation & Amortization	734,197	695,292	38,905
Depreciation & Amortization	<u>760,070</u>	<u>759,606</u>	<u>464</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(25,873)</u>	<u>(64,314)</u>	<u>38,441</u>
<u>NON-OPERATING REVENUES / (EXPENSES)</u>	<u>(72,776)</u>	<u>(37,762)</u>	<u>(35,014)</u>
Income (Loss) Before Capital Contributions	<u>(98,649)</u>	<u>(102,076)</u>	<u>3,427</u>
Capital Contributions	<u>155,023</u>	<u>90,453</u>	<u>64,570</u>
 <u>CHANGE IN NET POSITION</u>	 <u>\$ 56,374</u>	 <u>\$ (11,623)</u>	 <u>\$67,997</u>

The District's operating revenue increased by \$475,352 or 11.5% over last fiscal year. The District's customer base is relatively stable. Changes in the water sales revenue are primarily attributable to a combination of factors including 1) changes in weather conditions, 2) an annual increase in the water rates, and 3) a minimal addition of new customer accounts.

Water purchases increased \$203,080 or 11.6% over last fiscal year. The District's unit cost of water bought from the Sonoma County Water Agency went up from \$703.33 per acre foot to \$740.34 per acre foot. This represents a 5.3% increase. The increase in water purchase costs is primarily due to the increased unit cost and the amount of water purchased. Compared to the prior fiscal year, plant operating expenses increased \$141,327 or 17.7% and general and administrative expenses increased \$92,040 or 10.4% over the prior fiscal year. Included in the Statement of Activities under "Capital Contributions" are developer projects. The increase of \$64,570 over last fiscal year is due to an increase in developer activity.

Debt Administration

The District's long term loan with the Sonoma Valley Bank decreased this fiscal year to \$1,587,559 due to the planned FY 2012-13 principal payment of \$141,476. The District's long term loan with the California Infrastructure and Economic Development Bank decreased this fiscal year to \$676,930 due to the planned FY 2012-2013 principal payment of \$34,841.

Capital Assets

As reflected in the notes to the financial statements, the District's total planned capital improvements over the next five fiscal years amounts to \$4,485,000. Amounts for each fiscal year are given below:

<u>Year</u>	<u>Amount</u>
2013/14	\$ 830,000
2014/15	1,340,000
2015/16	835,000
2016/17	760,000
2017/18	720,000
<u>Total</u>	<u>\$ 4,485,000</u>

Scheduled projects may be extended or shortened somewhat depending on available capital funding and project needs.

Economic Outlook and Next Years' Budget and Rates

The Valley of the Moon Water District's Board of Directors adopted the fiscal year 2013-2014 budget on June 4, 2013. The budget includes the following highlights:

- A 3% rate increase to both the service charges and commodity charges in response to a wholesale rate increase of 3.8% from the Sonoma County Water Agency for purchased water and an increase in funding to the District's capital improvement program.
- Operating revenues are estimated to be \$4,349,959, reflecting an increase of \$337,501 over the previous fiscal year's budget.
- The operating expenses are estimated at \$3,674,959 with transfer of \$675,000 to the capital improvement program.
- The District's customer base is expected to remain stable.

Request for additional information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. If you have any questions concerning any information provided in this report or need additional information, please contact the District office at (707) 996-1037.

Daniel Muelrath
General Manager

**VALLEY OF THE MOON WATER DISTRICT
COMPARATIVE STATEMENT OF NET POSITION**

June 30, 2013

With Comparative Statement as of June 30, 2012

	June 30, 2013	June 30, 2012
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 2,515,066	\$ 2,234,715
Accounts Receivable	697,467	640,357
Interest Receivable	3,920	4,069
Other Receivables	3,213	
Inventory	54,549	45,579
Prepaid Expenses	19,677	17,481
TOTAL CURRENT ASSETS	3,293,892	2,942,201
NONCURRENT ASSETS		
Land	215,795	215,795
Construction in Progress	75,182	50,243
Utility, Plant & Equipment	34,379,886	34,226,234
Less-Accumulated Depreciation	(13,006,783)	(12,278,442)
TOTAL CAPITAL ASSETS, NET	21,664,080	22,213,830
OTHER NONCURRENT ASSETS		
Prepaid Post-employment Benefits	526,447	526,447
Loan Fees (Net of Amortization)	27,000	30,000
TOTAL OTHER NONCURRENT ASSETS	553,447	556,447
TOTAL ASSETS	25,511,419	25,712,478
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	215,880	203,008
Accrued Wages	13,156	15,103
Accrued Interest	61,890	67,161
Customer Deposits	46,280	44,270
TOTAL CURRENT LIABILITIES	337,206	329,542
LONG TERM LIABILITIES		
Due Within One Year	244,994	237,601
Due in More Than One Year	2,172,250	2,444,740
TOTAL LONG TERM LIABILITIES	2,417,244	2,682,341
TOTAL LIABILITIES	2,754,450	3,011,883
NET POSITION		
Net Investment in Capital Assets	19,426,591	19,803,024
Unrestricted	3,330,378	2,897,571
TOTAL NET POSITION	\$ 22,756,969	\$ 22,700,595

See accompanying notes to basic financial statements

VALLEY OF THE MOON WATER DISTRICT
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013
With Comparative Statement for the Fiscal Year Ended June 30, 2012

	June 30, 2013	June 30, 2012
Operating Revenues		
Water Sales	\$ 4,602,520	\$ 4,127,168
Total Operating Revenues	4,602,520	4,127,168
Operating Expenses		
Water Purchases	1,948,314	1,745,234
Plant Operating Expenses	938,843	797,516
General and Administrative Expenses	981,166	889,126
Depreciation	757,070	756,606
Amortization	3,000	3,000
Total Operating Expenses	4,628,393	4,191,482
Operating Income (Loss)	(25,873)	(64,314)
Non-Operating Revenues (Expenses)		
Other Income	25,249	36,043
Interest Earned	15,330	16,277
Gain (Loss) on Sale/Disposal of Capital Assets	(25,203)	5,545
Interest Expense	(88,152)	(95,627)
Total Non-Operating Revenues (Expenses)	(72,776)	(37,762)
Net Income (Loss) Before Capital Contributions	(98,649)	(102,076)
Capital Contributions		
Capital Contributions	155,023	90,453
Total Capital Contributions	155,023	90,453
Change in Net Position	56,374	(11,623)
Total Net Position, Beginning of Fiscal Year	22,700,595	22,712,218
Total Net Position, End of Fiscal Year	\$ 22,756,969	\$ 22,700,595

See accompanying notes to basic financial statements

VALLEY OF THE MOON WATER DISTRICT
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013
With Comparative Statement for the Fiscal Year Ended June 30, 2012

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 4,544,207	\$ 3,930,978
Payments to Suppliers for Goods and Services	(3,129,867)	(2,661,691)
Payments to Employees and Related Items	(778,951)	(750,811)
Net Cash Flows Provided by Operating Activities	<u>635,389</u>	<u>518,476</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition of Capital Assets	(232,523)	(160,156)
Proceeds from Sale of Capital Assets		5,670
Principal Payment on Long-Term Debt	(176,317)	(165,162)
Interest Payments	(93,423)	(107,581)
Capital Contributions	155,023	90,453
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(347,240)</u>	<u>(336,776)</u>
Cash Flows From Non-Capital and Related Financing Activities		
Payment on Settlement Agreement	(48,526)	(48,526)
Other Income	25,249	36,043
Net Cash Flows (Used) by Non-Capital and Related Financing Activities	<u>(23,277)</u>	<u>(12,483)</u>
Cash Flows From Investing Activities		
Interest Income	15,479	14,969
Net Cash Flows Provided by Investing Activities	<u>15,479</u>	<u>14,969</u>
Net Increase in Cash and Investments	280,351	184,186
Cash and Investments, Beginning of Fiscal Year	<u>2,234,715</u>	<u>2,050,529</u>
Cash and Investments, End of Fiscal Year	<u>\$ 2,515,066</u>	<u>\$ 2,234,715</u>
Reconciliation of Cash and Investments to Amounts Reported on the Statement of Net Assets:		
Cash and Investments	<u>\$ 2,515,066</u>	<u>\$ 2,234,715</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:		
Operating Income (Loss)	<u>\$ (25,873)</u>	<u>\$ (64,314)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	757,070	756,606
Amortization	3,000	3,000
(Increase) Decrease in Other Receivables	(3,213)	968
(Increase) Decrease in Accounts Receivable	(57,110)	(197,908)
(Increase) Decrease in Inventory	(8,970)	2,234
(Increase) Decrease in Prepaid Expenses	(2,196)	(2,019)
(Increase) Decrease in Prepaid Post-employment Benefits		5,962
Increase (Decrease) in Accounts Payable	12,872	716
Increase (Decrease) in Accrued Wages	(1,947)	3,184
Increase (Decrease) in Customer Deposits Payable	2,010	750
Increase (Decrease) in Compensated Absences	(40,254)	9,297
Total Adjustments	<u>661,262</u>	<u>582,790</u>
Net Cash Provided by Operating Activities	<u>\$ 635,389</u>	<u>\$ 518,476</u>

See accompanying notes to basic financial statements

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Valley of the Moon Water District (District) was formed in 1960 through an election under Division 12, Section 30000 of the California State Water Code for the primary purpose of providing adequate quantities of potable water to all properties located within the District.

The District accounting policies conform to accounting principles generally accepted in the United States of America as applicable to governments, in accordance with the uniform system of accounts for water utility special enterprise districts as prescribed by the State Controller in compliance with the government code of the State of California.

B. Method of Accounting

The District follows the accrual basis of accounting. The District's policy is to record all assets, liabilities, revenues, and expenses on the accrual basis of accounting and the flow of economic resources measurement focus. Under this method, revenue is recognized when earned and expenses are recognized when the related liability is incurred. Receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

C. Budgetary Reporting

The Board of Directors adopts the budget by passage of a resolution prior to July 1st, for the new fiscal year. The general manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total appropriations must be approved by the Board of Directors.

D. Inventories

Materials, supplies, and gasoline are valued at cost using the first-in-first-out method.

E. Deferred Charges

Loan fees are amortized over 20 years; organization and master water plan costs are amortized over 5 years.

F. Capital Assets

Land, structures, and improvements are recorded at cost at the time of purchase, or if constructed, at the completion of the construction. Contributed assets are recorded at their fair value at the time of transfer to the District. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Specifically, transmission and distribution mains are depreciated over 67 years; wells, springs, and tunnels over 30 years; reservoirs and tanks over 50 years; equipment over 5-25 years; meters over 20 years; and structures and improvements over 25 years.

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Proprietary Fund Accounting

The District has one fund which is considered a proprietary fund.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District has opted to apply all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operation of the fund. All other expenses are reported as non-operating expenses.

I. Flexible Benefits Plan

The District has established a benefits plan including a Dependent Care Expense Reimbursement Plan and a Medical Care Expense Reimbursement Plan. Pre-tax premium elections under the plan are intended to qualify for the exclusion from income provided by Section 125 of the Internal Revenue Code. At present, this plan is only used for medical premiums.

J. Comparative Data

Comparative total data for the prior fiscal year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations.

K. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of GASB Statement No. 60 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

K. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of GASB Statement No. 61 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of GASB Statement No. 62 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the District's financial statements are explained in Note 8: Net Position.

L. Management's Review of Subsequent Events

In preparing the accompanying financial statements, the District's management has reviewed all known events that have occurred after June 30, 2013, and through October 2, 2013, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 2: Cash and Investments

Classification

The cash and investments are classified in the financial statements as shown below, based on whether or not its use is restricted under the terms of District debt instruments or District agreements.

Statement of Net Position:

Cash and Investments	\$ <u>2,515,066</u>
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Cash and Investments as of June 30, 2013 consists of the following:

Cash on Hand	\$ 500
Cash in Bank	58,960
Investments	<u>2,455,606</u>
 Total Cash and Investments	 \$ <u>2,515,066</u>

Investments Authorized by the California Government Code and the District's Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
Certificates of Deposit	N/A	None	\$100,000
Sonoma County Pooled Investment Fund	N/A	None	None
Passbook Savings Accounts	N/A	None	None
U.S. Treasury Obligations	N/A	None	None

VALLEY OF THE MOON WATER DISTRICT

Notes to Basic Financial Statements

June 30, 2013

Note 2: Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More than 60 Months
State Investment Pool (LAIF)	\$ 789,912	\$ 789,912	\$ -	\$ -	\$ -	\$ -	\$ -
Sonoma County Investment Pool	1,665,694	1,665,694					
	<u>\$ 2,455,606</u>	<u>\$ 2,455,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
State Investment Pool (LAIF)	\$ 789,912	N/A	\$ -	\$ -	\$ -	\$ 789,912
Sonoma County Investment Pool	<u>1,665,694</u>	N/A				<u>1,665,694</u>
Total	<u>\$ 2,455,606</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,455,606</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments (other than LAIF and Sonoma County Investment Pool).

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 2: Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The District had no deposits with financial institutions in excess of federal depository insurance limits as of June 30, 2013.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Sonoma County Investment Pool).

Investment in State Investment Pool

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 basic financial statements at the 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.

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital Assets, not being depreciated:				
Land	\$ 215,795	\$ -	\$ -	\$ 215,795
Construction in Progress	50,243	50,142	(25,203)	75,182
Total Capital Assets, not being depreciated	266,038	50,142	(25,203)	290,977
Capital Assets, being depreciated:				
Source of Supply	8,384,008			8,384,008
Transmission and Distribution	24,132,976	175,737		24,308,713
General Plant	1,709,250	6,644	(28,729)	1,687,165
Total Capital Assets, being depreciated	34,226,234	182,381	(28,729)	34,379,886
Less Accumulated Depreciation	(12,278,442)	(757,070)	28,729	(13,006,783)
Total Capital Assets, being depreciated, net	21,947,792	(574,689)		21,373,103
Total Capital Assets, Net	\$ 22,213,830	\$ (524,547)	\$ (25,203)	\$ 21,664,080

Note 4: Operating Leases and Commitments

A. Pitney Bowes

The District is obligated to make lease payments for office equipment (Pitney Bowes) until December 2015. The following is a schedule by years of future minimum rental payments required under the operating lease as of June 30, 2013:

Fiscal Year Ending June 30,	Amounts
2014	\$ 253
2015	253
2016	173
Total	\$ 679

B. Larbre Well Lease

The District also entered into a well lease agreement (Larbre Well Lease) whereby the District is purchasing water from the owner. The District must maintain average monthly purchases of at least \$2,000 for the period of December 1 to November 30. The lease was amended in December 2009, and expires on December 1, 2014. For the current fiscal year, \$31,250 was used for purchases under this agreement and \$31,413 was used for water purchases in the prior fiscal year. For the period of December 1, 2011 to November 30, 2012 the District paid \$28,988.

VALLEY OF THE MOON WATER DISTRICT

Notes to Basic Financial Statements

June 30, 2013

Note 5: Capital Improvement Program

The District has developed a capital improvement program for water projects including water mains, wells, storage tanks, and pump stations. The list of improvements has been developed by District staff and consulting engineers. Projects have been identified from a series of annual capital improvement program updates developed by District staff from the Strategic Water Supply Plan prepared by JONWRM, from a Water Master Plan and a Water Storage Plan prepared by Brelje & Race, and from a Master Plan for Ground Water Development and Management by Luhdorff and Scalmanini. Projects are phased in over a five-year period, although this is not a rigid schedule and may be extended or shortened somewhat depending on available capital funding and project needs.

Projected capital improvements over the next five years are as follows:

<u>Fiscal Year</u>	<u>Per Updated Budget 13/14</u>
2013/2014	\$ 830,000
2014/2015	1,340,000
2015/2016	835,000
2016/2017	760,000
2017/2018	720,000

Note 6: Long-Term Debt

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the District for the fiscal year ended June 30, 2013:

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Certificate of Participation	\$ 1,729,035	\$ -	\$ (141,476)	\$ 1,587,559	\$ 150,099
CIEDB Loan Payable	711,771		(34,841)	676,930	35,945
Settlement Agreement	97,053		(48,526)	48,527	48,527
Compensated Absences	144,482	52,601	(92,855)	104,228	10,423
Total	\$ 2,682,341	\$ 52,601	\$ (317,698)	\$ 2,417,244	\$ 244,994

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 6: Long-Term Debt (Continued)

The details of the long-term debt are as follows:

A. Certificate of Participation/1999 Installment Purchase Contract

In September 1999, the District sold a \$2,833,992 Certificate of Participation Note to Sonoma Valley Bank (now Westamerica Bank) in order to finance the initial two years of the Capital Improvement Program. Total annual payments (principal and interest) are \$213,638 with interest accruing at 4.00%. The note matures on September 1, 2021. During the 2010/11 fiscal year, the District renegotiated the terms of the Note to lower the interest rate from 5.25% to 4.00%.

The loan fees carried on the statement of net position at \$60,000 are amortized over the life of the loan. \$3,000 is amortized each fiscal year. As of June 30, 2013, the loan fees, net of accumulated amortization, were \$27,000.

The remaining debt service payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 150,099	\$ 63,539	\$ 213,638
2015	156,103	57,535	213,638
2016	162,347	51,291	213,638
2017	168,841	44,797	213,638
2018	175,595	38,043	213,638
2019-2022	<u>774,574</u>	<u>79,069</u>	<u>853,643</u>
Totals	<u>\$ 1,587,559</u>	<u>\$ 334,274</u>	<u>\$ 1,921,833</u>

B. CIEDB Loan Payable/Enterprise Fund Installment Sale Agreement

On June 15, 2008, the District entered into an installment sale agreement with California Infrastructure and Economic Development Bank for \$810,000. Proceeds of this agreement were used for the construction portion of the Well No. 5 Replacement Project, which includes replacement of an abandoned production well, construction of a well house and security fence, and acquisition and installation of a pump, appurtenances, a filtration system, and a disinfection system. Interest accrues on the agreement at 3.17% and repayments began on February 1, 2009. The agreement matures on August 1, 2027.

The remaining debt service payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 35,945	\$ 20,889	\$ 56,834
2015	37,084	19,731	56,815
2016	38,260	18,538	56,798
2017	39,473	17,305	56,778
2018	40,724	16,034	56,758
2019-2023	223,823	59,647	283,470
2024-2028	<u>261,621</u>	<u>21,252</u>	<u>282,873</u>
Totals	<u>\$ 676,930</u>	<u>\$ 173,396</u>	<u>\$ 850,326</u>

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 6: Long-Term Debt (Continued)

C. Settlement Agreement

During the fiscal year 2009-10, the District entered into a settlement agreement with the Sonoma County Water Agency (Agency), as a result of a dispute with respect to the calculation of payments to be made to the Agency by the District under the Restructured Agreement for Water Supply for the costs of constructing the Eldridge-Madrone Pipeline. The terms of the settlement agreement call for the District to pay the Agency five annual installments of \$48,527 at zero interest, beginning fiscal year 2009-10 and ending fiscal year 2013-14.

The remaining annual debt service payments are as follows:

<u>Fiscal Year</u>	<u>Payment</u>
2014	\$ 48,527
Total	<u>\$ 48,527</u>

D. Compensated Absences

Included in accrued liabilities are accruals for accumulated sick leave and fully vested accumulated vacation pay. It is District policy to allow employees with greater than 15 years of service to receive 50% payment of their accumulated sick leave upon retirement, or have 100% applied to their California Public Employees Retirement System (CalPERS) retirement credit, and to pay no accumulated sick leave upon termination under other circumstances (such as employees who have less than 15 years of service). However for employees with more than 10 consecutive years of service, those individuals can convert all unused sick leave hours to CalPERS.

Note 7: Employees Retirement Plan (Defined Benefit Pension Plan)

A. Plan Description:

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and local resolution. Copies of PERS' annual financial report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

B. Funding Policy:

All full-time District employees are eligible to participate in the system. Benefits vest after five years of service. District employees who retire at or after age 50, with a minimum of five years credited service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to percent (2.5%-at age 55) times the number of years service credit times their annual salary, based on the highest 36 consecutive months.

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 7: Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

B. Funding Policy: (Continued)

District employees are required to contribute 3.614% of their annual salary to CalPERS, which does not include the 7% employee contribution paid by the District. The District is required to contribute all amounts necessary to fund the benefits for its members using the actuarial basis recommended by the CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. At June 30, 2013, the combined employer/employee rate was 24.638% of annual salary. However, for employees who are covered by Social Security, a rate of zero percent is charged for the first \$133 per month.

For 2012-2013, the District's annual pension cost was \$93,815, not including \$46,910 which is the employees required contribution of 7% paid by the District. The \$93,815 contributed for the fiscal year ending June 30, 2013 was equal to 100% of the required contribution for that fiscal year. The District's annual pension costs for fiscal years ending June 30, 2012 and 2011 were \$81,749 and \$99,344, respectively, and equal 100% of the required contributions for each fiscal year.

Note 8: Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Note 9: Post-employment Health Insurance Benefits

Plan Description

The District provides certain health insurance benefits, in accordance with memoranda of understanding, to retired employees as detailed below:

A. PEMHCA Contribution

The District currently provides health benefits through the California Public Employee's Retirement System (CalPERS) Health Benefits Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees retiring at age 50 and greater with a minimum of 5 years CalPERS service will receive the minimum health premium annually established under the PEMHCA, currently at \$115 per month and nominally increased annually by CalPERS.

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 9: Post-employment Health Insurance Benefits (Continued)

B. Additional Benefit Amount Paid by the District

Employees hired before July 1, 2010, retiring at a minimum age of 50 with a minimum of 5 years of District service, 10 years CalPERS service, and retire while in District service will receive the Additional Benefit Amount, as shown below, and based on the years of service, as shown on the Table. Employees hired on or after July 1, 2010 are not eligible for the Additional Benefit Amount. However, they will be eligible for the PEMHCA Contribution, as described under Section A.

Retirees under the age of 65

Single – \$452.68 plus 90% of the rate increase in Kaiser Rate, with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

2 Party (both under 65) – \$822.20 plus 50% of the rate increase in Kaiser Rate, with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

Family (all under 65) – \$1,058.23 plus 50% of the rate increase in Kaiser Rate with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

Retirees over the age of 65

Single – \$253.61 plus 90% of the rate increase in Kaiser Supplement / Managed Medicare Monthly Rate with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

2 Party (both over 65) – \$507.21 plus 50% of the rate increase in Kaiser Supplement / Managed Medicare Monthly Rate with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

2 Party (one over 65) – \$706.28 plus 50% of the rate increase in respective Kaiser rates with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

Family (two over 65) – \$760.82 plus 50% of the rate increase in Kaiser Supplement / Managed Medicare Monthly Rate with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

Family (one over 65) – \$959.89 plus 50% of the rate increase in respective Kaiser rates with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

Credited Years of CalPERS Service	Percentage of Additional Benefit Amount
Less than 10	0%
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 9: Post-employment Health Insurance Benefits (Continued)

C. Retiree Contribution

Retirees shall contribute the difference between his/her CalPERS Health Premium and the District paid PEMHCA Contribution and Additional Benefit Amount.

D. Additional Requirements

In order to be eligible to receive health benefits through CalPERS upon retirement, District employees must meet the following definition of "annuitant" under CalPERS law: 1) Employees must be a member of CalPERS; 2) Employees must be enrolled in the CalPERS Health Program; and 3) Employees must retire within 120 days of separation from employment with the District and receive a monthly retirement allowance from CalPERS.

E. Dental and Vision Coverage for Retirees.

The District will bear the cost of the premiums in full for dental and vision insurance coverage for each employee and dependents upon retirement, provided that the employee has a minimum of twenty (20) years of service with the District at the time of retirement.

Funding Policy

The District adopted a resolution to enter into an agreement with CalPERS to participate in the California Employer's Retiree Benefit Trust Program (CERBT). During the fiscal year 2012-13, the District contributed \$8,604 to the CERBT to prefund the post retirement health insurance benefits for retirees. The District also paid \$58,314 for current retirees' health care benefits during the 2012-13 fiscal year.

Annual OPEB and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No.45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution	\$ 60,504
Interest on net OPEB asset	(40,063)
ARC adjustment	<u>46,477</u>
Annual OPEB cost (expense)	66,918
Contributions made	<u>(66,918)</u>
Change in net OPEB asset	
Net OPEB obligation (asset) - beginning of fiscal year	<u>(526,447)</u>
Net OPEB obligation (asset) - end of fiscal year	<u><u>\$ (526,447)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012-13 and the preceding fiscal years were as follows:

VALLEY OF THE MOON WATER DISTRICT
Notes to Basic Financial Statements
June 30, 2013

Note 9: Post-employment Health Insurance Benefits (Continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2011	\$ 79,000	100.0%	\$ (532,409)
6/30/2012	66,443	91.0%	(526,447)
6/30/2013	66,918	100.0%	(526,447)

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 53.0% funded. The actuarial accrued liability for benefits was \$1,372,653, and the actuarial value of assets was \$727,622, resulting in an unfunded actuarial accrued liability (UAAL) of \$645,031. The covered payroll (annual payroll of active employees covered by the plan) was \$787,171, and the ratio of the UAAL to the covered payroll was 81.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.61 percent investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate of 4.0 to 7.3 percent. The actuarial value of assets was \$727,622. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at July 1, 2011 was twenty-eight years.

Note 10: Deferred Compensation Plans

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to all employees. The District matches the employees' contribution up to a maximum of \$75 per month. Part-time employees are eligible for the District's match on a pro-rata basis. The Omnibus Budget Reconciliation Act of 1990 mandates social security coverage for state and local government employees who are not covered by a retirement plan. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by a third party administrator (AIG Valic and CitiStreet LLC) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

VALLEY OF THE MOON WATER DISTRICT
Required Supplementary Information
June 30, 2013

Post-employment Health Insurance Benefits

Schedule of Funding Progress

Valuation Date	Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
7/1/2009	\$ 1,255,000	\$ -	\$ 1,255,000	0.0%	\$ 758,752	165.4%
7/1/2011	1,372,653	727,622	645,031	53.0%	787,171	81.9%