

Board Meeting Agenda

Russ Baggerly, Director
Mary Bergen, Director
Bill Hicks, Director

Pete Kaiser, Director
James Word, Director

CASITAS MUNICIPAL WATER DISTRICT
November 28, 2012
3:00 P.M. – DISTRICT OFFICE

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of ¶54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. Public Comments
2. General Manager comments.
3. Board of Director comments.
4. Consent Agenda
 - a. Minutes of the November 14, 2012 Board Meeting.

RECOMMENDED ACTION: Adopt Consent Agenda
5. Bills
6. Committee/Manager Reports
 - a. Water Resources Committee Minutes
 - b. Executive Committee Minutes
 - c. Finance Committee Minutes
7. Recommend acceptance of the fiscal year 2010-2011 Comprehensive Annual Financial Report.

RECOMMENDED ACTION: Motion approving recommendation

8. Resolution awarding a contract to Olympus and Associates in the amount of \$289,362.25 for the Upper Ojai Reservoir Interior Coating and Repair Specification No. 12-356.

RECOMMENDED ACTION: Adopt Resolution

9. Information Items:
 - a. Recreation Area Report for October, 2012.
 - b. Investment Report.
10. Closed Session
 - a. (Govt. Code Sec. 54956.9 (c))
Conference with Legal Counsel – Anticipated Litigation (One case).
11. Adjournment

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 649-2251, ext. 113. (Govt. Code Section 54954.1 and 54954.2(a).

Minutes of the Casitas Municipal Water District
Board Meeting Held
November 14, 2012

A special meeting of the Board of Directors was held November 14, 2012 at Casitas' Office, Oak View, California. Directors Baggerly, Word, Hicks, Bergen and Kaiser were present. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There was one staff member and three members of the public in attendance. President Baggerly led the group in the flag salute.

1. Public Comments

None

2. General Manager comments.

Mr. Wickstrum informed the board of a planned temporary outage next Wednesday to replace two valves in the upper Ojai reservoir. Mr. Wickstrum then informed the board that staff has been in discussion with the contractor on the Senior Canyon replacement line. The contractor assembled the sleeve and then it separated. A meeting was held last Thursday was to review what needs to be done to correct the defect.

Mr. Wickstrum explained that staff has been working on two information requests. One from an attorney possibly related to the Ojai FLOW/Golden State scenario and another one in regards to taste and odor. This individual was concerned about blue green algae and wanted to get more information. We provided the information we had on the taste and odor situation and coordinated with Kurt Souza at the Department of Health Services. There was very little if any blue green algae at this time, the taste and odor was a result of lake turnover.

Mr. Wickstrum suggested scheduling a closed session meeting with counsel and it was decided that November 27th would work.

3. Board of Director comments.

The re-elected board members were congratulated. President Baggerly reported that he attended the appeal hearing for the Mosler Rock Quarry. The appeal was denied. When they come back for a new conditional use permit there will be a lot of things to talk to them about. Director Bergen added they will have to do a new EIR.

4. Consent Agenda

ADOPTED

- a. Minutes of the October 24, 2012 Board Meeting.

Director Bergen pointed out that in the first paragraph the word order should be changed to odor.

On the motion of Director Bergen, seconded by Director Word and passed, the consent agenda as corrected was adopted.

5. Bills

APPROVED

Director Kaiser questioned #13776. Mr. Wickstrum explained this is for service on the diesel trucks. Director Kaiser then asked about #13821 to Toro Enterprises questioning if this is the original contract amount. Mr. Wickstrum explained this is what we approved at the last meeting for the change order for concrete abutments. Director Kaiser then questioned #13828 for Flexible Storage. Ms. Collin explained we invoice annually to be able to have storage in Lake Castaic. We collect the money and disperse it to the City of Ventura and United. Director Kaiser then asked on #13856 to the CCC if we approach local operation such as Crew. Mr. Wickstrum explained we have used this group to do things such as cables on the rocks of the weirs and removal of non-natives. Director Baggerly questioned if Crew would have the expertise to do some of the work and we have a good working relationship with the CCC. Director Kaiser suggested seeing what it would cost to keep it local.

Director Hicks questioned #13889 to the State of California. Ms. Collin explained this is for unemployment fees paid to the State of California.

On the motion of Director Hicks, seconded by Director Kaiser and passed, the bills were approved.

6. Committee/Manager Reports

APPROVED FOR FILING

a. Recreation Committee Minutes

On the motion of Director Kaiser, seconded by Director Hicks and passed, the Committee/Manager Reports were approved for filing.

7. Discussion regarding the investment strategy of the district.

Treasurer and Accounting Manager Denise Collin provided insight to the investment strategy of the district reminding the board that the investment policy outlines prudent investor standards using a safe investment strategy over risk. Additionally, the laddering of the bonds provides an opportunity for cash flow if needed. The interest rates are much greater than what is being offered from LAIF, PIMMA, and COVI. Director Hicks asked if we can purchase stocks. Ms. Collin said she will research it. Mr. Wickstrum added the concern is for the risk associated with the stocks.

8. Discussion and recommendation for setting reserves.

APPROVED

Mr. Wickstrum explained this is something we have been discussing for several months regarding setting a reserve fund for other post-employment benefits.

On the motion of Director Bergen, seconded by Director Kaiser and passed, the above recommendation was approved.

9. Recommend appointing a board member and an alternate as ACWA JPIA representatives. APPROVED

On the motion of Director Word, seconded by Director Bergen and passed, Director Hicks will be appointed to the JPIA Board of Directors and Steve Wickstrum will serve as the alternate.

10. Information Items:

- a. Monthly Cost Analysis for operation of Robles, fisheries and fish passage.
- b. Monthly Cost Analysis for Ojai FLOW.
- c. Recreation Area Report for September, 2012.
- d. Memo regarding attendance at Drought Response Workshop.
- e. Investment Report.

Retired Casitas General Manager Bob McKinney came to the meeting at 3:38 p.m. Mr. McKinney started in the Engineering department and then ran the district from 1967 to 1987. He and his wife are celebrating their wedding anniversary and his birthday and are staying at the Lake.

President Baggerly moved the meeting to closed session at 3:40 p.m.

11. Closed Session

- a. (Govt. Code Sec. 54956.9 (a))
Conference with Legal Counsel – Existing Litigation
Name of Case: Casitas Municipal Water District v. United States

President Baggerly returned the meeting to open session at 4:01 p.m. with Mr. Mathews stating the board received a report from the General Manager regarding the recent hearing in Washington DC and there was no action taken.

12. Adjournment

President Baggerly adjourned the meeting at 4:01 p.m.

CERTIFICATION

Payroll disbursements for the pay period ending 11/10/12
Pay Date of 11/15/12
have been duly audited and are
hereby certified as correct.

Signed: Denise Collin
Denise Collin

Signed: _____
Signature

Signed: _____
Signature

Signed: _____
Signature

A/P Fund

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

000370	A/P Checks:	013895-013964
	A/P Draft to P.E.R.S.	111623
	A/P Draft to State of CA	111622
	A/P Draft to I.R.S.	111621
	Void:	013931

The above numbered checks, have been duly audited are hereby certified as correct.

 11/16/12
Denise Collin, Accounting Manager

Signature

Signature

Signature

CASITAS MUNICIPAL WATER DISTRICT
 Payable Fund Check Authorization
 Checks Dated 11/16/12
 Presented to the Board of Directors For Approval November 28, 2012

Check	Payee			Description	Amount
000370	Payables Fund Account	#	9759651478	Accounts Payable Batch 111612	\$185,943.57
					\$185,943.57
000371	Payroll Fund Account	#	9469730919	Estimated Payroll 12/13/12	\$130,000.00
					\$130,000.00
				Total	\$315,943.57

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

The above numbered checks, 000370-000371 have been duly audited is hereby certified as correct.

Denise Collin 11/16/12
 Denise Collin, Accounting Manager

 Signature

 Signature

 Signature

VENDOR SET: 01 Casitas Municipal Water D

BANK: * ALL BANKS

DATE RANGE:11/16/2012 THRU 11/16/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
C-CHECK	VOID CHECK	V	11/16/2012			013931		

* * T O T A L S * *

	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	0	0.00	0.00	0.00
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	1	VOID DEBITS 0.00		
		VOID CREDITS 0.00	0.00	

TOTAL ERRORS: 0

VENDOR SET: 01	BANK:	TOTALS:	1	0.00	0.00	0.00
BANK:	TOTALS:		1	0.00	0.00	0.00

VENDOR SET: 01 Casitas Municipal Water D

BANK: AP ACCOUNTS PAYABLE

DATE RANGE:11/16/2012 THRU 11/16/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01985	AFLAC/FLEX ONE							
I-111512	Reimburse Medical 2012	R	11/16/2012	56.00		013895		56.00
00010	AIRGAS USA LLC							
I-9010004338	Filters for #81,Pipeline Truck	R	11/16/2012	51.38		013896		
I-9905617965	Cylinder Rental for Pipelines	R	11/16/2012	30.33		013896		81.71
00014	AQUA-FLO SUPPLY							
I-389610	PVC Parts for Leak in F 21/23	R	11/16/2012	86.50		013897		
I-390153	Galv Pipe for UO Res Repairs	R	11/16/2012	74.44		013897		
I-390279	Soil Conditioner for Dist Main	R	11/16/2012	14.59		013897		
I-391526	PVC Parts for Waterpark	R	11/16/2012	38.05		013897		
I-392384	PVC Parts for F Camp	R	11/16/2012	56.17		013897		269.75
01703	ARNOLD LAROCHELLE MATTHEWS							
I-36110	Matter#5088010, 10/12	R	11/16/2012	252.00		013898		252.00
01666	AT & T							
I-000003822830	T-1 Line, Acct#8310001729783	R	11/16/2012	346.82		013899		
I-000003824610	T-1 Lines, Acct#8310002969306	R	11/16/2012	1,154.11		013899		1,500.93
00020	AVENUE HARDWARE, INC							
I-48340	Duct, Caution Tape, Pipeline	R	11/16/2012	57.09		013900		
I-48458	Parts for Seat Repair, #111 TP	R	11/16/2012	7.98		013900		65.07
00021	AWA OF VENTURA COUNTY							
I-111312	Waterwise Breakfast 11/15/12	R	11/16/2012	100.00		013901		100.00
01153	RUSS BAGGERLY							
I-Oct 12	Reimburse Mileage 10/12	R	11/16/2012	66.05		013902		66.05
00821	BEST BEST & KRIEGER LLP							
I-689206	Matter # 82356.00001 10/12	R	11/16/2012	266.00		013903		
I-689217	Matter # 8235600002 10/12	R	11/16/2012	2,381.64		013903		2,647.64
00494	C.D. LYON CONSTRUCTION, INC.							
I-0067038IN	Refurbish Intake Screen	R	11/16/2012	29,600.00		013904		29,600.00
00645	CA DEPARTMENT OF PUBLIC HEALTH							
I-110512	License Fee for 2013	R	11/16/2012	473.00		013905		473.00
00055	CASITAS BOAT RENTALS							
I-Oct 12	Reimburse Cafe Pass Revenue	R	11/16/2012	1,737.05		013906		1,737.05

VENDOR SET: 01 Casitas Municipal Water D

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DATE RANGE:11/16/2012 THRU 11/16/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00057	CLEAN SOURCE							
C-271342000	Credit Inv#270914401	R	11/16/2012	54.05CR		013907		
I-270914400	Janitorial Supplies, LCRA	R	11/16/2012	1,162.14		013907		
I-270914401	Janitorial Supplies, LCRA	R	11/16/2012	54.05		013907		
I-271094100	Janitorial Supplies, LCRA	R	11/16/2012	205.22		013907		
I-271094101	Janitorial Supplies, LCRA	R	11/16/2012	55.98		013907		1,423.34
00059	COASTAL PIPCO							
I-S1747178001	Pop Up Sprinkler, Coyote	R	11/16/2012	68.57		013908		68.57
01055	Neil Cole							
I-Oct 12	Reimburse Mileage 10/12	R	11/16/2012	133.76		013909		133.76
00061	COMPUWAVE							
I-SB02071973	Computer Monitor for Mgmt	R	11/16/2012	379.09		013910		379.09
01588	CONSULTING WEST ENGINEERS							
I-CMWD1213	OVPP Electrical Upgrades	R	11/16/2012	6,060.00		013911		6,060.00
00719	CORELOGIC INFORMATION SOLUTION							
I-80644758	Realquest Subscription	R	11/16/2012	125.00		013912		125.00
01483	CORVEL CORPORATION							
I-3005233	Admin Fees, 11/12-1/13	R	11/16/2012	750.00		013913		750.00
01764	CSG Systems, Inc.							
I-720794	UB Mailing 9/27/12	R	11/16/2012	1,233.59		013914		1,233.59
01856	DATA FLOW							
C-66597	Credit for Voided Checks	R	11/16/2012	48.48CR		013915		
I-66479	W-2 and 1099s Forms	R	11/16/2012	179.73		013915		131.25
00182	DEWITT PETROLEUM							
I-0024173IN	Gas for LCRA	R	11/16/2012	2,878.35		013916		2,878.35
00095	FAMCON PIPE & SUPPLY							
I-145910	Valve for Upper Ojai	R	11/16/2012	5,217.71		013917		
I-145912	Repair Clamps for WH Stock	R	11/16/2012	227.37		013917		
I-146057	Copper Tubing for WH Stock	R	11/16/2012	2,175.03		013917		
I-146265	Clamps for WH Stock	R	11/16/2012	45.05		013917		7,665.16
00013	FERGUSON ENTERPRISES INC #1083							
I-0420769	Backflow Device Repair Kit, WP	R	11/16/2012	100.06		013918		100.06

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DATE RANGE:11/16/2012 THRU 11/16/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00099 I-211108A	FGL ENVIRONMENTAL Wet Chemistry-NO3	R	11/16/2012	43.00		013919		43.00
02310 I-55340	Flora Gardens Soil Amendment for Dist Maint	R	11/16/2012	6.75		013920		6.75
00104 I-62302	FRED'S TIRE MAN 2 Tires for #69, Dump Truck	R	11/16/2012	1,124.44		013921		1,124.44
00106 I-F171470	FRONTIER PAINT Paint for Reservation Building	R	11/16/2012	29.37		013922		29.37
01428 I-110712 During Matilija Acct#1170650984	Golden State Water Company Temp Water for ARC Valve Shutdown	R	11/16/2012	6.78		013923		6.78
02158 I-3818443	Google, Inc. Additional Usage, IT Dept	R	11/16/2012	9.75		013924		9.75
00115 I-9963241824 I-9967754590	GRAINGER, INC Seal for LCRA Fountain Pump Submersible Tank Mixer Pump,TP	R R	11/16/2012 11/16/2012	9.68 713.81		013925 013925		723.49
01594 I-450697001 I-451589001 I-65112354001	HIGHWAY TECHNOLOGIES, INC. Traffic Control,Matilija Cond Traffic Control, Matilija Cond Rent Road Plates, Matilija Con	R R R	11/16/2012 11/16/2012 11/16/2012	1,094.24 840.84 440.38		013926 013926 013926		2,375.46
00131 I-565780 I-566231	JCI JONES CHEMICALS, INC Chlorine for TP, CM#565794 Chlorine for TP, CM#566256	R R	11/16/2012 11/16/2012	1,770.00 1,770.00		013927 013927		3,540.00
00667 I-68966	Kennedy/Jenks Consultants Prof Srvcs Oct 12	R	11/16/2012	732.59		013928		732.59
01270 I-Oct 12	SCOTT LEWIS Reimburse Expenses 10/12	R	11/16/2012	537.67		013929		537.67
00151 C-523815 I-521733 I-521940 I-522145 I-522447 I-522537 I-522542 I-522819	MEINERS OAKS ACE HARDWARE Credit for Pallet Return Bolts & Screws, UO Res Repairs Batteries for LCRA Soap, Masking Tape LCRA Heater, Batteries for LCRA Lubricant for Dist Maint Equip Grass Seed, Padlock for WP Door Stop for Dist Office	R R R R R R R R	11/16/2012 11/16/2012 11/16/2012 11/16/2012 11/16/2012 11/16/2012 11/16/2012 11/16/2012	15.00CR 11.80 41.80 15.36 84.23 6.42 26.03 8.27		013930 013930 013930 013930 013930 013930 013930 013930		

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE:11/16/2012 THRU 11/16/2012

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
I-522919	Nails for Tagging Trees, LCRA	R	11/16/2012	2.67		013930		
I-522930	Shovel for O&M Cust Svc	R	11/16/2012	25.86		013930		
I-523018	Paint Supplies for LCRA RR	R	11/16/2012	36.01		013930		
I-523139	Pipe Repair Parts, Vent, LCRA	R	11/16/2012	23.37		013930		
I-523140	Replace Sewer Pipe, LCRA	R	11/16/2012	63.70		013930		
I-523206	Faucet Bubbler for Coyote	R	11/16/2012	53.61		013930		
I-523207	Parts for Sewer Pipe Repair	R	11/16/2012	18.01		013930		
I-523270	Batteries,Wrench for Telemetry	R	11/16/2012	28.93		013930		
I-523277	Fittings for Sewer Pipe Repair	R	11/16/2012	12.75		013930		
I-523280	Thermometer for Hydrology	R	11/16/2012	20.90		013930		
I-524040	Axe for O&M Cust Svc	R	11/16/2012	42.57		013930		
I-524102	Washers for Tree Tagging	R	11/16/2012	11.25		013930		
I-524229	Cleaning Supplies for Engineer	R	11/16/2012	16.59		013930		535.13
00144	BOB MONNIER							
I-Oct 12	Reimburse Mileage 10/12	R	11/16/2012	131.98		013932		131.98
02189	Office Max, Inc							
I-007016	Copy Paper for District	R	11/16/2012	596.33		013933		596.33
00160	OILFIELD ELECTRIC CO, INC							
I-2011078	Motor Repair, Fairview PP #3	R	11/16/2012	4,572.00		013934		
I-2011096	Cooling Fan for TP Motor	R	11/16/2012	251.11		013934		4,823.11
00912	OJAI BUSINESS CENTER, INC							
I-103112	Shipping & Copies Made	R	11/16/2012	111.42		013935		111.42
00165	OJAI LUMBER CO, INC							
I-2440238	Bolts and Washers for UO Res	R	11/16/2012	2.09		013936		
I-2440535	Washers for Tree Tagging	R	11/16/2012	14.47		013936		16.56
00347	Ojai Recreation Department							
I-111612	Winter Ad, Ojai Rec Dept, WP	R	11/16/2012	500.00		013937		500.00
01381	ONTRAC							
I-7551290	Refrigerated Sample to Biovir	R	11/16/2012	4.30		013938		4.30
01334	POWER MACHINERY CENTER							
I-E68978	Club Car Lease, Y13864	R	11/16/2012	602.67		013939		
I-W47241	PM Service, Club Car #A	R	11/16/2012	57.11		013939		
I-W47242	PM Service, Club Car #B	R	11/16/2012	57.11		013939		716.89
01535	RAYCO ROOFING CONTRACTORS, INC							
I-110812	Valve House Roof Replacement	R	11/16/2012	6,500.00		013940		6,500.00

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
02475 I-648965	Rutan & Tucker, LLP Prof Srvcs 10/12	R	11/16/2012	877.50		013941		877.50
01456 I-7498003	RYAN HERCO PRODUCTS CORP Hose Tube for Treatment Plant	R	11/16/2012	39.10		013942		39.10
01109 I-15053	SALVADOR LOERA TRANSPORTATION Crushed Rock OV Reservoir	R	11/16/2012	1,200.00		013943		1,200.00
01623 I-111512	SCPPOA Membership 10/12-9/13	R	11/16/2012	54.00		013944		54.00
01345 I-111512	MIKE SHIELDS Safety Boots	R	11/16/2012	139.95		013945		139.95
10100 I-878	SPECIALTY MARINE, INC Hookup for Rogue Boat, #135	R	11/16/2012	49.54		013946		49.54
02202 I-443289	Stanley Pest Control Pest Control in Waterpark	R	11/16/2012	170.00		013947		170.00
01147 I-2793	SUPERIOR GATE SYSTEMS Clean Key Pad on Olive	R	11/16/2012	85.00		013948		85.00
01512 I-630451	TRENCH SHORING COMPANY Trench Shoring Rental, FL	R	11/16/2012	452.32		013949		452.32
01662 I-02553754	TYLER TECHNOLOGIES, INC. UB Online Monthly Fees	R	11/16/2012	153.00		013950		153.00
00247 I-110512	County of Ventura Encroachment Permit#PE12-0529	R	11/16/2012	220.00		013951		220.00
00258 I-133804	VENTURA STEEL, INC WP Pump Room Roofing Material	R	11/16/2012	283.14		013952		283.14
01283 I-1133940539	Verizon Wireless Dist Ofc Monthly Cell Phone Acct#77062830400001	R	11/16/2012	722.73		013953		722.73
I-1133941374	LCRA Monthly Cell Phone Bill Acct#77232361800001	R	11/16/2012	173.49		013953		896.22
00439 I-5704	WAYCASY CRANE SERVICE Crane to Install Motor, FVPP	R	11/16/2012	320.00		013954		320.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00270	WELLS FARGO BANK							
I-110812	Monthly Credit Card Charges	R	11/16/2012	388.00		013955		388.00
02485	West Fork Environmental							
C-2012483A	Accrue Use Tax	R	11/16/2012	37.70CR		013956		
D-2012483A	Accrue Use Tax	R	11/16/2012	37.70		013956		
I-2012483	Battery Switcher for PIT Tag	R	11/16/2012	520.00		013956		520.00
00124	ICMA RETIREMENT TRUST - 457							
I-CUI201211140634	457 CATCH UP	R	11/16/2012	569.24		013957		
I-DCI201211140634	DEFERRED COMP FLAT	R	11/16/2012	2,561.52		013957		
I-DI%201211140634	DEFERRED COMP PERCENT	R	11/16/2012	85.53		013957		3,216.29
01960	Moringa Community							
I-MOR201211140634	PAYROLL CONTRIBUTIONS	R	11/16/2012	16.75		013958		16.75
00985	NATIONWIDE RETIREMENT SOLUTION							
I-CUN201211140634	457 CATCH UP	R	11/16/2012	423.06		013959		
I-DCN201211140634	DEFERRED COMP FLAT	R	11/16/2012	4,187.68		013959		4,610.74
00180	S.E.I.U. - LOCAL 721							
I-COP201211140634	SEIU 721 COPE	R	11/16/2012	9.50		013960		
I-UND201211140634	UNION DUES	R	11/16/2012	593.75		013960		603.25
00230	UNITED WAY							
I-UWY201211140634	PAYROLL CONTRIBUTIONS	R	11/16/2012	45.00		013961		45.00
1	CASITAS TRAILER RENT							
I-000201211150636	AR REFUND	R	11/16/2012	140.00		013962		140.00
00489	STEVE WICKSTRUM							
I-Oct 12	Reimburse Mileage 10/12	R	11/16/2012	231.44		013963		231.44
02182	Industrial Coating and Restora							
I-111412	Recoating of Intake Track	R	11/16/2012	18,873.00		013964		18,873.00
00128	INTERNAL REVENUE SERVICE							
I-T1 201211020632	Federal Withholding	D	11/16/2012	57.48		111621		
I-T1 201211140634	Federal Withholding	D	11/16/2012	21,287.24		111621		
I-T3 201211020632	FICA Withholding	D	11/16/2012	75.25		111621		
I-T3 201211140634	FICA Withholding	D	11/16/2012	15,627.51		111621		
I-T3 201211140635	FICA Withholding	D	11/16/2012	8.28		111621		
I-T4 201211020632	Medicare Withholding	D	11/16/2012	20.98		111621		
I-T4 201211140634	Medicare Withholding	D	11/16/2012	5,051.48		111621		
I-T4 201211140635	Medicare Withholding	D	11/16/2012	2.30		111621		42,130.52

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00049	STATE OF CALIFORNIA							
I-T2 201211020632	State Withholding	D	11/16/2012	5.33		111622		
I-T2 201211140634	State Withholding	D	11/16/2012	7,121.30		111622		7,126.63
00187	CALPERS							
I-PER201211140634	PERS EMPLOYEE PORTION	D	11/16/2012	10,063.43		111623		
I-PRR201211140634	PERS EMPLOYER PORTION	D	11/16/2012	12,176.36		111623		22,239.79

* * T O T A L S * *

	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	69	114,446.63	0.00	114,446.63
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	3	71,496.94	0.00	71,496.94
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS 0.00		
		VOID CREDITS 0.00	0.00	

TOTAL ERRORS: 0

VENDOR SET: 01	BANK: AP	TOTALS:	72	185,943.57	0.00	185,943.57
BANK: AP	TOTALS:		72	185,943.57	0.00	185,943.57
REPORT TOTALS:			73	185,943.57	0.00	185,943.57

CASITAS MUNICIPAL WATER DISTRICT
Inter-Office Memorandum

DATE: November 20, 2012
TO: Board of Directors
FROM: General Manager, Steve Wickstrum
Re: Water Resources Committee Meeting of November 19, 2012

RECOMMENDATION:

It is recommended that the Board of Directors receive and file this report.

BACKGROUND AND OVERVIEW:

1. **Roll Call.** Director Baggerly and Director Hicks.
General Manager Steve Wickstrum
Staff – Ron Merckling and Neil Cole
2. **Public Comments.** None.
3. **Board Comments.** None
4. **Manager Comments.**
The General Manager reported that the weekend rainfall total at Lake Casitas was 1.90 inches. A good start for the year but not nearly enough to cause runoff.
5. **Water allocation adjustment/transfer – Gramchow.**
The General Manager reported that Mr. Jurgen Gramchow desires to transfer a small amount of water allocation from one of his existing water services to a parcel that he had previously owned and recently sold to a third party. The transfer would not have any net impact to Casitas' allocation quantity or leave any parcel without adequate water allocation, and would satisfy the third party's request of Mr. Gramchow. Staff will address the transfer in an agreement.
6. **Update on the Water Efficiency and Allocation Program (WEAP).**
The General Manager informed the Committee of the progress being made with the revisions to the WEAP ordinance. There are several months of more work to determine water allocations for various customer classifications and moving the program to an implementation stage. Additional work will include the development of programming for the billing system and meeting with various customer classifications. The Committee stressed the need to complete the revisions in a timely manner.

CASITAS MUNICIPAL WATER DISTRICT
Inter-Office Memorandum

DATE: November 16, 2012
TO: Board of Directors
FROM: General Manager, Steve Wickstrum
Re: Executive Committee Meeting of November 16, 2012

RECOMMENDATION:

It is recommended that the Board of Directors receive and file this report.

MEETING:

1. **Roll Call.** Directors Russ Baggerly and Jim Word
General Manager Steve Wickstrum
2. **Public Comments.** None.
3. **Board/Manager comments.**
Director Baggerly requested a change in the Executive meeting date from December 4 to December 11, at 8:30 am.
4. **Discussion regarding the Board meeting schedule for the remainder of 2012.**
The committee reviewed the scheduling of Board meetings for 2012. The meeting of December 26 will be moved to December 19, during which the Board of Directors will tour specific projects.
5. **Discussion regarding scheduling of a planning meeting in January 2013.**
The Committee discussed the need for several special meetings to address drought contingency planning, recreation planning, watershed planning, and personnel negotiations. These meeting will be conducted when ready and in a timely manner.
6. **Request for a support letter for the International Center for Earth Concerns.**
The General Manager received a request from Mark Whitman and John Taft for a letter that would support the concept of open space and protection of water quality that is provided by the land use practices of the ICEC. The Committee felt that the letter could be issued by the General Manager.
7. **Final Water District Review/RRA from the Bureau of Reclamation.**
The Committee reviewed the letter from the Bureau that stated the final review of District RRA records had been completed on October 22, 2012, no actions are required, and that the Bureau will undergo a reconciliation and review to confirm the District has "paid out". The District's understanding is that the review is then transferred to other Bureau offices for final consideration to exempt the District

from the requirements of the RRA. The District will continue with the collection of landholder information until the Bureau has finalized the exemption.

CASITAS MUNICIPAL WATER DISTRICT
Inter-Office Memorandum

DATE: November 14, 2012
TO: Board of Directors
FROM: General Manager, Steve Wickstrum
Re: Finance Committee Meeting of November 9, 2012

RECOMMENDATION:

It is recommended that the Board of Directors receive and file this report.

BACKGROUND AND OVERVIEW:

1. **Roll Call.**
Director Bergen and Director Word
General Manager Steve Wickstrum
Accounting Manager and Treasurer Denise Collin
Paul Kaymark, Auditor, Charles Z. Fedak & Company
2. **Public comments.** None.
3. **Board/Management comments.**
Director Word noticed the General Manager that the Association of Water Agencies of Ventura County will not be having its annual event at Lake Casitas. This information is to be passed on to Park Services Manager Carol Belser.
4. **Presentation and Review of the Draft Comprehensive Annual Financial Report (CAFR).**
Mr. Paul Kaymark presented and reviewed the draft CAFR with the Committee. The CAFR will be presented to the Board of Directors on November 28, 2012.
5. **Review of the Financial Statement for September 2012.**
The Committee reviewed the financial statement for October 2012. The Committee noted improved revenues at the Lake Casitas Recreation Area, resulting from higher visitation numbers. The Water revenues are keeping pace with 2011 numbers, with shifts from Resale Gravity to other classifications due to the diminished groundwater basin storage and increase water demands of agriculture.

The Committee reviewed the expenditures in various work sections of the District and noted no unusual expenditures.

6. **Review of the Water Consumption for July and August 2012.**

The Committee reviewed the water consumption numbers for July through October 2012. There has been a notable reduction of water delivery to Resale Gravity that is the primary difference from last year's numbers. The Resale Pumped and agricultural customer water demands are higher than the same period of FY 2011-12, primarily due to the decline in other water sources in the Ventura River and Ojai watersheds. This condition is likely to continue until the aquifers are replenished by rainfall.

Casitas Municipal Water District

*Comprehensive Annual Financial Report
for the
Fiscal Years Ended June 30, 2012 and 2011*



1055 Ventura Avenue, Oak View, California 93022 . 805.649.2251
www.casitaswater.com

Casitas Municipal Water District
Oak View, California

Comprehensive Annual Financial Report

Fiscal Years Ended
June 30, 2012 and 2011

Prepared by:

Denise Collin – Accounting Manager / Treasurer

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**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2012 and 2011**

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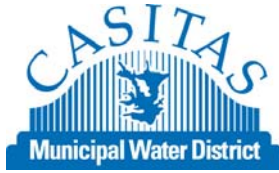
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**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2012 and 2011**

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Introductory Section



October 31, 2012

Board of Directors
Casitas Municipal Water District

Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Casitas Municipal Water District (District) for the fiscal years ended June 30, 2012 and 2011, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

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

District Structure and Leadership

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

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

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

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

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

Economic Condition and Outlook

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

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

Internal Control Structure

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

Budgetary Control

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

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

Investment Policy

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

Water Rates and District Revenues

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

Audit and Financial Reporting

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

Awards and Acknowledgements

For the year ended June 30, 2011, the District received for the 18th year the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. (See Page 6)

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

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

Respectfully submitted,

Steve Wickstrum
General Manager

Denise Collin
Accounting Manager/Treasurer

Casitas Municipal Water District

Directory

July 1, 2011 – June 30, 2012

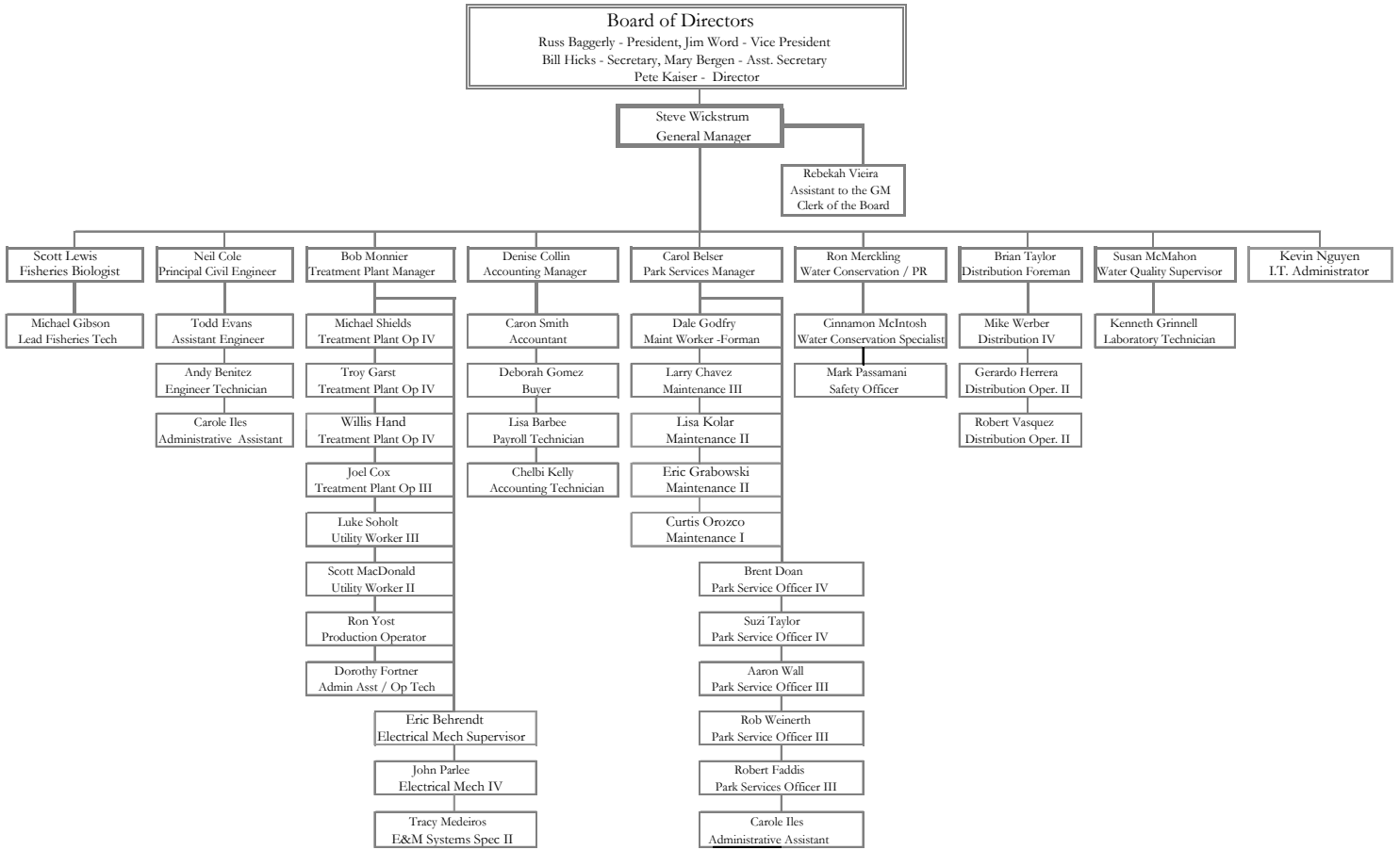
Board of Directors

Board Member	Division	Date of Original Election or Appointment	Ending Date of Term
Bill Hicks	Division 1	November, 1990	December, 2014
Jim Word	Division 2	May, 1997	December, 2012
Pete Kaiser	Division 3	November, 2002	December, 2012
Mary Bergen	Division 4	November, 2011	December, 2014
Russ Baggerly	Division 5	November, 2004	December, 2012

Staff

Steve Wickstrum	General Manager
Rebekah Vieira	Assistant to the General Manager and Clerk of the Board
Neil Cole	Principal Civil Engineer
Carol Belser	Park Services Manager
Denise Collin	Accounting Manager / Treasurer
Bob Monnier	Treatment Plant Manager
Ron Merckling	Water Conservation / PR
Scott Lewis	Fisheries Biologist
Mark Passamani	Safety Officer

Casitas Municipal Water District Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Casitas Municipal Water District
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emmer

Executive Director

Financial Section



Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA
Christopher J. Brown, CPA

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Casitas Municipal Water District
Oak View, California

We have audited the accompanying financial statements of the Casitas Municipal Water District (District) as of and for the years ended June 30, 2012 and 2011, which collectively comprises the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Casitas Municipal Water District as of June 30, 2012 and 2011, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report can be found on page 64.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 13 and the required supplementary information on page 39 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Independent Auditor's Report, continued

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 6, the supplemental information section on pages 40 through 49, and the statistical section on pages 50 through 63 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplemental information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
October 31, 2012

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Casitas Municipal Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2012, the District's net assets increased 0.35% or \$286,219, from \$81,634,116 to \$81,920,335. In 2011, the District's net assets increased 4.0% or \$3,139,094, from \$78,495,022 to \$81,634,116.
- In 2012, the District's operating revenue increased 6.3% or \$688,976 primarily due to a \$367,861 increase in retail water consumption revenue and a \$330,367 increase in recreation revenue. The District's operating revenues decreased 10.2% or \$1,238,317 in 2011 primarily due to a \$777,853 decrease in retail water consumption revenue and a \$341,733 decrease in recreation revenues.
- In 2012, the District's operating expenses increased 4.0% or \$459,889 primarily due to a \$114,846 increase in recreation expenses and a \$129,938 increase in general and administrative expenses. The District's operating expenses increased 3.7% or \$415,989 in 2011 primarily due to a \$154,957 increase in source of supply costs and a \$387,864 increase in general and administrative expenses.

Required Financial Statements

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

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

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

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

Notes to the Basic Financial Statements

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

Statement of Net Assets

Condensed Statements of Net Assets					
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Assets:					
Current assets	\$ 32,372,747	30,713,074	1,659,673	26,707,836	4,005,238
Non-current assets	94,094	105,855	(11,761)	117,617	(11,762)
Capital assets, net	<u>58,241,716</u>	<u>59,174,652</u>	<u>(932,936)</u>	<u>60,182,486</u>	<u>(1,007,834)</u>
Total assets	<u>90,708,557</u>	<u>89,993,581</u>	<u>714,976</u>	<u>87,007,939</u>	<u>2,985,642</u>
Liabilities:					
Current liabilities	1,685,999	2,139,098	(453,099)	2,246,946	(107,848)
Non-current liabilities	<u>7,102,223</u>	<u>6,220,367</u>	<u>881,856</u>	<u>6,265,971</u>	<u>(45,604)</u>
Total liabilities	<u>8,788,222</u>	<u>8,359,465</u>	<u>428,757</u>	<u>8,512,917</u>	<u>(153,452)</u>
Net assets:					
Net investment in capital assets	55,501,696	55,261,613	240,083	55,104,044	157,569
Restricted for debt service	199,890	217,413	(17,523)	234,422	(17,009)
Unrestricted	<u>26,218,749</u>	<u>26,155,090</u>	<u>63,659</u>	<u>23,156,556</u>	<u>2,998,534</u>
Total net assets	<u>81,920,335</u>	<u>81,634,116</u>	<u>286,219</u>	<u>78,495,022</u>	<u>3,139,094</u>
Total liabilities and net assets	<u>\$ 90,708,557</u>	<u>89,993,581</u>	<u>714,976</u>	<u>87,007,939</u>	<u>2,985,642</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$81,920,335 and \$81,634,116 as of June 30, 2012 and 2011, respectively.

One of the largest portions of the District's net assets (68% and 68% as of June 30, 2012 and 2011, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2012 and 2011, the District showed a positive balance in its unrestricted net assets of \$26,218,749 and \$26,155,090, respectively.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 11,645,576	10,956,600	688,976	12,194,917	(1,238,317)
Non-operating revenues	4,072,198	7,665,749	(3,593,551)	3,410,798	4,254,951
Total revenues	<u>15,717,774</u>	<u>18,622,349</u>	<u>(2,904,575)</u>	<u>15,605,715</u>	<u>3,016,634</u>
Expenses:					
Operating expenses	12,047,019	11,587,130	459,889	11,171,141	415,989
Depreciation and amortization	3,097,495	3,037,340	60,155	2,863,329	174,011
Non-operating expenses	519,796	932,880	(413,084)	814,859	118,021
Total expenses	<u>15,664,310</u>	<u>15,557,350</u>	<u>106,960</u>	<u>14,849,329</u>	<u>708,021</u>
Net income before capital con.	53,464	3,064,999	(3,011,535)	756,386	2,308,613
Capital contributions	232,755	74,095	158,660	131,179	(57,084)
Change in net assets	286,219	3,139,094	(2,852,875)	887,565	(3,740,440)
Net assets, beginning of year	<u>81,634,116</u>	<u>78,495,022</u>	<u>3,139,094</u>	<u>77,607,457</u>	<u>887,565</u>
Net assets, end of year	<u>\$ 81,920,335</u>	<u>81,634,116</u>	<u>286,219</u>	<u>78,495,022</u>	<u>(2,852,875)</u>

The statement of revenues, expenses and changes of net assets shows how the District's net assets changed during the fiscal years. In the case of the District, net assets increased by \$286,219 in fiscal year ended June 30, 2012 and increased \$3,139,094 for the fiscal year ended June 30, 2011.

Total Revenues

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Operating revenues:					
Retail water consumption	\$ 3,973,497	3,605,636	367,861	4,383,489	(777,853)
Wholesale water sales	2,095,479	2,007,858	87,621	2,068,095	(60,237)
Monthly water service charge	1,875,582	1,979,273	(103,691)	2,036,499	(57,226)
Recreation revenue	3,599,744	3,269,377	330,367	3,611,110	(341,733)
Other water charges and services	101,274	94,456	6,818	95,724	(1,268)
Total operating revenues	<u>11,645,576</u>	<u>10,956,600</u>	<u>688,976</u>	<u>12,194,917</u>	<u>(1,238,317)</u>
Non-operating revenues:					
Property taxes	2,025,655	2,012,458	13,197	1,959,850	52,608
Clean Water Act surcharge	1,554,698	1,682,991	(128,293)	1,290,042	392,949
Mira Monte assessment	17,630	17,113	517	18,601	(1,488)
Oak View availability charge	293	7,657	(7,364)	7,709	(52)
Water storage valuation	-	3,318,094	(3,318,094)	-	3,318,094
Interest and investment earnings	449,707	402,229	47,478	129,472	272,757
Other non-operating revenues, net	24,215	225,207	(200,992)	5,124	220,083
Total non-operating rev.	<u>4,072,198</u>	<u>7,665,749</u>	<u>(3,593,551)</u>	<u>3,410,798</u>	<u>4,254,951</u>
Total revenue	<u>\$ 15,717,774</u>	<u>18,622,349</u>	<u>(2,904,575)</u>	<u>15,605,715</u>	<u>3,016,634</u>

The District's total revenues decreased 15.6% or \$2,904,575 in 2012 primarily due to change in the water storage valuation calculation increase of \$3,318,094 in 2011. The District's total revenues increased 19.3% or \$3,016,634 in 2011 primarily due to change in the water storage valuation calculation increase of \$3,318,094.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Total Expenses

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
Operating expenses:					
Source of supply	\$ 1,498,408	1,493,036	5,372	1,338,079	154,957
Pumping	1,194,225	1,168,939	25,286	1,166,950	1,989
Water treatment	1,184,305	1,107,391	76,914	1,165,062	(57,671)
Transmission and distribution	527,004	488,434	38,570	530,798	(42,364)
Telemetry	294,816	251,534	43,282	266,133	(14,599)
Customer accounts	387,735	362,054	25,681	308,364	53,690
Recreation expenses	3,551,695	3,436,849	114,846	3,504,726	(67,877)
General and administrative	3,408,831	3,278,893	129,938	2,891,029	387,864
Total operating expenses	<u>12,047,019</u>	<u>11,587,130</u>	<u>459,889</u>	<u>11,171,141</u>	<u>415,989</u>
Depreciation and amortization	<u>3,097,495</u>	<u>3,037,340</u>	<u>60,155</u>	<u>2,863,329</u>	<u>174,011</u>
Non-operating expenses:					
State water project expense	382,908	787,665	(404,757)	666,442	121,223
Tax collection expense	30,158	31,158	(1,000)	30,416	742
Interest expense – long-term debt	94,969	102,295	(7,326)	106,239	(3,944)
Deferred charges amortization	11,761	11,762	(1)	11,762	-
Total non-operating expenses	<u>519,796</u>	<u>932,880</u>	<u>(413,084)</u>	<u>814,859</u>	<u>118,021</u>
Total expenses	<u>\$ 15,664,310</u>	<u>15,557,350</u>	<u>106,960</u>	<u>14,849,329</u>	<u>708,021</u>

The District's total expenses increased 0.7% or \$106,960 in 2012 due primarily to an increase in recreation expenses of \$114,846, general and administrative expenses of \$129,938 and a decrease in the State project water expense of \$404,757. The District's total expenses increased 4.8% or \$708,021 in 2011 primarily due to a \$154,957 increase in source of supply costs, a \$387,864 increase in general and administrative expenses and a \$121,223 increase in State water project expense.

Capital Asset Administration

At the end of fiscal years 2012 and 2011, the District's investment in capital assets amounted to \$58,241,716 and \$59,174,652, respectively, (net of accumulated depreciation). This investment in capital assets includes land, land rights, transmission and distribution systems, wells, tanks, reservoirs, pumps, buildings and structures, equipment, vehicles and construction-in-process, etc. There were numerous capital asset additions in fiscal years 2012 and 2011. See further detailed information in Note 5.

Changes in capital asset amounts for 2012 were as follows:

	<u>Balance</u>		<u>Transfers/</u>	<u>Balance</u>
	<u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>2012</u>
Capital assets:				
Non-depreciable assets	\$ 6,438,069	395,683	(323,740)	6,510,012
Depreciable assets	97,313,205	2,092,616	-	99,405,821
Accumulated depreciation	(44,576,622)	(3,097,495)	-	(47,674,117)
Total capital assets, net	<u>\$ 59,174,652</u>	<u>(609,196)</u>	<u>(323,740)</u>	<u>58,241,716</u>

Changes in capital asset amounts for 2011 were as follows:

	<u>Balance</u>		<u>Transfers/</u>	<u>Balance</u>
	<u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>2011</u>
Capital assets:				
Non-depreciable assets	\$ 7,551,749	284,981	(1,398,661)	6,438,069
Depreciable assets	94,185,837	3,142,799	(15,431)	97,313,205
Accumulated depreciation	(41,555,100)	(3,037,340)	15,818	(44,576,622)
Total capital assets, net	<u>\$ 60,182,486</u>	<u>390,440</u>	<u>(1,398,274)</u>	<u>59,174,652</u>

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2012 and 2011

Debt Administration

In 2012 and 2011, long-term debt decreased by \$1,173,019 and \$1,165,403, respectively, due to regular principal payments on the District's outstanding debts. See further detailed information in Note 7.

Changes in long-term debt amounts for 2011 were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2012</u>	<u>Current Portion</u>
Long-term debt:					
Special assessment bonds payable	\$ 161,500	-	(13,000)	148,500	14,000
State Water loan payable	2,807,893	-	(216,373)	2,591,520	223,733
Note payable to U.S. Bureau of Reclam	<u>943,646</u>	<u>-</u>	<u>(943,646)</u>	<u>-</u>	<u>-</u>
Total long-term debt	<u>\$ 3,913,039</u>	<u>-</u>	<u>(1,173,019)</u>	<u>2,740,020</u>	<u>237,733</u>

Changes in long-term debt amounts for 2010 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2011</u>	<u>Current Portion</u>
Long-term debt:					
Special assessment bonds payable	\$ 173,500	-	(12,000)	161,500	13,000
State Water loan payable	3,017,650	-	(209,757)	2,807,893	216,373
Note payable to U.S. Bureau of Reclam	<u>1,887,292</u>	<u>-</u>	<u>(943,646)</u>	<u>943,646</u>	<u>943,646</u>
Total long-term debt	<u>\$ 5,078,442</u>	<u>-</u>	<u>(1,165,403)</u>	<u>3,913,039</u>	<u>1,173,019</u>

Conditions Affecting Current Financial Position

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

Requests for Information

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

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Basic Financial Statements

Casitas Municipal Water District
Statement of Net Assets
June 30, 2012 and 2011

<i>Assets</i>	2012	2011
Current assets:		
Cash and cash equivalents (note 2)	\$ 7,097,713	5,327,895
Investments (note 2)	12,619,180	12,429,305
Accrued interest receivable	63,848	62,272
Accounts receivable – water sales and services	833,499	893,593
Accounts receivable – special assessments	199,890	217,413
Accounts receivable – property taxes	117,402	86,778
Accounts receivable – other	197,832	345,895
Water-in-storage inventory (note 3)	11,025,928	11,025,928
Materials and supplies inventory	95,280	97,903
Prepaid expenses and other deposits	122,175	226,092
Total current assets	32,372,747	30,713,074
Non-current assets:		
Deferred charges, net (note 4)	94,094	105,855
Capital assets, not being depreciated (note 5)	6,510,012	6,438,069
Depreciable capital assets, net (note 5)	51,731,704	52,736,583
Total non-current assets	58,335,810	59,280,507
Total assets	90,708,557	89,993,581
<i>Liabilities and Net Assets</i>		
Current liabilities – payable from unrestricted current assets:		
Accounts payable and accrued expenses	830,183	325,429
Accrued salaries and related benefits	120,313	80,035
Customer deposits	41,196	121,871
Deferred revenue	4,657	5,804
Accrued interest payable	20,820	22,620
Long-term liabilities – due within one year:		
Compensated absences (note 6)	431,097	410,320
Bonds payable - current portion (note 7)	14,000	13,000
Loans payable - current portion (note 7)	223,733	1,160,019
Total current liabilities	1,685,999	2,139,098
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	431,098	410,321
Other post-employment benefits payable (note 8)	4,168,838	3,070,026
Bonds payable (note 7)	134,500	148,500
Loans payable (note 7)	2,367,787	2,591,520
Total non-current liabilities	7,102,223	6,220,367
Total liabilities	8,788,222	8,359,465
Net assets: (note 9)		
Net investment in capital assets	55,501,696	55,261,613
Restricted for debt service	199,890	217,413
Unrestricted	26,218,749	26,155,090
Total net assets	81,920,335	81,634,116
Total liabilities and net assets	\$ 90,708,557	89,993,581

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenues:		
Retail water consumption	\$ 3,973,497	3,605,636
Wholesale water sales	2,095,479	2,007,858
Monthly water service charge	1,875,582	1,979,273
Recreation revenue	3,599,744	3,269,377
Other water charges and services	101,274	94,456
Total operating revenues	11,645,576	10,956,600
Operating expenses:		
Source of supply	1,498,408	1,493,036
Pumping	1,194,225	1,168,939
Water treatment	1,184,305	1,107,391
Transmission and distribution	527,004	488,434
Telemetry	294,816	251,534
Customer accounts	387,735	362,054
Recreation expenses	3,551,695	3,436,849
General and administrative	3,408,831	3,278,893
Total operating expenses	12,047,019	11,587,130
Operating loss before depreciation	(401,443)	(630,530)
Depreciation – water department	(2,797,217)	(2,759,856)
Depreciation – recreation department	(300,278)	(277,484)
Operating loss	(3,498,938)	(3,667,870)
Non-operating revenue(expense)		
Property taxes	2,025,655	2,012,458
Clean Water Act surcharge	1,554,698	1,682,991
Mira Monte assessment	17,630	17,113
Oak View availability charge	293	7,657
Water-in-storage valuation (note 3)	-	3,318,094
State water project expense	(382,908)	(787,665)
Tax collection expense	(30,158)	(31,158)
Interest and investment earnings	449,707	402,229
Interest expense – long-term debt	(94,969)	(102,295)
Deferred charges amortization	(11,761)	(11,762)
Other non-operating revenues/(expenses), net	24,215	225,207
Total non-operating revenues, net	3,552,402	6,732,869
Net income before capital contributions	53,464	3,064,999
Capital contributions:		
Federal, state and local capital grants	232,755	74,095
Change in net assets	286,219	3,139,094
Net assets, beginning of year	81,634,116	78,495,022
Net assets, end of year	\$ 81,920,335	81,634,116

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 11,853,733	10,739,244
Cash paid to vendors and suppliers for materials and services	(5,864,914)	(6,621,833)
Cash paid to employees for salaries and wages	(4,830,682)	(4,542,574)
Net cash provided(used) by operating activities	1,158,137	(425,163)
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	3,555,017	3,682,689
Net cash provided by non-capital financing activities	3,555,017	3,682,689
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,164,559)	(2,029,119)
Proceeds from capital grants	232,755	74,095
Principal paid on long-term debt	(1,173,019)	(1,165,403)
Interest paid on long-term debt	(96,116)	(96,491)
Net cash used in capital and related financing activities	(3,200,939)	(3,216,918)
Cash flows from investing activities:		
Proceeds from sale of investments	-	-
Purchases of investments, net	(191,634)	(8,889,383)
Interest and investment earnings	449,237	419,460
Net cash provided(used) by investing activities	257,603	(8,469,923)
Net increase(decrease) in cash and cash equivalents	1,769,818	(8,429,315)
Cash and cash equivalents, beginning of year	5,327,895	13,757,210
Cash and cash equivalents, end of year	\$ 7,097,713	5,327,895

Continued on next page

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash provided(used) by operating activities:		
Operating loss	\$ (3,498,938)	(3,667,870)
Adjustments to reconcile operating loss to net cash provided(used) by operating activities:		
Deprecation and amortization	3,097,495	3,037,340
State water project expense	(382,908)	(787,665)
Other non-operating revenues/(expenses), net	24,215	225,207
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services, net	60,094	94,836
Accounts receivable – other	148,063	(312,192)
Materials and supplies inventory	2,623	(5,172)
Prepaid expenses and other deposits	103,917	(19,829)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	504,754	(98,484)
Accrued salaries and wages	40,278	(116,025)
Customer deposits	(80,675)	61,334
Deferred revenue	(1,147)	5,804
Compensated absences	41,554	60,276
Other post-employment benefits payable	1,098,812	1,097,277
Total adjustments	<u>4,657,075</u>	<u>3,242,707</u>
Net cash provided(used) by operating activities	<u>\$ 1,158,137</u>	<u>(425,163)</u>

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2012 and 2011

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units* (an amendment of No. 14). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no blended or discretely-presented component units.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales & recreational charges), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The District's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

Under GASB No. 34, enterprise funds, such as the District, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The District has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Assets

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a purchased maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy directing the Accounting Manager/Treasurer to deposit funds in financial institutions.

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

4. Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When customers are delinquent in payment, the District will shut-off service and send amounts to a collection agency. As such, when management deems customer accounts uncollectible, the District uses the direct write-off method.

5. Federal and State Capital and Operating Grants

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the statement of net assets and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net assets.

6. Water-In-Storage Inventory

The value of water inventory is determined based upon the quantity of water in storage and rates estimated based on the maintenance of the District-owned reservoir facilities.

7. Materials and Supplies Inventory

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

8. Prepaid Expenses

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Assets, continued

9. Restricted Assets

Certain assets of the District are restricted in use by ordinance or debt covenant and, accordingly are shown as restricted assets on the accompanying statement of net assets. Special assessments, and related receivables, are set aside from other assets since they are collected solely for the repayment of the District's Special Assessment bonds. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

10. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Transmission and distribution system	50 years
Service lines	33 1/3 years
Wells and water treatment equipment	5-25 years
Other equipment and vehicles	5-11 years

11. State Water Project Participation Rights

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

12. Deferred Charges

The deferred charges are from bond issuance costs that will be amortized using the straight-line method over the remaining life of the respective debt service.

13. Compensated Absences

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

14. Customer Deposits

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

15. Post Employment Retirement Benefit

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Assets, continued

16. Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

17. Water Sales

Most water sales are billed on a bi-monthly cyclical basis. Water sales for some agricultural customers are billed monthly. Estimated unbilled water revenue through June 30 has been accrued at year-end.

18. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

19. Economic Dependency

The District receives approximately one-third of its water sales revenue from the City of Ventura. The District's top ten customers represent approximately one-half of the total water sales revenue received. The District would lose a significant amount of its revenue if these major customers obtained water services from another source.

20. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(2) Cash and Investments

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

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 7,097,713	5,327,895
Investments	12,619,180	12,429,305
Total cash and investments	<u>\$ 19,716,893</u>	<u>17,757,200</u>

Cash and investments as of June 30, consist of the following:

	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 4,300	4,300
Deposits with financial institutions	4,434,047	2,671,898
Deposits in money market accounts	502,994	509,250
Investments	14,775,552	14,571,752
Total cash and investments	<u>\$ 19,716,893</u>	<u>17,757,200</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Money Market Mutual Funds	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(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 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. 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).

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 or investments, 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 market 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

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 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.

Ventura County Pooled Investment Fund

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools and other Treasury Department support staff meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. The County's Treasurer has indicated to the District that as of June 30, 2012 that the value of the County's portfolio was approximately \$2.0 billion.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(2) Cash and Investments, continued

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 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 matures or comes close to maturity evenly over time as necessary to provide requirements for 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 date:

Investments at June 30, 2012:		Remaining Maturity			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	>60 Months
Investment Type	Total				
Government sponsored entities securities	\$ 12,619,180	1,406,013	2,173,787	5,153,662	3,885,718
Local Agency Investment Fund (LAIF)	443	443	-	-	-
Ventura County Pooled Investment Fund (VCPIF)	2,155,929	2,155,929	-	-	-
Total	<u>\$ 14,775,552</u>	<u>3,562,385</u>	<u>2,173,787</u>	<u>5,153,662</u>	<u>3,885,718</u>

Investments at June 30, 2011:		Remaining Maturity			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	>60 Months
Investment Type	Total				
Government sponsored entities securities	\$ 12,429,305	2,815,463	1,422,939	5,943,665	2,247,238
Local Agency Investment Fund (LAIF)	441	441	-	-	-
Ventura County Pooled Investment Fund (VCPIF)	2,142,006	2,142,006	-	-	-
Total	<u>\$ 14,571,752</u>	<u>4,957,910</u>	<u>1,422,939</u>	<u>5,943,665</u>	<u>2,247,238</u>

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 a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investments at June 30, 2012:		Minimum Legal Rating	Exempt From Disclosure	Rating at Year End AAA
Investment Type	Total			
Government sponsored entities securities	\$ 12,619,180	N/A	\$ -	12,619,180
Local Agency Investment Fund (LAIF)	443	N/A	443	-
Ventura County Pooled Investment Fund (VCPIF)	2,155,929	AAAf	-	2,155,929
Total	<u>\$ 14,775,552</u>		<u>\$ 443</u>	<u>14,775,109</u>

Investments at June 30, 2011:		Minimum Legal Rating	Exempt From Disclosure	Rating at Year End AAA
Investment Type	Total			
Government sponsored entities securities	\$ 12,429,305	N/A	\$ -	12,429,305
Local Agency Investment Fund (LAIF)	441	N/A	441	-
Ventura County Pooled Investment Fund (VCPIF)	2,142,006	AAAf	-	2,142,006
Total	<u>\$ 14,571,752</u>		<u>\$ 441</u>	<u>14,571,311</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(3) Water-In-Storage Inventory

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

Changes in water-in-storage inventory were as follows:

	<u>2012</u>	<u>2011</u>
Beginning balance – water-in-storage	\$ 11,025,928	7,707,834
Water storage valuation	<u>-</u>	<u>3,318,094</u>
Ending balance – water-in-storage	<u>\$ 11,025,928</u>	<u>11,025,928</u>

(4) Deferred Charges

The deferred charges balance relates to the originating loan fees for the 1991 California Department of Water Resources Loan for the water treatment plant. The balance is being amortized over a twenty year period. The deferred charges net balances are as follows:

The balance at June 30, consists of the following:

	<u>2012</u>	<u>2011</u>
Deferred charges	\$ 247,808	247,808
Accumulated amortization	<u>(153,714)</u>	<u>(141,953)</u>
Deferred charges, net	<u>\$ 94,094</u>	<u>105,855</u>

(5) Capital Assets

Construction-In-Process

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at June 30 are as follows:

The balance at June 30, consists of the following projects:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Rincon pump plant rehabilitation	\$ 1,437,813	158,364	-
Upper Ojai pump plant rehabilitation	-	126,845	-
Reservoir roads patch and/or slurry seal	-	-	146,364
Fairview pumping plant rehabilitation	-	-	273,480
Various other minor projects	<u>66,001</u>	<u>104,925</u>	<u>42,233</u>
Construction-in-process	<u>\$ 1,503,814</u>	<u>390,134</u>	<u>462,077</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(5) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2011</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2012</u>
Non-depreciable assets:				
Land and land rights	\$ 6,047,935	-	-	6,047,935
Construction-in-process	390,134	395,683	(323,740)	462,077
Total non-depreciable assets	<u>6,438,069</u>	<u>395,683</u>	<u>(323,740)</u>	<u>6,510,012</u>
Depreciable assets:				
State water project entitlement	2,880,437	-	-	2,880,437
Transmission and distribution system	37,345,364	1,224,689	-	38,570,053
Pumping plant	8,867,077	332,487	-	9,199,564
Water treatment plant	24,962,401	178,909	-	25,141,310
Buildings and structures	1,878,682	22,472	-	1,901,154
Equipment	3,689,064	292,973	-	3,982,037
Fish ladder	8,270,495	-	-	8,270,495
Recreation assets	7,483,780	41,086	-	7,524,866
Alternate swimming facility	1,935,905	-	-	1,935,905
Total depreciable assets	<u>97,313,205</u>	<u>2,092,616</u>	<u>-</u>	<u>99,405,821</u>
Accumulated depreciation and amortization:				
State water project entitlement	(1,706,898)	(41,871)	-	(1,748,769)
Transmission and distribution system	(16,576,811)	(554,464)	-	(17,131,275)
Pumping plant	(3,998,854)	(445,466)	-	(4,444,320)
Water treatment plant	(11,632,227)	(1,108,996)	-	(12,741,223)
Buildings and structures	(1,016,957)	(58,042)	-	(1,074,999)
Equipment	(1,776,179)	(235,656)	-	(2,011,835)
Fish ladder	(2,476,919)	(343,350)	-	(2,820,269)
Recreation assets	(4,811,006)	(212,855)	-	(5,023,861)
Alternate swimming facility	(580,771)	(96,795)	-	(677,566)
Total accum depr. and amort.	<u>(44,576,622)</u>	<u>(3,097,495)</u>	<u>-</u>	<u>(47,674,117)</u>
Total depreciable assets, net	<u>52,736,583</u>	<u>(1,004,879)</u>	<u>-</u>	<u>51,731,704</u>
Total capital assets, net	<u>\$ 59,174,652</u>	<u>(609,196)</u>	<u>(323,740)</u>	<u>58,241,716</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(5) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2010</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2011</u>
Non-depreciable assets:				
Land and land rights	\$ 6,047,935	-	-	6,047,935
Construction-in-process	1,503,814	284,981	(1,398,661)	390,134
Total non-depreciable assets	<u>7,551,749</u>	<u>284,981</u>	<u>(1,398,661)</u>	<u>6,438,069</u>
Depreciable assets:				
State water project entitlement	2,880,437	-	-	2,880,437
Transmission and distribution system	37,251,838	93,526	-	37,345,364
Pumping plant	7,389,110	1,477,967	-	8,867,077
Water treatment plant	23,625,604	1,336,797	-	24,962,401
Buildings and structures	1,861,274	17,408	-	1,878,682
Equipment	3,671,826	32,669	(15,431)	3,689,064
Fish ladder	8,270,495	-	-	8,270,495
Recreation assets	7,299,348	184,432	-	7,483,780
Alternate swimming facility	1,935,905	-	-	1,935,905
Total depreciable assets	<u>94,185,837</u>	<u>3,142,799</u>	<u>(15,431)</u>	<u>97,313,205</u>
Accumulated depreciation and amortization:				
State water project entitlement	(1,659,648)	(47,250)	-	(1,706,898)
Transmission and distribution system	(16,055,333)	(521,478)	-	(16,576,811)
Pumping plant	(3,570,012)	(428,842)	-	(3,998,854)
Water treatment plant	(10,539,788)	(1,092,826)	387	(11,632,227)
Buildings and structures	(960,039)	(56,918)	-	(1,016,957)
Equipment	(1,548,930)	(242,680)	15,431	(1,776,179)
Fish ladder	(2,107,057)	(369,862)	-	(2,476,919)
Recreation assets	(4,630,318)	(180,688)	-	(4,811,006)
Alternate swimming facility	(483,975)	(96,796)	-	(580,771)
Total accum depr. and amort.	<u>(41,555,100)</u>	<u>(3,037,340)</u>	<u>15,818</u>	<u>(44,576,622)</u>
Total depreciable assets, net	<u>52,630,737</u>	<u>105,459</u>	<u>387</u>	<u>52,736,583</u>
Total capital assets, net	<u>\$ 60,182,486</u>	<u>390,440</u>	<u>(1,398,274)</u>	<u>59,174,652</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(5) Capital Assets, continued

State Water Project Entitlement

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

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

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

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

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

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(6) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which are accrued when benefits are fully vested. The District's liability for compensated absences is determined annually.

Changes to the compensated absences balance at June 30, 2011, were as follows:

<u>Balance 2011</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2012</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 820,641	444,212	(402,658)	862,195	431,097	431,098

Changes to the compensated absences balance at June 30, 2010, were as follows:

<u>Balance 2010</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2011</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 760,365	422,156	(361,880)	820,641	410,320	410,321

(7) Long-term Debt

Changes in long-term debt amounts for 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2012</u>	<u>Current Portion</u>
Long-term debt:					
Special assessment bonds	\$ 161,500	-	(13,000)	148,500	14,000
State Water loan payable	2,807,893	-	(216,373)	2,591,520	223,733
Note payable to USBR	943,646	-	(943,646)	-	-
Total long-term debt	\$ 3,913,039	-	(1,173,019)	2,740,020	237,733

Changes in long-term debt amounts for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2011</u>	<u>Current Portion</u>
Long-term debt:					
Special assessment bonds	\$ 173,500	-	(12,000)	161,500	13,000
State Water loan payable	3,017,650	-	(209,757)	2,807,893	216,373
Note payable to USBR	1,887,292	-	(943,646)	943,646	943,646
Total long-term debt	\$ 5,078,442	-	(1,165,403)	3,913,039	1,173,019

Bonds Payable:

Mira Monte Special Assessment Bonds Payable

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(8) Long-term Debt, continued

Bonds Payable:

Mira Monte Special Assessment Bonds Payable, continued

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 14,000	7,750	21,750
2014	14,000	7,075	21,075
2015	15,000	6,375	21,375
2016	16,000	5,650	21,650
2017	16,000	4,875	20,875
2018-2021	<u>73,500</u>	<u>11,150</u>	<u>84,650</u>
Total	\$ 148,500	<u>42,875</u>	<u>191,375</u>
Less current portion	<u>(14,000)</u>		
Total non-current	<u>\$ 134,500</u>		

Loans Payable:

1991 California Department of Water Resources Loan

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 223,732	81,335	305,067
2014	230,810	74,258	305,068
2015	238,285	66,782	305,067
2016	245,888	59,180	305,068
2017	254,079	50,989	305,068
2018-2022	<u>1,398,726</u>	<u>126,614</u>	<u>1,525,340</u>
Total	\$ 2,591,520	<u>459,158</u>	<u>3,050,678</u>
Less current portion	<u>(223,732)</u>		
Total non-current	<u>\$ 2,367,788</u>		

United States Bureau of Reclamation Loan Payable

The note payable to the Bureau of Reclamation was incurred to construct the dam and main distribution system for Casitas Reservoir. The note is payable in decreasing annual installments ranging from \$260,000 to \$1,000,000 through the year 2012. Only the non-irrigation portion of the note bears interest at a rate of 2.6%, and that portion was paid-off in 2000. Debt service payments on the note payable to the Bureau of Reclamation are provided by the USBR note surcharge on parcels within the District. As of June 30, 2012, the District had paid-off this obligation.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(8) Other Post Employment Benefits Payable

During the fiscal year ended June 30, 2012, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

Plan Description – Eligibility

The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District.

Membership in the OPEB plan consisted of the following members as of June 30:

	2012	2011	2010
Active plan members	48	51	49
Retirees and beneficiaries receiving benefits	43	43	43
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	91	94	92

Plan Description – Benefits

The District offers post employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District’s CalPERS medical. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Funding Policy

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 37.7% of the annual covered payroll.

The District will pay 100% of the cost of the post-employment benefit plan. The District funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

(8) Other Post Employment Benefits Payable, continued

Annual Cost

For the year ended June 30, 2012, the District’s ARC cost is \$1,599,404. The District’s net OPEB payable obligation amounted to \$4,168,838 for the year ended June 30, 2012. The District contributed \$500,592 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2012.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(8) Other Post Employment Benefits Payable, continued

The balance at June 30, consists of the following:	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 1,571,721	1,557,883	1,387,879
Interest on net OPEB obligation	76,751	49,319	20,883
Adjustment to annual required contribution	<u>(49,068)</u>	<u>(44,559)</u>	<u>-</u>
Total annual OPEB expense	1,599,404	1,562,643	1,408,762
Change in net OPEB payable obligation:			
Age adjusted contributions made	<u>(500,592)</u>	<u>(465,366)</u>	<u>(437,757)</u>
Total change in net OPEB payable obligation	1,098,812	1,097,277	971,005
OPEB payable – beginning of year	<u>3,070,026</u>	<u>1,972,749</u>	<u>1,001,744</u>
OPEB payable – end of year	<u>\$ 4,168,838</u>	<u>3,070,026</u>	<u>1,972,749</u>

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

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2012	\$ 1,599,404	500,592	31.30%	\$ 4,168,838
2011	\$ 1,562,643	465,366	29.78%	\$ 3,070,026
2010	\$ 1,408,762	437,757	31.07%	\$ 1,972,749

The most recent valuation (dated June 30, 2012) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$18,832,580. There are no plan assets because the District funds on a pay-as-you-go basis. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2012 was \$4,830,682. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 389.85%.

Actuarial Methods and Assumptions

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

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

Valuation date	June 30, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	2.50%
Projected salary increase	1.00%
Inflation - discount rate	2.50%
Individual salary growth	District annual COLA

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(9) Net Assets

Calculation of net assets as of June 30, were as follows:

	2012	2011
Net investment in capital assets:		
Capital assets, not being depreciated	6,510,012	6,438,069
Depreciable capital assets, net	51,731,704	52,736,583
Current:		
Bonds payable	(14,000)	(13,000)
Loans payable	(223,733)	(1,160,019)
Non-current:		
Bonds payable	(134,500)	(148,500)
Loans payable	(2,367,787)	(2,591,520)
Total net investment in capital assets	55,501,696	55,261,613
Restricted net assets:		
Accounts receivable – special assessments	199,890	217,413
Total restricted net assets	199,890	217,413
Unrestricted net assets:		
Non-spendable net assets:		
Water-in-storage inventory	11,025,928	11,025,928
Materials and supplies inventory	95,280	97,903
Prepaid expenses and other deposits	122,175	226,092
Deferred charges, net	94,094	105,855
Total non-spendable net assets	11,337,477	11,455,778
Spendable net assets are designated as follows:		
Debt service funds reserve	6,689,220	6,082,912
Capital facilities reserve	1,688,469	1,652,295
Safe drinking water reserve	60,000	60,000
Flexible storage reserve	26,488	22,704
Storm damage reserve	1,500,000	1,500,000
Variation in water sales reserve	1,500,000	1,500,000
Cash flow reserve	3,000,000	3,000,000
Operating reserve	417,095	881,401
Total spendable net assets	14,881,272	14,699,312
Total unrestricted net assets	26,218,749	26,155,090
Total net assets	\$ 81,920,335	81,634,116

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(10) Defined Benefit Pension Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and 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 agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA, 95814.

The contribution rate for plan members in the CalPERS 2.0% at 60 Risk Pool Retirement Plan is 7% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2012, 2011 and 2010 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2012, 2011 and 2010, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

Three Years CalPERS Funding Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2009-2010	\$ 247,149	100%	-	6.944%
2010-2011	289,356	100%	-	7.304%
2011-2012	312,713	100%	-	8.197%

(11) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Nationwide at June 30, 2012 was \$1,407,554 and ICMA was \$1,013,002.

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(12) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard address how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after December 15, 2011. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after June 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Governmental Accounting Standards Board Statement No. 62

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. 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 following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(12) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 65

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Governmental Accounting Standards Board Statement No. 66

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

(13) Risk Management

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(13) Risk Management, continued

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2012, 2011 and 2010. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2012, 2011 and 2010.

(14) Commitments and Contingencies

Casitas Dam Project – Seismic Safety of Casitas Dam

The United States Bureau of Reclamation (USBR) has undertaken and completed a project to strengthen Casitas Dam to better withstand seismic activity. Under Federal Law, Casitas may be required to pay 15% of those costs. The District and the USBR are negotiating Casitas' share of the cost of the project. Casitas may be responsible for approximately \$6,000,000 of the project's anticipated costs. The amount paid as of June 30, 2012 is \$2,125,765 which is the Municipal and Industrial portion or 42.5% of the cost attributable to Casitas. The amount that is attributable to Agricultural Customers or 57.5% of the cost is still to be resolved. The project is complete.

State Water Contract

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

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

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 1,117,556
2014	1,081,457
2015	1,031,054
2016	977,990
2017	924,856

As of June 30, 2012, the District has expended \$19,538,333 since the District started participating in the State Water Contract.

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

	State Water Contract
	<u>Long-term Obligations</u>
Transportation facilities	\$ 16,594,315
Conservation facilities	5,651,536
Off-aqueduct power facilities	310,917
Revenue bond surcharge	<u>1,551,621</u>
Total long-term SWP contract obligations	<u><u>\$ 24,108,389</u></u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2012 and 2011

(14) Commitments and Contingencies

State Water Contract, continued

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

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

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

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

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

Grant Awards

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

Litigation

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

(15) Subsequent Events

Events occurring after June 30, 2012 have been evaluated for possible adjustment to the financial statements or disclosure as of October 31, 2012, which is the date the financial statements were available to be issued.

Required Supplementary Information

Casitas Municipal Water District
Schedule of Funding Status – Other Post-Employment Benefits Obligation
For the Years Ended June 30, 2012 and 2011

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2012	\$ -	18,832,580	18,832,580	0.00%	\$ 4,830,682	389.85%
6/30/2011	\$ -	21,810,100	21,810,100	0.00%	\$ 4,542,574	480.13%
6/30/2010	\$ -	19,842,800	19,842,800	0.00%	\$ 4,455,913	445.31%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed annually on the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2013 based on the year ending June 30, 2012.

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Supplementary Information

Casitas Municipal Water District
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget to Actual
For the Fiscal Year Ended June 30, 2012

	<u>Adopted Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Operating revenues:					
Retail water consumption	\$ 4,034,501	-	4,034,501	3,973,497	(61,004)
Wholesale water consumption	1,951,592	-	1,951,592	2,095,479	143,887
Monthly water service charge	1,903,673	-	1,903,673	1,875,582	(28,091)
Recreation revenue	3,442,565	-	3,442,565	3,599,744	157,179
Other water charges and services	96,681	-	96,681	101,274	4,593
Total operating revenues	<u>11,429,012</u>	<u>-</u>	<u>11,429,012</u>	<u>11,645,576</u>	<u>216,564</u>
Operating expenses:					
Source of supply	1,431,977	-	1,431,977	1,498,408	(66,431)
Pumping	1,582,601	-	1,582,601	1,194,225	388,376
Water Treatment	1,005,816	-	1,005,816	1,184,305	(178,489)
Transmission and distribution	664,651	-	664,651	527,004	137,647
Telemetry	289,438	-	289,438	294,816	(5,378)
Customer accounts	359,698	-	359,698	387,735	(28,037)
Recreation expenses	3,438,665	-	3,438,665	3,551,695	(113,030)
General and administrative	6,567,329	-	6,567,329	3,408,831	3,158,498
Total operating expenses	<u>15,340,175</u>	<u>-</u>	<u>15,340,175</u>	<u>12,047,019</u>	<u>3,293,156</u>
Operating income before depreciation and amortization	(3,911,163)	-	(3,911,163)	(401,443)	3,509,720
Depreciation and amortization – utility department	-	-	-	(2,797,217)	(2,797,217)
Depreciation – recreation department	-	-	-	(300,278)	(300,278)
Operating loss	<u>(3,911,163)</u>	<u>-</u>	<u>(3,911,163)</u>	<u>(3,498,938)</u>	<u>412,225</u>
Non-operating revenue(expense)					
Property taxes	1,858,318	-	1,858,318	2,025,655	167,337
Clean Water Act surcharge	-	-	-	1,554,698	1,554,698
Mira Monte assessment	19,500	-	19,500	17,630	(1,870)
Oak View availability charge	-	-	-	293	293
Water storage valuation	-	-	-	-	-
State water project expense	-	-	-	(382,908)	(382,908)
Tax collection expense	(26,020)	-	(26,020)	(30,158)	(4,138)
Interest and investment earnings	288,767	-	288,767	449,707	160,940
Interest expense – long-term debt	(88,694)	-	(88,694)	(94,969)	(6,275)
Deferred charges amortization	-	-	-	(11,761)	(11,761)
Other non-operating revenues/(expenses), net	25,000	-	25,000	24,215	(785)
Total non-operating revenues, net	<u>2,076,871</u>	<u>-</u>	<u>2,076,871</u>	<u>3,552,402</u>	<u>1,475,531</u>
Net income before capital contributions	<u>(1,834,292)</u>	<u>-</u>	<u>(1,834,292)</u>	<u>53,464</u>	<u>1,887,756</u>
Capital contributions:					
Federal, state and local capital grants	383,466	-	383,466	232,755	(150,711)
Capital contributions	<u>383,466</u>	<u>-</u>	<u>383,466</u>	<u>232,755</u>	<u>(150,711)</u>
Change in net assets	<u>\$ (1,450,826)</u>	<u>-</u>	<u>(1,450,826)</u>	<u>286,219</u>	<u>1,737,045</u>
Net assets, beginning of year	81,634,116		81,634,116	81,634,116	
Net assets, end of year	<u>\$ 80,183,290</u>		<u>80,183,290</u>	<u>81,920,335</u>	

Casitas Municipal Water District
Combining Balance Sheet
June 30, 2012

<i>Assets</i>	Operating Fund	Financing Fund	Improvement Assessment Fund	Eliminations for Financial Reporting	Total
Current assets:					
Cash and cash equivalents	\$ 7,097,713	-	-	-	7,097,713
Investments	12,619,180	-	-	-	12,619,180
Accrued interest receivable	63,848	-	-	-	63,848
Accounts receivable – water sales and services	833,499	-	-	-	833,499
Accounts receivable – special assessments	-	-	199,890	-	199,890
Accounts receivable – property taxes	117,402	-	-	-	117,402
Accounts receivable – other	197,832	-	-	-	197,832
Due from other funds	29,306	6,689,220	-	(6,718,526)	-
Water-in-storage inventory	11,025,928	-	-	-	11,025,928
Materials and supplies inventory	95,280	-	-	-	95,280
Prepaid expenses and other deposits	122,175	-	-	-	122,175
Total current assets	<u>32,202,163</u>	<u>6,689,220</u>	<u>199,890</u>	<u>(6,718,526)</u>	<u>32,372,747</u>
Non-current assets:					
Deferred charges, net	94,094	-	-	-	94,094
Capital assets, not being depreciated	6,510,012	-	-	-	6,510,012
Depreciable capital assets, net	51,731,704	-	-	-	51,731,704
Total non-current assets	<u>58,335,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,335,810</u>
Total assets	<u><u>90,537,973</u></u>	<u><u>6,689,220</u></u>	<u><u>199,890</u></u>	<u><u>(6,718,526)</u></u>	<u><u>90,708,557</u></u>
<i>Liabilities and Net Assets</i>					
Current liabilities – payable from unrestricted current assets:					
Accounts payable and accrued expenses	830,183	-	-	-	830,183
Accrued salaries and wages	120,313	-	-	-	120,313
Customer deposits	41,196	-	-	-	41,196
Deferred revenue	4,657	-	-	-	4,657
Accrued interest payable	20,820	-	-	-	20,820
Due to other funds	6,689,220	-	29,306	(6,718,526)	-
Compensated absences - current portion	431,097	-	-	-	431,097
Bonds payable - current portion	-	-	14,000	-	14,000
Loans payable - current portion	223,733	-	-	-	223,733
Total current liabilities	<u>8,361,219</u>	<u>-</u>	<u>43,306</u>	<u>(6,718,526)</u>	<u>1,685,999</u>
Non-current liabilities:					
Compensated absences	431,098	-	-	-	431,098
Other post-employment benefits payable	4,168,838	-	-	-	4,168,838
Bonds payable	-	-	134,500	-	134,500
Loans payable	2,367,787	-	-	-	2,367,787
Total non-current liabilities	<u>6,967,723</u>	<u>-</u>	<u>134,500</u>	<u>-</u>	<u>7,102,223</u>
Total liabilities	<u><u>15,328,942</u></u>	<u><u>-</u></u>	<u><u>177,806</u></u>	<u><u>(6,718,526)</u></u>	<u><u>8,788,222</u></u>
Net assets:					
Net investment in capital assets	55,650,196	-	(148,500)	-	55,501,696
Restricted for debt service	-	-	199,890	-	199,890
Unrestricted	19,558,835	6,689,220	(29,306)	-	26,218,749
Total net assets	<u>75,209,031</u>	<u>6,689,220</u>	<u>22,084</u>	<u>-</u>	<u>81,920,335</u>
Total liabilities and net assets	<u><u>\$ 90,537,973</u></u>	<u><u>6,689,220</u></u>	<u><u>199,890</u></u>	<u><u>(6,718,526)</u></u>	<u><u>90,708,557</u></u>

Casitas Municipal Water District
Combining Balance Sheet
June 30, 2011

<i>Assets</i>	Operating Fund	Financing Fund	Improvement Assessment Fund	Eliminations for Financial Reporting	Total
Current assets:					
Cash and cash equivalents	\$ 5,327,895	-	-	-	5,327,895
Investments	12,429,305	-	-	-	12,429,305
Accrued interest receivable	62,272	-	-	-	62,272
Accounts receivable – water sales and services	893,593	-	-	-	893,593
Accounts receivable – special assessments	-	-	217,413	-	217,413
Accounts receivable – property taxes	86,778	-	-	-	86,778
Accounts receivable – other	345,895	-	-	-	345,895
Due from other funds	15,314	6,082,912	-	(6,098,226)	-
Water-in-storage inventory	11,025,928	-	-	-	11,025,928
Materials and supplies inventory	97,903	-	-	-	97,903
Prepaid expenses and other deposits	226,092	-	-	-	226,092
Total current assets	<u>30,510,975</u>	<u>6,082,912</u>	<u>217,413</u>	<u>(6,098,226)</u>	<u>30,713,074</u>
Non-current assets:					
Deferred charges, net	105,855	-	-	-	105,855
Capital assets, not being depreciated	6,438,069	-	-	-	6,438,069
Depreciable capital assets, net	52,736,583	-	-	-	52,736,583
Total non-current assets	<u>59,280,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,280,507</u>
Total assets	<u><u>89,791,482</u></u>	<u><u>6,082,912</u></u>	<u><u>217,413</u></u>	<u><u>(6,098,226)</u></u>	<u><u>89,993,581</u></u>
<i>Liabilities and Net Assets</i>					
Current liabilities – payable from unrestricted current assets:					
Accounts payable and accrued expenses	325,429	-	-	-	325,429
Accrued salaries and wages	80,035	-	-	-	80,035
Customer deposits	121,871	-	-	-	121,871
Deferred revenue	5,804	-	-	-	5,804
Accrued interest payable	22,620	-	-	-	22,620
Due to other funds	6,082,912	-	15,314	(6,098,226)	-
Compensated absences - current portion	410,320	-	-	-	410,320
Bonds payable - current portion	-	-	13,000	-	13,000
Loans payable - current portion	216,373	943,646	-	-	1,160,019
Total current liabilities	<u>7,265,364</u>	<u>943,646</u>	<u>28,314</u>	<u>(6,098,226)</u>	<u>2,139,098</u>
Non-current liabilities:					
Compensated absences	410,321	-	-	-	410,321
Other post-employment benefits payable	3,070,026	-	-	-	3,070,026
Bonds payable	-	-	148,500	-	148,500
Loans payable	2,591,520	-	-	-	2,591,520
Total non-current liabilities	<u>6,071,867</u>	<u>-</u>	<u>148,500</u>	<u>-</u>	<u>6,220,367</u>
Total liabilities	<u><u>13,337,231</u></u>	<u><u>943,646</u></u>	<u><u>176,814</u></u>	<u><u>(6,098,226)</u></u>	<u><u>8,359,465</u></u>
Net assets:					
Net investment in capital assets	56,366,759	(943,646)	(161,500)	-	55,261,613
Restricted for debt service	-	-	217,413	-	217,413
Unrestricted	20,087,492	6,082,912	(15,314)	-	26,155,090
Total net assets	<u><u>76,454,251</u></u>	<u><u>5,139,266</u></u>	<u><u>40,599</u></u>	<u><u>-</u></u>	<u><u>81,634,116</u></u>
Total liabilities and net assets	<u><u>\$ 89,791,482</u></u>	<u><u>6,082,912</u></u>	<u><u>217,413</u></u>	<u><u>(6,098,226)</u></u>	<u><u>89,993,581</u></u>

Casitas Municipal Water District
Combining Statement of Revenues and Expenses
June 30, 2012

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>2012 Total</u>
Operating revenues:			
Retail water consumption	\$ 3,973,497	-	3,973,497
Wholesale water consumption	2,095,479	-	2,095,479
Monthly water service charge	1,875,582	-	1,875,582
Recreation revenue	-	3,599,744	3,599,744
Other water charges and services	101,274	-	101,274
Total operating revenues	<u>8,045,832</u>	<u>3,599,744</u>	<u>11,645,576</u>
Operating expenses:			
Source of supply	1,498,408	-	1,498,408
Pumping	1,194,225	-	1,194,225
Water treatment	1,184,305	-	1,184,305
Transmission and distribution	527,004	-	527,004
Telemetry	294,816	-	294,816
Customer accounts	387,735	-	387,735
Recreation expenses	-	3,551,695	3,551,695
General and administrative	3,408,831	-	3,408,831
Total operating expenses	<u>8,495,324</u>	<u>3,551,695</u>	<u>12,047,019</u>
Operating income(loss) before depreciation	(449,492)	48,049	(401,443)
Depreciation – water department	(2,797,217)	-	(2,797,217)
Depreciation – recreation department	-	(300,278)	(300,278)
Operating income(loss)	<u>(3,246,709)</u>	<u>(252,229)</u>	<u>(3,498,938)</u>
Non-operating revenue(expense)			
Property taxes	2,025,655	-	2,025,655
Clean Water Act surcharge	1,554,698	-	1,554,698
Mira Monte assessment	17,630	-	17,630
Oak View availability charge	293	-	293
Water storage valuation	-	-	-
State water project	(382,908)	-	(382,908)
Tax collection expense	(30,158)	-	(30,158)
Interest and investment earnings	449,707	-	449,707
Interest expense – long-term debt	(94,969)	-	(94,969)
Deferred charges amortization	(11,761)	-	(11,761)
Other non-operating revenues/(expenses), net	24,215	-	24,215
Total non-operating revenues, net	<u>3,552,402</u>	<u>-</u>	<u>3,552,402</u>
Net income(loss) before capital contributions	<u>305,693</u>	<u>(252,229)</u>	<u>53,464</u>
Capital contributions:			
Federal, state and local capital grants	21,026	211,729	232,755
Change in net assets	<u>326,719</u>	<u>(40,500)</u>	<u>286,219</u>
Adjustment for noncash items:			
Depreciation and amortization – water department	2,797,217	-	2,797,217
Depreciation – recreation department	-	300,278	300,278
Other post-employment benefits payable	1,098,812	-	1,098,812
Water-in-storage valuation	-	-	-
Deferred charges amortization	11,761	-	11,761
Total	<u>\$ 4,234,509</u>	<u>259,778</u>	<u>4,494,287</u>

Casitas Municipal Water District
Combining Statement of Revenues and Expenses
June 30, 2011

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>2011 Total</u>
Operating revenues:			
Retail water consumption	\$ 3,605,636	-	3,605,636
Wholesale water consumption	2,007,858	-	2,007,858
Monthly water service charge	1,979,273	-	1,979,273
Recreation revenue	-	3,269,377	3,269,377
Other water charges and services	94,456	-	94,456
Total operating revenues	<u>7,687,223</u>	<u>3,269,377</u>	<u>10,956,600</u>
Operating expenses:			
Source of supply	1,493,036	-	1,493,036
Pumping	1,168,939	-	1,168,939
Water treatment	1,107,391	-	1,107,391
Transmission and distribution	488,434	-	488,434
Telemetry	251,534	-	251,534
Customer accounts	362,054	-	362,054
Recreation expenses	-	3,436,849	3,436,849
General and administrative	3,278,893	-	3,278,893
Total operating expenses	<u>8,150,281</u>	<u>3,436,849</u>	<u>11,587,130</u>
Operating income(loss) before depreciation	(463,058)	(167,472)	(630,530)
Depreciation – water department	(2,759,856)	-	(2,759,856)
Depreciation – recreation department	-	(277,484)	(277,484)
Operating income(loss)	<u>(3,222,914)</u>	<u>(444,956)</u>	<u>(3,667,870)</u>
Non-operating revenue(expense)			
Property taxes	2,012,458	-	2,012,458
Clean Water Act surcharge	1,682,991	-	1,682,991
Mira Monte assessment	17,113	-	17,113
Oak View availability charge	7,657	-	7,657
Water-in-storage valuation	3,318,094	-	3,318,094
State water project	(787,665)	-	(787,665)
Tax collection expense	(31,158)	-	(31,158)
Interest and investment earnings	402,229	-	402,229
Interest expense – long-term debt	(102,295)	-	(102,295)
Deferred charges amortization	(11,762)	-	(11,762)
Other non-operating revenues/(expenses), net	225,207	-	225,207
Total non-operating revenues, net	<u>6,732,869</u>	<u>-</u>	<u>6,732,869</u>
Net income(loss) before capital contributions	<u>3,509,955</u>	<u>(444,956)</u>	<u>3,064,999</u>
Capital contributions:			
Federal, state and local capital grants	74,095	-	74,095
Change in net assets	<u>3,584,050</u>	<u>(444,956)</u>	<u>3,139,094</u>
Adjustment for noncash items:			
Depreciation and amortization – water department	2,759,856	-	2,759,856
Depreciation – recreation department	-	277,484	277,484
Other post-employment benefits payable	1,097,277	-	1,097,277
Water-in-storage valuation	(3,318,094)	-	(3,318,094)
Deferred charges amortization	11,762	-	11,762
Total	<u>\$ 4,134,851</u>	<u>(167,472)</u>	<u>3,967,379</u>

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Source of supply:		
Salaries and benefits	\$ 981,260	901,944
District equipment	6,253	8,677
Services and supplies	66,400	86,888
Utilities	5,070	7,770
Public information program	300	100
Computer upgrades – hardware and software	2,373	343
Costs applied	764	3,895
Purchased water	892	860
Outside contracts	129,999	213,916
Clothing and personal supplies	-	1,249
Communications	4,045	4,679
Memberships and dues	9,662	3,849
Printing and binding	9,079	9,589
Books and publications	1,119	186
Office supplies	106	157
Postage	10,535	9,586
Other professional services	25,150	172,124
Licenses and permits	19,916	19,224
Advertising and legal notices	221	-
Small tools	249	7,328
Safety program	31	-
Private vehicle mileage	942	656
Travel expense	13,597	32,193
Education and training	5,571	7,611
Interest penalty expense	204,646	-
Insurance – EAP	149	126
Insurance – Aflac service fee	79	86
	<u>1,498,408</u>	<u>1,493,036</u>
Total source of supply		
Pumping:		
Salaries and benefits	248,994	218,533
Service and supplies	37,211	52,732
Power purchased for pumping	857,417	834,205
Outside contracts	46,531	60,920
Communications	1,586	1,562
Licenses and permits	535	-
Travel	10	-
Small tools	1,941	987
	<u>1,194,225</u>	<u>1,168,939</u>
Total pumping		
Water treatment:		
Salaries and benefits	807,233	750,256
Service and supplies	59,416	67,746
Utilities	101,389	96,169
Chlorine	60,110	54,626
Polymer	12,765	23,301
Ferric	22,217	13,226
Ammonia	28,006	22,680
Caustics	80,791	62,089
Computer upgrades – hardware and software	48	866
Outside contracts	6,765	5,561
Clothing and personal supplies	978	1,003
Communications	1,734	2,366
Postage	49	-
Licenses and permits	545	410
Travel	827	160
Small tools	334	5,153
Education and training	1,098	1,779
	<u>1,184,305</u>	<u>1,107,391</u>
Total water treatment		

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Transmission and distribution:		
Salaries and benefits	\$ 369,190	355,655
District equipment	(1,669)	(37)
Service and supplies	89,211	56,298
Computer upgrades – hardware and software	149	2,177
Outside contracts	27,655	45,862
Clothing and personal supplies	-	230
Communications	1,295	2,091
Books and publications	-	74
Licenses and permits	3,438	2,619
Small tools	8,849	4,308
Office supplies	-	51
Travel expense	496	726
Education and training	965	1,371
Other operating expenses	<u>27,425</u>	<u>17,009</u>
Total transmission and distribution	<u>527,004</u>	<u>488,434</u>
Telemetering:		
Salaries and benefits	216,885	204,168
Service and supplies	28,374	13,254
Utilities	29,898	13,559
Outside contracts	18,185	19,201
Communications	912	836
Postage	87	35
Small tools	<u>475</u>	<u>481</u>
Total telemetering	<u>294,816</u>	<u>251,534</u>
Customer accounts:		
Salaries and benefits	317,184	313,520
Service and supplies	28,387	23,606
Computer upgrades – hardware and software	-	105
Leak relief expense	12,990	2,366
Bad debt provision	5,014	6,319
Clothing and personal supplies	898	492
Communications	70	-
Other operating expense	-	100
Outside contracts	12,342	12,176
Postage	7,325	1,571
Licenses and permits	200	430
Small tools	416	190
Travel expense	938	498
Education and training	<u>1,971</u>	<u>681</u>
Total customer accounts	<u>387,735</u>	<u>362,054</u>

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
General and administrative:		
Salaries and benefits	3,374,742	3,210,298
District equipment	138,667	124,903
Service and supplies	86,017	127,828
Utilities	47,556	48,678
Bad debt expense	-	1,934
Computer upgrades – hardware and software	16,667	25,228
Vehicle costs direct	91,858	93,465
Outside contracts	196,117	120,251
Clothing and personal supplies	7,510	7,135
Communications	30,750	33,558
Office equipment maintenance	1,205	1,434
Memberships and dues	72,709	85,389
Printing and binding	1,431	3,595
Books and publications	3,589	4,094
Office supplies	8,610	11,619
Postage	1,370	2,283
Other professional services	140,739	126,976
Licenses and permits	7,877	6,652
Advertising and legal notices	1,013	1,534
Small tools	259	5,033
Safety program	2,473	2,525
Private vehicle mileage	8,643	7,894
Travel expense	7,926	14,101
Directors election fees	-	8,419
Education and training	12,447	15,678
(Gains)/losses on inventory	4,170	(8,299)
Petty cash over/short	-	(9)
Interest and penalties	9	308
Insurance – liability	54,268	54,995
Workers' compensation	66,002	58,713
Insurance – EAP	1,401	1,361
Insurance – Aflac	1,137	1,160
Bank charges	7,934	19,386
Other operating expenses	-	1,418
Costs applied	(163,820)	(173,871)
Administrative overhead burden:	(822,445)	(766,774)
Total general and administrative	<u>3,408,831</u>	<u>3,278,892</u>
Depreciation expense:		
Water department	<u>2,797,217</u>	<u>2,759,856</u>
Total depreciation expense	<u>2,797,217</u>	<u>2,759,856</u>
Total operating expenses – utility dept.	\$ <u>11,292,541</u>	<u>10,910,138</u>

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department, continued
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Recreation revenue:		
Animal permit	\$ 14,137	19,023
Bicycles - concession	5,628	7,746
Boat fees - annual	58,978	61,393
Boat fees - daily	14,277	14,146
Boat fees - overnight	1,951	2,188
Boat inspection fees - Quagga	7,865	6,923
Boat lock revenue - Quagga	6,953	8,893
Boat rental - concession	89,437	80,312
Cafe - concession	29,336	23,610
Cafe pass fee	26,360	23,870
Cafe pass reimbursment	(25,635)	(23,060)
Camping fees	1,582,738	1,504,075
Commercials	21,153	-
Dock usage fee	130	-
Donation vouchers	(862)	(775)
Event reimbursment	(376)	1,999
Events	33,778	27,699
Gasoline - concession	91	90
Gift cards and certificates	(190)	165
Guest pass	(680)	(620)
Kayak and canoes annual	3,514	3,220
Kayak and canoes daily	33	303
Miscellaneous revenue	6,715	2,474
Over / short - recreation	(92)	245
Over / short - water park	55	227
Park store	26,906	3,343
Rain checks	(5,596)	(2,998)
Refunds	1,837	-
Reservations	110,315	106,135
Shower facility fees	18,731	17,503
Telephone	-	12
Trailer storage fees	179,220	177,711
Vehicle fees - daily	431,283	344,208
Violation ordinance fees	10,150	16,175
Visitor cards	140,124	143,499
Water park - donation voucher	(116)	(190)
Water park - group pass fee	33,680	42,740
Water park - junior lifeguard	8,680	1,760
Water park - late day pass fee	69,675	60,620
Water park - lifeguard training	2,220	2,640
Water park - locker fee	1,353	957
Water park - miscellaneous revenue	-	539
Water park - next day pass fee	10,352	11,650
Water park - promotion	(321)	(12)
Water park - rain checks	(6,383)	(4,489)
Water park - reservation fee	10,860	5,795
Water park - season pass fee	21,320	19,890
Water park - shade rental fee	8,405	4,604
Water park - shower facility fee	16,215	14,853
Water park - single splash fee	617,374	526,105
Water park - special event fee	4,380	-
Water park - water fitness - fee	8,819	8,078
Water park snack bar	4,967	4,103
	<u>3,599,744</u>	<u>3,269,377</u>
Total recreation revenue		

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department, continued
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Recreation expenses:		
Administrative overhead burden	\$ 822,445	766,774
Advertising and legal notices	5,649	2,989
Bad debt provision	225	951
Bank charges	2,599	560
Books and publications	-	65
Chemicals – water playground	3,085	1,713
Chlorine	27,586	25,517
Clothing and personal supplies	12,361	16,090
Communications	23,928	25,667
Computer upgrades – hardware and software	9,693	11,225
Credit card fees	52,078	55,728
District equipment	131,255	130,586
Education and training	981	2,688
Fish purchases	29,997	59,138
Licenses and permits	11,897	4,060
Memberships and dues	920	1,630
Office equipment maintenance	70	801
Office supplies	1,374	7,709
Other professional services	-	798
Outside contracts	242,864	220,661
Postage	2,059	1,269
Printing and binding	8,086	18,156
Private vehicle mileage	217	358
Public information program	5,749	2,978
Purchased water	63,227	66,840
Safety program	11,388	3,824
Salaries and benefits	1,828,692	1,664,303
Service and supplies	131,211	199,233
Small tools	2,665	7,800
Travel expense	1,832	5,230
Utilities	117,562	131,508
Total	<u>3,551,695</u>	<u>3,436,849</u>
Depreciation – recreation department	<u>300,278</u>	<u>277,484</u>
Total recreation expenses	<u>3,851,973</u>	<u>3,714,333</u>
Capital contributions:		
Federal, state and local capital grants	<u>211,729</u>	<u>-</u>
Net recreation income(loss)	<u>\$ (40,500)</u>	<u>(444,956)</u>

Statistical Section

**Casitas Municipal Water District
Statistical Section**

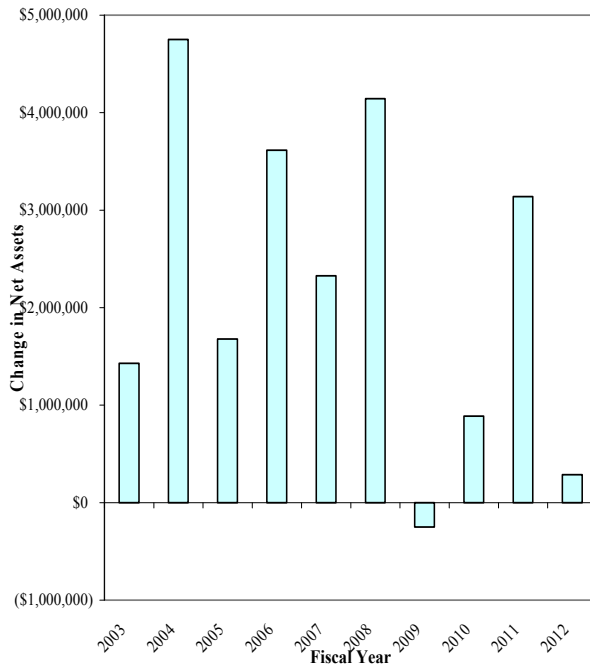
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, water sales.	55-59
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	60-61
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	62
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	63

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Changes in net assets:					
Operating revenues (see Schedule 2)	\$ 8,417,164	8,854,143	9,688,724	11,258,803	13,291,119
Operating expenses (see Schedule 3)	(8,212,939)	(7,866,167)	(8,378,443)	(8,262,068)	(10,289,724)
Depreciation and amortization	(1,693,885)	(1,722,585)	(2,495,930)	(2,363,709)	(4,207,595)
Operating income(loss)	(1,489,660)	(734,609)	(1,185,649)	633,026	(1,206,200)
Non-operating revenues(expenses)					
Property taxes	2,698,760	2,467,821	525,019	526,622	1,734,216
Clean Water Act surcharge	-	-	1,070,545	1,085,494	1,006,501
Mira Monte assessment	-	-	9,549	20,307	18,605
Oak View availability charge	-	-	7,579	7,754	7,439
Property tax collection expense	-	(26,535)	(13,854)	(15,707)	(13,448)
Investment income/(loss)	240,699	73,851	138,716	269,336	404,167
Federal grants	-	-	-	-	-
Capital facilities charges	93,002	-	-	-	-
Gain/(Loss) on sale/disposition of assets	-	7,386	(5,566)	-	-
Interest expense	(250,890)	(151,058)	(159,437)	(131,650)	(129,810)
Other revenue/(expense), net	137,214	22,771	(51,559)	204,592	46,646
Total non-operating revenues(expenses), net	2,918,785	2,394,236	1,520,992	1,966,748	3,074,316
Net income before capital contributions	1,429,125	1,659,627	335,343	2,599,774	1,868,116
Capital contributions	-	3,090,000	1,342,081	1,016,530	458,002
Changes in net assets	\$ 1,429,125	4,749,627	1,677,424	3,616,304	2,326,118
Net assets by component:					
Invested in capital assets, net of related debt	\$ 44,631,416	52,913,400	55,377,759	55,808,167	54,099,748
Restricted	284,778	235,244	226,563	91,941	103,054
Unrestricted	15,631,515	12,945,075	12,166,821	15,487,339	19,510,763
Total net assets	\$ 60,547,709	66,093,719	67,771,143 ⁽¹⁾	71,387,447	73,713,565



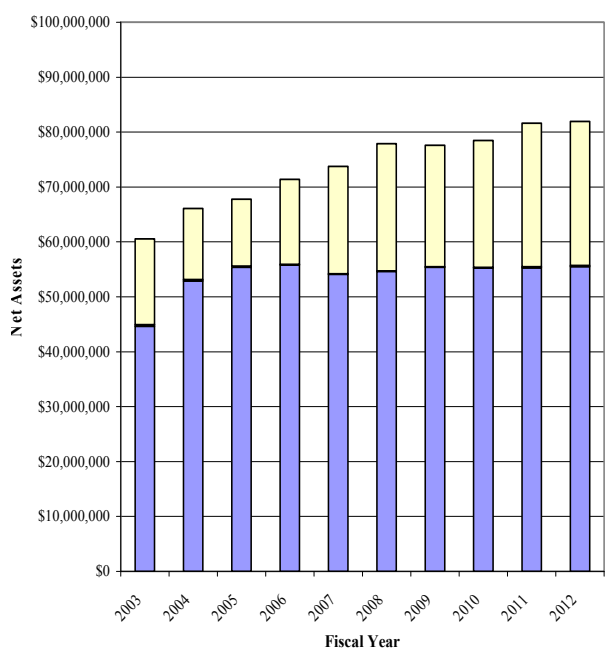
Notes:

(1) The District made a prior period adjustment of \$796,383.

Source: Casitas Municipal Water District Accounting Department

Schedule 1

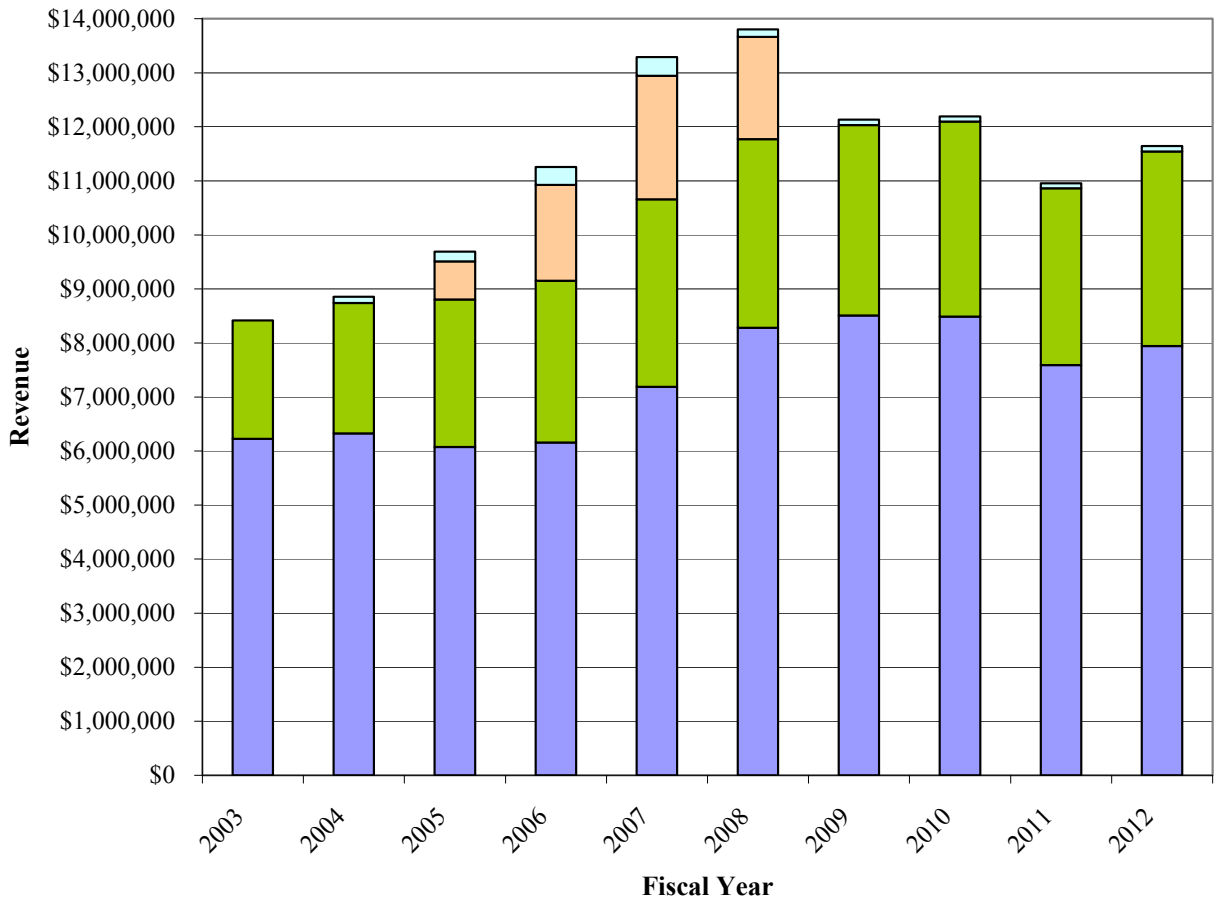
Fiscal Year				
2008	2009	2010	2011	2012
13,805,964	12,129,996	12,194,917	10,956,600	11,645,576
(10,107,124)	(13,384,114)	(11,171,141)	(11,587,130)	(12,047,019)
(2,975,653)	(2,834,977)	(2,863,329)	(3,037,340)	(3,097,495)
<u>723,187</u>	<u>(4,089,095)</u>	<u>(1,839,553)</u>	<u>(3,667,870)</u>	<u>(3,498,938)</u>
1,831,087	1,982,172	1,959,850	2,012,458	2,025,655
1,071,637	1,685,062	1,290,042	1,682,991	1,554,698
19,657	18,914	18,601	17,113	17,630
7,862	6,992	7,709	7,657	293
(28,261)	(29,433)	(30,416)	(31,158)	(30,158)
463,786	213,695	129,472	402,229	449,707
-	-	-	3,318,094	-
-	-	(666,442)	(787,665)	(382,908)
-	-	-	-	-
-	-	-	-	-
(123,440)	(116,361)	(106,239)	(102,295)	(94,969)
31,307	14,460	(6,638)	213,445	12,454
<u>3,273,635</u>	<u>3,775,501</u>	<u>2,595,939</u>	<u>6,732,869</u>	<u>3,552,402</u>
3,996,822	(313,594)	756,386	3,064,999	53,464
146,880	63,784	131,179	74,095	232,755
<u>4,143,702</u>	<u>(249,810)</u>	<u>887,565</u>	<u>3,139,094</u>	<u>286,219</u>
54,636,436	55,408,560	55,277,544	55,261,613	55,501,696
75,088	67,343	60,922	217,413	199,890
23,145,743	22,131,554	23,156,556	26,155,090	26,218,749
<u>77,857,267</u>	<u>77,607,457</u>	<u>78,495,022</u>	<u>81,634,116</u>	<u>81,920,335</u>



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

Schedule 2

Fiscal Year	Water Sales and Service	Recreation Revenue	Water Storage Valuation	Other Operating Revenue	Total Operating Revenue
2003	\$ 6,226,072	2,191,092	-	-	8,417,164
2004	6,325,927	2,412,902	-	115,314	8,854,143
2005	6,075,618	2,728,679	704,148	180,279	9,688,724
2006	6,157,482	2,996,915	1,768,645	335,761	11,258,803
2007	7,188,942	3,469,248	2,282,734	350,195	13,291,119
2008	8,282,482	3,487,877	1,890,639	144,966	13,805,964
2009	8,507,054	3,526,264	-	96,678	12,129,996
2010	8,488,083	3,611,110	-	95,724	12,194,918
2011	7,592,767	3,269,377	-	94,456	10,956,600
2012	7,944,558	3,599,744	-	101,274	11,645,576



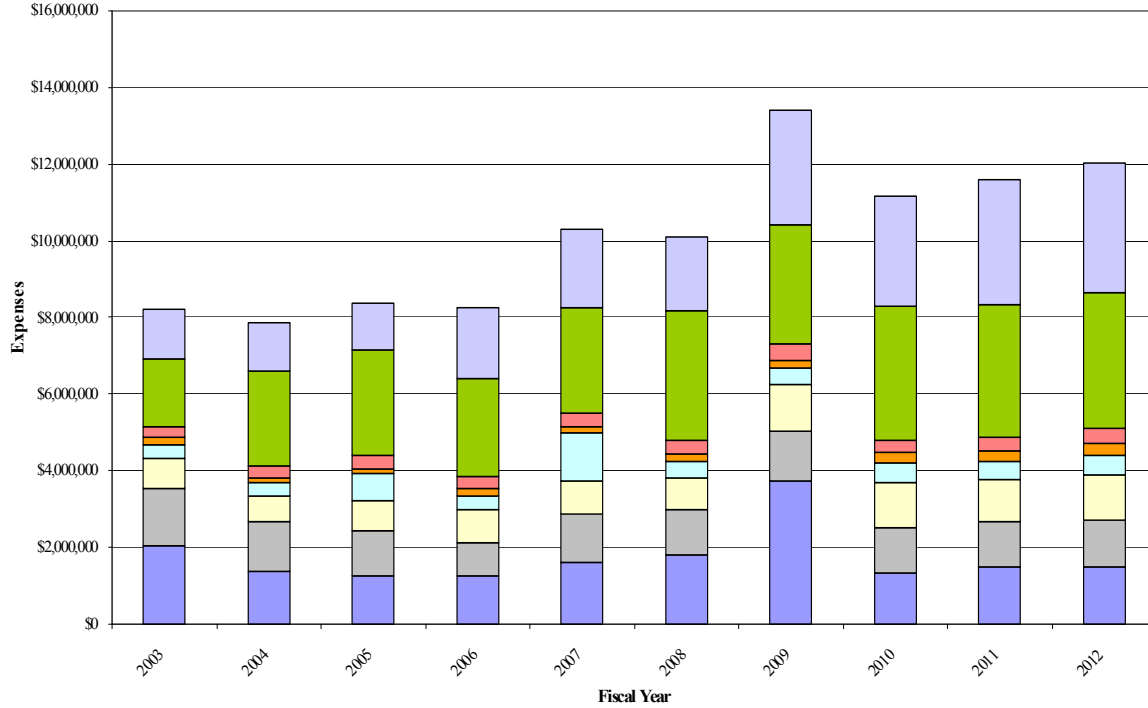
Source: Casitas Municipal Water District Accounting Department

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

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

Schedule 3

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Telemetry	Customer Accounts	Recreation Area	General and Administrative	Total Operating Expenses
2003	\$ 2,088,776	1,486,079	785,332	356,064	179,509	302,980	1,773,929	1,290,270	8,212,939
2004	1,373,555	1,272,672	694,784	331,412	150,053	282,828	2,488,759	1,272,104	7,866,167
2005	1,260,178	1,151,358	810,650	687,261	142,260	331,338	2,747,871	1,247,527	8,378,443
2006	1,266,305	844,456	876,220	358,083	174,943	308,137	2,570,736	1,863,188	8,262,068
2007	1,584,516	1,261,227	898,454	1,221,291	185,521	359,407	2,730,670	2,048,638	10,289,724
2008	1,815,132	1,160,984	831,760	435,705	209,198	335,952	3,401,609	1,916,784	10,107,124
2009	3,735,269	1,292,700	1,197,050	448,678	197,119	436,851	3,113,058	2,963,389	13,384,114
2010	1,338,079	1,166,950	1,165,062	530,798	266,133	308,364	3,504,726	2,891,029	11,171,141
2011	1,493,036	1,168,939	1,107,391	488,434	251,534	362,054	3,436,849	3,278,893	11,587,130
2012	1,498,408	1,194,225	1,184,305	527,004	294,816	387,735	3,551,695	3,408,831	12,047,019

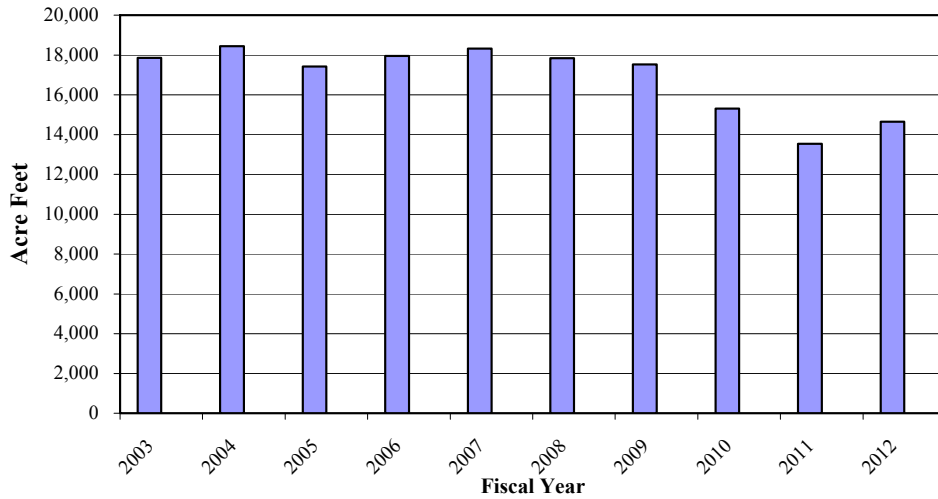


Source: Casitas Municipal Water District Accounting Department

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

Schedule 4

Fiscal Year	Water Sales (Acre Feet)
2003	17,852
2004	18,450
2005	17,425
2006	17,952
2007	18,318
2008	17,844
2009	17,533
2010	15,307
2011	13,549
2012	14,655



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

Source: Casitas Municipal Water District Accounting Department

Casitas Municipal Water District
Revenue Rates⁽¹⁾
Last Ten Fiscal Years

Schedule 5

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

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

Meter Size		Water Service Charges (monthly)									
		Fiscal Year									
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:											
5/8" - 1"	\$	10.72	11.04	11.37	12.06	12.42	12.79	14.01	14.01	15.30	15.99
1 1/2" - 2"		32.91	33.90	34.92	37.05	38.16	39.30	43.03	43.03	46.99	49.1
2 1/2" - 3"		70.08	72.18	74.35	78.88	81.25	83.69	91.64	91.64	100.07	104.57
4"		148.75	153.21	157.81	167.42	172.44	177.61	194.48	194.48	212.37	221.93
6"		439.12	452.29	465.86	494.24	509.07	524.34	574.15	574.15	626.97	655.18
Businesses:											
5/8" - 1"		19.42	20.00	20.60	21.86	22.52	23.20	24.59	24.59	26.85	28.06
1 1/2" - 2"		59.56	61.35	63.19	67.04	69.05	71.12	75.39	75.39	82.33	86.03
2 1/2" - 3"		126.93	130.74	134.66	142.86	147.15	151.56	160.65	160.65	175.43	183.32
4"		269.39	277.47	285.79	303.19	312.29	321.66	340.96	340.96	372.33	389.08
6"		795.19	819.05	843.62	895.00	921.85	949.51	1,006.48	1,006.48	1,099.08	1,148.54
Industrial:											
5/8" - 1"		14.49	14.92	15.37	16.30	16.79	17.29	18.06	18.06	19.72	20.61
1 1/2" - 2"		44.45	45.78	47.15	50.02	51.52	53.07	55.43	55.43	60.53	63.25
2 1/2" - 3"		94.70	97.54	100.47	106.58	109.78	113.07	118.12	118.12	128.99	134.79
4"		200.99	207.02	213.23	226.22	233.01	240.00	250.70	250.70	273.76	280.08
6"		593.86	611.68	630.03	668.40	688.45	709.10	740.71	740.71	808.86	845.26
Irrigation:											
5/8" - 1"		23.88	24.60	25.34	26.88	27.69	28.52	31.94	31.94	34.88	36.45
1 1/2" - 2"		73.20	75.40	77.66	82.39	84.86	87.41	97.90	97.90	106.91	111.72
2 1/2" - 3"		155.96	160.64	165.46	175.53	180.80	186.22	208.57	208.57	227.76	238.01
4"		331.03	340.96	351.19	372.58	383.76	395.27	442.70	442.70	483.43	505.18
6"		977.17	1,006.49	1,036.68	1,099.81	1,132.80	1,166.78	1,306.79	1,306.79	1,427.01	1,491.23
Resale (Gravity):											
5/8" - 1"		40.61	41.83	43.09	45.71	47.08	48.49	51.40	51.40	56.13	58.66
1 1/2" - 2"		124.56	128.30	132.15	140.19	144.40	148.73	157.65	157.65	172.15	179.7
2 1/2" - 3"		265.38	273.34	281.54	298.69	307.65	316.88	335.89	335.89	388.63	406.12
4"		563.27	580.17	597.58	633.98	653.00	672.59	712.95	712.95	778.54	813.57
6"		1,662.70	1,712.58	1,763.96	1,871.39	1,927.53	1,985.36	2,104.48	2,104.48	2,298.09	2,401.5
Resale (Pumped):											
5/8" - 1"		15.71	16.18	16.67	17.69	18.22	18.77	21.59	21.59	23.58	24.64
1 1/2" - 2"		48.17	49.62	51.11	54.22	55.85	57.53	66.16	66.16	72.25	75.5
2 1/2" - 3"		102.59	105.67	108.84	115.47	118.93	122.50	140.88	140.88	153.84	160.76
4"		217.76	224.29	231.02	245.09	252.44	260.01	299.01	299.01	326.52	341.21
6"		642.81	662.09	681.95	723.48	745.18	767.54	882.67	882.67	963.88	1,007.25
Other:											
5/8" - 1"		16.21	16.70	17.20	18.25	18.80	19.36	20.52	20.52	22.41	23.42
1 1/2" - 2"		49.72	51.21	52.75	55.96	57.64	59.37	62.93	62.93	68.72	71.81
2 1/2" - 3"		105.90	109.08	112.35	119.19	122.77	126.50	143.12	143.12	154.45	160.5
4"		224.77	231.51	238.46	252.98	260.57	268.39	284.49	284.49	310.66	324.64
6"		663.47	683.37	703.87	746.74	769.14	792.21	839.74	839.74	914.00	958.27
Temporary:											
1 1/2" - 2"		45.11	46.46	47.85	50.77	52.29	53.86	57.09	57.09	62.34	65.15
2 1/2" - 3"		96.12	99.00	101.97	108.18	111.43	114.77	121.66	121.66	132.85	138.83
Recreation:											
5/8" - 1"		20.72	21.34	21.98	23.32	24.02	24.74	26.22	26.22	28.63	
1 1/2" - 2"		63.57	65.48	67.44	71.54	73.69	75.90	80.45	80.45	87.85	
2 1/2" - 3"		135.46	139.52	143.71	152.46	157.03	161.74	171.44	171.44	187.21	
4"		287.47	296.09	304.97	323.54	333.25	343.25	363.85	363.85	397.32	
6"		848.60	874.06	900.28	952.02	980.58	1,010.00	1,070.60	1,070.60	1,169.10	

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

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

**Casitas Municipal Water District
Revenue Rates
Fiscal Year 2012**

Schedule 5-1

In fiscal year 2008, the District changed its rate structure as follows:

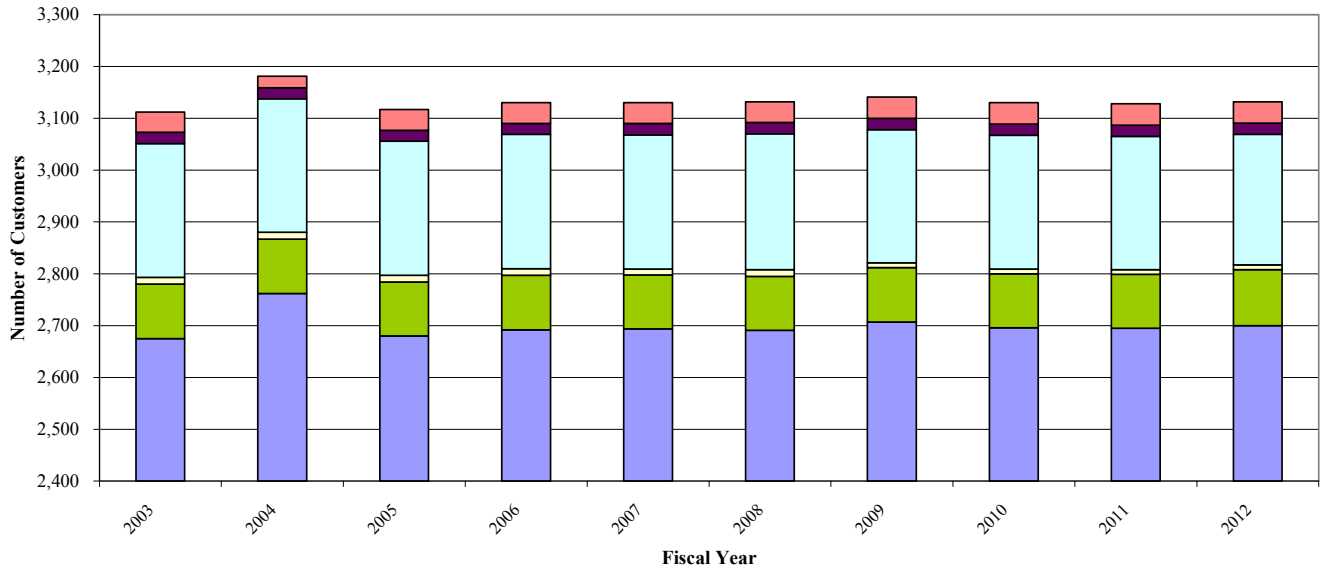
RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Residential					
	Bi-Monthly Lifeline	0-20 Units		\$ 0.567	\$ 0.831
	Bi-Monthly Usage	21-34 Units		\$ 1.003	\$ 1.267
	Bi-Monthly Usage	35-100 units		\$ 1.404	\$ 1.668
	Bi-Monthly Usage	101 units +		\$ 2.200	\$ 2.464
Business				\$ 1.259	\$ 1.524
Industrial				\$ 1.259	\$ 1.524
Resale				\$ 0.780	\$ 1.403
Other				\$ 1.259	\$ 1.524
Temporary				\$ 1.419	\$ 1.683
Recreation				\$ 1.259	\$ 1.524
RATE SCHEDULE - CLASS 3 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Ag-Residential					
	Monthly Lifeline	0-10 Units		\$ 0.567	\$ 0.831
	Monthly Usage	11-17 Units		\$ 1.003	\$ 1.267
	Monthly Usage	18 -50 Units		\$ 1.404	\$ 1.668
	Irrigation (AG)	51 units +		\$ 0.588	\$ 0.852
** One unit equals 100 cubic feet (748 gallons)					
	Cost per AF (example)	Irrigation	per AF = \$.588 x 435.6 =	\$ 256.13	gravity
			per AF = \$.852 x 435.6 =	\$ 371.13	pumped

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

Casitas Municipal Water District Customers by Type Last Ten Fiscal Years

Schedule 6

Fiscal Year	Customer Type						Total
	Residential	Business	Industrial	Agricultural	Wholesale	Other	
2003	2,675	105	13	258	22	39	3,112
2004	2,762	105	13	258	21	22	3,181
2005	2,680	104	13	259	21	40	3,117
2006	2,692	105	13	259	21	40	3,130
2007	2,694	104	11	259	22	40	3,130
2008	2,691	104	13	262	22	40	3,132
2009	2,707	105	9	257	22	41	3,141
2010	2,696	104	9	258	22	41	3,130
2011	2,695	104	9	257	22	41	3,128
2012	2,700	108	9	252	22	41	3,132



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

Source: Casitas Municipal Water District Accounting Department

**Casitas Municipal Water District
Principal Customers
Current Fiscal Year and Nine Years Ago**

Schedule 7

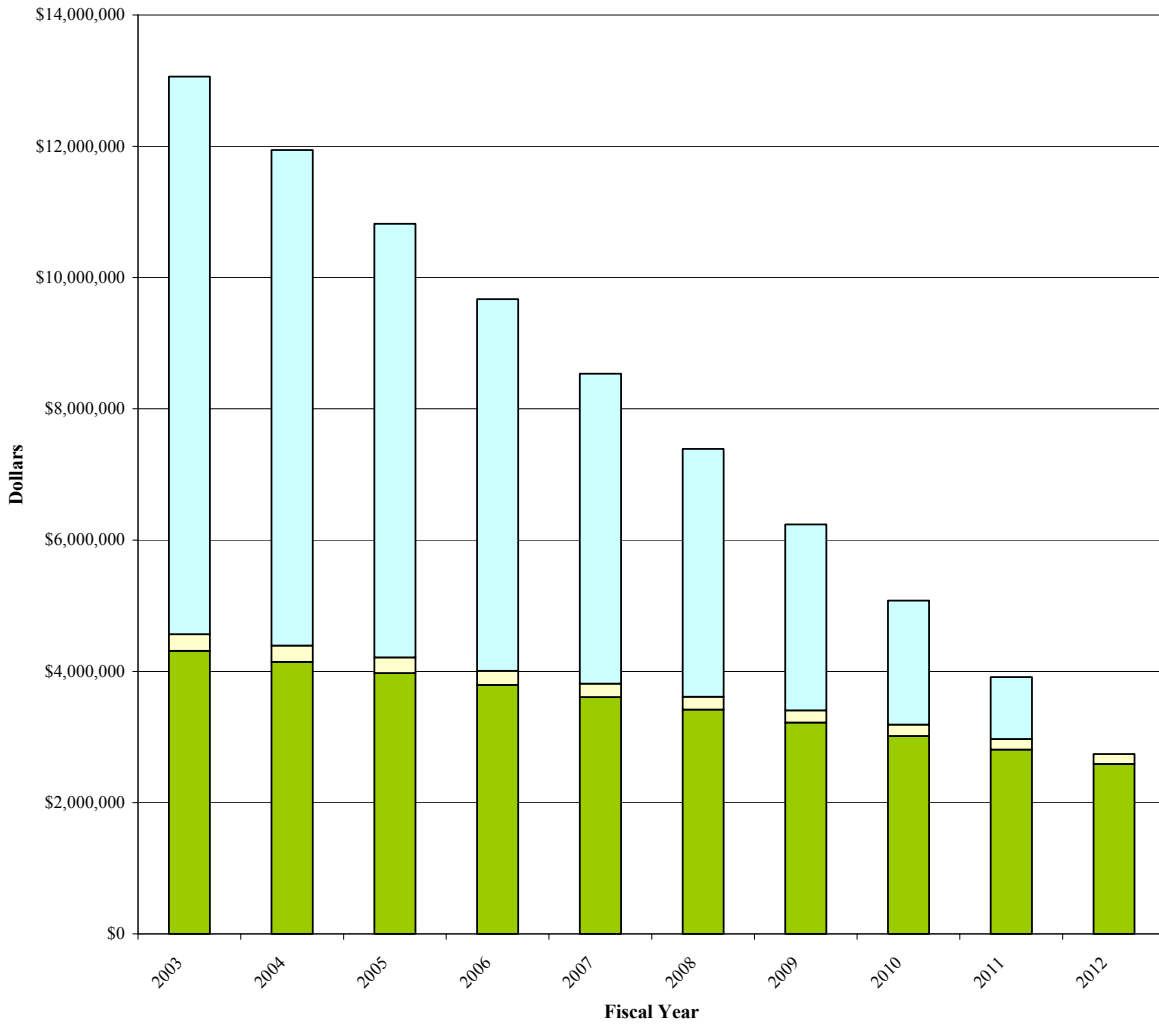
Customer	2012		2003	
	Water Consumed (AF)	Percentage of Total	Water Consumed (AF)	Percentage of Total
City of Ventura	6,104	41.65%	6,207	34.81%
Hermitage Mutual Water	599	4.09%	747	4.19%
Topa Topa Ranch Nursery	414	2.82%	188	1.05%
Ojai Valley Inn	287	1.96%	-	0.00%
James P. Finch	399	2.72%	-	0.00%
Mary Bergen	325	2.22%	280	1.57%
Vista Punta Gorda	310	2.12%	-	0.00%
Paradise Grove	254	1.73%	-	0.00%
Rincon Water & Road Work	212	1.45%	260	1.46%
JLB Rancho La Vista	212	1.45%	-	0.00%
Ventura River Water	-	0.00%	238	1.33%
La Conchita Ranch	-	0.00%	166	0.93%
Rancho Del Cielo Mutual	-	0.00%	174	0.98%
Rancho La Vista	-	0.00%	162	0.91%
Souther California Water	-	0.00%	386	2.16%
Total	9,116	62.20%	8,808	49.40%
Total Water Consumed (Acre Feet)	14,655	100.00%	17,831	100.00%

Source: Casitas Municipal Water District Accounting Department

**Casitas Municipal Water District
Ratio of Outstanding Debt
Last Ten Fiscal Years**

Schedule 8

Fiscal Year	Loans Payable	Bonds Payable	Note Payable	Total		
				Debt	Per Capita	As a Share of Personal Income
2003	\$ 4,312,620	255,500	8,492,814	13,060,934	18.24	0.07%
2004	4,146,576	249,000	7,549,168	11,944,744	16.66	0.06%
2005	3,973,120	240,500	6,605,522	10,819,142	14.80	0.05%
2006	3,792,883	217,500	5,661,876	9,672,259	13.04	0.04%
2007	3,608,238	207,500	4,718,230	8,533,968	11.33	0.03%
2008	3,417,845	196,500	3,774,584	7,388,929	9.55	0.03%
2009	3,220,825	185,500	2,830,938	6,237,263	8.00	0.01%
2010	3,017,650	173,500	1,887,292	5,078,442	6.42	0.01%
2011	2,807,893	161,500	943,646	3,913,039	4.88	0.01%
2012	2,591,520	148,500	-	2,740,020	3.38	0.01%



Source: Casitas Municipal Water District Accounting Department

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

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service		Total	Coverage Ratio
				Principal	Interest		
2003	\$ 10,097,179	(8,212,939)	1,884,240	1,112,138	250,890	1,363,028	1.38
2004	10,664,828	(7,866,167)	2,798,661	1,116,190	151,058	1,267,248	2.21
2005	10,183,504	(8,378,443)	1,805,061	1,125,602	159,437	1,285,039	1.40
2006	13,990,227	(8,262,068)	5,728,159	1,132,484	131,650	1,264,134	4.53
2007	16,508,693	(10,289,724)	6,218,969	1,138,291	129,810	1,268,101	4.90
2008	17,231,300	(10,107,124)	7,124,176	1,145,039	124,805	1,269,844	5.61
2009	17,172,474	(12,382,370)	4,790,104	1,151,666	118,147	1,269,813	3.77
2010	15,605,715	(10,169,397)	5,436,318	1,158,821	107,098	1,265,919	4.29
2011	15,304,255	(9,614,381)	5,689,874	1,165,403	96,491	1,261,894	4.51
2012	15,717,774	(10,948,207)	4,769,567	237,733	89,085	326,818	14.59

Notes:

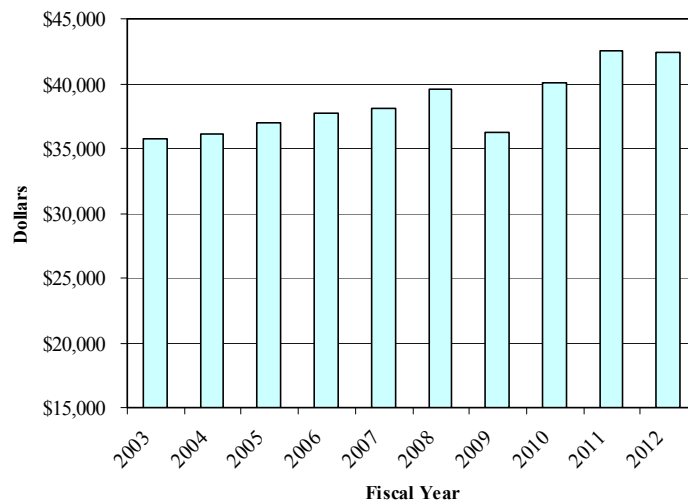
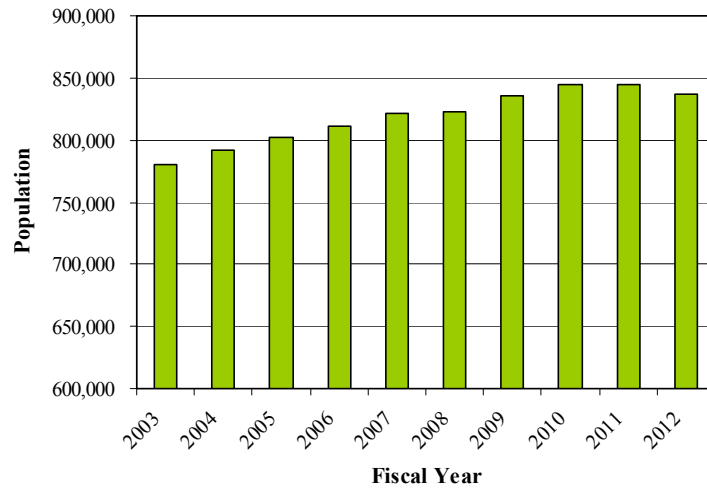
(1) Operating expenses exclude depreciation expense and OPEB accrued liability amount.

Source: Casitas Municipal Water District Accounting Department

**Casitas Municipal Water District
Demographics and Economics Statistics – County of Ventura⁽¹⁾
Last Ten Fiscal Years**

Schedule 10

Year	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2003	5.3%	780,089	27,860,349	35,714
2004	4.8%	791,310	28,562,451	36,095
2005	4.6%	802,436	29,666,223	36,970
2006	4.6%	811,405	30,568,744	37,674
2007	4.3%	821,669	31,332,963	38,133
2008	4.6%	822,654	32,564,897	39,585
2009	9.2%	836,080	30,258,987	36,191
2010	10.0%	844,713	33,800,000	40,014
2011	11.0%	845,222	36,000,000	42,592
2012	10.7%	837,145	35,500,000	42,406



Sources: California Department of Finance and CaliforniaLaborMarketInfo

Notes:

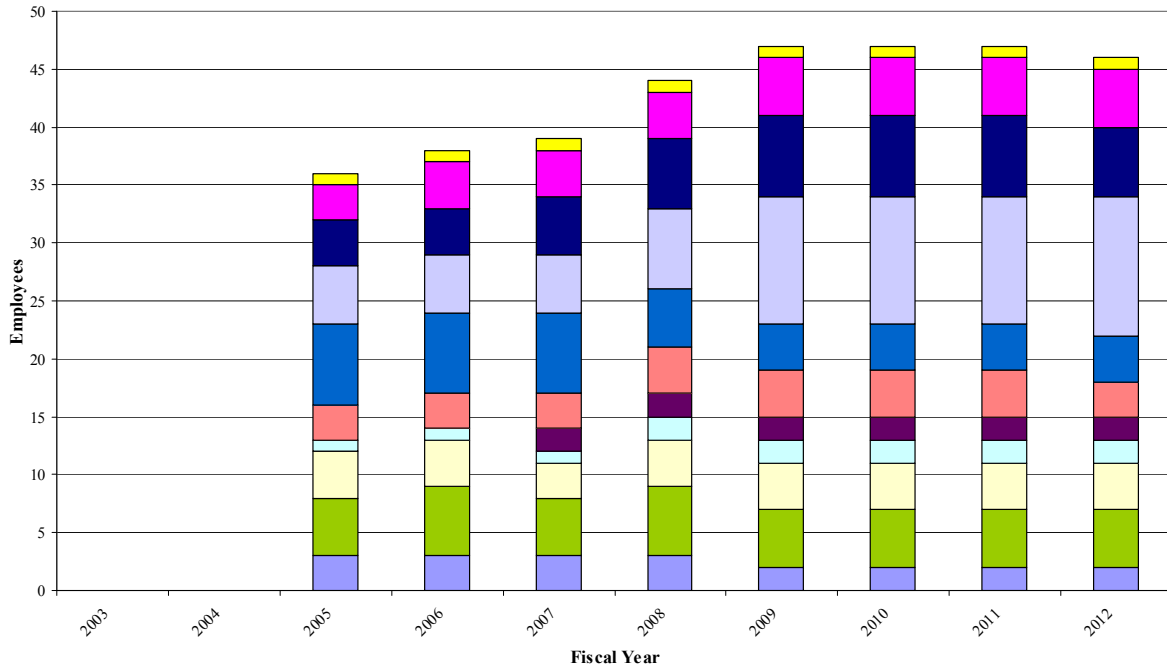
(1) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

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

Schedule 11

Paid - Full Time Positions

Department	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Management	N/A	N/A	3	3	3	3	2	2	2	2
Administration	N/A	N/A	5	6	5	6	5	5	5	5
Engineering	N/A	N/A	4	4	3	4	4	4	4	4
Water Quality Lab	N/A	N/A	1	1	1	2	2	2	2	2
Fisheries	N/A	N/A	0	0	2	2	2	2	2	2
Electrical and Mechanical	N/A	N/A	3	3	3	4	4	4	4	3
Distribution	N/A	N/A	7	7	7	5	4	4	4	4
Conservation and Treatment	N/A	N/A	5	5	5	7	11	11	11	12
Information Technology	N/A	N/A	1	1	1	1	1	1	1	1
Recreation Operations	N/A	N/A	4	4	5	6	7	7	7	6
Recreation Maintenance	N/A	N/A	3	4	4	4	5	5	5	5
Total	N/A	N/A	36	38	39	44	47	47	47	46



Other Operating and Capacity Indicators

Fiscal Year	Miles of Pipeline	Lake Storage Capacity (AF)	Lake Level at Year-End (AF)	Percentage of Lake Capacity	Daily System Capacity (MGD)
2002	105.7	254,000	195,172	76.8%	65
2003	105.7	254,000	179,219	70.6%	65
2004	105.7	254,000	167,988	66.1%	65
2005	105.7	254,000	230,891	90.9%	65
2006	105.7	254,000	229,546	90.4%	65
2007	105.7	254,000	221,174	87.1%	65
2008	105.7	254,000	222,528	87.6%	65
2009	105.7	254,000	199,851	78.7%	65
2010	105.7	254,000	194,405	76.5%	65
2011	105.7	254,000	218,328	86.0%	65

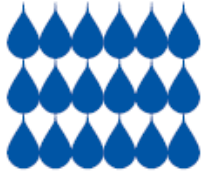
N/A - Data not available for these years

AF - Acre Feet

MGD - Millions of Gallons per Day

Sources: Casitas Municipal Water District Operations and Accounting Departments

Report on Internal Controls and Compliance



Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA
Christopher J. Brown, CPA

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Casitas Municipal Water District
Oak View, California

We have audited the basic financial statements of the Casitas Municipal Water District (District) as of and for the year ended June 30, 2012 and 2011, and have issued our report thereon dated October 31, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak and Company, CPA's – An Accountancy Corporation
Cypress, California
October 31, 2012

CASITAS MUNICIPAL WATER DISTRICT
INTEROFFICE MEMORANDUM

TO: STEVE WICKSTRUM, GENERAL MANAGER
FROM: TODD EVANS, ASSISTANT ENGINEER
SUBJECT: AWARD CONSTRUCTION CONTRACT- UPPER OJAI RESERVOIR
INTERIOR COATING & REPAIRS
DATE: NOVEMBER 14, 2012

RECOMMENDATION:

It is recommended that the Board of Directors accept the proposal submitted by the lowest responsible bidder and award the contract for the **Interior Coating & Repairs of the Upper Ojai Reservoir Tank, Specification 12-356** to **Olympus and Associates of Reno** in the amount of **\$289,362.25**. It is further recommended that the President of the Board execute the agreement for said work and the Board authorize staff to proceed with the administration of the contract.

BACKGROUND AND DISCUSSION:

The Upper Ojai Reservoir is a 1.8 million gallon single tank. A temporary tank farm has been set up so the tank can be taken offline for maintenance. The tank was inspected, and found to have several deficiencies in the interior coating. This contract, if approved by the Board, will address these deficiencies by blasting and recoating the interior of the tank. In addition, seismic upgrades will be made to this tank.

Bids were opened at 11:00 am on Thursday November 8th, 2012. Upon opening the bids the lowest apparent bidder appeared to be Olympos Painting of Van Nuys, California with a bid amount of \$282,636. However, after closer inspection of the bid sheets it was determined Olympos Painting had made an error on their bid sheet. Olympos Painting had inserted the same value for the unit price as for the total cost on several items.

The third paragraph of the Instruction to Bidders states:

In the event that the unit price and the total amount named by any bidder for any item are not in agreement, the unit price shall govern and the totals shall be corrected to conform thereto.

When the unit prices are multiplied by the number of units, this makes Olympos Painting of Van Nuys total bid \$785,836. Therefore, the lowest responsible bidder was Olympus and Associates, of Reno, Nevada, with a bid of \$289,362.25. Olympus and Associates of Reno, Nevada successfully completed the Oak View Reservoir Tank #2.

For summarized bid results see attached sheet:

The FY 2012-13 Budget allocated \$370,000 for the coating work and the temporary tanks. The temporary tanks and piping have cost approximately \$201,000. This makes the project approximately \$121,000 **over budget**. The cost to paint this reservoir is significantly higher than the costs we have been receiving for previous reservoir painting projects. As a comparison, the almost twice as big Oak View Reservoir cost Casitas only \$260,637.39 to coat.



BID RESULTS
 Upper Ojai Reservoir Tank
 Specification No 12-356
 Thursday, November 08, 2012

	Contractor	Addendum	Bid Bond	Base Bid Amount
#1	State Painting Co Inc			\$ 326,469.00
#2	Olympos Painting Inc. (Van Nuys)			\$ 785,836.00
#3	Olympus & Associates Inc. (Reno)			\$ 289,362.25
#4	Blastco			\$ 328,003.00
#5	Industrial Coating & Restoration			\$ 333,884.00
#6	Advanced Industrial Services Inc.			\$ 311,160.00
#7	Utility Services Co. Inc			\$ 372,860.00
#8	Goodwest Linings & Coatings			\$ 678,792.00
#9	Crosno Construction Inc.			\$ 318,054.00
#10	Travis Ag			\$ 338,308.00
#11	Paso Robles Tank			\$ 327,550.00
#12				\$
#13				\$

<-----APPARENT LOWEST BIDDER

CASITAS MUNICIPAL WATER DISTRICT

**RESOLUTION AWARDING A CONTRACT
FOR THE UPPER OJAI RESERVOIR INTERIOR COATING AND REPAIR
SPECIFICATION NO. 12-356**

WHEREAS, the District invited bids from qualified contractors for the above-referenced project, and

WHEREAS, the District received eleven bids,

WHEREAS, Olympus and Associates submitted the low bid in the amount of \$289,362.25.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Casitas Municipal Water District as follows:

1. That the proposal from Olympus and Associates is responsive.
2. That the bid from Olympus and Associates in the amount of \$289,362.25 be accepted for the Upper Ojai Reservoir Interior Coating (Spec. #12-356) and a contract awarded.
3. That staff is hereby authorized and directed to proceed with the administration of the contract with Olympus and Associates.

ADOPTED this 28th day of November, 2012.

Russ Baggerly, President
Casitas Municipal Water District

ATTEST:

Bill Hicks, Secretary
Casitas Municipal Water District

CASITAS MUNICIPAL WATER DISTRICT
LAKE CASITAS RECREATION AREA

DATE: November 9, 2012
TO: Steve Wickstrum, General Manager
FROM: Carol Belser, Park Services Manager
SUBJECT: Recreation Area Monthly Report for October 2012

Visitation Numbers

The following is a comparison of visitations for October 2012:

	Oct. 2011	Oct. 2012	Sept. 2012
Visitor Days	34,192	37,060	53,220
Camps	1,854	3,518	4,192
Cars	8,548	9,265	13,305
Boats	222	183	213
Kayaks & Canoes	4	7	5

Fiscal Year to Date Visitation	
2011/2012	316,176
2012/2013	277,168
% Change	-12.337

Administration

Lake and District staff participated in animal awareness training provided by Bob Wisma from Ventura County Animal Control.

Lake staff participated in Ojai Day manning an information booth and providing information about Lake Casitas to the Ojai community. It is estimated that over 700 children participated in the free “fishing” for give-away prizes based on the individual prize count. The annual Coyote Classic Disc Golf Tournament was held October 11 through 15, the Float Fly event organized by the Ventura Comets was held the following weekend and the Cross Country Championships was held Oct 26.

Boating

There were 8 cables sold for new inspections, 7 boats were re-inspected and a total of 371 boats were retagged. Thirteen failed the first inspection.

Shoreline fishing at night was held October 26 and 27.

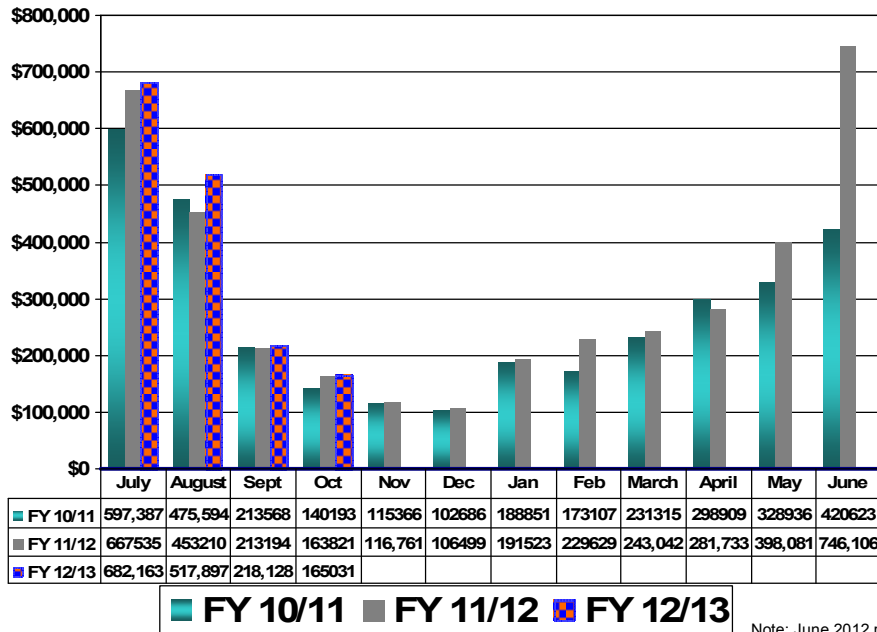
Incidents

Incidents that occurred in the Recreation Area that required calls for outside emergency services included possible anxiety related trouble breathing, an unconscious victim, and a possible DUI.

Revenue Reporting

The figures below illustrate all Lake Casitas Recreation Area’s revenue collected in the respective month (operations, concessions, Water Adventure, etc.) per the District’s Financial Summary generated by the Finance Manager.

LCRA TOTAL REVENUE



Note: June 2012 revenue included \$128,000 grant reimbursement from BOR and \$80,000 from Boating Waterways for a Patrol Vessel

**CASITAS MUNICIPAL WATER DISTRICT
TREASURER'S MONTHLY REPORT OF INVESTMENTS
11/19/12**

Type of Invest	Institution	CUSIP	Date of Maturity	Amount of Deposit	Current Mkt Value	Rate of Interest	Date of Deposit	% of Portfolio	Days to Maturity
*TB	Federal Home Loan Bank	313379EE5	06/14/19	\$1,393,598	\$1,394,996	1.625%	10/03/12	10.94%	2365
*TB	Federal Home Loan Bank	3133XSP930	12/13/13	\$743,750	\$721,665	3.125%	07/01/10	5.66%	384
*TB	Federal Home Loan Bank	3133XWNB10	06/12/15	\$729,603	\$744,786	2.875%	07/01/10	5.84%	923
*TB	Federal Home Loan Bank	3134A4VG60	11/17/15	\$801,864	\$790,769	4.750%	07/19/10	6.20%	1078
*TB	Federal Home Loan MTG Corp	3134G3GT10	10/18/17	\$220,000	\$220,246	1.250%	01/03/12	1.73%	1769
*TB	Federal Home Loan MTG Corp	3135G0ES80	11/15/16	\$696,737	\$704,938	1.375%	03/12/12	5.53%	1436
*TB	Federal Home Loan MTG Corp	3137EABA60	11/17/17	\$1,211,010	\$1,220,640	5.125%	01/03/12	9.57%	1798
*TB	Federal Home Loan MTG Corp	3137EABS70	09/27/13	\$766,605	\$723,534	4.125%	07/01/10	5.67%	308
*TB	Federal Home Loan MTG Corp	3137EACD90	07/28/14	\$739,907	\$731,556	3.000%	07/01/10	5.73%	609
*TB	Federal Natl MTG Assn	31398AYY20	09/16/14	\$739,123	\$735,336	3.000%	07/01/10	5.76%	657
*TB	US Treasury Inflation Index NTS	912828JE10	07/15/18	\$1,055,030	\$1,249,992	1.375%	07/06/10	9.80%	2036
*TB	US Treasury Notes	912828JW10	12/31/13	\$709,352	\$710,038	1.500%	04/01/10	5.57%	402
*TB	US Treasury Notes	912828LZ10	11/30/14	\$718,129	\$726,467	2.125%	07/01/10	5.70%	731
*TB	US Treasury Notes	912828MB30	12/15/12	\$709,707	\$700,462	1.125%	06/30/10	5.49%	26
*TB	US Treasury Inflation Index NTS	912828MF40	01/15/20	\$1,041,021	\$1,270,599	1.375%	07/01/10	9.96%	2576
	Accrued Interest			\$63,816	\$110,152				
	Total in Gov't Sec. (11-00-1055-00&1065)			\$12,339,252	\$12,756,175			85.51%	
	Total Certificates of Deposit: (11.13506)			\$0	\$0			0.00%	
**	LAIF as of: (11-00-1050-00)		N/A	\$444	\$444	0.35%	Estimated	0.00%	
***	COVI as of: (11-00-1060-00)		N/A	\$2,161,749	\$2,161,749	0.65%	Estimated	14.49%	
	TOTAL FUNDS INVESTED			\$14,501,445	\$14,918,368			100.00%	
	Total Funds Invested last report			\$14,498,478	\$14,905,159				
	Total Funds Invested 1 Yr. Ago			\$14,530,793	\$14,810,653				
****	CASH IN BANK (11-00-1000-00) EST.			\$3,368,036	\$3,368,036				
	CASH IN Western Asset Money Market			\$4	\$4	0.010%			
	CASH IN PIMMA Money Market			\$503,781	\$503,781	0.450%			
	TOTAL CASH & INVESTMENTS			\$18,373,265	\$18,790,188				
	TOTAL CASH & INVESTMENTS 1 YR AGO			\$18,119,751	\$18,399,611				
*CD	CD - Certificate of Deposit								
*TB	TB - Federal Treasury Bonds or Bills								
**	Local Agency Investment Fund								
***	County of Ventura Investment Fund								
	Estimated interest rate, actual not due at present time.								
****	Cash in bank								

No investments were made pursuant to subdivision (i) of Section 53601, Section 53601.1 and subdivision (i) Section 53635 of the Government Code.

All investments were made in accordance with the Treasurer's annual statement of investment policy.