

Casitas Municipal Water District

*Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2005*



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Casitas Municipal Water District
Oak View, California

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2005

Prepared by:

Denise Collin – Accounting Manager / Treasurer

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**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005**

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Introductory Section



October 31, 2005

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 year ended June 30, 2005, 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.

This CAFR is organized into three sections: (1) Introductory, (2) Financial and (3) Statistical. The Introductory section provides general information about the District's organization and activities, and provides information useful in assessing the District's financial condition. The Financial section includes the Independent Auditors' Report, Management's Discussion and Analysis of the District's basic financial statements, and the District's audited basic financial statements with accompanying notes. The Statistical section presents un-audited ten-year historical financial, demographic and statistical information pertinent to the District's operations.

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 \$31 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 growth. However, Santa Barbara and Ventura counties have shown stronger growth than other parts of Southern California, which is projected to continue through 2006.

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.

Major Initiatives

This year the District undertook major reviews in management, long term financing and maintenance. The management review resulted in 43 recommendations for consideration that management and staff will be working to implement or review in the next 2 to 4 years. The long term financing plan is to provide the resources that are necessary to fund the District properly as we meet the future needs and requirements that were identified in the plan. It is expected that this will have an impact on rates and activities of the District for the next five years. The maintenance review indicated a number of areas that needed improvement. Casitas will be working to address those maintenance areas in future budgets.

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 & Co., CPAs has conducted the audit of the District's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

Risk Management

The District has purchased insurance for the purpose of protecting itself against general and auto liabilities in performing the District's services. The District is also a member of CSAC Excess Insurance Authority (Authority) for its workers' compensation coverage. The purpose of the Authority is to purchase excess insurance coverage.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgements

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

Respectfully submitted,

John Johnson
General Manager

Denise Collin
Accounting Manager

Casitas Municipal Water District

Directory

July 1, 2004 – June 30, 2005

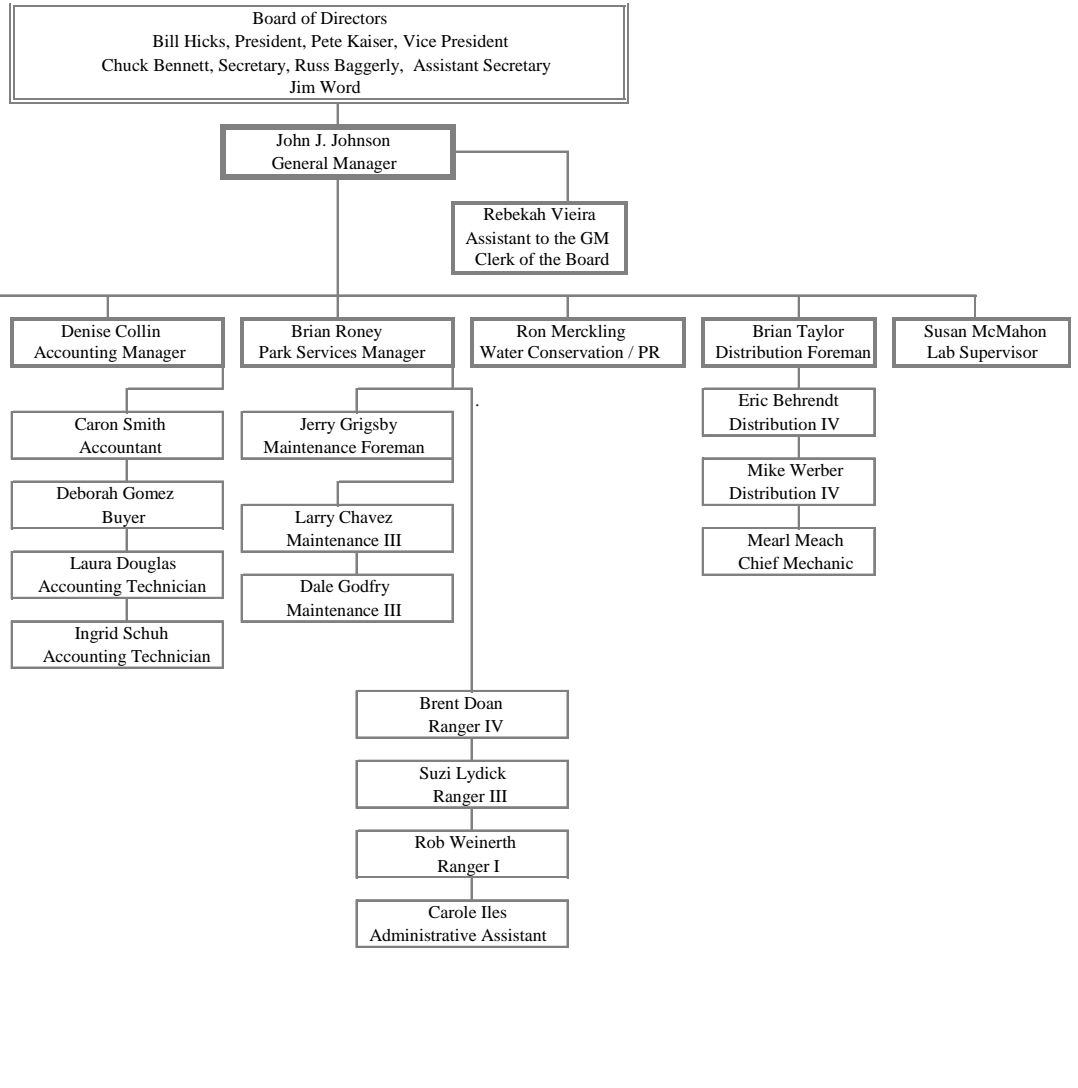
Board of Directors

Board Member	Title	Date of Original Election of Appointment	Ending Date of Term
Bill Hicks	President	December, 2002	December, 2006
Pete Kaiser	Vice President	December, 2004	December, 2008
Chuck Bennett	Secretary	December, 2002	December, 2006
Russ Baggerly	Asst. Secretary	December, 2004	December, 2008
James Word	Director	December, 2004	December, 2008

Staff

John J. Johnson	General Manager
Rebekah Vieira	Assistant to the General Manager Clerk of the Board
Steve Wickstrum	Principal Civil Engineer
Brian Roney	Park Services Manager
Denise Collin	Accounting Manager / Treasurer
Bob Monnier	Treatment Plant Manager
Ron Merckling	Water Conservation / PR

Casitas Municipal Water District Organizational Chart



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Financial Section

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 year ended June 30, 2005, which collectively comprise 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 audit. The comparative financial information as of June 30, 2004, was audited by other auditors whose report dated November 3, 2004, expressed an unqualified opinion on that financial information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides 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, 2005, and the respective changes in net assets and cash flows for the year 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, 2005, 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. This report can be found on page 51.

Management's discussion and analysis on pages 8 through 12 and the Schedule of Funding Progress on page 33 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Independent Auditor's Report, continued

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, supplementary information, and statistical section on pages 1 through 3, 34 through 40, and 41 through 50, respectively, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory section, supplementary information, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 31, 2005
Cypress, California

Casitas Municipal Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2005

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 year ended June 30, 2005. 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

- The District's net assets increased 2.5% or \$1,677,424 from \$66,093,719 to \$67,771,143 in fiscal year 2005.
- The District's operating revenues increased 13.1% or \$1,163,616 due to increases in sales of wholesale water in fiscal year 2005.
- The District's operating expenses increased 6.5% or \$512,276 in 2005 primarily due to overall increases in departmental and operational expenses in the fiscal year.

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 Year Ended June 30, 2005

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. The notes to the basic financial statements can be found on pages 17 through 32.

Statement of Net Assets

Condensed Statements of Net Assets			
	2005	2004	Change
Assets:			
Current assets	\$ 12,280,738	10,495,366	1,785,372
Restricted assets	226,563	235,244	(8,681)
Non-current assets	2,123,262	4,214,557	(2,091,295)
Capital assets, net	65,782,408	64,438,362	1,344,046
Total assets	80,412,971	79,383,529	1,029,442
Liabilities:			
Current liabilities	2,955,170	2,467,939	487,231
Non-current liabilities	9,686,658	10,821,871	(1,135,213)
Total liabilities	12,641,828	13,289,810	(647,982)
Net assets:			
Net investment in capital assets	55,137,259	52,913,400	2,223,859
Restricted for debt service	226,563	235,244	(8,681)
Unrestricted	12,407,321	12,945,075	(537,754)
Total net assets	67,771,143	66,093,719	1,677,424
Total liabilities and net assets	\$ 80,412,971	79,383,529	1,029,442

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 \$67,771,143 as of June 30, 2005.

One of the largest portions of the District's net assets (81% as of June 30, 2005) 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 year 2005, the District showed a positive balance in its unrestricted net assets of \$12,407,321, which may be utilized in future years.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2005

Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 10,017,759	8,854,143	1,163,616
Non-operating revenues	1,751,408	2,541,672	(790,264)
Total revenues	<u>11,769,167</u>	<u>11,395,815</u>	<u>373,352</u>
Expenses:			
Operating expenses	8,378,443	7,866,167	512,276
Depreciation and amortization	2,495,930	1,722,585	773,345
Non-operating expenses	230,420	147,436	82,984
Total expenses	<u>11,104,793</u>	<u>9,736,188</u>	<u>1,368,605</u>
Net income before capital contributions	664,374	1,659,627	(995,253)
Capital contributions	1,013,050	3,090,000	(2,076,950)
Change in net assets	1,677,424	4,749,627	(3,072,203)
Net assets, beginning of year	<u>66,093,719</u>	<u>61,344,092</u>	<u>4,749,627</u>
Net assets, end of year	<u>\$ 67,771,143</u>	<u>66,093,719</u>	<u>1,677,424</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 \$1,677,424 for the fiscal year ended June 30, 2005.

A closer examination of the sources of changes in net assets reveals that:

In 2005, the District's total revenues increased by only \$373,352, primarily due to an increase in wholesale water sales and a decrease in property tax revenue due to the State of California's property tax shift of \$1,038,637 from the District to the State in 2005. In addition, total expenses increased by \$1,368,605, primarily due to overall increases in departmental, operational and depreciation expenses in the fiscal year.

Operating Revenues – Water Consumption Sales

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Water consumption sales:			
Residential	\$ 1,805,226	2,141,965	(336,739)
Commercial	400,300	431,302	(31,002)
Agricultural	1,554,653	1,829,813	(275,160)
Wholesale	2,315,441	1,922,847	392,594
Total water consumption sales	<u>\$ 6,075,620</u>	<u>6,325,927</u>	<u>(250,307)</u>

In 2005, water consumption sales decreased by \$250,307, primarily due to a decrease in the energy surcharge, which is included in the residential water consumption sales amount above.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2005

Operating Expenses – Source of Supply Expenses

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Source of supply expenses:			
State water project	\$ 393,604	635,112	(241,508)
Other source of supply expenses	<u>827,403</u>	<u>738,443</u>	<u>88,960</u>
Total source of supply expenses	<u>\$ 1,221,007</u>	<u>1,373,555</u>	<u>(152,548)</u>

In 2005, source of supply expenses decreased by \$170,915, primarily due to decreases in costs for the operation and maintenance expense of the State Water Project and a decrease in the demand for water.

Capital Asset Administration

At the end of fiscal year 2005, the District's investment in capital assets amounted to \$65,782,408 (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 year 2005.

Changes in capital asset amounts for the year were as follows:

	<u>Balance 2004</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2005</u>
Capital assets:				
Non-depreciable assets	\$ 19,441,321	3,735,335	(12,881,753)	10,294,903
Depreciable assets	71,664,788	12,934,409	(281,142)	84,318,055
Accumulated depreciation and amortization	<u>(26,667,747)</u>	<u>(2,439,262)</u>	<u>276,459</u>	<u>(28,830,550)</u>
Total capital assets, net	<u>\$ 64,438,362</u>	<u>14,230,482</u>	<u>(12,886,436)</u>	<u>65,782,408</u>

Debt Administration

In 2005, long-term debt decreased by \$1,125,602, due to regular principal payments on the District's outstanding debts.

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

	<u>Balance 2004</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2005</u>
Long-term debt:				
Special assessment bonds payable	\$ 249,000	-	(8,500)	240,500
State water loan payable	4,146,576	-	(173,456)	3,973,120
Note payable to U.S. Bureau of Reclamation	<u>7,549,168</u>	<u>-</u>	<u>(943,646)</u>	<u>6,605,522</u>
Total long-term debt	<u>\$ 11,944,744</u>	<u>-</u>	<u>(1,125,602)</u>	<u>10,819,142</u>

Casitas Municipal Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2005

Conditions Affecting Current Financial Position

In 1992, the State of California found itself in a serious deficit position. To meet its obligations to fund education at specified levels the State enacted legislation that shifted partial financial responsibility for funding education to local government (cities, counties, and special districts). The State did this by instructing county auditors to shift the allocation of local property tax revenues from local government to "educational revenue augmentation funds" (ERAFs), directing that specified amounts of city, county, and other local agency property taxes be deposited into these funds to support schools.

In fiscal year 2004, the annual impact of the ERAF shift is \$5.2 billion from cities, counties, and special districts. The Governor's 2005 budget however, proposes to shift an additional \$1.34 trillion in property tax revenues from cities, counties, special districts and redevelopment agencies to the ERAF accounts in each county to help defer the state's obligation for K-12 education funding. This additional shift has impacted the District by reducing expected property tax revenue by approximately \$1,038,637 per year in fiscal years 2005 and 2006.

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.

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Basic Financial Statements

Casitas Municipal Water District
Statement of Net Assets
June 30, 2005
With comparative financial information at June 30, 2004

<i>Assets</i>	2005	2004
Current assets:		
Cash and cash equivalents (note 3)	\$ 7,036,240	5,623,324
Accrued interest receivable	37,031	-
Accounts receivable – water sales and services, net	857,982	1,218,059
Accounts receivable – property taxes	95,707	385
Accounts receivable – state operating grants	27,438	-
Accounts receivable – other	25,938	146,131
Due from other governments	31,993	8,614
Water-in-storage inventory	4,048,552	3,344,404
Materials and supplies inventory	45,542	72,096
Prepaid rent, current portion	47,775	47,775
Prepaid expenses and other deposits	26,540	34,578
Total current assets	12,280,738	10,495,366
Restricted assets:		
Accounts receivable – special assessments	226,563	235,244
Non-current assets:		
Investments (note 3)	492,265	2,495,062
Prepaid rent, long-term portion	119,438	167,213
Capital assets, net (note 5)	65,782,408	64,438,362
State Water Project entitlement (note 4)	1,337,566	1,367,744
Deferred charges, net (note 6)	173,993	184,538
Total non-current assets	67,905,670	68,652,919
Total assets	\$ 80,412,971	79,383,529
<i>Liabilities and Net Assets</i>		
Current liabilities – payable from unrestricted current assets:		
Accounts payable and accrued expenses	\$ 719,580	354,588
Accrued wages and compensated absences	854,297	724,680
Customer deposits	41,487	41,651
Interest payable	32,081	16,645
Unearned revenue	175,241	207,502
Bonds payable - current portion (note 7)	10,000	6,000
Loans payable - current portion (note 7)	1,122,484	1,116,873
Total current liabilities	2,955,170	2,467,939
Non-current liabilities:		
Bonds payable (note 7)	230,500	243,000
Loans payable (note 7)	9,456,158	10,578,871
Total non-current liabilities	9,686,658	10,821,871
Total liabilities	12,641,828	13,289,810
Net assets:		
Net investment in capital assets (note 8)	55,137,259	52,913,400
Restricted for debt service	226,563	235,244
Unrestricted	12,407,321	12,945,075
Total net assets	67,771,143	66,093,719
Total liabilities and net assets	\$ 80,412,971	79,383,529

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2005
With comparative financial information for the year ended June 30, 2004

	2005	2004
Operating revenues:		
Retail water consumption	\$ 3,760,179	4,403,080
Wholesale water consumption	2,315,441	1,922,847
Recreation revenue	2,728,680	2,412,902
Federal operating grants – water	301,592	-
State boating grants – recreation	27,439	67,043
Local water runoff	704,148	-
Other water charges and services	180,280	48,271
Total operating revenues	10,017,759	8,854,143
Operating expenses:		
Source of supply	1,221,007	1,373,555
Pumping	1,151,357	1,272,672
Water treatment	810,649	694,784
Transmission and distribution	687,259	331,412
Telemetry	142,261	150,053
Customer accounts	331,338	282,828
Recreation expenses	2,747,871	2,488,759
General and administrative	1,286,701	1,272,104
Total operating expenses	8,378,443	7,866,167
Operating income before depreciation and amortization	1,639,316	987,976
Depreciation and amortization – utility department	(2,057,044)	(1,483,227)
Depreciation – recreation department	(438,886)	(239,358)
Operating income (loss)	(856,614)	(734,609)
Non-operating revenue(expense)		
Property taxes	1,612,692	2,467,821
Property tax collection expense	(13,854)	(26,535)
Interest and investment earnings	138,716	73,851
Interest expense – long-term debt	(159,437)	(151,058)
Gain/(loss) on sale/disposition of capital assets	(4,683)	7,386
Other non-operating revenues/(expenses), net	(52,446)	22,771
Total non-operating revenues, net	1,520,988	2,394,236
Net income before capital contributions	664,374	1,659,627
Capital contributions:		
Federal capital grants	266,175	15,000
State & local capital grants	746,875	3,075,000
Capital contributions	1,013,050	3,090,000
Change in net assets	1,677,424	4,749,627
Net assets, beginning of year	66,093,719	61,344,092
Net assets, end of year	\$ 67,771,143	66,093,719

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statement of Cash Flows
For the Year Ended June 30, 2005
With comparative financial information for the year ended June 30, 2004

	2005	2004
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 9,690,618	8,217,626
Cash paid to vendors and suppliers for materials and services	(4,471,388)	(4,913,115)
Cash paid to employees for salaries and wages	(3,362,504)	(3,407,742)
Net cash provided by operating activities	1,856,726	(103,231)
Cash flows from non-capital financing activities:		
Proceeds from property taxes	1,512,197	2,465,464
Cash payments for State Water Project capital allocation	(15,945)	(2,577)
Net cash provided by non-capital financing activities	1,496,252	2,462,887
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,787,991)	(6,746,012)
Proceeds from capital grants	1,013,050	3,090,000
Principal paid on long-term debt	(1,125,602)	(1,116,190)
Interest paid on long-term debt	(144,001)	(151,058)
Net cash provided(used) in capital and related financing activities	(4,044,544)	(4,923,260)
Cash flows from investing activities:		
Proceeds from sale of investments	2,495,062	7,310,944
Purchases of investments	(492,265)	(4,816,799)
Interest and investment earnings	101,685	76,208
Net cash provided by investing activities	2,104,482	2,570,353
Net increase in cash and cash equivalents	1,412,916	6,749
Cash and cash equivalents, beginning of year	5,623,324	5,616,575
Cash and cash equivalents, end of year	\$ 7,036,240	5,623,324

Continued on next page

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statements of Cash Flows, continued
For the Year Ended June 30, 2005
With comparative financial information for the year ended June 30, 2004

	<u>2005</u>	<u>2004</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (856,614)	(734,609)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	2,495,930	1,722,585
Other non-operating revenues, net	(52,446)	22,771
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services, net	360,077	(598,544)
Accounts receivable – state operating grants	(27,438)	-
Accounts receivable – other	120,193	321
Due from other governments	(23,379)	-
Water-in-storage inventory	(704,148)	49,334
Materials and supplies inventory	26,554	(18,092)
Prepaid rent	47,775	47,775
Prepaid expenses and other deposits	8,038	(59,313)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	364,992	(355,509)
Accrued wages and compensated absences	129,617	(180,450)
Customer deposits	(164)	500
Unearned revenue	(32,261)	-
Total adjustments	<u>2,713,340</u>	<u>631,378</u>
Net cash provided by operating activities	<u>\$ 1,856,726</u>	<u>(103,231)</u>

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

(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, such as water sales and recreational charges, result from exchange transactions associated with the principal activities of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the District gives (receives) value without directly receiving (giving) value in exchange.

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 Year Ended June 30, 2005

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

D. Implementation of New Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 40

As of July 1, 2004, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB No 3*. This statement modifies the Deposit and Investment Risk Categorization Disclosures and requires additional information on an entity's cash and investment portfolio. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 40.

Governmental Accounting Standards Board Statement No. 41

In May 2003, the GASB issued Statement No. 41, *Budgetary Comparison Schedules- Perspective Differences, an amendment of GASB No. 34*. This statement established guidance for governments with significant budgetary perspective differences to report budgetary comparison schedules within the GASB Statement No. 34 reporting model. Accordingly, the District considers the effects of this statement when presenting its financial statements in accordance with the GASB No. 34 financial reporting model.

Governmental Accounting Standards Board Statement No. 42

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement requires governmental agencies to measure, recognize, and disclose the effects of capital asset impairments in their financial statements when it occurs. Also, this statement clarifies and establishes accounting requirements for insurance recoveries, including those associated with capital asset impairment. Accordingly, the District has analyzed its capital assets that may be impaired or in need of an insurance recovery provision as of June 30, 2005 and determined that none of its assets are impaired or in need of an insurance recovery provision.

E. 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 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

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

E. Assets, Liabilities and Net Assets, continued

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.

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

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

E. Assets, Liabilities and Net Assets, continued

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.

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.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

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

E. Assets, Liabilities and Net Assets, continued

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.

(2) Prior Period Adjustment

In 2005, the District, in reviewing its accounting method for its participation rights in the State Water Project, noted that its continued practice of capitalizing each year's costs of participation as an asset and the initial recognition of the debt service component of the participation rights as a District long-term liability was not supported by current generally accepted accounting principles. Therefore, the District has recorded a one-time prior period adjustment of \$8,875,601 as a reduction to the net assets of the District as of June 30, 2004 to conform to current generally accepted accounting principles. The following is an analysis summarizing the breakdown of this adjustment:

Description	Amount
Net assets – July 1, 2004	\$ 74,969,320
Adjustments:	
Capitalized participation rights that should have been expensed over prior years	(9,044,114)
Obligation under state water project that should not have been accounted for as a District long-term liability	1,531,286
Accumulated amortization of contributed capital component of participation rights	<u>(1,362,773)</u>
Total adjustments	<u>(8,875,601)</u>
Net assets – July 1, 2004, as restated	<u><u>\$ 66,093,719</u></u>

(3) Cash and Investments

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

Statement of Net Assets:	2005
Cash and cash equivalents	\$ 7,036,240
Investments	<u>492,265</u>
Total Cash and Investments	<u><u>\$ 7,528,505</u></u>

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

	2005
Cash on hand	\$ 3,000
Deposits with financial institutions	1,789,761
Investments	<u>5,735,744</u>
Total cash and investments	<u><u>\$ 7,528,505</u></u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(3) Cash and Investments, continued

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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. The District had deposits with bank balances of \$1,589,287 as of June 30, 2005. Of the bank balances, up to \$100,000 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(3) Cash and Investments, continued

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.

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:

Investment Type	Total	Remaining Maturity 12 Months Or Less
U.S. Treasury Obligations	\$ 492,265	492,265
Local Agency Investment Fund (LAIF)	4,671,615	4,671,615
Ventura County Pooled Money Investment Account	571,864	571,864
Total	\$ 5,735,744	5,735,744

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.

Investment Types	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
U.S. Treasury Obligations	\$ 492,265	N/A	\$ 492,265	-	-
Local Agency Investment Fund (LAIF)	4,671,615	N/A	-	-	4,671,615
Ventura County Pooled Money Investment Account	571,864	AAA	-	571,864	-
Total	\$ 5,735,744		\$ 492,265	571,864	4,671,615

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(4) Participation Rights

Participation rights activity for the fiscal year ended June 30, 2005 was as follows:

	<u>Balance 2004</u>	<u>Adjustments</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2005</u>
State Water Project	\$ 11,774,631	(9,044,114)	15,945	-	2,746,462
Accumulated amortization	-	(1,362,773)	(46,123)	-	(1,408,896)
Participation rights, net	<u>\$ 11,774,631</u>	<u>(10,406,887)</u>	<u>(30,178)</u>	<u>-</u>	<u>1,337,566</u>

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 allotted 5,000 acre-feet per year, United Water Conservation District is allotted 5,000 acre-feet per year, and the City of Ventura is allotted 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. Amortization expense totaled \$46,123 for the fiscal year ended June 30, 2005.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(5) Capital Assets

Changes in capital assets for the year were as follows:

	<u>Balance 2004</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2005</u>
Non-depreciable assets:				
Land and land rights	\$ 6,047,935	-	-	6,047,935
Construction-in-process	13,393,386	3,735,335	(12,881,753)	4,246,968
Total non-depreciable assets	<u>19,441,321</u>	<u>3,735,335</u>	<u>(12,881,753)</u>	<u>10,294,903</u>
Depreciable assets:				
Utility plant	13,165	-	(13,165)	-
Transmission and distribution system	34,340,938	70,620	(250,003)	34,161,555
Pumping plant	5,329,214	2,186,208	(4,683)	7,510,739
Water treatment plant	20,148,438	383,970	-	20,532,408
Buildings and structures	1,517,418	-	-	1,517,418
Equipment	3,331,922	398,108	(13,291)	3,716,739
Fish ladder	-	7,766,336	-	7,766,336
Recreation assets	6,983,693	193,262	-	7,176,955
Alternate swimming facility	-	1,935,905	-	1,935,905
Total depreciable assets	<u>71,664,788</u>	<u>12,934,409</u>	<u>(281,142)</u>	<u>84,318,055</u>
Accumulated depreciation and amortization:				
Utility plant	(13,165)	-	13,165	-
Transmission and distribution system	(13,149,352)	(389,565)	250,003	(13,288,914)
Pumping plant	(1,736,928)	(251,998)	-	(1,988,926)
Water treatment plant	(5,182,304)	(710,881)	-	(5,893,185)
Buildings and structures	(755,028)	(38,538)	-	(793,566)
Equipment	(1,677,997)	(221,077)	13,291	(1,885,783)
Fish ladder	-	(388,317)	-	(388,317)
Recreation assets	(4,152,973)	(245,295)	-	(4,398,268)
Alternate swimming facility	-	(193,591)	-	(193,591)
Total accum depr. and amort.	<u>(26,667,747)</u>	<u>(2,439,262)</u>	<u>276,459</u>	<u>(28,830,550)</u>
Total depreciable assets, net	<u>44,997,041</u>	<u>10,495,147</u>	<u>(4,683)</u>	<u>55,487,505</u>
Total capital assets, net	<u>\$ 64,438,362</u>	<u>14,230,482</u>	<u>(12,886,436)</u>	<u>65,782,408</u>

In 2005, major capital assets additions during the year include the rehabilitation of the District's transmission and distribution systems mains and pipelines. A significant portion of these additions were constructed by the District and transferred out of construction-in-process upon completion of these various projects.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(5) Capital Assets, continued

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:

	2004	2005
The balance at June 30, consists of the following projects:		
Steelhead restoration and recovery	\$ 31,595	-
Avenue #2 pump overhaul	2,331	-
Fish ladder at Robles Dam	5,189,795	-
Aeration line design	8,719	-
Avenue #1 pump overhaul phase 2	1,419,375	-
Dam modifications	2,125,765	2,125,765
Alternative swimming facility	1,839,235	-
Santa Ana boat ramp	1,456,019	1,456,019
Lake docks	-	114,060
Various other minor projects	1,320,552	551,124
Construction-in-process	\$ 13,393,386	4,246,968

(6) Deferred Charges

The deferred charges balance relates to the loan fees of the State Water Resources Control Board loan. The balance is being amortized over a twenty year period. The deferred charges net balances are as follows:

	2005
The balance at June 30, consists of the following:	
Deferred charges	\$ 247,808
Accumulated amortization	(73,815)
Deferred charges, net	\$ 173,993

(7) Long-term Debt

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

	Balance 2004	Additions	Principal Payments	Balance 2005
Long-term debt:				
Special assessment bonds payable	\$ 249,000	-	(8,500)	240,500
State Water loan payable	4,146,576	-	(173,456)	3,973,120
Note payable to U.S. Bureau of Reclamation	7,549,168	-	(943,646)	6,605,522
Total long-term debt	11,944,744	-	(1,125,602)	10,819,142
Less: current portion	(1,122,873)			(1,132,484)
Total long-term portion	\$ 10,821,871			9,686,658

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(7) Long-term Debt, continued

Loans Payable:

1991 California Department of Water Resources Loan

In 1991 the District contracted with the California Department of Water Resources for a \$5,203,965 30-year loan to assist in financing the construction of capital improvements. The loan is scheduled to mature in 2021. Interest and principle are payable annually on March 31st 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>
2006	\$ 178,838	126,204	305,042
2007	184,632	120,410	305,042
2008	190,613	114,430	305,043
2009	196,788	108,255	305,043
2010	203,163	101,880	305,043
2011-2015	1,118,900	406,312	1,525,212
2016-2020	1,312,257	212,955	1,525,212
2021-2022	587,929	23,741	611,670
Total	\$ 3,973,120	<u>1,214,187</u>	<u>5,187,307</u>
Less current portion	<u>(178,838)</u>		
Total non-current	\$ <u>3,794,282</u>		

United States Bureau of Reclamation Note 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 ad valorem taxes on property within the District. Annual debt service requirements on the Bureau of Reclamation note payable are as follows:

<u>Fiscal Year</u>	
2006	\$ 943,646
2007	943,646
2008	943,646
2009	943,646
2010	943,646
2011-2012	<u>1,887,292</u>
Total	\$ 6,605,522
Less current portion	<u>(943,646)</u>
Total non-current	\$ <u>5,661,876</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(7) Long-Term Debt, continued

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 \$22,500 through the year 2021. Debt service payments on the special assessment bonds are provided by assessments of property owners. Annual debt service requirements on the special assessment bonds payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	10,000	12,025	22,025
2007	11,000	11,525	22,525
2008	11,000	10,925	21,925
2009	12,000	10,325	22,325
2010	12,000	9,725	21,725
2011-2015	72,000	39,275	111,275
2016-2020	90,000	19,625	109,625
2021	22,500	1,125	23,625
Total	\$ 240,500	114,550	355,050
Less current portion	(10,000)		
Total non-current	\$ 230,500		

(8) Net Investment in Capital Assets

Net investment in capital assets:

The balance at June 30, consists of the following:

	<u>2005</u>
Capital assets, net	\$ 65,782,408
Deferred charges, net	173,993
Bonds payable – current portion	(10,000)
Loans payable – current portion	(1,122,484)
Bonds payable – non-current portion	(230,500)
Loans payable – non-current portion	(9,456,158)
Net investment in capital assets	\$ 55,137,259

(9) Defined Benefit Pension Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(9) Defined Benefit Pension Plan, continued

Funding Policy

The contribution rate for participants 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 rate for fiscal year 2005 was 0.000%. 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.

Annual Pension Cost

For fiscal year 2005, the District's annual pension cost was \$0 for CalPERS and was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expense), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost of living adjustments to 14.45% depending on age. Both (a) and (b) included an inflation component of 3.00% and a payroll growth rate of 3.25%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investment over a three-year period (smoothed market value). Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period.

Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The District presents the most recent available three-year Annual Pension Cost (APC) information for the plan, along with required supplementary information as follows:

Three-Year Trend Information for CalPERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	-	100%	-
2004	-	100%	-
2005	-	100%	-

(10) Post Employment Benefits

In addition to a pension plan, substantially all the District's employees may become eligible for certain health care benefits if they reach normal retirement age while working for the District. These benefits are provided through an insurance company whose premiums are based on benefits paid. As of June 30, 2005, 37 employees qualified for these benefits. The total expense incurred for these benefits for retired employees for the year ended June 30, 2005 was \$278,683.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(11) Risk Management

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

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2005 and 2004. 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, 2005 and 2004.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2005, that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the District's future financial statements.

Governmental Accounting Standards Board Statement No. 43

In April 2004, the GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes accounting and financial reporting standards for plans that provide postemployment benefits other than pension benefits (known as other postemployment benefits or OPEB). This statement is not effective until June 30, 2007. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

Governmental Accounting Standards Board Statement No. 44

In May 2004, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section-an amendment of NCGA Statement No.1*. This statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. This statement is not effective until June 30, 2006. The District has not determined the effect this statement will have on its financial statement presentation.

Governmental Accounting Standards Board Statement No. 45

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers. This statement is not effective until June 30, 2009. This statement is expected to have a significant impact on the presentation of the District's financial statements in future years..

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

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

Governmental Accounting Standards Board Statement No. 46

In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation, an amendment of GASB Statement No. 34*. GASB Statement No. 34 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. In the process of applying this provision, some governments have had difficulty interpreting the requirement that those restrictions be “legally enforceable.” The confusion over this phrase has resulted in a diversity of practice that has diminished comparability. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel the government to honor. This statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this statement requires governments to disclose the portion of net assets that are restricted by enabling legislation. This statement is not effective until June 30, 2006. The District has not determined the effect this statement will have on its financial statement.

Governmental Accounting Standards Board Statement No. 47

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement establishes accounting standards for *voluntary* and *involuntary* termination benefits. This statement is not effective until June 30, 2006. The District has not determined the effect this statement will have on its financial statement presentation.

(13) Commitments and Contingencies

Casitas Dam Project – Seismic Safety of Casitas Dam

The United States Bureau of Reclamation (USBR) has undertaken a project to strengthen Casitas Dam to better withstand seismic activity. 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, 2005 is \$2,125,765, which is shown as construction in process. Upon completion, the amount paid will be shown as a depreciable asset.

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>
2006	\$ 1,153,228
2007	1,167,747
2008	1,113,270
2009	1,148,713
2010	1,173,023

As of June 30, 2005, the District has expended \$13,833,476 since the District started participating in the State Water Contract.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Year Ended June 30, 2005

(13) Commitments and Contingencies, continued

State Water Contract, continued

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	\$ 25,733,144
Conservation facilities	3,708,355
Off-aqueduct power facilities	1,653,200
Revenue bond surcharge	<u>1,774,772</u>
Total long-term SWP contract obligations	<u>\$ 32,869,471</u>

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.

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Required Supplementary Information

Casitas Municipal Water District
Schedule of Funding Progress – CalPERS Pension Plan
For the Years Ended June 30, 2005 and 2004

Required Supplementary Information – *Funded Status of the CalPERS Pension Plan*

Actuarial Valuation Date	Entry Age Normal Accrued Liability [A]	Actuarial Value of Assets [B]	Unfunded Liability (Excess Assets) [A-B]	Funded Status [B/A]	Annual Covered Payroll [C]	UAAL/ (Excess Assets) as a % of Payroll [(A-B)/C]
June 30, 2001	\$ 14,652,840	19,467,778	(4,814,938)	132.9%	1,946,279	(247.4%)
June 30, 2002	15,227,515	18,100,974	(2,873,459)	118.9%	2,223,883	(129.2%)
June 30, 2003	17,274,151	17,849,663	(575,512)	103.3%	2,331,786	(24.7%)

The Schedule of Funding Progress above shows the District’s recent history of its CalPERS Pension Plan actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Supplementary Information

Casitas Municipal Water District
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget to Actual
For the Year Ended June 30, 2005

	<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	\$ 3,262,849	-	3,262,849	3,760,179	497,330
Wholesale water consumption	2,579,434	-	2,579,434	2,315,441	(263,993)
Recreation revenue	2,281,148	-	2,281,148	2,728,680	447,532
Federal operating grants – water	-	-	-	301,592	301,592
State boating grants – recreation	-	-	-	27,439	27,439
Local water runoff	-	-	-	704,148	704,148
Other water charges and services	693	-	693	180,280	179,587
Total operating revenues	<u>8,124,124</u>	<u>-</u>	<u>8,124,124</u>	<u>10,017,759</u>	<u>1,893,635</u>
Operating expenses:					
Source of supply	456,904	-	456,904	1,221,007	(764,103)
Pumping	1,204,052	-	1,204,052	1,151,357	52,695
Water Treatment	847,575	-	847,575	810,649	36,926
Transmission and distribution	492,240	-	492,240	687,259	(195,019)
Telemetry	183,051	-	183,051	142,261	40,790
Customer accounts	277,204	-	277,204	331,338	(54,134)
Recreation expenses	1,997,487	-	1,997,487	2,747,871	(750,384)
General and administrative	1,879,354	-	1,879,354	1,286,701	592,653
Total operating expenses	<u>7,337,867</u>	<u>-</u>	<u>7,337,867</u>	<u>8,378,443</u>	<u>(1,040,576)</u>
Operating income before depreciation and amortization	786,257	-	786,257	1,639,316	853,059
Depreciation and amortization – utility department	-	-	-	(2,057,044)	(2,057,044)
Depreciation – recreation department	-	-	-	(438,886)	(438,886)
Operating income (loss)	<u>786,257</u>	<u>-</u>	<u>786,257</u>	<u>(856,614)</u>	<u>(1,642,871)</u>
Non-operating revenue(expense)					
Property taxes	709,195	-	709,195	1,612,692	903,497
Property tax collection expense	(7,122)	-	(7,122)	(13,854)	(6,732)
Interest and investment earnings	75,000	-	75,000	138,716	63,716
Interest expense – long-term debt	(133,000)	-	(133,000)	(159,437)	(26,437)
Gain/(loss) on sale/disposition of capital assets	-	-	-	(4,683)	(4,683)
Other non-operating revenues/(expenses), net	-	-	-	(52,446)	(52,446)
Total non-operating revenues, net	<u>644,073</u>	<u>-</u>	<u>644,073</u>	<u>1,520,988</u>	<u>876,915</u>
Net income before capital contributions	<u>1,430,330</u>	<u>-</u>	<u>1,430,330</u>	<u>664,374</u>	<u>(765,956)</u>
Capital contributions:					
Federal capital grants	1,000	-	1,000	266,175	265,175
State & local capital grants	1,004,500	-	1,004,500	746,875	(257,625)
Capital contributions	<u>1,005,500</u>	<u>-</u>	<u>1,005,500</u>	<u>1,013,050</u>	<u>7,550</u>
Change in net assets	<u>\$ 2,435,830</u>	<u>-</u>	<u>2,435,830</u>	<u>1,677,424</u>	<u>(758,406)</u>
Net assets, beginning of year	66,093,719		66,093,719	66,093,719	
Net assets, end of year	<u>\$ 68,529,549</u>		<u>68,529,549</u>	<u>67,771,143</u>	

Casitas Municipal Water District
Combining Balance Sheet
June 30, 2005

<i>Assets</i>	Operating Fund	Financing Fund	Improvement Assessment Fund	Total
Current assets:				
Cash and cash equivalents	\$ 7,036,172	-	68	7,036,240
Accrued interest receivable	37,031	-	-	37,031
Accounts receivable – water sales and services, net	857,982	-	-	857,982
Accounts receivable – property taxes	95,707	-	-	95,707
Accounts receivable – state operating grants	27,438	-	-	27,438
Accounts receivable – other	25,938	-	-	25,938
Due from other governments	-	31,993	-	31,993
Due from other funds	-	3,923,020	30,341	3,953,361
Water-in-storage inventory	4,048,552	-	-	4,048,552
Materials and supplies inventory	45,542	-	-	45,542
Prepaid rent, current portion	47,775	-	-	47,775
Prepaid expenses and other deposits	26,540	-	-	26,540
Total current assets	<u>12,248,677</u>	<u>3,955,013</u>	<u>30,409</u>	<u>16,234,099</u>
Restricted assets:				
Accounts receivable – special assessments	-	-	226,563	226,563
Non-current assets:				
Investments – held-to-maturity	492,265	-	-	492,265
Prepaid rent, long-term portion	119,438	-	-	119,438
Capital assets, net	65,782,408	-	-	65,782,408
State Water Project entitlement	1,337,566	-	-	1,337,566
Deferred charges, net	173,993	-	-	173,993
Total non-current assets	<u>67,905,670</u>	<u>-</u>	<u>-</u>	<u>67,905,670</u>
Total assets	<u>\$ 80,154,347</u>	<u>3,955,013</u>	<u>256,972</u>	<u>84,366,332</u>
<i>Liabilities and Net Assets</i>				
Current liabilities – payable from unrestricted current assets:				
Accounts payable and accrued expenses	\$ 719,580	-	-	719,580
Accrued wages and compensated absences	854,297	-	-	854,297
Customer deposits	40,987	-	500	41,487
Interest payable	32,081	-	-	32,081
Deferred revenue	175,241	-	-	175,241
Due to other funds	3,953,361	-	-	3,953,361
Bonds payable - current portion	-	-	10,000	10,000
Loans payable - current portion	178,838	943,646	-	1,122,484
Total current liabilities	<u>5,954,385</u>	<u>943,646</u>	<u>10,500</u>	<u>6,908,531</u>
Non-current liabilities:				
Bonds payable	-	-	230,500	230,500
Loans payable	3,794,282	5,661,876	-	9,456,158
Total non-current liabilities	<u>3,794,282</u>	<u>5,661,876</u>	<u>230,500</u>	<u>9,686,658</u>
Total liabilities	<u>9,748,667</u>	<u>6,605,522</u>	<u>241,000</u>	<u>16,595,189</u>
Net assets:				
Net investment in capital assets	61,983,281	(6,605,522)	(240,500)	55,137,259
Restricted for debt service	-	-	226,563	226,563
Unrestricted	8,422,399	3,955,013	29,909	12,407,321
Total net assets	<u>70,405,680</u>	<u>(2,650,509)</u>	<u>15,972</u>	<u>67,771,143</u>
Total liabilities and net assets	<u>\$ 80,154,347</u>	<u>3,955,013</u>	<u>256,972</u>	<u>84,366,332</u>

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department
For the Year Ended June 30, 2005
With comparative financial information for the year ended June 30, 2004

	<u>2005</u>	<u>2004</u>
Source of supply:		
Salaries and benefits	\$ 291,396	318,104
District equipment	8,270	5,571
Services and supplies	61,156	11,324
Utilities	8,456	2,156
Gauging stations/USGS Agreement	8,550	4,185
Purchased water	1,538	1,825
Outside contracts	52,315	30,499
Communications	1,732	2,343
Memberships and dues	1,495	2,902
Printing and binding	4,716	-
Books and publications	-	151
Postage	1,522	2,905
Other professional services	324,603	-
Licenses and permits	11,882	11,262
Advertising and legal notices	974	366
Safety program	450	-
Private vehicle mileage	-	479
Travel expense	273	293
State Water Project expenses	393,604	635,112
Education and training	130	186
Water storage fluctuations	-	296,005
Rent - Matilija Dam	47,775	47,775
Administrative overhead burden	170	112
Total source of supply	<u>1,221,007</u>	<u>1,373,555</u>
Pumping:		
Salaries and benefits	107,354	104,093
District equipment	5,707	4,523
Services and supplies	39,187	72,096
Power purchased for pumping	988,765	1,082,505
Gas purchased for pumping	800	772
Outside contracts	4,448	5,163
Clothing and personal supplies	383	-
Communications	2,639	2,261
Licenses and permits	1,601	684
Small tools	473	575
Total pumping	<u>1,151,357</u>	<u>1,272,672</u>
Water treatment:		
Salaries and benefits	428,496	359,878
District equipment	11,713	8,760
Services and supplies	52,329	49,551
Utilities	150,320	159,514
Chlorine	60,407	56,071
Polymer	14,841	21,118
Ferric	12,310	10,815
Ammonia	22,578	17,420
Caustics	33,275	284
Computer upgrades	1,405	205
Outside contracts	15,195	8,853
Clothing and personal supplies	997	223
Communications	1,564	1,419
Office equipment maintenance	109	-
Other professional services	4,215	-
Licenses and permits	245	294
Advertising and legal notices	-	36
Small tools	480	252
Private vehicle mileage	-	19
Education and training	170	72
Total water treatment	<u>810,649</u>	<u>694,784</u>

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Year Ended June 30, 2005
With comparative financial information for the year ended June 30, 2004

	<u>2005</u>	<u>2004</u>
Transmission and distribution:		
Salaries and benefits	\$ 350,768	217,882
District equipment	15,687	18,982
Services and supplies	211,198	58,842
Computer upgrades	-	2,686
Outside contracts	80,123	22,171
Clothing and personal supplies	942	1,695
Communications	2,465	1,804
Books and publications	-	40
Licenses and permits	3,621	2,494
Small tools	19,818	4,798
Travel expense	70	18
Education and training	2,567	-
Total transmission and distribution	<u>687,259</u>	<u>331,412</u>
Telemetering:		
Salaries and benefits	78,842	84,435
District equipment	6,205	3,533
Services and supplies	16,825	14,950
Utilities	20,046	26,692
Computer upgrades	-	8,300
Outside contracts	7,962	79
Communications	9,790	7,001
Books and publications	-	78
Advertising and legal notices	-	1,120
Small tools	326	349
Telemetering lease line	2,265	3,516
Total telemetering	<u>142,261</u>	<u>150,053</u>
Customer accounts:		
Salaries and benefits	275,845	232,352
District equipment	8,899	7,930
Services and supplies	19,579	21,760
Leak relief expense	6,030	1,639
Bad debt provision	4,863	61
Outside contracts	5,081	3,437
Clothing and personal supplies	824	669
Communications	-	48
Printing and binding	1,483	3,798
Postage	8,211	7,564
Licenses and permits	60	319
Advertising and legal notices	-	120
Small tools	218	3,005
Travel expense	22	-
Education and training	223	126
Total customer accounts	<u>331,338</u>	<u>282,828</u>

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Year Ended June 30, 2005
With comparative financial information for the year ended June 30, 2004

	<u>2005</u>	<u>2004</u>
General and administrative:		
Salaries and benefits	1,528,473	1,501,010
District equipment	7,051	3,541
Services and supplies	94,369	98,159
Utilities	39,228	32,458
Water playground chemicals	-	236
Computer upgrades	11,553	27,239
Vehicle costs direct	113,024	81,801
Litigation and settlement costs	-	71
Bad debt provision	-	10,277
Outside contracts	119,162	127,315
Clothing and personal supplies	1,162	1,373
Communications	38,464	38,669
Office equipment maintenance	5,061	3,532
Memberships and dues	50,707	34,396
Printing and binding	25,294	12,289
Books and publications	2,187	3,258
Office supplies	9,307	12,682
Postage	19,192	25,655
Other professional services	59,980	71,983
Licenses and permits	7,937	5,786
Advertising and legal notices	7,851	6,396
Small tools	9,379	2,525
Safety program	2,351	3,120
Private vehicle mileage	7,469	13,009
Travel expense	6,834	37,732
Directors election fees	13,140	100
Education and training	10,169	6,126
(Gains)/losses on inventory	39,583	(209)
Interest	2,499	-
Credit card fees	55	-
Petty cash over/short	54	24
Uninsured losses	265	121
Insurance	63,186	34,420
Workers' compensation	66,372	40,639
Other operating expenses	189,560	-
Administrative overhead burden	(1,264,217)	(963,629)
Total general and administrative	<u>1,286,701</u>	<u>1,272,104</u>
Depreciation and amortization:		
Source of supply	549,311	157,205
Pumping	371,619	262,486
Water treatment	581,947	564,752
Transmission and distribution	228,944	223,601
General and administrative	268,555	219,046
Amortization – deferred charges	10,545	10,545
Amortization – State Water Project entitlement	46,123	45,592
Total depreciation and amortization	<u>2,057,044</u>	<u>1,483,227</u>
Total operating expenses – utility department	\$ <u><u>7,687,616</u></u>	<u><u>6,860,635</u></u>

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department
For the Year Ended June 30, 2005
With comparative information for the year ended June 30, 2004

	<u>2005</u>	<u>2004</u>
Recreation revenue:		
Commericals	\$ 7,750	13,660
Events	29,751	29,786
Overnight boat storage	11,768	2,355
Collection overages/shortages	(16,311)	(42,839)
Boat rentals	114,463	123,711
Telephone	197	426
Park Store	28,706	19,967
Annual kayak and canoes	1,824	2,609
Water playground tickets	630,632	245,440
Taxable concession sales	14,253	15,193
Daily kayak and canoes	1,299	2,947
Nontaxable concession sales	36,375	16,496
Wildlife tours concession	6,000	4,631
Daily vehicle charges	255,012	261,267
Frequent visitor cards	122,687	126,268
Daily boat charges	39,255	43,548
Annual boat fees	42,160	43,376
Camping fees	1,100,044	1,205,334
Trailer storage fees	104,263	128,672
Shower facilities	19,665	21,818
Animal permits	10,435	11,942
Water park group reservations	25,442	21,144
Water park reservations	41,972	36,928
Water park Promotions	(445)	-
Water park special events	774	-
Trailer rental concession agreement	4,946	2,525
Reservations	95,261	85,833
Rainchecks	-	(10,401)
Gift certificates	502	(193)
Miscellaneous income(loss)	-	459
	<u>2,728,680</u>	<u>2,412,902</u>
Total		
State boating grants – recreation	<u>27,439</u>	<u>67,043</u>
Total recreation revenue	<u>2,756,119</u>	<u>2,479,945</u>

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department, continued
For the Year Ended June 30, 2005
With comparative information for the year ended June 30, 2004

	<u>2005</u>	<u>2004</u>
Recreation expenses:		
Salaries and benefits	\$ 1,077,418	1,029,176
District equipment	98,019	83,680
Services and supplies	167,778	106,614
Utilities	142,556	100,492
Chlorine	23,692	25,843
Water playground chemicals	3,175	7,053
Concession supplies	20,430	21,752
Computer upgrades	8,443	9,689
Vehicle costs direct	591	-
Purchased water	48,715	43,274
Bad debt provision	1,033	178,889
Fish purchases	31,953	33,337
Outside contracts	104,672	138,523
Clothing and personal supplies	21,370	11,063
Communications	15,980	18,448
Office equipment maintenance	1,409	5,827
Memberships and dues	852	509
Printing and binding	25,176	12,984
Books and publications	26	212
Office supplies	10,976	3,731
Postage	7,383	3,482
Other professional services	10,584	1,280
Licenses and permits	832	2,914
Advertising and legal notices	8,185	674
Small tools	7,991	427
Public information program	7,165	4,312
Safety program	2,252	-
Private vehicle mileage	435	193
Travel expense	6,641	5,310
Education and training	2,026	3,504
Credit card fees	43,495	31,237
Uninsured losses	12,431	424
Workers' compensation	29,139	13,271
Administrative overhead burden	<u>805,048</u>	<u>590,635</u>
Total	2,747,871	2,488,759
Depreciation – recreation department	<u>438,886</u>	<u>239,358</u>
Total recreation expenses	<u>3,186,757</u>	<u>2,728,117</u>
Net recreation loss	<u>\$ (430,638)</u>	<u>(248,172)</u>

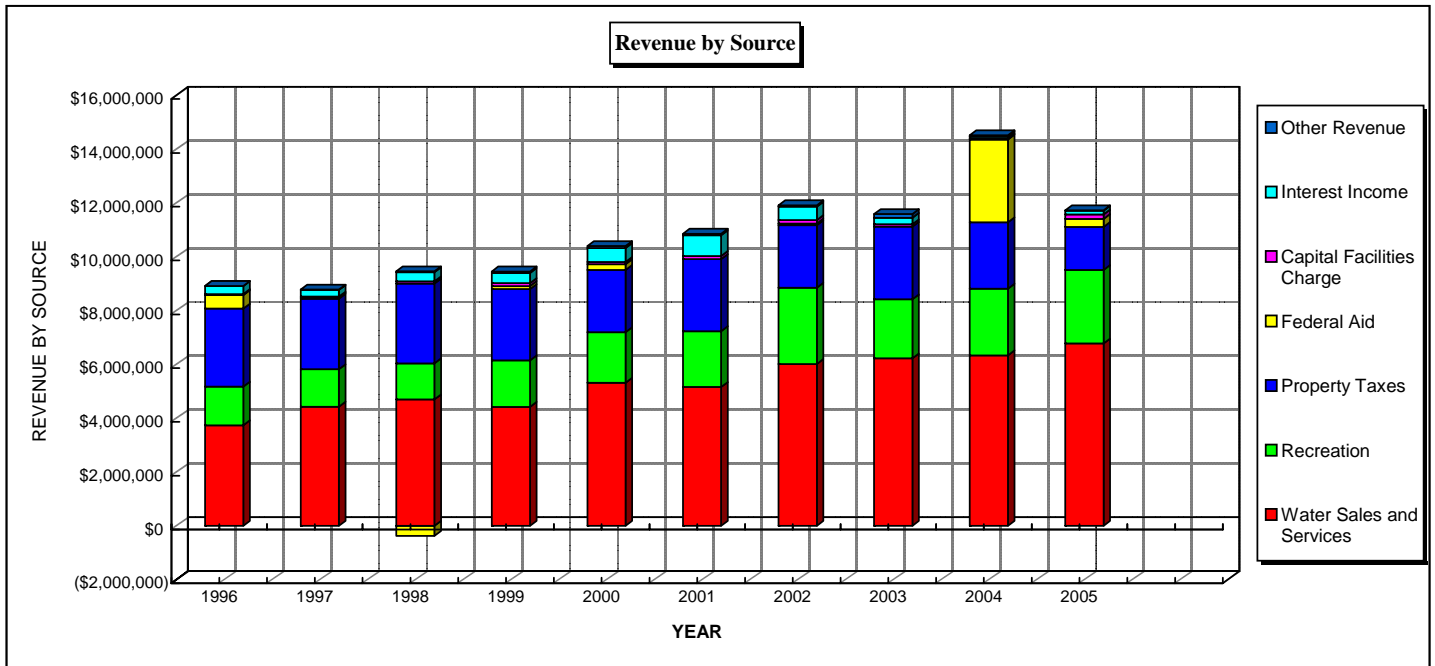
Statistical Section

Casitas Municipal Water District

Revenue by Source Last Ten Fiscal Years

Table 1

Year Ended June 30	Water Sales and Services	Recreation	Property Taxes	Federal Aid	Capital Facilities Charge	Interest Income	Other Revenue	Total
1996	\$3,735,937	\$1,440,279	\$2,899,788	\$502,500	\$34,058	\$304,348	\$0	\$8,916,910
1997	\$4,431,012	\$1,391,897	\$2,617,560	\$48,684	\$27,590	\$251,488	\$15,516	\$8,783,747
1998	\$4,697,686	\$1,340,186	\$2,967,545	(\$373,043)	\$80,965	\$339,386	\$34,081	\$9,086,806
1999	\$4,422,236	\$1,727,801	\$2,651,390	\$110,417	\$110,482	\$375,523	\$56,165	\$9,454,014
2000	\$5,315,618	\$1,883,613	\$2,309,402	\$216,435	\$82,935	\$520,133	\$74,492	\$10,402,628
2001	\$5,162,660	\$2,073,030	\$2,677,581	\$0	\$118,790	\$767,526	\$58,902	\$10,858,489
2002	\$6,014,499	\$2,835,952	\$2,325,808	\$55,330	\$134,426	\$495,218	\$52,550	\$11,913,783
2003	\$6,226,072	\$2,191,092	\$2,698,760	\$0	\$93,002	\$240,699	\$137,214	\$11,586,839
2004	\$6,336,220	\$2,479,950	\$2,465,464	\$3,075,000	\$37,980	\$76,208	\$45,146	\$14,515,968
2005	\$6,779,768	\$2,728,680	\$1,598,838	\$301,592	\$164,965	\$138,716	\$15,314	\$11,727,873



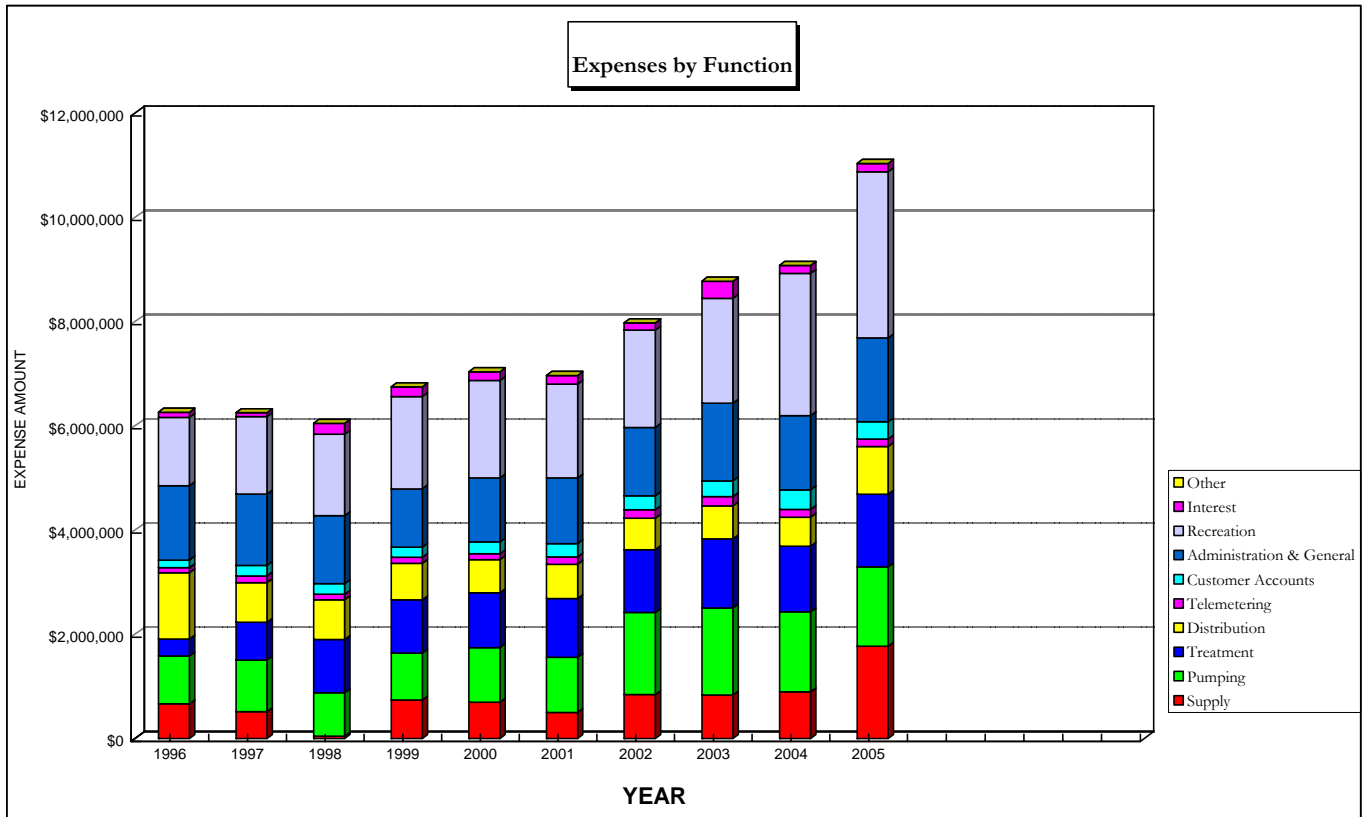
Casitas Municipal Water District

Expenses by Function

Table 2

Last Ten Fiscal Years

Year Ended June 30	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Telemetering	Customer Accounts	General and Administrative	Recreation	Interest	Other	Total
1996	\$665,758	\$918,496	\$322,602	\$1,271,363	\$100,586	\$146,217	\$1,427,858	\$1,306,130	\$101,209	\$0	\$6,260,219
1997	\$514,151	\$991,962	\$724,858	\$758,774	\$130,672	\$201,225	\$1,369,005	\$1,484,447	\$77,255	\$0	\$6,252,349
1998	\$45,141	\$831,251	\$1,025,108	\$758,902	\$109,220	\$199,111	\$1,305,796	\$1,560,849	\$209,808	\$0	\$6,045,186
1999	\$740,149	\$898,699	\$1,021,603	\$702,347	\$111,914	\$194,711	\$1,121,746	\$1,767,659	\$186,120	\$0	\$6,744,948
2000	\$698,038	\$1,046,696	\$1,052,058	\$633,295	\$114,597	\$227,199	\$1,228,130	\$1,868,111	\$169,504	\$0	\$7,037,628
2001	\$499,348	\$1,058,990	\$1,126,172	\$659,855	\$141,110	\$252,638	\$1,261,007	\$1,800,565	\$165,594	\$0	\$6,965,279
2002	\$841,440	\$1,577,104	\$1,204,385	\$603,458	\$162,744	\$269,114	\$1,309,717	\$1,866,149	\$141,823	\$0	\$7,975,934
2003	\$833,874	\$1,673,384	\$1,322,218	\$631,967	\$179,509	\$302,980	\$1,491,026	\$2,011,226	\$326,681	\$0	\$8,772,865
2004	\$895,361	\$1,535,158	\$1,259,536	\$555,013	\$150,052	\$375,285	\$1,425,513	\$2,728,116	\$151,058	\$0	\$9,075,092
2005	\$1,770,318	\$1,522,976	\$1,392,596	\$916,203	\$142,261	\$331,338	\$1,611,924	\$3,186,757	\$159,437	\$0	\$11,033,810



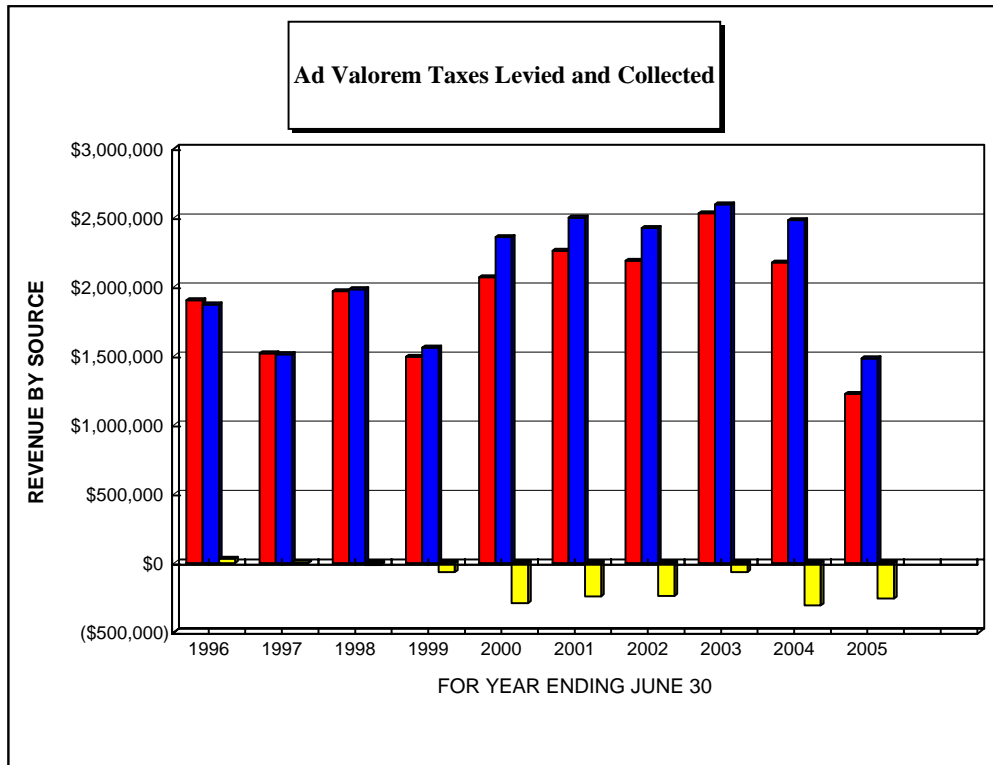
Casitas Municipal Water District

Ad Valorem Taxes Levied and Collected

Table 3

Last Ten Fiscal Years

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Taxes	Percent of Delinq. Tax to Total Tax Levy
1996	\$1,901,728	\$1,870,531	98.4%	\$31,197	1.6%
1997	\$1,517,120	\$1,510,907	99.6%	\$6,213	0.4%
1998	\$1,967,187	\$1,981,165	100.7%	(\$13,978)	-0.7%
1999	\$1,492,504	\$1,558,689	104.4%	(\$66,185)	-4.4%
2000	\$2,068,571	\$2,358,949	114.0%	(\$290,378)	-14.0%
2001	\$2,259,560	\$2,499,716	110.6%	(\$240,156)	-10.6%
2002	\$2,186,783	\$2,424,251	110.9%	(\$237,468)	-10.9%
2003	\$2,530,350	\$2,594,992	102.6%	(\$64,642)	-2.6%
2004	\$2,174,351	\$2,480,907	114.1%	(\$306,556)	-14.1%
2005	\$1,223,679	\$1,480,717	121.0%	(\$257,038)	-21.0%



Casitas Municipal Water District

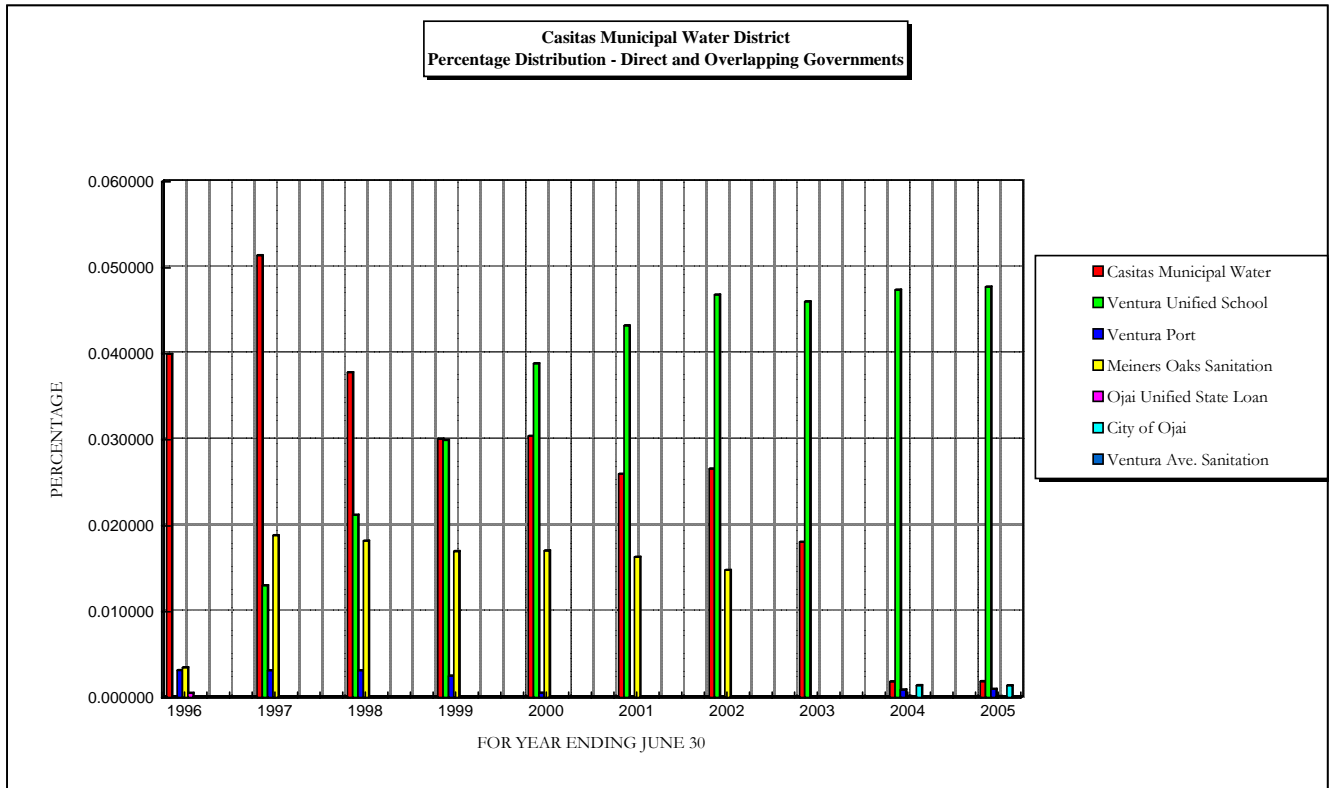
Property Tax Rates - Direct and Overlapping Governments

Table 4

Last Ten Fiscal Years
(Per \$100 of Assessed Value)
(UNAUDITED)

Year Ended June 30	Basic Tax Levy	Casitas Municipal Water	Ventura Unified School	Ventura Port	Meiners Oaks Sanitation	Ojai Unified State Loan	City of Ojai	Ventura Ave. Sanitation	Total
1996	1.000000	0.039896	0.000000	0.003145	0.003461	0.000500	0.000000	0.000000	1.047002
1997	1.000000	0.051370	0.013000	0.003127	0.018825	0.000000	0.000000	0.000000	1.086322
1998	1.000000	0.037776	0.021200	0.003125	0.018194	0.000000	0.000000	0.000000	1.080295
1999	1.000000	0.030040	0.029900	0.002495	0.016980	0.000000	0.000000	0.000000	1.079415
2000	1.000000	0.030383	0.038800	0.000532	0.017055	0.000000	0.000000	0.000000	1.086770
2001	1.000000	0.025977	0.043200	0.000000	0.016304	0.000000	0.000000	0.000000	1.085481
2002	1.000000	0.026572	0.046800	0.000000	0.014800	0.000000	0.000000	0.000000	1.088172
2003	1.000000	0.018077	0.046000	0.000000	0.000000	0.000000	0.000000	0.000000	1.064077
2004	1.000000	0.001824	0.047378	0.000879	0.000118	0.000000	0.001394	0.000000	1.051594
2005	1.000000	0.001857	0.047716	0.000971	0.000120	0.000000	0.001385	0.000000	1.052048

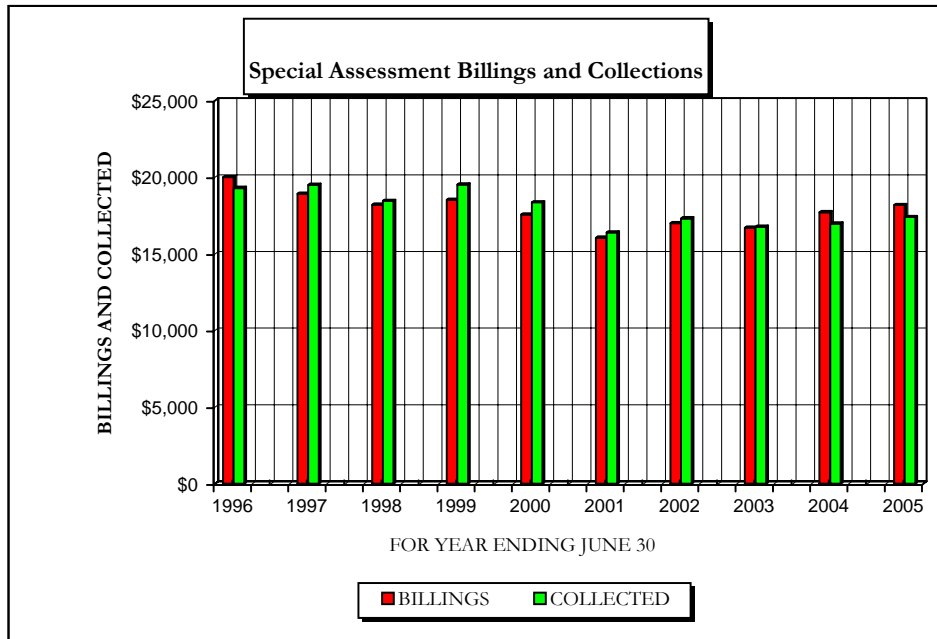
Note: The above information furnished from the County of Ventura, County Auditor's Office.



Casitas Municipal Water District

Special Assessment **Table 5**
Billings and Collections
Last Ten Fiscal Years

Year Ended June 30	Special Assessment Billings	Special Assessment Collected
1996	\$20,009	\$19,298
1997	\$18,923	\$19,510
1998	\$18,206	\$18,457
1999	\$18,521	\$19,525
2000	\$17,562	\$18,363
2001	\$16,056	\$16,396
2002	\$17,005	\$17,319
2003	\$16,707	\$16,768
2004	\$17,720	\$16,983
2005	\$18,185	\$17,401



Casitas Municipal Water District

Ten Largest Property Tax Payers Ranked by Assessed Value

Table 6

For the Year Ended June 30, 2005

(in thousands)

Name	Type of Business	Gross Assessed Value	Percentage of Total Gross Assessed Value
Amgen, Inc.	Biotechnology	\$1,340,357	1.72%
So. California Edison Co.	Utility	\$368,364	0.47%
Aera Energy LLC	Oil Field Operations	\$326,668	0.42%
Proctor-Gamble Paper Products	Manufacturing	\$234,484	0.30%
Verizon California Inc.	Telecommunications	\$223,413	0.29%
Baxter Healthcare	Biotechnology	\$197,934	0.25%
Reliant Energy Ormond Beach	Utility	\$164,666	0.21%
Duesenberg Investment Co.	Financial	\$148,703	0.19%
Vintage Petroleum Inc.	Petroleum	\$158,671	0.20%
Thousand Oaks Marketplace LP	Developer	<u>\$29,469</u>	0.04%
Total attributable to ten largest property taxpayers		<u><u>\$3,192,729</u></u>	4.10%
Total gross assessed value		<u><u>\$77,853,646</u></u>	100.00%

Casitas Municipal Water District

Construction and Bank Deposits
Last Ten Fiscal Years
(Unaudited)

Table 7

Year Ended June 30	Commercial Construction Value (a) (In Thousands)	Residential Construction		Bank Deposits (a) (In Thousands)
		Number of Units (a)	Value (a) (In Thousands)	
1996	\$155,762	2,346	\$227,050	\$3,425,696
1997	\$206,749	2,304	\$246,332	\$6,477,957
1998	\$241,206	2,607	\$191,737	\$6,842,846
1999	(b)	3,977	(b)	\$7,147,592
2000	\$365,132	4,180	\$431,938	\$7,373,216
2001	\$200,808	3,782	\$498,260	\$7,934,198
2002	\$269,727	2,826	\$421,194	\$8,721,314
2003	\$159,034	3,421	\$418,932	\$9,771,188
2004	\$274,288	2,725	\$448,488	\$10,841,643
2005	\$264,083	3,470	\$509,967	\$11,692,080

(a) Sources: County of Ventura Comprehensive Annual Financial Report June 30, 2005

(b) Information was not available as of report date.

Casitas Municipal Water District

Ten Largest Water Users Ranked by Acre Feet

Table 8

Year Ended June 30, 2005

Name	Type of Business	Acre Feet Purchased	Percentage of Total Acre Feet Purchased
City of Ventura	Resale	6,971	40.01%
Hermitage Mutual Water	Resale	567	3.25%
Golden State Water Company	Resale	510	2.93%
Senior Canyon Water Co.	Agriculture	303	1.74%
Mary Bergen	Agriculture	227	1.30%
Rincon Water & Road Works	Agriculture	207	1.19%
Rancho Del Cielo Mutual	Agriculture	161	0.92%
Rancho La Vista	Agriculture	159	0.91%
Vintage Petroleum Inc.	Industrial	141	0.81%
Ojai Valley Inn	Commercial	140	0.80%
Total attributable to ten largest water users:		9,386	53.87%
Total water sold in acre feet:		17,425	100.00%

Casitas Municipal Water District

Demographic Statistics

Table 9

Last Ten Fiscal Years

Fiscal Year	Population Ventura County	% Growth Rate	Births	Deaths	Unemployment Rate %	Total Employed (in thousands)
1996	716,000	0.53%	11,933	4,040	7.1%	350.9
1997	720,800	0.67%	11,874	4,319	6.6%	356.5
1998	732,200	1.58%	11,494	4,265	5.6%	366.8
1999	739,700	1.02%	11,259	4,622	4.8%	378.4
2000	753,600	1.88%	11,534	4,490	4.5%	392.7
2001	758,100	0.60%	10,920	4,508	4.5%	396.2
2002	773,900	2.08%	11,768	4,527	5.0%	403.9
2003	791,310	2.25%	N/A	N/A	5.3%	291.6
2004	802,436	1.40%	N/A	N/A	4.9%	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A

Note: The 2005 information was not available as of report date.

The 2004 information was furnished by the "Economic Outlook" by UCSB Economic Forecast Project - Ventura County - 2005

Casitas Municipal Water District

Miscellaneous Statistics

Table 10

As of June 30, 2005

Date of Incorporation	1956
Form of Government	Special District, Enterprise Fund, governed by a five member Board of Directors
Number of employees Permanent as of June 30, 2005	36
Lake Casitas capacity	254,000 acre feet
Lake Casitas shore line	35 miles
Lake Casitas provides water to	over 65,000 people

Report on Compliance and Internal Controls

**Independent Auditor's Report on Compliance and on Internal Control
Over Financial Reporting 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 financial statements of the Casitas Municipal Water District (District) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 31, 2005. 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.

Compliance

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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

October 31, 2005
Cypress, California