

CASITAS MUNICIPAL WATER DISTRICT

**Audit Report
Financial Statements
and
Supplemental Information**

*For the Years Ended
June 30, 2004 and 2003*

PORTER & COMPANY
Certified Public Accountant

CASITAS MUNICIPAL WATER DISTRICT

June 30, 2004

TABLE OF CONTENTS

	<u>Page(s)</u>
Organization.....	1
Management's Discussion and Analysis.....	2-8
Independent Auditor's Reports.....	9-13
General Purpose Financial Statements.....	14
Balance Sheets.....	15-16
Statement of Revenues, Expenses and Changes in Retained Earnings.....	17
Statement of Cash Flows.....	18
Notes to Financial Statements.....	19-25
Supplemental Information	
Budget to Actual Comparison.....	26
Combining Balance Sheets.....	27-28
Detail Schedules of Operating Expenses – <i>Utility Department</i>	29-32
Detail Schedule of Revenues and Expenses – <i>Recreation Department</i>	33

CASITAS MUNICIPAL WATER DISTRICT
ORGANIZATION
June 30, 2004

BOARD OF DIRECTORS

Board Member	Title	Date of Original Election of Appointment	Ending Date of Term
James Word	President	May 1997	December 2004
Bill Hicks	Vice President	November 1990	December 2006
Pete Kaiser	Secretary	November 2002	December 2004
James Coultas	Assistant Secretary	December 1981	December 2004
Chuck Bennett	Member at Large	September 1999	December 2006

STAFF

John J. Johnson	General Manager
Elain Paul	Assistant to General Manager/Clerk of the Board
Rebekah Vieira	Assistant to General Manager/Clerk of the Board
Robert M. Sawyer	General Counsel
Steve Wickstrum	Principal Civil Engineer
Brian Roney	Park Services Manager
Ken Weber	Accounting Manager
Bob Monnier	Treatment Plant Manager
Ron Merckling	Water Conservation, Public Information, Legislative Specialist

CASITAS MUNICIPAL WATER DISTRICT
1055 VENTURA AVE
OAK VIEW, CA 93022

Management's Discussion and Analysis

As management of the Casitas Municipal Water District, we offer readers of the Casitas Municipal Water District financial statements this narrative overview and analysis of the financial activities of the Casitas Municipal Water District, for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the audit report, which can be found on pages 9-33 of this report.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Casitas Municipal Water District basic financial statement. The Casitas Municipal Water District basic financial statements comprise three components:

- 1) government-wide financial statements,
- 2) proprietary fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

In addition, there are several different types of financial statements within the first two groups identified above:

The **Balance Sheet** is intended to disclose the financial position of the District at a specific point in time, June 30, 2004. It reflects the assets of the District, the liabilities, and net assets (equity). Assets and liabilities are listed in order of their estimated liquidity. Cash and other unrestricted assets readily convertible to cash are listed first. Property, plant and equipment are listed near the bottom of assets because they are highly illiquid. Further, property, plant and equipment is reduced by the depreciation. This is the estimated diminution of value attributable to the wear and tear of assets caused by usage and the passage of time.

The **Income Statement** or **Statement of Activities** is intended to disclose the results of operations over a period of time, the fiscal year ended June 30, 2004. This statement reflects revenues earned (whether collected or not), and expenses incurred (whether paid or not) during the year. This statement differs significantly from the balance sheet, yet coordinates well with the statement. The net earnings of the district flows into the net assets of the District as reflected on the balance sheet.

The **Statement of Cash Flows** combines aspects of both the balance sheet and the statement of activities and discloses how cash flows through the District.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Casitas Municipal Water District finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Casitas Municipal Water District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Casitas Municipal Water District is improving or deteriorating.

The statement of activities presents information showing how the entity's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows (inflows and outflows of cash) in future fiscal periods (e.g., earned but unused vacation leave).

The business-type activities of the Casitas Municipal Water District are conducted by the District governed by its own five-person board of directors, and they include only water and recreation operations. The district has no component units.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Casitas Municipal Water District, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Casitas Municipal Water District uses only enterprise fund types of proprietary funds for its business type activities.

Proprietary fund financial statements

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Casitas Municipal Water District, California, uses enterprise funds to account for its Water and Recreation Operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water operations, which is considered to be a major fund of the Casitas Municipal Water District.

The basic proprietary fund financial statements can be found on pages 26 - 33 of this report.

Notes to the financial statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements can be found on pages 19 -25 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Casitas Municipal Water District's progress in funding its obligations. Required supplemental information can be found on pages 26 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Casitas Municipal Water District's assets exceed liabilities by \$75,080,110 at the close of the most recent fiscal year.

By far the largest portion of the Casitas Municipal Water District's net assets (79 percent) reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The Casitas Municipal Water District used these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Casitas Municipal Water District's investment in its capital assets is reported net of related debt, it is not a spendable resource. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Casitas Municipal Water District
Table 1
Net Assets

Description	2004	2003
Current and other assets	\$25,462,846	\$28,295,527
Capital assets	\$64,438,362	\$57,692,350
Total assets	\$89,901,208	\$85,987,877
Long-term liabilities outstanding	\$12,552,643	\$13,669,632
Other liabilities	\$ 2,379,245	\$ 2,789,801
Total Liabilities	\$14,931,888	\$16,459,433
Net assets:		
Restricted	\$ 4,593,971	\$ 4,060,037
Unrestricted	\$ 5,908,520	\$ 1,630,990
Total net assets	\$74,969,320	\$69,528,444

An additional portion of the Casitas Municipal Water District's net assets \$4,593,971 (6.12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$5,908,520 (7.88 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Casitas Municipal Water District is able to report positive balances in its net assets. The same situation held true for the prior fiscal year.

Key elements of this increase are as follows:

Casitas Municipal Water District
Table 2
Changes in Net assets

Description	2004	2003
Revenues		
Operating Water	\$ 6,336,220	\$ 6,226,072
Operating Recreation	\$ 2,479,950	\$ 2,191,092
Non-Operating	\$ 5,699,798	\$ 3,169,675
Total Revenues	\$14,515,968	\$11,586,839
Expenses		
Water	\$ 6,195,918	\$ 6,434,958
Recreation	\$ 2,728,116	\$ 2,011,226
Non-Operating Interest	\$ 151,058	\$ 326,681
Total Expenses	\$ 9,075,092	\$ 8,772,865

The government's total net assets increased by \$5,440,876. The increase is due to more efficient management of the districts resources. Revenues and other sources increased by \$2,929,129. Expenses and other uses increased by \$302,227. At the same time, depreciation increased, and major maintenance programs were completed.

Financial Highlights

The assets of Casitas Municipal Water District, CALIFORNIA, exceeded its liabilities at the close of the fiscal year 2004 by \$74,969,320 (net assets). Of this amount, \$5,908,520 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$5,440,876. The increase is due to more efficient management of the District's resources. Revenues and other sources increased by \$2,929,129. Expenses and other uses increased by \$302,227. At the same time, depreciation increased, and major maintenance programs were completed.

The Casitas Municipal Water District's total debt decreased by \$1,527,545.

Analysis of variations between original and final budget amounts.

The Casitas Municipal Water District adopts its budget in accordance with California law. It is the District policy to not modify the budget in total, although certain reallocations of expenses may occasionally be made. No significant budget transfers were made during the year ended June 30, 2004. The budget is adopted on a

projected cash flow basis. Consequently, it reflects items such as repayment of debt principal capital expenses as cash outflows that are not recognized as expenses under Generally Accepted Accounting Principles. Budget variances are reviewed by District management on an ongoing basis as part of the financial management of the District. Significant budget variances during the year ended June 30, 2005 consisted of:

Account	Budget	Actual	Variance	Explanation
Operating Revenue:				
Water Sales and Services	\$ 5,836,629	\$ 6,336,220	\$ 499,591	We budget for 15,995af and Actually sold 17,819af.
Recreation Revenue	\$ 2,981,905	\$ 2,479,950	\$ (501,955)	The District budget over \$600,000 for a grant for launching facilities the District could not use.
Operating Expenses:				
Source of Supply	\$ 534,147	\$ 895,361	\$ (361,214)	The District does not budget depreciation or water storage fluctuations.
Pumping	\$ 1,155,827	\$ 1,535,158	\$ (379,331)	The District does not budget for depreciation and there is an entry to adjust to prior year equity.
Water Treatment	\$ 781,703	\$ 1,259,536	\$ (477,833)	The District does not budget for depreciation.
Transmission & Distribution	\$ 491,730	\$ 555,013	\$ (63,283)	The District does not budget for depreciation and did not do value painting or the air valve raising project.
Telemetry	\$ 228,092	\$ 150,152	\$ 78,040	The District did not spend the power and was able to run more efficiently.
Customer Accounts	\$ 393,147	\$ 375,285	\$ 17,862	The District did not buy all the meter parts it budgeted.
Administration and General	\$ 1,160,381	\$ 1,425,513	\$ (265,132)	The District does not budget for depreciation.
Recreation	\$ 1,930,914	\$ 2,728,116	\$ (797,202)	The District does not budget for depreciation and because recreation kept the water park open longer.
Non-Operating Revenues/Expenses:				
Property Taxes	\$ 1,190,519	\$ 2,465,464	\$ 1,274,945	The District does not budget for debt service.
Federal Aid	\$ 2,200,000	\$ 3,075,000	\$ 875,000	Because of the dry year the District was able to work of fish ladder and receive more grant money.
Capital Facilities Charges	\$ 0	\$ 37,980	\$ 37,980	The District did not budget

for capital facilities.

Interest Income	\$ 153,421	\$ 76,208	\$ (77,213)	The District was able to do more work on the fish fish ladder and therefore had less in investment that earns interest.
Interest Expense	\$ 150,000	\$ 151,058	\$ (1,058)	The District did not budget all of this.
Other Revenue – Net	\$ 2,989,533	\$ 45,146	\$ (2,944,387)	The District budgets for Variance in Water Sales to balance the budget, which is not an actual revenue.

Capital Asset and Debt Administration

Capital assets. Casitas Municipal Water District investment in capital assets for its business type activities as of June 30, 2004, amounts to \$64,438,362 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in Casitas Municipal Water District's investment in capital assets for the current fiscal year was \$6,746,012 or 11.69% increase for business-type activities due to investment in the Robles Fish Ladder and upgrades to Pumping Stations.

Major capital asset events during the current fiscal year included the following:

Casitas Municipal Water District
Table 3
Capital Assets
(Net of depreciation)

Description	2004	2003
Pumping Equipment	\$ 3,218,542	\$ 3,135,837
Treatment Plant Structures	\$ 269,490	\$ 244,761
Communications Equipment	\$ 54,067	\$ 47,708
Construction in Progress-UP	\$ 9,996,019	\$ 1,192,354
Other Tangible Property-Rec	\$ 470,445	\$ 420,127

Additional information on Casitas Municipal Water District capital assets can be found in Note 4 on page 22 of this report.

Long-term debt. At the end of the current fiscal year, the Casitas Municipal Water District had total debt outstanding of \$13,476,030 comprised entirely of revenue bonds for which the district is liable.

Casitas Municipal Water District
Table 4
Outstanding Debt
General Obligation and Revenue Bonds

Description	2004	2003
Note Payable to U.S. Bureau of Reclamation	\$7,549,168	\$8,492,814
Obligation under State Water Project	\$1,531,286	\$ 902,590
Special Assessment Bond Payable	\$ 249,000	\$ 255,500

Additional information on Casitas Municipal Water District's long-term debt can be found in Note 8 on page 24 of this report.

Infrastructure assets

The District has adopted the recommended approach of GASB Statement No. 34 with regard to infrastructure assets. All identifiable infrastructure assets have been capitalized at their purchase cost, estimated value for contributed or donated assets, or estimated cost for those items expensed in prior years and not previously capitalized.

Economic Factors and Next Years Rates:

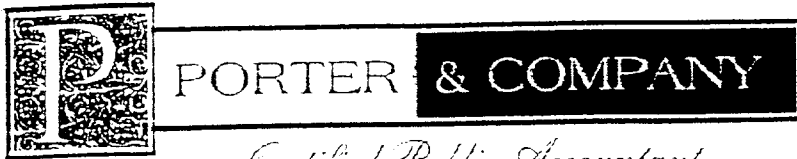
- The unemployment rate for the county in which Casitas Municipal Water District is located is currently 4.7 percent, which is a decrease from a rate of 5.9 percent a year ago. This is lower than the state's average unemployment rate of 5.6 percent and the national average rate of 5.4 percent.
- The District has increased water rates this fiscal year end June 30, 2004 and will propose a rate increase for 2005.

All of these factors were considered in preparing the Casitas Municipal Water District's budget for the 2005 fiscal year.

During the current fiscal year, unrestricted net assets increased to \$74,969,320. The district is required to adopt a budget by California law. It is anticipated that the positive unrestricted net assets will avoid the need to raise taxes but will require increasing charges during the 2004-05 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Casitas Municipal Water District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Casitas Municipal Water District, the Accounting Manager, 1055 Ventura Avenue, Oak View, California 93022.



Certified Public Accountant

3160 Telegraph Road, Suite 203 • Ventura, California 93003

Tel: (805) 650-5090 • (800) 304-6700

Fax: (805) 650-0511

Website: www.porterandcompany.com

E-mail: information@porterandcompany.com

**Board of Directors and Members
Casitas Municipal Water District
Oak View, CA**

Independent Auditor's Report

I have audited the accompanying balance sheets of Casitas Municipal Water District as of June 30, 2004 and 2003 and the related statements of revenues and expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on the general-purpose financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California special districts. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Casitas Municipal Water District as of June 30, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

My audits were conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The Management's Discussion and Analysis on pages 2-8 is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted of principally of inquires of management regarding the methods of measurement and presentation of supplemental information. However, we did not audit the information and express no opinion on it.

Porter & Company

November 3, 2004



PORTER & COMPANY

Certified Public Accountant

3160 Telegraph Road, Suite 203 • Ventura, California 93003

Tel: (805) 650-5090 • (800) 304-6700

Fax: (805) 650-0511

Website: www.porterandcompany.com

E-mail: information@porterandcompany.com

Board of Directors and Members
Casitas Municipal Water District
Oak View, CA

**Independent Auditor's Report on the Internal Control Structure
Based on an Audit of General Purpose Financial Statements
Performed in Accordance with Government Auditing Standards**

I have audited the general-purpose financial statements of the Casitas Municipal Water District as of and for the years ended June 30, 2004 and 2003, and have issued my report thereon dated November 3, 2004.

I conducted my audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-128, "Audits of State and local governments." Those standards and OMB Circular A-128 require that I plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audits of the general purpose financial statements of the Casitas Municipal Water District for the years ended June 30, 2004 and 2003, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the Casitas Municipal Water District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- Revenues/receipts
- Purchasing/disbursements
- Payroll
- General ledger

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

Casitas Municipal Water District
Report on Internal Control
Page 2

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended for the information of management and the District. However, this report is a matter of public record and its distribution is not limited.

Porter & Company

November 3, 2004



PORTER & COMPANY

Certified Public Accountant

3160 Telegraph Road, Suite 203 • Ventura, California 93003

Tel: (805) 650-5090 • (800) 304-6700

Fax: (805) 650-0511

Website: www.porterandcompany.com

E-mail: information@porterandcompany.com

Board of Directors and Members
Casitas Municipal Water District
Oak View, CA

**Independent Auditor's Report on Compliance Based on an Audit of
General Purpose Financial Statements Performed
in Accordance with Government Auditing Standards**

I have audited the general-purpose financial statements of the Casitas Municipal Water District as of and for the years ended June 30, 2004 and 2003, and have issued my report thereon dated November 3, 2004.

I conducted my audits in accordance with generally accepted auditing standards, the Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Casitas Municipal Water District is the responsibility of the Casitas Municipal Water District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Casitas Municipal Water District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audits of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, the Casitas Municipal Water District complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Casitas Municipal Water District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the District. However, this report is a matter of public record and its distribution is not limited.

Porter & Company

November 3, 2004

FINANCIAL SECTION

Casitas Municipal Water District

Balance Sheet
As of June 30, 2004 and 2003

	2004	2003
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,015,455	\$ 5,616,575
Investments	1,863,608	1,710,588
Accounts Receivable	1,218,059	619,515
Other Receivables	121,192	205,382
Property Tax Receivable	385	24,523
Interest Receivable	-	-
Inventories	72,096	54,004
Material and Supplies	557,401	606,735
Water in Storage	59,313	47,775
Prepaid Rent	1,000	1,000
Deposits	-	-
Total Current Assets	5,908,509	8,886,097
<u>Restricted Assets</u>		
Investments	4,239,322	3,775,259
Taxes Receivable	1,930	36,740
Accounts Receivable	233,314	239,424
Due From Other Agencies	8,615	8,614
Due from General Fund	110,790	-
Total Restricted Assets	4,593,971	4,060,037
Plant and Equipment, Net	64,438,362	57,692,350
<u>Other Assets</u>		
Designated Investments	-	560,969
Noncurrent Receivable	24,940	28,555
Other	22,041	22,040
Prepaid Rent	167,213	214,988
Inventory - Water In Storage	2,787,003	3,033,674
Entitlement - State Water Project	11,774,631	11,294,084
Loan Fee, Net	184,538	195,083
Total Other Assets	14,960,366	15,349,393
Total Assets	\$ 89,901,208	\$ 85,987,877

Casitas Municipal Water District

Balance Sheet *(continued)*

As of June 30, 2004 and 2003

<u>LIABILITIES AND EQUITY</u>	<u>2004</u>	<u>2003</u>
<u><i>Current Liabilities</i></u>		
Accounts Payable	\$ 354,675	\$ 1,345,296
Accrued Vacation and Sick Leave Benefits	679,857	656,441
Other Accrued Liabilities	292,891	476,349
Customer Deposits and Retentions	1,000	500
Current Portion of Long-Term Debt	923,387	293,892
Accrued Interest on Long-Term Debt	16,645	17,323
Due to Debt Service Fund and Improvement Asset Fund	110,790	-
	2,379,245	2,789,801
 <u><i>Long-Term Liabilities</i></u>		
Long-Term Debt	12,552,643	13,669,632
	14,931,888	16,459,433
 <u><i>Net Assets</i></u>		
Investment in Capital Assets	64,438,362	57,692,350
Contributed Capital	28,467	6,145,067
Restricted	4,593,971	4,060,037
Unrestricted	5,908,520	1,630,990
	74,969,320	69,528,444
Total Net Assets	74,969,320	69,528,444
Total Liabilities and Net Assets	\$ 89,901,208	\$ 85,987,877

See Auditor's Report

The Notes to Financial Statements Are An Integral Part of This Statement

Casitas Municipal Water District
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2004 and 2003

	2004	2003
<u>Operating Revenues</u>		
Water Sales and Services	6,336,220	\$ 6,226,072
Recreation Revenue	2,479,950	2,191,092
Total Operating Revenues	8,816,170	8,417,164
<u>Operating Expenses</u>		
Source of Supply	895,361	833,874
Pumping	1,535,158	1,673,384
Water Treatment	1,259,536	1,322,218
Transmission and Distribution	555,013	631,967
Telemetry	150,052	179,509
Customer Accounts	375,285	302,980
Administration and General	1,425,513	1,491,026
Recreation	2,728,116	2,011,226
Total Operating Expenses	8,924,034	8,446,184
Operating Income	(107,864)	(29,020)
<u>Non-Operating Revenues (Expenses)</u>		
Property Taxes	2,465,464	2,698,760
Federal Aid	3,075,000	-
Capital Facilities Charges	37,980	93,002
Interest Income	76,208	240,699
Interest Expense	(151,058)	(326,681)
Other Revenue - Net	45,146	137,214
Total Non-Operating Revenues (Expenses)	5,548,740	2,842,994
Net Income	5,440,876	2,813,974
Depreciation on Contributed Capital	-	54,856
Increase in Net Assets	5,440,876	2,868,830
Net Assets, Beginning of Year	69,528,444	60,514,547
Prior Period Adjustment	-	6,145,067
Net Assets, End of Year	\$ 74,969,320	\$ 69,528,444

See Auditor's Report

The Notes to Financial Statements Are An Integral Part of This Statement

Casitas Municipal Water District
Statement of Cash Flows
For the Years Ended June 30, 2004 and 2003

	2004	2003
<u>Cash Flows From Operating Activities:</u>		
Cash Received from Customers	\$ 5,737,676	\$ 6,366,784
Other Cash Receipts	2,479,950	2,191,092
Cash Paid to Suppliers	(929,627)	(930,428)
Cash Paid to Employees and Other Suppliers	(7,391,230)	(5,016,898)
Net Cash Provided (Used) By Operations	(103,231)	2,610,550
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Purchase of Fixed Assets	(6,746,012)	(5,115,012)
Capital Contributions in Aid of Construction	(55,960)	(54,856)
Repayment of Long-Term Debt	(487,494)	(2,010,961)
Interest Payments	(151,058)	(326,681)
State Water Project Costs	(1,655,903)	(459,756)
Capital Facilities Charges	37,980	93,002
Net Cash Flows (Used) by Capital and Related Financing Activities	(9,058,447)	(7,874,264)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Property Taxes Collected	2,465,464	2,698,760
Federal Aid	3,075,000	-
Net Cash Flows Provided by Non-Capital Financing Activities	5,540,464	2,698,760
<u>Cash Flows from Investing Activities:</u>		
Interest Received	76,208	240,699
Sale (Purchase) of Investments	(56,114)	6,919,658
Net Cash Flows Provided by Investing Activities	20,094	7,160,357
Net Increase (Decrease) in Cash	(3,601,120)	4,595,403
Cash and Cash Equivalents at Beginning of Year	5,616,575	1,021,172
Cash and Cash Equivalents at End of Year	\$ 2,015,455	\$ 5,616,575

Casitas Municipal Water District

Notes to Financial Statements

For the Years Ended June 30, 2004 and 2003

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity. The Casitas Municipal Water District (the "District"), a special district of the State of California, 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 each elected in a specified election district.

Principles of Presentation. The accompanying financial statements have been prepared on the accrual basis of accounting. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental enterprise funds. In accordance with Governmental Accounting Standards Board (GASB) Statement 20, the District has elected to follow only GASB statements and pronouncements for the period beginning after November 30, 1989.

Budgetary Accounting. An annual budget is adopted by the Board of Directors but is not a legal requirement of the District. The budget is used for operating management and internal accounting control and is not presented in the accompanying financial statements.

Inventories. Inventories consist of materials and supplies and water in storage. Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market. Water in storage is calculated using direct costs (including costs to operate the District's collecting reservoirs), depreciation and an overhead allocation.

Plant and Equipment. Plant and equipment are stated at cost, which includes labor, materials, purchased services, and certain general and administrative costs applicable to construction activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 years for equipment to 150 years for the dam.

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. Full cash payment of unused vacation is available to those employees who retire or terminate. Permanent full-time employees who have completed eight or more years of service are entitled to one-half of accumulated sick leave upon voluntary separation from the District.

Accounts Receivable. Accounts receivable are shown net of allowance for uncollectible accounts, \$-0- at June 30, 2004 and 2003. Water revenues resulting from customer usage occurring after the last meter reading date and prior to the end of the year are estimated and accrued, and totaled \$246,551 and \$110,033 at June 30, 2004 and 2003, respectively.

Statement of Cash Flows. For purposes of the statement of cash flows, the District considers funds in the Local Agency Investment Fund and County of Ventura Investment Fund as well as highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes. Property taxes are assessed and collected by the County of Ventura and remitted to the District. The taxes are levied and lien as of January 1 on property values assessed as of the same date. Secured taxes are billed November 1, and are due in two installments: December 10 and April 10. The funds are remitted to the District on December 24 and April 25. Unsecured taxes are billed July 1 and are due August 31. Those funds are remitted to the District October 31.

Risk of Loss. The District's main exposure to loss lies with the possible property damage inherent in water district infrastructure. The District carries commercial insurance coverage for liabilities and property damage. Any settlements reached during 2003, 2002, and 2001 were less than the District's commercial insurance coverage. The District is self insured with respect to District vehicles.

NOTE 2 - CASH AND INVESTMENTS:

United States Treasury Bills have a remaining maturity of one year or less at time of purchase and are reported at amortized cost. Certificates of deposit are non-participating investment contracts and are reported at cost. State of California Local Agency Investment Fund is adjusted to fair value when fair value is materially different from cost.

Casitas Municipal Water District
Notes to Financial Statements
For the Years Ended June 30, 2004 and 2003

NOTE 2 - CASH AND INVESTMENTS: Continued

Cash and investments consisted of the following at June 30, 2004 and 2003:

	2004	2003
Cash and Demand Deposits With Banks	\$ 1,452,285	\$ 5,062,510
State of California Local Agency Investment Fund ("LAIF")	4,239,322	60,969
County of Ventura Investment Fund	563,170	554,065
U.S. Treasury Bills	1,863,608	5,485,847
Deposit-In-Transit – U.S. Treasury Bills	-0-	500,000
Certificates of Deposit	-0-	-0-
Total Cash and Investments	\$ 8,118,385	\$ 11,663,391

As of June 30, 2004 and 2003, total cash and investments consisted of the following, as shown on the balance sheet:

Current Assets

Cash and Cash Equivalents	\$ 2,015,455	\$ 5,616,575
Investments	6,102,930	4,985,847

Restricted Assets

Investments	-0-	-0-
-------------	-----	-----

Other Assets

Designated Investments	-0-	500,000
------------------------	-----	---------

Total Cash and Investments	\$ 8,118,385	\$ 11,102,422
----------------------------	--------------	---------------

Credit Risk, Carrying Amount and Fair Value of Deposits. Cash and deposits of the District are summarized below. The deposits are classified as to credit risk by three categories as follows:

- Category 1: Includes deposits that are insured or collateralized, with securities held by the District or its agent in the District's name.
- Category 2: Includes deposits that are uninsured but which are collateralized with securities held by the pledging financial institution's trust department in the District's name.
- Category 3: Includes deposits that are uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution, or by its safekeeping department or agent but not in the District's name.

	Category			Bank Balance	Carrying Amount
	1	2	3		
<u>Unrestricted Cash:</u>					
Cash in Bank	\$ 2,015,455	\$ -	\$ -	\$ 2,015,455	\$ 2,015,455
Total Unrestricted Cash	\$ 2,015,455	\$ -	\$ -	\$ 2,015,455	\$ 2,015,455

Casitas Municipal Water District

Notes to Financial Statements

For the Years Ended June 30, 2004 and 2003

NOTE 2 - CASH AND INVESTMENTS: Continued

Summary of Investments. The District's investments are shown by type, carrying amount, market value and level of risk assumed in the holding of the various securities.

The level of risk assumed in the various investments are categorized as follows:

- Category 1: Includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.
- Category 2: Includes uninsured and unregistered investments for which the securities are held by the dealer or bank's trust department or agent in the District's name.
- Category 3: Includes uninsured and unregistered investments for which the securities are held by the bank or dealer, or by its trust department or agent but not in the District's name.

	Category			Bank Balance	Fair Value
	1	2	3		
Investment In:					
State Treasurer's Investment Pool		Unable to Assign (*)			
Treasury Bills	\$ 6,102,930	\$ -	\$ -	\$ 6,102,930	\$ 6,102,930
Total Unrestricted	\$ 6,102,930	\$ -	\$ -	\$ 6,102,930	\$ 6,102,930

() Unclassified Investment – Restricted. Investment in State Treasurer's Investment Pool cannot be assigned a credit risk category because the District does not own specific securities. However, the funds' investment policies and practices with regard to the credit and market risks have been determined acceptable to the District's investment policies.*

Investments. In accordance with the California Government Code, the District is authorized to invest in obligations of the U.S. Treasury, U.S. agencies, bankers' acceptances, commercial paper rated A-1 by Standard and Poor's corporation or P-1 by Moody's Commercial Paper Record, certificates of deposit, and the Local Agency Investment Fund of the State of California.

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. The fair value of the position in the external investment pool is the same as the value of the pool shares.

The District's investment in U.S. Treasury Bills is classified for credit risk purposes as category "1". This category includes securities that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Casitas Municipal Water District
Notes to Financial Statements
For the Years Ended June 30, 2004 and 2003

NOTE 3 - PREPAID RENT:

On April 30, 1959, the District entered into a 50-year lease agreement for the use of Matilija Dam. The agreement required annual installment payments through January 1, 2009.

At June 30, 2004 and June 30, 2003, the District had \$214,988 and \$262,763, respectively, of prepaid rent attributable to this lease agreement, of which \$47,775, is classified as current prepaid rent.

NOTE 4 - PLANT AND EQUIPMENT:

Plant and equipment consisted of the following at June 30, 2004 and 2003:

Description	2004	2003
Land	\$ 6,044,367	\$ 6,044,367
Utility Plant	64,684,644	64,651,077
Recreational Facilities	6,983,693	3,901,562
Construction-in-Progress	13,393,385	5,415,826
Total	91,106,089	80,012,832
Less, Accumulated Depreciation	(26,667,747)	(25,320,482)
Net, Plant and Equipment	<u>\$ 64,438,342</u>	<u>\$ 54,692,350</u>

Total depreciation expense was \$1,584,295 and \$1,493,848 for the years ended June 30, 2004 and 2003, respectively.

NOTE 5 - RESERVED RETAINED EARNINGS:

The District had reserved portions of retained earnings for the following purposes at June 30, 2004 and 2003:

	2004	2003
Reserved Retained Earnings		
For Debt Retirement	\$ 15,330	\$ 15,330

NOTE 6 - STATE WATER PROJECT:

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, pump stations and power generation facilities. In 1970, the administration of the Water Supply Contract with the State was assigned to the District. Thereafter, the District contracted with the City of San Buenaventura and United Water Conservation District to assume the payment for the annual entitlement of 10,000 and 5,000 acre-feet, respectively, of SWP water. To participate in the SWP, the District is obligated through at least the year 2035, to pay, without regard to the quantity of water received, its allocable share of 1) SWP construction costs and 2) ongoing operating, maintenance, power and replacements costs, charges to ensure the availability of water, and certain other costs (collectively referred to as "ongoing operations and maintenance costs"). The construction, financing and ongoing operating costs of the SWP (including feasibility studies performed in connection with the transportation of the SWP's water to the District) have been capitalized by the District. The District anticipates that these costs and annual SWP operating costs will continue to be capitalized until construction of the District's transportation system is completed and in operation, at which time the total costs will be amortized over the remaining life of the SWP. The District is in the preliminary stages of assessing the feasibility of construction of such a transportation facility. In the event that the District, along with the other agencies involved, concludes that the project is not feasible and water deliveries will not be received, all previously capitalized costs will be adjusted to the estimated recovery value based on the sales value of the water rights. SWP costs and related debt are as follows at June 30, 2004 and 2003:

	2004	2003
Total State Water Project Costs	\$ 47,098,522	\$ 45,176,334
Less, Other Agencies' Share	(35,323,891)	(33,882,251)
Net State Water Project Costs	<u>\$ 11,774,631</u>	<u>\$ 11,294,083</u>
Related Debt Outstanding	\$ 7,171,398	\$ 7,341,504
Less, Other Agencies' Share	(5,378,548)	(5,356,128)
Debt Related to the State Water Project	<u>\$ 1,792,850</u>	<u>\$ 1,985,376</u>

Casitas Municipal Water District
Notes to Financial Statements
For the Years Ended June 30, 2004 and 2003

Debt service payments related to the State Water Project are provided by ad valorem taxes on property within the District. Included in net state water project costs are accumulated capitalized interest amounting to \$12,422,448 and \$3,027,750, at June 30, 2004 and 2003, respectively. The District's share of ongoing operations and maintenance cost is updated annually by the SWP. As of June 30, 2004, future estimated costs provided by the SWP for the next five years are as follows:

Fiscal Year Ending June 30:

	2005	\$	410,485		
	2006		378,339		
	2007		379,186		
	2008		372,841		
	2009		313,319		
	<u>Total</u>	<u>\$</u>	<u>1,854,170</u>		

NOTE 7 – LONG-TERM DEBT

Long-term debt consisted of the following:

	2004	2003			
Note Payable to U.S. Bureau of Reclamation	\$ 7,549,168	\$ 8,492,814			
Obligation Under State Water Project-Note 7	1,531,286	902,590			
Special Assessment Bond Payable	249,000	255,500			
California Debt of Water Resources	4,146,576	4,312,620			
Total	<u>13,476,030</u>	<u>13,963,524</u>			
Less, Current Portion	(923,387)	(293,892)			
Total Long-Term Debt	<u>\$ 12,552,643</u>	<u>\$ 13,669,632</u>			

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 the 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.

See Note 6 for a description of the State Water Plan debt.

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 \$21,000 through the year 2022. Debt service payments on the special assessment bonds payable are provided by assessments of property owners.

The loan payable to the California Department of Water Resources was incurred to assist the District in financing the costs to construct a water filtration plant for Lake Casitas. The loan bears interest at an effective rate of 3.2% and is payable in semi-annual installment of approximately \$145,000 beginning September 1, 1997, and ending October 1, 2021. Debt service payments on the California Department of Water Resources loan are provided by the water revenues of the District.

At June 30, 2004 and 2003, the District had restricted assets of \$243,859 and \$284,778 respectively, for debt service payments. The annual requirements to amortize all long-term debt outstanding as of June 30, 2004, are as follows:

Fiscal Year Ending June 30,	Special Assessment		
	Bonds	Notes Payable	Total
2005	\$ 6,000	\$ 1,178,030	\$ 1,184,030
2006	6,000	1,186,518	1,192,518
2007	6,000	1,197,518	1,203,518
2008	6,000	1,197,554	1,203,554
2009	6,000	1,208,554	1,214,554
Thereafter	219,000	7,258,856	7,477,856
Total	<u>\$ 249,000</u>	<u>\$ 13,227,030</u>	<u>\$ 13,476,030</u>

Casitas Municipal Water District

Notes to Financial Statements

For the Years Ended June 30, 2004 and 2003

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS:

In addition to the pension benefits described in Note 9, the District provides postretirement health care benefits, including health, dental and vision, in accordance with State statutes. Employees who were eligible for PERS retirement at the District as of June 23, 1993, and did or will retire in the District with PERS benefits, are eligible to receive normal health care benefits after retirement. Currently, twenty-five employees meet those eligibility requirements. All others full time employees, including employees hired after June 23, 1993, are eligible to receive limited health care benefits after retirement only after employment with the District for 20 years and at least 60 years old upon retirement. At June 30, 2004 there were twelve employees hired after June 23, 1993. During the years ending June 30, 2004 and 2003, expenditures of \$163,099 and \$159,947, respectively, were recognized for post-retirement insurance benefits, using the pay-as-you-go basis of accounting.

NOTE 10 - CONTINGENCY:

The United State 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 total cost. The amount actually paid is \$2,125,765, which is shown in construction in progress this year and upon completion of the dam it will be shown as a capitalized asset.

Subsequent to June 30, 2004 the District discovered that there is contaminated surface soil near the tank. The District is conducting a preliminary investigation to determine the extent of contamination and remediation required. Neither, the extent of contamination nor the cost of the remediation can be estimated at this time.

NOTE 11 - 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 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.

Casitas Municipal Water District
Statement of Revenues, Expenses and Changes in Net Assets-Budget to Actual
For the Years Ended June 30, 2004

	Adopted Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Operating Revenues</u>				
Water Sales and Services	\$ 5,836,629	\$ 5,836,629	6,336,220	\$ 499,591
Recreation Revenue	2,981,905	2,981,905	2,479,950	(501,955)
Total Operating Revenues	<u>\$ 8,818,534</u>	<u>\$ 8,818,534</u>	<u>8,816,170</u>	<u>(2,364)</u>
<u>Operating Expenses</u>				
Source of Supply	534,147	534,147	895,361	(361,214)
Pumping	1,155,827	1,155,827	1,535,158	(379,331)
Water Treatment	781,703	781,703	1,259,536	(477,833)
Transmission and Distribution	491,730	491,730	555,013	(63,283)
Telemetry	228,092	228,092	150,052	78,040
Customer Accounts	393,147	393,147	375,285	17,862
Administration and General	1,160,381	1,160,381	1,425,513	(265,132)
Recreation	1,930,914	1,930,914	2,728,116	(797,202)
Total Operating Expenses	<u>6,675,941</u>	<u>6,675,941</u>	<u>8,924,034</u>	<u>(2,248,093)</u>
Operating Income	<u>2,142,593</u>	<u>2,142,593</u>	<u>(107,864)</u>	<u>(2,250,457)</u>
<u>Non-Operating Revenues (Expenses)</u>				
Property Taxes	1,190,519	1,190,519	2,465,464	1,274,945
Federal Aid	2,200,000	2,200,000	3,075,000	875,000
Capital Facilities Charges	-	-	37,980	37,980
Interest Income	153,421	153,421	76,208	(77,213)
Interest Expense	(150,000)	(150,000)	(151,058)	(1,058)
Other Revenue - Net	2,989,533	2,989,533	45,146	(2,944,387)
Total Non-Operating Revenues (Expenses)	<u>6,383,473</u>	<u>6,383,473</u>	<u>5,548,740</u>	<u>(834,733)</u>
Net Income (Loss)	8,526,066	8,526,066	5,440,876	<u>\$ (3,085,190)</u>
Increase in Net Assets			5,440,876	
Net Assets, Beginning of Year			69,528,444	
Prior Period Adjustment			-	
Net Assets, End of Year			<u>\$ 74,969,320</u>	

Casitas Municipal Water District

Combining Balance Sheet

As of June 30, 2004

<u>ASSETS</u>	<u>Proprietary Operating Fund</u>	<u>Financing Fund</u>	<u>Improvement Assessment Fund</u>	<u>Total</u>
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 2,015,455	\$ -	\$ -	\$ 2,015,455
Investments	1,863,608	-	-	1,863,608
Accounts Receivable	1,218,059	-	-	1,218,059
Other Receivables	121,192	-	-	121,192
Property Tax Receivable	385	-	-	385
Inventories				
Material and Supplies	72,096	-	-	72,096
Water in Storage	557,401	-	-	557,401
Prepaid Expenses	59,313	-	-	59,313
Deposits	1,000	-	-	1,000
 Total Current Assets	 <u>5,908,509</u>	 <u>-</u>	 <u>-</u>	 <u>5,908,509</u>
<u>Restricted Assets</u>				
Investments	-	4,207,157	32,165	4,239,322
Taxes Receivable	-	-	1,930	1,930
Assessments Receivable	-	-	233,314	233,314
Due From Other Agencies	-	8,615	-	8,615
Due To Other Fund	-	109,849	941	110,790
 Total Restricted Assets	 <u>-</u>	 <u>4,325,621</u>	 <u>268,350</u>	 <u>4,593,971</u>
 Plant and Equipment, Net	 <u>64,438,362</u>	 <u>-</u>	 <u>-</u>	 <u>64,438,362</u>
<u>Other Assets</u>				
Noncurrent Receivable	24,940	-	-	24,940
Other	22,041	-	-	22,041
Prepaid Rent	167,213	-	-	167,213
Inventory - Water In Storage	2,787,003	-	-	2,787,003
Entitlement - State Water Project	11,774,631	-	-	11,774,631
Loan Fee, Net	184,538	-	-	184,538
 Total Other Assets	 <u>14,960,366</u>	 <u>-</u>	 <u>-</u>	 <u>14,960,366</u>
 Total Assets	 <u>\$ 85,307,237</u>	 <u>\$ 4,325,621</u>	 <u>\$ 268,350</u>	 <u>\$ 89,901,208</u>

See Auditor's Report

Page 27 of 33

Casitas Municipal Water District
 Combining Balance Sheet *(continued)*
 As of June 30, 2004

<u>LIABILITIES AND NET ASSETS</u>	Proprietary Operating Fund	Financing Fund	Improvement Assessment Fund	Total
<u><i>Current Liabilities</i></u>				
Current Portion of Long-Term Debt	\$ 173,227	\$ 744,160	\$ 6,000	\$ 923,387
Accrued Interest on Long-Term Debt	16,645	-	-	16,645
Accounts Payable	354,675	-	-	354,675
Accrued Vacation and Sick Leave Benefits	679,857	-	-	679,857
Other Accrued Liabilities	236,339	56,552	-	292,891
Customer Deposits and Retentions	500	-	500	1,000
Due To Other Fund	110,790	-	-	110,790
Total Current Liabilities	<u>1,572,033</u>	<u>800,712</u>	<u>6,500</u>	<u>2,379,245</u>
<u><i>Long-Term Liabilities</i></u>				
Long-Term Debt	<u>3,973,349</u>	<u>8,336,294</u>	<u>243,000</u>	<u>12,552,643</u>
Total Liabilities	<u>5,545,382</u>	<u>9,137,006</u>	<u>249,500</u>	<u>14,931,888</u>
<u><i>Net Assets</i></u>				
Investment in Capital Assets	64,438,362	-	-	64,438,362
Contributed Capital	28,467	-	-	28,467
Restricted	4,593,971	-	-	4,593,971
Unrestricted	10,701,055	(4,811,385)	18,850	5,908,520
Total Net Assets	<u>79,761,855</u>	<u>(4,811,385)</u>	<u>18,850</u>	<u>74,969,320</u>
Total Liabilities and Net Assets	<u>\$ 85,307,237</u>	<u>\$ 4,325,621</u>	<u>\$ 268,350</u>	<u>\$ 89,901,208</u>

Casitas Municipal Water District
Detail Schedules of Operating Expenses - Utility Department
For the Years Ended June 30, 2004 and 2003

<u>Source of Supply</u>	<u>2004</u>	<u>2003</u>
Salaries and Benefits	\$ 318,014	\$ 310,772
District Equipment	5,571	5,755
Services and Supplies	11,297	21,309
Utilities	2,156	2,631
Rent - Matijija Dam	47,775	47,775
Communications	2,343	2,391
Outside Contracts	31,090	32,737
Usage Agreement	4,185	4,025
Purchased Water	1,825	1,951
Membership and Dues	2,902	5,955
Printing	-	4,495
Postage	2,905	2,204
Office Supplies	151	-
Other Professional Service	(761)	1,150
Licenses and Permits	11,262	16,252
Advertising and Legal Notice	366	20
Small Tools	-	19
Private Vehicle Mileage	479	466
Travel Expense	293	86
Education and Training Seminars	186	795
Cost Charged for Service and Supplies	112	443
Depreciation	157,205	156,481
Water Storage Fluctuations	296,005	216,162
Total Source of Supply	<u>\$ 895,361</u>	<u>\$ 833,874</u>
<u>Pumping Expense</u>		
Salaries and Benefits	\$ 104,093	\$ 130,497
District Equipment	4,523	4,784
Services and Supplies	72,096	30,763
Pumping Power	1,083,277	1,276,696
Depreciation	262,486	187,305
Outside Contracts	5,163	40,537
Communications	2,261	2,113
Licenses and Permits	684	684
Small Tools	575	5
Total Pumping Expense	<u>\$ 1,535,158</u>	<u>\$ 1,673,384</u>
<u>Water Treatment Expense</u>		
Salaries and Benefits	\$ 359,878	\$ 392,266
District Equipment	8,760	10,776
Services and Supplies	49,551	61,770
Utilities	159,514	188,633
Chemicals	105,708	111,104
Outside Contracts	8,853	14,699
Depreciation	564,752	536,886
Communications	1,419	2,014
Computer Upgrades	205	1,162
Clothing and Personal Support	223	480
Membership and Dues	-	105
Books and Publications	-	130
Licenses and Permits	294	-
Small Tools	252	2,003
Travel Expense	-	60
Advertising and Legal Notices	56	-
Education and Training	72	150
Private Vehicle Mileage	19	-
Total Water Treatment Expense	<u>\$ 1,259,536</u>	<u>\$ 1,822,218</u>

Casitas Municipal Water District
 Detail Schedules of Operating Expenses - *Utility Department*
 For the Years Ended June 30, 2004 and 2003

<u>Transmission and Distribution Expense</u>	<u>2004</u>	<u>2003</u>
Salaries and Benefits	\$ 217,681	\$ 219,992
District Equipment	18,982	21,394
Services and Supplies	53,651	58,555
Work Order Materials	5,191	9,330
Outside Contracts	22,171	20,874
Communication	1,804	2,643
Depreciation	223,601	275,903
Work Order Close Salary and Benefits	201	3,473
Clothing and Personal Supplies	1,695	860
Books and Publications	40	104
Licenses and Permits	2,494	3,874
Small Tools	4,798	11,078
Travel Expense	18	23
Computer Hardware and Upgrades	2,686	3,766
Postage	-	98
Total Transmission and Distribution Expense	<u>\$ 555,013</u>	<u>\$ 631,967</u>
 <u>Telemetry Expense</u>		
Salaries and Benefits	\$ 84,434	\$ 116,190
District Equipment	3,533	6,657
Services and Supplies	14,950	17,539
Utilities	26,692	27,547
Telemetry Lease Line	3,516	5,647
Outside Contracts	79	595
Computer Upgrades	8,300	2,553
Communications	7,001	2,520
Postage	-	10
Small Tools	349	251
Advertising and Legal Notices	1,120	-
Books and Publications	78	-
Total Telemetry Expense	<u>\$ 150,052</u>	<u>\$ 179,504</u>
 <u>Customer Accounts Expense</u>		
Salaries and Benefits	\$ 286,164	\$ 250,451
District Equipment	7,930	8,649
Services and Supplies	27,330	21,363
Leak Relief Expense	1,639	1,713
Bad Debt Provision	61	2,474
Clothing and Personal Supplies	669	510
Communications	48	-
Printing and Binding	15,482	8,774
Postage	24,526	7,401
Small Tools	3,005	630
Licenses and Permits	319	-
Education and Training	126	145
Advertising and Legal Notices	120	-
Outside Contracts	3,437	600
Membership and Dues	-	270
Computer Upgrades	2,873	-
Private Vehicle Mileage	60	-
Travel Expense	1,496	-
Total Customer Accounts Expense	<u>\$ 375,285</u>	<u>\$ 302,980</u>

Casitas Municipal Water District

Detail Schedules of Operating Expenses - *Utility Department (continued)*

For the Years Ended June 30, 2004 and 2003

<u>Administration and General Expense</u>	<u>2004</u>	<u>2003</u>
Salaries and Benefits		
Board and Management	\$ 695,582	\$ 549,038
Administration	348,220	307,279
Engineering	121,563	130,445
Operations and Maintenance	50,282	370,451
District Equipment		
Board and Management	343	546
Administration	1,118	1,547
Engineering	172	1,082
Operations and Maintenance	858	52,865
Services and Supplies		
Board and Management	26,701	18,030
Administration	86,338	11,222
Engineering	713	10,055
Operations and Maintenance	4,165	53,462
Utilities	32,023	34,215
Employee Benefits		
Retirement - PERS	-	-
Social Security	112,049	127,870
Group Insurance	436,152	416,664
Medicare Insurance	28,433	32,351
Cafeteria Plan	41,426	56,106
General Plan Maintenance		
Salaries and Benefits	81,516	66,976
District Equipment	1,049	4,065
Services and Supplies	27,068	18,619
Outside Contracts	42,830	9,890
Small Tools	2,525	5,887
Training and Education	595	353
All Other Charges		
Computer Upgrades	3,189	2,588
Clothing and Personal Supplies	357	1,001
Communications	336	-
Membership Dues	100	100
Licenses and Permits	-	74
Utilities	434	-

See Auditor's Report

Page 31 of 33

Casitas Municipal Water District
 Detail Schedules of Operating Expenses - *Utility Department (continued)*
 For the Years Ended June 30, 2004 and 2003

Administration and General Expense (continued)

	2004	2003
Other Supplies and Expenses		
Clothing	\$ 1,015	\$ 3,274
Communications	38,333	30,324
Worker Orders	42,360	10,765
Office Equipment and Maintenance	3,532	3,504
Memberships and Dues	34,296	31,558
Printing and Binding	606	8,621
Books and Publications	3,159	4,528
Office Supplies	13,623	10,259
Postage	8,692	13,307
Other Professional Services	71,983	91,889
License and Permits	5,786	3,913
Publications and Legal Notices	6,396	5,291
Small Tools	-	1,608
Safety Program	3,120	294
Private Vehicle Mileage	12,949	9,661
Travel Expense	36,235	25,327
Property Tax Collection Fees	5,157	6,502
Education and Training	5,531	8,941
Computer Upgrades	21,178	37,417
Miscellaneous	115,710	132,536
Director's Fees	-	63,579
Election Fees	100	3,162
Depreciation	208,501	200,756
Amortization	10,545	10,545
Insurance		
Liability	34,420	64,929
Workers Compensation	40,639	44,760
Administration and General Expense Prior to Cost Applied	\$ 2,870,003	\$ 3,110,031
 <u>Cost Applied</u>		
Benefits Applied	(618,059)	(632,991)
Overhead Applied to Work Orders	(159,814)	(132,341)
Overhead Applied to Recreation	(647,112)	(497,745)
Salaries Applied to Recreation	(15,534)	(252,854)
Services and Supplies Applied to Recreation	(3,971)	(103,074)
Total Cost Applied	(1,444,490)	(1,619,005)
Total Administration and General Expense	1,425,513	1,491,026
Total Utility Department Operating Expenses	\$ 6,195,918	\$ 6,434,958

Casitas Municipal Water District
Detail Schedule of Revenues and Expenses - Recreation Department
For the Years Ended June 30, 2004 and 2003

<u>Recreational Revenues</u>	<u>2004</u>	<u>2003</u>
Area Use Permits	\$ 13,660	\$ 24,901
Commercials	29,786	39,410
Events		
Entrance Fees		
Daily	261,267	267,415
Annual	126,268	130,986
Boat Permits		
Daily	43,548	42,827
Annual	43,376	47,491
Camping	1,205,334	988,596
Trailer Storage	128,672	143,023
Shower Facilities	21,818	13,290
Animal Permits	11,943	6,954
Boat Rental Concession	123,711	139,049
Park Store Concession	19,967	15,313
Reservation Fees	85,833	74,223
Water Playground	281,777	113,959
Boating Grant	67,044	109,803
Grant Income - California	-	2,787
Ice Cream Concessions	2,355	1,000
Collection Shortages/Overages	(42,839)	833
Telephone	426	863
Annual Kayak and Canoes	2,609	3,222
Daily Kayak and Canoes	2,947	2,949
Concession Sales Non-Taxable	16,496	4,452
Center for Earth Concerns	4,631	989
Water Playground Prime Tickets	36,928	27,024
Deposit Forfeit	517	374
Rain checks	(10,401)	(11,046)
Gift Certificates	(193)	(116)
Trailer Rental Concession	2,525	-
Bad Check Charge	-	15
Other Income	(55)	506
	<u>\$ 2,479,950</u>	<u>\$ 2,191,092</u>
Total Recreation Department Revenues		
<u>Recreational Expenses</u>		
Salaries and Benefits	\$ 992,196	\$ 756,414
District Equipment	83,680	15,070
Services and Supplies	106,502	56,198
Utilities	100,492	77,808
Chlorine	25,843	1,837
Computer Upgrades	16,742	23,711
Concession Supplies	21,752	8,644
Outside Contracts	138,523	60,147
Clothing and Personal Supplies	11,063	8,232
Communications	18,448	14,125
Printing and Binding	12,984	24,946
Office Expense	3,731	1,519
Purchase Water	43,274	40,989
Unaccounted Revenue	178,889	904
License and Permits	2,914	1,345
Credit Card Fees	31,237	28,420
Workers Compensation Premium	13,271	77
Private Vehicle Mileage	193	441
Travel Expense	5,310	3,253
Fish Stockings	33,337	29,999
Administrative Overhead	623,755	497,746
Legal Notices	674	1,528
Books, Publications and Dues	212	-
Office Equipment Maintenance	5,827	9,738
Small Tools	427	586
Uninsured Losses Injuries	424	749
Membership and Dues	509	150
Postage	3,482	3,827
Education and Training	3,504	2,419
Other Professional Services	1,280	-
Safety Program	-	33
Costs Charged for Services and Supplies	3,971	103,074
Public Information Program	-312	-
Depreciation	239,258	227,297
	<u>\$ 2,728,116</u>	<u>\$ 2,011,226</u>
Total Recreation Department Operating Expenses		