

# **CASITAS MUNICIPAL WATER DISTRICT**

Oak View, California

## ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

FISCAL YEAR ENDED

JUNE 30, 2002

ACCOUNTING SECTION

KENNETH W. WEBER – ACCOUNTING MANAGER/TREASURER



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**JUNE 30, 2002**

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December 17, 2002

Honorable Board of Directors  
Casitas Municipal Water District  
1055 Ventura Avenue  
Oak View, CA 93022

Gentlemen:

The Comprehensive Annual Financial Report of Casitas Municipal Water District ("District") for the year ended June 30, 2002 is hereby submitted in conformity with generally accepted accounting principles as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate, in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by its financial activity; and all disclosures necessary to enable the reader to gain a full understanding of the District's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes the title page, a table of contents, this transmittal letter, a listing of elected District officials and management personnel, and the organizational chart for the District. The Financial Section includes the general purpose financial statements and the supplemental statements and schedules, as well as the independent auditor's report on the general purpose financial statements and supplemental information and schedules. The Statistical Section, which is un-audited, includes selected financial and demographic information generally presented on a multi-year basis.

## **GOVERNMENTAL STRUCTURE**

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 districts. The Directors serve terms of four years with an election held every two years for alternating district. The District also provides recreational activities at Lake Casitas. The water district and the lake activities are accounted for in 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 50,000 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-two years, Casitas Municipal Water District has been a strong proponent of watershed protection and lake management. The efforts to protect 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 CONDITIONS AND OUTLOOK**

The National Bureau of Economic Research (NBER) has announced that the United States entered into a recession in March 2001. The interesting thing about this is that we have still not experienced two consecutive quarters of negative economic growth, the standard definition of a recession. There has been disagreement with the NBER when they announced the recession. They used some weighted average of four economic indicators, none of which peaked in March 2001. In fact, one measure, personal income was still on an upward trend, a strong and sustained upward trend. It was and is my opinion that if a recession exists, it started on September 11<sup>th</sup>.

The preliminary estimate of the growth of the United States Gross Domestic Product (GDP) the fourth quarter of 2001 is that it was positive. If this holds up, then only one quarter in 2001 would have had negative economic growth, the third quarter. However, recently revisions to preliminary GDP estimates have been quite large and negative. The final GDP growth estimate could very well be negative.

Two factors mark the current economic period as different from most (all?) recessions. Productivity (output per unit of input) and unemployment have not behaved as they typically do in a recession. Productivity has two components, a trend component and a cyclical component.

The trend component is the underlying effect of investment in technology and education on the productivity of labor and capital. After a period of very slow growth in the 1980's, productivity growth accelerated in the 1990's to very impressive rates. The cyclical component of productivity is related to the uncertainty and the cost of laying-off and rehiring people. As the economy turns down, orders fall. Managers don't know if the fall in orders is temporary or the effect of a slow down. They also know that it is expensive and difficult to layoff workers and to rehire workers. So, they don't layoff workers immediately. Measured productivity will fall. That hasn't happened. The trend component has overwhelmed the cyclical component. This is good, and it is a good omen for the economy.

Unemployment has risen in recent months, but not by very much. Indeed the preliminary estimate of unemployment in December in Ventura County actually shows unemployment falling. Again, like most things economic, at least two things are going on. Unemployment is a function of jobs and the labor force. In fact, the County lost 900 jobs in December, but the labor force fell by 3,900, hence, the fall in unemployment. The fall in the labor force is a result of the "discouraged worker" phenomena. Some people may cease looking for work when they perceive a low probability of obtaining employment. These workers are then no longer included in the work force.

So, things are a bit different now than in most recessions. We may or may not technically be in a recession, but the growth of the United State's economy, and Ventura County's economy, has surely slowed.

Ventura County's economy, as measured by Gross County Product, has not fallen in any recent quarter. The impact of the United State's economy has only been to slow the growth of the County's economy, not to stop it. In fact, the County's economy has been growing faster than California's and the Nation's for quite a while. We expect this to continue. In fact, the slowdown in growth in the County's dynamically growing economy led by BioTech has been to growth levels that are envied by much of the world. We expect Ventura County's economy to continue to be one of the fastest growing economies in the world.

### **State**

We expect economic activity, nationally and in California, to be barely positive in 2002. California will feel not only the effects of the National recession, but it has it own problems. The budget problems are in the press daily. The concentration in High Tech is obvious. The energy issue is not so obvious. We went through the summer in much better shape than anyone expected. Still there are effects. The uncertainty about the availability of electricity is surely discouraging business investment in California, and slowing economic growth.

### **County**

Even in 2001, a year of recession, Ventura County's real economic growth rate was a fantastic 6 percent. There are a couple of reasons for the dramatic growth of Ventura County's economy when much of California and the United States saw recession. One reason for the strength is that the County does not share the weaknesses of a dependency on high-tech, particularly dot.coms. Another reason is that the County is not reliant on old-line industries, such as steel and heavy manufacturing. More important though for the County's economic boom is the presence of biotech. This sub-sector of high-tech actually produces valuable products and hence profits. Given the demographics associated with the aging baby boomers, and dramatic innovations in the technology, we expect this sector to be an increasingly important component of Ventura County's rapidly growing economy.

Ventura County's rapidly growing economy has allowed it to avoid a common coastal County problem. While house prices have been rising rather rapidly in Ventura County, the housing affordability measure has shown remarkable strength. This measure, the percent of households that could purchase the median priced home in the County actually rose in 2001 to 35.5 percent, up from 31.4 percent in 2000. This is above the California average of 33.4

percent. It is a result of the rapidly growing household incomes in the County. We expect to see incomes continue to increase over the forecast horizon. Hence, we expect to see little change in this index in future years.

### **County Forecast Highlights**

- Ventura County's economy, led by BioTech and East Ventura County, will continue to be one of the fastest growing economies in the world.
- Unemployment will remain low in Ventura County.
- The income of Ventura County residents will continue to grow at impressive rates.
- Retail sales will increase more rapidly in Ventura County than in most United States markets.
- Manufacturing, particularly high-tech, will continue to expand in Ventura County.
- New construction of residential homes will slow as housing allocations impact supply.
- Home prices will continue to climb in Ventura County.
- The housing affordability measure will remain essentially unchanged.

### **Employment**

Service is the dominant Sector of Ventura County's economy with 29 percent of Ventura County's jobs. Government, with 15 percent of County jobs, and Retail Trade, with 17 percent of county jobs, are the other two very large sectors. Agriculture, while still important, now provides only 7 percent of County jobs. By contrast, mining (oil) has been shrinking in Ventura County for many years. This sector is only a remnant of what it once was.

While the rate of Ventura County job growth slowed just a bit in 2001, the County remains a job generating machine. The County ended 2001 with an estimated 299,850 jobs, up 6,050 from the previous year. In each of the last four years, Ventura County's job growth rate has substantially exceeded that of the State of California. While growth of nondurable manufacturing has dominated County job growth over the recent past, Agriculture has had the highest growth rate of any sector in each of the last two years. Construction and Finance, Insurance, and Real Estate sectors have also shown strong employment gains in recent years.

Mining continues to be the only sector in Ventura County that is actually losing jobs. This sector, which is dominated by oil, now employs only an estimated 900 people in Ventura County. The total job loss in this sector was about 1,300 jobs in the last decade.

### **Average Salary**

The average Ventura County salary was an estimated \$ 37,648 in 2001. This was up only \$ 466 or 1.2 percent from the year 2000 County average salary of \$37,182. In part, this is distorted by data from the Non-Durable Manufacturing sector. This sector's data shows a large decrease in salaries. This is a result of large bonuses in 2000 and small or no bonuses in 2001. The Finance, Insurance, and Real Estate sector saw the greatest increase in salaries. This sector's payroll is dominated by commissions; the large increase reflects the booming real estate and refinance markets.

### **Retail Sales**

Ventura County taxable sales and retail sales have been growing rather impressively for several years now. In 2001, total sales were \$ 9.7 billion, while total retail sales were \$ 6.9 billion. However, the growth rate of each fell in 2000, and it fell yet again in 2001. The growth rate of real (inflation adjusted) total sales has fallen from 9.9 percent in 1999 to only 3.1 percent in 2001. The decline in real retail sales growth has been of similar magnitude. However, given the national economic climate, these growth figures are not that bad.

### **Home Prices and Sales**

Residential real estate activity in Ventura County 2001 was a story of continuing strength. The level of sales and price appreciation has not been significantly slowed by 9/11. During the year 2001, the median resale price in the County averaged \$312,500 in 2001, the average quarterly new home price averaged \$433,000, and sales levels were 8,567 units. The local market for homes continues to benefit from: relatively low mortgage rates, the continued expansion of the bio-tech industry in the area, (e.g. Amgen and Baxter Pharmaceuticals), and proximity to the still healthy Southern California communities of Santa Barbara and Los Angeles.

### **Income**

The County's real median family income (which is the income of the family in the middle of the income distribution and not influenced by the incomes of those with very low or very high incomes) has exceeded California's real median family income since 1996 by approximately \$ 11,901 or 23 percent.

Besides being impressively high, the County's median family income has shown strong growth in recent years. We expect this growth to continue.

### **Issues in Ventura County Agriculture**

Agriculture is a difficult business. Competition, domestic and international, is always increasing. The technology is always changing. The pressure to control costs is unremitting. Regulatory changes are frequent. Pests, and the threat of pests, are ever present. However, Ventura County growers face additional challenges.

While we did not experience the electrical blackouts predicted last summer, California electrical prices are up substantially from the previous years. Ventura County agriculture is an energy intensive business, and these rising costs are putting new stresses on our growers. High housing costs increase the difficulty of finding quality labor. Increasing confrontations at the boundary of rural and urban areas increase grower's costs.

### **Business Sentiment**

The County's Business confidence was declining before September 11, 2001. Somewhat paradoxically, responses about the future increased after September 11, 2001, while opinions on current conditions declined. For the third consecutive quarter, local business leaders, through a survey, indicated that business conditions were not as good as they were one year prior. Confidence about the future was declining prior to September 11<sup>th</sup>; it was negative for the short term future. After September 11<sup>th</sup>, confidence in the future picked up rather dramatically.

Unemployment generated responses consistent with those of the economy as a whole. Ventura County business expectations about future unemployment became more optimistic in the fourth quarter of 2001. However, a majority still expect unemployment to increase in 2002.

### **OUTLOOK FOR CASITAS**

The future outlook for Casitas continues to look good because of both an increase in water sales and recreation revenue and Casitas' ability to provide quality water. The financial statements prove this and also show an increase of operating revenue which demonstrates our controls over costs.

Under normal conditions Casitas will continue to meet its operating expenses. We continue to increase our water rates in January so that we can have a reserve to pay back our requirement of the work on the dam. We are planning to replace and increase our infrastructure over the next few years and this will have an effect in using our reserves that were set up for this

particular type of work. Overall, Casitas is still striving to provide the best customer service in the industry.

### **FUTURE PROJECTS AND CHALLENGES**

Casitas Municipal Water District installed the Marion M. Walker Treatment Plant five years ago and it continues to give quality water to our customers. We are still in the process of upgrading the Water Treatment Plant to treat for disinfection by-products formed from chlorination which would further enhance the quality. The process includes chemical addition of ammonia and sodium hydroxide as well as horizontal storage of 1,050 feet of 144-inch pipe. We are also switching to chloramines and retrofitting our storage tanks to move water and keep the chloramines at a constant level. This combined upgrade will cost approximately \$2,900,000.

In 1998, the United States Department of the Interior, Bureau of Reclamation (USBR) under the Safety of Dams Program had determined that the Casitas Dam needed to be modified to come up to the current standard for dam safety in the event of a major earthquake. The District and the USBR are still negotiating a contract with Casitas sharing a portion of the project cost. Casitas still may be responsible for approximately \$5.7 million or more of the project's anticipated total cost.

In late 1997, the National Marine Fisheries Service (NMFS) listed the anadromous steelhead trout in Southern California as an endangered species. This action required that any project or action that may affect steelhead or their habitats require consultation with NMFS to obtain an incidental "take" permit. Since operations and maintenance or water diversions, flood control channels, and sewage treatment plants may affect steelhead in the Ventura River, project operators have been required to consult with NMFS to obtain permits. Casitas has been part of a group of local public and private agencies that have been collaborating to develop a single management plan that can be used for all local agencies which will address the steelhead issues and permit required. The objectives of this plan are two fold; 1) to identify measures to mitigate impacts of ongoing operations and maintenance activities and of future projects, and 2) to identify evaluate opportunities to promote recovery and restoration of steelhead in the watershed.

In response to the steelhead objectives, Casitas continues on a project of getting approval to build a combination fish ladder and screen to be built in the 2002-2003 fiscal year for a cost of approximately \$7 million to enable the steelhead trout to gain access to their natural habitat.

Casitas has hired a Fishery Biologist to help with the NMFS collaboration, to

monitor the system and verify that we are doing all we can to protect the steelhead.

Casitas has designed a web site for the internet that would provide services to our customers and continues to modify it to meet our objectives. The web site would include features like reservations for activities of Lake Casitas, on-line payments for utility billing and storage fees, information about Casitas, water application forms, instructions for new customers and information about upcoming events. Casitas continues to use our Information Technology Manager to bring all our systems into the current technological mainstream.

## **FINANCIAL INFORMATION**

### ***Internal Controls***

Casitas maintains an internal control structure designed to insure that assets of the District are protected from loss, theft, or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that the assets of the District will be safeguarded against loss from unauthorized use or disposition, and to ensure the reliability of financial records, accurate preparation of financial statements, and maintenance of accountability for assets. Casitas is an Enterprise Fund and uses the modified accrual basis of accounting and is financed and operated in a manner similar to private business enterprises. The intent of Casitas is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

### ***General Functions***

The following schedule represents a summary of revenues and expenses for all operations of Casitas. The total revenues increased from operation for the year ended June 30, 2002 compared to the previous year because of an increase in revenues from both water sales and service and its recreation operations.

The total expenses increased for the year ended June 30, 2002 compared to the previous year due to the increased costs from Source and Supply, Pumping, Transmission and Distribution, Customer Service, Administration and General. Other expenses were due to a drought year with high water production and a grant for building a boat ramp at Lake Casitas.

## Debt Administration

Casitas adheres to prudent financial practices regarding all debt financing. Casitas has two voter-approved bonds outstanding for the Casitas Dam and State Water Project and a special assessment bond payable amounting to \$11,499,373 as of June 2002.

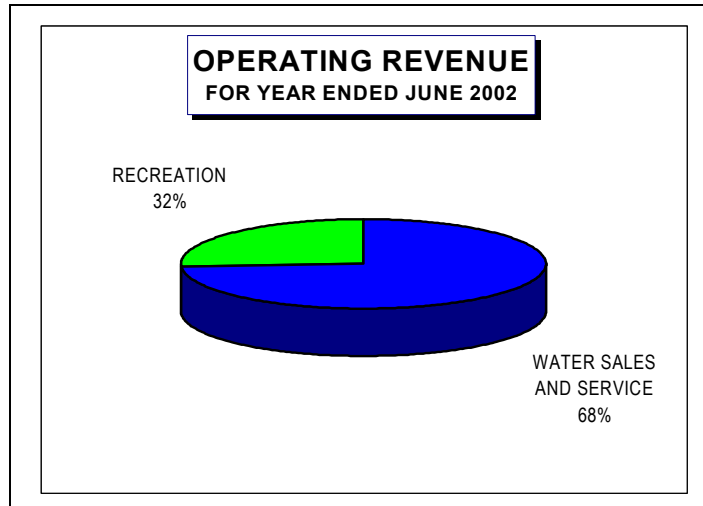
Casitas has a debt on the Marion R. Walker Pressure Filtration Plant of \$4,475,112 from the State of California Department of Water Resources, which is being repaid through its operational revenues.

<b>CASITAS MUNICIPAL WATER DISTRICT</b> <b>FINANCIAL OPERATING HIGHLIGHTS</b> <b>YEAR ENDED JUNE 30, 2002</b> <i>(with comparative totals for June 30, 2001)</i> <i>(In Thousands)</i>				
	<u>2001-2002</u>	<u>Percent</u>	<u>2000-2001</u>	<u>Percent</u>
	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
<b>OPERATING REVENUE:</b>				
WATER SALES AND SERVICE	\$6,014,499	68.0%	\$5,162,660	71.3%
RECREATION REVENUE	2,835,952	32.0%	2,073,030	28.7%
<b>TOTAL OPERATING REVENUES</b>	<b>\$8,850,451</b>	<b>100.0%</b>	<b>\$7,235,690</b>	<b>100.0%</b>
<b>OPERATING EXPENSE:</b>				
SOURCE OF SUPPLY	\$841,440	10.7%	\$499,348	7.3%
PUMPING	1,577,104	20.1%	1,058,990	15.6%
WATER TREATMENT	1,204,385	15.4%	1,126,172	16.6%
TRANSMISSION AND DISTRIBUTION	603,458	7.7%	659,855	9.7%
TELEMETERING	162,744	2.1%	141,110	2.1%
CUSTOMER ACCOUNTS	269,114	3.4%	252,638	3.7%
ADMINISTRATION AND GENERAL	1,309,717	16.7%	1,261,007	18.5%
RECREATION	1,866,149	23.8%	1,800,565	26.5%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$7,834,111</b>	<b>100.0%</b>	<b>\$6,799,685</b>	<b>100.0%</b>
OPERATING PROFIT / (LOSS)	<b>\$1,016,340</b>		<b>\$436,005</b>	
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
PROPERTY TAXES	\$2,325,808	79.6%	\$2,677,581	77.4%
FEDERAL AID	55,330	1.9%	0	0.0%
CAPITAL FACILITIES FEES	134,426	4.6%	118,790	3.4%
INTEREST INCOME	495,218	17.0%	767,526	22.2%
INTEREST EXPENSE	(141,823)	-4.9%	(165,594)	-4.8%
OTHER REVENUE/(EXPENSE) - NET	52,550	1.8%	58,902	1.7%
<b>NON-OPERATING REVENUE</b>	<b>\$2,921,509</b>	<b>100.0%</b>	<b>\$3,457,205</b>	<b>100.0%</b>
<b>(EXPENSE) - NET</b>				
<b>NET INCOME</b>	<b>\$3,937,849</b>		<b>\$3,893,210</b>	



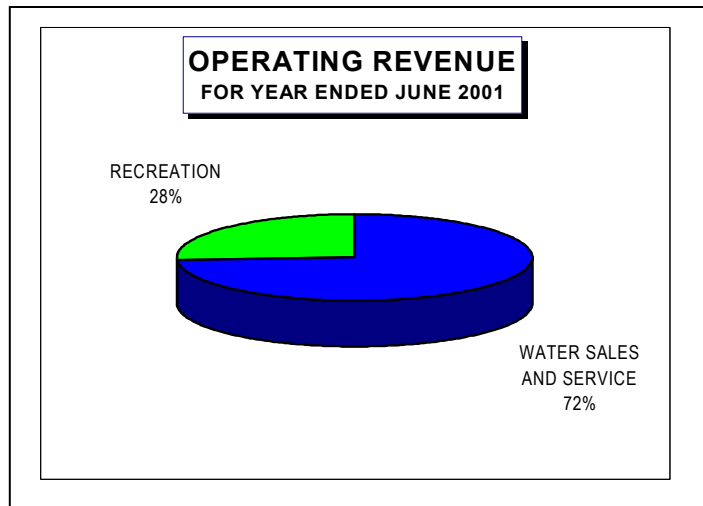
**Cash Management**

Cash is pooled for the purpose of increasing interest income through investment activities. Pooled investments are stated at cost or amortized cost, which apporions market value. Cash and investments are kept at the Bank of America, State of California Local Agency Investment Fund (LAIF), the County Treasurer, the Federal Reserve, in the form of Treasury Bills. The average yield on investments for the fiscal year 2001-02 was 4.01%. Bank deposits of \$100,000 or less are insured by FDIC insurance. Certain bank deposits over \$100,000 are required by California Government Code to be collateralized with U.S. Treasury Securities or first trust deed mortgages.



**Risk Management**

Casitas is insured through Driver Cal-Central for property, liability and worker's compensation coverage as our broker. Property coverage has a \$ 250,000 deductible and liability is \$ 25,000 self-insured. The commercial coverage was purchased for worker's compensation liability from State Compensation Fund.



The District has striven toward a goal of keeping employees safe by forming a Safety Committee comprised of members from each section of the District to discuss and implement training, regulations and practices in order to accomplish the goal. Safety inspections are performed regularly for employee safety and the reduction of public injury or liability.

## **OTHER INFORMATION**

### ***Independent Audit***

The financial statements have been audited by the certified public accounting firm of Porter & Company. Casitas' independent auditor has reviewed the adequacy of internal controls and the supplementary financial information included in the Comprehensive Annual Financial Report as they relate to the fairness of presentation of Casitas' financial statements. The Auditor's Report is included in the Financial Section of this report.

### ***Certificate of Achievement***

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Casitas Municipal Water District for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally acceptable accounting principles and applicable legal requirements.

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

### ***Acknowledgments***

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Accounting Services Section of Casitas Municipal Water District. I express my appreciation to the members of the Accounting Services Section and our independent auditors, Porter & Company, all of whom assisted in and contributed to its preparation. I also thank the Board of Directors and the management members for their interest and support in planning and conducting the financial operations of the District in a responsible and effective manner.

Respectfully submitted,

Kenneth W. Weber  
Accounting Manager/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Casitas Municipal Water  
District, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

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



*Imelda Gruwe*  
President

*Jeffrey L. Essler*  
Executive Director

# **CASITAS MUNICIPAL WATER DISTRICT**

## **DIRECTORY**

**JULY 1, 2001 - JUNE 30, 2002**

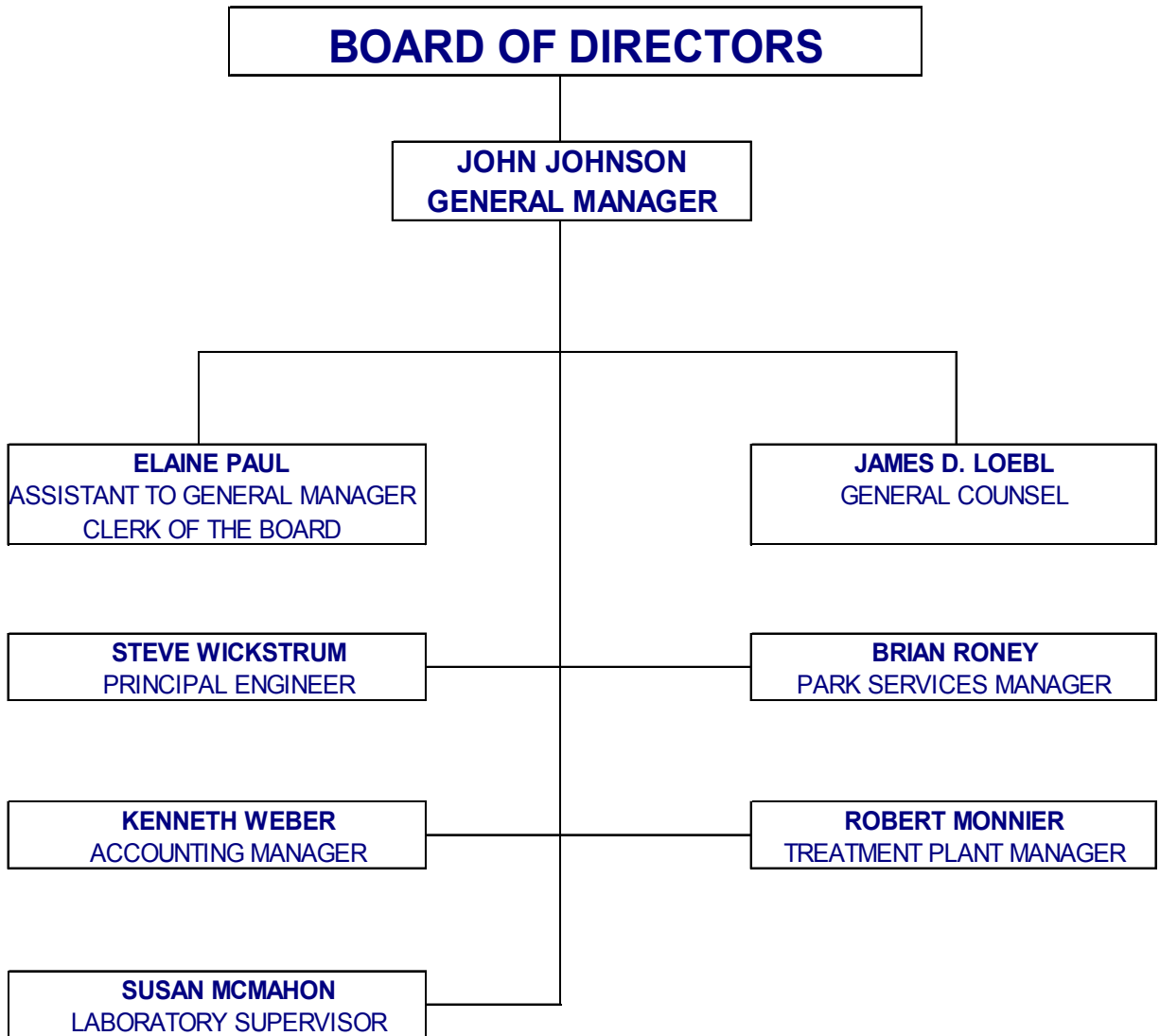
### **BOARD OF DIRECTORS**

<b>Board Member</b>	<b>Title</b>	<b>Date of Original Election of Appointment</b>	<b>Ending Date of Term</b>
<b>James Coultas</b>	<b>President</b>	<b>November 1981</b>	<b>December 2004</b>
<b>Chuck Bennett</b>	<b>Vice President</b>	<b>September 1999</b>	<b>December 2002</b>
<b>James Word</b>	<b>Secretary</b>	<b>May 1997</b>	<b>December 2004</b>
<b>Bill Hicks</b>	<b>Assistant Secretary</b>	<b>November 1990</b>	<b>December 2002</b>
<b>Bill Austin</b>	<b>Director</b>	<b>May 2002</b>	<b>December 2004</b>

### **STAFF**

John J. Johnson	General Manager
Elaine Paul	Assistant to General Manager/Clerk of the Board
James D. Loebel	General Counsel
Steve Wickstrum	Principal Civil Engineer
Brian Roney	Park Services Manager
Ken Weber	Accounting Manager
Bob Monnier	Treatment Plant Manager

**CASITAS MUNICIPAL WATER DISTRICT  
ORGANIZATION CHART  
JULY 1, 2001 TO JULY 30, 2002**





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# **FINANCIAL SECTION**



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3585 Maple Street, Suite 244 • Ventura,  
California 93003  
Tel: (805) 650-5090 • (800) 304-6700  
Fax: (805) 650-0511  
Website: [www.porterandcompany.com](http://www.porterandcompany.com)  
E-mail: [info@porterandcompany.com](mailto:info@porterandcompany.com)

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

### Independent Auditor's Report

I have audited the accompanying balance sheet of Casitas Municipal Water District as of June 30, 2002 and 2001 and the related statements of revenues and expenses and changes in retained earnings, and cash flows for the year 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 audit.

I conducted my audit 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 audit 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 audit provides 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, 2002 and 2001 and the results of its operations and its cash flows for the year 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 audit was 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.

*Porter & Company*

September 11, 2002



PORTER & COMPANY

*Certified Public Accountant*

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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, 2002 and 2001, and have issued my report thereon dated September 11, 2002.

I conducted my audit 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 audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of the Casitas Municipal Water District for the years ended June 30, 2002 and 2001, 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

(Continued)

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.

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*

September 11, 2002



PORTER & COMPANY

*Certified Public Accountant*

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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, 2002 and 2001, and have issued my report thereon dated September 11, 2002.

I conducted my audit 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 audit 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*

September 11, 2002

# **GENERAL PURPOSE FINANCIAL STATEMENTS**



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# Casitas Municipal Water District

## Balance Sheet

As of June 30, 2002

(with comparative totals for June 30, 2001)

<b>ASSETS</b>	<b>2002</b>	<b>2001</b>
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 1,021,172	\$ 1,390,222
Investments	3,190,306	3,267,223
Accounts Receivable	754,587	625,428
Other Receivables	376,284	113,578
Property Tax Receivable	333	51,670
Interest Receivable	68,597	127,935
Inventories		
Material and Supplies	64,816	60,228
Water in Storage	642,762	607,898
Prepaid Rent	47,775	47,775
Deposits	1,000	1,000
	<hr/>	<hr/>
Total Current Assets	6,167,632	6,292,957
<b><u>Restricted Assets</u></b>		
Investments	4,683,957	3,918,991
Taxes Receivable	1,251	75,296
Assessments Receivable	245,064	250,704
Due From Other Agencies	8,615	8,615
	<hr/>	<hr/>
Total Restricted Assets	4,938,887	4,253,606
Plant and Equipment, Net	<hr/>	<hr/>
	53,657,355	49,722,275
<b><u>Other Assets</u></b>		
Designated Investments	5,092,211	6,078,815
Noncurrent Receivable	33,409	42,291
Other	22,040	19,455
Prepaid Rent	262,763	313,699
Inventory - Water In Storage	3,213,809	3,647,390
Entitlement - State Water Project	10,854,824	10,491,865
Loan Fee, Net	205,628	216,173
	<hr/>	<hr/>
Total Other Assets	19,684,684	20,809,688
Total Assets	<hr/>	<hr/>
	\$ 84,448,558	\$ 81,078,526

(Continue)

See Auditor's Report

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

# Casitas Municipal Water District

## Balance Sheet *(continued)*

As of June 30, 2002

*(with comparative totals for June 30, 2001)*

<b><u>LIABILITIES AND EQUITY</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>
<b><u>Current Liabilities</u></b>		
Current Portion of Long-Term Debt	\$ 1,135,725	\$ 480,709
Accrued Interest on Long-Term Debt	17,976	37,218
Accounts Payable	583,758	602,524
Accrued Vacation and Sick Leave Benefits	654,002	610,934
Other Accrued Liabilities	503,367	522,474
Customer Deposits and Retentions	500	500
Total Current Liabilities	<u>2,895,328</u>	<u>2,254,359</u>
<b><u>Long-Term Liabilities</u></b>		
Long-Term Debt	<u>14,838,760</u>	<u>16,049,991</u>
Total Long-Term Liabilities	<u>14,838,760</u>	<u>16,049,991</u>
Total Liabilities	<u>17,734,088</u>	<u>18,304,350</u>
<b><u>Equity</u></b>		
Contributed Capital	6,199,923	6,251,227
Retained Earnings		
Reserved for Debt Retirement	15,690	11,186
Unreserved	<u>60,498,857</u>	<u>56,511,763</u>
Total Equity	<u>66,714,470</u>	<u>62,774,176</u>
Total Liabilities and Equity	<u>\$ 84,448,558</u>	<u>\$ 81,078,526</u>

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 Retained Earnings  
For the Years Ended June 30, 2002  
*(with comparative totals for June 30, 2001)*

	<u>2002</u>	<u>2001</u>
<b><u>Operating Revenues</u></b>		
Water Sales and Services	\$ 6,014,499	\$ 5,162,660
Recreation Revenue	2,835,952	2,073,030
	<u>8,850,451</u>	<u>7,235,690</u>
<b><u>Operating Expenses</u></b>		
Source of Supply	841,440	499,348
Pumping	1,577,104	1,058,990
Water Treatment	1,204,385	1,126,172
Transmission and Distribution	603,458	659,855
Telemetry	162,744	141,110
Customer Accounts	269,114	252,638
Administration and General	1,309,717	1,261,007
Recreation	1,866,149	1,800,565
	<u>7,834,111</u>	<u>6,799,685</u>
Total Operating Expenses	<u>7,834,111</u>	<u>6,799,685</u>
Operating Income	<u>1,016,340</u>	<u>436,005</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Property Taxes	2,325,808	2,677,581
Federal Aid	55,330	-
Capital Facilities Charges	134,426	118,790
Interest Income	495,218	767,526
Interest Expense	(141,823)	(165,594)
Other Revenue - Net	52,550	58,902
	<u>2,921,509</u>	<u>3,457,205</u>
Total Non-Operating Revenues (Expenses)	<u>2,921,509</u>	<u>3,457,205</u>
Net Income	3,937,849	3,893,210
Depreciation on Contributed Capital	53,749	54,040
	<u>3,991,598</u>	<u>3,947,250</u>
Increase in Retained Earnings	<u>3,991,598</u>	<u>3,947,250</u>
Retained Earnings, Beginning of Year	<u>56,522,949</u>	<u>52,575,699</u>
Retained Earnings, End of Year	<u>\$ 60,514,547</u>	<u>\$ 56,522,949</u>

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 Year Ended June 30, 2002  
*(with comparative totals for June 30, 2001)*

	<b>2002</b>	<b>2001</b>
<b><u>Cash Flows From Operating Activities:</u></b>		
Net Operating Income	\$ 1,016,340	\$ 436,005
<b><u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</u></b>		
Depreciation and Amortization	1,501,096	1,711,136
<b><u>Change in Assets and Liabilities:</u></b>		
Change in Accounts Receivable	(123,519)	126,255
Change in Other Receivables	(617,705)	(416,581)
Change in Material and Supplies Inventory	(4,588)	15,529
Change in Prepaid Rent and Other Prepays	50,936	108,923
Change in Noncurrent Receivables	8,882	11,515
Change in Stored Water Inventory	398,717	(13,425)
Change in Deposits	-	5,009
Change in Accounts Payable	(18,766)	153,877
Change in Other Current Liabilities	4,719	63,308
Change in Other Revenues	52,550	58,902
Total Adjustments	1,252,322	1,824,448
Net Cash Provided By Operating Activities	2,268,662	2,260,453
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>		
Capital Contributions in Aid	(2,445)	102,079
Acquisition of Fixed Assets	(4,798,670)	(1,699,387)
Repayment of Long-Term Debt	(556,215)	(416,795)
Interest Payments	(141,823)	(165,594)
State Water Project Costs	(447,896)	(417,529)
Capital Facilities Charges	134,426	118,790
Net Cash (Used) by Capital and Related Financing Activities	(5,812,623)	(2,478,436)
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>		
Property Taxes Collected	2,325,808	2,677,581
Federal Aid	55,330	-
Net Cash Provided by Non-Capital Financing Activities	2,381,138	2,677,581
<b><u>Cash Flows from Investing Activities:</u></b>		
Interest Received	495,218	767,526
Use (Purchases) of Investments	298,555	(2,452,807)
Net Cash Provided (Used) by Investing Activities	793,773	(1,685,281)
Net Increase (Decrease) in Cash	(369,050)	774,317
Cash and Cash Equivalents, Beginning of Year	1,390,222	615,905
Cash and Cash Equivalents, End of Year	\$ 1,021,172	\$ 1,390,222

See Auditor's Report

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

# Casitas Municipal Water District

## Notes to Financial Statements

For the Year Ended June 30, 2002

(with comparative totals for June 30, 2001)

### **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 20, 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, 2002 and 2001. 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 \$124,095 and \$124,085 at June 30, 2002 and 2001, 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 2002, 2001, and 2000 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.

(Continue)

See Auditor's Report

**Casitas Municipal Water District**  
Notes to Financial Statements  
For the Year Ended June 30, 2002  
*(with comparative totals for June 30, 2001)*

**NOTE 2 - CASH AND INVESTMENTS (continued):**

Cash and Investments consisted of the following at June 30, 2002 and 2001:

	2002	2001
Cash and Demand Deposits With Banks	\$ 480,300	\$ 1,370,000
State of California Local Agency Investment Fund ("LAIF")	9,776,168	9,997,806
County of Ventura Investment Fund	540,872	20,222
U.S. Treasury Bills	3,190,306	3,167,223
Certificates of Deposit	-0-	100,000
Total Cash and Investments	\$ 13,987,646	\$ 14,655,251

As of June 30, 2002 and 2001, total cash and investments consisted of the following, as shown on the balance sheet:

<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 1,021,172	\$ 1,390,222
Investments	3,190,306	3,267,223
<b><u>Restricted Assets</u></b>		
Investments	4,683,957	3,918,991
<b><u>Other Assets</u></b>		
Designated Investments	5,092,211	6,078,815
Total Cash and Investments	\$ 13,987,646	\$ 14,655,251

**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 insured 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	Carrying
	1	2	3	Balance	Amount
<b><u>Unrestricted Cash:</u></b>					
Cash in Bank	\$ 1,021,172	\$ -	\$ -	\$ 1,021,172	\$ 1,021,172
Total Unrestricted Cash	\$ 1,021,172	\$ -	\$ -	\$ 1,021,172	\$ 1,021,172

See Auditor's Report

*(Continue)*

**Casitas Municipal Water District**  
Notes to Financial Statements  
For the Year Ended June 30, 2002  
*(with comparative totals for June 30, 2001)*

**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 bank's or dealer'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.

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	1	2	3		
<b>Investment in:</b>					
State Treasurer's Investment Pool		Unable to Assign (*)		\$ 9,776,168	\$ 9,776,168
Treasury Bills	\$ 3,190,306	\$ -	\$ -	3,190,306	3,190,306
Total Unrestricted	<u>\$ 3,190,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,966,474</u>	<u>\$ 12,966,474</u>

*(\*) 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.

**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, 2002 and 2001, the District had \$310,538 and \$361,474, respectively, of prepaid rent attributable to this lease agreement, of which \$47,775 is classified as current prepaid rent.

*(Continue)*

See Auditor's Report

**Casitas Municipal Water District**  
Notes to Financial Statements  
For the Year Ended June 30, 2002  
*(with comparative totals for June 30, 2001)*

*(Continued)*

**NOTE 4 - PLANT AND EQUIPMENT:**

Plant and equipment consisted of the following at June 30, 2002 and 2001:

	<b>2002</b>	<b>2001</b>
Land	\$ 6,044,367	\$ 6,044,367
Utility Plant	58,896,432	57,910,778
Recreation Facilities	6,082,772	6,058,530
Construction-in-Progress	6,460,418	2,098,341
Total	77,483,989	72,112,016
Less, Accumulated Depreciation	(23,826,634)	(22,389,741)
Net, Plant and Equipment	\$ 53,657,355	\$ 49,722,275

Total depreciation expense was \$1,436,893 and \$1,711,136 for the years ended June 30, 2002 and 2001, respectively.

**NOTE 5 - RESERVED RETAINED EARNINGS:**

The District had reserved portions of retained earnings for the following purposes at June 30, 2002 and 2001:

	<b>2002</b>	<b>2001</b>
Reserved Retained Earnings		
For Debt Retirement	\$ 15,690	\$ 11,186

**NOTE 6 - CONTRIBUTED CAPITAL:**

For the year ended June 30, 2002, the District reduced contributed capital for depreciation on contributed capital assets. During the year, contributed capital increased by the following amounts:

Balance, June 30, 2000	\$ 6,299,266
Capital Contributions	6,051
Less, Depreciation on Assets Acquired	
With Contributed Capital	(54,040)
Balance, June 30, 2001	6,251,227
Capital Contributions	2,445
Less, Depreciation on Assets Acquired	
With Contributed Capital	(53,749)
Balance, June 30, 2002	\$ 6,199,923

**NOTE 7 - 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").

See Auditor's Report

*(Continue)*

# Casitas Municipal Water District

## Notes to Financial Statements

For the Year Ended June 30, 2002

*(with comparative totals for June 30, 2001)*

**NOTE 7 - STATE WATER PROJECT (continued):**

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, 2002 and 2001:

	<b>2002</b>	<b>2001</b>
Total State Water Project Costs	\$ 43,419,296	\$ 41,967,459
Less, Other Agencies' Share	(32,564,472)	(31,475,594)
Net State Water Project Costs	\$ 10,854,824	\$ 10,491,865
	<b>2002</b>	<b>2001</b>
Related Debt Outstanding	\$ 7,337,509	\$ 7,724,691
Less, Other Agencies' Share	(5,470,170)	(5,788,344)
Debt Related to the State Water Project	\$ 1,867,340	\$ 1,936,347

**NOTE 7 - STATE WATER PROJECT (continued):**

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 \$3,027,750 and \$2,946,184, at June 30, 2002 and 2001, respectively.

The District's share of ongoing operations and maintenance cost is updated annually by the SWP. As of June 30, 2002, future

estimated costs as provided by the SWP for the next five years are as follows:

Fiscal Year Ending June 30	
2003	\$ 499,165
2004	469,371
2005	373,988
2006	369,616
2007	370,416
Total	\$ 2,082,566

**NOTE 8 - LONG-TERM DEBT:**

Long-term debt consisted of the following:

	<b>2002</b>	<b>2001</b>
Note Payable to U.S. Bureau of Reclamation	\$ 9,436,460	\$ 9,694,348
Obligation Under State Water Project – Note 7	1,801,413	1,936,348
Special Assessment Bonds Payable	261,500	267,500
California Debt of Water Resources	4,475,112	4,632,504
Total	15,974,485	16,530,700
Less, Current Portion	(1,135,725)	(480,709)
Total Long-Term Debt	\$ 14,838,760	\$ 16,049,991

See Auditor's Report

*(Continue)*

# Casitas Municipal Water District

## Notes to Financial Statements

For the Year Ended June 30, 2002

(with comparative totals for June 30, 2001)

(Continued)

**NOTE 8 - LONG-TERM DEBT (continued):**

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 7 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, 2002 and 2001, the District had restricted assets of \$4,938,887 and \$4,253,606, respectively, for debt service payments.

The annual requirements to amortize all long-term debt outstanding as of June 30, 2002 are as follows:

Fiscal Year Ending June 30	Special Assessment Bonds	Notes Payable	Total
2003	\$ 6,000	\$ 1,129,725	\$ 1,135,725
2004	6,000	1,169,853	1,175,853
2005	6,000	1,178,030	1,184,030
2006	6,000	1,186,518	1,192,518
2007	6,000	1,197,554	1,203,554
Thereafter	231,500	9,851,305	10,082,805
Total	\$ 261,500	\$ 15,712,985	\$ 15,974,485

**NOTE 9 - PENSION PLAN:**

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

*Funding Policy.* Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate of 0% for all employees of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

(Continue)



See Auditor's Report

## Casitas Municipal Water District

### Notes to Financial Statements

For the Year Ended June 30, 2002

(with comparative totals for June 30, 2001)

(Continued)

**NOTE 9 - PENSION PLAN (continued):**

*Annual Pension Cost.* For fiscal year 2001/02, the District's annual pension cost of \$137,560 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) cost-of-living adjustments.

Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2002, was six years.

Three-year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/00	\$ 134,879	100%	\$ -0-
06/30/01	\$ 132,366	100%	\$ -0-
06/30/02	\$ 137,560	100%	\$ -0-

Funded Status of the Plan

Valuation Date	Entry Age Normal Accrual Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
06/30/98	12,599,453	16,030,706	(3,431,253)	127.2 %	1,865,644	(183,918)%
06/30/99	13,051,388	17,636,529	(4,585,141)	135.1 %	1,855,938	(247.053)%
06/30/00	14,106,672	19,218,810	(5,112,138)	136.2 %	1,973,174	(259.082)%

See Auditor's Report

(Continue)

# **Casitas Municipal Water District**

## **Notes to Financial Statements**

**For the Year Ended June 30, 2002**

*(with comparative totals for June 30, 2001)*

*(Continued)*

### **NOTE 10 - 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, 2002, there were twelve employees hired after June 23, 1993. During the years ending June 30, 2002 and 2001, expenditures of \$145,854 and \$132,726, respectively, were recognized for post-retirement insurance benefits, using the pay-as-you-go basis of accounting.

### **NOTE 11 – 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.

### **NOTE 12 – RETAINED EARNINGS DEFICIT:**

With in the financial reporting entity, the Financing Fund has a \$6,556,211 retained earnings deficit. The District receives property taxes from Ventura County for repayment of this debt.

See Auditor's Report



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# **SUPPLEMENTAL SCHEDULES**



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**Casitas Municipal Water District**  
**Combining Balance Sheet**  
As of June 30, 2002

<b>ASSETS</b>	<b>Proprietary Operating Fund</b>	<b>Financing Fund</b>	<b>Improvement Assessment Fund</b>	<b>Total</b>
<b><u>Current Assets</u></b>				
Cash and Cash Equivalents	\$ 1,021,172	\$ -	\$ -	\$ 1,021,172
Investments	3,190,306	-	-	3,190,306
Accounts Receivable	754,587	-	-	754,587
Other Receivables	376,284	-	-	376,284
Property Tax Receivable	333	-	-	333
Interest Receivable	-	68,597	-	68,597
Inventories				
Material and Supplies	64,816	-	-	64,816
Water in Storage	642,762	-	-	642,762
Prepaid Expenses	47,775	-	-	47,775
Deposits	1,000	-	-	1,000
<b>Total Current Assets</b>	<b>6,099,035</b>	<b>68,597</b>	<b>-</b>	<b>6,167,632</b>
<b><u>Restricted Assets</u></b>				
Investments	-	4,647,102	36,855	4,683,957
Taxes Receivable	-	-	1,251	1,251
Assessments Receivable	-	-	245,064	245,064
Due From Other Agencies	-	8,615	-	8,615
<b>Total Restricted Assets</b>	<b>-</b>	<b>4,655,717</b>	<b>283,170</b>	<b>4,938,887</b>
Plant and Equipment, Net	53,657,355	-	-	53,657,355
<b><u>Other Assets</u></b>				
Designated Investments	5,092,211	-	-	5,092,211
Noncurrent Receivable	33,409	-	-	33,409
Other	22,040	-	-	22,040
Prepaid Rent	262,763	-	-	262,763
Inventory - Water In Storage	3,213,809	-	-	3,213,809
Entitlement - State Water Project	10,854,824	-	-	10,854,824
Loan Fee, Net	205,628	-	-	205,628
<b>Total Other Assets</b>	<b>19,684,684</b>	<b>-</b>	<b>-</b>	<b>19,684,684</b>
<b>Total Assets</b>	<b>\$ 79,441,074</b>	<b>\$ 4,724,314</b>	<b>\$ 283,170</b>	<b>\$ 84,448,558</b>

See Auditor's Report

(Continue)

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

**Casitas Municipal Water District**  
Combining Balance Sheet *(continued)*  
As of June 30, 2002

<b>LIABILITIES AND EQUITY</b>	<b>Proprietary Operating Fund</b>	<b>Financing Fund</b>	<b>Improvement Assessment Fund</b>	<b>Total</b>
<b><u>Current Liabilities</u></b>				
Current Portion of Long-Term Debt	\$ 162,527	\$ 967,198	\$ 6,000	\$ 1,135,725
Accrued Interest on Long-Term Debt	17,976	-	-	17,976
Accounts Payable	541,106	42,652	-	583,758
Accrued Vacation and Sick Leave Benefits	654,002	-	-	654,002
Other Accrued Liabilities	503,367	-	-	503,367
Customer Deposits and Retentions	-	-	500	500
Total Current Liabilities	<u>1,878,978</u>	<u>1,009,850</u>	<u>6,500</u>	<u>2,895,328</u>
<b><u>Long-Term Liabilities</u></b>				
Long-Term Debt	<u>4,312,585</u>	<u>10,270,675</u>	<u>255,500</u>	<u>14,838,760</u>
Total Long-Term Liabilities	<u>4,312,585</u>	<u>10,270,675</u>	<u>255,500</u>	<u>14,838,760</u>
Total Liabilities	<u>6,191,563</u>	<u>11,280,525</u>	<u>262,000</u>	<u>17,734,088</u>
<b><u>Equity</u></b>				
Contributed Capital	6,199,923	-	-	6,199,923
Retained Earnings				
Reserved for Debt Retirement	-	-	15,690	15,690
Unreserved	<u>67,049,588</u>	<u>(6,556,211)</u>	<u>5,480</u>	<u>60,498,857</u>
Total Equity	<u>73,249,511</u>	<u>(6,556,211)</u>	<u>21,170</u>	<u>66,714,470</u>
Total Liabilities and Equity	<u>\$ 79,441,074</u>	<u>\$ 4,724,314</u>	<u>\$ 283,170</u>	<u>\$ 84,448,558</u>

See Auditor's Report  
The Notes to Financial Statements Are An Integral Part of This Statement

**Casitas Municipal Water District**  
 Detail Schedules of Operating Expenses - *Utility Department*  
 For the Year Ended June 30, 2002  
 (with comparative totals for June 30, 2001)

<u>Source of Supply</u>	<u>2002</u>	<u>2001</u>
Salaries and Benefits	\$ 161,572	\$ 190,588
District Equipment	6,975	5,587
Services and Supplies	11,524	11,052
Utilities	2,239	2,457
Rent - Matilija Dam	47,775	47,775
Communications	2,469	2,621
Work Order Materials	-	2,669
Outside Contracts	25,561	42,763
All Other Charges	28,851	28,661
Depreciation	155,757	178,600
Cost Applied (To) From Inventory	398,717	(13,425)
Total Source of Supply	841,440	499,348
 <u>Pumping Expense</u>		
Salaries and Benefits	111,564	89,239
District Equipment	4,813	3,689
Services and Supplies	26,556	18,218
Pumping Power	1,315,898	839,030
Depreciation	110,245	99,729
All Other Charges	8,028	9,085
Total Pumping Expense	1,577,104	1,058,990
 <u>Water Treatment Expense</u>		
Salaries and Benefits	314,940	307,735
District Equipment	9,971	9,580
Services and Supplies	54,036	47,734
Utilities	169,819	129,997
Chemicals	120,147	114,843
Outside Contracts	7,084	13,043
Depreciation	520,786	497,592
Communications	2,096	2,410
All Other Charges	5,506	3,238
Total Water Treatment Expense	1,204,385	1,126,172
 <u>Transmission and Distribution Expense</u>		
Salaries and Benefits	185,720	220,961
District Equipment	22,120	24,850
Services and Supplies	73,628	61,398
Work Order Materials	18,379	5,318
Outside Contracts	23,083	59,569
Communication	2,414	1,329
Depreciation	270,642	270,811
All Other Charges	7,472	15,619
Total Transmission and Distribution Expense	603,458	659,855

See Auditor's Report  
 The Notes to Financial Statements Are An Integral Part of This Statement

(Continue)



**Casitas Municipal Water District**  
 Detail Schedules of Operating Expenses - *Utility Department*  
 For the Year Ended June 30, 2002  
 (with comparative totals for June 30, 2001)

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See Auditor's Report  
 The Notes to Financial Statements Are An Integral Part of This Statement

(Continue)

**Casitas Municipal Water District**  
 Detail Schedules of Operating Expenses - *Utility Department (continued)*  
 For the Year Ended June 30, 2002  
 (with comparative totals for June 30, 2001)

<u>Administration and General Expense (continued)</u>	<u>2002</u>	<u>2001</u>
Other Supplies and Expenses		
Clothing	\$ 1,430	\$ 64
Communications	28,498	26,416
Worker Orders	41,359	-
Office Equipment and Maintenance	9,423	6,184
Memberships and Dues	29,160	19,440
Printing and Binding	2,506	3,844
Books and Publications	3,271	3,314
Office Supplies	8,395	7,560
Postage	4,698	5,926
Other Professional Services	47,530	33,599
License and Permits	4,702	3,020
Publications and Legal Notices	4,421	1,807
Small Tools	7,221	3,534
Safety Program	576	343
Private Vehicle Mileage	11,038	7,080
Travel Expense	28,129	28,957
Property Tax Collection Fees	5,867	6,472
Education and Training	5,645	7,951
Computer Upgrades	38,710	-
Miscellaneous	39,321	48,575
Director's Fees	62,608	73,465
Election Fees	-	6,438
Depreciation	181,683	169,206
Amortization	10,545	10,545
Insurance		
Liability	53,310	66,480
Workers Compensation	89,921	66,100
Miscellaneous Premiums	-	164
Administration and General Expense Prior to Cost Applied	<u>2,711,518</u>	<u>2,470,526</u>
<u>Cost Applied</u>		
Benefits Applied	(510,436)	(509,338)
Overhead Applied to Recreation	(122,476)	(53,204)
Overhead Applied to Work Orders	(430,862)	(370,109)
Salaries Applied to Recreation	(239,007)	(206,468)
Services and Supplies Applied to Recreation	<u>(99,020)</u>	<u>(70,400)</u>
Total Cost Applied	<u>(1,401,801)</u>	<u>(1,209,519)</u>
Total Administration and General Expense	<u>1,309,717</u>	<u>1,261,007</u>
Total Utility Department Operating Expenses	<u>\$ 5,967,962</u>	<u>\$ 4,999,120</u>

See Auditor's Report  
 The Notes to Financial Statement Are An Integral Part of This Statement

**Casitas Municipal Water District**  
**Detail Schedule of Revenues and Expenses - Recreation Department**  
For the Year Ended June 30, 2002  
*(with comparative totals for June 30, 2001)*

<u>Revenues</u>	<u>2002</u>	<u>2001</u>
Area Use Permits		
Commercials	\$ 33,900	\$ 25,423
Events	46,039	26,313
Entrance Fees		
Daily	275,767	254,301
Annual	146,401	136,966
Boat Permits		
Daily	47,272	42,546
Annual	55,046	55,450
Camping	998,821	802,248
Trailer Storage	126,084	120,648
Shower Facilities	13,720	5,925
Animal Permits	5,035	5,549
Boat Rental Concession	149,363	140,880
Park Store Concession	14,646	13,672
Reservation Fees	70,059	58,159
Water Playground	133,594	121,807
Boating Grant	718,359	231,142
Grant Income – California	-	37,247
Miscellaneous	1,846	(5,246)
	<u>\$ 2,835,952</u>	<u>\$ 2,073,030</u>
Total Recreation Department Revenues		
 <u>Operating and Maintenance Expenses</u>		
Salaries and Benefits	\$ 714,180	\$ 718,670
District Equipment	18,659	21,873
Services and Supplies	60,644	127,807
Utilities	84,909	64,114
Chlorine	7,600	8,606
Computer Upgrades	3,625	12,247
Work Order Expense	5,103	5,731
Outside Contracts	57,403	76,532
Clothing and Personal Supplies	7,989	4,724
Communications	6,624	6,574
Printing and Binding	6,845	7,618
Office Expense	1,353	1,644
Purchase Water	46,851	30,647
Bad Debt Provision	5,083	-
License and Permits	1,973	272
Credit Card Fees	25,835	21,676
Miscellaneous	12,503	15,955
Private Vehicle Mileage	330	1,133
Travel Expense	998	(218)
Fish Stockings	29,999	30,001
Administrative Overhead	430,862	369,937
Legal Notices	499	1,676
Books, Publications and Dues	467	66
Office Equipment Maintenance	3,448	7,052
Depreciation Expense	332,367	266,228
	<u>\$ 1,866,149</u>	<u>\$ 1,800,565</u>
Total Recreation Department Operating Expenses		

See Auditor's Report  
The Notes to Financial Statements Are An Integral Part of This Statement

# **STATISTICAL INFORMATION**



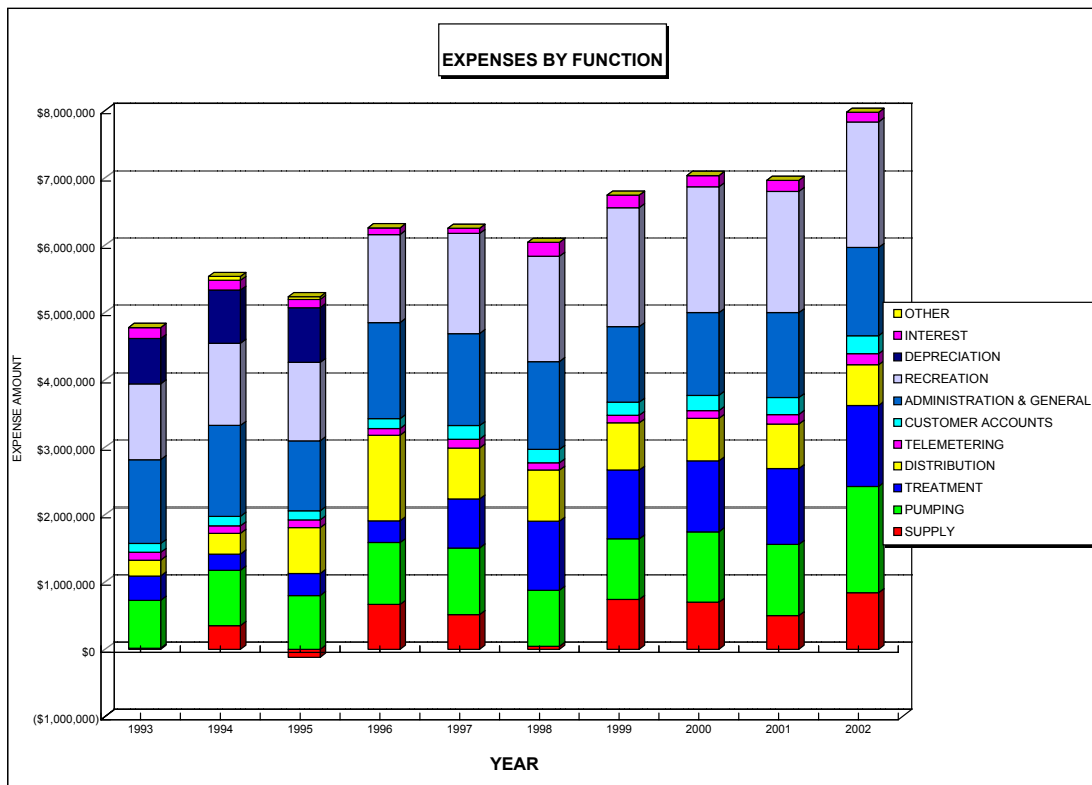
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**CASITAS MUNICIPAL WATER DISTRICT  
EXPENSES BY FUNCTION  
FOR TEN YEARS ENDED JUNE 30, 2002**

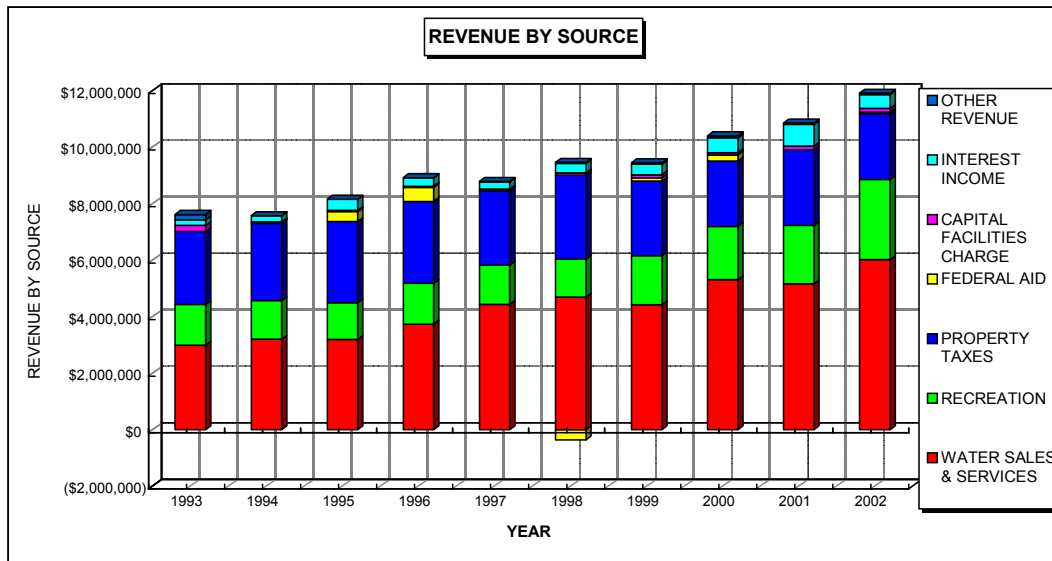
YEAR ENDED JUNE 30	SOURCE OF SUPPLY	PUMPING	WATER TREATMENT	TRANSMISSION AND DISTRIBUTION	TELEMETERING	CUSTOMER ACCOUNTS	ADMINISTRATION AND GENERAL	RECREATION	DEPRECIATION	INTEREST	OTHER	TOTAL
1993	\$18,398	\$709,237	\$362,650	\$235,203	\$113,930	\$131,035	\$1,245,715	\$1,126,803	\$672,626	\$164,002	\$0	\$4,779,599
1994	\$352,537	\$822,249	\$239,659	\$309,018	\$110,640	\$142,716	\$1,349,153	\$1,219,665	\$788,574	\$143,909	\$60,096	\$5,538,216
1995	(\$118,714)	\$799,193	\$325,143	\$681,362	\$115,957	\$134,980	\$1,040,965	\$1,165,543	\$810,714	\$123,300	\$40,510	\$5,118,953
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

\*\* NOTE: In 1996 we included depreciation in the function (source of supply, pumping, ect.) expense to reflect the true cost of each function.



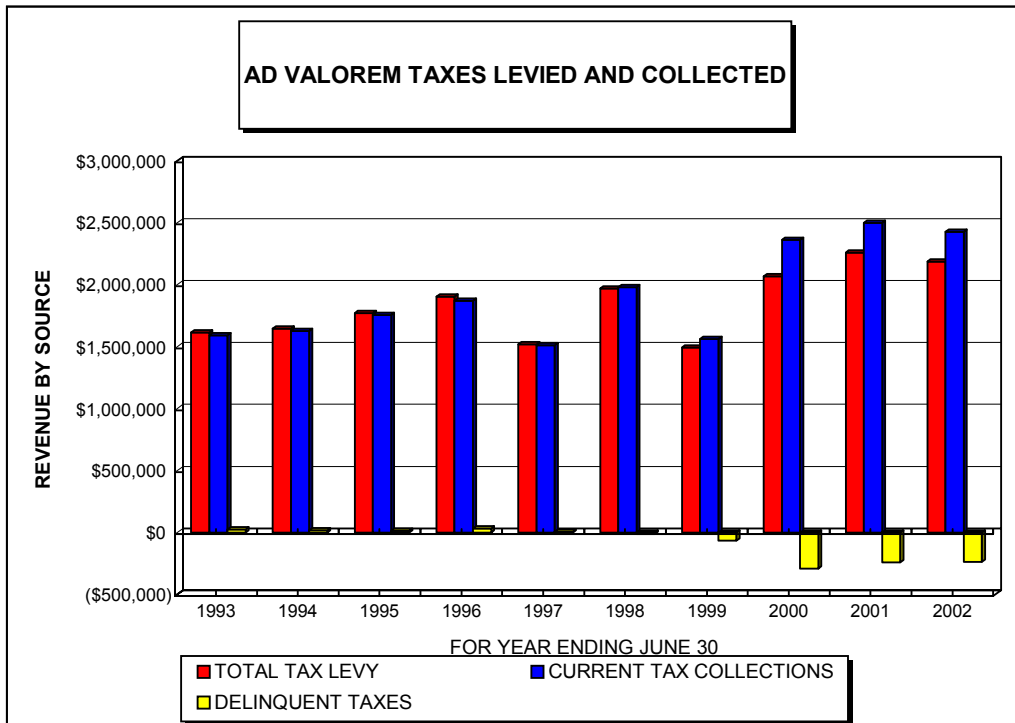
**CASITAS MUNICIPAL WATER DISTRICT**  
**REVENUE BY SOURCE**  
**FOR TEN YEARS ENDED JUNE 30, 2002**

YEAR ENDED JUNE 30	WATER SALES & SERVICES	RECREATION	PROPERTY TAXES	FEDERAL AID	CAPITAL FACILITIES CHARGE	INTEREST INCOME	OTHER REVENUE	TOTAL
1993	\$2,986,382	\$1,449,316	\$2,575,854	\$0	\$218,205	\$191,895	\$196,987	\$7,618,639
1994	\$3,203,666	\$1,359,490	\$2,743,773	\$0	\$43,253	\$223,752	\$0	\$7,573,934
1995	\$3,192,768	\$1,298,931	\$2,877,873	\$352,385	\$40,678	\$383,970	\$0	\$8,146,605
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



**CASITAS MUNICIPAL WATER DISTRICT**  
**AD VALOREM TAXES LEVIED AND COLLECTED**  
**FOR TEN YEARS ENDED JUNE 30, 2002**  
**(UNAUDITED)**

YEAR ENDED JUNE 30	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAXES	PERCENT OF DELINQ. TAX TO TOTAL TAX LEVY
1993	\$1,615,484	\$1,592,145	98.6%	\$23,339	1.4%
1994	\$1,643,140	\$1,624,069	98.8%	\$19,071	1.2%
1995	\$1,771,242	\$1,756,299	99.2%	\$14,943	0.8%
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%

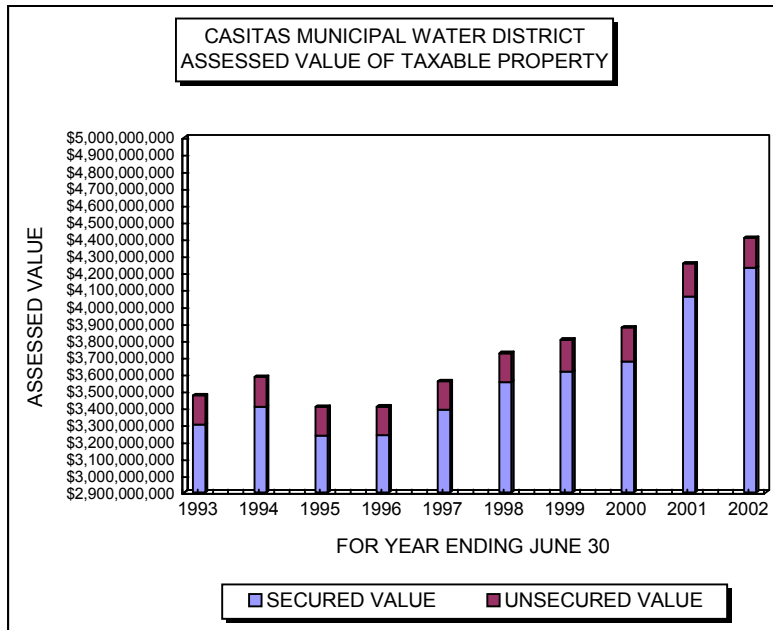




**CASITAS MUNICIPAL WATER DISTRICT  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 FOR TEN YEARS ENDED JUNE 30, 2002**

YEAR ENDED JUNE 30	ASSESSED PROPERTY VALUE		TOTAL ASSESSED VALUE
	SECURED VALUE	UNSECURED VALUE	
1993	\$3,301,771,834	\$174,707,980	\$3,476,479,814
1994	\$3,408,025,221	\$176,316,564	\$3,584,341,785
1995	\$3,237,472,762	\$170,331,396	\$3,407,804,158
1996	\$3,240,304,922	\$168,788,539	\$3,409,093,461
1997	\$3,391,304,470	\$167,739,161	\$3,559,043,631
1998	\$3,553,869,741	\$171,290,682	\$3,725,160,423
1999	\$3,615,303,908	\$189,400,758	\$3,804,704,666
2000	\$3,676,795,373	\$200,224,509	\$3,877,019,882
2001	\$4,060,222,355	\$196,204,286	\$4,256,426,641
2002	\$4,229,604,724	\$177,978,898	\$4,407,583,622

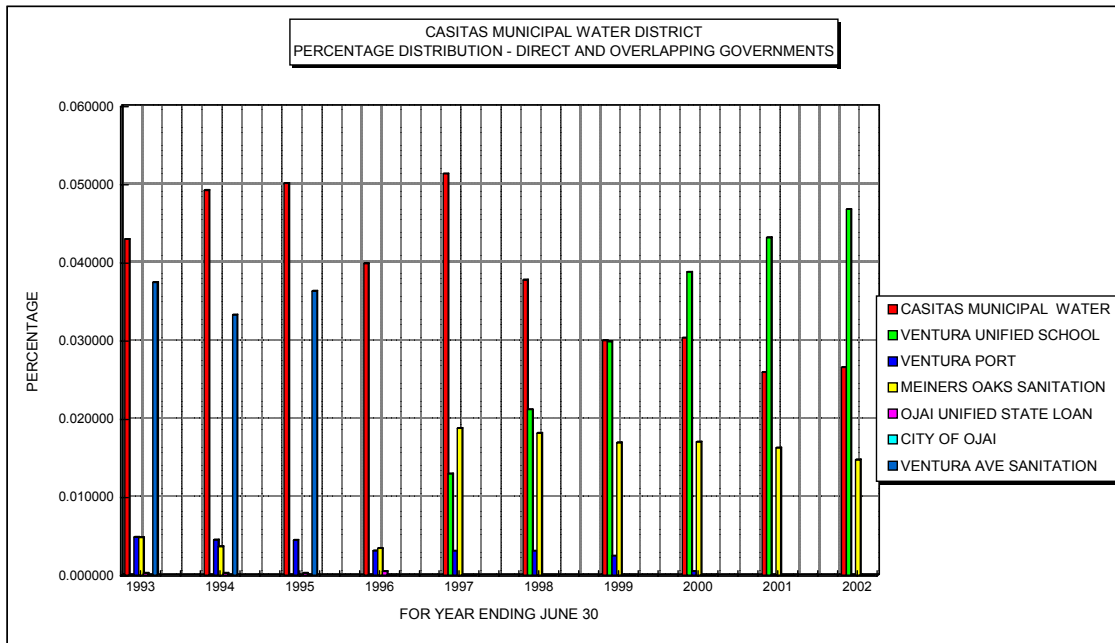
NOTE: Assessments are at full value in accordance with Section 135 of the Revenue and Taxation Code.



**CASITAS MUNICIPAL WATER DISTRICT**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**FOR TEN YEARS ENDED JUNE 30, 2002**  
**(Per \$100 of Assessed Value)**  
**(UNAUDITED)**

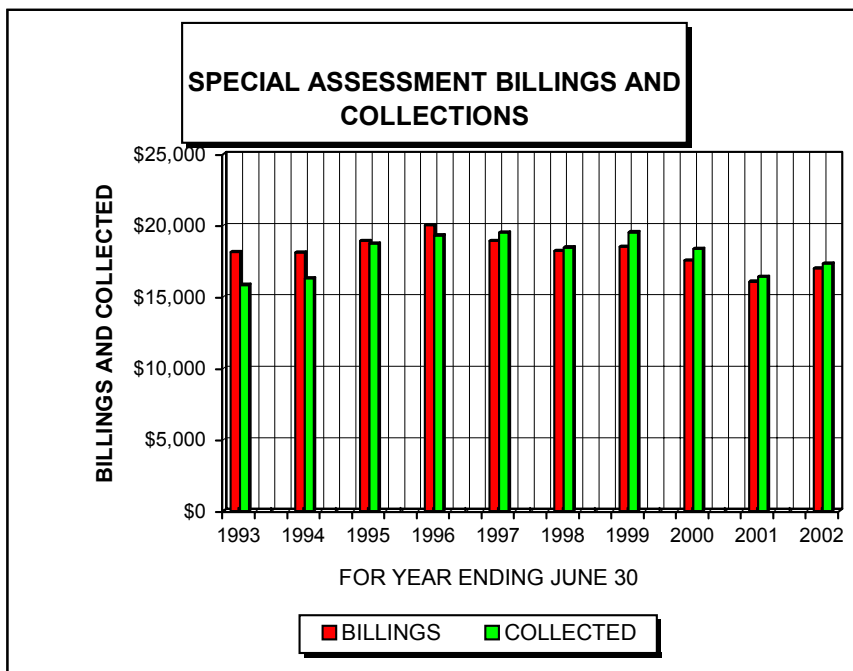
YEAR ENDED JUNE 30	BASIC TAX LEVY	CASITAS MUNICIPAL WATER	VENTURA UNIFIED SCHOOL	VENTURA PORT	MEINERS OAKS SANITATION	OJAI UNIFIED STATE LOAN	CITY OF OJAI	VENTURA AVE SANITATION	TOTAL
1993	1.000000	0.043003	0.000000	0.004882	0.004859	0.000300	0.000000	0.037477	1.090521
1994	1.000000	0.049238	0.000000	0.004531	0.003688	0.000300	0.000000	0.033328	1.091085
1995	1.000000	0.050140	0.000000	0.004502	0.000000	0.000300	0.000000	0.036344	1.091286
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

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



**CASITAS MUNICIPAL WATER DISTRICT  
SPECIAL ASSESSMENT  
BILLINGS AND COLLECTIONS  
FOR TEN YEARS ENDED JUNE 30**

YEAR ENDED JUNE 30	SPECIAL ASSESSMENT BILLINGS	SPECIAL ASSESSMENT COLLECTED
1993	\$18,129	\$15,839
1994	\$18,096	\$16,294
1995	\$18,923	\$18,738
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



# **CASITAS MUNICIPAL WATER DISTRICT**

## **COMPUTATION OF LEGAL DEBT MARGIN FOR YEAR ENDING JUNE 30, 2002**

**Per our government codes for the State of California, Casitas Municipal Water District does not have any legal debt limitation.**

## **RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA FOR TEN YEARS ENDED JUNE 30, 2002**

**Casitas Municipal Water District does not have any general obligation bonded debt and has not had any bonded debt in the last ten years.**

## **RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES FOR TEN YEARS ENDED JUNE 30, 2002**

**Casitas Municipal Water District does not have any general obligation bonded debt and has not had any bonded debt in the last ten years.**

## **COMPUTATION OF DIRECT AND OVERLAPPING DEBT FOR TEN YEARS ENDED JUNE 30, 2002**

**Casitas Municipal Water District does not have any direct or overlapping debt and has not had any direct or overlapping debt in the last ten years.**

## **REVENUE BOND COVERAGE FOR TEN YEARS ENDED JUNE 30, 2002**

**Casitas Municipal Water District does not have revenue bonds and has not had any revenue bonds in the last ten years.**

**CASITAS MUNICIPAL WATER DISTRICT  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS ENDING JUNE 30, 2002**

FISCAL YEAR	POPULATION VENTURA COUNTY	% GROWTH RATE	BIRTHS	DEATHS	UNEMPLOYMENT RATE %	TOTAL EMPLOYED (IN THOUSANDS)
1993	699,400	1.26%	12,828	3,905	8.9%	343.4
1994	706,200	0.97%	12,144	3,977	7.8%	355.2
1995	712,200	0.85%	12,156	4,191	7.5%	353.6
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

Note: The above information was furnished by the "Economic Outlook" by UCSB Economic Forecast Project - Ventura County - 2002

**CASITAS MUNICIPAL WATER DISTRICT**  
**CONSTRUCTION AND BANK DEPOSITS**  
**FOR TEN YEARS ENDED JUNE 30, 2002**  
**(UNAUDITED)**

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)	
1993	\$195,207	1,380	\$244,982	\$4,265,221
1994	\$76,179	1,945	\$198,923	\$4,235,286
1995	\$106,072	2,305	\$181,739	\$4,151,251
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	(b)
2002	(b)	(b)	(b)	(b)

(a) Sources: County of Ventura Comprehensive Annual Financial Report June 30, 2001.

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

**CASITAS MUNICIPAL WATER DISTRICT**  
**TEN LARGEST PROPERTY TAXPAYERS RANKED BY ASSESSED VALUE**  
**YEAR ENDED JUNE 30, 2002**  
(in thousand)

NAME	TYPE OF BUSINESS	GROSS ASSESSED VALUE	PERCENTAGE OF TOTAL GROSS ASSESSED VALUE
Amgen, Inc.	Pharmaceuticals	\$0	0.00%
Southern California Edison Co.	Utility	\$0	0.00%
GTE California, Inc.	Utility	\$0	0.00%
Proctor-Gamble Paper Products	Consumer Products	\$0	0.00%
Aera Energy LLC	Petroleum	\$0	0.00%
Vintage Petroleum Inc	Petroleum	\$0	0.00%
Baxter Healthcare Corp	Pharmaceuticals	\$0	0.00%
Pacific Bell	Utility	\$0	0.00%
The Oaks Shopping Center LP	Developer	\$0	0.00%
St. Johns Reg. Medical Center	Health Care	\$0	0.00%
Total attributable to ten largest property taxpayers		\$0	0.00%
Total gross assessed value		\$0	0.00%

Source: County of Ventura Comprehensive Annual Financial Report June 30, 2002 not available at time of preparation.

**CASITAS MUNICIPAL WATER DISTRICT**  
**TEN LARGEST WATER USERS RANKED BY ACRE FEET**  
**YEAR ENDED JUNE 30, 2002**

NAME	TYPE OF BUSINESS	ACRE FEET PURCHASED	PERCENTAGE OF TOTAL ACRE FEET PURCHASED
City of Ventura	Resale	6,387	35.82%
Hermitage Mutual Water	Resale	635	3.56%
La Conchita Ranch	Agriculture	577	3.24%
Southern California Water	Resale	451	2.53%
Senior Canyon Mutual Water	Resale	393	2.20%
Topa Topa Ranch & Nursery	Agriculture	392	2.20%
James P. Finch	Agriculture	382	2.14%
Ojai Valley Inn	Commercial	287	1.61%
McGhan Ranch	Agriculture	266	1.49%
Rancho Dos Rios/Bergen	Agriculture	221	1.24%
Total attributable to ten largest water users:		9,991	56.03%
Total water sold in acre feet:		17,831	100.00%



## **CASITAS MUNICIPAL WATER DISTRICT**

### **MISCELLANEOUS STATISTICS FOR YEAR ENDED JUNE 30, 2002**

<b>Date of Incorporation</b>	<b>1956</b>
<b>Form of Government</b>	<b>Special District, Enterprise Fund, governed by a five member Board of Directors</b>
<b>Number of employees</b> <b>Permanent as of June 30, 2002</b>	<b>37</b>
<b>Lake Casitas capacity</b>	<b>254,000 acre feet</b>
<b>Lake Casitas shore line</b>	<b>35 miles</b>
<b>Lake Casitas provides water to</b>	<b>over 50,000 people</b>