

Casitas Municipal Water District

*Comprehensive Annual Financial Report
for the
Fiscal Years Ended June 30, 2013 and 2012*



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Casitas Municipal Water District
Oak View, California

Comprehensive Annual Financial Report

Fiscal Years Ended
June 30, 2013 and 2012

Prepared by:

Denise Collin – Accounting Manager / Treasurer

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**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2013 and 2012**

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Introductory Section



October 31, 2013

Board of Directors
Casitas Municipal Water District

Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Casitas Municipal Water District (District) for the fiscal years ended June 30, 2013 and 2012, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

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

District Structure and Leadership

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

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

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

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

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

Economic Condition and Outlook

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

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

Internal Control Structure

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

Budgetary Control

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

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

Investment Policy

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

Water Rates and District Revenues

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

Audit and Financial Reporting

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

Awards and Acknowledgements

For the year ended June 30, 2012, the District received for the 19th year the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. (See Page 6)

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

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

Respectfully submitted,

Steve Wickstrum
General Manager

Denise Collin
Accounting Manager/Treasurer

Casitas Municipal Water District

Directory

July 1, 2012 – June 30, 2013

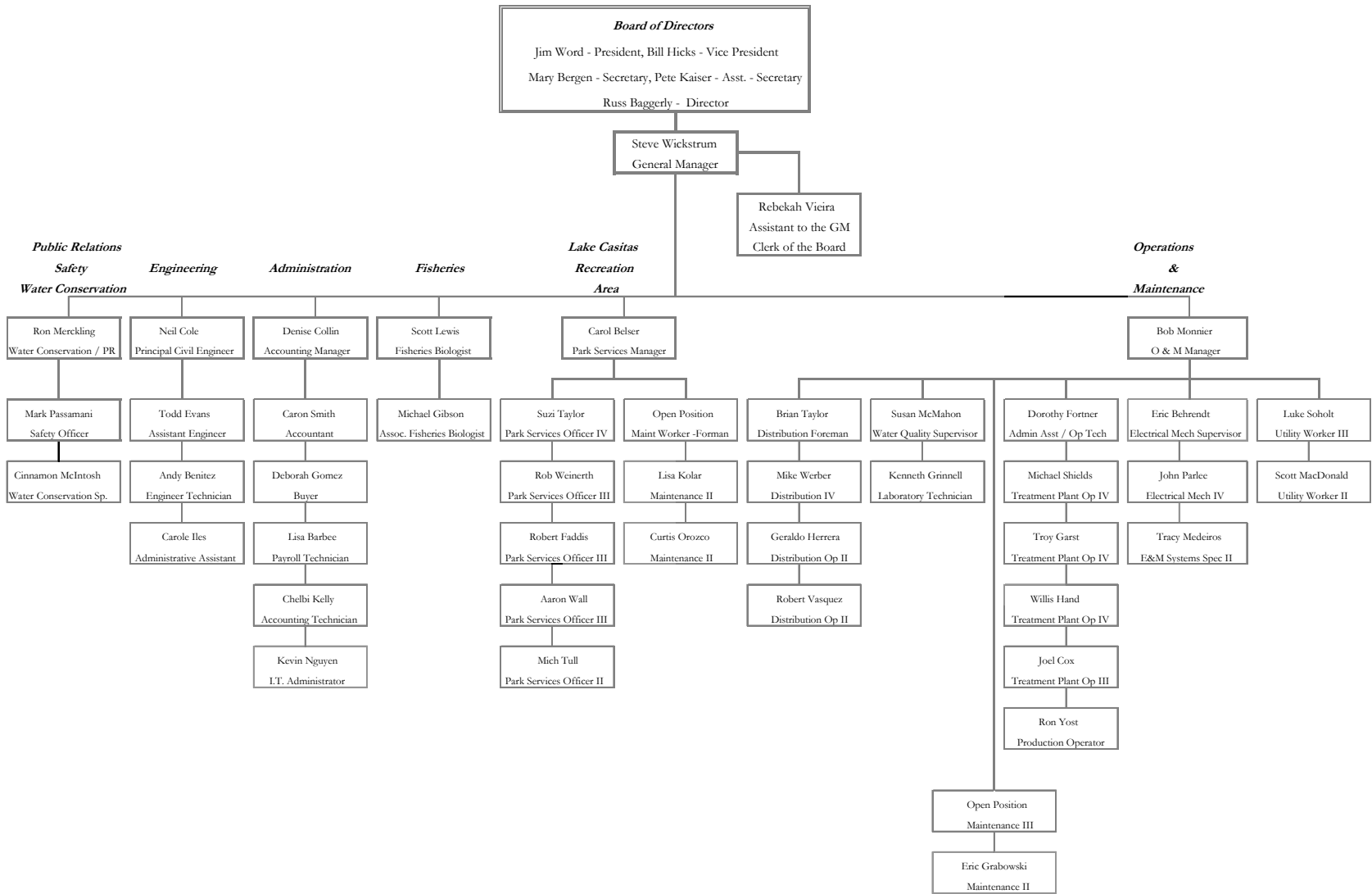
Board of Directors

Board Member	Division	Date of Original Election or Appointment	Ending Date of Term
Bill Hicks	Division 1	November, 1990	December, 2014
Jim Word	Division 2	May, 1997	December, 2016
Pete Kaiser	Division 3	November, 2002	December, 2016
Mary Bergen	Division 4	November, 2010	December, 2014
Russ Baggerly	Division 5	November, 2004	December, 2016

Staff

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

Casitas Municipal Water District Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

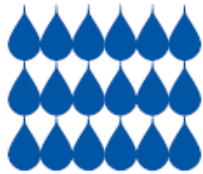
**Casitas Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Financial Section



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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Casitas Municipal Water District
Oak View, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Casitas Municipal Water District (District) as of and for the years ended June 30, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprises the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Casitas Municipal Water District as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 13 and the required supplementary information on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 6, the supplementary information of combining schedules on pages 41 through 50, and the statistical section on pages 51 through 64 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplementary information of combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 65 and 66.

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
October 31, 2013

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2013 and 2012

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Casitas Municipal Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2013, the District's net position decreased 0.87% or \$711,076, from \$81,920,335 to \$81,209,259. In 2012, the District's net position increased 0.35% or \$286,219, from \$81,634,116 to \$81,920,335.
- In 2013, the District's operating revenue increased 13.5% or \$1,566,951 primarily due to a \$1,793,489 increase in retail water consumption revenue and a \$382,206 decrease in wholesale water sales. In 2012, the District's operating revenue increased 6.3% or \$688,976 primarily due to a \$367,861 increase in retail water consumption revenue and a \$330,367 increase in recreation revenue.
- In 2013, the District's operating expenses increased 13.2% or \$1,592,010 primarily due to a \$460,430 increase in source of supply expenses and a \$627,440 increase in general and administrative expenses. In 2012, the District's operating expenses increased 4.0% or \$459,889 primarily due to a \$114,846 increase in recreation expenses and a \$129,938 increase in general and administrative expenses.

Required Financial Statements

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

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

Financial Analysis of the District

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

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2013 and 2012

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

Notes to the Basic Financial Statements

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

Statement of Net Position

	Condensed Statements of Net Position				
	2013	2012	Change	2011	Change
Assets:					
Current assets	\$ 33,757,560	32,372,747	1,384,813	30,713,074	1,659,673
Capital assets, net	<u>56,930,970</u>	<u>58,241,716</u>	<u>(1,310,746)</u>	<u>59,174,652</u>	<u>(932,936)</u>
Total assets	<u>90,688,530</u>	<u>90,614,463</u>	<u>74,067</u>	<u>89,887,726</u>	<u>726,737</u>
Liabilities:					
Current liabilities	1,514,803	1,685,999	(171,196)	2,139,098	(453,099)
Non-current liabilities	<u>7,964,468</u>	<u>7,102,223</u>	<u>862,245</u>	<u>6,220,367</u>	<u>881,856</u>
Total liabilities	<u>9,479,271</u>	<u>8,788,222</u>	<u>691,049</u>	<u>8,359,465</u>	<u>428,757</u>
Net position:					
Net investment in capital assets	54,428,683	55,501,696	(1,073,013)	55,261,613	240,083
Restricted for debt service	180,151	199,890	(19,739)	217,413	(17,523)
Unrestricted	<u>26,600,425</u>	<u>26,218,749</u>	<u>381,676</u>	<u>26,155,090</u>	<u>63,659</u>
Total net position	<u>81,209,259</u>	<u>81,920,335</u>	<u>(711,076)</u>	<u>81,634,116</u>	<u>286,219</u>
Total liabilities and net position	<u>\$ 90,688,530</u>	<u>90,708,557</u>	<u>(20,027)</u>	<u>89,993,581</u>	<u>714,976</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$81,209,259 and \$81,920,335 as of June 30, 2013 and 2012, respectively.

One of the largest portions of the District's net position (67% and 68% as of June 30, 2013 and 2012, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2013 and 2012, the District showed a positive balance in its unrestricted net position of \$26,600,425 and \$26,218,749, respectively.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2013 and 2012

Statement of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 13,212,527	11,645,576	1,566,951	10,956,600	688,976
Non-operating revenues	2,539,563	4,072,198	(1,532,635)	7,665,749	(3,593,551)
Total revenues	<u>15,752,090</u>	<u>15,717,774</u>	<u>34,316</u>	<u>18,622,349</u>	<u>(2,904,575)</u>
Expenses:					
Operating expenses	13,639,029	12,047,019	1,592,010	11,587,130	459,889
Depreciation and amortization	3,084,521	3,097,495	(12,974)	3,037,340	60,155
Non-operating expenses	730,142	519,796	210,346	932,880	(413,084)
Total expenses	<u>17,453,692</u>	<u>15,664,310</u>	<u>1,789,382</u>	<u>15,557,350</u>	<u>106,960</u>
Net income before capital contributions	(1,701,602)	53,464	(1,755,066)	3,064,999	(3,011,535)
Capital contributions	990,526	232,755	757,771	74,095	158,660
Change in net position	(711,076)	286,219	(997,295)	3,139,094	(4,136,389)
Net position, beginning of year	81,920,335	81,634,116	286,219	78,495,022	3,139,094
Net position, end of year	<u>\$ 81,209,259</u>	<u>81,920,335</u>	<u>(711,076)</u>	<u>81,634,116</u>	<u>(997,295)</u>

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal years. In the case of the District, net position decreased by \$711,076 in fiscal year 2013 and increased by \$286,219 in fiscal year ended June 30, 2012

Total Revenues

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
Operating revenues:					
Retail water consumption	\$ 5,766,986	3,973,497	1,793,489	3,605,636	367,861
Wholesale water sales	1,713,273	2,095,479	(382,206)	2,007,858	87,621
Monthly water service charge	1,981,097	1,875,582	105,515	1,979,273	(103,691)
Recreation revenue	3,637,050	3,599,744	37,306	3,269,377	330,367
Other water charges and services	114,121	101,274	12,847	94,456	6,818
Total operating revenues	<u>13,212,527</u>	<u>11,645,576</u>	<u>1,566,951</u>	<u>10,956,600</u>	<u>688,976</u>
Non-operating revenues:					
Property taxes	2,147,033	2,025,655	121,378	2,012,458	13,197
Clean Water Act surcharge	462,896	1,554,698	(1,091,802)	1,682,991	(128,293)
Mira Monte assessment	19,783	17,630	2,153	17,113	517
Oak View availability charge	232	293	(61)	7,657	(7,364)
Water storage valuation	-	-	-	3,318,094	(3,318,094)
Interest and investment earnings	(164,338)	449,707	(614,045)	402,229	47,478
Other non-operating revenues, net	73,957	24,215	49,742	225,207	(200,992)
Total non-operating revenues	<u>2,539,563</u>	<u>4,072,198</u>	<u>(1,532,635)</u>	<u>7,665,749</u>	<u>(3,593,551)</u>
Total revenue	<u>\$ 15,752,090</u>	<u>15,717,774</u>	<u>34,316</u>	<u>18,622,349</u>	<u>(2,904,575)</u>

The District's total revenues increased \$34,316 in 2013 primarily due to a increase in retail water sales of \$1,793,489 along with a decrease in Clean water Act surcharge of \$1,091,802 and a decrease in investment earnings of \$614,045. The District's total revenues decreased 15.6% or \$2,904,575 in 2012 primarily due to change in the water storage valuation calculation increase of \$3,318,094 in 2011. The District's total revenues increased 19.3% or \$3,016,634 in 2012 primarily due to change in the water storage valuation calculation increase of \$3,318,094.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2013 and 2012

Total Expenses

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
Operating expenses:					
Source of supply	\$ 1,958,838	1,498,408	460,430	1,493,036	5,372
Pumping	1,313,549	1,194,225	119,324	1,168,939	25,286
Water treatment	1,305,364	1,184,305	121,059	1,107,391	76,914
Transmission and distribution	640,781	527,004	113,777	488,434	38,570
Telemetry	309,327	294,816	14,511	251,534	43,282
Customer accounts	412,021	387,735	24,286	362,054	25,681
Recreation expenses	3,662,878	3,551,695	111,183	3,436,849	114,846
General and administrative	4,036,271	3,408,831	627,440	3,278,893	129,938
Total operating expenses	<u>13,639,029</u>	<u>12,047,019</u>	<u>1,592,010</u>	<u>11,587,130</u>	<u>459,889</u>
Depreciation and amortization	<u>3,084,521</u>	<u>3,097,495</u>	<u>(12,974)</u>	<u>3,037,340</u>	<u>60,155</u>
Non-operating expenses:					
State water project expense	517,749	382,908	134,841	787,665	(404,757)
Tax collection expense	31,284	30,158	1,126	31,158	(1,000)
Interest expense – long-term debt	87,015	94,969	(7,954)	102,295	(7,326)
Amortization of deferred resources	94,094	11,761	82,333	11,762	(1)
Total non-operating expense	<u>730,142</u>	<u>519,796</u>	<u>210,346</u>	<u>932,880</u>	<u>(413,084)</u>
Total expenses	<u>\$ 17,453,692</u>	<u>15,664,310</u>	<u>1,789,382</u>	<u>15,557,350</u>	<u>106,960</u>

The District's total expenses increased 11.4% or \$1,789,382 in 2013 primarily due to a \$460,430 increase in source of supply expenses and a \$627,440 increase in general and administrative expenses. The District's total expenses increased 0.7% or \$106,960 in 2012 due primarily to an increase in recreation expenses of \$114,846, general and administrative expenses of \$129,938 and a decrease in the State project water expense of \$404,757.

Capital Asset Administration

At the end of fiscal years 2013 and 2012, the District's investment in capital assets amounted to \$56,930,970 and \$58,241,716, respectively, (net of accumulated depreciation). This investment in capital assets includes land, land rights, transmission and distribution systems, wells, tanks, reservoirs, pumps, buildings and structures, equipment, vehicles and construction-in-process, etc. There were numerous capital asset additions in fiscal years 2013 and 2012. See further detailed information in Note 5.

Changes in capital asset amounts for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2013</u>
Capital assets:				
Non-depreciable assets	6,510,012	1,776,290	(2,063,329)	6,222,973
Depreciable assets	99,405,821	2,060,815	-	101,466,636
Accumulated depreciation	(47,674,117)	(3,084,522)	-	(50,758,639)
Total capital assets, net	<u>\$ 58,241,716</u>	<u>752,583</u>	<u>(2,063,329)</u>	<u>56,930,970</u>

Changes in capital asset amounts for 2012 were as follows:

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

Casitas Municipal Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2013 and 2012

Debt Administration

In 2013 and 2012, long-term debt decreased by \$237,733 and \$1,174,019, respectively, due to regular principal payments on the District's outstanding debts. See further detailed information in Note 7.

Changes in long-term debt amounts for 2013 were as follows:

	Balance 2012	Additions	Principal Payments	Balance 2013	Current Portion
Long-term debt:					
Special assessment bonds	\$ 148,500	-	(14,000)	134,500	14,000
State Water loan payable	2,591,520	-	(223,733)	2,367,787	230,809
Total long-term debt	<u>\$ 2,740,020</u>	<u>-</u>	<u>(237,733)</u>	<u>2,502,287</u>	<u>244,809</u>

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

	Balance 2011	Additions	Principal Payments	Balance 2012	Current Portion
Long-term debt:					
Special assessment bonds	\$ 161,500	-	(13,000)	148,500	14,000
State Water loan payable	2,807,893	-	(216,373)	2,591,520	223,733
Note payable to USBR	943,646	-	(943,646)	-	-
Total long-term debt	<u>\$ 3,913,039</u>	<u>-</u>	<u>(1,174,019)</u>	<u>2,739,020</u>	<u>237,733</u>

Conditions Affecting Current Financial Position

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

Requests for Information

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

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Basic Financial Statements

Casitas Municipal Water District
Statements of Net Position
June 30, 2013 and 2012

<i>Assets</i>	2013	2012
Current assets:		
Cash and cash equivalents (note 2)	\$ 4,609,512	7,097,713
Investments (note 2)	16,093,230	12,619,180
Accrued interest receivable	75,246	63,848
Accounts receivable – water sales and services	1,208,645	833,499
Accounts receivable – special assessments	180,151	199,890
Accounts receivable – property taxes	58,427	117,402
Accounts receivable – other	297,819	197,832
Water-in-storage inventory (note 3)	11,025,928	11,025,928
Materials and supplies inventory	87,074	95,280
Prepaid expenses and other deposits	121,528	122,175
Total current assets	33,757,560	32,372,747
Non-current assets:		
Deferred charges, net (note 4)	-	94,094
Capital assets, not being depreciated (note 5)	6,222,973	6,510,012
Depreciable capital assets, net (note 5)	50,707,997	51,731,704
Total non-current assets	56,930,970	58,335,810
Total assets	\$ 90,688,530	90,708,557
<i>Liabilities and Net Position</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 658,422	830,183
Accrued salaries and related benefits	118,876	120,313
Customer deposits	38,895	41,196
Deferred revenue	5,739	4,657
Accrued interest payable	19,075	20,820
Long-term liabilities – due within one year:		
Compensated absences (note 6)	428,987	431,097
Bonds payable - current portion (note 7)	14,000	14,000
Loans payable - current portion (note 7)	230,809	223,733
Total current liabilities	1,514,803	1,685,999
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	428,988	431,098
Other post-employment benefits payable (note 8)	5,278,002	4,168,838
Bonds payable (note 7)	120,500	134,500
Loans payable (note 7)	2,136,978	2,367,787
Total non-current liabilities	7,964,468	7,102,223
Total liabilities	9,479,271	8,788,222
Net position: (note 9)		
Net investment in capital assets	54,428,683	55,501,696
Restricted for debt service	180,151	199,890
Unrestricted	26,600,425	26,218,749
Total net position	81,209,259	81,920,335
Total liabilities and net position	\$ 90,688,530	90,708,557

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Retail water consumption	\$ 5,766,986	3,973,497
Wholesale water sales	1,713,273	2,095,479
Monthly water service charge	1,981,097	1,875,582
Recreation revenue	3,637,050	3,599,744
Other water charges and services	114,121	101,274
Total operating revenues	13,212,527	11,645,576
Operating expenses:		
Source of supply	1,958,838	1,498,408
Pumping	1,313,549	1,194,225
Water treatment	1,305,364	1,184,305
Transmission and distribution	640,781	527,004
Telemetry	309,327	294,816
Customer accounts	412,021	387,735
Recreation expenses	3,662,878	3,551,695
General and administrative	4,036,271	3,408,831
Total operating expenses	13,639,029	12,047,019
Operating loss before depreciation	(426,502)	(401,443)
Depreciation – water department	(2,781,305)	(2,797,217)
Depreciation – recreation department	(303,216)	(300,278)
Operating loss	(3,511,023)	(3,498,938)
Non-operating revenue(expense)		
Property taxes – ad valorem	1,510,405	1,203,633
Property tax assessment for State Water Project	537,904	783,964
Redevelopment agency property tax increment	98,724	38,058
Clean Water Act surcharge	462,896	1,554,698
Mira Monte assessment	19,783	17,630
Oak View availability charge	232	293
Water-in-storage valuation (note 3)	-	-
State water project expense	(517,749)	(382,908)
Tax collection expense	(31,284)	(30,158)
Interest and investment earnings	386,611	298,319
Change in fair-value of investments	(550,949)	151,388
Interest expense – long-term debt	(87,015)	(94,969)
Amortization of deferred charges	(94,094)	(11,761)
Other non-operating revenues/(expenses), net	73,957	24,215
Total non-operating revenues, net	1,809,421	3,552,402
Net income(loss) before capital contributions	(1,701,602)	53,464
Capital contributions:		
Federal, state and local capital grants	990,526	232,755
Change in net position	(711,076)	286,219
Net position, beginning of year	81,920,335	81,634,116
Net position, end of year	\$ 81,209,259	81,920,335

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 12,737,394	11,853,733
Cash paid to vendors and suppliers for materials and services	(8,063,802)	(5,864,914)
Cash paid to employees for salaries and wages	(5,079,639)	(4,830,682)
Net cash provided(used) by operating activities	(406,047)	1,158,137
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	2,677,374	3,555,017
Net cash provided by non-capital financing activities	2,677,374	3,555,017
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,773,776)	(2,164,559)
Proceeds from capital grants	990,526	232,755
Principal paid on long-term debt	(237,733)	(1,173,019)
Interest paid on long-term debt	(85,933)	(96,116)
Net cash used in capital and related financing activities	(1,106,916)	(3,200,939)
Cash flows from investing activities:		
Proceeds from sale of investments	658,953	290,541
Purchases of investments, net	(4,686,778)	(482,175)
Interest and investment earnings	375,213	449,237
Net cash provided(used) by investing activities	(3,652,612)	257,603
Net increase(decrease) in cash and cash equivalents	(2,488,201)	1,769,818
Cash and cash equivalents, beginning of year	7,097,713	5,327,895
Cash and cash equivalents, end of year	\$ 4,609,512	7,097,713

Continued on next page

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of operating loss to net cash provided(used) by operating activities:		
Operating loss	\$ (3,511,023)	(3,498,938)
Adjustments to reconcile operating loss to net cash provided(used) by operating activities:		
Deprecation and amortization	3,084,521	3,097,495
State water project expense	(517,749)	(382,908)
Other non-operating revenues/(expenses), net	73,957	24,215
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services, net	(375,146)	60,094
Accounts receivable – other	(99,987)	148,063
Materials and supplies inventory	8,206	2,623
Prepaid expenses and other deposits	647	103,917
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(171,761)	504,754
Accrued salaries and wages	(1,437)	40,278
Customer deposits	(2,301)	(80,675)
Deferred revenue	1,082	(1,147)
Compensated absences	(4,220)	41,554
Other post-employment benefits payable	1,109,164	1,098,812
Total adjustments	3,104,976	4,657,075
Net cash provided(used) by operating activities	\$ (406,047)	1,158,137

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Accounting and Measurement Focus

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

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

C. Financial Reporting

The District's basic financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective for financial statements for periods beginning after December 15, 2011. The District implemented this new pronouncement in the current year. The effect of the implementation of this statement to the District is limited to renaming of *Net Assets* to *Net Position*.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

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

D. Assets, Liabilities and Net Position

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments and Investment Policy

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

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

4. Accounts Receivable and Allowance for Uncollectible Accounts

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

5. Federal and State Capital and Operating Grants

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

6. Water-In-Storage Inventory

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

7. Materials and Supplies Inventory

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

8. Prepaid Expenses

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

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

D. Assets, Liabilities and Net Position, continued

9. Restricted Assets

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

10. Capital Assets

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

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

11. State Water Project Participation Rights

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

12. Deferred Charges

The deferred charges are from bond issuance costs that will be amortized using the straight-line method over the remaining life of the respective debt service. Per the implementation of GASB No. 65 in 2013, deferred charges were fully-amortized.

13. Compensated Absences

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

14. Customer Deposits

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

15. Post Employment Retirement Benefit

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

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

D. Assets, Liabilities and Net Position, continued

16. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

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

17. Water Sales

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

18. Capital Contributions

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

19. Economic Dependency

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

20. Budgetary Policies

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

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

E. Implementation of New Accounting Pronouncements

For the year ended June 30, 2013, the District implemented the following Governmental Accounting Standards Board pronouncements:

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard addresses how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into. There were no Concession Arrangements entered into by the District.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*.

Governmental Accounting Standards Board Statement No. 62

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

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

Hereinafter, these pronouncements collectively are referred to as the ***FASB & AICPA pronouncements***. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as ***Net Position***, rather than ***Net Assets***.

Governmental Accounting Standards Board Statement No. 65

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(2) Cash and Investments

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

	2013	2012
Cash and cash equivalents	\$ 4,609,512	7,097,713
Investments	16,093,230	12,619,180
Total cash and investments	\$ 20,702,742	19,716,893

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

	2013	2012
Cash on hand	\$ 4,400	4,300
Deposits with financial institutions	2,436,052	4,434,047
Deposits in money market accounts	-	502,994
Deposits in the Local Agency Investment Fund (LAIF)	444	443
Deposits in the Ventura County Pooled Investment Fund (VCPIF)	2,168,616	2,155,929
Investments	16,093,230	12,619,180
Total cash and investments	\$ 20,702,742	19,716,893

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

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

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(2) Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Ventura County Pooled Investment Fund

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools and other Treasury Department support staff meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. The County's Treasurer has indicated to the District that as of June 30, 2013 that the value of the County's portfolio was approximately \$2.0 billion.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(2) Cash and Investments, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Investments at June 30, 2013:

Investment Type	Total	Remaining Maturity			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	>60 Months
Government sponsored entities securities	\$ 16,093,230	4,070,813	4,879,044	2,617,799	4,525,574
Total	\$ 16,093,230	4,070,813	4,879,044	2,617,799	4,525,574

Investments at June 30, 2012:

Investment Type	Total	Remaining Maturity			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	>60 Months
Government sponsored entities securities	\$ 12,619,180	1,406,013	2,173,787	5,153,662	3,885,718
Total	\$ 12,619,180	1,406,013	2,173,787	5,153,662	3,885,718

Credit Risk

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

Investments at June 30, 2013:

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating at Year End AAA
Government sponsored entities securities	\$ 16,093,230	AAA	\$ -	16,093,230
Total	\$ 16,093,230		\$ -	16,093,230

Investments at June 30, 2012:

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating at Year End AAA
Government sponsored entities securities	\$ 12,619,180	AAA	\$ -	12,619,180
Total	\$ 12,619,180		\$ -	12,619,180

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(3) Water-In-Storage Inventory

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

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

	<u>2013</u>	<u>2012</u>
Beginning balance – water-in-storage	\$ 11,025,928	11,025,928
Water storage valuation	-	-
Ending balance – water-in-storage	\$ <u>11,025,928</u>	<u>11,025,928</u>

(4) Deferred Charges

The deferred charges balance relates to the originating loan fees for the 1991 California Department of Water Resources Loan for the water treatment plant. The balance was being amortized over a twenty year period. Per the implementation of GASB No. 65 in fiscal year 2013, the deferred charges were fully amortized as follows:

The balance at June 30, consists of the following:

	<u>2013</u>	<u>2012</u>
Deferred charges	\$ 247,808	247,808
Accumulated amortization	<u>(247,808)</u>	<u>(153,714)</u>
Deferred charges, net	\$ <u>-</u>	<u>94,094</u>

(5) Capital Assets

Construction-In-Process

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Rincon pump plant rehabilitation	\$ 158,364	-	-
Upper Ojai pump plant rehabilitation	126,845	-	-
Reservoir roads patch and/or slurry seal	-	146,364	-
Fairview pumping plant rehabilitation	-	273,480	-
Lake Casitas recreation area front gate	-	-	28,661
Various other minor projects	104,925	42,233	146,377
Construction-in-process	\$ <u>390,134</u>	<u>462,077</u>	<u>175,038</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(5) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Non-depreciable assets:				
Land and land rights	\$ 6,047,935	-	-	6,047,935
Construction-in-process	462,077	1,776,290	(2,063,329)	175,038
Total non-depreciable assets	<u>6,510,012</u>	<u>1,776,290</u>	<u>(2,063,329)</u>	<u>6,222,973</u>
Depreciable assets:				
State water project entitlement	2,880,437	-	-	2,880,437
Transmission and distribution system	38,570,053	246,231	-	38,816,284
Pumping plant	9,199,564	831,788	-	10,031,352
Water treatment plant	25,141,310	689,277	-	25,830,587
Buildings and structures	1,901,154	-	-	1,901,154
Equipment	3,982,037	91,442	-	4,073,479
Fish ladder	8,270,495	-	-	8,270,495
Recreation assets	7,524,866	202,077	-	7,726,943
Alternate swimming facility	1,935,905	-	-	1,935,905
Total depreciable assets	<u>99,405,821</u>	<u>2,060,815</u>	<u>-</u>	<u>101,466,636</u>
Accumulated depreciation and amortization:				
State water project entitlement	(1,748,769)	(37,571)	-	(1,786,340)
Transmission and distribution system	(17,131,275)	(584,707)	-	(17,715,982)
Pumping plant	(4,444,320)	(427,022)	-	(4,871,342)
Water treatment plant	(12,741,223)	(1,149,690)	-	(13,890,913)
Buildings and structures	(1,074,999)	(58,042)	-	(1,133,041)
Equipment	(2,011,835)	(178,216)	-	(2,190,051)
Fish ladder	(2,820,269)	(343,350)	-	(3,163,619)
Recreation assets	(5,023,861)	(209,129)	-	(5,232,990)
Alternate swimming facility	(677,566)	(96,795)	-	(774,361)
Total accum depr. and amort.	<u>(47,674,117)</u>	<u>(3,084,522)</u>	<u>-</u>	<u>(50,758,639)</u>
Total depreciable assets, net	<u>51,731,704</u>	<u>(1,023,707)</u>	<u>-</u>	<u>50,707,997</u>
Total capital assets, net	<u>\$ 58,241,716</u>	<u>752,583</u>	<u>(2,063,329)</u>	<u>56,930,970</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(5) Capital Assets, continued

Changes in capital assets for the year were as follows:

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(5) Capital Assets, continued

State Water Project Entitlement

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

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

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

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

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

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(6) Compensated Absences

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

Changes to the compensated absences balance at June 30, 2013, were as follows:

<u>Balance 2012</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2013</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 862,195	368,235	(372,455)	857,975	428,987	428,988

Changes to the compensated absences balance at June 30, 2012, were as follows:

<u>Balance 2011</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2012</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 820,461	343,000	(301,266)	862,195	431,097	431,098

(7) Long-term Debt

Changes in long-term debt amounts for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2013</u>	<u>Current Portion</u>
Long-term debt:					
Special assessment bonds	\$ 148,500	-	(14,000)	134,500	14,000
State Water loan payable	2,591,520	-	(223,733)	2,367,787	230,809
Total long-term debt	\$ 2,740,020	-	(237,733)	2,502,287	244,809

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

	<u>Balance 2011</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2012</u>	<u>Current Portion</u>
Long-term debt:					
Special assessment bonds	\$ 161,500	-	(13,000)	148,500	14,000
State Water loan payable	2,807,893	-	(216,373)	2,591,520	223,733
Note payable to USBR	943,646	-	(943,646)	-	-
Total long-term debt	\$ 3,913,039	-	(1,174,019)	2,739,020	237,733

Bonds Payable:

Mira Monte Special Assessment Bonds Payable

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(7) Long-term Debt, continued

Bonds Payable:

Mira Monte Special Assessment Bonds Payable, continued

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 14,000	7,075	21,075
2015	15,000	6,375	21,375
2016	16,000	5,650	21,650
2017	16,000	4,875	20,875
2018	17,000	4,075	21,075
2019-2021	<u>56,500</u>	<u>7,075</u>	<u>63,575</u>
Total	\$ 134,500	<u>35,125</u>	<u>169,625</u>
Less current portion	<u>(14,000)</u>		
Total non-current	<u>\$ 120,500</u>		

Loans Payable:

1991 California Department of Water Resources Loan

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 230,809	74,259	305,068
2015	238,285	66,783	305,068
2016	245,888	59,180	305,068
2017	254,079	50,989	305,068
2018	262,202	42,866	305,068
2019-2022	<u>1,136,524</u>	<u>83,748</u>	<u>1,220,272</u>
Total	\$ 2,367,787	<u>377,825</u>	<u>2,745,612</u>
Less current portion	<u>(230,809)</u>		
Total non-current	<u>\$ 2,136,978</u>		

United States Bureau of Reclamation Loan Payable

The note payable to the Bureau of Reclamation was incurred to construct the dam and main distribution system for Casitas Reservoir. The note is payable in decreasing annual installments ranging from \$260,000 to \$1,000,000 through the year 2013. Only the non-irrigation portion of the note bears interest at a rate of 2.6%, and that portion was paid-off in 2000. Debt service payments on the note payable to the Bureau of Reclamation are provided by the USBR note surcharge on parcels within the District. As of June 30, 2012, the District had paid-off this obligation.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(8) Other Post Employment Benefits Payable

During the fiscal year ended June 30, 2009, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

Plan Description – Eligibility

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

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

	2013	2012	2011
Active plan members	49	48	51
Retirees and beneficiaries receiving benefits	43	43	43
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	92	91	94

Plan Description – Benefits

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

Funding Policy

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 31.2% of the annual covered payroll.

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

Annual Cost

For the year ended June 30, 2013, the District’s ARC cost is \$1,587,438. The District’s net OPEB payable obligation amounted to \$5,278,002 for the year ended June 30, 2013. The District contributed \$531,699 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2013.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(8) Other Post Employment Benefits Payable, continued

The balance at June 30, consists of the following:	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 1,587,438	1,571,721	1,557,883
Interest on net OPEB obligation	104,221	76,751	49,319
Inerset earnings on irrevocable trust balance	-	-	-
Adjustment to annual required contribution	<u>(50,796)</u>	<u>(49,068)</u>	<u>(44,559)</u>
Total annual OPEB expense	<u>1,640,863</u>	<u>1,599,404</u>	<u>1,562,643</u>
Contributions made:			
Contributions made to irrevocable trust	-	-	-
Retiree benefit payments paid outside of a trust	<u>(531,699)</u>	<u>(500,592)</u>	<u>(465,366)</u>
Total contributions made	<u>(531,699)</u>	<u>(500,592)</u>	<u>(465,366)</u>
Total change in net OPEB payable obligation	1,109,164	1,098,812	1,097,277
OPEB payable - beginning of year	<u>4,168,838</u>	<u>3,070,026</u>	<u>1,972,749</u>
OPEB payable - end of year	<u>\$ 5,278,002</u>	<u>4,168,838</u>	<u>3,070,026</u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>				
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Age Adjusted Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation Payable</u>
2013	\$ 1,640,863	531,699	32.40%	\$ 5,278,002
2012	1,599,404	500,592	31.30%	4,168,838
2011	1,562,643	465,366	29.78%	3,070,026

The most recent valuation (dated June 30, 2013) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$18,832,580. There are no plan assets because the District funds on a pay-as-you-go basis. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2013 was \$4,830,682. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 389.85%.

Actuarial Methods and Assumptions

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

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

Valuation date	June 30, 2013
Actuarial cost method	Entry age normal cost method, open
Amortization method	Level percent of payroll amortization
Remaining amortization period	25 Years as of the valuation date
Asset valuation method	5 Year smoothed market
Actuarial assumptions:	
Investment rate of return	2.50%
Projected salary increase	1.00%
Inflation - discount rate	2.50%
Individual salary growth	District annual COLA

See Page 40 for the Schedule of Funding Status

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(9) Net Position

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

	2013	2012
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 6,222,973	6,510,012
Depreciable capital assets, net	50,707,997	51,731,704
Current:		
Bonds payable	(14,000)	(14,000)
Loans payable	(230,809)	(223,733)
Non-current:		
Bonds payable	(120,500)	(134,500)
Loans payable	(2,136,978)	(2,367,787)
Total net investment in capital assets	54,428,683	55,501,696
Restricted net position:		
Accounts receivable – special assessments	180,151	199,890
Total restricted net position	180,151	199,890
Unrestricted net position:		
Non-spendable net position:		
Water-in-storage inventory	11,025,928	11,025,928
Materials and supplies inventory	87,074	95,280
Prepaid expenses and other deposits	121,528	122,175
Deferred charges, net	-	94,094
Total non-spendable net position	11,234,530	11,337,477
Spendable net position are designated as follows:		
Debt service funds reserve	7,150,526	6,689,220
Capital facilities reserve	1,730,638	1,688,469
Safe drinking water reserve	60,000	60,000
Flexible storage reserve	30,272	26,488
Safety of dams reserve	118,866	-
Storm damage reserve	1,500,000	1,500,000
Variation in water sales reserve	1,500,000	1,500,000
Cash flow reserve	3,000,000	3,000,000
Operating reserve	275,593	417,095
Total spendable net position	15,365,895	14,881,272
Total unrestricted net position	26,600,425	26,218,749
Total net position	\$ 81,209,259	81,920,335

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(10) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Nationwide at June 30, 2013 was \$1,520,840 and ICMA was \$1,200,585.

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

(11) Defined Benefit Pension Plan

Plan Description

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

The contribution rate for plan members in the CalPERS 2.0% at 60 Risk Pool Retirement Plan is 7% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2013, 2012 and 2011 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

California Public Employees Pension Reform Act of 2013

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payments from being counted as compensation; and
- Increases retirement age for all new public employees.

Second-Tier – Beginning January 1, 2013

The contribution rate for plan members in the CalPERS 2.0% at 62 Retirement Plan under PEPRA is 6.25% of their annual covered wages. District employees contribute 6.25% of their annual covered wages to their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The employer and member contribution rate is 6.25% for a combined rate of 12.50% which will be in effect until June 30, 2015.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(11) Defined Benefit Pension Plan, continued

For fiscal years 2013, 2012 and 2011, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

Three Years CalPERS Funding Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2010-2011	\$ 289,356	100%	-	7.304%
2011-2012	312,713	100%	-	8.197%
2012-2013	326,356	100%	-	8.406%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits. See Page 40 for the Schedule of Funding Status.

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

Valuation date	June 30, 2011
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, open
Average remaining amortization period	9 years as of the valuation date
Asset valuation method	15 year smoothed market
Actuarial assumptions:	
Discount rate	7.50% (net of administrative expenses)
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

(12) Risk Management

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

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2013, 2012 and 2011. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2013, 2012 and 2011.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(13) Commitments and Contingencies

Casitas Dam Project – Seismic Safety of Casitas Dam

The United States Bureau of Reclamation (USBR) has undertaken and completed a project to strengthen Casitas Dam to better withstand seismic activity. Under Federal Law, Casitas may be required to pay 15% of those costs. The District and the USBR are negotiating Casitas' share of the cost of the project. Casitas may be responsible for approximately \$6,000,000 of the project's anticipated costs. The amount paid as of June 30, 2013 is \$2,125,765 which is the Municipal and Industrial portion or 42.5% of the cost attributable to Casitas. The amount that is attributable to Agricultural Customers or 57.5% of the cost is still to be resolved. The project is complete.

State Water Contract

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

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

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 1,059,465
2015	1,017,540
2016	968,570
2017	914,760
2018	860,951

As of June 30, 2013, the District has expended \$20,056,082 since the District started participating in the State Water Contract.

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

	State Water Contract
	<u>Long-term Obligations</u>
Transportation facilities	\$ 15,498,778
Conservation facilities	4,836,205
Off-aqueduct power facilities	147,621
Revenue bond surcharge	<u>1,441,526</u>
Total long-term SWP contract obligations	<u><u>\$ 21,924,130</u></u>

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

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(13) Commitments and Contingencies

State Water Contract, continued

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

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

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

Grant Awards

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

Litigation

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

(14) Subsequent Events

Events occurring after June 30, 2013 have been evaluated for possible adjustment to the financial statements or disclosure as of October 31, 2013, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2013 and 2012

(15) Governmental Accounting Standards Board Statements

Newly Issued Accounting Pronouncements, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2013, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 66

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2013—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to District’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 68

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

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

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The impact of the implementation of this Statement to District’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 70

In April 2013, the GASB issued Statement No. 70 – *Accounting and Financial Reporting for Non-exchange Guarantees*. Provisions of this Statement require that governments that extend non-exchange financial guarantees to recognize a liability when qualitative factors and historic data, if any, indicate that it is more likely than not that the government will be required to make a payments on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. The impact of the implementation of this Statement to District’s financial statements has not been assessed at this time.

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Required Supplementary Information

Casitas Municipal Water District
Schedule of Funding Status
For the Years Ended June 30, 2013 and 2012

(1) Defined Benefit Pension Plan

Development of the Actuarial Value of Assets Calculation in a Risk Pool

The District is part of the CalPERS Miscellaneous 2.0% at 60 yrs. Risk Pool	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
1. Plan's accrued liability	\$ 26,151,797	-	-
2. Plan's side fund	(36,484)	-	-
3. Pool's accrued liability	682,375,804	-	-
4. Pool's side fund	1,499,824	-	-
5. Pool's actuarial value of assets (AVA) including receivables	639,237,247	-	-
6. Plan's actuarial value of assets (AVA) including receivables [(1+2) / (3+4) x 5]	24,410,697	-	-
7. Pool's market value of assets (MVA) including receivables	572,006,330	-	-
8. Plan's market value of assets (MVA) including receivables [(1+2) / (3+4) x 7]	21,843,335	-	-

Funding History

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan in the risk pool.

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (a)</u>	<u>Actuarial Value of Assets (AVA) (b)</u>	<u>Market Value of Assets (MVA) (c)</u>	<u>Funded Ratio AVA (b/a)</u>	<u>MVA (c/a)</u>	<u>Annual Covered Payroll</u>
June 30, 2011	\$ 26,151,797	24,410,697	21,843,335	93.34%	83.53%	\$ 3,643,785
June 30, 2012	*	-	-	0.00%	0.00%	-
June 30, 2013	*	-	-	0.00%	0.00%	-

* CalPERS has not provided the information for these periods as of the date of the audit report.

(2) Other Post-Employment Benefits Payable

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
June 30, 2013	\$ -	18,832,580	18,832,580	0.00%	\$ 5,079,639	370.75%
June 30, 2012	-	18,832,580	18,832,580	0.00%	4,830,682	389.85%
June 30, 2011	-	21,810,100	21,810,100	0.00%	4,542,574	480.13%

Funded Status and Funding Progress of the Plan

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed annually on the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2014 based on the year ending June 30, 2013.

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Supplementary Information

Casitas Municipal Water District
Schedule of Revenues, Expenses, and Changes in Net Position – Budget to Actual
For the Fiscal Year Ended June 30, 2013

	<u>Adopted Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Operating revenues:					
Retail water consumption	\$ 4,265,552	-	4,265,552	5,766,986	1,501,434
Wholesale water consumption	1,749,764	-	1,749,764	1,713,273	(36,491)
Monthly water service charge	1,915,631	-	1,915,631	1,981,097	65,466
Recreation revenue	3,603,500	-	3,603,500	3,637,050	33,550
Other water charges and services	77,205	-	77,205	114,121	36,916
Total operating revenues	<u>11,611,652</u>	<u>-</u>	<u>11,611,652</u>	<u>13,212,527</u>	<u>1,600,875</u>
Operating expenses:					
Source of supply	2,159,785	-	2,159,785	1,958,838	200,947
Pumping	1,206,661	-	1,206,661	1,313,549	(106,888)
Water Treatment	1,114,477	-	1,114,477	1,305,364	(190,887)
Transmission and distribution	746,298	-	746,298	640,781	105,517
Telemetry	263,209	-	263,209	309,327	(46,118)
Customer accounts	372,046	-	372,046	412,021	(39,975)
Recreation expenses	3,776,084	-	3,776,084	3,662,878	113,206
General and administrative	5,014,540	-	5,014,540	4,036,271	978,269
Total operating expenses	<u>14,653,100</u>	<u>-</u>	<u>14,653,100</u>	<u>13,639,029</u>	<u>1,014,071</u>
Operating income before depreciation and amortization	(3,041,448)	-	(3,041,448)	(426,502)	586,804
Depreciation and amortization – utility department	-	-	-	(2,781,305)	(2,781,305)
Depreciation – recreation department	-	-	-	(303,216)	(303,216)
Operating loss	<u>(3,041,448)</u>	<u>-</u>	<u>(3,041,448)</u>	<u>(3,511,023)</u>	<u>(2,497,717)</u>
Non-operating revenue/(expense)					
Property taxes	1,891,990	-	1,891,990	2,147,033	255,043
Clean Water Act surcharge	-	-	-	462,896	462,896
Mira Monte assessment	19,500	-	19,500	19,783	283
Oak View availability charge	-	-	-	232	232
Water storage valuation	-	-	-	-	-
State water project expense	-	-	-	(517,749)	(517,749)
Tax collection expense	(26,000)	-	(26,000)	(31,284)	(5,284)
Interest and investment earnings	275,000	-	275,000	(164,338)	(439,338)
Interest expense – long-term debt	(204,335)	-	(204,335)	(87,015)	117,320
Deferred charges amortization	-	-	-	(94,094)	(94,094)
Other non-operating revenues/(expenses), net	5,000	-	5,000	73,957	68,957
Total non-operating revenues, net	<u>1,961,155</u>	<u>-</u>	<u>1,961,155</u>	<u>1,809,421</u>	<u>(151,734)</u>
Net loss before capital contributions	<u>(1,080,293)</u>	<u>-</u>	<u>(1,080,293)</u>	<u>(1,701,602)</u>	<u>(2,649,451)</u>
Capital contributions:					
Federal, state and local capital grants	812,653	-	812,653	990,526	177,873
Capital contributions	<u>812,653</u>	<u>-</u>	<u>812,653</u>	<u>990,526</u>	<u>177,873</u>
Change in net position	<u>\$ (267,640)</u>	<u>-</u>	<u>(267,640)</u>	<u>(711,076)</u>	<u>(2,471,578)</u>
Net position, beginning of year	<u>81,920,335</u>		<u>81,920,335</u>	<u>81,920,335</u>	
Net position, end of year	<u>\$ 81,652,695</u>		<u>81,652,695</u>	<u>81,209,259</u>	

Casitas Municipal Water District
Combining Schedule of Net Position
June 30, 2013

<i>Assets</i>	Operating Fund	Financing Fund	Improvement Assessment Fund	Eliminations for Financial Reporting	Total
Current assets:					
Cash and cash equivalents	\$ 4,609,512	-	-	-	4,609,512
Investments	16,093,230	-	-	-	16,093,230
Accrued interest receivable	75,246	-	-	-	75,246
Accounts receivable – water sales and services	1,208,645	-	-	-	1,208,645
Accounts receivable – special assessments	-	-	180,151	-	180,151
Accounts receivable – property taxes	58,427	-	-	-	58,427
Accounts receivable – other	297,819	-	-	-	297,819
Due from other funds	47,353	7,150,526	-	(7,197,879)	-
Water-in-storage inventory	11,025,928	-	-	-	11,025,928
Materials and supplies inventory	87,074	-	-	-	87,074
Prepaid expenses and other deposits	121,528	-	-	-	121,528
Total current assets	33,624,762	7,150,526	180,151	(7,197,879)	33,757,560
Non-current assets:					
Deferred charges, net	-	-	-	-	-
Capital assets, not being depreciated	6,222,973	-	-	-	6,222,973
Depreciable capital assets, net	50,707,997	-	-	-	50,707,997
Total non-current assets	56,930,970	-	-	-	56,930,970
Total assets	90,555,732	7,150,526	180,151	(7,197,879)	90,688,530
<i>Liabilities and Net Position</i>					
Current liabilities – payable from unrestricted current assets:					
Accounts payable and accrued expenses	658,422	-	-	-	658,422
Accrued salaries and wages	118,876	-	-	-	118,876
Customer deposits	38,895	-	-	-	38,895
Deferred revenue	5,739	-	-	-	5,739
Accrued interest payable	19,075	-	-	-	19,075
Due to other funds	7,150,526	-	47,353	(7,197,879)	-
Compensated absences - current portion	428,987	-	-	-	428,987
Bonds payable - current portion	-	-	14,000	-	14,000
Loans payable - current portion	230,809	-	-	-	230,809
Total current liabilities	8,651,329	-	61,353	(7,197,879)	1,514,803
Non-current liabilities:					
Compensated absences	428,988	-	-	-	428,988
Other post-employment benefits payable	5,278,002	-	-	-	5,278,002
Bonds payable	-	-	120,500	-	120,500
Loans payable	2,136,978	-	-	-	2,136,978
Total non-current liabilities	7,843,968	-	120,500	-	7,964,468
Total liabilities	16,495,297	-	181,853	(7,197,879)	9,479,271
Net position:					
Net investment in capital assets	54,563,183	-	(134,500)	-	54,428,683
Restricted for debt service	-	-	180,151	-	180,151
Unrestricted	19,497,252	7,150,526	(47,353)	-	26,600,425
Total net position	74,060,435	7,150,526	(1,702)	-	81,209,259
Total liabilities and net position	\$ 90,555,732	7,150,526	180,151	(7,197,879)	90,688,530

Casitas Municipal Water District
Combining Schedule of Net Position
June 30, 2012

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

Casitas Municipal Water District
Combining Schedule of Revenues and Expenses
June 30, 2013

	Water Fund	Recreation Fund	2013 Total
Operating revenues:			
Retail water consumption	\$ 5,766,986	-	5,766,986
Wholesale water consumption	1,713,273	-	1,713,273
Monthly water service charge	1,981,097	-	1,981,097
Recreation revenue	-	3,637,050	3,637,050
Other water charges and services	114,121	-	114,121
Total operating revenues	9,575,477	3,637,050	13,212,527
Operating expenses:			
Source of supply	1,958,838	-	1,958,838
Pumping	1,313,549	-	1,313,549
Water treatment	1,305,364	-	1,305,364
Transmission and distribution	640,781	-	640,781
Telemetry	309,327	-	309,327
Customer accounts	412,021	-	412,021
Recreation expenses	-	3,662,878	3,662,878
General and administrative	4,036,271	-	4,036,271
Total operating expenses	9,976,151	3,662,878	13,639,029
Operating income(loss) before depreciation	(400,674)	(25,828)	(426,502)
Depreciation – water department	(2,781,305)	-	(2,781,305)
Depreciation – recreation department	-	(303,216)	(303,216)
Operating income(loss)	(3,181,979)	(329,044)	(3,511,023)
Non-operating revenue(expense)			
Property taxes	2,147,033	-	2,147,033
Clean Water Act surcharge	462,896	-	462,896
Mira Monte assessment	19,783	-	19,783
Oak View availability charge	232	-	232
Water storage valuation	-	-	-
State water project	(517,749)	-	(517,749)
Tax collection expense	(31,284)	-	(31,284)
Interest and investment earnings	(164,338)	-	(164,338)
Interest expense – long-term debt	(87,015)	-	(87,015)
Deferred charges amortization	(94,094)	-	(94,094)
Other non-operating revenues/(expenses), net	73,957	-	73,957
Total non-operating revenues, net	1,809,421	-	1,809,421
Net income(loss) before capital contributions	(1,372,558)	(329,044)	(1,701,602)
Capital contributions:			
Federal, state and local capital grants	745,995	244,531	990,526
Change in net position	(626,563)	(84,513)	(711,076)
Adjustment for noncash items:			
Depreciation and amortization – water department	2,781,305	-	2,781,305
Depreciation – recreation department	-	303,216	303,216
Other post-employment benefits payable	1,109,164	-	1,109,164
Water-in-storage valuation	-	-	-
Deferred charges amortization	94,094	-	94,094
Total	\$ 3,358,000	218,703	3,576,703

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

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

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Source of supply:		
Advertising and legal notices	\$ -	221
Books and publications	517	1,119
Clothing and personal supplies	1,118	-
Communications	4,086	4,045
Computer upgrades – hardware and software	2,161	2,373
Costs applied	1,424	764
District equipment	10,308	6,253
Education and training	4,743	5,571
Insurance – Aflac service fee	22	79
Insurance – EAP	170	149
Interest penalty expense	-	204,646
Licenses and permits	19,292	19,916
Memberships and dues	7,454	9,662
Office supplies	254	106
Other professional services	31,052	25,150
Outside contracts	748,551	129,999
Postage	10,346	10,535
Printing and binding	8,281	9,079
Private vehicle mileage	636	942
Public information program	-	300
Purchased water	985	892
Safety program	-	31
Salaries and benefits	1,014,547	981,260
Services and supplies	70,067	66,400
Small tools	290	249
Travel expense	18,294	13,597
Utilities	4,240	5,070
Total source of supply	<u>1,958,838</u>	<u>1,498,408</u>
Pumping:		
Communications	1,616	1,586
Licenses and permits	-	535
Outside contracts	5,230	46,531
Power purchased for pumping	1,071,501	857,417
Salaries and benefits	164,899	248,994
Service and supplies	70,053	37,211
Small tools	165	1,941
Travel	85	10
Total pumping	<u>1,313,549</u>	<u>1,194,225</u>
Water treatment:		
Ammonia	29,509	28,006
Caustics	62,392	80,791
Chlorine	74,430	60,110
Clothing and personal supplies	981	978
Communications	1,567	1,734
Computer upgrades – hardware and software	-	48
Education and training	2,586	1,098
Ferric	15,952	22,217
Licenses and permits	745	545
Outside contracts	51,746	6,765
Polymer	27,863	12,765
Postage	24	49
Salaries and benefits	878,134	807,233
Service and supplies	68,283	59,416
Small tools	600	334
Travel	-	827
Utilities	90,552	101,389
Total water treatment	<u>1,305,364</u>	<u>1,184,305</u>

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Transmission and distribution:		
Books and publications	\$ 223	-
Communications	669	1,295
Computer upgrades – hardware and software	328	149
District equipment	(175)	(1,669)
Education and training	410	965
Licenses and permits	10,658	3,438
Other operating expenses	20,112	27,425
Outside contracts	97,417	27,655
Salaries and benefits	410,359	369,190
Service and supplies	94,960	89,211
Small tools	5,527	8,849
Travel expense	293	496
	<u>640,781</u>	<u>527,004</u>
Total transmission and distribution		
Telemetry:		
Communications	913	912
Outside contracts	24,706	18,185
Postage	-	87
Salaries and benefits	237,316	216,885
Service and supplies	19,674	28,374
Small tools	-	475
Utilities	26,718	29,898
	<u>309,327</u>	<u>294,816</u>
Total telemetry		
Customer accounts:		
Bad debt provision	8,886	5,014
Clothing and personal supplies	1,074	898
Communications	473	70
District equipment	(23)	-
Education and training	1,795	1,971
Leak relief expense	2,828	12,990
Licenses and permits	100	200
Outside contracts	13,833	12,342
Postage	1,297	7,325
Printing and binding	501	-
Private vehicle mileage	367	-
Salaries and benefits	337,947	317,184
Service and supplies	42,343	28,387
Small tools	198	416
Travel expense	402	938
	<u>412,021</u>	<u>387,735</u>
Total customer accounts		

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
General and administrative:		
Advertising and legal notices	1,001	1,013
Bank charges	11,556	7,934
Books and publications	4,669	3,589
Clothing and personal supplies	5,344	7,510
Communications	37,767	30,750
Computer upgrades – hardware and software	13,186	16,667
Directors election fees	14,606	-
District equipment	131,204	138,667
Education and training	11,740	12,447
Gains/losses on inventory	11,046	4,170
Insurance – Aflac	310	1,137
Insurance – EAP	1,388	1,401
Insurance – liability	56,167	54,268
Interest and penalties	-	9
Licenses and permits	10,089	7,877
Memberships and dues	82,716	72,709
Office equipment maintenance	1,184	1,205
Office supplies	9,079	8,610
Other professional services	304,326	140,739
Outside contracts	525,114	196,117
Petty cash over/short	1	-
Postage	997	1,370
Printing and binding	4,241	1,431
Private vehicle mileage	9,005	8,643
Safety program	3,675	2,473
Salaries and benefits	3,456,532	3,374,742
Service and supplies	66,440	86,017
Small tools	161	259
Travel expense	4,479	7,926
Utilities	54,846	47,556
Vehicle costs direct	115,823	91,858
Workers' compensation	88,543	66,002
Costs applied	(159,478)	(163,820)
Administrative overhead burden:	(841,486)	(822,445)
	<u>4,036,271</u>	<u>3,408,831</u>
Total general and administrative		
Depreciation expense:		
Water department	<u>2,781,305</u>	<u>2,797,217</u>
Total depreciation expense	<u>2,781,305</u>	<u>2,797,217</u>
Total operating expenses – utility dept.	<u>\$ 12,757,456</u>	<u>11,292,541</u>

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department, continued
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Recreation revenue:		
Animal permit	\$ 19,659	14,137
Bicycles - concession	-	5,628
Boat fees - annual	54,111	58,978
Boat fees - daily	13,625	14,277
Boat fees - overnight	1,790	1,951
Boat inspection fees - Quagga	7,706	7,865
Boat lock revenue - Quagga	5,066	6,953
Boat rental - concession	84,070	89,437
Cafe - concession	29,882	29,336
Cafe pass fee	26,065	26,360
Cafe pass reimbursment	(23,002)	(25,635)
Camping fees	1,587,177	1,582,738
Commercials	7,097	21,153
Dock usage fee	-	130
Donation vouchers	-	(862)
Event reimbursment	450	(376)
Events	38,238	33,778
Gasoline - concession	-	91
Gift cards and certificates	(443)	(190)
Guest pass	(205)	(680)
Kayak and canoes annual	4,364	3,514
Kayak and canoes daily	128	33
Miscellaneous revenue	7,465	6,715
Over / short - recreation	(103)	(92)
Over / short - water park	2	55
Park store	39,646	26,906
Rain checks	(4,623)	(5,596)
Refunds	-	1,837
Reservations	113,901	110,315
Shower facility fees	21,357	18,731
Trailer storage fees	177,361	179,220
Vehicle fees - daily	393,102	431,283
Violation ordinance fees	9,065	10,150
Visitor cards	144,302	140,124
Visitor cards - Quagga refunds	(83)	-
Water park - donation voucher	(60)	(116)
Water park - group pass fee	(10,170)	33,680
Water park - junior lifeguard	5,740	8,680
Water park - late day pass fee	79,435	69,675
Water park - lifeguard training	3,120	2,220
Water park - locker fee	1,059	1,353
Water park - next day pass fee	(2,342)	10,352
Water park - promotion	720	(321)
Water park - rain checks	(2,908)	(6,383)
Water park - reservation fee	19,110	10,860
Water park - season pass fee	23,614	21,320
Water park - shade rental fee	8,925	8,405
Water park - shower facility fee	17,233	16,215
Water park - single splash fee	721,985	617,374
Water park - special event fee	-	4,380
Water park - water fitness - fee	7,950	8,819
Water park snack bar	6,469	4,967
Total recreation revenue	<u>3,637,050</u>	<u>3,599,744</u>

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department, continued
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Recreation expenses:		
Administrative overhead burden	\$ 841,486	822,445
Advertising and legal notices	3,386	5,649
Bad debt provision	31,050	225
Bank charges	2,599	2,599
Books and publications	3,377	-
Chemicals – water playground	3,163	3,085
Chlorine	25,678	27,586
Clothing and personal supplies	12,891	12,361
Communications	13,894	23,928
Computer upgrades – hardware and software	1,020	9,693
Credit card fees	50,953	52,078
District equipment	128,839	131,255
Education and training	1,698	981
Fish purchases	29,995	29,997
Licenses and permits	6,459	11,897
Memberships and dues	1,284	920
Office equipment maintenance	-	70
Office supplies	4,560	1,374
Other operating expenses	1,852	-
Outside contracts	260,365	242,864
Postage	941	2,059
Printing and binding	13,342	8,086
Private vehicle mileage	-	217
Public information program	8,451	5,749
Purchased water	68,442	63,227
Safety program	2,669	11,388
Salaries and benefits	1,881,255	1,828,692
Service and supplies	141,419	131,211
Small tools	2,322	2,665
Travel expense	788	1,832
Utilities	118,700	117,562
Total	<u>3,662,878</u>	<u>3,551,695</u>
Recreation operating income(loss) before depreciation	(25,828)	48,049
Depreciation – recreation department	<u>(303,216)</u>	<u>(300,278)</u>
Net recreation operating income(loss)	<u>\$ (329,044)</u>	<u>(252,229)</u>

Statistical Section

**Casitas Municipal Water District
Statistical Section**

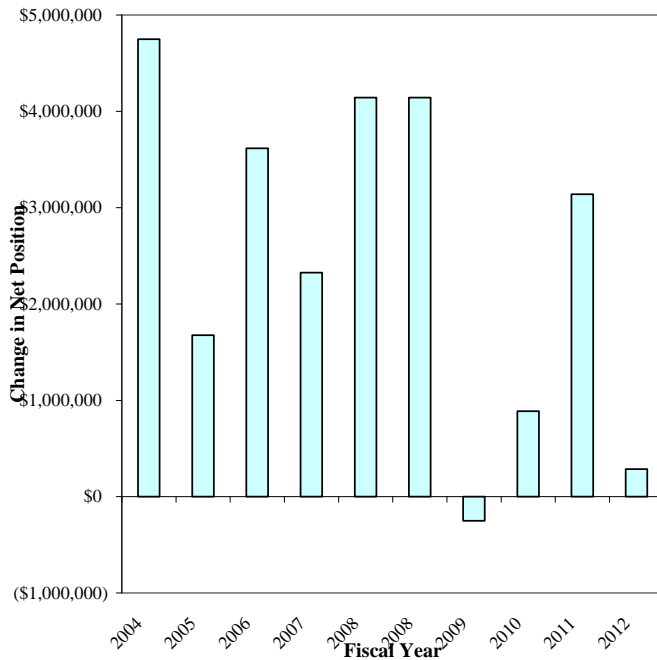
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	52-55
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, water sales.	56-60
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	61-62
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	63
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	64

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 8,854,143	9,688,724	11,258,803	13,291,119	13,805,964
Operating expenses (see Schedule 3)	(7,866,167)	(8,378,443)	(8,262,068)	(10,289,724)	(10,107,124)
Depreciation and amortization	(1,722,585)	(2,495,930)	(2,363,709)	(4,207,595)	(2,975,653)
Operating income(loss)	(734,609)	(1,185,649)	633,026	(1,206,200)	723,187
Non-operating revenues(expenses)					
Property taxes	2,467,821	525,019	526,622	1,734,216	1,831,087
Clean Water Act surcharge	-	1,070,545	1,085,494	1,006,501	1,071,637
Mira Monte assessment	-	9,549	20,307	18,605	19,657
Oak View availability charge	-	7,579	7,754	7,439	7,862
Property tax collection expense	(26,535)	(13,854)	(15,707)	(13,448)	(28,261)
Investment income/(loss)	73,851	138,716	269,336	404,167	463,786
Water-in-storage valuation	-	-	-	-	-
Satate water project expense	-	-	-	-	-
Federal grants	-	-	-	-	-
Capital facilities charges	-	-	-	-	-
Gain/(Loss) on sale/disposition of assets	7,386	(5,566)	-	-	-
Interest expense	(151,058)	(159,437)	(131,650)	(129,810)	(123,440)
Other revenue/(expense), net	22,771	(51,559)	204,592	46,646	31,307
Total non-operating revenues(expenses), net	2,394,236	1,520,992	1,966,748	3,074,316	3,273,635
Net income before capital contributions	1,659,627	335,343	2,599,774	1,868,116	3,996,822
Capital contributions	3,090,000	1,342,081	1,016,530	458,002	146,880
Changes in net position	\$ 4,749,627	1,677,424	3,616,304	2,326,118	4,143,702
Net assets by component:					
Invested in capital assets, net of related debt	\$ 52,913,400	55,377,759	55,808,167	54,099,748	54,636,436
Restricted	235,244	226,563	91,941	103,054	75,088
Unrestricted	12,945,075	12,166,821	15,487,339	19,510,763	23,145,743
Total net position	\$ 66,093,719	67,771,143 ⁽¹⁾	71,387,447	73,713,565	77,857,267



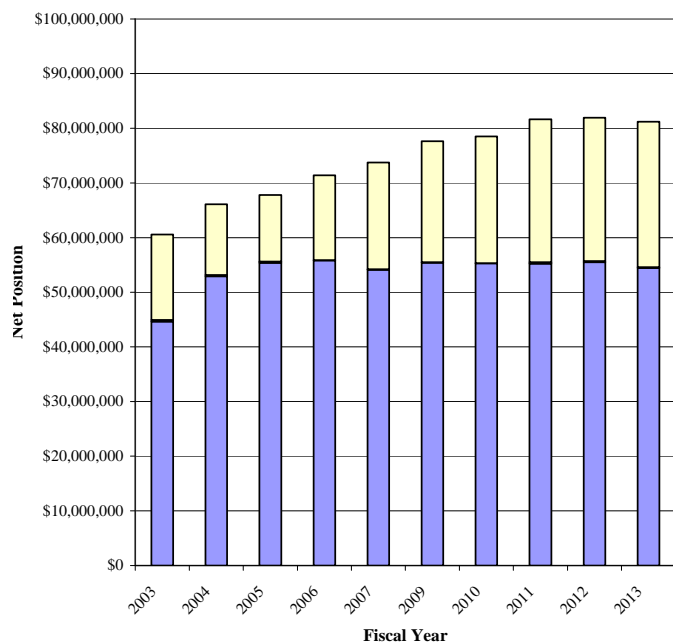
Notes:

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

Source: Casitas Municipal Water District Accounting Department

Schedule 1

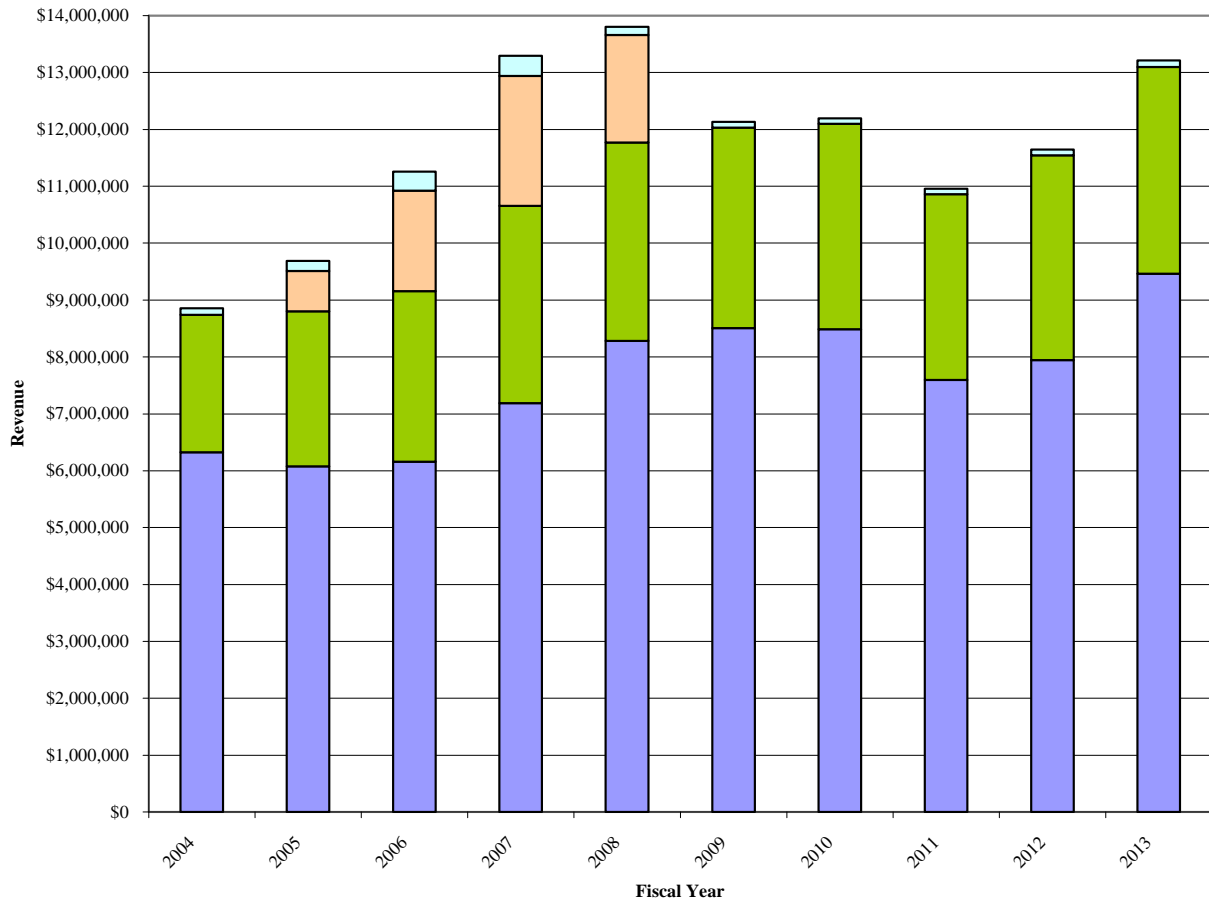
Fiscal Year				
2009	2010	2011	2012	2013
12,129,996	12,194,917	10,956,600	11,645,576	13,212,527
(13,384,114)	(11,171,141)	(11,587,130)	(12,047,019)	(13,639,029)
<u>(2,834,977)</u>	<u>(2,863,329)</u>	<u>(3,037,340)</u>	<u>(3,097,495)</u>	<u>(3,084,521)</u>
<u>(4,089,095)</u>	<u>(1,839,553)</u>	<u>(3,667,870)</u>	<u>(3,498,938)</u>	<u>(3,511,023)</u>
1,982,172	1,959,850	2,012,458	2,025,655	2,147,033
1,685,062	1,290,042	1,682,991	1,554,698	462,896
18,914	18,601	17,113	17,630	19,783
6,992	7,709	7,657	293	232
(29,433)	(30,416)	(31,158)	(30,158)	(31,284)
213,695	129,472	402,229	449,707	(164,338)
-	-	3,318,094	-	-
-	(666,442)	(787,665)	(382,908)	(517,749)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(116,361)	(106,239)	(102,295)	(94,969)	(87,015)
<u>14,460</u>	<u>(6,638)</u>	<u>213,445</u>	<u>12,454</u>	<u>(20,137)</u>
<u>3,775,501</u>	<u>2,595,939</u>	<u>6,732,869</u>	<u>3,552,402</u>	<u>1,809,421</u>
(313,594)	756,386	3,064,999	53,464	(1,701,602)
<u>63,784</u>	<u>131,179</u>	<u>74,095</u>	<u>232,755</u>	<u>990,526</u>
<u>(249,810)</u>	<u>887,565</u>	<u>3,139,094</u>	<u>286,219</u>	<u>(711,076)</u>
55,408,560	55,277,544	55,261,613	55,501,696	54,428,683
67,343	60,922	217,413	199,890	180,151
<u>22,131,554</u>	<u>23,156,556</u>	<u>26,155,090</u>	<u>26,218,749</u>	<u>26,600,425</u>
<u>77,607,457</u>	<u>78,495,022</u>	<u>81,634,116</u>	<u>81,920,335</u>	<u>81,209,259</u>



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

Schedule 2

Fiscal Year	Water Sales and Service	Recreation Revenue	Water Storage Valuation	Other Operating Revenue	Total Operating Revenue
2004	\$ 6,325,927	2,412,902	-	115,314	8,854,143
2005	6,075,618	2,728,679	704,148	180,279	9,688,724
2006	6,157,482	2,996,915	1,768,645	335,761	11,258,803
2007	7,188,942	3,469,248	2,282,734	350,195	13,291,119
2008	8,282,482	3,487,877	1,890,639	144,966	13,805,964
2009	8,507,054	3,526,264	-	96,678	12,129,996
2010	8,488,083	3,611,110	-	95,724	12,194,918
2011	7,592,767	3,269,377	-	94,456	10,956,600
2012	7,944,558	3,599,744	-	101,274	11,645,576
2013	9,461,356	3,637,050	-	114,121	13,212,527



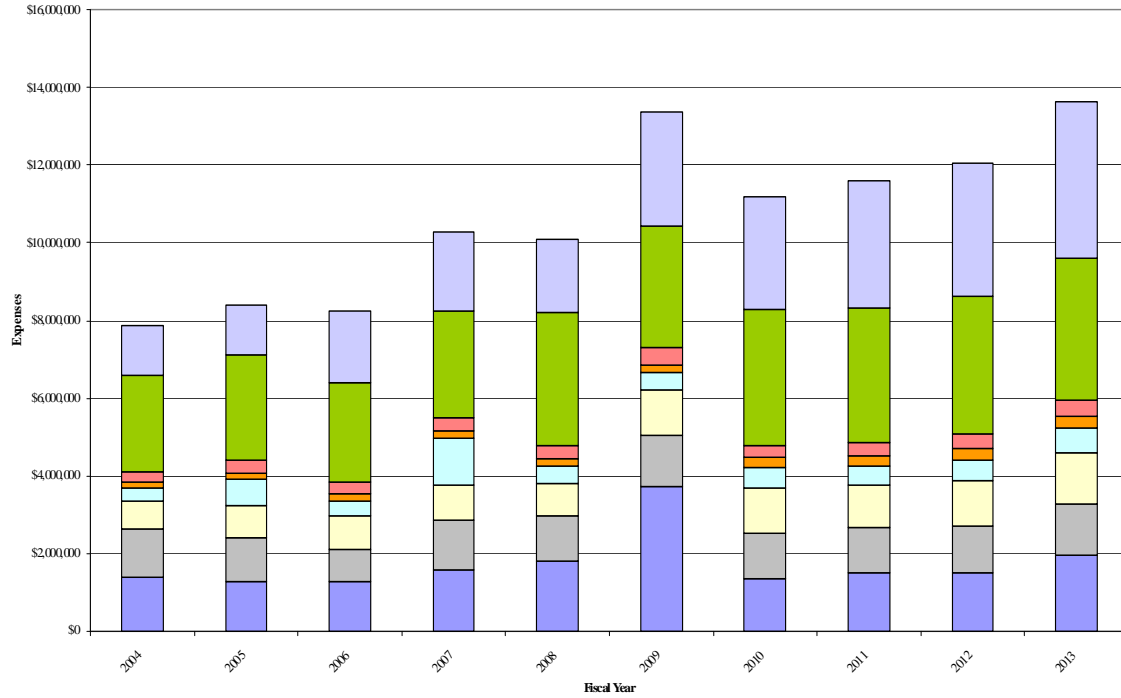
Source: Casitas Municipal Water District Accounting Department

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

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

Schedule 3

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Telemetering	Customer Accounts	Recreation Area	General and Administrative	Total Operating Expenses
2004	1,373,555	1,272,672	694,784	331,412	150,053	282,828	2,488,799	1,272,104	7,866,167
2005	1,260,178	1,151,358	810,660	687,261	142,260	331,338	2,747,871	1,247,527	8,378,443
2006	1,266,305	844,456	876,220	358,083	174,943	308,137	2,570,736	1,863,188	8,262,068
2007	1,584,516	1,261,227	898,454	1,221,291	185,521	359,407	2,730,670	2,048,638	10,289,724
2008	1,815,132	1,160,984	831,760	435,705	209,198	335,952	3,401,609	1,916,784	10,107,124
2009	3,735,269	1,292,700	1,197,050	448,678	197,119	436,851	3,113,058	2,963,389	13,384,114
2010	1,338,079	1,166,950	1,165,062	530,798	266,133	308,364	3,504,726	2,891,029	11,171,141
2011	1,493,036	1,168,939	1,107,391	488,434	251,534	362,054	3,436,849	3,278,893	11,587,130
2012	1,498,408	1,194,225	1,184,305	527,004	294,816	387,735	3,551,695	3,408,831	12,047,019
2013	1,958,838	1,313,549	1,305,364	640,781	309,327	412,021	3,662,878	4,036,271	13,639,029

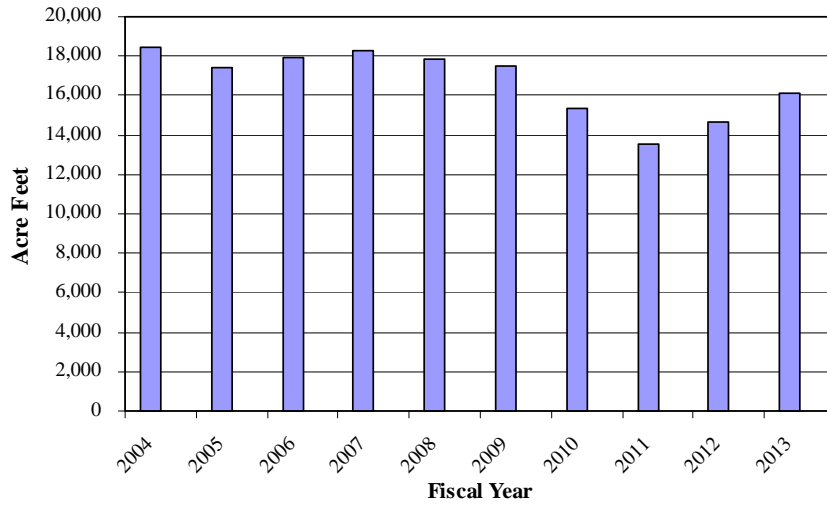


Source: Casitas Municipal Water District Accounting Department

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

Schedule 4

Fiscal Year	Water Sales (Acre Feet)
2004	18,450
2005	17,425
2006	17,952
2007	18,318
2008	17,844
2009	17,533
2010	15,307
2011	13,549
2012	14,655
2013	16,106



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

Source: Casitas Municipal Water District Accounting Department

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

Schedule 5

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

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

Water Service Charges (monthly)										
Meter Size	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:										
5/8" - 1"	\$ 10.72	11.04	11.37	12.06	12.42	12.79	14.01	14.01	15.30	15.99
1 1/2" - 2"	32.91	33.90	34.92	37.05	38.16	39.30	43.03	43.03	46.99	49.1
2 1/2" - 3"	70.08	72.18	74.35	78.88	81.25	83.69	91.64	91.64	100.07	104.57
4"	148.75	153.21	157.81	167.42	172.44	177.61	194.48	194.48	212.37	221.93
6"	439.12	452.29	465.86	494.24	509.07	524.34	574.15	574.15	626.97	655.18
Businesses:										
5/8" - 1"	19.42	20.00	20.60	21.86	22.52	23.20	24.59	24.59	26.85	28.06
1 1/2" - 2"	59.56	61.35	63.19	67.04	69.05	71.12	75.39	75.39	82.33	86.03
2 1/2" - 3"	126.93	130.74	134.66	142.86	147.15	151.56	160.65	160.65	175.43	183.32
4"	269.39	277.47	285.79	303.19	312.29	321.66	340.96	340.96	372.33	389.08
6"	795.19	819.05	843.62	895.00	921.85	949.51	1,006.48	1,006.48	1,099.08	1,148.54
Industrial:										
5/8" - 1"	14.49	14.92	15.37	16.30	16.79	17.29	18.06	18.06	19.72	20.61
1 1/2" - 2"	44.45	45.78	47.15	50.02	51.52	53.07	55.43	55.43	60.53	63.25
2 1/2" - 3"	94.70	97.54	100.47	106.58	109.78	113.07	118.12	118.12	128.99	134.79
4"	200.99	207.02	213.23	226.22	233.01	240.00	250.70	250.70	273.76	286.08
6"	593.86	611.68	630.03	668.40	688.45	709.10	740.71	740.71	808.86	845.26
Irrigation:										
5/8" - 1"	23.88	24.60	25.34	26.88	27.69	28.52	31.94	31.94	34.88	36.45
1 1/2" - 2"	73.20	75.40	77.66	82.39	84.86	87.41	97.90	97.90	106.91	111.72
2 1/2" - 3"	155.96	160.64	165.46	175.53	180.80	186.22	208.57	208.57	227.76	238.01
4"	331.03	340.96	351.19	372.58	383.76	395.27	442.70	442.70	483.43	505.18
6"	977.17	1,006.49	1,036.68	1,099.81	1,132.80	1,166.78	1,306.79	1,306.79	1,427.01	1,491.23
Resale (Gravity):										
5/8" - 1"	40.61	41.83	43.09	45.71	47.08	48.49	51.40	51.40	56.13	58.66
1 1/2" - 2"	124.56	128.30	132.15	140.19	144.40	148.73	157.65	157.65	172.15	179.7
2 1/2" - 3"	265.38	273.34	281.54	298.69	307.65	316.88	335.89	335.89	388.63	406.12
4"	563.27	580.17	597.58	633.98	653.00	672.59	712.95	712.95	778.54	813.57
6"	1,662.70	1,712.58	1,763.96	1,871.39	1,927.53	1,985.36	2,104.48	2,104.48	2,298.09	2,401.5
Resale (Pumped):										
5/8" - 1"	15.71	16.18	16.67	17.69	18.22	18.77	21.59	21.59	23.58	24.64
1 1/2" - 2"	48.17	49.62	51.11	54.22	55.85	57.53	66.16	66.16	72.25	75.5
2 1/2" - 3"	102.59	105.67	108.84	115.47	118.93	122.50	140.88	140.88	153.84	160.76
4"	217.76	224.29	231.02	245.09	252.44	260.01	299.01	299.01	326.52	341.21
6"	642.81	662.09	681.95	723.48	745.18	767.54	882.67	882.67	963.88	1,007.25
Other:										
5/8" - 1"	16.21	16.70	17.20	18.25	18.80	19.36	20.52	20.52	22.41	23.42
1 1/2" - 2"	49.72	51.21	52.75	55.96	57.64	59.37	62.93	62.93	68.72	71.81
2 1/2" - 3"	105.90	109.08	112.35	119.19	122.77	126.53	143.12	143.12	154.45	160.5
4"	224.77	231.51	238.46	252.98	260.57	268.39	284.49	284.49	310.66	324.64
6"	663.47	683.37	703.87	746.74	769.14	792.21	839.74	839.74	914.00	958.27
Temporary:										
1 1/2" - 2"	45.11	46.46	47.85	50.77	52.29	53.86	57.09	57.09	62.34	65.15
2 1/2" - 3"	96.12	99.00	101.97	108.18	111.43	114.77	121.66	121.66	132.85	138.83
Recreation:										
5/8" - 1"	20.72	21.34	21.98	23.32	24.02	24.74	26.22	26.22	28.63	
1 1/2" - 2"	63.57	65.48	67.44	71.54	73.69	75.90	80.45	80.45	87.85	
2 1/2" - 3"	135.46	139.52	143.71	152.46	157.03	161.74	171.44	171.44	187.21	
4"	287.47	296.09	304.97	323.54	333.25	343.25	363.85	363.85	393.32	
6"	848.60	874.06	900.28	952.02	980.58	1,010.00	1,070.60	1,070.60	1,169.10	

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

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

**Casitas Municipal Water District
Revenue Rates
Fiscal Year 2013**

Schedule 5-1

In fiscal year 2009, the District changed its rate structure as follows:

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

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

**Casitas Municipal Water District
Revenue Rates
Fiscal Year 2013**

Schedule 5-2

In fiscal year 2012, the District changed its rate structure as follows:

9.3.1 RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Residential					
	Bi-Monthly Lifeline	0-20 Units		\$ 0.584	\$ 0.856
	Bi-Monthly Usage	21-34 Units		\$ 1.033	\$ 1.305
	Bi-Monthly Usage	35-100 units		\$ 1.446	\$ 1.718
	Bi-Monthly Usage	101 units +		\$ 2.266	\$ 2.538
Business				\$ 1.297	\$ 1.570
Industrial				\$ 1.297	\$ 1.570
Resale				\$ 0.803	\$ 1.445
Other				\$ 1.297	\$ 1.570
Temporary				\$ 1.462	\$ 1.733
Recreation				\$ 1.297	\$ 1.570
9.3.3 RATE SCHEDULE - CLASS 3 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Ag-Residential					
	Monthly Lifeline	0-10 Units		\$ 0.584	\$ 0.856
	Monthly Usage	11-17 Units		\$ 1.033	\$ 1.305
	Monthly Usage	18 -50 Units		\$ 1.446	\$ 1.718
	Irrigation (AG)	51 units +		\$ 0.606	\$ 0.878

**** One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$.606 x 435.6 =	\$ 263.97	gravity
		per AF = \$.878 x 435.6 =	\$ 382.46	pumped

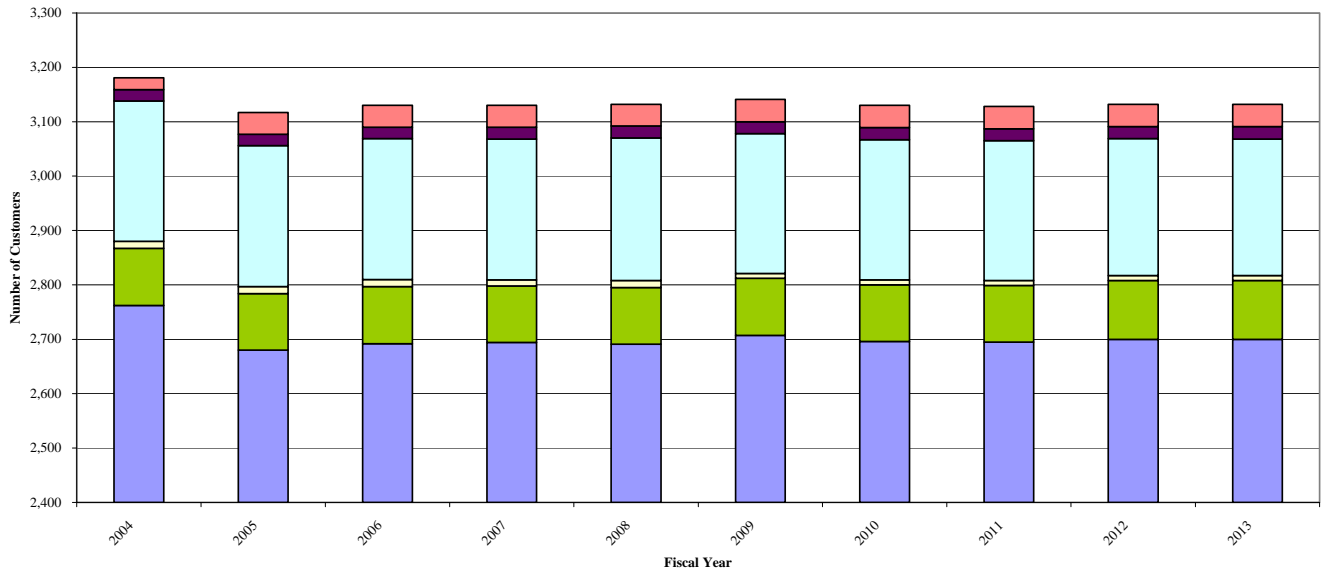
9.3.4 COMBINATION (CLASS C) SERVICE. Where more than one class of water service or use is provided through a single connection, the General Manager shall make an equitable proration of rates and fees, such proration shall be conclusive unless appealed within 30 days by the customer to the Board, in which case the determination of the Board shall be conclusive.

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY		20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
RESIDENTIAL	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
BUSINESS	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
INDUSTRIAL	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
IRRIGATION/ AG	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
RESALE(G)	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
RESALE(P)	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
OTHER	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
TEMPORARY	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
RECREATION	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm

Casitas Municipal Water District Customers by Type Last Ten Fiscal Years

Schedule 6

Fiscal Year	Customer Type						Total
	Residential	Business	Industrial	Agricultural	Wholesale	Other	
2004	2,762	105	13	258	21	22	3,181
2005	2,680	104	13	259	21	40	3,117
2006	2,692	105	13	259	21	40	3,130
2007	2,694	104	11	259	22	40	3,130
2008	2,691	104	13	262	22	40	3,132
2009	2,707	105	9	257	22	41	3,141
2010	2,696	104	9	258	22	41	3,130
2011	2,695	104	9	257	22	41	3,128
2012	2,700	108	9	252	22	41	3,132
2013	2,700	108	9	251	23	41	3,132



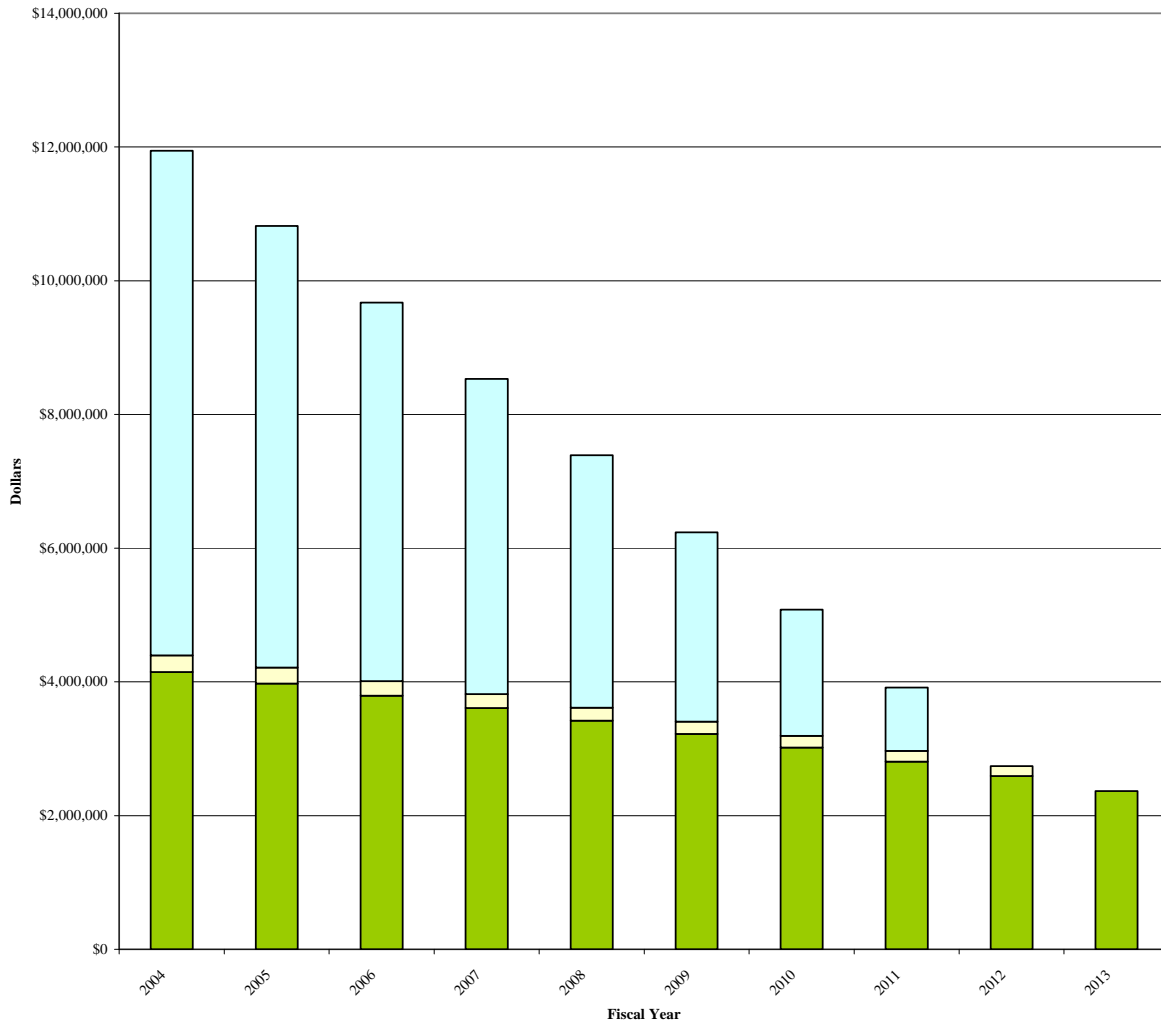
Note: Number of customers as of June 30 of fiscal year.

Source: Casitas Municipal Water District Accounting Department

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

Schedule 7

Fiscal Year	Loans Payable	Bonds Payable	Note Payable	Total		
				Debt	Per Capita	As a Share of Personal Income
2004	\$ 4,146,576	249,000	7,549,168	11,944,744	16.68	0.06%
2005	3,973,120	240,500	6,605,522	10,819,142	15.09	0.05%
2006	3,792,883	217,500	5,661,876	9,672,259	13.23	0.04%
2007	3,608,238	207,500	4,718,230	8,533,968	11.50	0.04%
2008	3,417,845	196,500	3,774,584	7,388,929	9.81	0.03%
2009	3,220,825	185,500	2,830,938	6,237,263	8.06	0.01%
2010	3,017,650	173,500	1,887,292	5,078,442	6.51	0.01%
2011	2,807,893	161,500	943,646	3,913,039	4.95	0.01%
2012	2,591,520	148,500	-	2,740,020	3.41	0.01%
2013	2,367,787	-	-	2,367,787	2.92	0.01%



Source: Casitas Municipal Water District Accounting Department

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

Schedule 8

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service		Total	Coverage Ratio
				Principal	Interest		
2004	\$ 10,664,828	(7,866,167)	2,798,661	1,116,190	151,058	1,267,248	2.21
2005	10,183,504	(8,378,443)	1,805,061	1,125,602	159,437	1,285,039	1.40
2006	13,990,227	(8,262,068)	5,728,159	1,132,484	131,650	1,264,134	4.53
2007	16,508,693	(10,289,724)	6,218,969	1,138,291	129,810	1,268,101	4.90
2008	17,231,300	(10,107,124)	7,124,176	1,145,039	124,805	1,269,844	5.61
2009	17,172,474	(12,382,370)	4,790,104	1,151,666	118,147	1,269,813	3.77
2010	15,605,715	(10,169,397)	5,436,318	1,158,821	107,098	1,265,919	4.29
2011	15,304,255	(9,614,381)	5,689,874	1,165,403	96,491	1,261,894	4.51
2012	15,717,774	(10,948,207)	4,769,567	237,733	89,085	326,818	14.59
2013	15,752,090	(11,998,166)	3,753,924	244,809	81,334	326,143	11.51

Notes:

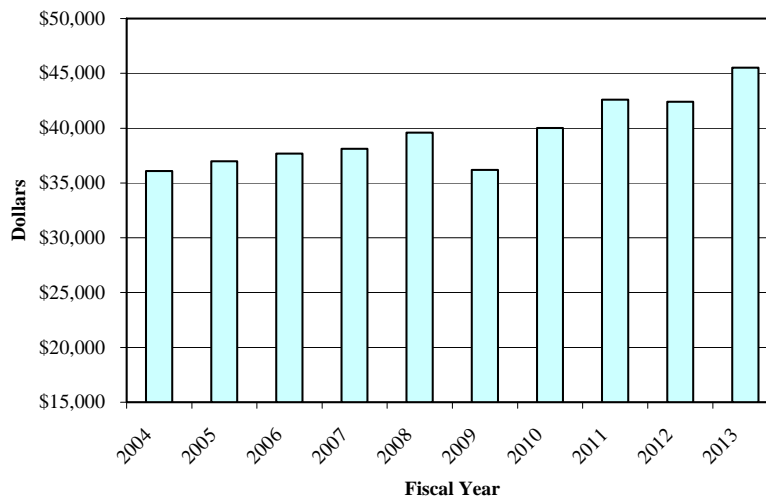
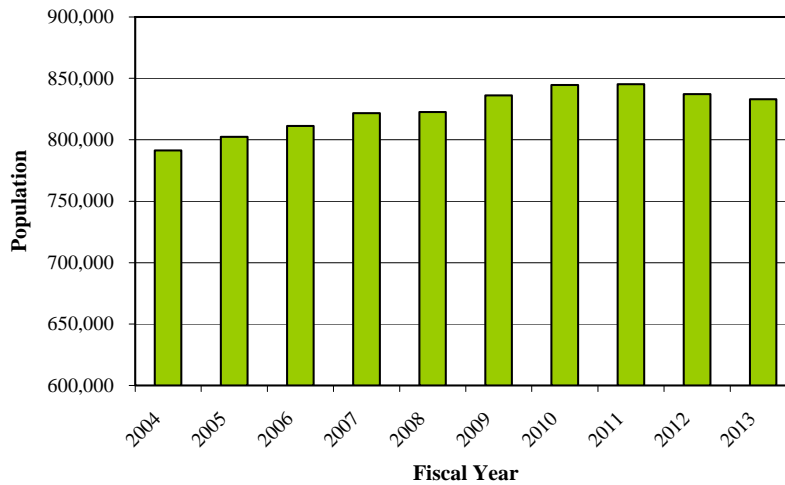
(1) Operating expenses exclude depreciation expense and OPEB accrued liability amount.

Source: Casitas Municipal Water District Accounting Department

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

Schedule 9

Year	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2004	4.8%	791,310	28,562,451	36,095
2005	4.6%	802,436	29,666,223	36,970
2006	4.6%	811,405	30,568,744	37,674
2007	4.3%	821,669	31,332,963	38,133
2008	4.6%	822,654	32,564,897	39,585
2009	9.2%	836,080	30,258,987	36,191
2010	10.0%	844,713	33,800,000	40,014
2011	11.0%	845,222	36,000,000	42,592
2012	10.7%	837,145	35,500,000	42,406
2013	9.3%	832,970	37,925,000	45,530



Sources: California Department of Finance and CaliforniaLaborMarketInfo

Notes:

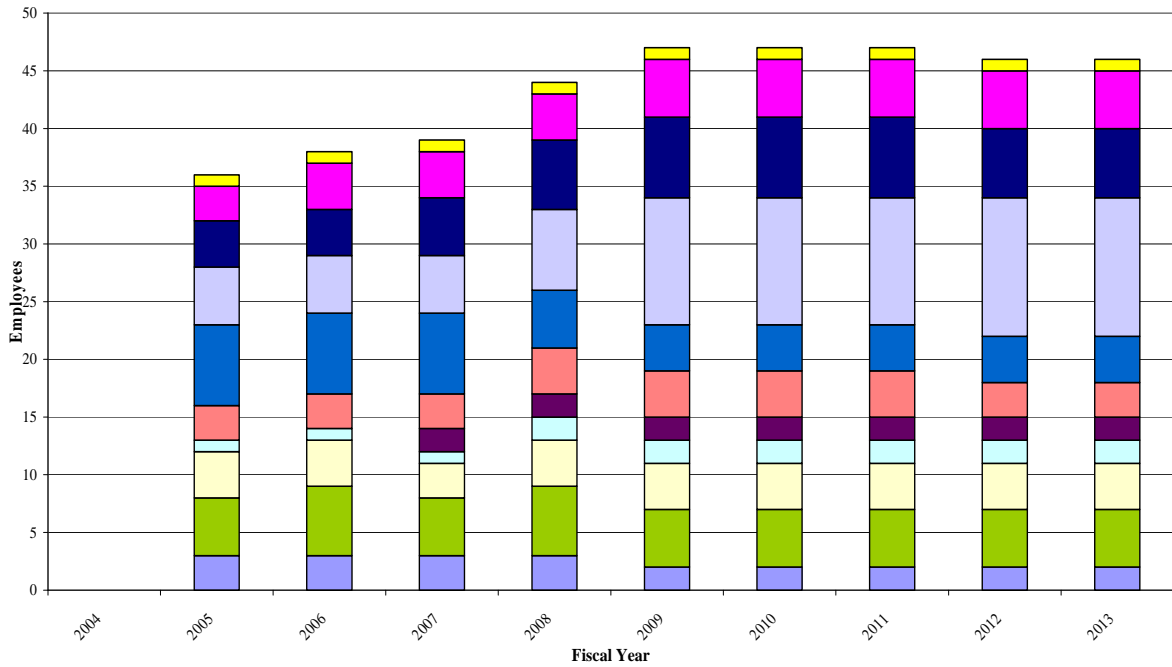
(1) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

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

Schedule 10

Paid - Full Time Positions

Department	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Management	N/A	3	3	3	3	2	2	2	2	2
Administration	N/A	5	6	5	6	5	5	5	5	5
Engineering	N/A	4	4	3	4	4	4	4	4	4
Water Quality Lab	N/A	1	1	1	2	2	2	2	2	2
Fisheries	N/A	0	0	2	2	2	2	2	2	2
Electrical and Mechanical	N/A	3	3	3	4	4	4	4	3	3
Distribution	N/A	7	7	7	5	4	4	4	4	4
Conservation and Treatment	N/A	5	5	5	7	11	11	11	12	12
Information Technology	N/A	1	1	1	1	1	1	1	1	1
Recreation Operations	N/A	4	4	5	6	7	7	7	6	6
Recreation Maintenance	N/A	3	4	4	4	5	5	5	5	5
Total	N/A	36	38	39	44	47	47	47	46	46



Other Operating and Capacity Indicators

Fiscal Year	Miles of Pipeline	Lake Storage Capacity (AF)	Lake Level at Year-End (AF)	Percentage of Lake Capacity	Daily System Capacity (MGD)
2004	105.7	254,000	167,988	66.1%	65
2005	105.7	254,000	230,891	90.9%	65
2006	105.7	254,000	229,546	90.4%	65
2007	105.7	254,000	221,174	87.1%	65
2008	105.7	254,000	222,528	87.6%	65
2009	105.7	254,000	199,851	78.7%	65
2010	105.7	254,000	194,405	76.5%	65
2011	105.7	254,000	218,328	86.0%	65
2012	105.7	254,000	197,199	77.6%	65
2013	105.7	254,000	171,748	67.6%	65

N/A - Data not available for these years

AF - Acre Feet

MGD - Millions of Gallons per Day

Sources: Casitas Municipal Water District Operations and Accounting Departments

Report on Internal Controls and Compliance



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

Board of Directors
Casitas Municipal Water District
Oak View, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Casitas Municipal Water District (District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles Z. Fedak and Company, CPAs – An Accountancy Corporation
Cypress, California
October 31, 2013