

Casitas Municipal Water District

*Comprehensive Annual Financial Report
for the
Fiscal Years Ended June 30, 2009 and 2008*



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Casitas Municipal Water District
Oak View, California

Comprehensive Annual Financial Report

Fiscal Years Ended
June 30, 2009 and 2008

Prepared by:

Denise Collin – Accounting Manager / Treasurer

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**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Years Ended June 30, 2009 and 2008**

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Introductory Section



October 15, 2009

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, 2009 and 2008, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

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

District Structure and Leadership

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

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

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

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

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

Economic Condition and Outlook

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

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

Internal Control Structure

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

Budgetary Control

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

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

Investment Policy

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

Water Rates and District Revenues

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

Audit and Financial Reporting

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

Risk Management

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

Awards and Acknowledgements

For the year ended June 30, 2008, the District received for the 15th 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, 2008 – June 30, 2009

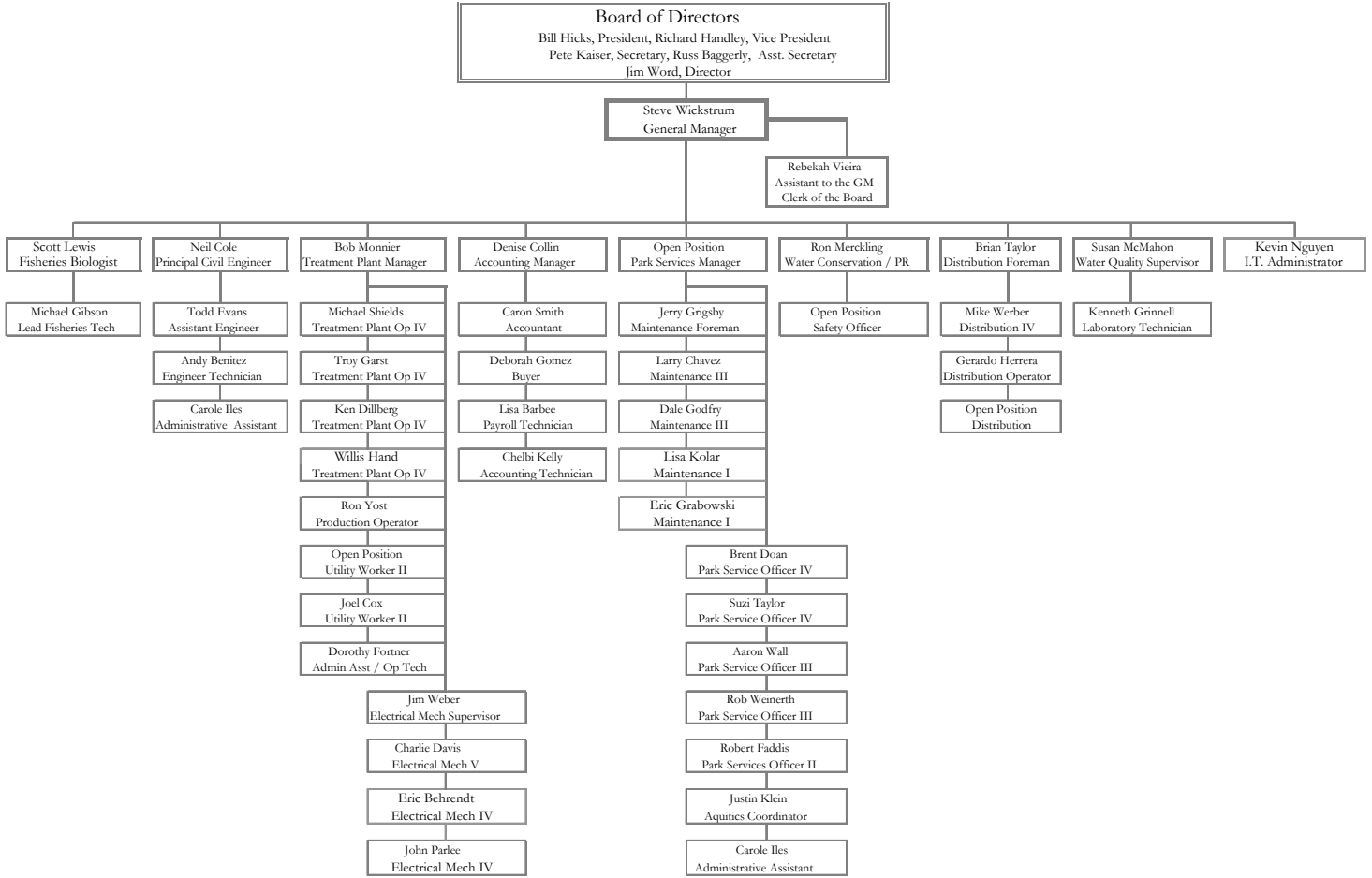
Board of Directors

Board Member	Division	Date of Original Election of Appointment	Ending Date of Term
Bill Hicks	Division 1	November, 1990	December, 2010
Jim Word	Division 2	May, 1997	December, 2012
Pete Kaiser	Division 3	November, 2002	December, 2012
Richard Handley	Division 4	November, 2006	December, 2010
Russ Baggerly	Division 5	November, 2004	December, 2012

Staff

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

Casitas Municipal Water District Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Casitas Municipal Water
District, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



A handwritten signature in black ink, appearing to read "M. L. R. R. R.", written over a light blue horizontal line.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emen", written over a light blue horizontal line.

Executive Director

Financial Section



Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

6081 Orange Avenue
Cypress, California 90630
(714) 527-1818
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FAX (714) 527-9154
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Independent Auditor's Report

Board of Directors
Casitas Municipal Water District
Oak View, California

We have audited the accompanying financial statements of the Casitas Municipal Water District (District) as of and for the years ended June 30, 2009 and 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Casitas Municipal Water District as of June 30, 2009 and 2008, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Independent Auditor's Report, continued

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

October 15, 2009
Cypress, California

Chapman & Cutler, CPAs
An Accounting Corporation

Casitas Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2009 and 2008

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, 2009 and 2008. 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 2009, the District's net assets decreased 0.3% or \$249,810, from \$77,857,267 to \$77,607,457. In 2008, the District's net assets increased 5.6% or \$4,143,702, from \$73,713,565 to \$77,857,267.
- The District's total revenues decreased 6.8% or \$1,180,009 in 2009 primarily due to change in the water storage valuation calculation increase of \$1,890,639 in 2008 and increased 4.4% or \$722,607 in 2008 due to increases in retail water consumption revenue, recreation revenues and changes in the water storage valuation calculation.
- The District's total expenses increased 23.6% or \$3,130,407 in 2009 due primarily to a change in the water storage valuation calculation of \$2,282,736 and the implementation of GASB No. 45 other post-employment benefits expense of \$1,387,879. The District's total expenses decreased 9.6% or \$1,406,099 in 2008 due primarily to a decrease in depreciation expense of \$1,231,942

Required Financial Statements

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

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

Financial Analysis of the District

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

Casitas Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2009 and 2008

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

Notes to the Basic Financial Statements

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

Statement of Net Assets

Condensed Statements of Net Assets					
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>2007</u>	<u>Change</u>
Assets:					
Current assets	\$ 26,663,814	24,340,555	2,323,259	20,601,340	3,739,215
Non-current assets	129,379	141,141	(11,762)	176,791	(35,650)
Capital assets, net	<u>61,460,323</u>	<u>61,828,865</u>	<u>(368,542)</u>	<u>63,569,236</u>	<u>(1,740,371)</u>
Total assets	<u>88,253,516</u>	<u>86,310,561</u>	<u>1,942,955</u>	<u>84,347,367</u>	<u>1,963,194</u>
Liabilities:					
Current liabilities	4,189,075	1,853,194	2,335,881	2,912,481	(1,059,287)
Non-current liabilities	<u>6,456,984</u>	<u>6,600,100</u>	<u>(143,116)</u>	<u>7,721,321</u>	<u>(1,121,221)</u>
Total liabilities	<u>10,646,059</u>	<u>8,453,294</u>	<u>2,192,765</u>	<u>10,633,802</u>	<u>(2,180,508)</u>
Net assets:					
Net investment in capital assets	55,408,560	54,636,436	772,124	55,242,768	(606,332)
Restricted for debt service	67,343	75,088	(7,745)	103,054	(27,966)
Unrestricted	<u>22,131,554</u>	<u>23,145,743</u>	<u>(1,014,189)</u>	<u>18,367,743</u>	<u>4,778,000</u>
Total net assets	<u>77,607,457</u>	<u>77,857,267</u>	<u>(249,810)</u>	<u>73,713,565</u>	<u>4,143,702</u>
Total liabilities and net assets	<u>\$ 88,253,516</u>	<u>86,310,561</u>	<u>1,942,955</u>	<u>84,347,367</u>	<u>1,963,194</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$77,607,457 and \$77,857,267 as of June 30, 2009 and 2008, respectively.

One of the largest portions of the District's net assets (71% and 70% as of June 30, 2009 and 2008, 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 2009 and 2008, the District showed a positive balance in its unrestricted net assets of \$22,131,554 and \$23,145,743, respectively.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2009 and 2008

Statement of Revenues, Expenses and Changes in Net Assets

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>2007</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 12,129,996	13,805,964	(1,675,968)	13,291,119	514,845
Non-operating revenues	3,921,295	3,425,336	495,959	3,217,574	207,762
Total revenues	<u>16,051,291</u>	<u>17,231,300</u>	<u>(1,180,009)</u>	<u>16,508,693</u>	<u>722,607</u>
Expenses:					
Operating expenses	13,384,114	10,107,124	3,276,990	10,289,724	(182,600)
Depreciation and amortization	2,834,977	2,975,653	(140,676)	4,207,595	(1,231,942)
Non-operating expenses	145,794	151,701	(5,907)	143,258	8,443
Total expenses	<u>16,364,885</u>	<u>13,234,478</u>	<u>3,130,407</u>	<u>14,640,577</u>	<u>(1,406,099)</u>
Net income before capital contrib.	(313,594)	3,996,822	(4,310,416)	1,868,116	2,128,706
Capital contributions	63,784	146,880	(83,096)	458,002	(311,122)
Change in net assets	(249,810)	4,143,702	(4,393,512)	2,326,118	(6,719,630)
Net assets, beginning of year	<u>77,857,267</u>	<u>73,713,565</u>	<u>4,143,702</u>	<u>71,387,447</u>	<u>2,326,118</u>
Net assets, end of year	<u>\$ 77,607,457</u>	<u>77,857,267</u>	<u>(249,810)</u>	<u>73,713,565</u>	<u>(4,393,512)</u>

The statement of revenues, expenses and changes of net assets shows how the District's net assets changed during the fiscal years. In the case of the District, net assets decreased by \$249,810 in fiscal year ended June 30, 2009 and increased \$4,143,702 for the fiscal year ended June 30, 2008.

Total Revenues

	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>2007</u>	<u>Change</u>
Operating revenues:					
Retail water consumption	\$ 6,787,853	5,680,411	1,107,442	4,870,177	810,234
Wholesale water consumption	1,719,201	2,652,340	(933,139)	2,318,765	333,575
Recreation revenue	3,526,264	3,487,877	38,387	3,469,248	18,629
Water storage valuation	-	1,890,639	(1,890,639)	2,282,734	(392,095)
Other water charges and services	96,678	94,697	1,981	350,195	(255,498)
Total operating revenues	<u>12,129,996</u>	<u>13,805,964</u>	<u>(1,675,968)</u>	<u>13,291,119</u>	<u>514,845</u>
Non-operating revenues:					
Property taxes	1,982,172	1,831,087	151,085	1,734,216	96,871
Clean Water Act surcharge	1,685,062	1,071,637	613,425	1,006,501	65,136
Mira Monte assessment	18,914	19,657	(743)	18,605	1,052
Oak View availability charge	6,992	7,862	(870)	7,439	423
Interest and investment earnings	213,695	463,786	(250,091)	404,167	59,619
Other non-operating revenues	14,460	31,307	(16,847)	46,646	(15,339)
Total non-operating revenues	<u>3,921,295</u>	<u>3,425,336</u>	<u>495,959</u>	<u>3,217,574</u>	<u>207,762</u>
Total revenue	<u>\$ 16,051,291</u>	<u>17,231,300</u>	<u>(1,180,009)</u>	<u>16,508,693</u>	<u>722,607</u>

The District's total revenues decreased 6.8% or \$1,180,009 in 2009 primarily due to change in the water storage valuation calculation increase of \$1,890,639 in 2008 and increased 4.4% or \$722,607 in 2008 due to increases in retail water consumption revenue, recreation revenues and changes in the water storage valuation calculation.

Casitas Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2009 and 2008

Total Expenses

Operating expenses:	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>2007</u>	<u>Change</u>
Source of supply	\$ 1,170,637	1,143,887	26,750	1,071,908	71,979
Water storage valuation	2,282,736	-	2,282,736	-	-
State water project	281,896	671,245	(389,349)	512,608	158,637
Pumping	1,292,700	1,160,984	131,716	1,261,227	(100,243)
Water treatment	1,197,050	831,760	365,290	898,454	(66,694)
Transmission and distribution	448,678	435,705	12,973	1,221,291	(785,586)
Telemetry	197,119	209,198	(12,079)	185,521	23,677
Customer accounts	436,851	335,952	100,899	359,407	(23,455)
Recreation expenses	3,113,058	3,401,609	(288,551)	2,730,670	670,939
General and administrative	2,963,389	1,916,784	1,046,605	2,048,638	(131,854)
Depreciation and amortization	<u>2,834,977</u>	<u>2,975,653</u>	<u>(140,676)</u>	<u>4,207,595</u>	<u>(1,231,942)</u>
Total operating expenses	<u>16,219,091</u>	<u>13,082,777</u>	<u>3,136,314</u>	<u>14,497,319</u>	<u>(1,414,542)</u>
Non-operating expenses:					
Tax collection expense	29,433	28,261	1,172	13,448	14,813
Interest expense – long-term debt	<u>116,361</u>	<u>123,440</u>	<u>(7,079)</u>	<u>129,810</u>	<u>(6,370)</u>
Total non-operating expenses	<u>145,794</u>	<u>151,701</u>	<u>(5,907)</u>	<u>143,258</u>	<u>8,443</u>
Total expenses	<u>\$ 16,364,885</u>	<u>13,234,478</u>	<u>3,130,407</u>	<u>14,640,577</u>	<u>(1,406,099)</u>

The District's total expenses increased 23.6% or \$3,130,407 in 2009 due primarily to a change in the water storage valuation calculation of \$2,282,736 and the implementation of GASB No. 45 other post-employment benefits expense of \$1,387,879. The District's total expenses decreased 9.6% or \$1,406,099 in 2008 due primarily to a decrease in depreciation expense of \$1,231,942.

Capital Asset Administration

At the end of fiscal years 2009 and 2008, the District's investment in capital assets amounted to \$60,186,387 and \$60,563,943, 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 2009 and 2008. See further detailed information in Note 6.

Changes in capital asset amounts for 2009 were as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u>
	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>2009</u>
Capital assets:				
Non-depreciable assets	\$ 6,195,930	914,836	(42,083)	7,068,683
Depreciable assets	89,299,551	1,584,630	(284,505)	90,599,676
Accumulated depreciation	<u>(34,931,538)</u>	<u>(2,828,906)</u>	<u>278,472</u>	<u>(37,481,972)</u>
Total capital assets, net	<u>\$ 60,563,943</u>	<u>(329,440)</u>	<u>(48,116)</u>	<u>60,186,387</u>

Changes in capital asset amounts for 2008 were as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u>
	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>
Capital assets:				
Non-depreciable assets	\$ 6,455,347	64,788	(324,205)	6,195,930
Depreciable assets	88,222,788	1,484,138	(407,375)	89,299,551
Accumulated depreciation	<u>(32,404,822)</u>	<u>(2,934,091)</u>	<u>407,375</u>	<u>(34,931,538)</u>
Total capital assets, net	<u>\$ 62,273,313</u>	<u>(1,385,165)</u>	<u>(324,205)</u>	<u>60,563,943</u>

Casitas Municipal Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2009 and 2008

Debt Administration

In 2009 and 2008, long-term debt decreased by \$1,151,666 and \$1,145,039, respectively, due to regular principal payments on the District's outstanding debts. See further detailed information in Note 8.

Changes in long-term debt amounts for 2009 were as follows:

	<u>Balance 2008</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2009</u>
Long-term debt:				
Special assessment bonds payable	\$ 196,500	-	(11,000)	185,500
State Water loan payable	3,417,845	-	(197,020)	3,220,825
Note payable to U.S. Bureau of Reclamation	<u>3,774,584</u>	<u>-</u>	<u>(943,646)</u>	<u>2,830,938</u>
Total long-term debt	<u>\$ 7,388,929</u>	<u>-</u>	<u>(1,151,666)</u>	<u>6,237,263</u>

Changes in long-term debt amounts for 2008 were as follows:

	<u>Balance 2007</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2008</u>
Long-term debt:				
Special assessment bonds payable	\$ 207,500	-	(11,000)	196,500
State Water loan payable	3,608,238	-	(190,393)	3,417,845
Note payable to U.S. Bureau of Reclamation	<u>4,718,230</u>	<u>-</u>	<u>(943,646)</u>	<u>3,774,584</u>
Total long-term debt	<u>\$ 8,533,968</u>	<u>-</u>	<u>(1,145,039)</u>	<u>7,388,929</u>

Conditions Affecting Current Financial Position

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

Requests for Information

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

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Basic Financial Statements

Casitas Municipal Water District
Statement of Net Assets
June 30, 2009 and 2008

<i>Assets</i>	2009	2008
Current assets:		
Cash and cash equivalents (note 2)	\$ 7,409,876	10,313,991
Investments (note 2)	8,990,285	1,985,566
Accrued interest receivable	22,808	76,663
Accounts receivable – water sales and services	1,020,206	1,135,202
Accounts receivable – special assessments	252,843	271,588
Accounts receivable – property taxes	127,819	115,813
Accounts receivable – other	895,411	223,840
Water-in-storage inventory (note 3)	7,707,834	9,990,570
Materials and supplies inventory	95,930	87,063
Prepaid rent, current portion	-	23,888
Prepaid expenses and other deposits	140,802	116,371
Total current assets	<u>26,663,814</u>	<u>24,340,555</u>
Non-current assets:		
Deferred charges, net (note 4)	129,379	141,141
Intangible asset – participation rights, net (note 5)	1,273,936	1,264,922
Capital assets, not being depreciated (note 6)	7,068,683	6,195,930
Depreciable capital assets, net (note 6)	<u>53,117,704</u>	<u>54,368,013</u>
Total non-current assets	<u>61,589,702</u>	<u>61,970,006</u>
Total assets	<u><u>88,253,516</u></u>	<u><u>86,310,561</u></u>
<i>Liabilities and Net Assets</i>		
Current liabilities – payable from unrestricted current assets:		
Accounts payable and accrued expenses	2,333,015	171,741
Accrued salaries and wages	222,236	20,255
Customer deposits	53,194	58,059
Deferred revenue	19,232	61,345
Accrued interest payable	25,779	27,291
Long-term liabilities – due within one year:		
Compensated absences (note 7)	376,798	362,837
Bonds payable - current portion (note 8)	12,000	11,000
Loans payable - current portion (note 8)	<u>1,146,821</u>	<u>1,140,666</u>
Total current liabilities	<u>4,189,075</u>	<u>1,853,194</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	376,798	362,837
Other post-employment benefits payable (note 9)	1,001,744	-
Bonds payable (note 8)	173,500	185,500
Loans payable (note 8)	<u>4,904,942</u>	<u>6,051,763</u>
Total non-current liabilities	<u>6,456,984</u>	<u>6,600,100</u>
Total liabilities	<u>10,646,059</u>	<u>8,453,294</u>
Net assets: (note 10)		
Net investment in capital assets	55,408,560	54,636,436
Restricted for debt service	67,343	75,088
Unrestricted	<u>22,131,554</u>	<u>23,145,743</u>
Total net assets	<u>77,607,457</u>	<u>77,857,267</u>
Total liabilities and net assets	<u><u>\$ 88,253,516</u></u>	<u><u>86,310,561</u></u>

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008

	2009	2008
Operating revenues:		
Retail water consumption	6,787,853	5,680,411
Wholesale water consumption	1,719,201	2,652,340
Recreation revenue	3,526,264	3,487,877
Water storage valuation (note 3)	-	1,890,639
Other water charges and services	96,678	94,697
Total operating revenues	12,129,996	13,805,964
Operating expenses:		
Source of supply	1,170,637	1,143,887
Water storage valuation (note 3)	2,282,736	-
State water project	281,896	671,245
Pumping	1,292,700	1,160,984
Water treatment	1,197,050	831,760
Transmission and distribution	448,678	435,705
Telemetry	197,119	209,198
Customer accounts	436,851	335,952
Recreation expenses	3,113,058	3,401,609
General and administrative	2,963,389	1,916,784
Total operating expenses	13,384,114	10,107,124
Operating income(loss) before depreciation and amortization	(1,254,118)	3,698,840
Depreciation and amortization – utility department	(2,524,725)	(2,462,639)
Depreciation – recreation department	(310,252)	(513,014)
Operating income(loss)	(4,089,095)	723,187
Non-operating revenue(expense)		
Property taxes	1,982,172	1,831,087
Clean Water Act surcharge	1,685,062	1,071,637
Mira Monte assessment	18,914	19,657
Oak View availability charge	6,992	7,862
Tax collection expense	(29,433)	(28,261)
Interest and investment earnings	213,695	463,786
Interest expense – long-term debt	(116,361)	(123,440)
Other non-operating revenues/(expenses), net	14,460	31,307
Total non-operating revenues, net	3,775,501	3,273,635
Net income(loss) before capital contributions	(313,594)	3,996,822
Capital contributions:		
Federal, state and local capital grants	63,784	146,880
Change in net assets	(249,810)	4,143,702
Net assets, beginning of year	77,857,267	73,713,565
Net assets, end of year	\$ 77,607,457	77,857,267

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Statement of Cash Flows
For the Year Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 11,573,421	12,057,707
Cash paid to vendors and suppliers for materials and services	(3,801,057)	(7,252,751)
Cash paid to employees for salaries and wages	(3,963,788)	(3,952,452)
Net cash provided by operating activities	3,808,576	852,504
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	3,670,446	2,930,004
Other non-operating revenues/(expenses), net	20,493	31,307
Net cash provided by non-capital financing activities	3,690,939	2,961,311
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,457,383)	(1,224,719)
Proceeds from capital grants	63,784	146,880
Principal paid on long-term debt	(1,151,666)	(1,145,039)
Interest paid on long-term debt	(158,474)	(169,398)
Net cash used in capital and related financing activities	(3,703,739)	(2,392,276)
Cash flows from investing activities:		
Proceeds from sale of investments	2,016,659	6,951,074
Purchases of investments	(8,984,100)	(1,980,992)
Interest and investment earnings	267,550	406,182
Net cash provided(used) by investing activities	(6,699,891)	5,376,264
Net increase in cash and cash equivalents	(2,904,115)	6,797,803
Cash and cash equivalents, beginning of year	10,313,991	3,516,188
Cash and cash equivalents, end of year	\$ 7,409,876	10,313,991

Continued on next page

See accompanying notes to the basic financial statements

**Casitas Municipal Water District
Statements of Cash Flows, continued
For the Year Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Reconciliation of operating income(loss) to net cash provided by operating activities:		
Operating income(loss)	\$ (4,089,095)	723,187
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation and amortization	2,834,977	2,975,653
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services, net	114,996	(192,708)
Accounts receivable – other	(671,571)	335,090
Water-in-storage inventory	2,282,736	(1,890,639)
Materials and supplies inventory	(8,867)	(3,636)
Prepaid rent	23,888	47,775
Prepaid expenses and other deposits	(24,431)	(108,358)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	2,161,274	(939,166)
Accrued salaries and wages	201,981	(141,211)
Customer deposits	(4,865)	31,584
Deferred revenue	(42,113)	(45,958)
Compensated absences	27,922	60,891
Other post-employment benefits payable	1,001,744	-
Total adjustments	<u>7,897,671</u>	<u>129,317</u>
Net cash provided by operating activities	<u>\$ 3,808,576</u>	<u>852,504</u>

See accompanying notes to the basic financial statements

Casitas Municipal Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2009 and 2008

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

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

B. Basis of Accounting and Measurement Focus

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

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

C. Financial Reporting

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

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

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

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

D. Assets, Liabilities and Net Assets

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments and Investment Policy

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

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

4. Accounts Receivable and Allowance for Uncollectible Accounts

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

5. Federal and State Capital and Operating Grants

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

6. Water-In-Storage Inventory

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

7. Materials and Supplies Inventory

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

8. Prepaid Expenses

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

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

D. Assets, Liabilities and Net Assets, continued

9. Restricted Assets

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

10. Capital Assets

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

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

11. State Water Project Participation Rights

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

12. Deferred Charges

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

13. Compensated Absences

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

14. Customer Deposits

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

15. Post Employment Retirement Benefit

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

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

D. Assets, Liabilities and Net Assets, continued

16. Net Assets

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

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

17. Water Sales

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

18. Capital Contributions

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

19. Economic Dependency

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

20. Budgetary Policies

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(2) Cash and Investments

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

	2009	2008
Cash and cash equivalents	\$ 7,409,876	10,313,991
Investments	8,990,285	1,985,566
Total cash and investments	\$ 16,400,161	12,299,557

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

	2009	2008
Cash on hand	\$ 3,200	3,000
Deposits with financial institutions	2,753,764	369,143
Investments	13,643,197	11,927,414
Total cash and investments	\$ 16,400,161	12,299,557

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 Years Ended June 30, 2009 and 2008

(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. The District had deposits with bank balances of \$2,643,339 and \$957,985 as of June 30, 2009 and 2008, respectively. Of the bank balances, up to \$250,000 for 2009 and \$100,000 for 2008 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(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, 2009		Remaining Maturity 12 Months Or Less
Investment Type	Total	
U.S. Treasury Obligations	\$ 8,990,285	8,990,285
Local Agency Investment Fund (LAIF)	3,100,262	3,100,262
Ventura County Pooled Money Investment Account	1,552,650	1,552,650
Total	<u>\$ 13,643,197</u>	<u>13,643,197</u>

Investments at June 30, 2008		Remaining Maturity 12 Months Or Less
Investment Type	Total	
U.S. Treasury Obligations	\$ 1,985,566	1,985,566
Local Agency Investment Fund (LAIF)	9,915,242	9,915,242
Ventura County Pooled Money Investment Account	26,606	26,606
Total	<u>\$ 11,927,414</u>	<u>11,927,414</u>

Credit Risk

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

Investments at June 30, 2009:		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
Investment Types	Total			AAA	Not Rated
U.S. Treasury Obligations	\$ 8,990,285	N/A	\$ 8,990,285	-	-
Local Agency Investment Fund (LAIF)	3,100,262	N/A	-	-	3,100,262
Ventura County PMIF	1,552,650	AAA	-	1,552,650	-
Total	<u>\$ 13,643,197</u>		<u>\$ 8,990,285</u>	<u>1,552,650</u>	<u>3,100,262</u>

Investments at June 30, 2008:		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
Investment Types	Total			AAA	Not Rated
U.S. Treasury Obligations	\$ 1,985,566	N/A	\$ 1,985,566	-	-
Local Agency Investment Fund (LAIF)	9,915,242	N/A	-	-	9,915,242
Ventura County PMIF	26,606	AAA	-	26,606	-
Total	<u>\$ 11,927,414</u>		<u>\$ 1,985,566</u>	<u>26,606</u>	<u>9,915,242</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(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>2009</u>	<u>2008</u>
Beginning balance – water-in-storage	\$ 9,990,570	8,099,931
Water storage valuation	<u>(2,282,736)</u>	<u>1,890,639</u>
Ending balance – water-in-storage	<u>\$ 7,707,834</u>	<u>9,990,570</u>

(4) Deferred Charges

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

The balance at June 30, consists of the following:

	<u>2009</u>	<u>2008</u>
Deferred charges	\$ 247,808	247,808
Accumulated amortization	<u>(118,429)</u>	<u>(106,667)</u>
Deferred charges, net	<u>\$ 129,379</u>	<u>141,141</u>

(5) Intangible Asset – Participation Rights

Participation rights activity for the fiscal year ended June 30, 2009 was as follows:

	<u>Balance 2008</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
State Water Project capital costs	\$ 2,820,448	59,989	-	2,880,437
Accumulated amortization	<u>(1,555,526)</u>	<u>(50,975)</u>	-	<u>(1,606,501)</u>
Participation rights, net	<u>\$ 1,264,922</u>	<u>9,014</u>	<u>-</u>	<u>1,273,936</u>

Participation rights activity for the fiscal year ended June 30, 2008 was as follows:

	<u>Balance 2007</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2008</u>
State Water Project capital costs	\$ 2,802,798	17,650	-	2,820,448
Accumulated amortization	<u>(1,506,875)</u>	<u>(48,651)</u>	-	<u>(1,555,526)</u>
Participation rights, net	<u>\$ 1,295,923</u>	<u>(31,001)</u>	<u>-</u>	<u>1,264,922</u>

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(5) Intangible Asset – Participation Rights, continued

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

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

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

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

The District amortizes a portion of capitalized participation rights each year using a formula that considers the total estimated cost of the project, estimated useful life and estimated production capacity of the assets based upon information provided by the State of California. Amortization expense totaled \$50,975 and \$48,651 for the fiscal years ended June 30, 2009 and 2008, respectively.

(6) 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:	2007	2008	2009
Boating and waterways lake docks	\$ 300,216	-	-
Landscaping	26,687	-	-
Installation of well pump	26,755	26,880	-
Rincon pump plant rehabilitation	-	81,666	888,950
Patrol boat refurbishing	-	22,358	42,523
Various other minor projects	53,754	17,091	89,275
Construction-in-process	\$ 407,412	147,995	1,020,748

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(6) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2008</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
Non-depreciable assets:				
Land and land rights	\$ 6,047,935	-	-	6,047,935
Construction-in-process	147,995	914,836	(42,083)	1,020,748
Total non-depreciable assets	<u>6,195,930</u>	<u>914,836</u>	<u>(42,083)</u>	<u>7,068,683</u>
Depreciable assets:				
Transmission and distribution system	37,180,761	68,919	(7,531)	37,242,149
Pumping plant	7,439,321	22,652	-	7,461,973
Water treatment plant	21,867,134	943,289	(5,571)	22,804,852
Buildings and structures	1,524,783	313,251	(18,147)	1,819,887
Equipment	3,903,745	93,290	(253,257)	3,743,778
Fish ladder	8,180,625	32,132	-	8,212,757
Recreation assets	7,267,277	111,098	-	7,378,375
Alternate swimming facility	1,935,905	-	-	1,935,905
Total depreciable assets	<u>89,299,551</u>	<u>1,584,631</u>	<u>(284,506)</u>	<u>90,599,676</u>
Accumulated depreciation and amortization:				
Transmission and distribution system	(15,044,512)	(498,660)	7,531	(15,535,641)
Pumping plant	(2,893,175)	(391,819)	-	(3,284,994)
Water treatment plant	(8,679,526)	(894,673)	2,861	(9,571,338)
Buildings and structures	(867,953)	(54,184)	18,147	(903,990)
Equipment	(1,446,587)	(309,455)	249,933	(1,506,109)
Fish ladder	(1,367,331)	(369,863)	-	(1,737,194)
Recreation assets	(4,342,068)	(213,457)	-	(4,555,525)
Alternate swimming facility	(290,386)	(96,795)	-	(387,181)
Total accum depr. and amort.	<u>(34,931,538)</u>	<u>(2,828,906)</u>	<u>278,472</u>	<u>(37,481,972)</u>
Total depreciable assets, net	<u>54,368,013</u>	<u>(1,244,275)</u>	<u>(6,034)</u>	<u>53,117,704</u>
Total capital assets, net	<u>\$ 60,563,943</u>	<u>(329,439)</u>	<u>(48,117)</u>	<u>60,186,387</u>

In 2009, major capital assets additions during the year include upgrades of the District's water treatment plant, equipment and recreation assets.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(6) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2007</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2008</u>
Non-depreciable assets:				
Land and land rights	\$ 6,047,935	-	-	6,047,935
Construction-in-process	407,412	64,788	(324,205)	147,995
Total non-depreciable assets	<u>6,455,347</u>	<u>64,788</u>	<u>(324,205)</u>	<u>6,195,930</u>
Depreciable assets:				
Transmission and distribution system	37,189,428	153,234	(161,901)	37,180,761
Pumping plant	7,426,465	37,901	(25,045)	7,439,321
Water treatment plant	21,271,898	671,339	(76,103)	21,867,134
Buildings and structures	1,537,906	-	(13,123)	1,524,783
Equipment	3,766,168	266,380	(128,803)	3,903,745
Fish ladder	8,180,625	-	-	8,180,625
Recreation assets	6,914,393	355,284	(2,400)	7,267,277
Alternate swimming facility	1,935,905	-	-	1,935,905
Total depreciable assets	<u>88,222,788</u>	<u>1,484,138</u>	<u>(407,375)</u>	<u>89,299,551</u>
Accumulated depreciation and amortization:				
Transmission and distribution system	(14,231,032)	(975,381)	161,901	(15,044,512)
Pumping plant	(2,736,737)	(181,483)	25,045	(2,893,175)
Water treatment plant	(8,210,212)	(545,417)	76,103	(8,679,526)
Buildings and structures	(821,021)	(60,055)	13,123	(867,953)
Equipment	(1,368,368)	(207,022)	128,803	(1,446,587)
Fish ladder	(1,030,408)	(336,923)	-	(1,367,331)
Recreation assets	(3,813,454)	(531,014)	2,400	(4,342,068)
Alternate swimming facility	(193,590)	(96,796)	-	(290,386)
Total accum depr. and amort.	<u>(32,404,822)</u>	<u>(2,934,091)</u>	<u>407,375</u>	<u>(34,931,538)</u>
Total depreciable assets, net	<u>55,817,966</u>	<u>(1,449,953)</u>	<u>-</u>	<u>54,368,013</u>
Total capital assets, net	<u>\$ 62,273,313</u>	<u>(1,385,165)</u>	<u>(324,205)</u>	<u>60,563,943</u>

In 2008, major capital assets additions during the year include upgrades of the District's water treatment plant, equipment and recreation assets.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(7) 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, 2008, were as follows:

<u>Balance 2008</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2009</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 664,783	426,531	(337,718)	753,596	376,798	376,798

Changes to the compensated absences balance at June 30, 2007, were as follows:

<u>Balance 2007</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2008</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
\$ 664,783	342,143	(281,252)	725,674	362,837	362,837

(8) Long-term Debt

Changes in long-term debt amounts for 2009 were as follows:

	<u>Balance 2008</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2009</u>
Long-term debt:				
Special assessment bonds payable	\$ 196,500	-	(11,000)	185,500
State Water loan payable	3,417,845	-	(197,020)	3,220,825
Note payable to U.S. Bureau of Reclamation	3,774,584	-	(943,646)	2,830,938
Total long-term debt	\$ 7,388,929	-	(1,151,666)	6,237,263

Changes in long-term debt amounts for 2008 were as follows:

	<u>Balance 2007</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2008</u>
Long-term debt:				
Special assessment bonds payable	\$ 207,500	-	(11,000)	196,500
State Water loan payable	3,608,238	-	(190,393)	3,417,845
Note payable to U.S. Bureau of Reclamation	4,718,230	-	(943,646)	3,774,584
Total long-term debt	\$ 8,533,968	-	(1,145,039)	7,388,929

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 Years Ended June 30, 2009 and 2008

(8) Long-term Debt, continued

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 12,000	9,550	21,550
2011	12,000	8,975	20,975
2012	13,000	8,375	21,375
2013	14,000	7,750	21,750
2014	14,000	7,075	21,075
2015-2019	82,000	24,225	106,225
2020-2021	38,500	3,825	42,325
Total	\$ 185,500	<u>69,775</u>	<u>255,275</u>
Less current portion	<u>(12,000)</u>		
Total non-current	\$ <u>173,500</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>
2010	\$ 203,176	101,892	305,068
2011	209,757	95,310	305,067
2012	216,374	88,694	305,068
2013	223,732	81,335	305,067
2014	230,810	74,258	305,068
2015-2019	1,271,146	254,191	1,525,337
2020-2022	865,830	49,373	915,203
Total	\$ 3,220,825	<u>745,053</u>	<u>3,965,878</u>
Less current portion	<u>(203,176)</u>		
Total non-current	\$ <u>3,017,649</u>		

United States Bureau of Reclamation Loan Payable

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

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$ 943,646
2011	943,646
2012	<u>943,646</u>
Total	\$ 2,830,938
Less current portion	<u>(943,646)</u>
Total non-current	\$ <u>1,887,292</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(9) 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:

	2009	2008	2007
Active plan members	49	47	46
Retirees and beneficiaries receiving benefits	42	42	42
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	91	89	88

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 35.0% 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(9) Other Post Employment Benefits Payable, continued

Annual Cost

For the year ended June 30, 2009, the District's ARC cost is \$1,387,879. The District's net OPEB payable obligation amounted to \$1,001,744 for the year ended June 30, 2009. The District contributed \$386,135 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2009.

The balance at June 30, consists of the following:	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 1,387,879	-	-
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Total annual OPEB expense	1,387,879	-	-
Change in net OPEB payable obligation:			
Age adjusted contributions made	(386,135)	-	-
Total change in net OPEB payable obligation	1,001,744	-	-
OPEB payable – beginning of year	-	-	-
OPEB payable – end of year	<u>\$ 1,001,744</u>	<u>-</u>	<u>-</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 2009 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>
2009	\$ 1,387,879	386,135	27.82%	\$ 1,001,744
2008	*	-	0.00%	-
2007	*	-	0.00%	-

* The information for this year is unavailable.
GASB No. 45 was implemented in fiscal year 2009.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(9) Other Post Employment Benefits Payable, continued

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	19,842,800	19,842,800	0.00%	\$ 3,963,788	500.60%

The most recent valuation (dated June 30, 2009) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$19,842,800. There are no plan assets because the District funds on a pay-as-you-go basis. No trend information is reported because the year ended June 30, 2009, is the first year the District implemented GASB 45. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2009 was \$3,963,788. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 500.60%.

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, 2009
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	2.50%
Projected salary increase	1.00%
Inflation - discount rate	2.50%
Individual salary growth	District annual COLA

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(10) Net Assets

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

	<u>2009</u>	<u>2008</u>
Net investment in capital assets:		
Intangible asset – participation rights, net	\$ 1,273,936	1,264,922
Capital assets, not being depreciated	7,068,683	6,195,930
Depreciable capital assets, net	53,117,704	54,368,013
Current:		
Loans payable	(1,146,821)	(1,140,666)
Non-current:		
Loans payable	<u>(4,904,942)</u>	<u>(6,051,763)</u>
Total net investment in capital assets	<u>55,408,560</u>	<u>54,636,436</u>
Restricted net assets:		
Accounts receivable – special assessments	252,843	271,588
Current:		
Bonds payable	(12,000)	(11,000)
Non-current:		
Bonds payable	<u>(173,500)</u>	<u>(185,500)</u>
Total restricted net assets	<u>67,343</u>	<u>75,088</u>
Unrestricted net assets:		
Non-spendable net assets:		
Water-in-storage inventory	7,707,834	9,990,570
Materials and supplies inventory	95,930	87,063
Prepaid rent, current portion	-	23,888
Prepaid expenses and other deposits	140,802	116,371
Deferred charges, net	<u>129,379</u>	<u>141,141</u>
Total non-spendable net assets	<u>8,073,945</u>	<u>10,359,033</u>
Spendable net assets are designated as follows:		
Debt service funds reserve	4,993,926	4,215,388
Capital facilities reserve	1,626,244	1,504,006
Safe drinking water reserve	60,000	60,000
Flexible storage reserve	15,136	7,568
Storm damage reserve	1,500,000	574,250
Variation in water sales reserve	1,500,000	382,833
Cash flow reserve	3,000,000	3,500,000
Operating reserve	<u>1,362,303</u>	<u>2,542,665</u>
Total spendable net assets	<u>14,057,609</u>	<u>12,786,710</u>
Total unrestricted net assets	<u>22,131,554</u>	<u>23,145,743</u>
Total net assets	<u>\$ 77,607,457</u>	<u>77,857,267</u>

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(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 2009, 2008 and 2007 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2009, 2008 and 2007, 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>
2006-2007	\$ 133,912	100%	\$ -	5.342%
2007-2008	183,330	100%	-	6.490%
2008-2009	205,649	100%	-	6.689%

(12) 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, 2009 was \$1,143,204 and ICMA was \$711,770.

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(13) Risk Management

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

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, 2009, 2008 and 2007. 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, 2009, 2008 and 2007.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 51

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement is not effective for this District until the fiscal year ended June 30, 2010. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

Governmental Accounting Standards Board Statement No. 53

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is not effective for this District until the fiscal year ended June 30, 2010. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

(15) 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, 2009 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.

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(15) Commitments and Contingencies, continued

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>
2010	\$ 1,270,327
2011	1,219,940
2012	1,168,778
2013	1,115,652
2014	1,062,526

As of June 30, 2009, the District has expended \$16,952,558 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	\$ 28,057,633
Conservation facilities	3,835,123
Off-aqueduct power facilities	1,543,445
Revenue bond surcharge	<u>1,562,905</u>
Total long-term SWP contract obligations	<u>\$ 34,999,106</u>

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

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

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

Casitas Municipal Water District
Notes to the Basic Financial Statements, continued
For the Years Ended June 30, 2009 and 2008

(15) Commitments and Contingencies, continued

State Water Contract, continued

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.

Supplementary Information

Casitas Municipal Water District
Schedule of Revenues, Expenses, and Changes in Net Assets – Budget to Actual
For the Year Ended June 30, 2009

	<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	\$ 5,846,923	-	5,846,923	6,787,853	940,930
Wholesale water consumption	2,868,562	-	2,868,562	1,719,201	(1,149,361)
Recreation revenue	3,516,587	-	3,516,587	3,526,264	9,677
Other water charges and services	52,000	-	52,000	96,678	44,678
Total operating revenues	<u>12,284,072</u>	<u>-</u>	<u>12,284,072</u>	<u>12,129,996</u>	<u>(154,076)</u>
Operating expenses:					
Source of supply	1,674,555	-	1,674,555	1,170,637	503,918
Water storage valuation	-	-	-	2,282,736	(2,282,736)
State water project	282,000	-	282,000	281,896	104
Pumping	1,489,977	-	1,489,977	1,292,700	197,277
Water Treatment	981,598	-	981,598	1,197,050	(215,452)
Transmission and distribution	575,294	-	575,294	448,678	126,616
Telemetry	224,958	-	224,958	197,119	27,839
Customer accounts	451,870	-	451,870	436,851	15,019
Recreation expenses	3,313,963	-	3,313,963	3,113,058	200,905
General and administrative	5,198,137	-	5,198,137	2,963,389	2,234,748
Total operating expenses	<u>14,192,352</u>	<u>-</u>	<u>14,192,352</u>	<u>13,384,114</u>	<u>808,238</u>
Operating income before depreciation and amortization	(1,908,280)	-	(1,908,280)	(1,254,118)	654,162
Depreciation and amortization – utility department	-	-	-	(2,524,725)	(2,524,725)
Depreciation – recreation department	-	-	-	(310,252)	(310,252)
Operating loss	<u>(1,908,280)</u>	<u>-</u>	<u>(1,908,280)</u>	<u>(4,089,095)</u>	<u>(2,180,815)</u>
Non-operating revenue(expense)					
Property taxes	1,847,910	-	1,847,910	1,982,172	134,262
Clean Water Act surcharge	-	-	-	1,685,062	1,685,062
Mira Monte assessment	19,500	-	19,500	18,914	(586)
Oak View availability charge	7,510	-	7,510	6,992	(518)
Tax collection expense	(10,320)	-	(10,320)	(29,433)	(19,113)
Interest and investment earnings	289,148	-	289,148	213,695	(75,453)
Interest expense – long-term debt	(110,000)	-	(110,000)	(116,361)	(6,361)
Other non-operating revenues/(expenses), net	97,600	-	97,600	14,460	(83,140)
Total non-operating revenues, net	<u>2,141,348</u>	<u>-</u>	<u>2,141,348</u>	<u>3,775,501</u>	<u>1,634,153</u>
Net income before capital contributions	<u>233,068</u>	<u>-</u>	<u>233,068</u>	<u>(313,594)</u>	<u>(546,662)</u>
Capital contributions:					
Federal, state and local capital grants	492,246	-	492,246	63,784	(428,462)
Capital contributions	<u>492,246</u>	<u>-</u>	<u>492,246</u>	<u>63,784</u>	<u>(428,462)</u>
Change in net assets	<u>\$ 725,314</u>	<u>-</u>	<u>725,314</u>	<u>(249,810)</u>	<u>(975,124)</u>
Net assets, beginning of year	<u>77,857,267</u>		<u>77,857,267</u>	<u>77,857,267</u>	
Net assets, end of year	<u>\$ 78,582,581</u>		<u>78,582,581</u>	<u>77,607,457</u>	

Casitas Municipal Water District
Combining Balance Sheet
June 30, 2009

<i>Assets</i>	Operating Fund	Financing Fund	Improvement Assessment Fund	Eliminations for Financial Reporting	Total
Current assets:					
Cash and cash equivalents	\$ 7,409,876	-	-	-	7,409,876
Investments	8,990,285	-	-	-	8,990,285
Accrued interest receivable	22,808	-	-	-	22,808
Accounts receivable – water sales and services	1,020,206	-	-	-	1,020,206
Accounts receivable – special assessments	-	-	252,843	-	252,843
Accounts receivable – property taxes	127,819	-	-	-	127,819
Accounts receivable – other	895,411	-	-	-	895,411
Due from other funds	13,719	5,007,645	-	(5,021,364)	-
Water-in-storage inventory	7,707,834	-	-	-	7,707,834
Materials and supplies inventory	95,930	-	-	-	95,930
Prepaid rent, current portion	-	-	-	-	-
Prepaid expenses and other deposits	140,802	-	-	-	140,802
Total current assets	<u>26,424,690</u>	<u>5,007,645</u>	<u>252,843</u>	<u>(5,021,364)</u>	<u>26,663,814</u>
Non-current assets:					
Deferred charges, net	129,379	-	-	-	129,379
Intangible asset – participation rights, net	1,273,936	-	-	-	1,273,936
Capital assets, not being depreciated	7,068,683	-	-	-	7,068,683
Depreciable capital assets, net	53,117,704	-	-	-	53,117,704
Total non-current assets	<u>61,589,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,589,702</u>
Total assets	<u><u>88,014,392</u></u>	<u><u>5,007,645</u></u>	<u><u>252,843</u></u>	<u><u>(5,021,364)</u></u>	<u><u>88,253,516</u></u>
<i>Liabilities and Net Assets</i>					
Current liabilities – payable from unrestricted current assets:					
Accounts payable and accrued expenses	2,333,015	-	-	-	2,333,015
Accrued salaries and wages	222,236	-	-	-	222,236
Customer deposits	53,194	-	-	-	53,194
Deferred revenue	19,232	-	-	-	19,232
Accrued interest payable	25,779	-	-	-	25,779
Due to other funds	5,007,645	-	13,719	(5,021,364)	-
Compensated absences - current portion	376,798	-	-	-	376,798
Bonds payable - current portion	-	-	12,000	-	12,000
Loans payable - current portion	203,175	943,646	-	-	1,146,821
Total current liabilities	<u>8,241,074</u>	<u>943,646</u>	<u>25,719</u>	<u>(5,021,364)</u>	<u>4,189,075</u>
Non-current liabilities:					
Compensated absences	376,798	-	-	-	376,798
Other post-employment benefits payable	1,001,744	-	-	-	1,001,744
Bonds payable	-	-	173,500	-	173,500
Loans payable	4,904,942	-	-	-	4,904,942
Total non-current liabilities	<u>6,283,484</u>	<u>-</u>	<u>173,500</u>	<u>-</u>	<u>6,456,984</u>
Total liabilities	<u><u>14,524,558</u></u>	<u><u>943,646</u></u>	<u><u>199,219</u></u>	<u><u>(5,021,364)</u></u>	<u><u>10,646,059</u></u>
Net assets:					
Net investment in capital assets	56,352,206	(943,646)	-	-	55,408,560
Restricted for debt service	-	-	67,343	-	67,343
Unrestricted	17,137,628	5,007,645	(13,719)	-	22,131,554
Total net assets	<u>73,489,834</u>	<u>4,063,999</u>	<u>53,624</u>	<u>-</u>	<u>77,607,457</u>
Total liabilities and net assets	<u>\$ <u>88,014,392</u></u>	<u><u>5,007,645</u></u>	<u><u>252,843</u></u>	<u><u>(5,021,364)</u></u>	<u><u>88,253,516</u></u>

Casitas Municipal Water District
Combining Balance Sheet
June 30, 2008

<i>Assets</i>	Operating Fund	Financing Fund	Improvement Assessment Fund	Eliminations for Financial Reporting	Total
Current assets:					
Cash and cash equivalents	\$ 10,313,991	-	-	-	10,313,991
Investments	1,985,566	-	-	-	1,985,566
Accrued interest receivable	76,663	-	-	-	76,663
Accounts receivable – water sales and services	1,135,202	-	-	-	1,135,202
Accounts receivable – special assessments	-	-	271,588	-	271,588
Accounts receivable – property taxes	115,813	-	-	-	115,813
Accounts receivable – other	223,840	-	-	-	223,840
Due from other funds	30,005	4,271,700	-	(4,301,705)	-
Water-in-storage inventory	9,990,570	-	-	-	9,990,570
Materials and supplies inventory	87,063	-	-	-	87,063
Prepaid rent, current portion	23,888	-	-	-	23,888
Prepaid expenses and other deposits	116,371	-	-	-	116,371
Total current assets	<u>24,098,972</u>	<u>4,271,700</u>	<u>271,588</u>	<u>(4,301,705)</u>	<u>24,340,555</u>
Non-current assets:					
Deferred charges, net	141,141	-	-	-	141,141
Intangible asset – participation rights, net	1,264,922	-	-	-	1,264,922
Capital assets, not being depreciated	6,195,930	-	-	-	6,195,930
Depreciable capital assets, net	54,368,013	-	-	-	54,368,013
Total non-current assets	<u>61,970,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,970,006</u>
Total assets	<u>86,068,978</u>	<u>4,271,700</u>	<u>271,588</u>	<u>(4,301,705)</u>	<u>86,310,561</u>
<i>Liabilities and Net Assets</i>					
Current liabilities – payable from unrestricted current assets:					
Accounts payable and accrued expenses	171,741	-	-	-	171,741
Accrued salaries and wages	20,255	-	-	-	20,255
Customer deposits	57,559	-	500	-	58,059
Deferred revenue	61,345	-	-	-	61,345
Accrued interest payable	27,291	-	-	-	27,291
Due to other funds	4,271,700	-	30,005	(4,301,705)	-
Compensated absences - current portion	362,837	-	-	-	362,837
Bonds payable - current portion	-	-	11,000	-	11,000
Loans payable - current portion	197,020	943,646	-	-	1,140,666
Total current liabilities	<u>5,169,748</u>	<u>943,646</u>	<u>41,505</u>	<u>(4,301,705)</u>	<u>1,853,194</u>
Non-current liabilities:					
Compensated absences	362,837	-	-	-	362,837
Other post-employment benefits payable	-	-	-	-	-
Bonds payable	-	-	185,500	-	185,500
Loans payable	6,051,763	-	-	-	6,051,763
Total non-current liabilities	<u>6,414,600</u>	<u>-</u>	<u>185,500</u>	<u>-</u>	<u>6,600,100</u>
Total liabilities	<u>11,584,348</u>	<u>943,646</u>	<u>227,005</u>	<u>(4,301,705)</u>	<u>8,453,294</u>
Net assets:					
Net investment in capital assets	55,580,082	(943,646)	-	-	54,636,436
Restricted for debt service	-	-	75,088	-	75,088
Unrestricted	18,904,548	4,271,700	(30,505)	-	23,145,743
Total net assets	<u>74,484,630</u>	<u>3,328,054</u>	<u>44,583</u>	<u>-</u>	<u>77,857,267</u>
Total liabilities and net assets	<u>\$ 86,068,978</u>	<u>4,271,700</u>	<u>271,588</u>	<u>(4,301,705)</u>	<u>86,310,561</u>

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Source of supply:		
Salaries and benefits	\$ 753,163	702,960
District equipment	2,385	24,181
Services and supplies	72,004	83,030
Utilities	5,516	7,325
Gauging stations/USGS Agreement	-	4,900
Computer upgrades – hardware and software	4,602	6,006
Purchased water	970	1,763
Outside contracts	187,660	144,666
Clothing and personal supplies	711	714
Communications	4,473	4,994
Memberships and dues	8,809	6,429
Printing and binding	11,612	9,625
Books and publications	424	239
Office supplies	325	793
Postage	10,799	9,552
Other professional services	16,284	26,558
Licenses and permits	20,548	13,660
Advertising and legal notices	216	244
Small tools	288	185
Safety program	2,775	1,602
Private vehicle mileage	900	1,429
Travel expense	11,089	11,063
Education and training	11,875	9,056
Rent – Matilija Dam	23,887	47,775
Insurance – EAP	125	98
Administrative overhead burden	19,197	25,040
	<u>1,170,637</u>	<u>1,143,887</u>
Total source of supply		
Water storage valuation	<u>2,282,736</u>	<u>-</u>
State Water Project costs	<u>281,896</u>	<u>671,245</u>
Pumping:		
Salaries and benefits	182,989	124,814
District equipment	-	12,192
Service and supplies	18,536	16,315
Power purchased for pumping	914,097	998,166
Gas purchased for pumping	-	370
Outside contracts	175,375	172
Clothing and personal supplies	-	312
Communications	1,553	1,424
Safety program	-	1,908
Licenses and permits	-	1,084
Small tools	150	4,227
	<u>1,292,700</u>	<u>1,160,984</u>
Total pumping		
Water treatment:		
Salaries and benefits	737,164	396,369
District equipment	-	25,008
Service and supplies	51,056	62,224
Utilities	118,696	107,058
Chlorine	62,983	73,581
Polymer	20,195	15,321
Ferric	20,703	14,345
Ammonia	30,527	25,203
Caustics	136,797	95,733
Computer upgrades – hardware and software	1,134	-
Office supplies	37	142
Outside contracts	11,236	4,359
Clothing and personal supplies	1,108	1,139
Communications	3,146	2,076
Office equipment maintenance	-	6,097
Postage	8	-
Safety program	291	67
Licenses and permits	525	595
Travel	140	-
Small tools	681	2,011
Education and training	623	432
	<u>1,197,050</u>	<u>831,760</u>
Total water treatment		

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Transmission and distribution:		
Salaries and benefits	\$ 287,200	262,644
District equipment	-	22,381
Service and supplies	52,530	58,407
Computer upgrades – hardware and software	2,847	-
Outside contracts	75,085	39,849
Clothing and personal supplies	336	1,538
Communications	2,282	332
Books and publications	153	40
Licenses and permits	3,543	3,123
Small tools	3,674	4,850
Safety program	-	534
Office supplies	-	65
Travel expense	936	266
Private vehicle mileage	87	-
Education and training	1,260	241
Other operating expenses	18,745	41,435
	<u>448,678</u>	<u>435,705</u>
Total transmission and distribution		
Telemetering:		
Salaries and benefits	142,163	137,400
District equipment	-	16,804
Service and supplies	10,766	12,574
Utilities	25,426	24,088
Computer upgrades – hardware and software	-	1,044
Outside contracts	17,275	16,545
Communications	1,092	347
Books and publications	85	-
Postage	78	-
Small tools	224	386
Travel	10	10
	<u>197,119</u>	<u>209,198</u>
Total telemetering		
Customer accounts:		
Salaries and benefits	359,573	262,482
District equipment	-	14,471
Service and supplies	21,503	26,452
Computer upgrades – hardware and software	3,735	4,000
Leak relief expense	8,432	2,593
Bad debt provision	7,128	5,947
Clothing and personal supplies	854	1,351
Communications	625	-
Outside contracts	18,897	-
Printing and binding	266	5,126
Postage	14,278	11,109
Licenses and permits	125	60
Small tools	760	1,819
Travel expense	423	156
Education and training	252	386
	<u>436,851</u>	<u>335,952</u>
Total customer accounts		

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Expenses – Utility Department, continued
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
General and administrative:		
Salaries and wages:		
Board and management	459,701	424,388
Administration	294,033	273,784
Engineering	181,249	133,626
Operations and maintenance	345,213	195,552
Employee benefits:		
Retirement - CalPERS	145,351	315,033
Social Security	65,602	162,814
Medicare insurance	17,376	40,409
OPEB expense	1,040,756	-
Group insurance	462,798	775,897
District equipment:		
Board and management	-	921
Administration	34,182	1,380
Engineering	7,339	3,408
Operations and maintenance	73,886	45,578
Service and supplies:		
Board and management	9,290	18,352
Administration	23,295	31,157
Engineering	12,041	4,129
Operations and maintenance	40,671	50,005
Utilities	49,449	48,729
Bad debt expense	4,902	-
Computer upgrades – hardware and software	28,129	30,202
Vehicle costs direct	70,042	158,767
Outside contracts	193,854	203,664
Clothing and personal supplies	5,742	5,984
Communications	31,629	36,081
Office equipment maintenance	2,011	3,395
Memberships and dues	33,122	68,070
Printing and binding	1,965	2,069
Books and publications	3,086	2,539
Office supplies	11,118	13,340
Postage	3,780	4,186
Other professional services	160,758	89,351
Licenses and permits	11,626	11,044
Advertising and legal notices	2,003	3,842
Small tools	2,111	3,069
Safety program	8,956	804
Private vehicle mileage	9,358	8,161
Travel expense	16,178	8,836
Directors election fees	13,558	-
Education and training	15,359	12,360
(Gains)/losses on inventory	(2,673)	3,306
Insurance – liability	54,935	58,062
Workers' compensation	58,916	51,847
Insurance – EAP	1,353	1,200
Bank charges	18,245	9,812
Other operating expenses	21,861	4,991
Administrative overhead burden:		
Benefits applied	(909,648)	(1,090,023)
Overhead applied	-	(22,163)
Salaries and wages applied	(2,388)	(4,096)
Services and supplies applied	(168,731)	(287,078)
Total general and administrative	<u>2,963,389</u>	<u>1,916,784</u>
Depreciation and amortization:		
Source of supply	267,653	264,387
Pumping	392,411	391,279
Water treatment	797,662	737,599
Fish ladder	369,863	363,435
Transmission and distribution	301,108	276,917
General and administrative	393,280	386,259
Amortization – deferred charges	11,762	11,762
Amortization – participation rights	(9,014)	31,001
Total depreciation and amortization	<u>2,524,725</u>	<u>2,462,639</u>
Total operating expenses – utility department	\$ <u>12,795,781</u>	<u>9,168,154</u>

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Recreation revenue:		
Animal permits	\$ 28,234	25,847
Annual boat fees	56,776	36,293
Annual kayak and canoes	2,370	2,127
Bicycle rental concession fee	8,609	11,479
Boat rental concession fee	98,744	115,370
Camping fees	1,545,979	1,400,113
Collection overages/shortages	(16,861)	336
Commercials	14,750	22,610
Daily boat charges	12,904	26,180
Daily kayak and canoes	75	2,061
Daily vehicle charges	400,482	365,643
Donation voucher	(637)	(685)
Event reimbursement	1,000	10,618
Events	39,331	36,917
Frequent visitor cards	135,074	114,211
Gasoline concession fee	101	155
Gift certificates	153	718
Miscellaneous income(loss)	20,739	28,020
Nontaxable concession sales	35,628	18,756
Overnight boat storage	1,671	8,742
Park store	43,528	43,896
Quagga – fees and locks	30,981	19,011
Rain checks	(5,582)	(6,189)
Reservations	122,582	134,053
Shower facilities	19,188	17,792
Snack bar concession fee	30,141	46,744
Taxable concession sales	21,196	21,701
Telephone	116	148
Trailer rental concession agreement	4,929	15,058
Trailer storage fees	166,202	146,659
Water park group reservations	59,110	57,380
Water park reservations	8,242	16,722
Water playground tickets	638,859	746,316
Waterpark promotions	155	-
Waterpark special events	1,495	300
Wildlife tours concession	-	2,775
Total	<u>3,526,264</u>	<u>3,487,877</u>
Recreation grants	-	43,188
Total recreation revenue	<u>3,526,264</u>	<u>3,531,065</u>

Continued on next page

Casitas Municipal Water District
Detail Schedule of Operating Revenues & Expenses – Recreation Department, continued
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Recreation expenses:		
Salaries and benefits	\$ 1,348,791	1,327,739
District equipment	124,270	111,282
Service and supplies	157,245	201,156
Utilities	129,630	131,215
Chlorine	23,456	17,940
Water playground chemicals	1,331	983
Computer upgrades – hardware and software	3,342	25,137
Vehicle costs direct	-	343
Purchased water	69,062	59,794
Bad debt provision	2,660	1,110
Fish purchases	44,906	34,500
Outside contracts	90,417	177,525
Clothing and personal supplies	14,835	16,693
Communications	26,237	30,210
Office equipment maintenance	17	1,963
Memberships and dues	1,023	2,380
Printing and binding	17,646	20,968
Books and publications	67	145
Office supplies	4,479	5,341
Postage	1,042	1,575
Other professional services	25,272	-
Licenses and permits	2,194	2,135
Advertising and legal notices	5,788	24,124
Small tools	6,375	6,439
Public information program	4,472	7,391
Safety program	8,068	4,822
Private vehicle mileage	829	747
Travel expense	4,874	13,055
Education and training	3,413	5,060
Credit card fees	53,288	48,297
Workers' compensation	28,021	31,192
Insurance	360	325
Administrative overhead burden	909,648	1,090,023
Total	<u>3,113,058</u>	<u>3,401,609</u>
Depreciation – recreation department	<u>310,252</u>	<u>513,014</u>
Total recreation expenses	<u>3,423,310</u>	<u>3,914,623</u>
Net recreation income(loss)	<u>\$ 102,954</u>	<u>(383,558)</u>

Statistical Section

**Casitas Municipal Water District
Statistical Section**

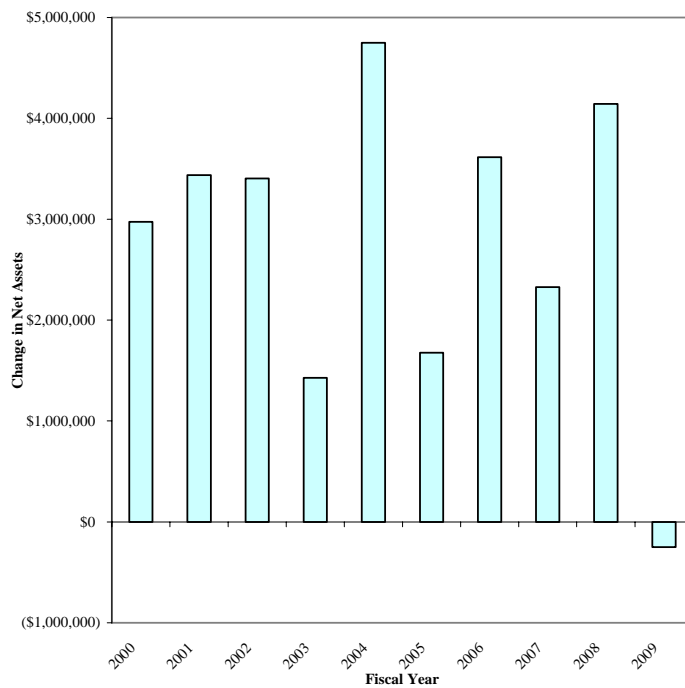
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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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.	48-51
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, water sales.	52-56
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.	57-58
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	59
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.	60

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Changes in net assets:					
Operating revenues (see Schedule 2)	\$ 7,199,231	7,249,115	8,850,451	8,417,164	8,854,143
Operating expenses (see Schedule 3)	(5,822,210)	(6,040,830)	(6,778,848)	(8,212,939)	(7,866,167)
Depreciation and amortization	(1,600,819)	(1,315,265)	(1,670,777)	(1,693,885)	(1,722,585)
Operating income(loss)	(223,798)	(106,980)	400,826	(1,489,660)	(734,609)
Non-operating revenues(expenses)					
Property taxes	2,309,402	2,677,581	2,325,808	2,698,760	2,467,821
Clean Water Act surcharge	-	-	-	-	-
Mira Monte assessment	-	-	-	-	-
Oak View availability charge	-	-	-	-	-
Property tax collection expense	-	-	-	-	(26,535)
Investment income/(loss)	520,133	767,526	495,218	240,699	73,851
Federal grants	216,435	-	55,330	-	-
Capital facilities charges	82,935	118,790	134,426	93,002	-
Gain/(Loss) on sale/disposition of assets	-	-	-	-	7,386
Interest expense	(87,123)	(82,731)	(61,144)	(250,890)	(151,058)
Other revenue/(expense), net	74,492	58,902	52,550	137,214	22,771
Total non-operating revenues(expenses), net	3,116,274	3,540,068	3,002,188	2,918,785	2,394,236
Net income before capital contributions	2,892,476	3,433,088	3,403,014	1,429,125	1,659,627
Capital contributions	81,103	6,051	2,445	-	3,090,000
Changes in net assets	\$ 2,973,579	3,439,139	3,405,459	1,429,125	4,749,627
Net assets by component:					
Invested in capital assets, net of related debt	\$ 34,545,696	35,127,923	39,484,283	44,631,416	52,913,400
Restricted	3,146,171	4,253,606	4,938,887	284,778	235,244
Unrestricted	14,582,119	16,331,596	14,695,414	15,631,515	12,945,075
Total net assets	\$ 52,273,986	55,713,125	59,118,584	60,547,709	66,093,719



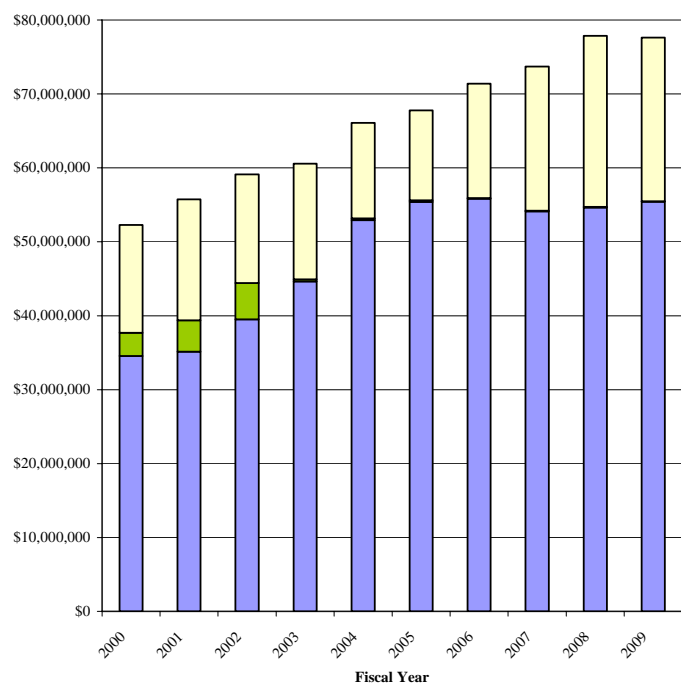
Notes:

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

Source: Casitas Municipal Water District Accounting Department

Schedule 1

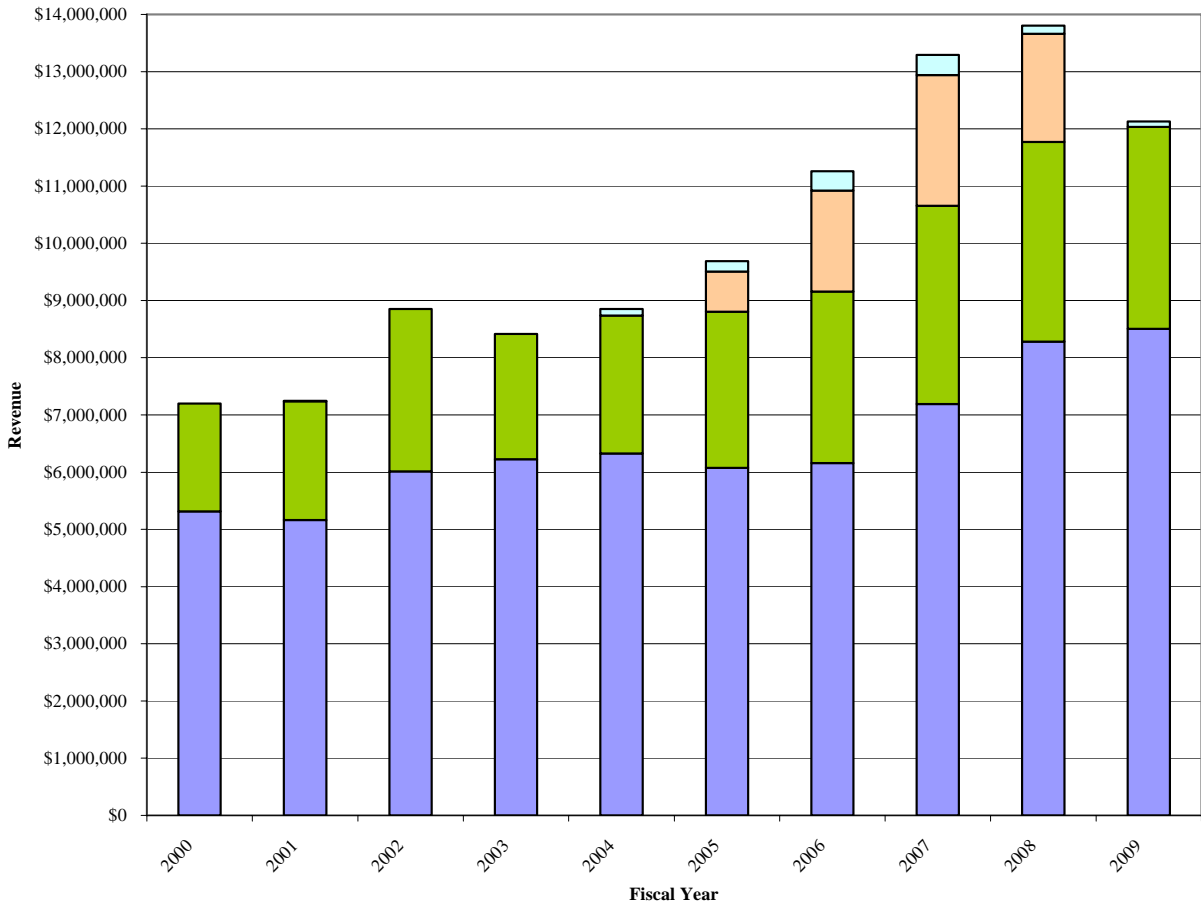
Fiscal Year				
2005	2006	2007	2008	2009
9,688,724	11,258,803	13,291,119	13,805,964	12,129,996
(8,378,443)	(8,262,068)	(10,289,724)	(10,107,124)	(13,384,114)
(2,495,930)	(2,363,709)	(4,207,595)	(2,975,653)	(2,834,977)
<u>(1,185,649)</u>	<u>633,026</u>	<u>(1,206,200)</u>	<u>723,187</u>	<u>(4,089,095)</u>
525,019	526,622	1,734,216	1,831,087	1,982,172
1,070,545	1,085,494	1,006,501	1,071,637	1,685,062
9,549	20,307	18,605	19,657	18,914
7,579	7,754	7,439	7,862	6,992
(13,854)	(15,707)	(13,448)	(28,261)	(29,433)
138,716	269,336	404,167	463,786	213,695
-	-	-	-	-
(5,566)	-	-	-	-
(159,437)	(131,650)	(129,810)	(123,440)	(116,361)
(51,559)	204,592	46,646	31,307	14,460
<u>1,520,992</u>	<u>1,966,748</u>	<u>3,074,316</u>	<u>3,273,635</u>	<u>3,775,501</u>
335,343	2,599,774	1,868,116	3,996,822	(313,594)
1,342,081	1,016,530	458,002	146,880	63,784
<u>1,677,424</u>	<u>3,616,304</u>	<u>2,326,118</u>	<u>4,143,702</u>	<u>(249,810)</u>
55,377,759	55,808,167	54,099,748	54,636,436	55,408,560
226,563	91,941	103,054	75,088	67,343
12,166,821	15,487,339	19,510,763	23,145,743	22,131,554
<u>67,771,143</u> ⁽¹⁾	<u>71,387,447</u>	<u>73,713,565</u>	<u>77,857,267</u>	<u>77,607,457</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
2000	\$ 5,315,618	1,883,613	-	-	7,199,231
2001	5,162,660	2,073,030	13,425	-	7,249,115
2002	6,014,499	2,835,952	-	-	8,850,451
2003	6,226,072	2,191,092	-	-	8,417,164
2004	6,325,927	2,412,902	-	115,314	8,854,143
2005	6,075,618	2,728,679	704,148	180,279	9,688,724
2006	6,157,482	2,996,915	1,768,645	335,761	11,258,803
2007	7,188,942	3,469,248	2,282,734	350,195	13,291,119
2008	8,282,482	3,487,877	1,890,639	144,966	13,805,964
2009	8,507,054	3,526,264	-	96,678	12,129,996

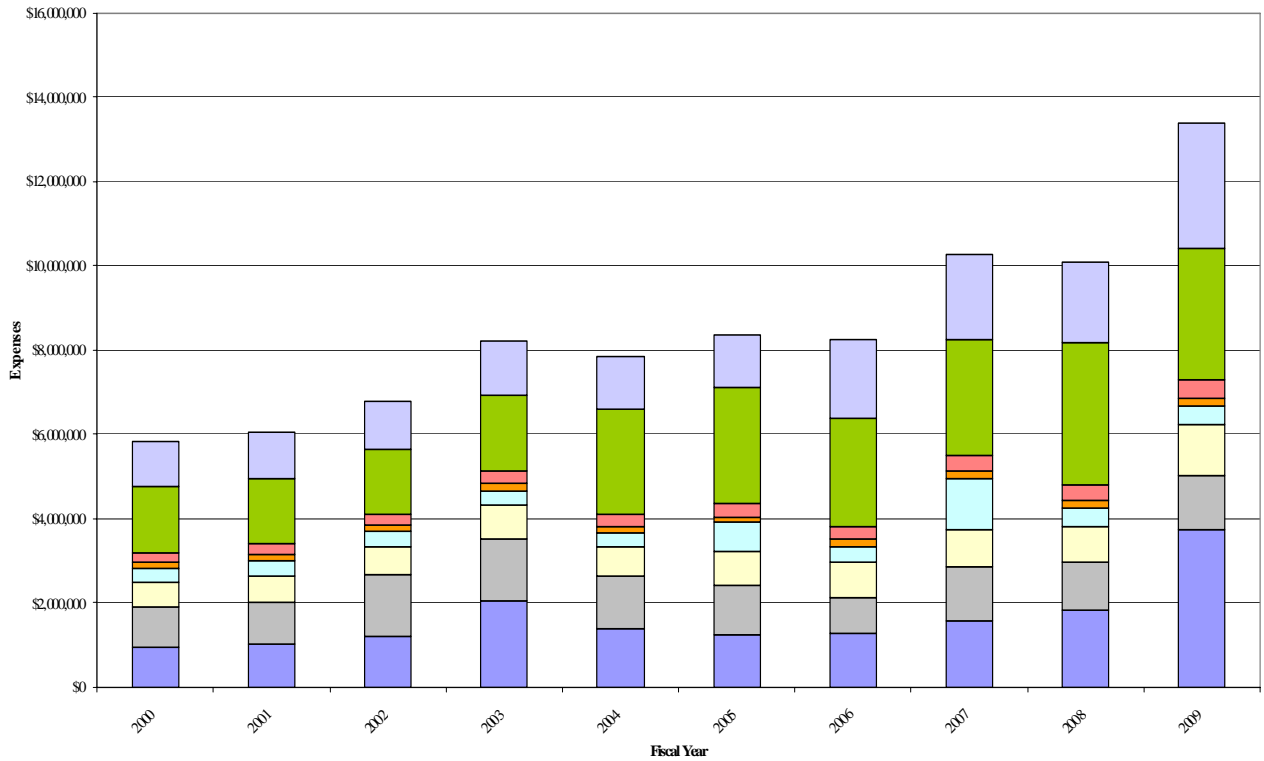


Source: Casitas Municipal Water District Accounting Department

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
2000	\$ 950,726	952,277	573,644	361,747	114,597	227,199	1,589,354	1,052,666	5,822,210
2001	1,044,119	959,261	628,580	389,044	141,110	252,638	1,534,277	1,091,801	6,040,830
2002	1,201,900	1,466,859	683,599	332,816	162,744	269,114	1,533,782	1,128,034	6,778,848
2003	2,038,776	1,486,079	785,332	356,064	179,509	302,980	1,773,929	1,290,270	8,212,939
2004	1,373,555	1,272,672	694,784	331,412	150,053	282,828	2,488,759	1,272,104	7,866,167
2005	1,260,178	1,151,358	810,650	687,261	142,260	331,338	2,747,871	1,247,527	8,378,443
2006	1,266,305	844,456	876,220	358,083	174,943	308,137	2,570,736	1,863,188	8,262,068
2007	1,584,516	1,261,227	898,454	1,221,291	185,521	359,407	2,730,670	2,048,638	10,289,724
2008	1,815,132	1,160,984	831,760	435,705	209,198	335,952	3,401,609	1,916,784	10,107,124
2009	3,735,269	1,292,700	1,197,050	448,678	197,119	436,851	3,113,058	2,963,389	13,384,114

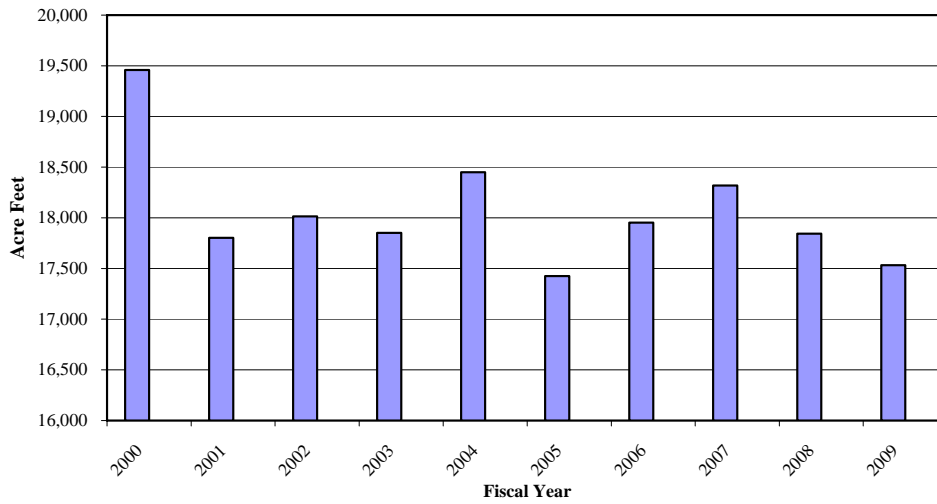


Source: Casitas Municipal Water District Accounting Department

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

Schedule 4

Fiscal Year	Water Sales (Acre Feet)
2000	19,459
2001	17,802
2002	18,014
2003	17,852
2004	18,450
2005	17,425
2006	17,952
2007	18,318
2008	17,844
2009	17,533



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	126.57	143.12	143.12	154.45	160.5
4"	224.77	231.51	238.46	252.98	260.57	268.39	284.49	284.49	310.66	324.64
6"	663.47	683.37	703.87	746.74	769.14	792.21	839.74	839.74	914.00	958.27
Temporary:										
1 1/2" - 2"	45.11	46.46	47.85	50.77	52.29	53.86	57.09	57.09	62.34	65.15
2 1/2" - 3"	96.12	99.00	101.97	108.18	111.43	114.77	121.66	121.66	132.85	138.83
Recreation:										
5/8" - 1"	20.72	21.34	21.98	23.32	24.02	24.74	26.22	26.22	28.63	
1 1/2" - 2"	63.57	65.48	67.44	71.54	73.69	75.90	80.45	80.45	87.85	
2 1/2" - 3"	135.46	139.52	143.71	152.46	157.03	161.74	171.44	171.44	187.21	
4"	287.47	296.09	304.97	323.54	333.25	343.25	363.85	363.85	397.32	
6"	848.60	874.06	900.28	952.02	980.58	1,010.00	1,070.60	1,070.60	1,169.10	

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

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

**Casitas Municipal Water District
Revenue Rates
Fiscal Year 2009**

Schedule 5-1

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

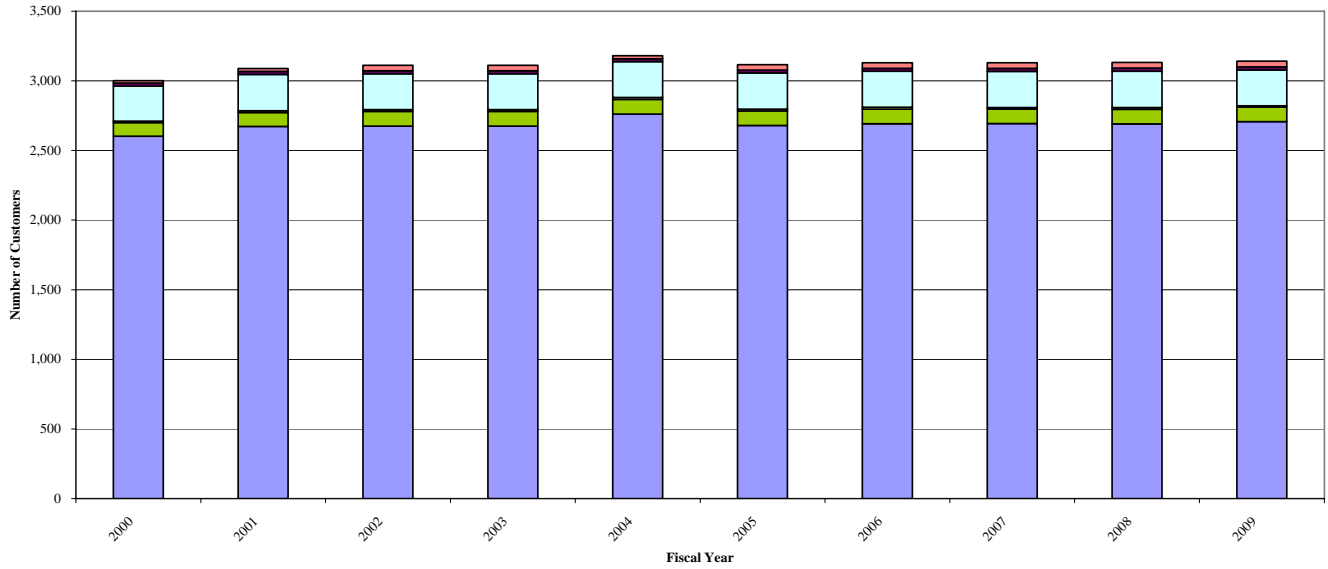
RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **		
				GRAVITY	PUMPED	
Residential						
	Bi-Monthly Lifeline	0-20 Units		\$ 0.567	\$ 0.831	
	Bi-Monthly Usage	21-34 Units		\$ 1.003	\$ 1.267	
	Bi-Monthly Usage	35-100 units		\$ 1.404	\$ 1.668	
	Bi-Monthly Usage	101 units +		\$ 2.200	\$ 2.464	
Business				\$ 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 Customers by Type Last Ten Fiscal Years

Schedule 6

Fiscal Year	Customer Type						Total
	Residential	Business	Industrial	Agricultural	Wholesale	Other	
2000	2,602	98	10	252	22	18	3,002
2001	2,673	100	12	261	22	21	3,089
2002	2,675	105	13	258	22	39	3,112
2003	2,675	105	13	258	22	39	3,112
2004	2,762	105	13	258	21	22	3,181
2005	2,680	104	13	259	21	40	3,117
2006	2,692	105	13	259	21	40	3,130
2007	2,694	104	11	259	22	40	3,130
2008	2,691	104	13	262	22	40	3,132
2009	2,707	105	9	257	22	41	3,141



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

Source: Casitas Municipal Water District Accounting Department

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

Schedule 7

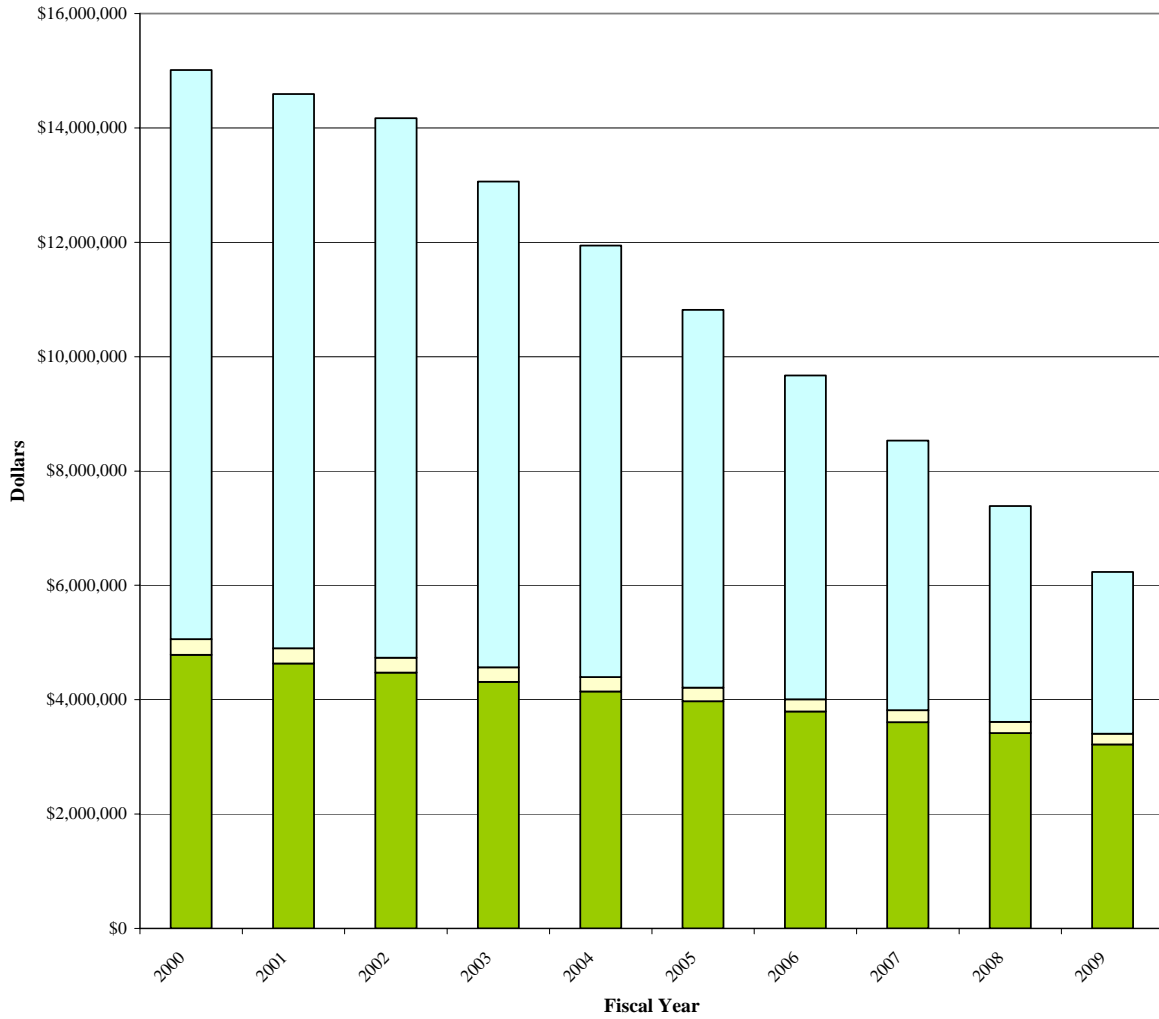
<u>Customer</u>	<u>2009</u>		<u>2000</u>	
	<u>Water Consumed (AF)</u>	<u>Percentage of Total</u>	<u>Water Consumed (AF)</u>	<u>Percentage of Total</u>
City of Ventura	5,107	29.13%	6,263	32.98%
Hermitage Mutual Water	654	3.73%	774	4.08%
Golden State Water	581	3.31%	-	0.00%
Topa Topa Ranch Nursery	428	2.44%	560	2.95%
Mc Ghan Ranch	357	2.04%	-	0.00%
Ojai Valley Inn	327	1.87%	-	0.00%
Mary Bergen	314	1.79%	253	1.33%
JLB Rancho La Vista	314	1.79%	192	1.01%
Senior Canyon Mutual Water	298	1.70%	492	2.59%
James P. Finch	294	1.68%	389	2.05%
La Conchita Ranch	-	0.00%	290	1.53%
Rincon Road & Water Works	-	0.00%	234	1.23%
John Delwiche	-	0.00%	227	1.20%
Total	<u>8,674</u>	<u>49.47%</u>	<u>9,674</u>	<u>50.94%</u>
Total Water Consumed (Acre Feet)	<u>17,533</u>	<u>100.00%</u>	<u>18,992</u>	<u>100.00%</u>

Source: Casitas Municipal Water District Accounting Department

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

Schedule 8

Fiscal Year	Loans Payable	Bonds Payable	Loans Payable	Total		
				Debt	Per Capita	As a Share of Personal Income
2000	\$ 4,784,991	273,500	9,952,237	15,010,728	20.96	0.08%
2001	4,632,504	267,500	9,694,348	14,594,352	20.36	0.07%
2002	4,475,112	261,500	9,436,460	14,173,072	19.39	0.06%
2003	4,312,620	255,500	8,492,814	13,060,934	17.60	0.05%
2004	4,146,576	249,000	7,549,168	11,944,744	15.86	0.05%
2005	3,973,120	240,500	6,605,522	10,819,142	13.99	0.04%
2006	3,792,883	217,500	5,661,876	9,672,259	12.40	0.03%
2007	3,608,238	207,500	4,718,230	8,533,968	10.78	0.03%
2008	3,417,845	196,500	3,774,584	7,388,929	9.21	0.02%
2009	3,220,825	185,500	2,830,938	6,237,263	7.69	0.01%



Source: Casitas Municipal Water District Accounting Department

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

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2000	\$ 10,178,830	(5,822,210)	4,356,620	411,592	87,123	498,715	8.74
2001	10,764,934	(6,040,830)	4,724,104	416,376	82,731	499,107	9.47
2002	12,314,609	(6,778,848)	5,535,761	421,280	61,144	482,424	11.47
2003	10,097,179	(8,212,939)	1,884,240	1,112,138	250,890	1,363,028	1.38
2004	10,664,828	(7,866,167)	2,798,661	1,116,190	151,058	1,267,248	2.21
2005	10,183,504	(8,378,443)	1,805,061	1,125,602	159,437	1,285,039	1.40
2006	13,990,227	(8,262,068)	5,728,159	1,132,484	131,650	1,264,134	4.53
2007	16,508,693	(10,289,724)	6,218,969	1,138,291	129,810	1,268,101	4.90
2008	17,231,300	(10,107,124)	7,124,176	1,145,039	124,805	1,269,844	5.61
2009	17,172,474	(12,382,370)	4,790,104	1,151,666	118,147	1,269,813	3.77

Notes:

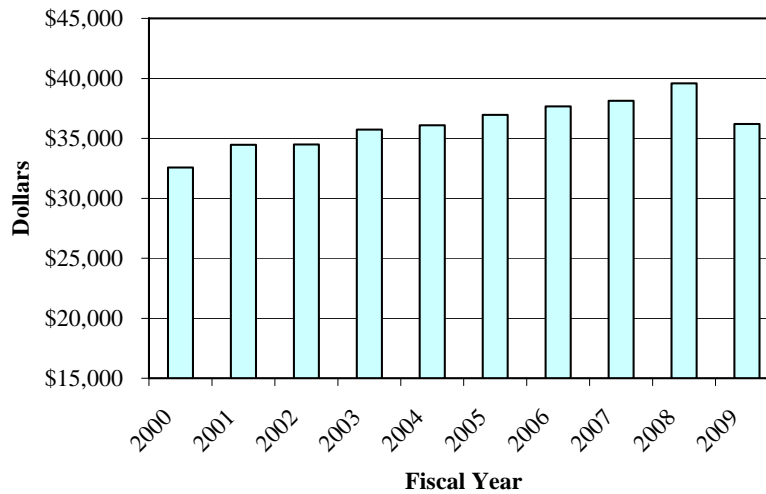
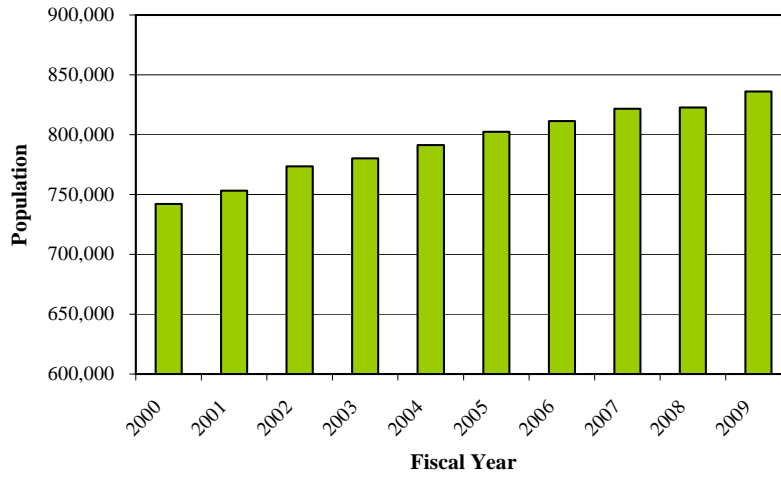
(1) Operating expenses exclude depreciation expense and OPEB accrued liability amount.

Source: Casitas Municipal Water District Accounting Department

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

Schedule 10

Year	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2000	4.5%	742,008	24,165,838	32,568
2001	4.5%	753,197	25,964,280	34,472
2002	5.6%	773,539	26,676,989	34,487
2003	5.3%	780,089	27,860,349	35,714
2004	4.8%	791,310	28,562,451	36,095
2005	4.6%	802,436	29,666,223	36,970
2006	4.6%	811,405	30,568,744	37,674
2007	4.3%	821,669	31,332,963	38,133
2008	4.6%	822,654	32,564,897	39,585
2009	9.2%	836,080	30,258,987	36,191



Sources: California Department of Finance and CaliforniaLaborMarketInfo

Notes:

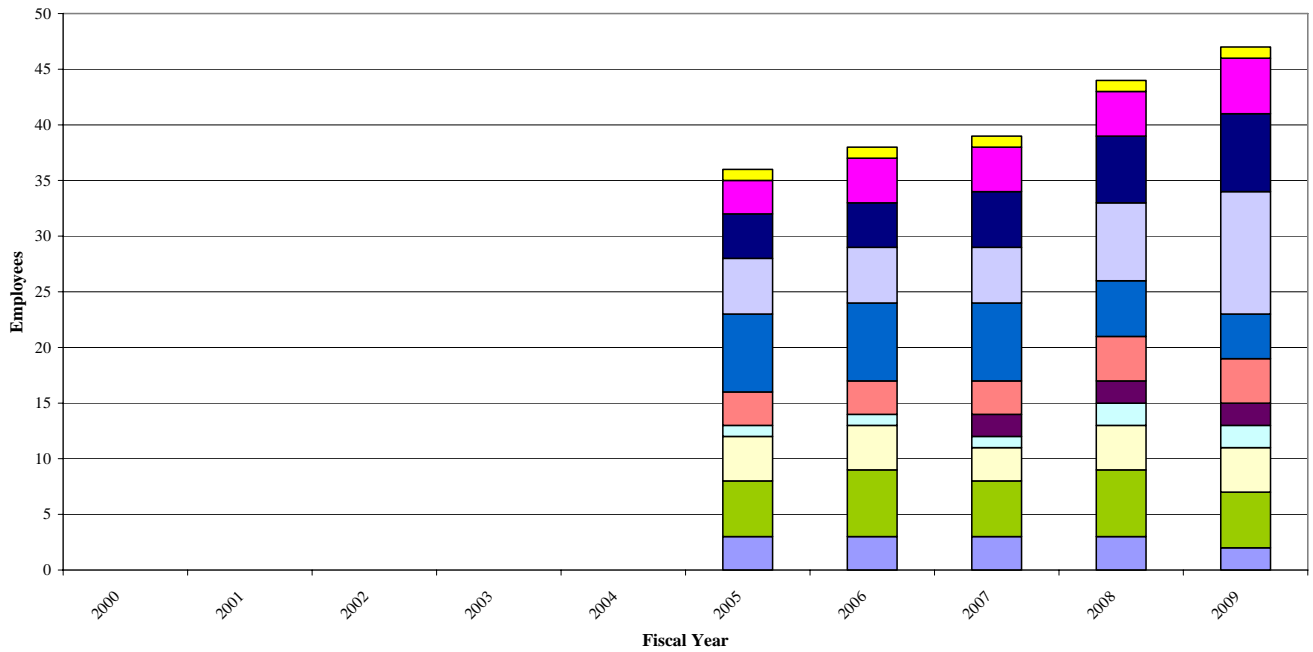
(1) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

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

Schedule 11

Paid - Full Time Positions

Department	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Management	N/A	N/A	N/A	N/A	N/A	3	3	3	3	2
Administration	N/A	N/A	N/A	N/A	N/A	5	6	5	6	5
Engineering	N/A	N/A	N/A	N/A	N/A	4	4	3	4	4
Water Quality Lab	N/A	N/A	N/A	N/A	N/A	1	1	1	2	2
Fisheries	N/A	N/A	N/A	N/A	N/A	0	0	2	2	2
Electrical and Mechanical	N/A	N/A	N/A	N/A	N/A	3	3	3	4	4
Distribution	N/A	N/A	N/A	N/A	N/A	7	7	7	5	4
Conservation and Treatment	N/A	N/A	N/A	N/A	N/A	5	5	5	7	11
Information Technology	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Recreation Operations	N/A	N/A	N/A	N/A	N/A	4	4	5	6	7
Recreation Maintenance	N/A	N/A	N/A	N/A	N/A	3	4	4	4	5
Total	N/A	N/A	N/A	N/A	N/A	36	38	39	44	47



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)
2000	105.7	254,000	205,434	80.9%	65
2001	105.7	254,000	223,233	87.9%	65
2002	105.7	254,000	195,172	76.8%	65
2003	105.7	254,000	179,219	70.6%	65
2004	105.7	254,000	167,988	66.1%	65
2005	105.7	254,000	230,891	90.9%	65
2006	105.7	254,000	229,546	90.4%	65
2007	105.7	254,000	221,174	87.1%	65
2008	105.7	254,000	222,528	87.6%	65
2009	105.7	254,000	199,851	78.7%	65

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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An Accountancy Corporation

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

Board of Directors
Casitas Municipal Water District
Oak View, California

We have audited the basic financial statements of the Casitas Municipal Water District (District) as of and for the year ended June 30, 2009 and 2008, and have issued our report thereon dated October 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

October 15, 2009
Cypress, California

Charles Z. Fedak, CPA
An Accountancy Corporation