



**YUIMA MUNICIPAL WATER DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the fiscal year ending June 30, 2016

Pauma Valley, California

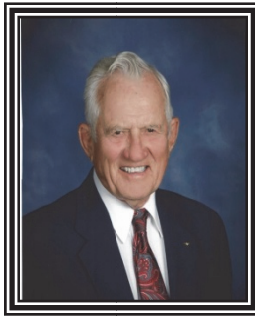
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

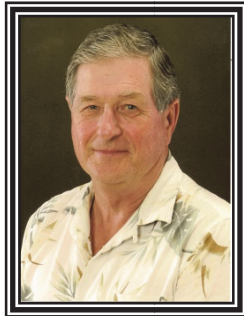


Prepared by the Finance Department
Yuima Municipal Water District
Pauma Valley, California

OUR MISSION AND VISION



W.D. "Bill"
Knutson
President



Ron W.
Watkins
Vice-President



Terry Yasutake
Secretary/Treasurer



Roland
Simpson
Director



Lynne "Laney"
Villalobos
Director

Yuima Municipal Water District is committed to providing a diversified, sustainable water supply for water service to our Pauma Valley customers that exceeds all standards of quality and reliability at fair, reasonable and equitable rates. We hope to be known and respected in our community as good stewards of public resources and the responsibilities entrusted to us.



From left to right: Mitch Davis, Allen Simon, Vivian Alvarez,
Amy Reeh, Matt Munaco, Scott Groters,
Abby Champaco, Mark Quinn, Lori Johnson, Jolyn Duff

**Yuima Municipal Water District
Comprehensive Annual Financial Report
Year Ended June 30, 2016**

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Board of Directors
W.D. "Bill" Knutson - President
Ron W. Watkins - Vice President
Terry Yasutake - Secretary/Treasurer
Roland Simpson - Director
Laney Villalobos - Director

Interim General Manager
Susan Collins Meyer

Counsel
Jeffery G. Scott

December 30, 2016

Honorable Board of Directors
Yuima Municipal Water District
34928 Valley Center Road
Pauma Valley, CA 92061-0177



P.O. Box 177 • 34928 Valley Center Road
Pauma Valley, CA 92061-0177
Tel: (760) 742-3704 Fax: (760) 742-2069
Website: www.yuimamwd.com

We are pleased to present the Yuima Municipal Water District's ("District") Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The purpose of the report is to provide the board, citizens, creditors, investors, and other interested parties with reliable financial information about the District.

This report was prepared by the District's Finance Department following the guidelines set forth by the Government Accounting Standards Board (GASB) and in accordance with Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner that provides a fair representation of the financial position and results of operation of the District and includes all disclosures necessary to enable readers to gain the maximum understanding of the District's financial activity. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A), which should be read in conjunction with this report. The District's MD&A can be found immediately following the Independent Auditors' Report.

The District's financial statements have been audited by Teaman, Ramirez and Smith Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion and that the District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

We are very proud of the results we have achieved in 2015-16, which are presented throughout the pages of this report. The hard work and commitment of our Board, management, and every staff member at Yuima is reflected in the information included here. We encourage you to review the information presented in this report.

DISTRICT FORMATION, ORGANIZATION AND HISTORY

The District is a governmental corporation governed by a publically elected, five member, Board of Directors. The District was incorporated on January 19, 1963 as a California special district by the State Legislature, with an entitlement to import water under the provisions of the *California Municipal Water District Act of 1911, section 71000 et.seq.* of the *California Water Code* as amended. The District was formed for the purpose of importing Colorado River water to augment local water supplies.

Prior to the District's formation, the sole source of water was local ground water on the alluvial fan and the San Luis Rey River basin. Following a period of drought extending back to 1949, coupled with increased agricultural water demands, the water table fell drastically and overdrafts of the underlying water basin lowered the basin's level as much as 85 feet, forcing the abandonment of some wells and giving rise to increased pumping costs. This condition also prompted the filing of the *Strub vs. Palomar Mutual Water Company* suit to which the District is successor in interest and which limits the withdrawal of water for use within the boundaries of Improvement District "A" (IDA) from the San Luis Rey River upstream of Cole Grade Road to no more than 1,350 acre feet annually.



Yuima, as successor in interest to Palomar Mutual continues to operate the former Palomar Mutual system and properties (now known as Improvement District A) as an independent water system. Yuima is responsible for administering IDA's compliance with *Strub et al.*, which however does not, in the opinion of District Counsel, affect or bind the 75% of the District which is outside of IDA and which operates under a separate system permit.



The District's ordinances, policies, taxes, and rates for service are set by the five-member Board of Directors, who are elected by voters in their respective geographic divisions, to serve staggered four-year terms on its Governing Board. The Board of Directors (Board) governs the District. The Board manages the District through an appointed general manager. The District's management team also includes two department heads who oversee the Administrative & Finance and Operations & Engineering Departments. There are currently 10 full-time employees working for the District.

The financial data presented herein includes information for activities and entities that are significantly controlled by the District and for which the Board is primarily financially accountable.

THE REPORTING ENTITY AND ITS SERVICES

The District is a "revenue neutral" public agency, meaning that rates are set based on projections so that each end-user pays his or her fair share of the District's costs of water acquisition, operation and maintenance, betterment, renewal and replacement of the public water facilities. The district is an "Enterprise" district, in that operations are financed and operated in a manner similar to private business enterprises – where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges; or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Since the District is in the business of selling water and rendering services to an end user, it is required by the State of California to follow the enterprise type of fund accounting. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current, non-current or restricted) associated with the activity are included in the balance sheet.

The District provides water and fire protection services. The District has established and maintains various self-balancing groups of accounts in order to enhance internal control and to further the attainment of other management objectives. These groups of accounts, which are funds and sub-funds of the reporting entity, are identified in the District's books and records as:

- ✓ General Fund
- ✓ Improvement District A Fund
- ✓ Fire Fund

The General Fund accounts for all activity related to water operations as well as the general operations of the District's water operations. Improvement District A Fund accounts for water operations, capital assets, and construction-in-progress transactions related exclusively to that geographically defined area. The Fire Fund acts as a pass-through mechanism for revenues collected on behalf of the California Department of Forestry and Fire Protection (CalFire), to fund the fire protection operations.

CURRENT ECONOMIC CONDITIONS AND OUTLOOK



While the current economic recovery is slow but steady, many sectors of the economy are improving. Home values are rising significantly with a 5.8% increase from 2015 and a projected increase of 1.5% for the upcoming year. Consumer confidence has increased for the 2015-2016 fiscal year. In June of 2016, the Consumer Confidence Index hit 98, while economists had only projected 93.7. Although consumer confidence has increased, consumers remain cautiously optimistic. The San Diego County labor market continues to improve and is at a 4.8% unemployment rate while California is at 5.3% and the total U.S. unemployment rate is 4.7% percent. San Diego County jobs have also increased by 29,500 jobs over the year for nonfarm employment with a decrease of 400 jobs in Agricultural employment.

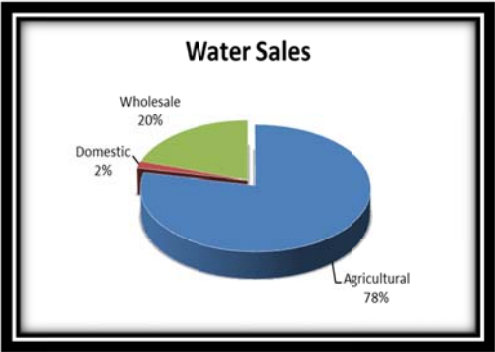
While the 2015-2016 drought year is now over, it was quite a mild year in comparison to the past four years due to El Nino. That being said, California is continuing the 2016-2017 year in a drought, which brings us into the 5th consecutive year. The 2016-2017 projected weather conditions show that we will be going through a winter of neutral conditions resulting in warmer than normal temperatures. Today, up to 84% of the San Diego region's water is imported from the Colorado River and Northern California while 16% of the region's water is due to local supplies. The San

Diego County Water Authority (SDCWA), as the regional water supplier, does not anticipate water shortages for San Diego County in 2016 and beyond, due to 25 years of strategic investments, which include the Colorado River water conservation and transfer agreements, the Claude “Bud” Lewis Carlsbad Desalination Plant as well as water recycling facilities. The SDCWA also does not expect to be subject to state-mandated water-use reductions through January 2017 due to these projects. The nation’s largest desalination plant located in Carlsbad was opened in December of 2015, and is producing about 50 million gallons per day of high-quality, drought proof water that has resulted in a reduced reliance on other water sources. Due to the enormous water savings that resulted due to the 25 percent reduction mandated by Governor Jerry Brown in 2015, the reduction was suspended in May of 2016. The new rules that took effect on June 1, 2016 allowed communities to set their own reduction guidelines based on their projections over the next three years.

Over the last 53 years, the District has grown to be a strong agricultural community. Today the District serves a population of 1,336 through 334 service connections provided within approximately 21 square miles of northern San Diego County. The District operates 42.1 miles of water main, 23 productive wells, 10 potable water tanks, and 2 Ag only reservoirs. It appears unlikely that population growth will be a significant factor within the next five years. No major housing developments are planned, and even if a project were initiated today, it would take at least five years to obtain the appropriate zoning changes and complete construction. It is estimated that population growth will not exceed 0.5% per year over the next five years. Considering that only about 2% of total District demand is residential, the increase in population growth is expected to be negligible with respect to overall water demand during the next few years.

In fiscal year 2015-16 the District purchased approximately 61.5% of its water from the San Diego County Water Authority (SDCWA or the “Authority”) and 1.35% of its water from local water agreements, at a cost of \$5.9 million, or 59% of the District’s operating expenses. The Authority imports most of its water from the Metropolitan Water District of Southern California (Met). For the fiscal year ended June 30, 2016, the District billed 334 customers for 5,888 acre feet of water, representing a 17.9% decrease in sales from the prior fiscal year.

Water sales for the past ten years have ranged from 4,974 to 7,591 acre feet. Because a large portion of our sales are due to agriculture, sales are greatly affected by weather conditions, making sales projections difficult. In fiscal year 2015-16 the Pauma Valley area received 19.50 inches of rainfall. The effects of the extended drought have resulted in a loss of local groundwater, contributing to the increase in the amount of purchased water. However, the Governor’s executive order mandating water cutbacks has reduced the amount of total sales for the fiscal year. Total system demand is anticipated to be driven by irrigated agriculture which is estimated to constitute in excess of 78% of all water delivered.



Our agricultural customers purchased 78% of the District's total water sales in fiscal year 2015-16 while Wholesale and Domestic sales make up the remaining 22%. As water is one of the largest production costs for farmers in San Diego County, rapidly increasing wholesale water rates have the potential to severely affect the profitability of agriculture. The impact of these increases on the District’s customers has been mitigated to a significant extent by the District’s aggressive efforts to develop new sources of lower cost local groundwater. The significant price increases for imported water along with the fluctuating decreases in water sales have made it difficult to project long-term sales demand forecasts.

LONG-TERM FINANCIAL PLANNING

Like many of the other Special Districts in California, the recent implementation of the GASB 68 requirement to record unfunded CalPERS liability has adversely affected our District’s Reserve balances. Our current and most important focus is to diligently rebuild these reserves through various cost savings initiatives that have already been implemented. Salary reductions of key personnel as well as consolidating unnecessary positions and the elimination of the District’s PERS based expenditures are among our top cost savings measures. Additionally, dependence on imported water supplies have increased due to the drought conditions; forcing the District to look at both our flow capacity to the imported supply and increasing local supplies with new wells and/or rehabilitation of existing wells. Among the most critical policies adopted by the Board is the mandate to increase local supply; thereby decreasing the District’s dependence on our imported water supply.

ACCOMPLISHMENTS IN FISCAL YEAR 2015-2016

After several high profile projects in prior fiscal years the 2015-16 year focused on the maintenance of current infrastructure with a specific focus on the addition of two chloramine stations located at Station 1 and the Eastside Tank. In times of increased reliance on imported water, the District was no longer able to blend chlorinated local supplies with chlorinated imported supplies. This resulted in the district requiring a more stable chlorine residual during higher imported demand periods. Currently, approximately 75% of the local groundwater supply is chlorinated due to these two stations, allowing the District to achieve standardized drinking water disinfection requirements.



FINANCIAL INFORMATION AND INTERNAL CONTROLS

INTERNAL CONTROLS

District management is responsible for establishing and maintaining a system of internal controls designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the presentation of its Financial Statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable assurance that these objectives are met as effectively as possible. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal controls should not exceed benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Management believes that activities presented within this report comply with financial, legal, and contractual obligations, as prudent fiduciary responsibility requires. In addition, we believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. During the year, additional internal control improvements to the accounting software have been made, and we continue to identify ways in which we can strengthen our procedures.

ACCOUNTING SYSTEM

The Finance department is responsible for providing financial and administrative services for the District, including financial accounting and reporting, payroll and accounts payable disbursement functions, cash, investments and debt management, budgeting, grant administration, purchasing, data processing, customer billing, processing of customer payment, customer service, internal auditing, administrative services, human resources, and special financial analyses. The District reports its activities as an enterprise fund, which is used to account for operations similar to business enterprises, where the provision of services is financed or recovered primarily through user charges.

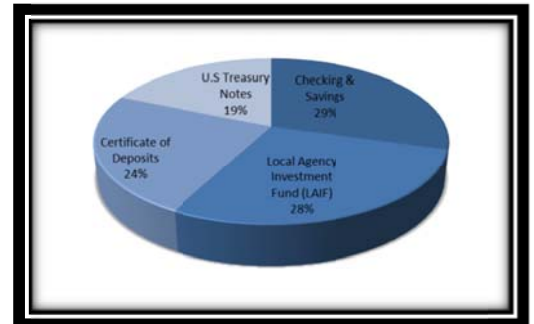
BUDGETING CONTROLS

The District views the budget as an essential tool for proper financial management. The District adopts a budget annually to outline major elements of the forthcoming year's operating and capital plans and to allocate funding required for those purposes. It is designed and presented for the general needs of the District, its staff, and its customers. It is a comprehensive and, for the most part, a balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow users to gain a general understanding of the District's financial status and future. The District's operating and capital budgets are approved by the Board of Directors. Board approval is required for any increase in appropriations. Actual expenditures are then compared to these appropriations on a monthly basis and are distributed to all department heads monthly and to the Board quarterly.

Annual operating water user rates and charges are derived from the annual operating budget and are based on historical seasonal demand, and other internal and external factors impacting the budget. The District maintains two sets of user rates and charges to account for the differing entitlement of the respective geographic areas to local water. One set is for the General District and the other for Improvement District A. Higher pumping charges apply in higher elevations throughout the District.

CASH MANAGEMENT

The District is regulated by State law (primarily California Government Code Section 53600 et seq.) as to the types of securities in which it can invest its cash assets. In addition, the Board of Directors annually adopts an investment policy that is generally more restrictive than the State codes. The District's investment policy governs the cash management and investment of all District funds. The standard practice of the District is to maintain an appropriate balance between safety, liquidity, and yield of its investments while meeting required expenditures, and conforming to all applicable State laws, the District's investment policy, and prudent cash management principles.



For the fiscal year 2015-16, the District's fixed income investment portfolio consisted primarily of short-term securities with an average maturity of 296 days or just over 9 ¾ months. These securities included the State-managed Local Agency Investment Fund (LAIF) and various Certificates of Deposit (CD's).

At June 30, 2016, the District's cash assets totaled \$2.1 million. The diversification of the portfolio is shown in the chart to the right. These cash balances are allocated to various restricted funds.

RISK MANAGEMENT

In 1996, the District became a member of the Joint Powers Insurance Authority (JPIA), a pooled insurance program developed by the Association of California Water Agencies that provides the District's coverage for general liability insurance, property insurance, employee bonds, and other blanket coverage. In 2003 the District added the worker's compensation coverage under JPIA. During fiscal year 2015-16, the District continued its proactive liability risk management role through careful monitoring of losses and designing and implementing programs to minimize risks. In addition, management analyzes workers' compensation issues by monitoring work conditions, and organizing and implementing safety training programs to reduce employee exposure to hazards. The District proudly maintains an excellent low loss history in all of the JPIA programs.

PENSION AND DEFERRED COMPENSATION PLANS

The District provides two complementary retirement plan programs for employees. The first is a defined benefit pension plan through the California Public Employees' Retirement System (CalPERS). The District contributes a specified percentage of covered employees' payroll, which is invested by CalPERS. Upon retirement, District employees are entitled to a specified retirement benefit. The plan is more fully described in Note 5 to the Financial Statements.

In addition, the District has adopted a Deferred Compensation Plan in accordance with Section 457(b) of the Internal Revenue Code. All contributions to the Deferred Compensation Plan are employee contributions. The employees are not liable for income taxes on amounts deferred until the funds are withdrawn. The deferred compensation plan was amended May 26, 2009, in accordance with recent changes in the Internal Revenue code. In accordance with these and previous Internal Revenue code revisions, all assets in the Plans are held in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not recognized in the accompanying financial statements. As of June 30, 2016, 6 current employees were participating in the 457(b) plan with accumulated assets from past and current employees totaling \$438,505.94.

AWARDS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Yuima Municipal Water District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This is the eighth year that the District has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a District must publish an easy to read and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ASSOCIATION OF CALIFORNIA WATER AGENCIES, JOINT POWERS INSURANCE AUTHORITY (ACWA/JPIA) "PRESIDENT'S SPECIAL RECOGNITION AWARD"

Each year, ACWA/JPIA reviews the insurance claims history of all agencies participating in the Liability, Property, and Workers' Compensation pooled insurance programs. Those agencies that have maintained a ratio of 20% or less when comparing claims paid versus premiums paid are awarded a certificate of recognition. The district again received the *President's Special Recognition Award* from JPIA for achieving a low loss ratio in the worker's compensation, property and liability programs from 2012 through 2015, demonstrating staff's dedication to maintaining an aggressive risk management strategy for reducing accidents and losses while promoting a safe and healthy working environment.

CONTACTING THE DISTRICT'S FINANCE DEPARTMENT

This financial report is designed to provide the Board, customers, creditors, and investors with a general overview of the District's financial condition. Should you have any questions regarding the content of this report, please contact Amy Reeh, Yuima Municipal Water District's Finance & Administrative Services Manager, at (760) 742-3704 or amy@Yuimamwd.com.

ACKNOWLEDGMENTS

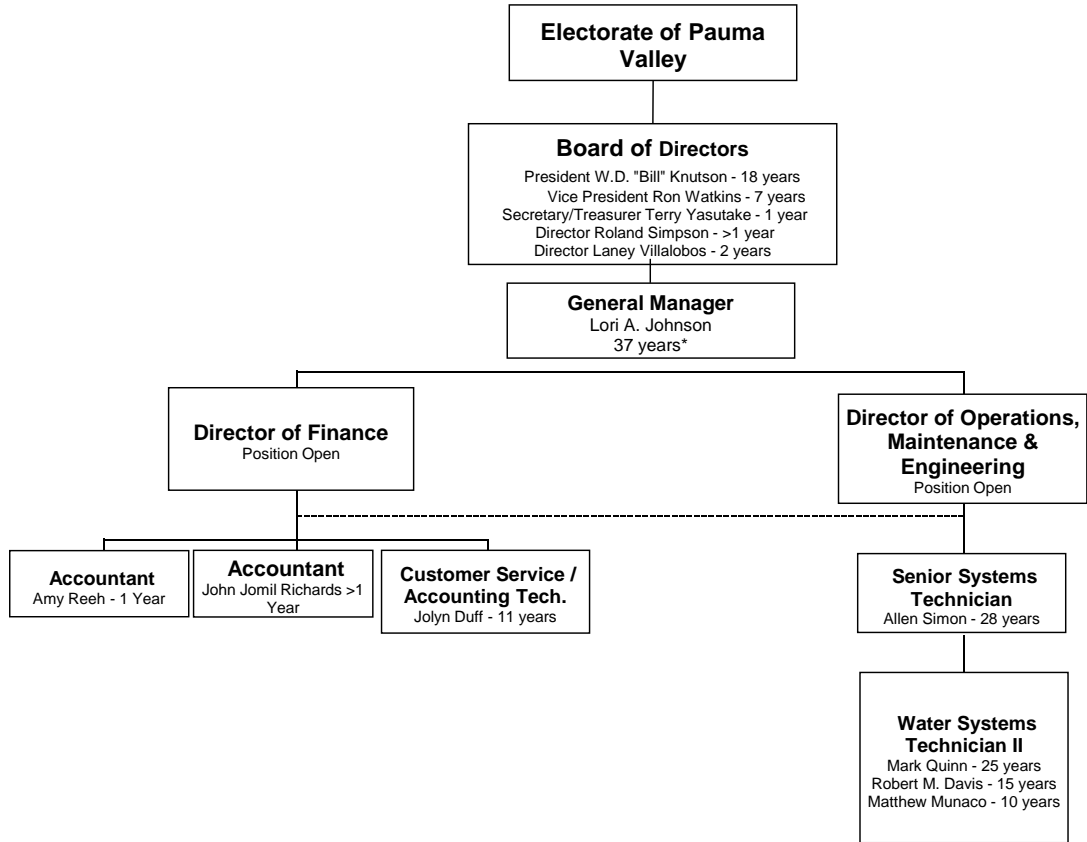
The preparation of this report could not have been accomplished without the contribution of the Finance Department and our independent auditor, Teaman, Ramirez and Smith, Inc. We would also like to particularly to thank the Board of Directors for their continued dedication supporting the highest level of prudent fiscal management.

Respectfully Submitted:



Amy Reeh,
Finance & Administrative Services Manager

YUIMA MUNICIPAL WATER DISTRICT Organizational Chart



PRINCIPAL OFFICIALS

Fiscal Year Ended June 30, 2016

BOARD OF DIRECTORS

W.D. "Bill" Knutson, President
Ron W. Watkins, Vice President
Terry Yasutake, Secretary/Treasurer
Roland Simpson, Director
Lynn "Laney" Villalobos, Director

GENERAL MANAGER

Lori A. Johnson

**FINANCE &
ADMINISTRATIVE SERVICES
MANAGER**

Vacant

OPERATIONS MANAGER

Vacant

GENERAL COUNSEL

Jeffrey G. Scott

INDEPENDENT AUDITOR

TEAMAN, RAMIREZ & SMITH, INC.





Government Finance Officers Association

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

Presented to

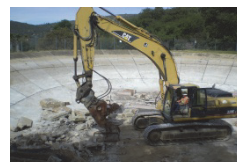
**Yuima Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Yuima Municipal Water District
Yuima, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Yuima Municipal Water District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3-11 and 51-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Seaman Ramirez & Smith, Inc.

Riverside, California
December 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

This section of the Yuima Municipal Water District's Comprehensive Annual Financial Report (CAFR) presents Management's Discussion and Analysis of the District's financial performance for fiscal year ended June 30, 2016, and includes the Governmental Accounting Standard Board's (GASB) enhanced financial reporting requirements. We offer readers of the Yuima Municipal Water District's financial statements this narrative overview and analysis of the financial position and results of operations for the fiscal year ended June 30, 2016.

Included in this section are:

- Financial Statement Overview;
- Analysis of Financial Position and Results of Operations;
- Overview of the Accompanying Basic Financial Statements;

The Letter of Transmittal can be found on pages i-vi and should be read in conjunction with the audited financial statements. The audited financial statements are located in the section following the MD&A. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL STATEMENTS OVERVIEW - FISCAL YEAR ENDED JUNE 30, 2016

Statement of Net Position - The Statement of Net Position presents the District's financial position relating to assets and liabilities. Assets in excess of liabilities (Net Position) for fiscal year 2015-16 increased \$383,038 over fiscal year 2014-15, from \$12,519,804 to \$12,902,842, which correlates to the increase as presented on the Statements of Revenues, Expenses, and Changes in Net Position. Of this amount, \$801,895 may be used to meet the District's ongoing obligation to citizens and creditors.

Yuima Municipal Water District Net Position						
	Governmental		Business-type		Total	
	Activities (Fire Protection)		Activities (Water Operations)			
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 120,050	\$ 115,483	\$ 3,536,127	\$ 3,215,947	\$ 3,656,177	\$ 3,331,430
Capital assets	-	-	13,889,033	14,218,030	13,889,033	14,218,030
Total Assets	\$ 120,050	\$ 115,483	\$ 17,425,160	\$ 17,433,977	\$ 17,545,210	\$ 17,549,460
Deferred Outflows of Resources	\$ -	\$ -	\$ 930,691	\$ 540,519	\$ 930,691	\$ 540,519
Long-term liabilities outstanding	\$ -	\$ -	\$ 4,105,414	\$ 4,431,479	\$ 4,105,414	\$ 4,431,479
Other liabilities	-	-	1,130,799	740,419	1,130,799	740,419
Total liabilities	\$ -	\$ -	\$ 5,236,213	\$ 5,171,898	\$ 5,236,213	\$ 5,171,898
Deferred Inflows of Resources	\$ -	\$ -	\$ 371,806	\$ 398,277	\$ 371,806	\$ 398,277
Net Position:						
Net Investment in Capital Assets	\$ -	\$ -	\$ 12,100,947	\$ 12,120,332	\$ 12,100,947	\$ 12,120,332
Restricted	120,050	115,483	-	-	120,050	115,483
Unrestricted	-	-	681,845	283,989	681,845	283,989
Total net position	\$ 120,050	\$ 115,483	\$ 12,782,792	\$ 12,404,321	\$ 12,902,842	\$ 12,519,804

Statement of Activities and Changes in Net Position - The Statement of Activities and Changes in Net Position accounts for all activities during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement measures the success of the District's operations during the reporting period and can be used to assess whether or not the District has successfully recovered all of its costs through its user fees and other charges. This statement also measures the District's solvency and ability to meet its financial commitments.

ANALYSIS OF FINANCIAL POSITION AND RESULT OF OPERATIONS

The District's overall financial position continues to be affected by the implementation of the GASB 68 requirement to begin recording the Unfunded Accrued Liability of the District's pension plan. This requirement included the recording of the PERS side fund balance as of the end of the 2014-15 fiscal year. However, the District implemented several cost saving measures that resulted in the ability to increase our reserve balance in the 2015-16 fiscal year.

Analysis of Net Position – Net Position is the difference between assets acquired, owned, and operated by the District and amounts owed (liabilities). In accordance with Generally Accepted Accounting Principles (GAAP), capital assets acquired through purchase, or construction by the District, are recorded at historical cost. Capital assets contributed by developers are recorded at developers' construction cost. Net Position represents the District's net worth including, but not limited to, capital contributions received to date and all investment in capital assets since formation. Net Position helps answer the following question: "Is the District, as a whole, better or worse off as a result of this year's activities?" As reported in the Statements of Net Position, the net position increased between fiscal years ending 2015 and 2016 from \$12,518,804 to \$12,902,842. Net investment in capital assets decreased \$19,385, and unrestricted net position increased \$402,423.

Yuima Municipal Water District Change in Net Position						
	Governmental Activities (Fire Protection)		Business-type Activities (Water Operations)		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 59,165	\$ 56,838	\$ 9,934,189	\$ 11,150,341	\$ 9,993,354	\$ 11,207,179
Operating Grants and Contributions	62,537	79,495	-	-	62,537	79,495
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	-	-	390,709	396,049	390,709	396,049
Investment Earnings	19	14	22,222	22,582	22,241	22,596
Other	-	-	23,936	181,219	23,936	181,219
Total Revenues	121,721	136,347	10,371,056	11,750,191	10,492,777	11,886,538
Expenses:						
Fire Protection	117,154	81,806	-	-	117,154	81,806
Water Enterprise	-	-	9,992,584	13,713,096	9,992,584	13,713,096
Total Expenses	117,154	81,806	9,992,584	13,713,096	10,109,738	13,794,902
Increase (Decrease) in Net Position	4,567	54,541	378,472	(1,962,905)	383,039	(1,908,364)
Net Position - Beginning	115,483	60,942	12,404,321	14,367,227	12,519,804	14,428,169
Net Position - Ending	\$ 120,050	\$ 115,483	\$ 12,782,792	\$ 12,404,321	\$ 12,902,842	\$ 12,519,804

ANALYSIS OF GOVERNMENTAL FUND AND GOVERNMENTAL ACTIVITIES – FIRE FUND

The District's fire protection fund to the government-wide financial statements has no reconciling items from the modified accrual to a full accrual basis. The information below provides an analysis of the increases or decreases in the activities for the governmental fund and governmental activities since the information on both the government-wide and fund statements reflect the same reported figures.

The key factors in the increase of the Fire Protection Activities net assets and fund balance is as follows:

- The Fire Protection revenues totaling \$121,721 were sufficient to cover the expenditures of \$117,154 resulting in an increase in net position totaling \$4,567 for the fiscal year. This is largely due to the State of California calling an early fire season, which resulted in a reduction of our fire contract costs with CalFire.

ANALYSIS OF PROPRIETARY FUND AND BUSINESS-TYPE ACTIVITIES – WATER OPERATIONS

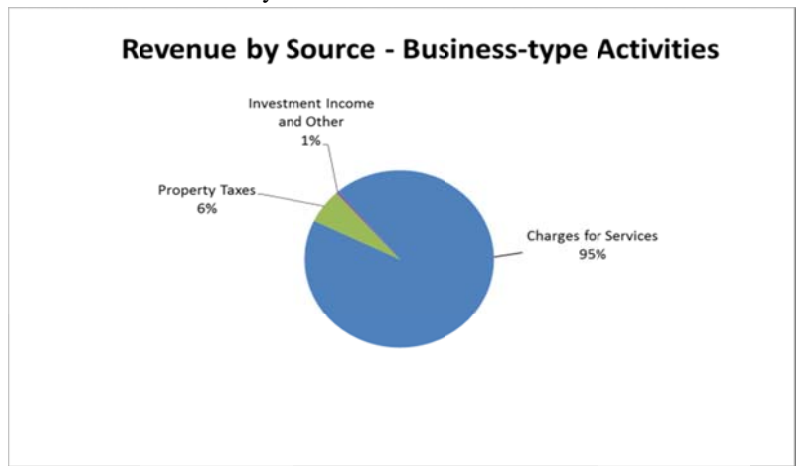
The District’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Below is an analysis of the increases or decreases in the activities for the proprietary fund and business-type activities.

Statement of Revenues, Expenses, and Changes in Net Position - The Statement of Revenues, Expenses, and Changes in Net Position summarizes the District’s operations during the year. In accordance with Generally Accepted Accounting Principals (GAAP), revenues are recognized (recorded) when services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the District’s core activities. Non-operating revenues and expenses are not directly related to the core activities of the District (e.g. interest income, property taxes, and interest expenses). The operating margin for the year ended June 30, 2016 of (\$175,178) is combined with total non-operating revenues of \$700,422 and non-operating expenses of \$146,773 to arrive at the increase in net position of \$378,471. The increase in net position is added to the beginning net position of \$12,404,321 to arrive at the ending net position total of \$12,782,792 as of June 30, 2016.

Change in Net Position & Analysis of Statement of Revenues, Expenses, and Changes in Net Position - The District’s total revenues of \$10,371,055 for the 2015-16 fiscal year is comprised of \$9,670,633 for Operating and \$700,422 for Non-Operating Revenues. The annual revenue decreased \$1,379,136 or 11.7% from the prior fiscal year due to multiple factors. The largest decrease was within the Non-Operating Revenues; this decrease is due to the reduction in Capacity and / or Special Connection Fees collected. These fees are not normal and fluctuate annually.

Details of the total decrease in revenues are as follows:

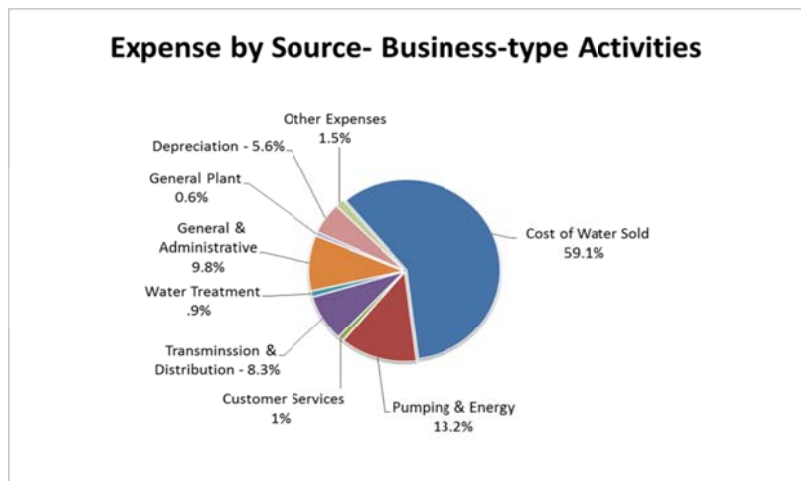
- Water Sales including associated customer fees and charges decreased by \$1,214,670, or 11.1% for the fiscal year ended June 30, 2016.
- Property taxes and assessments and Other Non-Operating Revenues decreased by \$164,466, or 19.9%, from 2014-15 to 2015-16.



The District’s total expenses were reduced by \$1,633,207, or 14% in 2015-16, from \$11,625,791 to \$9,992,584. The largest reduction of expenditures occurred within the Operating Expenses; specifically the categories of Cost of Water Sold and General and Administrative. The District General and Administrative cost reduction of \$690,905 was due to the reduction of Salaries and Wages, and corresponding benefits.

Details of the total decrease in Expenditures are as follows:

- Cost of water sold including pumping, water treatment, transmission, customer service and general plant and depreciation costs decreased by \$978,329, or 9.9%, due the reduction of water sales because of mandatory cutbacks.
- General and Administrative costs realized a significant reduction of \$690,905, or 41.2%, due to a reduction in Salaries and Wages and corresponding benefits.
- The Other Non-Operating expenses increased \$36,027 or 32.5% due to a net loss on the sales of capital assets.



Schedule of Revenues, Expenses and Change in Net Position

Yuima General District and IDA - Combined

	Proprietary Fund		Increase/ (Decrease)	Percent Change
	2016	2015		
Operating revenues:				
Water sales & Pumping charges	\$8,981,074	\$10,272,594	(\$1,291,520)	-12.6%
Other customer fees and charges	689,559	612,709	76,850	12.5%
Total operating revenues	9,670,633	10,885,303	(1,214,670)	-11.2%
Operating expenses:				
Cost of water sold	5,908,437	7,053,559	(1,145,122)	-16.2%
Pumping and energy costs	1,314,557	1,511,000	(196,443)	-13.0%
Water Treatment	91,534	86,827	4,707	5.4%
Transmission and distribution	834,513	443,898	390,615	88.0%
Customer services	99,109	120,934	(21,825)	-18.0%
General Plant	56,733	68,922	(12,189)	-17.7%
General and administrative	983,258	1,674,162	(690,904)	-41.3%
Depreciation	557,670	555,743	1,927	0.3%
Total operating expenses	9,845,811	11,515,045	(1,669,234)	-14.5%
Operating income (loss)	(175,178)	(629,742)	454,564	-72.2%
Non-operating revenues:				
Investment earnings	22,222	22,582	(360)	-1.6%
Property taxes, assmts, conn fees & leases	683,527	799,187	(115,660)	-14.5%
Other non-operating revenues	(5,327)	43,118	(48,445)	-112.4%
Total non-operating revenues	700,422	864,887	(164,465)	-19.0%
Non-operating expenses:				
Other non-operating expenses	93,385	49,887	43,498	0.0%
Interest on long term debt	53,388	60,859	(7,471)	-12.3%
Total non-operating expenses	146,773	110,746	36,027	32.5%
Revenues over/(under) Expenditures	378,471	124,399	254,072	204.2%
Capital Contributions	-	-	-	-
Change in net position	378,471	124,399	254,072	204.2%
Net position, beginning of year -	12,404,321	14,367,227	(1,962,906)	-13.7%
Prior Period Adjustment	-	(2,087,305)	2,087,305	0.0%
Net Position, Beginning - As Restated	12,404,321	12,279,922	124,399	0.0%
Total Net Position, End of year	<u>\$12,782,792</u>	<u>\$12,404,321</u>	<u>\$378,471</u>	<u>3.1%</u>

**Schedule of Revenues, Expenses and Change in Position
Yuima - General District**

	Proprietary Fund		Increase/ (Decrease)	Percent Change
	2016	2015		
Operating revenues:				
Water sales & Pumping charges	\$4,779,761	\$5,358,879	(\$579,118)	-10.8%
Other customer fees and charges	238,712	217,021	21,691	10.0%
Total operating revenues	5,018,473	5,575,900	(557,427)	-10.0%
Operating expenses:				
Cost of water sold	3,885,100	4,634,376	(749,276)	-16.2%
Pumping and energy costs	355,102	432,424	(77,322)	-17.9%
Water Treatment	32,005	33,089	(1,084)	-3.3%
Transmission and distribution	158,742	140,128	18,614	13.3%
Customer services	43,652	42,836	816	1.9%
General Plant	29,876	36,809	(6,933)	-18.8%
General and administrative	524,435	911,119	(386,684)	-42.4%
Depreciation	194,124	205,429	(11,305)	-5.5%
Total operating expenses	5,223,036	6,436,210	(1,213,174)	-18.8%
Operating income (loss)	(204,563)	(860,310)	655,747	-76.2%
Non-operating revenues:				
Investment earnings	2,467	1,734	733	42.3%
Property taxes, assmts, conn fees & leases	442,566	474,554	(31,988)	-6.7%
Other non-operating revenues	2,398	45,150	(42,752)	-94.7%
Total non-operating revenues	447,431	521,438	(74,007)	-14.2%
Non-operating expenses:				
Other non-operating expenses	11,602	12,018	(416)	0.0%
Interest on long term debt	2,818	6,312	(3,494)	-55.4%
Total non-operating expenses	14,420	18,330	(3,910)	-21.3%
Revenues over/(under) Expenditures	228,448	(357,202)	585,650	-164.0%
Capital Contributions	-	-	-	-
Change in net position	228,448	(357,202)	585,650	-164.0%
Net position, beginning of year -	2,331,845	4,776,352	(2,444,507)	-51.2%
Prior Period Adjustment	-	(2,087,305)	2,087,305	0.0%
Total Net Position, End of year	<u>\$2,560,293</u>	<u>\$2,331,845</u>	<u>\$228,448</u>	<u>9.8%</u>

Schedule of Revenues, Expenses and Change in Net Position

Improvement District A

	Proprietary Fund		Increase/	Percent
	2016	2015	(Decrease)	Change
Operating revenues:				
Water sales & Pumping charges	\$4,201,313	\$4,913,715	(\$712,402)	-14.5%
Other customer fees and charges	450,847	395,688	55,159	13.9%
Total operating revenues	4,652,160	5,309,403	(657,243)	-12.4%
Operating expenses:				
Cost of water sold	2,023,337	2,419,183	(395,846)	-16.4%
Pumping and energy costs	959,455	1,078,576	(119,121)	-11.0%
Water Treatment	59,529	53,738	5,791	10.8%
Transmission and distribution	675,770	303,770	372,000	122.5%
Customer services	55,457	78,098	(22,641)	-29.0%
General Plant	26,857	32,113	(5,256)	-16.4%
General and administrative	458,824	763,043	(304,219)	-39.9%
Depreciation	363,546	350,314	13,232	3.8%
Total operating expenses	4,622,775	5,078,835	(456,060)	-9.0%
Operating income (loss)	29,385	230,568	(201,183)	-87.3%
Non-operating revenues:				
Investment earnings	19,755	20,848	(1,093)	-5.2%
Property taxes, assmts, conn fees & leases	240,961	324,633	(83,672)	-25.8%
Other non-operating revenues	(7,725)	(2,032)	(5,693)	280.2%
Total non-operating revenues	252,991	343,449	(90,458)	-26.3%
Non-operating expenses:				
Other non-operating expenses	81,783	37,869	43,914	0.0%
Interest on long term debt	50,570	54,547	(3,977)	-7.3%
Total non-operating expenses	132,353	92,416	39,937	43.2%
Revenues over/(under) Expenditures	150,023	481,601	(331,578)	-68.8%
Capital Contributions	-	-	-	-
Change in net position	150,023	481,601	(331,578)	-68.8%
Net position, beginning of year -	10,072,476	9,590,875	481,601	5.0%
Prior Period Adjustment	-	-	-	0.0%
Total Net Position, End of year	\$10,222,499	\$10,072,476	\$150,023	1.5%

Statement of Cash Flows - The Statements of Cash Flows present the amounts of cash provided or used by the District's operating, financing, and investment activities during the reporting period. Every cash flow has been categorized as one of the following activities: operating, noncapital financing, capital and related financing, or investing. The primary purpose of this report is to provide information to the general readers about cash inflows and outflows which occurred during the reporting fiscal year. The Cash Flow statement helps the readers to answer the following questions: "Where did cash come from; what was cash used for and what was the change in cash during the fiscal year?" The total of these categories for the year ended June 30, 2016, represents a decrease in cash and cash equivalents of \$221,326 which is combined with beginning cash and cash equivalents of \$1,951,014 to arrive at ending cash and cash equivalents of \$1,951,014.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 50 of this report. The government-wide financial statements can be found on pages 12 - 14 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Yuima Municipal Water District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 51 - 55 of this report.

CAPITAL ASSETS AND CAPITAL PROJECTS

The District's Capital Assets in service at June 30, 2016 totaled \$23,814,674 less \$9,925,641 of accumulated depreciation, for a net book value of \$13,889,033. Additional information on capital assets can be found in Note 4 to the financial statements. Capital Asset additions being depreciated totaled \$342,607 and included the following:

Capital Asset Additions			
	Yuima	IDA	Total
Annexation Fees	\$ -	\$ -	\$ -
Source of Supply	-	185,571	185,571
General Plant Additions	4,281	8,491	12,772
Pumping Plant	-	88,408	88,408
Water Treatment	-	55,856	55,856
Pipelines (Transmission & Distribution)	-	-	-
Total	\$ 4,281	\$ 338,326	\$ 342,607

Deletions of Capital Assets being depreciated totaled \$307,590 for retirement of equipment replacements. Also included in the total reported on the Statement of Net Position is construction-in-progress, which reflects capital projects in various stages of completion. As of June 30, 2016, there were no capital projects in progress.

The District's capital assets were financed through a combination of current revenues, available reserves from the capital fund and capacity (connection fee) fund, and debt issuances. The District collects capacity fees from new development. These fees are restricted and used exclusively to provide capacity to service new development and fund future construction of facilities identified in the District's Master Plan. As of June 30, 2016 all capacity fees collected in prior years have been used for this purpose. Growth in the area is slow to none. The District does not expect any change in growth in the area for the next few years. The District's CIP is expected to fluctuate from year to year depending on the construction cost of infrastructure projects that are currently under construction or are in the planning stages.

LONG-TERM DEBT

At the end of the current fiscal year, the Yuima Municipal Water District had total debt outstanding of \$3,899,179, including \$240,141 which is the portion that is due within one year. The debt associated with Capital Projects was incurred to finance the replacement of several tanks which includes Reservoir 8 with a 1.7 million gallon tank and pump station and the construction of Eastside Tank with a capacity of 3 million gallons and pump station as well as the Zone 4 Tank with a capacity of 1.2 million gallons. The remaining debt was incurred as a result of the required implementation of GASB 68. Additional information on long-term debt can be found in Notes 1 & 5 to the financial statements.

The District's outstanding bond indebtedness as of June 30, 2016 is as follows:

Schedule of Bond Indebtedness									
Fiscal Year Ended June 30, 2016									
Long-term Debt									
Description	District	Year Issued	Total Debt	Final Maturity Date	Fixed Interest Rate	Debt Outstanding (Audited)			Total
						As of June 30, 2016		Total	
						Current	Long Term		
Eastside	IDA	2004	\$ 1,500,000	2016	2.35%	\$ 76,154	\$ -	\$ 76,154	
Tank 8 and Pump Station	IDA	2007	\$ 1,500,000	2022	2.65%	\$ 109,611	\$ 657,263	\$ 766,874	
Zone 4 Tank	IDA	2013	\$ 900,000	2033	3.55%	\$ 34,462	\$ 784,508	\$ 818,970	
Station 1 SDG&E On-Bill	IDA	2013	\$ 111,364	2022	0.00%	\$ 12,039	\$ 62,204	\$ 74,243	
Station 4 SDG&E On-Bill	IDA	2013	\$ 75,125	2023	0.00%	\$ 7,875	\$ 43,970	\$ 51,845	
Net Pension Liability	Yuima/IDA					\$ -	\$ 2,111,093	\$ 2,111,093	
Total			<u>\$ 4,086,489</u>			<u>\$ 240,141</u>	<u>\$ 3,659,038</u>	<u>\$ 3,899,179</u>	

FUTURE INFRASTRUCTURE PLANNING

Based upon long-term demand forecasts for agricultural and urban development within the current boundaries of the District, coupled with a number of annexation requests expected to be driven by local water shortages affecting both agriculture and new housing in adjacent under-served areas, the District has determined that a new transmission pipeline will eventually be required to bring additional imported water into the District from the first and second San Diego Aqueduct Pipelines. Two potential routes are under consideration. The first ("Southern Route") would parallel the District's existing 20" pipeline and would be built at the sole expense of the District. The second ("Northern Route") would be a joint venture between the San Luis Rey Indian Water Authority and the District, and would connect to the Metropolitan Water District portion of the aqueduct at a point just north of the jurisdictional boundary with the San Diego County Water Authority. No definitive timetable for the construction of either a Southern or Northern Route pipeline has yet been established.

ECONOMIC FACTORS

The District derives funding for operations from customer rates, fees, and charges. To the extent required, the District has the ability to generate additional funding resources through rate adjustments to cover the costs for providing water services. The District sets its rates annually based upon anticipated consumption. A significant reduction in consumption could have an adverse effect on the District's financial position. Listed below are a few highlights of the economic factors that impact our District.

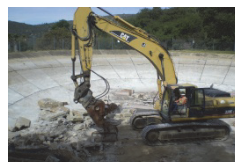
- The District sold 28.5% of total water delivered during the year 2015-16 to one customer. This same customer has been one of the top ten water consumers in the District for the last 20 years.
- The District realized a \$378,471 operating gain during fiscal year 2015-16 as compared to a \$124,399 operating gain during fiscal year 2014-15.
- In fiscal year 2015-16, the District purchased 61.5% of its water sold from the San Diego County Water Authority, compared to 62.3% in fiscal year 2014-15.

- In May 2015, in response to the Governor’s executive order, the California State Water Resources Control Board issued mandatory water cutbacks for all of California’s local water suppliers, to reduce the statewide annual water use by 25% over 2013 levels. These mandatory cutbacks resulted in a 11.1% reduction of water sales revenue.
- The District has invested significantly in diversifying its water supply by increasing its local supply through additional wells and local well agreements to reduce its reliance on the high cost imported water supply from the San Diego County Water Authority. Keeping the District’s financial position strong will be critical in the future as increased capital spending will be required.
- The District has implemented several cost containment strategies to mitigate pension and Other Post Employment Benefit (OPEB) burdens on the District. Yuima MWD employees are now paying 100% of the employee’s portion (8%) of the District’s pension costs.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the District’s rate payers, bond investors and other interested parties with a general overview of the District’s finances, and to demonstrate the District’s accountability for the money it received and the stewardship of the facilities it maintains. If you have any questions about this report or need additional financial information, contact the Yuima Municipal Water District’s Finance Department, Amy Reeh, Finance and Administrative Services Manager, 34928 Valley Center Road, Pauma Valley, Ca. 92061, or call (760) 742-3704, or send inquiries to our website at www.yuimamwd.com.

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Yuima Municipal Water District
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 8,490	\$ 2,125,726	\$ 2,134,216
Accounts Receivable	57,748	1,050,602	1,108,350
Taxes Receivable	470	4,210	4,680
Interest Receivable		5,561	5,561
Internal Balances	53,342	(53,342)	0
Inventories		375,098	375,098
Prepays		28,272	28,272
Net OPEB Asset		34,960	34,960
Capital Assets, Not Being Depreciated:			
Land and Improvements		1,301,457	1,301,457
Capital Assets, Net of Depreciation:			
General Plant		321,338	321,338
Source of Supply		7,055,332	7,055,332
Pumping Plant		2,059,546	2,059,546
Water Treatment Plant		130,244	130,244
Transmission and Distribution Plant		3,021,116	3,021,116
	<u>120,050</u>	<u>17,460,120</u>	<u>17,580,170</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items		930,691	930,691
	<u>0</u>	<u>930,691</u>	<u>930,691</u>
LIABILITIES			
Accounts Payable		1,075,934	1,075,934
Deposits and Other Liabilities		32,197	32,197
Interest Payable		22,668	22,668
Long-term Liabilities:			
Due Within One Year		291,700	291,700
Due in More Than One Year		3,813,714	3,813,714
	<u>0</u>	<u>5,236,213</u>	<u>5,236,213</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items		371,806	371,806
	<u>0</u>	<u>371,806</u>	<u>371,806</u>
NET POSITION			
Net Investment in Capital Assets		12,100,947	12,100,947
Restricted for Fire Protection	120,050		120,050
Unrestricted		681,845	681,845
	<u>\$ 120,050</u>	<u>\$ 12,782,792</u>	<u>\$ 12,902,842</u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Activities
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Fire Protection	\$ 117,154	\$ 59,165	\$ 62,537	\$
Business-type Activities:				
Water Enterprise	<u>9,992,584</u>	<u>9,928,163</u>		
Total Primary Government	<u>\$ 10,109,738</u>	<u>\$ 9,987,328</u>	<u>\$ 62,537</u>	<u>\$ 0</u>

General Revenues:
Unrestricted Intergovernmental
Investment Earnings
Other

Total General Revenues

Change in Net Position

Total Net Position - Beginning

Total Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ 4,548	\$	\$ 4,548
	(64,421)	(64,421)
4,548	(64,421)	(59,873)
	390,735	390,735
19	22,222	22,241
	29,935	29,935
19	442,892	442,911
4,567	378,471	383,038
115,483	12,404,321	12,519,804
\$ 120,050	\$ 12,782,792	\$ 12,902,842

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Balance Sheet
Governmental Fund
June 30, 2016

	Fire Protection
ASSETS	
Cash and Investments	\$ 8,490
Accounts Receivable	57,748
Taxes Receivable	470
Due from Other Funds	53,342
Total Assets	\$ 120,050
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 0
Total Liabilities	0
Fund Balance:	
Restricted for Fire Protection	120,050
Total Fund Balance	120,050
Total Liabilities and Fund Balance	\$ 120,050
Fund Balance of Governmental Fund	\$ 120,050
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Reconciling items to the Statement of Net Position	0
Net Position of Governmental Activities	\$ 120,050

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund
Year Ended June 30, 2016

	Fire Protection
REVENUES	
Fire Protection Special Tax	\$ 51,564
Mitigation Fees	7,601
Contributions	55,844
Investment Earnings	19
Grants	6,693
Total Revenues	121,721
EXPENDITURES	
General and Administrative	4,567
Fire Protection	112,587
Total Expenditures	117,154
Excess (Deficiency) of Revenues Over Expenditures	4,567
Fund Balance, Beginning	115,483
Fund Balance, Ending	\$ 120,050
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,567
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Reconciling items to the Statement of Activities	0
Changes in Net Position of Governmental Activities	\$ 4,567

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Net Position
Proprietary Fund
June 30, 2016

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	1,729,688
Investments		396,038
Accounts Receivable		1,050,602
Taxes Receivable		4,210
Interest Receivable		5,561
Inventories		375,098
Prepays		28,272
		3,589,469
Total Current Assets		3,589,469

Noncurrent Assets:

Net OPEB Asset		34,960
Capital Assets, Not Being Depreciated		1,301,457
Capital Assets, Net of Depreciation		12,587,576
		13,923,993
Total Noncurrent Assets		13,923,993
Total Assets		17,513,462

DEFERRED OUTFLOWS OF RESOURCES

Pension Related Items		930,691
		930,691
Total Deferred Outflows of Resources		930,691

LIABILITIES

Current Liabilities:

Accounts Payable		1,075,934
Compensated Absences - Current Portion		51,559
Deposits and Other Liabilities		32,197
Interest Payable		22,668
Due to Other Funds		53,342
Notes Payable - Current Portion		240,141
		1,475,841
Total Current Liabilities		1,475,841

Noncurrent Liabilities:

Compensated Absences		154,676
Net Pension Liability		2,111,093
Notes Payable		1,547,945
		3,813,714
Total Noncurrent Liabilities		3,813,714
Total Liabilities		\$ 5,289,555

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Net Position - Continued
Proprietary Fund
June 30, 2016

DEFERRED INFLOWS OF RESOURCES

Pension Related Items	<u>\$ 371,806</u>
Total Deferred Inflows of Resources	<u>371,806</u>

NET POSITION

Net Investment in Capital Assets	12,100,947
Unrestricted	<u>681,845</u>
Total Net Position	<u><u>\$ 12,782,792</u></u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2016

OPERATING REVENUES

Water Sales and Pumping Charges	\$ 8,981,074
Other Services	<u>689,559</u>
Total Operating Revenues	<u>9,670,633</u>

OPERATING EXPENSES

Purchased Water	5,908,437
Pumping	1,314,557
Water Treatment	91,534
Transmission and Distribution	834,513
Customer Accounts	99,109
General Plant	56,733
General and Administrative	983,258
Depreciation	<u>557,670</u>
Total Operating Expenses	<u>9,845,811</u>

Operating Income (Loss)	<u>(175,178)</u>
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NON-OPERATING REVENUES (EXPENSES)

Property Taxes and Assessments	396,374
Availability Charges	168,364
Lease Income	83,529
Investment Earnings	22,222
Other Non-operating Revenues	29,933
Interest Expense	(53,388)
Net Gain (Loss) on Sale of Capital Assets	(92,934)
Other Non-operating Expenses	<u>(451)</u>
Total Non-Operating Revenues (Expenses)	<u>553,649</u>

Change in Net Position	378,471
Net Position, Beginning	<u>12,404,321</u>
Net Position, Ending	<u>\$ 12,782,792</u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 9,598,652
Cash from Other Operating Activities	29,933
Cash Payments to Employees	1,001,631
Cash Payments to Suppliers	<u>(10,398,748)</u>
Net Cash Provided by (Used for) Operating Activities	<u>231,468</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Property Taxes and Assessments	412,600
Availability Charges	168,364
Lease Income	83,529
Advances to Other Funds	<u>(55,169)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>609,324</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from the Sale of Capital Assets	21,000
Acquisition of Capital Assets	(342,607)
Principal Payments on Capital Debt	(309,610)
Interest Payments on Capital Debt	<u>(55,229)</u>
Net Cash Provided by (Used for) Capital and Related Financing	<u>(686,446)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(396,038)
Investment Earnings	<u>20,366</u>
Net Cash Provided by (Used for) Investing Activities	<u>(375,672)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(221,326)
Cash and Cash Equivalents - Beginning of Year	<u>1,951,014</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,729,688</u>

Reconciliation of Operating Income (Loss) to Net Cash

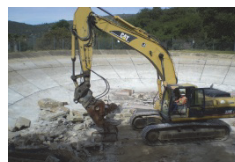
Provided by (Used for) Operating Activities:

Net Operating Income (Loss)	\$ (175,178)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by (Used for) Operating Activities	
Depreciation	557,670
Miscellaneous Revenues	29,933
Miscellaneous Expenses	(451)
(Increase) Decrease in Accounts Receivable	(65,080)
(Increase) Decrease in Inventories	(45,570)
(Increase) Decrease in Prepays	5,981
(Increase) Decrease in Net OPEB Asset	(34,960)
(Increase) Decrease in Pension Related Deferred Outflows of Resources	(390,172)
Increase (Decrease) in Accounts Payable	399,121
Increase (Decrease) in Compensated Absences	(7,474)
Increase (Decrease) in Deposits and Other Liabilities	(6,901)
Increase (Decrease) in Net Pension Liability	(8,980)
Increase (Decrease) in Pension Related Deferred Inflows of Resources	<u>(26,471)</u>

Total Cash Provided by (Used for) Operating Activities	<u>\$ 231,468</u>
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The accompanying notes are an integral part of this statement.

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Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The Yuima Municipal Water District (the "District") was formed in January 1963 pursuant to Section 8 of the California Municipal Water District Act of 1911 to improve the delivery of agricultural and domestic water services, and to facilitate the acquisition of a supplemental water supply from the Metropolitan Water District of California within its boundaries. The District is governed by an elected, five-member Board of Directors (the "Board"). The 1963 General Obligation Bonds financed the construction of the necessary pipelines, pumping and storage facilities to bring Colorado River water from the aqueducts owned by the Metropolitan Water District and the San Diego County Water Authority to serve the properties within its boundaries, which cover about 13,460 acres in northeastern San Diego County, California; the District maintains, develops and manages such water distribution system. The District offices are located in Pauma Valley, California.

The area now known as "Improvement District A" (IDA) was originally known as Rossmoyne Villages ("Rossmoyne"). The Palomar Mutual Water Company ("Palomar Mutual") became Rossmoyne's successor in interest through an agreement dated February 11, 1948. In turn, Palomar Mutual transferred all of its water rights, lands and water system, together with its functions and obligations, to the District in April, 1968.

Among the transferred obligations was a stipulated judgment (*Strub et al. v Palomar* or "*Strub et al.*"), filed November 10, 1953 and later modified, that provides for the net delivery to IDA of no more than 1,350 acre-feet of water per calendar year from the San Luis Rey River upstream of Cole Grade Road.

The District, as successor in interest to Palomar Mutual, continues to operate IDA as an independent water system (California State System No. 3700938). While the District is responsible for administering IDA's compliance with *Strub et al.*, that stipulated judgment does not affect or bind the 70% of the District which is outside of IDA and which operates under a separate system permit (California State System No. 3701408).

The District added another 351 acres, Annexation #1, in November 1967, and another 63 acres, Annexation #2, in November 1969, by revising its boundaries pursuant to the Reorganization Act of 1965 as amended by LAFCO. The District added another six acres, Fitzsimmons Annexation, on March 26, 1991, and de-annexed 27 acres, Adams De-annexation, on March 29, 1991. Hence the District boundaries total 13,460 acres.

The Board of Directors and officers of the District at June 30, 2016 are as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expiration</u>
W.D. "Bill" Knutson	President	December 2018
Ron W. Watkins	Vice President	December 2016
Terry Yasutake	Secretary/Treasurer	December 2016
Roland Simpson	Director	December 2016
Lynne Villalobos	Director	December 2018

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standard Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for periods beginning after June 15, 2015. The District implemented GASB No. 72 and is reflected on the District's financial statements.

Governmental Accounting Standard Board Statement No. 73

In June of 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement was issued to improve the usefulness of information about pensions for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement 68 for pension plans and pensions that are within their respective scopes.

Statement No. 73 requirements that addresses accounting and financial reporting by employers and governmental nonemployee contributing entities is effective for fiscal years beginning after June 15, 2016, except those provisions that address financial reporting for assets accumulated for purposes of providing those pensions which are effective for fiscal years beginning after June 15, 2015. Statement No. 73 requirements for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68, are effective for fiscal years beginning after June 15, 2015. Currently, this statement has no effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement was issued to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and assessing accountability. This Statement replaces Statements no. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. Statement No. 74 is effective for fiscal years beginning after June 15, 2016. The District has elected not to early implement GASB No. 74 and has not determined its effect on the District's financial statements.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement was issued to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Statement No. 75 is effective for fiscal years beginning after June 15, 2017. The District has elected not to early implement GASB No. 75 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 76

In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement was issued to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements for state and local governmental entities in conformity with GAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76 is effective for periods beginning after June 15, 2015 and should be applied retroactively. The District implemented GASB No. 76 and there was no effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement is intended to provide financial statement users needed information about certain limitations on a government's ability to raise resources and for financial reporting purposes requires disclosure on tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. Statement No. 77 is effective for periods beginning after December 15, 2015. The District has elected not to early implement GASB No. 77 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 79

In December of 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 79 - Continued

measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2015. The District implemented GASB No. 79 and is reflected on the District's financial statements.

Governmental Accounting Standard Board Statement No. 80

In January of 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This statement was issued to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The District has elected not to early implement GASB 80 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 81

In March of 2016, GASB issued Statement No. 81, *Irrevocable Split Interest Agreements*. This statement was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The District has elected not to early implement GASB 81 and has not determined its effect on the District's financial statements.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 82

In March of 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement was issued to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement also clarifies the term deviation used in Actuarial Standards of Practice and payments made by the employer to satisfy contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District has elected not to early implement GASB No. 82 and has not determined its effect on the District’s financial statements.

C) Basis of Presentation

The basic financial statements of the Yuima Municipal Water District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for governmental accounting and financial reporting purposes.

These statements require that the financial statements described below be presented:

Government-wide Statements: The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Basis of Presentation - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements: Separate financial statements are provided for the governmental fund and proprietary fund.

D) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Proprietary Funds are accounted for on the flow of *economic resources measurement focus* and use the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District has one type of Proprietary Fund, which is an Enterprise Fund.

Enterprise Funds are used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District maintains one Enterprise Fund, the Water Department, to account for the operations of the District's utility services.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Funds are used to account for the District's Fire activities. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District has one Special Revenue Governmental Fund, which is the Fire Protection Fund. The Fire Protection Fund is used to account for all financial resources and expenditures used to provide fire protection services within the boundaries of the District.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then use unrestricted resources as they are needed.

E) Reconciliation Between the Governmental Fund Financial Statements and Government-wide Statements

The District has one governmental fund that provides fire protection services through the California Department of Forestry. These services are paid for through special assessments. The District currently has no capital assets, long-term debt or other reconciling items necessary to reconcile between the Governmental fund financial statements and the Government-wide statements.

F) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of short-term highly liquid investments with maturities of 90 days or less.

G) Investments

As a governmental entity other than an external investment pool in accordance with GASB 31, the District's investments are stated at fair value.

In applying GASB 31, the District utilized the following methods and assumptions:

- 1) Fair value is based on quoted market prices as of the valuation date;

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

G) Investments - Continued

- 2) The portfolio did not hold investments in any of the following:
 - a) Items required to be reported at amortized cost,
 - b) Items in external pools that are not SEC-registered (excluding government sponsored pools),
 - c) Items subject to involuntary participation in an external pool,
 - d) Items associated with a fund other than the fund to which the income is assigned;
- 3) Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;
- 4) The gain/loss resulting from valuation will be reported within the revenue account "investment earnings" on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds. For Proprietary Fund Types the gain/loss from valuation will be reported within the "investment earnings" account on the Statement of Activities and the Statement of Revenues, Expenses and Changes in Net Position for Proprietary Funds.

H) Water Sales and Accounts Receivable

Water sales revenue is recorded and billed monthly when the service is rendered. During the year ended June 30, 2016, the District reported water sales to one customer which totaled approximately 28.6% as a percentage of consumption. Management has not incurred any additional expense to serve this customer, and the District has more than one source of supply to meet its needs.

I) Allowance for Uncollectible Accounts

The District does not provide an allowance for uncollectible accounts. Based upon prior experience and management's assessment of the collectibility of existing specific accounts all past due accounts have been paid. When accounts become past due, they are transferred to the tax roll and eventually collected.

J) Unbilled Services

Unbilled water services are accrued at year-end.

K) Inventory

Inventory consists of parts, materials and supplies needed to keep the plant and equipment owned by the District in efficient operating condition to supply water to their customers without interruption of such service. It is valued at cost, and when it is used, it is charged out on the first in, first out basis. Water inventory has been added this fiscal year and is stated at its purchase cost using first in, first out method.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

L) Capital Assets

Capital assets of the District are recorded at cost, or if donated, at approximate value on the date contributed. Contributed assets are recorded at the developer's cost or at the value determined by the developer at the date of contribution. The District does not capitalize interest costs incurred on the construction of capital assets. Capital assets purchased in excess of \$2,000 are capitalized if they have an expected useful life greater than one year.

Assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
General Plant	5-30
Source of Supply	10-50
Pumping Plant	25
Water Treatment Plant	33 1/3
Transmission and Distribution	33 1/3

M) Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation, sick, comp and other leave benefits. Sick leave, upon termination, separation or retirement will be paid out at a rate of 50% of the accumulated balance. All other leave balances are paid 100% upon termination, separation or retirement. The accrued liabilities for compensated absences are reflected in the government-wide and proprietary fund financial statements. Currently, there are no compensated absences associated with the governmental activities.

N) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows related to pensions. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 6), which are amortized by an actuarial determined period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows related to pensions. These amounts (see Note 6) are amortized by an actuarial determined period.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

O) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additional to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P) Net Position

GASB No. 63 requires that the difference between assets, liabilities and deferred outflows/inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position classified as net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Q) Fund Equity

Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then use unrestricted resources as they are needed. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (ordinance) by the government's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Q) Fund Equity - Continued

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given. The Board of Directors has by resolution the authority to assign fund balance. However, unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

R) Property Tax

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January	
Levy Year	July 1 to June 30	
Due Dates	November 1	1 st Installment
	February 1	2 nd Installment
Delinquent Dates	December 10	1 st Installment
	April 10	2 nd Installment

Under California law, property taxes and other charges (such as assessments) are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to entities based on complex formulas prescribed by state statutes.

S) Capitalized Expenses

Certain administrative and general expenses, relating to assets under construction, are charged to construction-in-progress until the assets are ready for their intended use. Upon completion of major utility plant additions the capitalized cost is recorded as part of the asset to which it is related and is depreciated over the estimated useful life of the related asset.

T) Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by Management. Actual results could differ from those estimates.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

2) CASH AND INVESTMENTS

Cash and Investments

Cash and Investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	<u>\$ 2,134,216</u>

Cash and investments consist of the following:

Cash on Hand	\$ 500
Deposits with Financial Institutions	620,052
Investments	<u>1,513,664</u>
Total Cash and Investments	<u>\$ 2,134,216</u>

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’s investment policy. 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio ⁽¹⁾	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Negotiable Certificates of Deposit	1 year	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (Other Investment Pools)	N/A	None	None

⁽¹⁾ Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

Disclosures Relating to 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 is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk - Continued

As of June 30, 2016, the District had the following investments:

		<u>Maturity Date</u>	<u>Weighted Average Maturity (Years)</u>
State Investment Pool (LAIF)	\$ 1,117,626	N/A	0.58
U.S. Treasury Notes	<u>396,038</u>	Various	2.50
Total	<u>\$ 1,513,664</u>		

*The District has various non-negotiable Certificates of Deposit with various maturity dates, however, these amounts are considered to be deposits with institutions rather than investments.

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 or the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State Investment Pool (LAIF)	\$ 1,117,626	N/A	\$	\$	\$	\$ 1,117,626
U.S. Treasury Notes	<u>396,038</u>		<u>396,038</u>			
Total	<u>\$ 1,513,664</u>		<u>\$ 0</u>	<u>\$ 396,038</u>	<u>\$ 0</u>	<u>\$ 1,117,626</u>

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of year end, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

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. 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 provisions for deposits and investments: The California Government Code requires that a financial institution secure deposits made by state or local government 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. Negotiable certificates of deposits must be fully insured and have a rating of satisfactory or better.

As of June 30, 2016, none of the District's deposits with financial institutions that were in excess of federal depository insurance limits were held in uncollateralized accounts.

Local Agency Investment Fund (LAIF)

The yield of LAIF for the quarter ended June 30, 2016 was 0.55%. The estimated amortized cost and fair value of the LAIF Pool at June 30, 2016 was \$75,395,751,048 and \$75,442,588,513, respectively. The District's share of the Pool at June 30, 2016 was approximately 0.001481 percent.

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. It is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each district may invest up to \$50,000,000 in the Fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments in LAIF are secured by the full faith and credit of the State of California. The fair value of the District's investment in this Pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$400,000,000 and asset-backed securities totaling \$1,718,918,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

3) FAIR VALUE MEASUREMENTS

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of assets measured on a recurring basis at June 30, 2016, are as follows:

	Fair Value	Uncategorized	Significant Other Observable Inputs (Level 2)
Investments:			
State Investment Pool (LAIF)	\$ 1,117,626	\$ 1,117,626	\$
U.S. Treasury Notes	396,038		396,038
Total Investments	\$ 1,513,664	\$ 1,117,626	\$ 396,038

The State Investment Pool (LAIF) is exempt under GASB No. 72 fair value measurements. The District uses the market approach for Level 2 investments by using information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities. Less actively traded securities use valuation models, such as a matrix pricing technique, by comparing the securities' relationship to other benchmark quoted securities or the most recent price obtained from the market.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

4) CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land and Improvements	\$ 1,301,457	\$ _____	\$ _____	\$ 1,301,457
Total Capital Assets				
Not Depreciated	<u>1,301,457</u>	<u>0</u>	<u>0</u>	<u>1,301,457</u>
Capital Assets, Being Depreciated:				
General Plant	1,735,080	12,772	38,226	1,709,626
Source of Supply	8,997,463	185,571	157,350	9,025,684
Pumping Plant	3,529,008	88,408	59,788	3,557,628
Water Treatment Plant	147,719	55,856	4,349	199,226
Transmission and Distribution Plant	<u>8,068,930</u>	<u>_____</u>	<u>47,877</u>	<u>8,021,053</u>
Total Capital Assets Being				
Depreciated	<u>22,478,200</u>	<u>342,607</u>	<u>307,590</u>	<u>22,513,217</u>
Less Accumulated Depreciation:				
General Plant	(1,314,455)	(79,805)	(5,972)	(1,388,288)
Source of Supply	(1,922,685)	(175,926)	(128,259)	(1,970,352)
Pumping Plant	(1,378,372)	(127,021)	(7,311)	(1,498,082)
Water Treatment Plant	(68,478)	(4,742)	(4,238)	(68,982)
Transmission and Distribution Plant	<u>(4,877,637)</u>	<u>(170,176)</u>	<u>(47,876)</u>	<u>(4,999,937)</u>
Total Accumulated Depreciation	<u>(9,561,627)</u>	<u>(557,670)</u>	<u>(193,656)</u>	<u>(9,925,641)</u>
Total Capital Assets Being				
Depreciated, Net	<u>12,916,573</u>	<u>(215,063)</u>	<u>113,934</u>	<u>12,587,576</u>
Business-type Activities Capital Assets,				
Net of Depreciation	<u>\$ 14,218,030</u>	<u>\$ (215,063)</u>	<u>\$ 113,934</u>	<u>\$ 13,889,033</u>

*Beginning balances for accumulated depreciation were reclassified to correct the beginning balances between categories.

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type Activities:	
Water Enterprise	\$ 557,670

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

5) LONG-TERM LIABILITIES

The following is a summary of changes in Business-type Long-term liabilities for the year:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences (Note 1)	\$ 213,708	\$ 45,954	\$ 53,427	\$ 206,235	\$ 51,559
Net Pension Liability (Note 6)	2,120,073	671,867	680,847	2,111,093	
Note Payable:					
2013 Station 1 Note	86,282		12,039	74,243	12,039
2013 Station 4 Note	59,721		7,876	51,845	7,875
2013 Installment Note	<u>1,951,695</u>		<u>289,697</u>	<u>1,661,998</u>	<u>220,227</u>
 Total	 <u>\$ 4,431,479</u>	 <u>\$ 717,821</u>	 <u>\$ 1,043,886</u>	 <u>\$ 4,105,414</u>	 <u>\$ 291,700</u>

Notes Payable - 2013 Station 1 Note - In August 2012, the District entered into an On-Bill Financing agreement with San Diego Gas & Electric Company for \$120,393 with no interest. The imputed interest on the loan was not significant to the note payable. The agreement is to provide financing for Station 1 IDA improvements that will provide energy efficiency savings.

The payments are due in monthly installments on the District's utility bills from San Diego Gas & Electric Company of \$1,003, commencing September 4, 2012 through September 4, 2022.

For the Year Ended June 30,	Payment
2017	\$ 12,039
2018	12,039
2019	12,039
2020	12,039
2021	12,039
2022 - 2023	<u>14,048</u>
Total	<u>\$ 74,243</u>

Notes Payable - 2013 Station 4 Note - In January 2013, the District entered into an On-Bill Financing agreement with San Diego Gas & Electric Company for \$78,753 with no interest. The imputed interest on the loan was not significant to the note payable. The agreement is to provide financing for Station 4 IDA improvements that will provide energy efficiency savings. The payments are due in monthly installments on the District's utility bills from San Diego Gas & Electric Company of \$656, commencing February 1, 2013 through February 1, 2023.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

5) LONG-TERM LIABILITIES - Continued

For the Year Ended June 30,	Payment
2017	\$ 7,875
2018	7,875
2019	7,875
2020	7,875
2021	7,875
2022 - 2023	12,470
Total	\$ 51,845

Notes Payable - 2013 Installment Note - In July 2013, the District entered into a Loan and Installment Sale agreement with City National Bank for \$2,420,000 with interest rate of 2.35% - 3.55%. The agreement is to provide financing for the refinancing of two installment sale agreements and for the acquisition and construction of a 1.2 million gallon water storage tank and pump station. The payments are due in semiannual installments commencing July 15, 2014 through July 15, 2034. The District only borrowed \$2,372,463 of the \$2,420,000 Installment Note since it made an additional debt service payment on the 2007 Installment Note before it was refinanced.

For the Year Ended June 30,	2004 Refunding Installment Agreement			2007 Refunding Installment Agreement		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 76,154	\$ 895	\$ 77,049	\$ 109,611	\$ 19,601	\$ 129,212
2018				112,534	16,677	129,211
2019				115,536	13,675	129,211
2020				118,618	10,593	129,211
2021				121,783	7,429	129,211
2022-2026				188,792	5,025	193,817
2027-2031						
2032-2034						
Total	\$ 76,154	\$ 895	\$ 77,049	\$ 766,874	\$ 73,000	\$ 839,874

For the Year Ended June 30,	Construction			Total		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 34,462	\$ 28,770	\$ 63,232	\$ 220,227	\$ 49,266	\$ 269,493
2018	35,696	27,536	63,232	148,230	44,213	192,443
2019	36,974	26,257	63,231	152,510	39,932	192,442
2020	38,298	24,933	63,231	156,916	35,526	192,442
2021	39,670	23,562	63,232	161,453	30,991	192,444
2022-2026	220,707	95,451	316,158	409,499	100,476	509,975
2027-2031	263,165	52,994	316,159	263,165	52,994	316,159
2032-2034	149,998	8,081	158,079	149,998	8,081	158,079
Total	\$ 818,970	\$ 287,584	\$ 1,106,554	\$ 1,661,998	\$ 361,479	\$ 2,023,477

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

5) LONG-TERM LIABILITIES - Continued

Pledged Revenues

The District has pledged a portion of future water activities revenues to repay its 2013 Installment Note payable to City National Bank under the agreement with Municipal Finance Corporation. The note payable is secured solely by operating revenues from the proprietary fund. Total principal and interest remaining on the note payable is \$2,023,477 payable through fiscal year 2034. For the current year, principal and interest paid by the operating revenues were \$289,697 and \$52,804, respectively.

6) PENSION PLANS

A) General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

6) PENSION PLANS - Continued

A) General Information about the Pension Plans - Continued

Benefits Provided - Continued

The rate plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formulas	2% at 55 3% at 60	2% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 60+	50 - 67+
Monthly Benefits, as a % of Eligible Compensation	2% - 3%	2.3%
Required Employee Contribution Rates	8%	6.25% - 8%
Required Employer Contribution Rates	11.718%	6.25%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District's contributions to the Plan for the year ended June 30, 2016 were \$111,791.

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The District reported net pension liability for its proportionate shares of the net pension liability of the Plan of \$2,111,093.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

6) PENSION PLANS - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – Continued

The District's proportionate share of the net pension liability as of June 30, 2014 and 2015 was as follows:

	CalPERS Pension Plan
Proportion - June 30, 2014	0.03407%
Proportion - June 30, 2015	0.07695%
Change - Increase (Decrease)	0.04288%

For the year ended June 30, 2016, the District recognized pension expense of \$324,854. At June 30, 2016, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 362,982	\$
Differences between actual and expected experience	24,229	
Changes in assumptions		(229,232)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	543,480	(27,657)
Net differences between projected and actual earnings on plan investments		(114,917)
Total	\$ 930,691	\$ (371,806)

The \$362,982 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

	Year Ended June 30		
	2017	\$	38,975
	2018		30,442
	2019		(20,406)
	2020		146,892

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

6) PENSION PLANS - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuation were determined using the following actuarial assumptions:

	CalPERS Pension Plan
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal
<i>Actuarial Assumptions:</i>	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service ⁽¹⁾
Investment Rate of Return	7.65% ⁽²⁾
Mortality Rate Table ⁽³⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ Depending on age, service and type of employment.

⁽²⁾ Net of pension plan investment expenses, includes inflation.

⁽³⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2010 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

6) PENSION PLANS - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above the rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was approved by the CalPERS Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

6) PENSION PLANS - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS Pension Plan
1% Decrease	6.65%
Net Pension Liability	\$ 3,144,728
Current Discount Rate	7.65%
Net Pension Liability	\$ 2,111,093
1% Increase	8.65%
Net Pension Liability	\$ 1,257,707

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net positions is available in the separately issued CalPERS financial reports.

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In May 2000, the District Board of Directors approved and adopted a postemployment healthcare plan ("the Retiree Health Benefit Plan") for the benefit of its management employees to be effective July 1, 2000. The plan is permitted under Government Code Section 53200 et. Seq. The Board of Directors establishes and has the authority to amend the plan provisions. The Board of Directors amended the plan on April 25, 2011 to a defined contribution plan effective July 1, 2011 for new management employees. Participants in the plan as of June 30, 2011 will continue to receive benefits under the defined benefit plan's provisions prior to this amendment.

In September 2010, the District established an irrevocable trust fund through the California Public Employees' Retiree Benefits Trust (CERBT), an agent multiple-employer postemployment healthcare trust administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funding Policy

Under the defined contribution plan, contributions to the plan are made solely by the District which are established and may be amended by the Board of Directors. The District contributes 100% of the health insurance premiums for an eligible retirement management employee and spouse, not to exceed:

- \$320 per month for retiree and spouse coverage;
- \$200 per month for retiree only coverage; and
- \$160 per month for retiree's spouse only coverage.

The District's contribution toward the health insurance premiums will cease when the retired management employee and spouse reach age 65. For the fiscal year ended June 30, 2016, the District made \$107,852 contributions to the Plan representing the District's 2016 annual required contributions to fund the trust. The District, currently, has two retirees receiving benefits from the plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's Net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 72,892
Interest on Net OPEB Obligation	0
Adjustments to Annual Required Contribution	<u>0</u>
 Annual OPEB Cost (Expense)	 72,892
Contributions Made	<u>(107,852)</u>
 Increase (Decrease) in Net OPEB Obligation	 (34,960)
Net OPEB Obligation (Asset) - Beginning of Year	<u>0</u>
 Net OPEB Obligation (Asset) - End of Year	 <u><u>\$ (34,960)</u></u>

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Annual OPEB Cost and Net OPEB Obligation - Continued

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB obligation for fiscal year 2016 and the two preceding fiscal years were as follows:

THREE-YEAR TREND INFORMATION			
Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net Obligation (Asset)
6/30/14	\$ 110,273	100.0%	\$ 0
6/30/15	\$ 111,518	100.0%	\$ 0
6/30/16	\$ 107,852	100.0%	\$ (34,960)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,241,218
Actuarial Value of Plan Assets	\$ 1,148,134
Unfunded Actuarial Accrued Liability (UAAL)	\$ 93,084
Funded Ratio (Actuarial Value of Plan Assets/AAL)	92.5%
Covered Payroll (Active Plan Members)	\$ 605,257
UAAL as a Percentage of Covered Payroll	15.4%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as *required supplementary information* following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Through CERBT, the District is required to perform an actuarial valuation every two years.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Methods and Assumptions - Continued

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first year in which the member would qualify for benefits.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2010 United States Life Tables for Males and for Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections from the National Health Expenditures (NHE) reports issued in July 2015. These reports used information from the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.8 percent initially, increased to an ultimate rate of 6.5 percent after six years, was used.

Health Insurance Premiums - 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - The expected long-term inflation assumption of 4.0 percent was based on the payroll growth rate.

Payroll Growth Rate - The expected long-term payroll growth rate was based on an average of the prior ten years.

Based on using the CalPERS CERBT Asset Allocation Strategy 1, a discount rate of 7.28 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was thirty years.

8) DEFERRED COMPENSATION PLAN

The District offers their employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is under two investment group contracts, Valic and CalPERS, which offer a variety of variable rates. The plan permits employees to defer a portion of their salary until future retirement years. Eligibility to participate is after six months of service. The plan requires a minimum of \$25 per month to be allocated for each option preference. The maximum amount that may be deferred under this plan for the calendar year 2016 was \$18,000 per participant and is \$18,000 for the calendar year 2015; or up to 25% of gross compensation.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

9) FIRE MITIGATION FEE PROGRAM

On March 20, 1987 the Board of Directors of the District passed Resolution Number 404-87 effective July 1, 1987 establishing a Fire Mitigation Fee Program. Since that time, the District has annually re-established participation in the program. The Board resolved to participate in the San Diego County's Fire Mitigation Fee Program whereby the District requests the County of San Diego to collect 100% of the ceiling amount of the fire mitigation fee on the District's behalf from applicants for building permits or other permits for development. This percent of ceiling fee is equal to or less than capital facility expansion needs caused by new development. Mitigation fees paid under this program will be used to expand the availability of capital facilities and equipment to serve new development. A separate budget accounting category has been set up on the books of the District to be known as the San Diego County Fire Mitigation Fee Fund.

10) NET POSITION - DESIGNATED

In addition to the regulatory restrictions imposed by state law, the Board of Directors by resolution allocated and designated unrestricted net position balances for business-type activities for the following purposes:

	<u>Beginning of Year</u>	<u>Additions Transfers In</u>	<u>Dispositions Transfers Out</u>	<u>End of Year</u>
Customer Rate Stabilization	\$ 51,499	\$	\$	\$ 51,499
Minimum Operating Reserve	32,969	565,442		598,411
Continuing Capital Projects	<u>199,521</u>	<u></u>	<u>167,586</u>	<u>31,935</u>
Total	<u>\$ 283,989</u>	<u>\$ 565,442</u>	<u>\$ 167,586</u>	<u>\$ 681,845</u>

11) JOINT VENTURE

On June 18, 1976, the District entered into a joint powers agreement for fire protection services with Pauma Municipal Water District and Mootamai Municipal Water District. The fire protection services are provided by the California Department of Forestry and Fire Protection (CALFIRE). The District under the agreement is responsible for administrating these services and determining each district's proportionate share. This activity is reflected in the financial statements in the fire protection governmental fund.

12) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2016

12) RISK MANAGEMENT - Continued

The District is a member of Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage from commercial insurance carriers to reduce its exposure to large losses.

The District pays annual premiums for its liability (auto, general, and public officials), property loss, workers' compensation, and fidelity bond coverage. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged or credited to expense as invoiced. The District's insurance expense for year ended June 30, 2016 was \$37,164. There were no instances in the past three years where a settlement exceeded the District's coverage.

13) COMMITMENTS AND CONTINGENCIES

Legal

The District is involved with various potential litigation matters. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial condition of the District.

Economic Dependency

For fiscal year ended June 30, 2016, 61.5% of water sold by the District is purchased from the San Diego Water Authority and 38.5% is produced or purchased from local groundwater sources. All electricity used by the District for pumping and operations is purchased from San Diego Gas and Electric.

REQUIRED SUPPLEMENTARY INFORMATION

Yuima Municipal Water District
Schedule of the District's Proportionate Share of the Net Pension Liability
CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2016

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered - Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.03407%	\$ 2,120,073	\$ 1,093,443	193.89%	70.93%
2016	0.07695%	\$ 2,111,093	\$ 937,320	225.23%	72.19%

Notes to Schedule:

Benefit Changes. In 2016, there was no benefit terms modified.

Changes in Assumptions. In 2016, changes in assumptions resulted primarily from the following:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

⁽¹⁾ Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

**Yuima Municipal Water District
Schedule of Contributions
CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2016**

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 378,037	\$ (378,037)	\$ 0	\$ 1,093,433	34.57%
2016	\$ 362,982	\$ (362,982)	\$ 0	\$ 937,320	38.73%

⁽¹⁾ Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

Yuima Municipal Water District
Schedule of Funding Progress for OPEB
Year Ended June 30, 2016

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial liability as a percentage of annual covered payroll as of June 30:

Required Supplementary Information
Schedule of Funding Progress - Retiree Health Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets In Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2011	\$ 553,428	\$ 1,213,410	\$ 659,982	45.6%	\$ 509,961	129.4%
June 30, 2013	\$ 822,227	\$ 1,355,558	\$ 533,331	60.7%	\$ 541,763	98.4%
June 30, 2015	\$ 1,148,134	\$ 1,241,218	\$ 93,084	92.5%	\$ 605,257	15.4%

Yuima Municipal Water District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Governmental Fund Type - Fire Protection
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Fire Protection Special Tax	\$ 51,096	\$ 51,096	\$ 51,564	\$ 468
Mitigation Fees			7,601	7,601
Contributions	224,259	224,259	55,844	(168,415)
Investment Earnings			19	19
Grants	8,000	8,000	6,693	(1,307)
	<u>283,355</u>	<u>283,355</u>	<u>121,721</u>	<u>(161,634)</u>
Total Revenues				
EXPENDITURES				
General and Administration	1,000	1,000	4,567	(3,567)
Fire Protection	283,355	283,355	112,587	170,768
	<u>284,355</u>	<u>284,355</u>	<u>117,154</u>	<u>167,201</u>
Total Expenditures				
Excess of Revenues Over Expenditures	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	4,567	<u>\$ 5,567</u>
Fund Balance - Beginning of Year			<u>115,483</u>	
Fund Balance - End of Year			<u>\$ 120,050</u>	

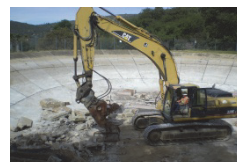
Yuima Municipal Water District
Notes to Required Supplementary Information
Year Ended June 30, 2016

1. BUDGETARY DATA

The budget process begins in March with input from staff with a series of goals and objectives in mind. The General Manager and Department Heads discuss the budget process and departments submit budget requests. Budget requests are refined by the Department Heads and approved by the General Manager. Following a series of Finance Committee meetings with the Board of Directors a program is presented that is fiscally sound, prudent, and necessary for the continued efficient operation of the District during the coming year. The proposed budget is then presented to the Board of Directors for review and ultimate approval in June.

The appropriated budget is prepared by fund and object which is reflected in the budget to actual schedule on page 52. The General Manager may make transfers of appropriations within the fund up to \$15,000. Any other changes, requires the approval of the Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

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STATISTICAL SECTION

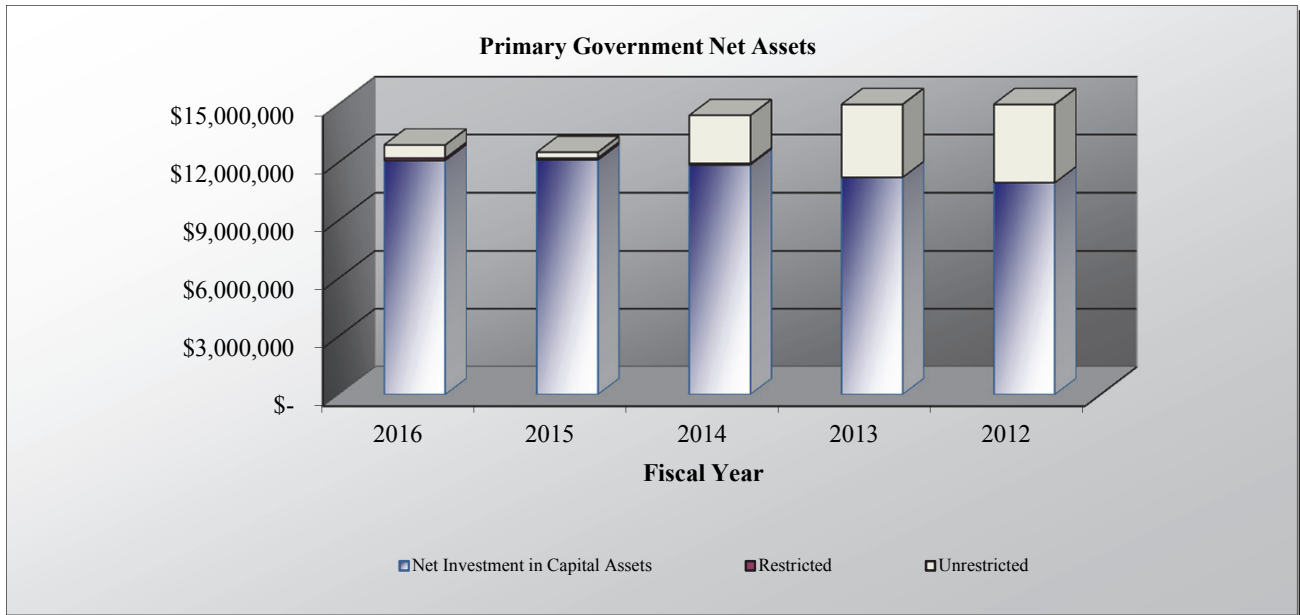
This part of the Yuima Municipal Water District comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	56
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, water sales.	63
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.	69
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	73
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	76

**Yuima Municipal Water District
Net Position by Component
Last Ten Fiscal Years**

Page 1 of 2

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities:					
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	120,050	115,783	60,942	1,512	-
Unrestricted	-	-	-	-	(141)
Total Governmental Activities Net Assets	\$ 120,050	\$ 115,783	\$ 60,942	\$ 1,512	\$ (141)
Business - type Activities					
Net Investment in Capital Assets	\$ 12,100,947	\$ 12,120,332	\$ 11,878,249	\$ 11,224,659	\$ 10,954,646
Restricted	-	-	-	-	-
Unrestricted	681,845	283,989	2,488,978	4,491,741	4,503,571
Total Business-type Activities Net Assets	\$ 12,782,792	\$ 12,404,321	\$ 14,367,227	\$ 15,716,400	\$ 15,458,217
Primary Government					
Net Investment in Capital Assets	\$ 12,100,947	\$ 12,120,332	\$ 11,878,249	\$ 11,224,659	\$ 10,954,646
Restricted	120,050	115,483	60,942	1,512	-
Unrestricted	681,845	283,989	2,488,978	4,491,741	4,503,430
Total Primary Government Net Assets	\$ 12,902,842	\$ 12,519,804	\$ 14,428,169	\$ 15,717,912	\$ 15,458,076



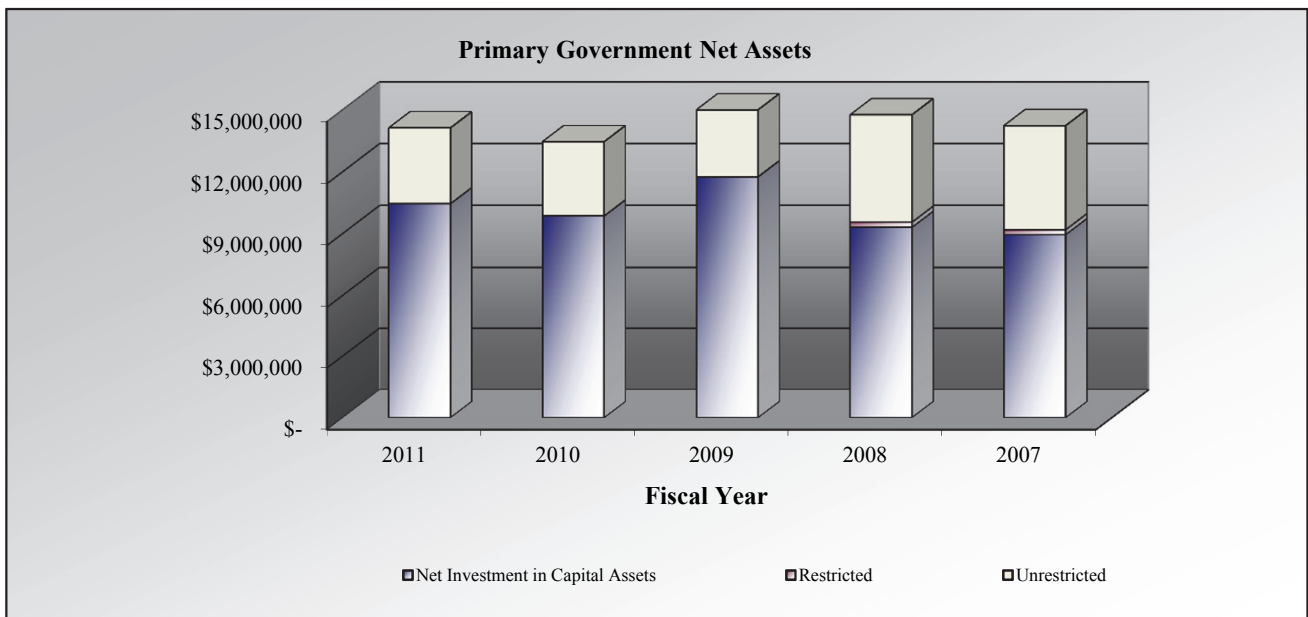
Source: Yuima Municipal Water District

Notes: The District's assets consist primarily of water treatment and distribution facilities.

**Yuima Municipal Water District
Net Position by Component
Last Ten Fiscal Years**

Page 2 of 2

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities:					
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,628	10,276	14,997	250,617	241,565
Unrestricted	-	-	-	-	-
Total Governmental Activities Net Assets	\$ 7,628	\$ 10,276	\$ 14,997	\$ 250,617	\$ 241,565
Business - type Activities					
Net Investment in Capital Assets	\$ 10,441,399	\$ 9,851,232	\$ 11,745,488	\$ 9,297,688	\$ 8,947,575
Restricted	-	-	-	-	-
Unrestricted	3,673,419	3,594,996	3,833,288	5,209,324	5,046,011
Total Business-type Activities Net Assets	\$ 14,114,818	\$ 13,446,228	\$ 15,578,776	\$ 14,507,012	\$ 13,993,586
Primary government					
Net Investment in Capital Assets	\$ 10,441,399	\$ 9,851,232	\$ 11,745,488	\$ 9,297,688	\$ 8,947,575
Restricted	7,628	10,276	14,997	250,617	241,565
Unrestricted	3,673,419	3,594,996	3,833,288	5,209,324	5,046,011
Total Primary Government Net Assets	\$ 14,122,446	\$ 13,456,504	\$ 15,593,773	\$ 14,757,629	\$ 14,235,151



Source: Yuima Municipal Water District

Notes: The District's assets consist primarily of water treatment and distribution facilities.

Yuima Municipal Water District
Changes in Net Position
Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses					
Governmental Activities:					
Fire Protection	\$ 117,154	\$ 81,806	\$ 5,486	\$ 149,968	\$ 214,549
Total Governmental Activities Expenses	<u>117,154</u>	<u>81,806</u>	<u>5,486</u>	<u>149,968</u>	<u>214,549</u>
Business-type activities:					
Water Activities	9,992,584	11,625,791	12,972,013	8,462,595	6,312,177
Interest on Long-term Debt	-	-	-	-	-
Total Business-type Activities Expenses	<u>9,992,584</u>	<u>11,625,791</u>	<u>12,972,013</u>	<u>8,462,595</u>	<u>6,312,177</u>
Total Primary Government Expenses	<u>\$ 10,109,738</u>	<u>\$ 11,707,597</u>	<u>\$ 12,977,499</u>	<u>\$ 8,612,563</u>	<u>\$ 6,526,726</u>
Program Revenues					
Governmental Activities:					
Charges for Services - Fire Protection	\$ 59,165	\$ 56,838	\$ 55,052	\$ 51,288	\$ 51,406
Operating Grants & Contributions - Fire Protection	62,537	79,495	1,650	92,842	146,859
Capital Grants and Contributions - Fire Protection	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>121,702</u>	<u>136,333</u>	<u>56,702</u>	<u>144,130</u>	<u>198,265</u>
Business-type Activities:					
Charges for Services - Water Activities	9,928,163	11,260,495	11,177,486	8,438,943	7,196,652
Operating Grants & Contributions - Water Activities	-	-	-	-	-
Capital Grants & Contributions - Water Activities	-	-	-	-	-
Total Business-type Activities Program Revenues	<u>9,928,163</u>	<u>11,260,495</u>	<u>11,177,486</u>	<u>8,438,943</u>	<u>7,196,652</u>
Total Primary Government Program Revenues	<u>\$ 10,049,865</u>	<u>\$ 11,396,828</u>	<u>\$ 11,234,188</u>	<u>\$ 8,583,073</u>	<u>\$ 7,394,917</u>
Net (Expense)/Revenue					
Governmental Activities	\$ 4,548	\$ 54,527	\$ 51,216	\$ (5,838)	\$ (16,284)
Business-type Activities	(64,421)	(365,296)	(1,794,527)	(23,652)	884,475
Total Primary Government Net (Expense)/Revenue	<u>\$ (59,873)</u>	<u>\$ (310,769)</u>	<u>\$ (1,743,311)</u>	<u>\$ (29,490)</u>	<u>\$ 868,191</u>
General Revenues and Other					
Changes in Net Position					
Governmental Activities:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	19	14	11	11	13
Other	-	-	8,203	7,480	8,502
Total Governmental Activities	<u>19</u>	<u>14</u>	<u>8,214</u>	<u>7,491</u>	<u>8,515</u>
Business-type Activities:					
Property Taxes	390,735	396,037	378,146	372,995	388,271
Investment Income	22,222	22,582	34,020	44,587	39,395
Other	29,935	71,076	33,188	3,477	31,258
Special Item	-	-	-	(139,224)	-
Total Business-type Activities	<u>442,892</u>	<u>489,695</u>	<u>445,354</u>	<u>281,835</u>	<u>458,924</u>
Total Primary Government	<u>\$ 442,911</u>	<u>\$ 489,709</u>	<u>\$ 453,568</u>	<u>\$ 289,326</u>	<u>\$ 467,439</u>
Change in Net Position					
Governmental Activities	\$ 4,567	\$ 54,541	\$ 59,430	\$ 1,653	\$ (7,769)
Business-type Activities	378,471	124,399	(1,349,173)	258,183	1,343,399
Total Primary Government	<u>\$ 383,038</u>	<u>\$ 178,940</u>	<u>\$ (1,289,743)</u>	<u>\$ 259,836</u>	<u>\$ 1,335,630</u>

Source: Yuima Municipal Water District

Yuima Municipal Water District
Changes in Net Position
Last Ten Fiscal Years

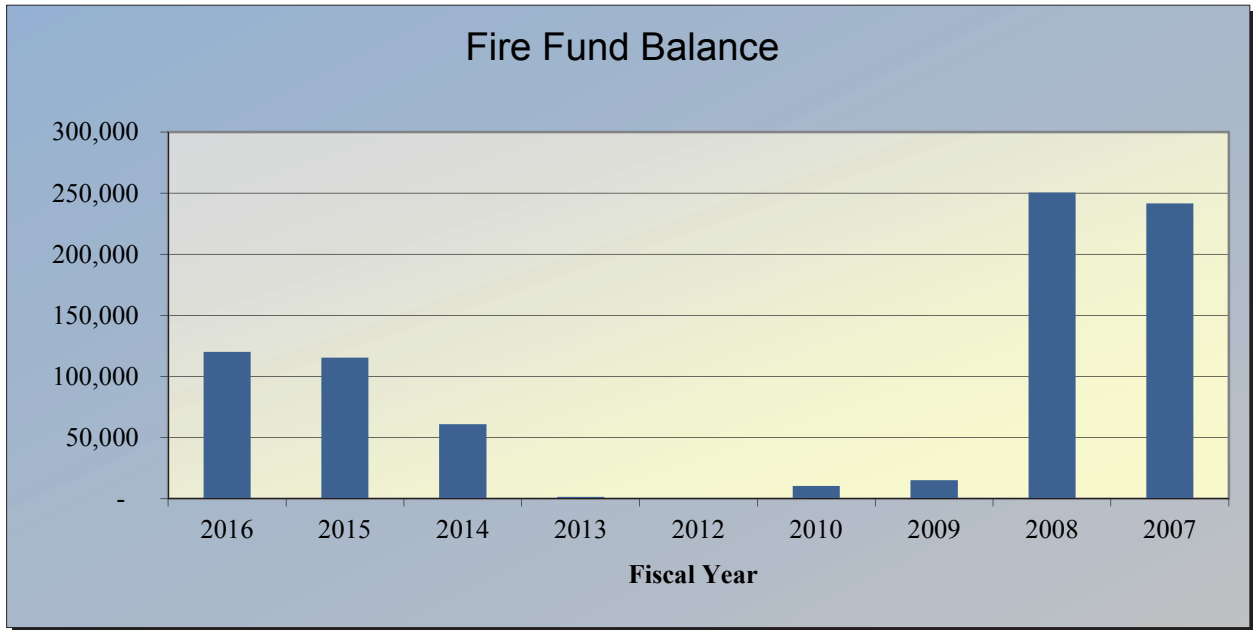
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	Fiscal Year				
	2011	2010	2009	2008	2007
Expenses					
Governmental Activities:					
Fire Protection	\$ 235,432	\$ 221,085	\$ 342,006	\$ 144,288	\$ 55,288
Total Governmental Activities Expenses	<u>235,432</u>	<u>221,085</u>	<u>342,006</u>	<u>144,288</u>	<u>55,288</u>
Business-type activities:					
Water Activities	6,535,139	7,667,445	6,629,393	7,386,450	7,334,519
Interest on Long-term Debt	-	-	111,912	90,019	46,529
Total Business-type Activities Expenses	<u>6,535,139</u>	<u>7,667,445</u>	<u>6,741,305</u>	<u>7,476,469</u>	<u>7,381,048</u>
Total Primary Government Expenses	<u>\$ 6,770,571</u>	<u>\$ 7,888,530</u>	<u>\$ 7,083,311</u>	<u>\$ 7,620,757</u>	<u>\$ 7,436,336</u>
Program Revenues					
Governmental Activities:					
Charges for Services	\$ 49,763	\$ 51,727	\$ 55,855	\$ 51,000	\$ 61,585
Operating Grants and Contributions	174,094	155,075	34,840	87,926	-
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>223,857</u>	<u>206,802</u>	<u>90,695</u>	<u>138,926</u>	<u>61,585</u>
Business-type Activities:					
Charges for Services	6,763,277	6,815,249	6,811,581	6,918,807	6,675,823
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	440,271	170,820	-
Total Business-type Activities Program Revenues	<u>6,763,277</u>	<u>6,815,249</u>	<u>7,251,852</u>	<u>7,089,627</u>	<u>6,675,823</u>
Total Primary Government Program Revenues	<u>\$ 6,987,134</u>	<u>\$ 7,022,051</u>	<u>\$ 7,342,547</u>	<u>\$ 7,228,553</u>	<u>\$ 6,737,408</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (11,575)	\$ (14,282)	\$ (251,311)	\$ (5,362)	\$ 6,297
Business-type Activities	228,138	(852,196)	510,547	(386,842)	(705,225)
Total Primary Government Net (Expense)/Revenue	<u>\$ 216,563</u>	<u>\$ (866,478)</u>	<u>\$ 259,236</u>	<u>\$ (392,204)</u>	<u>\$ (698,928)</u>
General Revenues and Other					
Changes in Net Assets					
Governmental Activities:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	22	38	1,905	8,754	8,711
Other	8,905	9,523	13,786	5,660	-
Total Governmental Activities	<u>8,927</u>	<u>9,561</u>	<u>15,691</u>	<u>14,414</u>	<u>8,711</u>
Business-type Activities:					
Property Taxes	381,507	396,197	429,668	413,896	587,046
Investment Income	46,694	60,929	130,217	253,442	277,258
Other	12,251	5,717	1,332	16,214	235,022
Special Item	-	(1,743,195)	-	-	-
Total Business-type Activities	<u>440,452</u>	<u>(1,280,352)</u>	<u>561,217</u>	<u>683,552</u>	<u>1,099,326</u>
Total Primary Government	<u>\$ 449,379</u>	<u>\$ (1,270,791)</u>	<u>\$ 576,908</u>	<u>\$ 697,966</u>	<u>\$ 1,108,037</u>
Change in Net Position					
Governmental Activities	\$ (2,648)	\$ (4,721)	\$ (235,620)	\$ 9,052	\$ 15,008
Business-type Activities	668,590	(2,132,548)	1,071,764	296,710	394,101
Total Primary Government	<u>\$ 665,942</u>	<u>\$ (2,137,269)</u>	<u>\$ 836,144</u>	<u>\$ 305,762</u>	<u>\$ 409,109</u>

Source: Yuima Municipal Water District

**Yuima Municipal Water District
Fund Balances of Governmental Funds
Last Ten Years**

Fiscal Year Ended	GOVERNMENTAL FUNDS			Total Unassigned Balance	Total Restricted Balance
	General ⁽¹⁾ Fund	Fire Fund	Total Balance		
2016	\$ -	\$ 120,050	\$ 120,050	\$ -	\$ 120,050
2015	-	115,483	115,483	-	115,483
2014	-	60,942	60,942	-	60,942
2013	-	1,512	1,512	-	1,512
2012	-	(141)	(141)	(141)	-
2011	-	7,628	7,628	-	7,628
2010	-	10,276	10,276	-	10,276
2009 ⁽²⁾	-	14,997	14,997	-	14,997
2008	-	250,617	250,617	-	250,617
2007	-	241,565	241,565	-	241,565



Source: Yuima Municipal Water District

Notes: (1) The District does not have a governmental type general fund.

(2) The Fire Mitigation Fee project consisted of building a Fire Apparatus Bay at the Cal Fire CDF location. The project was completed at a total cost of \$268,000. It was funded as a joint project with Yuima, Pauma, and Mootamai Municipal Water Districts.

Yuima Municipal Water District
Changes in Fund Balances of Governmental Fund
Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Fire Protection Special Tax	\$ 51,564	\$ 54,663	\$ 50,715	\$ 50,715	\$ 50,688
Mitigation Fees	7,601	2,175	4,337	573	718
Contributions	55,844	72,000	1,650	92,842	146,859
Investment Income	19	14	11	11	13
Miscellaneous (EMS Funds)	6,693	7,495	8,203	7,480	8,502
Total Revenues	<u>121,721</u>	<u>136,347</u>	<u>64,917</u>	<u>151,621</u>	<u>206,780</u>
Expenditures					
General and Administrative	4,567	3,567	3,835	2,431	2,591
Capital Expenditures	-	-	-	-	-
Fire Protection	<u>112,587</u>	<u>78,239</u>	<u>1,651</u>	<u>147,537</u>	<u>211,958</u>
Total Expenditures	<u>117,154</u>	<u>81,806</u>	<u>5,486</u>	<u>149,968</u>	<u>214,549</u>
Net Change in Fund Balances	<u>\$ 4,567</u>	<u>\$ 54,541</u>	<u>\$ 59,430</u>	<u>\$ 1,653</u>	<u>\$ (7,769)</u>

Source: CAFR - Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds

- Notes:
- (1) CalFire called an early fire season in the 2015-16 Fiscal Year. This resulted in a reduced amount the fire contract charges that were incurred during this reporting period.
 - (2) CalFire did not call a "Non-Fire Season in Fiscal Year 2014-15, therefore no fire contract charges were incurred during this reporting period. A contribution was received (and expended) for the purchase of two emergency extraction devices ("Jaws of Life") during the fiscal year 2014-15.
 - (3) CalFire did not call a "Non-Fire Season" in fiscal year 2013-14, therefore no fire contract charges or contributions were incurred during this reporting period.

Yuima Municipal Water District
Changes in Fund Balances of Governmental Fund
Last Ten Fiscal Years

Page 2 of 2

	Fiscal Year				
	2011	2010	2009	2008	2007
Revenues					
Fire Protection Special Tax	\$ 48,968	\$ 51,059	\$ 51,502	\$ 49,555	\$ 48,671
Mitigation Fees	795	668	4,533	1,445	12,914
Contributions	174,094	155,075	123,251	123,350	-
Investment Income	22	38	1,905	8,754	8,711
Miscellaneous (EMS Funds)	8,905	9,523	13,786	5,660	-
Total Revenues	<u>232,784</u>	<u>216,363</u>	<u>194,977</u>	<u>188,764</u>	<u>70,296</u>
Expenditures					
General and Administrative	3,800	5,589	3,428	2,274	5,773
Capital Expenditures	-	-	268,000	-	-
Fire Protection	<u>231,632</u>	<u>215,495</u>	<u>190,863</u>	<u>174,654</u>	<u>49,515</u>
Total Expenditures	<u>235,432</u>	<u>221,084</u>	<u>462,291</u>	<u>176,928</u>	<u>55,288</u>
Net Change in Fund Balances	<u>\$ (2,648)</u>	<u>\$ (4,721)</u>	<u>\$ (267,314)</u>	<u>\$ 11,836</u>	<u>\$ 15,008</u>

Source: CAFR - Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds

Notes: The Fire Fund has no related debt, therefore no debt expenditures or ratio is presented.

**Yuima Municipal Water District
Commodity Charges and Base Charges
Last Ten Fiscal Years**

Commodity Charges

Fiscal Year Ended	Agricultural Water Rate (per acre foot)		Domestic Water Rate (per acre foot)		Average Annual Increase	Pumping Charge			Average Annual Increase
	Yuima	IDA	Yuima	IDA		Yuima	IDA (Range)		
2016 ¹	\$ 1,225	\$ 867	\$ 1,401	\$ 867	1%	\$ 96	\$ 70	\$ 338	0%
2015 ^{2*}	\$ 1,203	\$ 867	\$ 1,358	\$ 867	13%	\$ 96	\$ 70	\$ 338	0%
2015 ²	\$ 1,046	\$ 777	\$ 1,202	\$ 777	7%	\$ 96	\$ 70	\$ 338	0%
2014 ³	\$ 978	\$ 727	\$ 1,123	\$ 727	4%	\$ 96	\$ 70	\$ 338	5%
2013	\$ 966	\$ 715	\$ 982	\$ 722	0%	\$ 91	\$ 67	\$ 321	0%
2012	\$ 966	\$ 715	\$ 982	\$ 722	-4%	\$ 91	\$ 67	\$ 321	0%
2011	\$ 966	\$ 727	\$ 1,066	\$ 776	14%	\$ 91	\$ 67	\$ 321	5%
2010	\$ 854	\$ 646	\$ 927	\$ 675	12%	\$ 87	\$ 64	\$ 307	0%
2009	\$ 742	\$ 562	\$ 848	\$ 619	11%	\$ 87	\$ 64	\$ 307	7%
2008	\$ 669	\$ 506	\$ 764	\$ 558	10%	\$ 81	\$ 60	\$ 287	10%
2007	\$ 608	\$ 460	\$ 695	\$ 509	8%	\$ 74	\$ 54	\$ 261	4%

Base Charges

Fiscal Year Ended	Monthly Meter Charge by Meter Size										Average Annual Increase
	5/8"	1"	1¼" & 1½"	2"	3"	4"	5"	6"	8"		
2016 ¹	\$ 35	\$ 56	\$ 106	\$ 183	\$ 338	\$ 578	\$ 817	\$ 1,057	\$ 1,831	15%	
2015 ²	\$ 31	\$ 49	\$ 92	\$ 159	\$ 294	\$ 502	\$ 711	\$ 919	\$ 1,593	7%	
2014	\$ 29	\$ 46	\$ 86	\$ 149	\$ 275	\$ 469	\$ 664	\$ 859	\$ 1,488	0%	
2013	\$ 29	\$ 46	\$ 86	\$ 149	\$ 275	\$ 469	\$ 664	\$ 859	\$ 1,488	7%	
2012	\$ 27	\$ 43	\$ 80	\$ 139	\$ 257	\$ 439	\$ 621	\$ 803	\$ 1,391	7%	
2011	\$ 25	\$ 40	\$ 75	\$ 130	\$ 240	\$ 410	\$ 580	\$ 744	\$ 1,300	7%	
2010	\$ 23	\$ 37	\$ 70	\$ 122	\$ 224	\$ 383	\$ 542	\$ 695	\$ 1,215	7%	
2009	\$ 22	\$ 35	\$ 66	\$ 114	\$ 210	\$ 358	\$ 507	\$ 650	\$ 1,136	10%	
2008	\$ 20	\$ 32	\$ 60	\$ 103	\$ 191	\$ 326	\$ 461	\$ 591	\$ 1,032	10%	
2007	\$ 18	\$ 29	\$ 54	\$ 94	\$ 173	\$ 296	\$ 419	\$ 542	\$ 939	0%	

Source: Yuima Municipal Water District

Notes: (1) Effective July 1, 2015, the Board approved an increase between 1.57% and 3.16% in the base water rate and

(2) Effective July 1, 2014, the Board approved a 7% increase in the base water rate and the monthly meter fee.

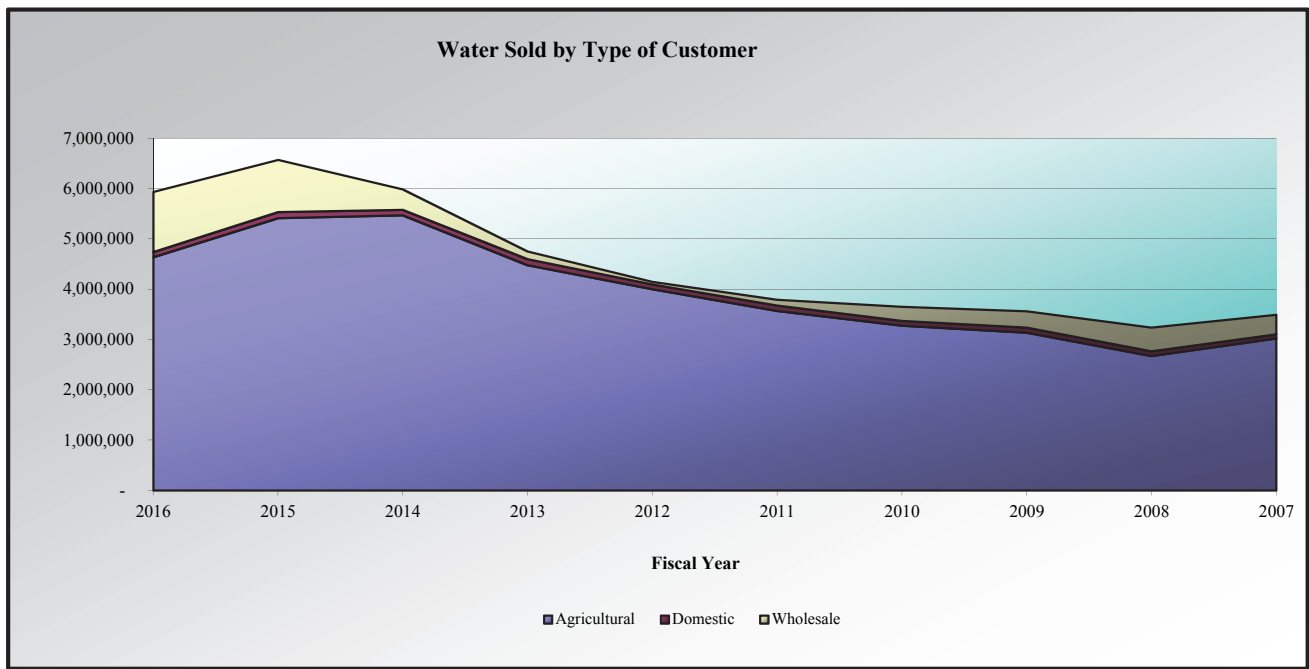
(2*) Additionally, effective January 1, 2015, the Board approved a 13-15% increase in the base water rate.

(3) Effective November 1, 2013, the Board approved a tiered structure. The stated water rates for 2014 represent Tier 1.

The District annually performs a water rate study to determine the new water rates for the following fiscal year. The rate calculations begin with a determination of the total amount of revenue required and represent a balance between a fixed charge for each meter and a variable charge for the volume of water used by each customer. The allocation of revenue between base (fixed) charges and commodity (variable) charges is determined by the Board and are based upon the desired percentage of revenue to be derived from fixed and variable sources of income. Typically, 70-75% of revenue is derived from commodity charges and the remainder from the base charges.

**Yuima Municipal Water District
Water Sold by Type of Customer
Last Ten Fiscal Years**

Fiscal Year Ended	Yuima and IDA Combined								Total Rainfall ⁽³⁾ (inches)	Average District Rate ⁽⁴⁾
	Agricultural		Domestic		Wholesale Ag/Dom		Total Water Sales ⁽¹⁾⁽²⁾			
	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet		
2016	\$ 4,637,000	5,079	\$ 102,646	107	\$ 1,196,111	701	\$ 5,935,757	5,888	19.50	\$ 1,008.11
2015	5,410,989	6,167	125,426	131	1,033,256	877	6,569,670	7,176	14.61	915.56
2014	5,468,903	6,704	109,031	163	406,854	724	5,984,789	7,591	8.19	788.40
2013	4,480,984	6,006	119,586	146	152,246	158	4,752,817	6,310	13.51	753.18
2012	3,998,764	5,318	98,626	119	47,620	50	4,145,011	5,487	17.20	755.44
2011	3,570,935	4,721	108,655	123	109,128	115	3,788,717	4,959	25.72	764.01
2010	3,273,868	4,853	97,934	128	281,463	330	3,653,265	5,311	23.97	687.89
2009	3,137,544	5,319	101,947	145	325,005	445	3,564,496	5,909	15.71	603.23
2008	2,739,344	5,221	96,922	152	471,004	715	2,836,266	6,088	22.51	465.85
2007	3,069,972	6,566	85,156	155	383,500	660	3,538,628	7,381	9.27	479.46

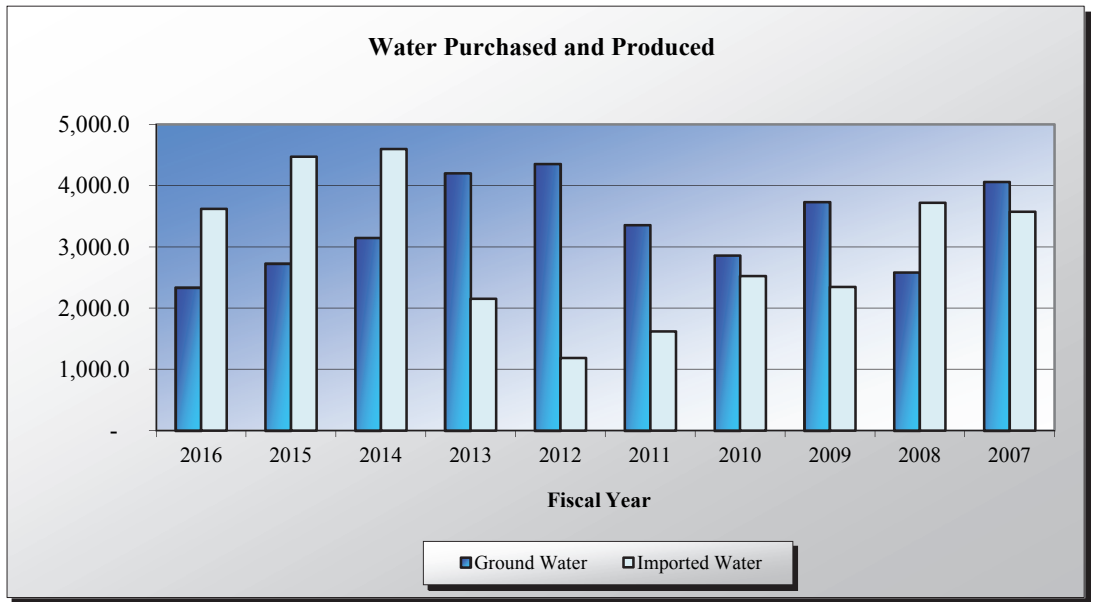


Source: Yuima Municipal Water District

- Notes:
- (1) Yuima's primary and only significant revenue source is retail water sales. The proportion of customer type that makes up the revenue base has remained relatively unchanged for the time frame presented. Agricultural and Wholesale water customers make up the largest section of the revenue base. Consequently, demand peaks sharply during dry years when irrigation requirements are greatest and drops during wet years. As a result in fiscal years of higher rainfall a corresponding dip in Total Acre Feet Sold can be seen.
 - (2) Although revenue by customer type is not presented separately on the face of the financial statements, these revenues are recorded separately in the District's general ledger for tracking purposes.
 - (3) Rainfall is measured at the "Johnson" property located at the top of Quail Drive, Pauma Valley, California at an elevation of 2,055 ft.
 - (4) Calculated average rate. See page 63 for actual rates.

Yuima Municipal Water District Water Purchased and Produced Last Ten Fiscal Years

Fiscal Year Ended	Yuima & IDA Combined (Acre Feet)			Percent Ground Water	Percent Imported Water
	Ground Water ⁽¹⁾	Imported Water	Total Water Produced		
2016	2,334.3	3,621.1	5,955.4	39%	61%
2015	2,726.6	4,468.4	7,195.0	38%	62%
2014	3,145.7	4,596.1	7,741.8	41%	59%
2013	4,199.9	2,149.3	6,349.2	66%	34%
2012	4,353.8	1,183.6	5,537.4	79%	21%
2011	3,356.5	1,617.7	4,974.2	67%	33%
2010	2,858.8	2,521.8	5,380.6	53%	47%
2009	3,729.7	2,347.0	6,076.7	61%	39%
2008	2,583.6	3,719.8	6,303.4	41%	59%
2007	4,060.1	3,573.5	7,633.6	53%	47%



Source: Yuima Municipal Water District

Notes: (1) Ground Water figures include production in IDA past the master meter and well agreements.

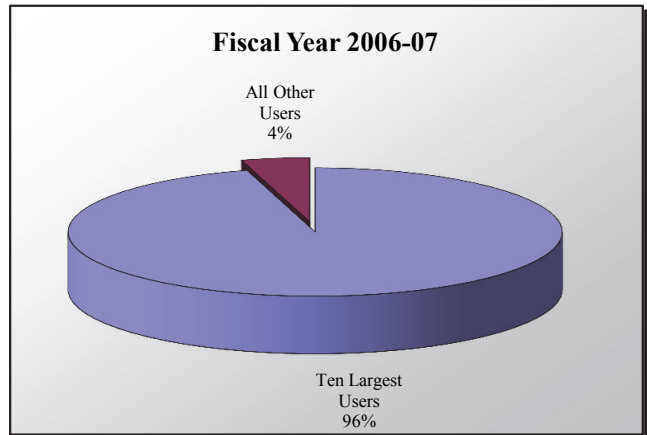
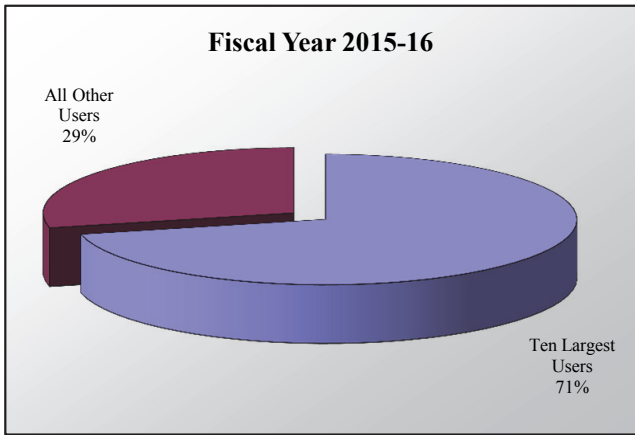
Yuima Municipal Water District Principal Water Consumers For the Fiscal Years 2016 and 2007

**Yuima & IDA Customer Accounts
FISCAL YEAR ENDED 2016**

Customer Name ⁽¹⁾	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches	1,681	28.55%
Rancho Eugenio	423	7.18%
T-Y	476	8.08%
Val Vista	370	6.28%
Rancho Pauma	330	5.60%
Burge	238	4.04%
Pauma Ridge	233	3.96%
Humason	163	2.77%
PKB Farms	152	2.58%
House	133	2.26%
Total Top Ten Consumers	4,199	71.31%
Other Consumers	1,689	28.69%
Total Water Billed	5,888	100.00%

**Yuima & IDA Customer Accounts
FISCAL YEAR ENDED 2007**

Customer Name ⁽¹⁾	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches	2,059	38.24%
Pauma Ridge	630	11.70%
Rancho Eugenio	530	9.84%
Val Vista	467	8.67%
Humason	360	6.69%
House	288	5.35%
Brothers Nursery	192	3.57%
Metta Forrest	227	4.22%
PKB Farms	208	3.86%
Starbeam Ranch	184	3.42%
Total Top Ten Consumers	5,145	95.54%
Other Consumers	240	4.46%
Total Water Billed	5,385	100.00%



Source: Yuima Municipal Water District

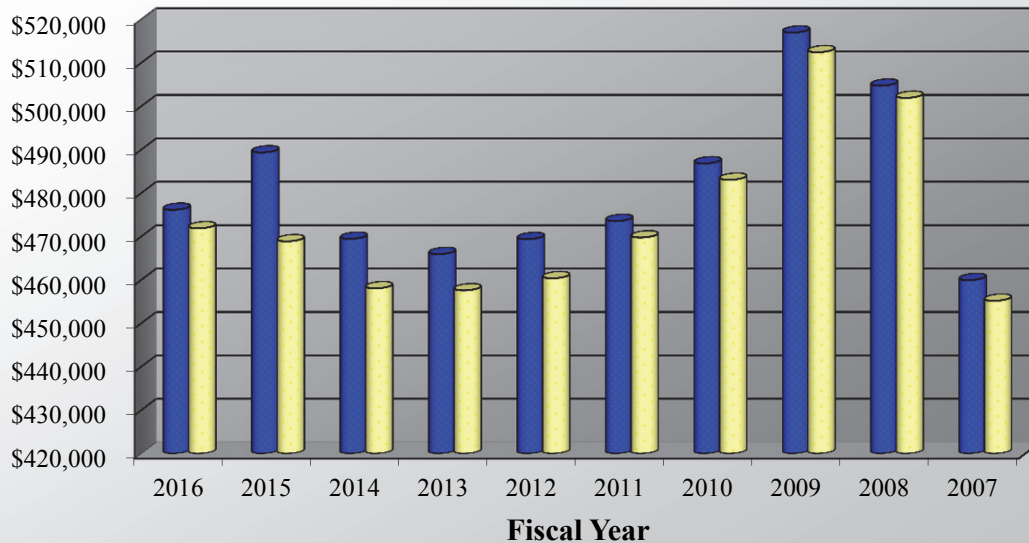
Notes: (1) The District's service area has been established for many years, and with a relatively stable local economy has seen few changes to the customer base. This stability is reflected in the similarities between the current list of the largest water customers and the list from ten years ago.

**Yuima Municipal Water District
Property Tax and Assessment Levies
Last Ten Years**

Yuima & IDA Combined

Fiscal Year Ended	CURRENT YEAR LEVY			Total Collections Thru 6/30	Net Uncollected at 6/30	Percent Uncollected at 6/30
	Property Taxes ⁽¹⁾	Special Assessments ⁽²⁾	Total Levy			
2016	\$ 402,372	\$ 73,786	\$ 476,158	\$ 471,898	\$ 4,260	0.90%
2015	407,230	82,145	489,375	468,903	20,472	4.37%
2014	390,181	79,287	469,468	458,072	11,396	2.49%
2013	386,568	79,384	465,952	457,602	8,350	1.82%
2012	394,069	75,336	469,405	460,391	9,014	1.96%
2011	392,942	80,628	473,570	469,785	3,785	0.81%
2010	406,664	80,176	486,840	483,070	3,770	0.78%
2009	440,201	76,770	516,970	512,455	4,515	0.88%
2008	423,916	80,825	504,741	501,943	2,798	0.56%
2007	375,864	84,096	459,960	455,203	4,757	1.04%

Property Tax Levies and Collections



Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

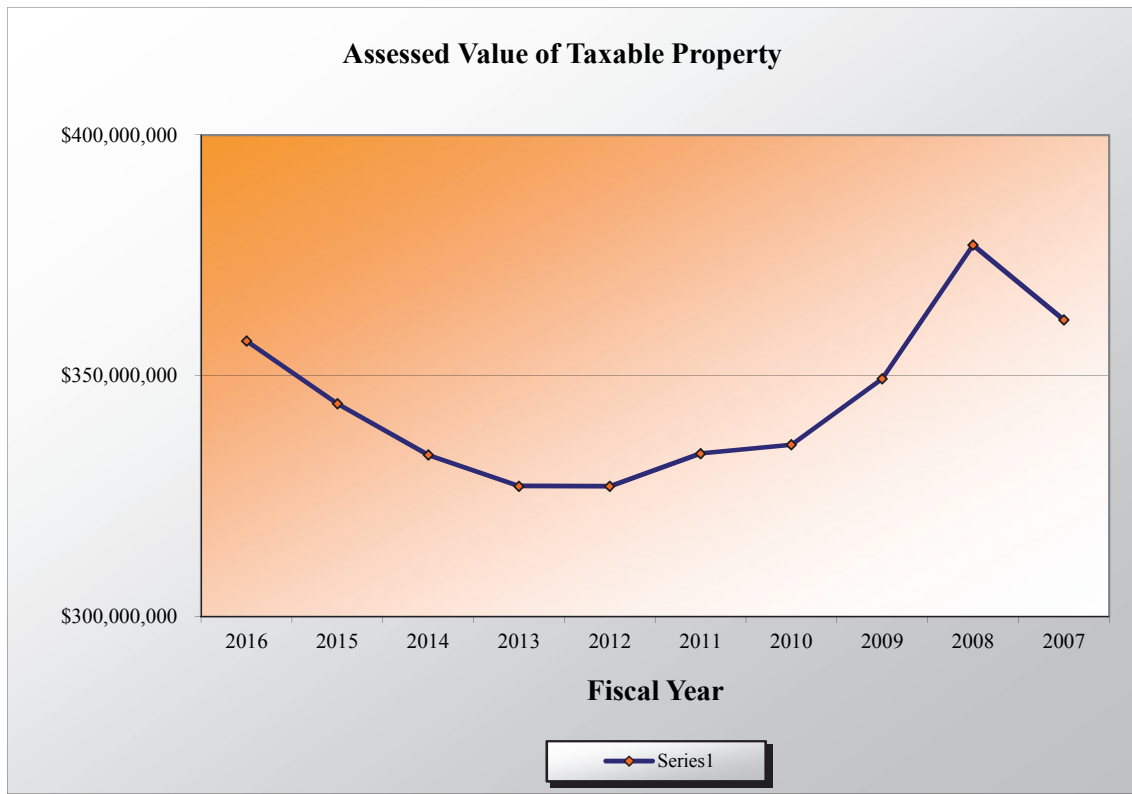
Notes: (1) Property taxes represent a portion of the county 1% general tax rate. In Fiscal Years 2005 and 2006, the District experienced a loss of property tax revenues as part of the ERAF shift.

(2) Special Assessments represent \$10 per acre water availability charge assessed on all taxable acreage in the District not otherwise deferred.

Yuima Municipal Water District Assessed Value of Taxable Property Last Ten Years

Yuima & IDA Combined

Fiscal Year Ended	SECURED			Total Assessed Secured Value	Tax Rate ⁽¹⁾
	Real Property	Personal Property	Exemptions		
2016	\$ 363,633,935	\$ -	\$ (6,392,428)	\$ 357,241,507	-
2015	350,573,903	-	(6,342,541)	344,231,362	-
2014	339,012,925	-	(5,447,031)	333,565,894	-
2013	332,486,315	-	(5,381,025)	327,105,290	-
2012	330,909,035	1,186,264	(5,030,895)	327,064,404	-
2011	337,764,210	1,153,515	(5,036,834)	333,880,891	-
2010	340,734,024	4,232	(5,005,225)	335,733,031	-
2009	354,425,192	4,789	(5,011,283)	349,418,698	-
2008	382,363,468	5,223	(5,179,025)	377,189,666	-
2007	366,563,364	7,095	(4,922,806)	361,647,653	-

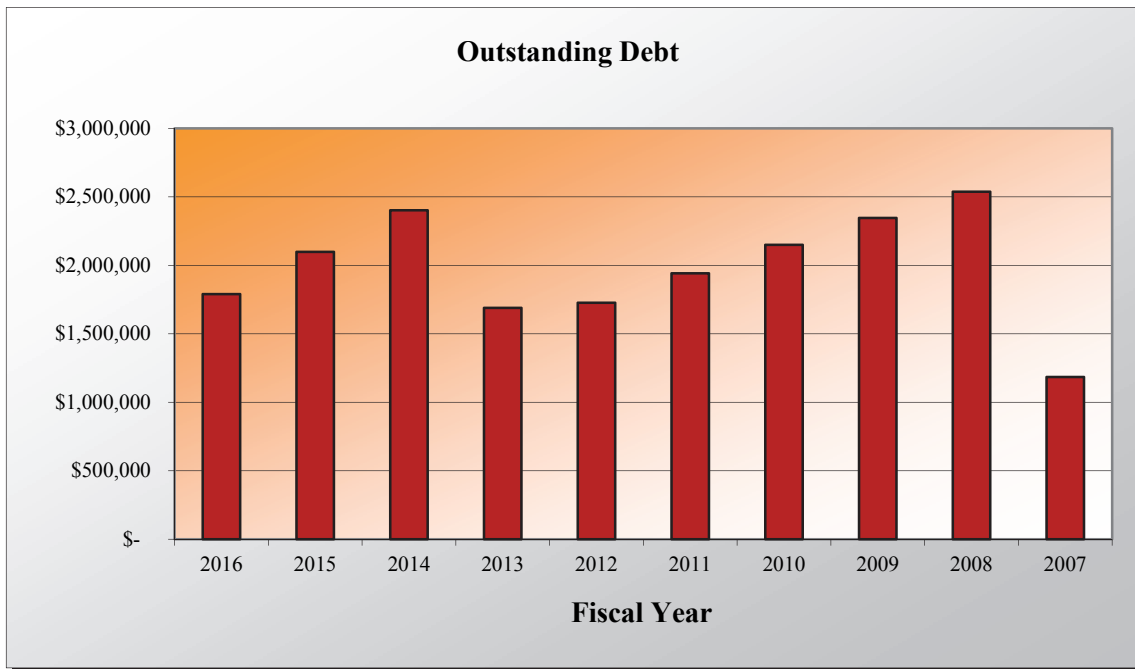


Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

Notes: (1) The District does not assess a tax rate. However, the District receives its proportionate share of property taxes levied by the County of San Diego in accordance with Proposition 13.

**Yuima Municipal Water District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended	General		Term Loans	Total	Number of Meters ⁽³⁾	Debt per Meter	Percentage		Debt per Capita
	Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾					of Personal Income ⁽⁴⁾	Population ⁽⁵⁾	
2016	\$ -	\$ -	\$ 1,788,086	\$ 1,788,086	334	\$ 5,354	1%	1,336	\$ 1,338
2015	-	-	2,097,698	2,097,698	334	6,281	1%	1,336	1,570
2014	-	-	2,401,589	2,401,589	334	7,190	2%	1,336	1,798
2013	-	-	1,689,688	1,689,688	337	5,014	1%	1,336	1,265
2012	-	-	1,726,799	1,726,799	340	5,079	1%	1,336	1,293
2011	-	-	1,941,586	1,941,586	342	5,677	1%	1,336	1,453
2010	-	-	2,147,912	2,147,912	342	6,280	2%	1,336	1,608
2009	-	-	2,346,111	2,346,111	342	6,860	2%	1,359	1,726
2008	-	-	2,536,509	2,536,509	337	7,527	2%	1,359	1,866
2007	-	-	1,184,880	1,184,880	336	3,526	1%	1,359	872



Source: Yuima Municipal Water District

Notes: (1) The District has not issued any General Obligation Bonds to date.

(2) The District has not issued any Revenue Bonds to date.

(3) Yuima Meters = 102; IDA Meters =232

(4) See San Diego County Demographic and Economic Statistics Schedule. Personal Income for San Diego County was used since information for the District is unavailable.

(5) Population data provided by the San Diego Association of Governments (SANDAG), constructed from 2000 and 2010 U.S. Census Bureau.

Yuima Municipal Water District
Revenue Debt Coverage
Last Ten Fiscal Years
Page 1 of 2

Yuima & IDA Combined

Fiscal Year Ended	Operating Revenues	Nonoperating Revenues	Gross Revenues⁽²⁾	Less: Operating Expenses⁽³⁾	Net Revenue Available for Debt Service
2016	\$ 9,670,633	\$ 700,422	\$ 10,371,055	\$ 9,288,141	\$ 1,082,914
2015	\$ 10,885,303	\$ 864,887	\$ 11,750,190	\$ 10,959,302	\$ 790,888
2014 ⁽⁴⁾	\$ 10,924,679	\$ 698,161	\$ 11,622,840	\$ 12,151,833	\$ (528,993)
2013	\$ 8,192,496	\$ 667,506	\$ 8,860,002	\$ 7,744,637	\$ 1,115,365
2012	\$ 6,963,428	\$ 692,148	\$ 7,655,576	\$ 5,733,775	\$ 1,921,801
2011	\$ 6,515,553	\$ 688,176	\$ 7,203,729	\$ 5,955,611	\$ 1,248,118
2010	\$ 6,517,992	\$ 760,100	\$ 7,278,092	\$ 7,062,404	\$ 215,688
2009	\$ 6,126,513	\$ 1,246,285	\$ 7,372,798	\$ 6,039,540	\$ 1,333,258
2008	\$ 6,519,290	\$ 1,083,069	\$ 7,602,359	\$ 6,912,967	\$ 689,392
2007	\$ 6,675,823	\$ 1,169,622	\$ 7,845,445	\$ 6,927,183	\$ 918,262

Source: Yuima Municipal Water District

- Notes:
- (1) Computation excludes fire fund revenues.
 - (2) The transactions to record depreciation expense are not included in Total Expenses.
 - (3) Includes Municipal Finance Corporation Loans. See Note 4 to the financial statements.
 - (4) Principal & Interest figures in 2014 are shown net of refinance.
 - (5) 2014 Principal & Interest correction

Yuima Municipal Water District
Revenue Debt Coverage
Last Ten Fiscal Years
Page 2 of 2

Yuima & IDA Combined					
DEBT SERVICE REQUIREMENTS					Pledged Revenue
Principal	Interest	Total⁽⁴⁾	Coverage Factor	Debt Limit	
\$ 289,697	\$ 56,843	\$ 346,541	312%		115%
\$ 282,317	\$ 64,224	\$ 346,540	228%		115%
\$ 183,766 ⁽⁵⁾	\$ 59,179	\$ 242,945	-218%		115%
\$ 223,600	\$ 81,215	\$ 304,815	366%		225%
\$ 214,787	\$ 80,765	\$ 295,552	650%		225%
\$ 206,325	\$ 89,222	\$ 295,547	422%		225%
\$ 160,393	\$ 86,874	\$ 247,267	87%		125%
\$ 192,071	\$ 103,717	\$ 295,788	451%		125%
\$ 184,505	\$ 82,899	\$ 267,404	258%		125%
\$ 108,945	\$ 47,253	\$ 156,198	588%		125%

Source: Yuima Municipal Water District

Notes: (1) Computation excludes fire fund revenues.

(2) The transactions to record depreciation expense are not included in Total Expenses.

(3) Includes Municipal Finance Corporation Loans. See Note 4 to the financial statements.

(4) Principal & Interest figures in 2014 are shown net of refinance.

(5) 2014 Principal & Interest correction.

**Yuima Municipal Water District
Computation of Direct and Overlapping Debt
June 30, 2016**

2015-16 Assessed Valuation: \$ 350,861,300

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/2016</u>	% Applicable ⁽¹⁾	District's Share of Debt 6/30/15
Metropolitan Water District	\$ 92,865,000	0.014%	\$ 13,001
Palomar Community College District	511,508,251	0.335%	\$ 1,713,553
Palomar Pomerado Hospital District	467,510,127	0.499%	\$ 2,332,876
Yuima Municipal Water District	0	100.00%	0
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 4,059,430
<u>OVERLAPPING GENERAL FUND DEBT</u>			
San Diego County General Fund Obligations	\$ 307,830,000	0.079%	\$ 243,186
San Diego County Pension Obligations	649,860,000	0.079%	\$ 513,389
San Diego County Superintendent of Schools Certificates of Participation	13,295,000	0.079%	\$ 10,503
Palomar Community College District General Fund Obligation	3,825,000	0.335%	\$ 12,814
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 779,892
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 4,839,322
COMBINED TOTAL DEBT			\$ 4,839,322 ⁽²⁾

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed property value that is within the boundaries of the district divided by the overlapping district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.16%
Combined Total Debt	1.38%

Source: California Municipal Statistics, Inc.

Yuima Municipal Water District
San Diego County Demographic and Economic Statistics ⁽¹⁾
Last Ten Fiscal Years

Year	Population	Per Capita		School Enrollment	Unemployment Rate
		Personal Income (in thousands)	Personal Income (in dollars)		
2016	3,288,612	\$ 186,900,000	\$ 56,832	504,561	5.0%
2015	3,227,496	179,800,000	55,709	503,848	5.0%
2014	3,194,362	170,300,000	53,313	503,096	6.4%
2013	3,150,178	156,600,000	49,711	499,850	8.1%
2012	3,128,734	155,500,000	49,701	498,263	9.3%
2011	3,115,810	151,539,000	48,635	498,243	10.7%
2010	3,224,432	137,525,000	42,651	496,995	10.7%
2009	3,185,462	134,696,000	42,285	496,702	9.7%
2008	3,146,274	143,873,000	45,728	494,016	6.0%
2007	2,974,861	133,369,000	44,832	496,699	4.6%

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2015.

Notes: (1) San Diego County, while not an exact representation of the District, is used to obtain the Demographic and Economic data shown above. There is no exact data available for the Pauma Valley area.

Yuima Municipal Water District
San Diego County Employment by Industry⁽¹⁾
Fiscal Year 2016 and 2007

	2016		2007	
	Employment at June 2016	% of Total Employment	Employment at June 2007	% of Total Employment
Agriculture	9,500	1%	11,100	1%
Natural Resources & Mining	400	0%	400	0%
Construction	71,800	5%	90,900	7%
Manufacturing	106,500	7%	101,900	8%
Wholesale Trade	45,700	3%	45,800	3%
Retail Trade	145,900	10%	146,400	11%
Transportation				
Warehousing & Utilities	28,300	2%	28,700	2%
Information	23,900	2%	31,100	2%
Finance Activities	73,500	5%	81,600	6%
Professional & Business Services	237,000	16%	224,200	17%
Educational & Health Services	198,800	14%	143,400	11%
Leisure & Hospitality	195,700	14%	165,700	12%
Other Services				
Repair, Religious, Professional	55,200	4%	49,200	4%
Federal Government	46,700	3%	40,700	3%
State Government	48,300	3%	41,900	3%
Local Government	151,800	11%	143,100	11%
Total, All Industries	1,439,000	100%	1,346,100	100%
Civilian Employment	1,499,800	94.9%	1,446,700	95.4%
Civilian Unemployment	80,400	5.1%	69,500	4.6%
Total Civilian Labor Force	1,580,200	100%	1,516,200	100%
Civilian Unemployment Rate		5.1%		4.6%

Source: California Employment Development Department

Notes: (1) San Diego County, while not an exact representation of the District, is used to obtain the employment profile data shown above. There is no exact data available for the Pauma Valley area.

**Yuima Municipal Water District
San Diego County Principal Employers⁽¹⁾
Current Year and Nine Years Ago**

	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
University of California, San Diego	30,671	1	2.05%	26,924	3	1.86%
County of San Diego	17,809	2	1.19%	13,872	6	0.96%
Sharp HealthCare	17,034	3	1.14%	16,844	4	1.16%
Scripps Health	14,863	4	0.99%	12,196	7	0.84%
City of San Diego	11,347	5	0.76%	11,195	9	0.77%
Kaiser Permanente	8,406	6	0.56%			
UC San Diego Health System	7,438	7	0.50%			
San Diego Community College District	5,902	8	0.39%			
General Atomics Aeronautical Systems Inc.	5,480	9	0.37%			
Rady Children's Hospital - San Diego	5,129	10	0.34%			
Federal Government				39,900	2	2.76%
State of California				40,600	1	2.81%
San Diego Unified School District				14,555	5	1.01%
San Diego State University-EMC				11,247	8	0.78%
Qualcomm Inc.				8,008	10	0.55%
Total	124,079		8.29%	195,341		13.50%

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2016.

Notes: (1) San Diego County, while not an exact representation of the District, is used to obtain the employment profile data shown above. There is no exact data available for the Pauma Valley area. However, the casinos, container nurseries, and schools are the largest employers in our area.

**Yuima Municipal Water District
District Employees and Operational Information⁽¹⁾
Last Ten Fiscal Years**

District Employees

Fiscal Year Ended	Management	Field Operations	Administrative Services	Total Employees⁽²⁾	Average Years of Service
2016	1	4	3	7	14.80
2015	3	4	2	9	12.70
2014	3	4	2	9	15.40
2013	3	4	2	9	14.40
2012	3	4	2	9	13.40
2011	3	4	2	9	12.40
2010 ⁽³⁾	3	5	3	11	12.00
2009	3	5	3	11	12.20
2008	3	5	3	11	11.20
2007	3	5	3	11	10.20

Operational Information

Water System - Yuima & IDA Combined

Service Area.....	13,460 acres
Miles of Water Main.....	44.12 miles
Number of Ag Only Open Reservoirs.....	2
Number of Treated Water Tanks.....	10
Total Treated Storage Capacity.....	58.0 ac.ft.
Number of Booster Pump Stations.....	9
Booster Station Total Connected Horsepower.....	4,850hp
Number of Producing Wells.....	23
Daily Production Peak ⁽⁴⁾	8.4 mgd
Average Daily Production ⁽⁴⁾	2.2 mgd
Number of Service Connections.....	330

Source: Yuima Municipal Water District

Notes: (1) Yuima is an established water district which is reflected in the relatively small changes in employees over this ten year period.

(2) The employee count represents the number of full-time employees in each department.

(3) Peak and average daily productions based on imported and local water supplies for the first 10 months of the calendar year.

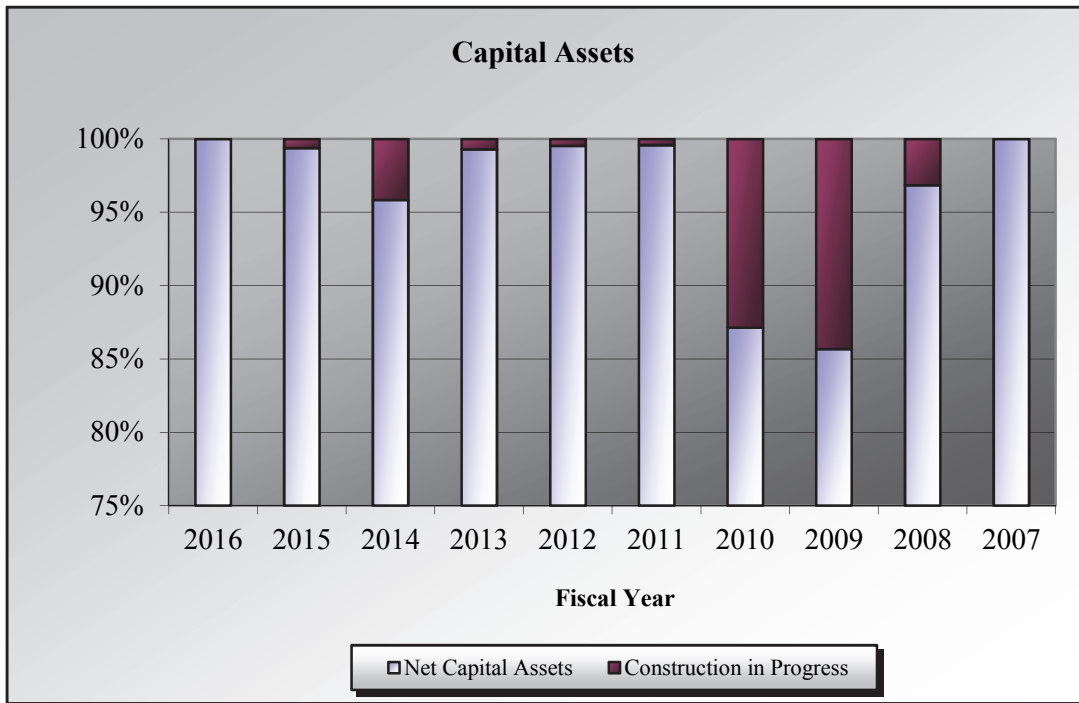
(4) Peak and average daily productions based on imported and local water supplies for the first 10 months of the calendar year.

Yuima Municipal Water District Capital Assets Last Ten Years

Page 1 of 2

Yuima & IDA Combined

Fiscal Year Ended	Annexation Fees	Land	Source of Supply	Pumping Plant	Water Treatment Plant
2016	\$ 944,872	\$ 356,585	\$ 9,025,684	\$ 3,557,628	\$ 199,226
2015	944,872	356,585	8,997,463	3,529,009	147,719
2014	944,872	355,835	8,679,135	3,487,527	144,272
2013	944,872	355,835	6,910,384	3,137,779	174,152
2012	944,872	355,835	6,794,878	3,102,425	153,211
2011	944,872	355,835	6,632,141	3,005,434	125,623
2010	944,872	355,835	6,272,088	2,912,574	113,511
2009	944,872	355,835	6,272,088	2,917,937	113,511
2008	944,872	355,835	4,784,991	1,902,104	141,315
2007	944,872	355,835	4,623,944	1,854,776	141,315



Source: Yuima Municipal Water District

Notes: The Fire Protection function has no related capital assets, since such activity is outsourced to the CalFIRE.

**Yuima Municipal Water District
Capital Assets
Last Ten Years**

Page 2 of 2

Yuima & IDA Combined

Fiscal Year Ended	Transmission & Distribution	General Plant	Accumulated Depreciation	Net Capital Assets	Construction in Progress
2016	\$ 8,021,053	\$ 1,709,626	\$ (9,925,641)	\$ 13,889,033	\$ -
2015	8,068,929	1,735,080	(9,561,627)	14,218,030	-
2014	8,070,469	1,628,177	(9,119,567)	14,190,721	89,117
2013	7,771,580	1,672,021	(8,668,465)	12,298,157	616,189
2012	7,771,580	1,596,053	(8,124,617)	12,594,236	87,209
2011	7,366,146	1,566,928	(7,673,180)	12,323,798	59,187
2010	7,027,345	1,529,078	(7,207,478)	11,947,824	51,319
2009	6,974,608	1,515,329	(6,804,249)	12,289,930	1,763,862
2008	6,641,385	1,529,585	(6,555,544)	9,744,542	2,053,521
2007	6,639,470	1,475,628	(6,220,083)	9,815,757	316,698

**Yuima Municipal Water District
Operating & Capital Indicators
Last Ten Fiscal Years**

Page 1 of 2

	Fiscal Year				
	2016	2015	2014	2013	2012
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	19.50	14.61	8.18	13.51	17.20
Miles of Water Main (6"+)	44.12	42.18	42.18	42.26	41.57
Number of Treated Water Tanks	10	10	10	10	10
Capacity of Water Tanks (acre feet)	58.0	58.0	58.0	55.0	55.0
Number of Open Reservoirs	-	-	-	-	-
Capacity of Open Reservoirs (acre feet)	-	-	-	-	-
Number of Ag Only Open Reservoirs	2	2	2	2	2
Capacity of Ag Only Open Reservoirs (acre feet)	11.7	11.7	11.7	11.7	11.7
Number of Producing Wells	23	27	27	24	24
Maximum gallons per minute Flows (1)	2,901	2,901	2,901	3,577	3,240
Number of Pump Stations	9	9	9	10	10
Number of Pumps	28	28	28	28	29
Pump Capacity (horsepower)	4,850	4,850	4,800	4,785	4,820
Number of Service Connections (2)	330	330	334	337	340
Production Peak (mgd) (3)(4)	8.40	10.20	10.20	9.04	6.10
Average Annual Production (mgd)	6.91	6.91	6.91	4.52	4.60
Number of Mainline Repairs	-	-	-	-	1

Source: Yuima Municipal Water District

Notes: (1) Yuima and IDA local wells production including leased wells.

(2) Yuima connections = 101; IDA connections = 229

(3) Peak production month - September 2013.

(4) Local and imported water supplies.

**Yuima Municipal Water District
Operating & Capital Indicators
Last Ten Fiscal Years**

Page 2 of 2

	Fiscal Year				
	2011	2010	2009	2008	2007
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	25.72	23.97	15.71	22.51	9.27
Miles of Water Main (8"+)	41.57	40.47	40.43	40.4	39.5
Number of Treated Water Tanks	10	10	10	10	9
Capacity of Water Tanks (acre feet)	55.0	55.0	57.5	57.5	52.3
Number of Open Reservoirs	-	1	1	1	2
Capacity of Open Reservoirs (acre feet)	-	2.1	2.1	2.1	4.7
Number of Ag Only Open Reservoirs	2	2	2	2	2
Capacity of Ag Only Open Reservoirs (acre feet)	11.7	11.7	11.7	11.7	11.7
Number of Producing Wells	22	21	21	17	17
Maximum gallons per minute Flows	3,090	3,130	3,130	2,650	2,650
Number of Pump Stations	10	10	10	9	9
Number of Pumps	31	31	30	27	31
Pump Capacity (horsepower)	4,930	4,930	4,480	3,955	3,850
Number of Service Connections	342	342	342	337	336
Production Peak (mgd)	5.90	5.00	5.35	5.2	5.2
Average Production (mgd)	4.45	4.60	4.55	4.3	4.3
Number of Mainline Repairs	1	1	3	-	-

Source: Yuima Municipal Water District



Yuima Municipal Water District

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