

# **Yuima Municipal Water District**

## **Comprehensive Annual Financial Report**

*for the fiscal year ended June 30, 2012*



**Pauma Valley, California**



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012



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



## OUR MISSION AND VISION

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*Yuima Municipal Water District is committed to providing water service to our Pauma Valley customers that exceeds all standards of quality and reliability at fair and reasonable rates.*

*We hope to be respected in our community as good stewards of the Public resources and responsibilities entrusted to us.*



Linden A. Burzell, Ph.D.  
General Manager



Top Row From Left to Right: Allen Simon, Linden Burzell, Todd Engstrand, and Mark Quinn. Bottom Row From Left to Right: Matthew Munaco, Vanessa Velasquez, Mitch Davis, Lori Johnson, and Jolyn Duff.



**Yuima Municipal Water District  
Comprehensive Annual Financial Report  
Year Ended June 30, 2012**

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Board of Directors  
W.D. "Bill" Knutson - President  
Doug Anderson - Vice President  
George Stockton - Secretary/Treasurer  
Michael Fitzsimmons - Director  
Ron W. Watkins - Director  
  
General Manager  
Linden A. Burzell, Ph, D.  
  
Counsel  
Jeffery G. Scott



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Pauma Valley, CA 92061-0177  
Tel: (760) 742-3704 Fax: (760) 742-2069  
Website: www.yuimamwd.com

January 25, 2013

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

We are pleased to present the Yuima Municipal Water District's ("District") Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. 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.

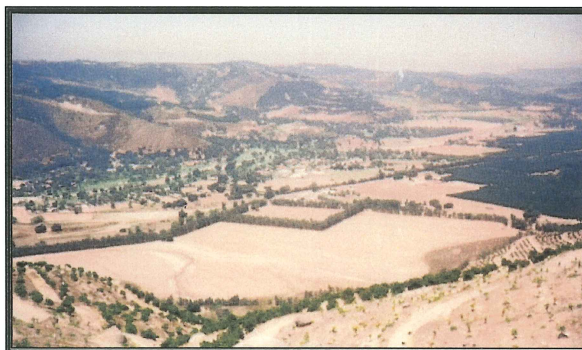
The District's financial statements have been audited by Teaman, Ramirez and Smith Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statement of the District for the fiscal year ended June 30, 2012, are free 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 statement 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 statement for the fiscal year ended June 30, 2012, 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.

The 2011-2012 fiscal year was another challenging year. We are very proud of the results we achieved, 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 publicly-owned water agency, organized 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 prime 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 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 9 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" measure 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**

The State of California's budget crisis will remain a drag on the California economy. The Governor's Budget May Revision for 2011-2012 shows that the State deficit may reach as high as \$9.6 billion. In the past, the State has implemented one-time and temporary budget fixes, such as borrowing property taxes from local governments and cities, but now has limited borrowing capability due to the passage of Prop 1A.



San Diego's economy is expected to show signs of recovery mirroring the national and state recovery. San Diego County's unemployment rate is expected to move down slowly, with low job growth. Home building and the residential real estate market have been stagnant. The government's homebuyer credit program did boost the home sales for a short period, however, the sales trend was reversed downward when the program expired in 2010. Weather conditions and sustained reduction in water demand impact the District water sales more than the local economic conditions.

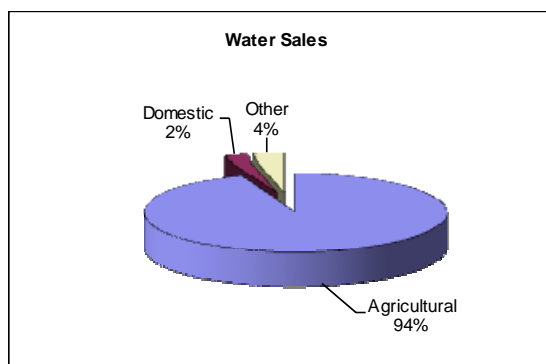
Over the last 50 years, the District has grown to be a strong agricultural community. Today the District serves a population of 1,336 through 340 service connections provided within approximately 21 square miles of northern San Diego County. The District operates 41.5 miles of water main, 24 productive wells, 10 potable water tanks, and 2 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 4.5% 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 2011-12 the District purchased approximately 19.5% of its water from the San Diego County Water Authority (SDCWA or the "Authority") and 14% of its water from local water agreements, at a cost of \$1.2 million, or 25.5% 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, 2012, the District billed 340 customers for 6,062 acre feet of water, representing a 15% increase in sales from the prior fiscal year.

Water sales for the past ten years have ranged from 5,274 to 7,399 acre feet. Because a large portion of our sales are to agriculture, sales are greatly affected by weather conditions, making sales projections difficult. In fiscal year 2010-11 the Pauma Valley area received over 25" of rainfall contributing to the lowest year of sales in the past 10 years. Total system demand is anticipated to be driven by irrigated agriculture which is estimated to constitute in excess of 94% of all water delivered.

Our agricultural customers purchased 94% of the District's total water sales in fiscal year 2011-12 compared to the average of 95% of the District's water sales over the previous ten year period. 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 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.



Since May of 1994, the Metropolitan Water District's Interim Agricultural Water Program (IAWP) has provided a discount to qualifying agricultural water users. In addition, the San Diego County Water Authority offers an agricultural rebate on their water rate. In exchange for reduced rates, agricultural customers agree to have their water supply reduced first during droughts and other emergencies. Since the inception of the program, our agricultural customers have seen a savings of over \$5.8 million dollars through both programs.

In 2008, Met approved a 4-year phase out period of the IAWP program, which will no longer exist as of January 1, 2013. The decisions are the consequence of sustained multi-year drought conditions and judicially imposed restrictions on the transfer of water through the Bay-Delta. The court restricted the amount of water that can be pumped and delivered from the State Water Project because the condition of the Delta fails to provide a healthy ecosystem for a variety of fish and other wildlife. The costs to repair the Delta will result in higher prices for water in the future, but with improved supply reliability.

The Bay-Delta, a 1,000 square mile network of islands and waterway at the confluence of the Sacramento and San Joaquin rivers east of San Francisco Bay, is a key water supply source for California, including the 3.1 million residents and business community in San Diego County.

Water supplies from the Bay-Delta come to San Diego County via the State Water project. The Metropolitan Water District of Southern California (Met) purchases the water from the State Department of Water Resources under a water supply contract. This water has become increasingly unreliable in recent years as deteriorating ecological conditions have led to regulatory restrictions on pumping water supplies from the Bay-Delta.

Met estimates the cost to repair the Bay-Delta to be between \$8 billion and \$13 billion dollars. The District through, its water wholesaler, the San Diego County Water Authority (Authority), will be responsible for a portion of the cost. How much and when the District would begin paying for the Bay-Delta fix is undetermined at this time. The problems in the Sacramento-San Joaquin Bay-Delta (the hub of the State Water Project) remain, however, and are likely to lead to future cuts in the imported water supply.

The San Diego County Water Authority filed a lawsuit in 2010 against Met. The Authority alleges that the water rates set by Met discriminate against the Authority by artificially inflating the price charged for transporting water through Met's pipelines. If the Authority wins the case, Met may be required to refund amounts estimated to be approximately \$135 million as of the end of 2013. The Authority has indicated that it would then refund the proportionate share of the proceeds to its member agencies, including the District.

## LONG-TERM FINANCIAL PLANNING

The coming years will be challenging times for everyone in the water industry. Uncertainties concerning Bay-Delta conveyance, new surface storage, the effects of climate change, court decisions affecting both supply and cost, and public environmental policies all contribute to a difficult planning environment in which the cost of imported water is all but certain to increase. Water shortages, both natural and man-made, are possible. These factors have the potential to adversely impact the finances of the District, and staff is working diligently to improve operating efficiencies and to cut costs in order to minimize the associated financial risks. Among the most critical policies adopted by the Board is the mandate to increase local supply, thereby decreasing the District's dependence on imported water.

## ACCOMPLISHMENTS IN FISCAL YEAR 2011-12



### RENOVATION OF RIVER WELL #21A

During the current reporting period, the District completed the renovation of IDA river well #21A. This improved production from 140 gpm to 240 gpm.



### EAST FORK PIPELINE

The District completed the installation of an additional 500' of 6" steel pipeline to tie into the existing horizontal well pipeline along the slopes of IDA watershed lands. This pipeline connects the District's new Horizontal Wells to the main distribution system and has a capacity of 1,200 gpm.



### DRILLING HORIZONTAL WELL NO. 45

Horizontal Well #45 was drilled to 940' and liner set at 845' at a total project cost of \$121,302. The well delivers 50 gallons per minute into Dunlap Tank at the highest zone in IDA. No power is used to produce or deliver this water to the end consumer.



### MESA LINE REPLACEMENT

The District installed 600' of 12" PVC replacing the 40 year old 8" pipeline from the Booster 4 pump station to Rincon Ranch Road



### **PUMP STATION 1 AND 4 RENOVATIONS**

The pump station renovations at Station 1 and 4 were completed this year. All pumps, motors, valves, piping and electrical were replaced bringing the 40 year old stations up to date.

### **NORTHERN ROUTE PIPELINE PROJECT**

The District and its prospective partner, the San Luis Rey Indian Water Authority (“SLRIWA”), have completed environmental documentation, design and engineering for this major new supply pipeline. The proposed pipeline would be operated by the District, jointly owned by the District and the SLRIWA and would allow the District to import water from Met at a significantly lower unit price by virtue of avoided costs for pumping and SDCWA transportation charges. At the same time, the SLRIWA would use its capacity in the pipeline to transport some or all of the 16,000 acre-feet of Colorado River Water to which it is entitled to under the provisions of the 1988 San Luis Rey Indian Water Rights Settlement Act (Public Law 100-675). The Board has deferred a final decision whether to proceed with the project at this time, because that decision will largely hinge on the availability of low-cost financing and a timely re-assessment of long-term prospects for the availability of imported water from the State Water Project and the Colorado River system.



### **LOCAL GROUNDWATER**

The District continues to develop additional local water. The Improvement District has so far drilled five horizontal wells in the IDA watershed, and at least two more are planned for the coming fiscal year. If successful, this additional production will help off-set the amount of imported water purchased to the Improvement District.

## **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 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. Although not legally required to do so, 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.

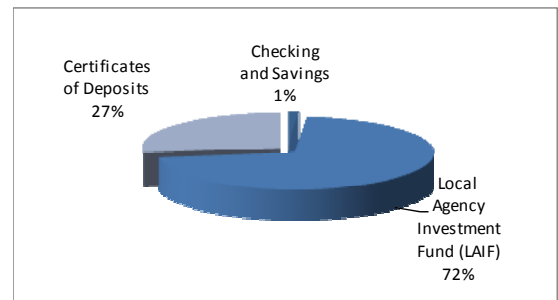
Annual operating water user rates and charges are derived from the annual operating budget and are based on historical seasonal demand, and other internal and external factors impacting the budget. The District maintains two sets of user rates and charges to account for the differing entitlement of the 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 within 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 2011-12, the District's fixed income investment portfolio consisted primarily of short-term securities with an average maturity of 92 days. These securities included the State-managed Local Agency Investment Fund (LAIF), a mutual fund, and various Certificates of Deposit (CD's).

At June 30, 2012, the District's cash assets totaled \$4.0 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's. In 2003 the District added the worker's compensation coverage under JPIA. During fiscal year 2011-12, 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 minimal loss history.

## 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, 2012, 10 employees were participating in the 457(b) plan with accumulated assets from past and current employees totaling \$310,980.

## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) 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, 2011. This is the fourth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a District must publish an easily readable 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 submitting it to the GFOA to determine its eligibility for another certificate.



In August of 2012, the District was formally recognized for having their written investment policy certified by the Association of Public Treasurers of the United States and Canada ("Association"). The District's policy was reviewed and certified as meeting the standards set forth by the Association. The District was honored at the Association's 43<sup>rd</sup> Annual Conference.

The Association's Investment Policy Certification Program ("Program") was developed in 1990. The Program was instituted in an effort to assist state and local governments interested in drafting or improving upon an existing investment policy.

The District's policy included 18 sections that the Association deems as critical elements; liquidity; selection and review of suitable investment instruments; internal controls; reporting; portfolio diversification; custody and safekeeping; selection of investment institution criteria; ethics; and conflicts of interest.

A written investment policy is only certified when the Association's Investment Policy Review Team acknowledges that the policy has met all criteria set forth in the Program. The Certificate is valid for a period of three years.

## 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 received the *President's Special Recognition Award* from JPIA for achieving a low loss ratio in the worker's compensation and liability programs from 2005 until 2011, 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 Lori A. Johnson, Yuima Municipal Water District's Director of Finance, at (760) 742-3704 or lori@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 like particularly to thank the Board of Directors for their continued interest in and support of the highest level of prudent fiscal management.

Respectfully Submitted:



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Linden A. Burzell,  
General Manager



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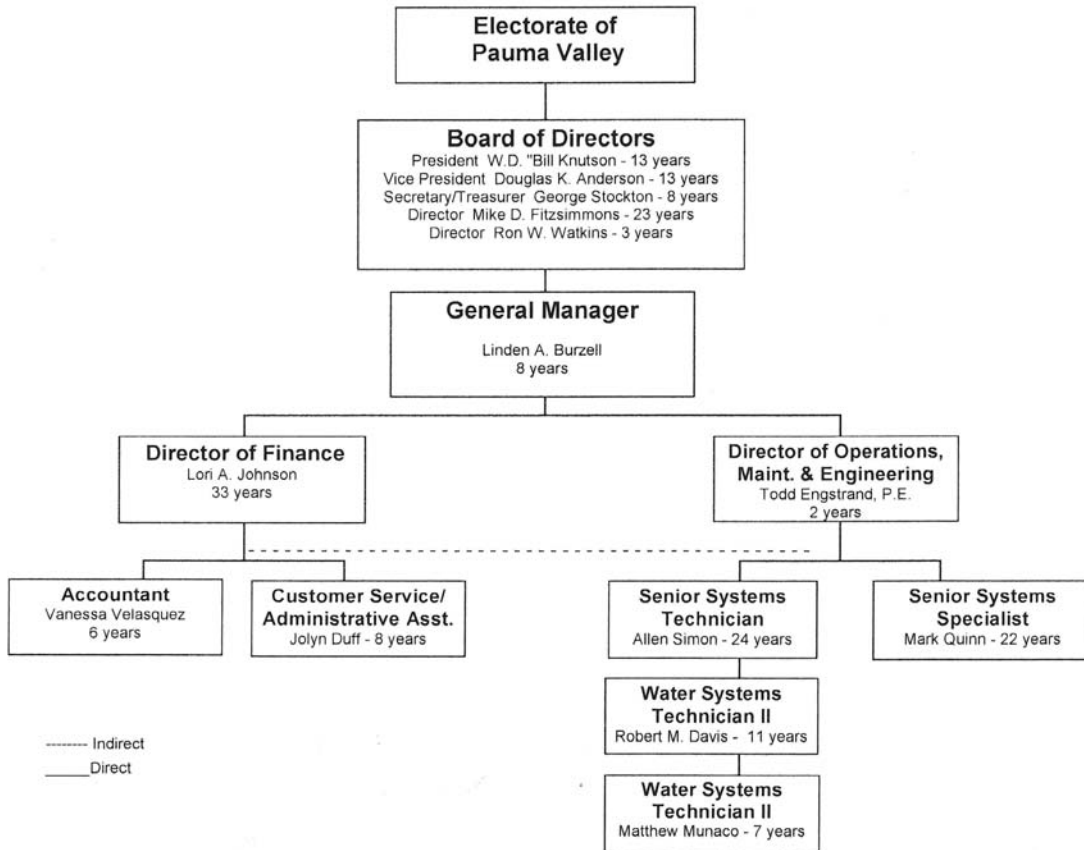
Lori A. Johnson,  
Director of Finance



# ORGANIZATION CHART

Fiscal Year Ended June 30, 2012

## YUIMA MUNICIPAL WATER DISTRICT Organizational Chart With Years of Service



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**PRINCIPAL OFFICIALS**

Fiscal Year Ended June 30, 2012

**BOARD OF DIRECTORS**

W.D. "Bill" Knutson, President  
Douglas K. Anderson, Vice President  
George Stockton, Secretary/Treasurer  
Mike Fitzsimmons, Director  
Ron W. Watkins, Director

**GENERAL MANAGER**

Linden A. Burzell

**DIRECTOR OF FINANCE**

Lori A. Johnson

**DIRECTOR OF OPERATIONS**

Todd Engstrand

**GENERAL COUNSEL**

Jeffrey G. Scott

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to  
Yuma Municipal Water District  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Christopher P. Morille*

President

*Jeffrey R. Emer*

Executive Director

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Yuima Municipal Water District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Yuima Municipal Water District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2013, on our consideration of the District's internal control over financial reporting and on our tests of the District's 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 through 10 and 41 through 43 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.

Our audit was conducted for the purpose of forming opinions the financial statements that collectively comprise the District's financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

*Teaman Ramirez & Smith, Llc.*

Riverside, CA  
January 25, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2012

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, 2012, 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, 2012.

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 - viii 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 thousands of dollars.

### FINANCIAL STATEMENTS OVERVIEW - FISCAL YEAR ENDED JUNE 30, 2012

**Statement of Net Assets** - The Statement of Net Assets present the District's financial position relating to assets and liabilities. Assets in excess of liabilities (Net Assets) for fiscal year 2011-12 increased \$1,335,630 over fiscal year 2010-11, from \$14,122,446 to \$15,458,076, which correlates to the \$1,335,630 increase as presented on the Statements of Revenues, Expenses, and Changes in Net Assets. Of this amount, \$4,503,430 may be used to meet the District's ongoing obligation to citizens and creditors.

Yuima Municipal Water District Net Assets						
	Governmental		Business-type		Total	
	Activities (Fire Protection)		Activities (Water Operations)			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ (141)	\$ 7,628	\$ 5,192,165	\$ 4,448,507	\$ 5,192,024	\$ 4,456,135
Capital assets	-	-	12,681,445	12,382,985	12,681,445	12,382,985
<b>Total Assets</b>	<b>\$ (141)</b>	<b>\$ 7,628</b>	<b>\$ 17,873,610</b>	<b>\$ 16,831,492</b>	<b>\$ 17,873,469</b>	<b>\$ 16,839,120</b>
Long-term liabilities outstanding	\$ -	\$ -	\$ 1,917,169	\$ 2,131,270	\$ 1,917,169	\$ 2,131,270
Other liabilities	-	-	498,224	585,404	498,224	585,404
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,415,393</b>	<b>\$ 2,716,674</b>	<b>\$ 2,415,393</b>	<b>\$ 2,716,674</b>
Net Assets:						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 10,954,646	\$ 10,441,399	\$ 10,954,646	\$ 10,441,399
Restricted	-	-	-	-	-	-
Unrestricted	(141)	7,628	4,503,571	3,673,419	4,503,430	3,681,047
<b>Total net assets</b>	<b>\$ (141)</b>	<b>\$ 7,628</b>	<b>\$ 15,458,217</b>	<b>\$ 14,114,818</b>	<b>\$ 15,458,076</b>	<b>\$ 14,122,446</b>

**Statement of Activities and Changes in Net Assets** - The Statement of Activities and Changes in Net Assets accounts for all activities during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows 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 strong as evidenced by the calculated results of the current, quick, and debt-to-equity ratios. Selected financial ratios are a measurement of how effectively the District can meet its current obligations. The current ratio (current assets divided by current liabilities) indicates that the District has the ability to pay 6.75 times its current debt from current assets. However, some current assets are not easily converted, or will never be converted to cash (e.g. inventories and prepaid insurance). The quick ratio - quick assets (cash, liquid investments, and accounts receivable) divided by current liabilities - measures how effectively the District can meet obligations with assets readily convertible to cash. Performance of this calculation shows that the District can pay 6.1 times its current obligations with assets readily convertible to cash. The June 30, 2012, debt-to-equity ratio calculations indicate increases for the current year, they are reflective of year-to year fluctuations, and are discussed below.

In comparing each of these ratios with the previous fiscal year calculations, the current ratio increased 1.5 from 5.25 to 6.75, the quick-ratio also increased 1.5 from 4.6 to 6.1, and the debt-to-equity ratio increased \$1.21 from \$5.19 to \$6.40. The increase in the current and quick ratios are attributable to an increase in current assets. The increase in the debt-to-equity ratio is attributed to a reduction of long term debt. As in prior years, the District's current, quick and debt-to-equity ratio calculations continue to reflect significant financial strength.

**Analysis of Net Assets** - As reported in the Statements of Net Assets, the net assets increased between fiscal years ending 2011 and 2012 from \$14,122,446 to 15,458,076. This increase is attributed to a decrease in the cost of water sold. Net assets invested in capital assets, net of related debt, increased \$513,247, and unrestricted net assets increased \$822,383.

Yuima Municipal Water District Change in Net Assets						
	Governmental Activities (Fire Protection)		Business-type Activities (Water Operations)		Total	
	2012	2011	2012	2011	2012	2011
	<b>Revenues:</b>					
<b>Program Revenues:</b>						
Charges for Services	\$ 51,406	\$ 49,763	\$ 7,214,477	\$ 6,763,277	\$ 7,265,883	\$ 6,813,040
Operating Grants and Contributions	146,859	174,094	-	-	146,859	174,094
Capital Grants and Contributions	-	-	-	-	-	-
<b>General Revenues:</b>						
Property Taxes	-	-	381,697	381,507	381,697	381,507
Investment Income	13	22	39,395	46,694	39,408	46,716
Other	8,502	8,906	20,007	12,251	28,509	21,157
<b>Total Revenues</b>	<b>206,780</b>	<b>232,785</b>	<b>7,655,576</b>	<b>7,203,729</b>	<b>7,862,356</b>	<b>7,436,514</b>
<b>Expenses:</b>						
Fire Protection	214,549	235,432	-	-	214,549	235,432
Water Enterprise	-	-	6,312,177	6,535,139	6,312,177	6,535,139
<b>Total Expenses</b>	<b>214,549</b>	<b>235,432</b>	<b>6,312,177</b>	<b>6,535,139</b>	<b>6,526,726</b>	<b>6,770,571</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(7,769)</b>	<b>(2,648)</b>	<b>1,343,399</b>	<b>668,590</b>	<b>1,335,630</b>	<b>665,942</b>
Net Assets - Beginning	7,628	10,276	14,114,818	13,446,228	14,122,446	13,456,504
Net Assets - Ending	\$ (141)	\$ 7,628	\$ 15,458,217	\$ 14,114,818	\$ 15,458,076	\$ 14,122,446

## 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 decrease of the Fire Protection Activities net assets and fund balance is as follows:

- ▶ The Fire Protection revenues totaling \$206,780 were not sufficient to cover the expenditures of \$214,549 resulting in a decrease in net assets totaling \$7,769 for the fiscal year. This trend is expected to continue until there is a significant increase in new home construction in the area increasing fire tax revenues.



## 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.

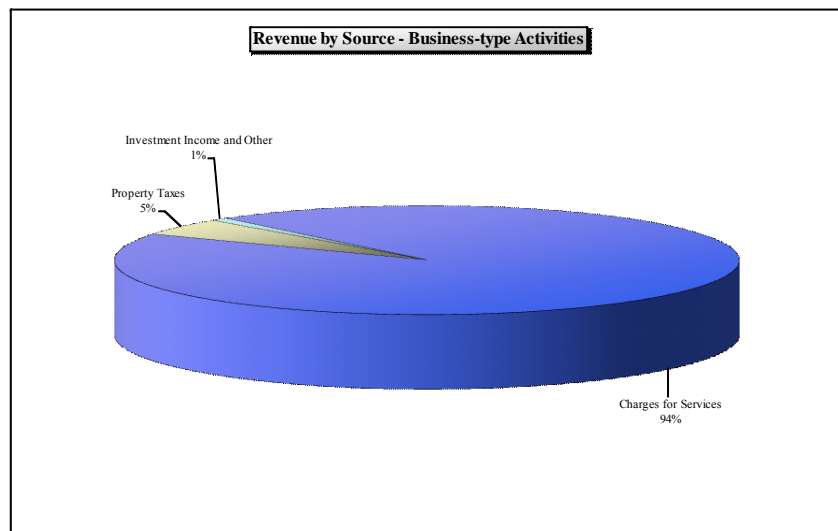
**Statement of Revenues, Expenses, and Changes in Net Assets** - The Statement of Revenues, Expenses, and Changes in Net Assets present the District's results of operations. In accordance with generally accepted accounting principals, revenues are recognized (recorded) when services are provided, and 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 gain for the year ended June 30, 2012, of \$743,087 is combined with total non-operating revenues of \$692,148 and non-operating expenses of \$91,836 to arrive at the increase in net assets of \$1,343,399. The increase in net assets is added to the beginning net assets of \$14,114,818 to arrive at the ending net assets total of \$15,458,217 as of June 30, 2012.

**Change in Net Assets** - The District's operating revenues were \$6,963,428 for the year, \$447,875 higher than the previous year due to selling 15% more water than the prior year.

The District's operating expenses decreased \$205,028, or 3.2% to \$6,220,341. Operating expenses decreased due to lower cost of water sold. When peak demands are down the District is able to produce more local water thus reducing the overall cost of the water sold.

The District's investment income decreased \$7,299 largely due to the amount of available cash invested and lower investment yields during the year. The decrease in property taxes, assessments and other contributions in the amount of \$2,737 reflect the net effect of lower property values in the area.

**Analysis of Statement of Revenues, Expenses, and Changes in Net Assets** - Revenues for the year ended June 30, 2012, totaled \$7,655,576, which is an increase of \$451,847, or 5.9% from the prior year.

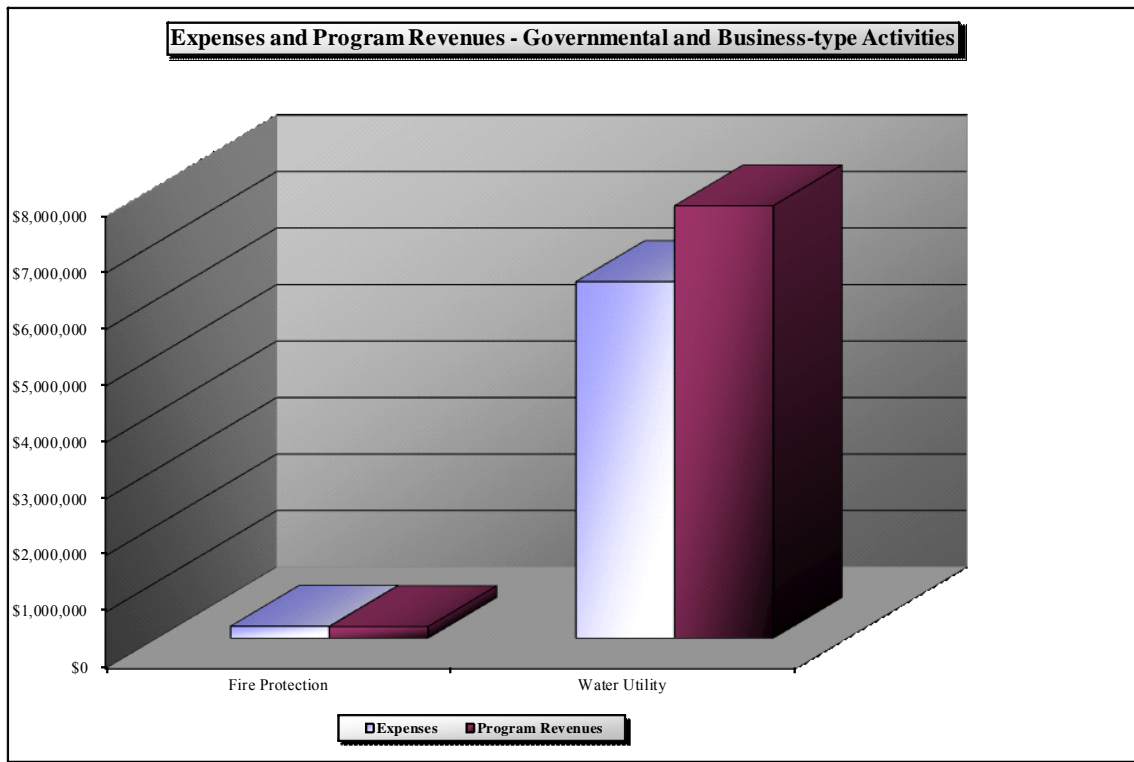


Details of this increase in revenues are as follows:

- Water Sales including associated customer fees and charges increased by \$447,875 for this fiscal year ended June 30, 2012. There was a 15% increase in the volume of water sold. In 2011-12 6,062 acre feet of water were billed compared to 5,274 acre feet in the prior year.
- Property taxes and assessments decreased by 0.40%, or \$2,737, from 2010-11 to 2011-12 because of current economic conditions and lower assessed values from the previous year.

- Investment income was down 15.6%, or \$7,299, from the prior year. The decrease is a result of lower yields earned during the year coupled with lower cash reserves.
- There were no new meter installations and no related meter capacity fees collected during the year.
- Improvement District A collected \$11,250 in IDA special connection fees for 4.5 acres of special connections.
- Other non-operating revenues increased 0.6% or \$3,972 due to miscellaneous receipts.

Expenses for the year ended June 30, 2012, totaled \$6,312,177, which is a decrease of \$222,962, or 3.5% decrease from the prior year. Certain significant expenses are as follows:



- The cost of water sold decreased 8% over the prior year while water deliveries increased 15%. In the prior year the District purchased and produced a total of 4,974 acre feet of water at an average price of \$795.11 per acre foot. In the current year, the District purchased and produced 5,537 acre feet of water at an average price of \$695.78 per acre foot, a decrease of 12.5% or \$99.38 per acre foot. The average price per acre foot is impacted by the fixed components of the Metropolitan Water District of Southern California (Met) and San Diego County Water Authority (SDCWA) rate that the District must pay regardless of water sales. These fixed components include: a capacity reservation charge by Met and customer service and emergency storage program charges by the SDCWA.
- Agricultural discounts received were \$139,537 for fiscal year 2011-12.
- Pumping and energy costs increased \$139,192 due to producing 260 acre feet more from ground water wells over the prior year.
- General Plant expenses increased \$7,540 over the prior year due to required maintenance expenses maintenance.
- Depreciation expense in 2011-12 increased 3.6%, or \$16,808, from the prior year.

**Schedule of Revenues, Expenses and Change in Net Assets**

	<b>Proprietary Fund</b>		<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
	<b>2012</b>	<b>2011</b>		
<b>Operating revenues:</b>				
Water sales & Pumping charges	\$6,411,120	\$6,016,478	\$394,642	6.6%
Other customer fees and charges	552,308	499,075	53,233	10.7%
Total operating revenues	<u>6,963,428</u>	<u>6,515,553</u>	<u>447,875</u>	<u>6.9%</u>
<b>Operating expenses:</b>				
Cost of water sold	2,522,747	2,742,149	(219,402)	-8.0%
Pumping and energy costs	1,243,116	1,103,924	139,192	12.6%
Water Treatment	86,969	108,982	(22,013)	-20.2%
Transmission and distribution	285,884	359,224	(73,340)	-20.4%
Customer services	78,550	118,984	(40,434)	-34.0%
General Plant	60,795	53,256	7,539	14.2%
General and administrative	1,455,714	1,469,092	(13,378)	-0.9%
Depreciation	486,566	469,758	16,808	3.6%
Total operating expenses	<u>6,220,341</u>	<u>6,425,369</u>	<u>(205,028)</u>	<u>-3.2%</u>
Operating income (loss)	<u>743,087</u>	<u>90,184</u>	<u>652,903</u>	<u>724.0%</u>
<b>Nonoperating revenues:</b>				
Investment income	39,395	46,694	(7,299)	-15.6%
Property taxes, assmts, conn fees & leases	621,495	624,232	(2,737)	-0.4%
Other non-operating revenues	31,258	17,250	14,008	81.2%
Total nonoperating revenues	<u>692,148</u>	<u>688,176</u>	<u>3,972</u>	<u>0.6%</u>
<b>Nonoperating expenses:</b>				
Other Non-operating expenses	10,471	22,013	(11,542)	0.0%
Interest on long term debt	81,365	87,757	(6,392)	-7.3%
Total nonoperating expenses	<u>91,836</u>	<u>109,770</u>	<u>(17,934)</u>	<u>-16.3%</u>
<b>Revenues over/(under) Expenditures</b>	<b>1,343,399</b>	<b>668,590</b>	<b>674,809</b>	<b>100.9%</b>
Capital Contributions	-	-	-	
<b>Change in net assets</b>	<b>1,343,399</b>	<b>668,590</b>	<b>674,809</b>	<b>100.9%</b>
Net assets, beginning of year -	<u>14,114,818</u>	<u>13,446,228</u>	<u>668,590</u>	<u>5.0%</u>
<b>Total Net Assets, End of year</b>	<b><u>\$15,458,217</u></b>	<b><u>\$14,114,818</u></b>	<b><u>\$1,343,399</u></b>	<b><u>9.5%</u></b>

**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. Every cash flow has been categorized as one of the following activities: operating, noncapital financing, capital and related financing, or investing. The total of these categories for the year ended June 30, 2012, represents an increase in cash and cash equivalents of \$795,951 which is combined with beginning cash and cash equivalents of \$3,216,595 to arrive at ending cash and cash equivalents of \$4,012,546.

**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 19 - 40 of this report. The government-wide financial statements can be found on pages 11 - 13 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 41- 43 of this report.

**CAPITAL ASSETS AND CAPITAL PROJECTS**

The District's Capital Assets in service at June 30, 2012 totaled \$19,418,147 less \$8,124,617 of accumulated depreciation, for a net book value of \$11,293,530. Additional information on capital assets can be found in Note 3 to the financial statements. Capital Asset additions being depreciated totaled \$760,454 and included the following:

<b>Capital Asset Additions</b>	
Source of Supply	\$ 162,737
General Plant Additions	67,704
Pumping Plant	96,991
Water Treatment	27,588
Pipelines (Transmission & Distribution)	405,434
Total	<u>\$ 760,454</u>

Deletions of Capital Assets being depreciated totaled \$38,579 for retirement of vehicle and other equipment replacements. Also, included in the total reported on the Statement of Net Assets is \$87,209 in construction-in-progress reflecting capital projects in various stages of completion. As of June 30, 2012, the following capital projects were in progress:

<b>Construction in Progress</b>	
Horizontal Well 43	\$ 39,506
Horizontal Well 44	\$ 47,703
Total	<u>\$ 87,209</u>

To help fund capital projects 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, 2012 all capacity fees collected in prior years have been used for this purpose. Growth in the area is slow to none. There were no new meters set and no capacity fees collected in fiscal year 2011-12. The District does not expect any change for the next few years.

## LONG-TERM DEBT

At the end of the current fiscal year, the Yuima Municipal Water District had total bonded debt outstanding of \$1,726,799, including \$223,600 which is the portion that is due within one year. The debt was incurred to finance the replacement of Reservoir 8 with a 1.7 million gallon tank and pump station and the construction for the 3 MG Eastside Tank and pump station. Additional information on long-term debt can be found in Note 4 to the financial statements.

The District's outstanding bond indebtedness as of June 30, 2012 is as follows:

### Schedule of Bond Indebtedness For Fiscal Year Ended 2012

Long-term Debt							
Description	Year Issued	Total Bonds Sold	Final Maturity Date	Fixed Interest Rate	Bonds Outstanding (Audited) As of June 30, 2012		
					Current	Long Term	Total
Eastside Tank & Pump Station	2004	\$ 1,500,000	2016	3.73%	\$ 135,990	\$ 439,466	\$ 575,456
Tank 8 and Pump Station	2007	\$ 1,500,000	2022	4.58%	\$ 87,610	\$ 1,063,733	\$ 1,151,343
Total		<u>\$ 3,000,000</u>			<u>\$ 223,600</u>	<u>\$ 1,503,199</u>	<u>\$ 1,726,799</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.

The District sold 32% of total water delivered during the year 2011-12 to one customer. The same customer has been one of the top ten water consumers in the District for the last 23 years averaging 30% of the District sales.

The District incurred a \$743,087 operating gain during fiscal year 2011-12 as compared to a \$90,184 operating gain during fiscal year 2010-11. In fiscal year 2010-11 the District purchased 33% of the water sold from the San Diego County Water Authority, compared to 21% in fiscal year 2011-12. This resulted in a lower cost of the water purchased and produced.

The drought in California has been declared over due to the increased water storage levels throughout the State and in the Colorado River basin as a result of an extremely wet winter and cool summer during the past twelve months. The long-term water supply shortage still persists.

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 paying 40% of the employee's portion (8%) of District's pension costs. In addition, the retiree health benefit program for management employees changed from a defined benefit plan to a defined contribution plan.

### **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, Lori A. Johnson, Director of Finance, 34928 Valley Center Road, Pauma Valley, Ca. 92061, or call (760) 742-3704, or send inquiries to our website @ [www.yuimamwd.com](http://www.yuimamwd.com).

**Yuima Municipal Water District**  
**Statement of Net Assets**  
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	\$ 2,501	\$ 4,012,546	\$ 4,015,047
Accounts Receivable	147,577	674,559	822,136
Taxes Receivable	481	42,937	43,418
Interest Receivable		8,525	8,525
Internal Balances	(150,700)	150,700	0
Inventories		271,260	271,260
Prepays		31,638	31,638
Capital Assets, Not Being Depreciated			
Land and Improvements		1,300,707	1,300,707
Construction in Progress		87,209	87,209
Capital Assets, Net of Depreciation			
General Plant		442,697	442,697
Source of Supply		5,251,347	5,251,347
Pumping Plant		1,964,824	1,964,824
Water Treatment Plant		87,922	87,922
Transmission and Distribution Plant		3,546,739	3,546,739
		<u>17,873,610</u>	<u>17,873,610</u>
Total Assets	<u>(141)</u>	<u>17,873,610</u>	<u>17,873,469</u>
<b>LIABILITIES</b>			
Accounts Payable		468,585	468,585
Deposits and Other Liabilities		13,825	13,825
Interest Payable		15,814	15,814
Long-term Liabilities:			
Due Within One Year		271,193	271,193
Due in More Than One Year		1,645,976	1,645,976
		<u>2,415,393</u>	<u>2,415,393</u>
Total Liabilities	<u>0</u>	<u>2,415,393</u>	<u>2,415,393</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt		10,954,646	10,954,646
Unrestricted	(141)	4,503,571	4,503,430
		<u>15,458,217</u>	<u>15,458,076</u>
Total Net Assets	<u>\$ (141)</u>	<u>\$ 15,458,217</u>	<u>\$ 15,458,076</u>

The accompanying notes are an integral part of this statement.

**Yuima Municipal Water District**  
**Statement of Activities**  
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Fire Protection	\$ 214,549	\$ 51,406	\$ 146,859	\$
Business-type Activities:				
Water Enterprise	6,312,177	7,214,477		
Total Primary Government	\$ 6,526,726	\$ 7,265,883	\$ 146,859	\$ 0

General Revenues:  
Unrestricted Intergovernmental  
Investment Income  
Other

Total General Revenues

Change in Net Assets

Total Net Assets - Beginning

Total Net Assets - Ending

The accompanying notes are an integral part of this statement.



Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (16,284)	\$	\$ (16,284)
	902,300	902,300
(16,284)	902,300	886,016
	381,697	381,697
13	39,395	39,408
8,502	20,007	28,509
8,515	441,099	449,614
(7,769)	1,343,399	1,335,630
7,628	14,114,818	14,122,446
\$ (141)	\$ 15,458,217	\$ 15,458,076

The accompanying notes are an integral part of this statement.

**Yuima Municipal Water District**  
**Balance Sheet**  
**Governmental Fund**  
June 30, 2012

	Fire Protection
<b>ASSETS</b>	
Cash and Investments	\$ 2,501
Accounts Receivable	147,577
Taxes Receivable	481
Total Assets	\$ 150,559
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Due to Other Funds	\$ 150,700
Total Liabilities	150,700
Fund Balance	
Unassigned	(141)
Total Fund Balance	(141)
Total Liabilities and Fund Balance	\$ 150,559
Fund Balance of Governmental Fund	\$ (141)
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Reconciling items to the Statement of Net Assets	-
Net Assets of Governmental Activities	\$ (141)

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, 2012

	Fire Protection
<b>REVENUES</b>	
Fire Protection Special Tax	\$ 50,688
Mitigation Fees	718
Contributions	146,859
Investment Income	13
Miscellaneous	8,502
Total Revenues	206,780
<b>EXPENDITURES</b>	
General and Administrative	2,591
Fire Protection	211,958
Total Expenditures	214,549
Excess (Deficiency) of Revenues Over Expenditures	(7,769)
Fund Balance, Beginning	7,628
Fund Balance, Ending	\$ (141)
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,769)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Reconciling items to the Statement of Activities	-
Changes in Net Assets of Governmental Activities	\$ (7,769)

The accompanying notes are an integral part of this statement.

**Yuima Municipal Water District**  
**Statement of Net Assets**  
**Proprietary Fund**  
June 30, 2012

**ASSETS**

Current Assets:

Cash and Investments	\$ 4,012,546
Accounts Receivable	674,559
Taxes Receivable	42,937
Interest Receivable	8,525
Due from Other Funds	150,700
Inventories	271,260
Prepays	<u>31,638</u>

Total Current Assets	<u>5,192,165</u>
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Noncurrent Assets:

Capital Assets, Not Being Depreciated	1,387,916
Capital Assets, Net of Depreciation	<u>11,293,529</u>

Total Noncurrent Assets	<u>12,681,445</u>
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Total Assets	<u>17,873,610</u>
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**LIABILITIES**

Current Liabilities:

Accounts Payable	468,585
Compensated Absences - Current Portion	47,593
Deposits and Other Liabilities	13,825
Interest Payable	15,814
Notes Payable - Current Portion	<u>223,600</u>

Total Current Liabilities	<u>769,417</u>
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Noncurrent Liabilities:

Compensated Absences	142,777
Notes Payable	<u>1,503,199</u>

Total Noncurrent Liabilities	<u>1,645,976</u>
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Total Liabilities	<u>2,415,393</u>
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**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	10,954,646
Unrestricted	<u>4,503,571</u>

Total Net Assets	<u>\$ 15,458,217</u>
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The accompanying notes are an integral part of this statement.

**Yuima Municipal Water District**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund**  
Year Ended June 30, 2012

**OPERATING REVENUES**

Water Sales and Pumping Charges	\$ 6,411,120
Other Services	552,308
	6,963,428
Total Operating Revenues	6,963,428

**OPERATING EXPENSES**

Purchased Water	2,522,747
Pumping	1,243,116
Water Treatment	86,969
Transmission and Distribution	285,884
Customer Accounts	78,550
General Plant	60,795
General and Administrative	1,455,714
Depreciation	486,566
	6,220,341
Total Operating Expenses	6,220,341
Operating Income (Loss)	743,087

**NON-OPERATING REVENUES (EXPENSES)**

Property Taxes and Assessments	388,271
Availability Charges	160,559
Lease Income	72,665
Investment Income	39,395
Other Non-operating Revenues	31,258
Interest Expense	(81,365)
Other Non-operating Expenses	(10,471)
	600,312
Total Non-Operating Revenues (Expenses)	600,312

Change in Net Assets	1,343,399
Total Net Assets, Beginning	14,114,818
Total Net Assets, Ending	\$ 15,458,217

The accompanying notes are an integral part of this statement.

**Yuima Municipal Water District**  
**Statements of Cash Flows**  
**Proprietary Fund**  
Year Ended June 30, 2012

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 6,911,654
Cash from Other Operating Activities	31,258
Cash Payments to Employees	(1,008,358)
Cash Payments to Suppliers	<u>(4,727,195)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,207,359</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Property Taxes	382,671
Availability Charges	160,559
Lease Income	72,665
Advances to Other Funds	<u>18,643</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>634,538</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of Capital Assets	(788,476)
Principal Payments on Capital Debt	(214,787)
Interest Payments on Capital Debt	<u>(80,765)</u>
Net Cash Provided (Used) by Capital and Related Financing	<u>(1,084,028)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income	<u>38,082</u>
Net Cash Provided (Used) by Investing Activities	<u>38,082</u>

Net Increase (Decrease) in Cash and Cash Equivalents	795,951
Cash and Cash Equivalents - Beginning of Year	<u>3,216,595</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 4,012,546</u></u>

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Net Operating Income (Loss)	\$ 743,087
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	486,566
Miscellaneous Revenues	31,258
Miscellaneous Expenses	(7,018)
(Increase) Decrease in Accounts Receivable	(37,026)
(Increase) Decrease in Inventory	77,268
(Increase) Decrease in Prepaids	322
Increase (Decrease) in Accounts Payable	(73,036)
Increase (Decrease) in Compensated Absences	686
Increase (Decrease) in Deposits and Other Liabilities	<u>(14,748)</u>
Total Cash Provided (Used) by Operating Activities	<u><u>\$ 1,207,359</u></u>

The accompanying notes are an integral part of this statement.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

<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, 2012

**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 for the purpose of securing a supplemental water supply from the Metropolitan Water District of California for its irrigation and domestic service 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 accounts of the District are organized on the basis of geographic segments. These groups of accounts, which are subfunds of the proprietary fund, are identified in the District's books and records as the General Fund, Improvement District A, Annexation #1, Fire Fund, and their related capital improvement funds.

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, 2012 are as follows:

Name	Title	Term Expiration
W.D. "Bill" Knutson	President	January 2015
Douglas K. Anderson	Vice President	January 2015
George Stockton	Secretary/Treasurer	January 2013
Mike Fitzsimmons	Director	January 2013
Ron W. Watkins	Director	January 2013



**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

Governmental Accounting Standards Board Statement No. 60

In November of 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement also provides guidance for governments that are operators in an SCA. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The District has elected not to early implement GASB No. 60 and has not determined its effect on the District’s financial statements.

Governmental Accounting Standards Board Statement No. 61

In November of 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. The District has elected not to early implement GASB No. 61 and has not determined its effect on the District’s financial statements.

Governmental Accounting Standards Board Statement No. 62

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

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

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.” This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, thereby eliminating the election provided in

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

Governmental Accounting Standards Board Statement No. 62 - Continued

paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The District has elected not to early implement GASB No. 62 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 63

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The District has elected not to early implement GASB No. 63 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 64

In June of 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*. Statement No. 64 provides guidance for accounting and reporting when interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. Statement No. 64 clarifies the accounting treatment when this occurs. Statement No. 64 is effective for periods beginning after June 15, 2011. Currently the District has no investments with derivatives.

Governmental Accounting Standards Board Statement No. 65

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

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

Governmental Accounting Standards Board Statement No. 65 - Continued

elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statements. Statement No. 65 is effective for periods beginning after December 15, 2012. The District has elected not to early implement GASB No. 65 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 66

In March of 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*. Statement No. 66 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal fund type. This statement also amends Statement No. 62, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. Statement No. 66 is effective for periods beginning after December 15, 2012. The District has elected not to early implement GASB No. 66 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 67

In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. This statement was issued to improve the financial reporting by state and local governmental pension plans. The statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trust or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trust covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. Statement No. 67 is effective for periods beginning after June 15, 2013. The District has elected not to early implement GASB No. 67 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

Governmental Accounting Standards Board Statement No. 68 - Continued

local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The District has elected not to early implement GASB No. 68 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.

The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No.33*, No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

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 Assets 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.

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.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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, 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. In accordance with GASB Statement No. 20, the District has elected to apply only those Financial Accounting Standard Board Statements and interpretations issued prior to November 30, 1989.

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 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.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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;
- 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,
  - 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 income" 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 income" account on the Statement of Activities and the Statement of Revenues, Expenses and Changes in Net Assets for Proprietary Funds.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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, 2012, the District reported water sales to one customer which totaled approximately 32% 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.

**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.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

**N) Restricted Assets**

Amounts shown as restricted assets have been restricted by either bond indenture, by law, or contractual obligations to be used for specified purposes, such as serving bonded debt and construction of capital assets.

**O) 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 (resolution or 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 or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

*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 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.

**P) 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 <sup>st</sup> Installment
	February 1	2 <sup>nd</sup> Installment
Delinquent Dates	December 10	1 <sup>st</sup> Installment
	April 10	2 <sup>nd</sup> Installment



**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

**P) Property Tax - Continued**

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.

**Q) 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.

**R) 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.

**2) CASH AND INVESTMENTS**

**Cash and Investments**

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

Statement of Net Assets:	
Cash and Investments	<u>\$ 4,015,047</u>

Cash and investments consist of the following:

Cash on Hand	\$ 500
Deposits with Financial Institutions	1,142,207
Investments	<u>2,872,340</u>
Total Cash and Investments	<u>\$ 4,015,047</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.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**2) CASH AND INVESTMENTS - Continued**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio <sup>(1)</sup>	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

<sup>(1)</sup>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.

As of June 30, 2012 the District had the following investments:

		Maturity Date	Weighted Average Maturity (Years)
State Investment Pool (LAIF)	\$ 2,872,340	N/A	0.65

\*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.

Investment Type		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	Aa	Not Rated
State Investment Pool (LAIF)	\$ 2,872,340	N/A	\$	\$	\$	\$ 2,872,340

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**2) CASH AND INVESTMENTS - Continued**

**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.

**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 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, 2012 none of the District's deposits with financial institutions were in excess of federal depository insurance limits.

**Local Agency Investment Fund (LAIF)**

The yield of LAIF for the quarter ended June 30, 2012 was 0.36%. The estimated amortized cost and fair value of the LAIF Pool at June 30, 2012 was \$60,514,457,551 and \$60,588,263,603, respectively. The District's share of the Pool at June 30, 2012 was approximately .004747 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 and asset-backed securities totaling \$800,000,000 and \$1,297,405,000. 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, 2012

**3) 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>
<b>Business-type Activities:</b>				
Capital Assets, Not Depreciated:				
Land and Improvements	\$ 1,300,707	\$	\$	\$ 1,300,707
Construction in Progress	<u>59,187</u>	<u>58,336</u>	<u>30,314</u>	<u>87,209</u>
Total Capital Assets Not Depreciated	<u>1,359,894</u>	<u>58,336</u>	<u>30,314</u>	<u>1,387,916</u>
Capital Assets, Being Depreciated:				
General Plant	1,566,928	67,704	38,579	1,596,053
Source of Supply	6,632,141	162,737		6,794,878
Pumping Plant	3,005,434	96,991		3,102,425
Water Treatment Plant	125,623	27,588		153,211
Transmission and Distribution Plant	<u>7,366,146</u>	<u>405,434</u>		<u>7,771,580</u>
Total Capital Assets Being Depreciated	<u>\$ 18,696,272</u>	<u>\$ 760,454</u>	<u>\$ 38,579</u>	<u>\$ 19,418,147</u>
Less Accumulated Depreciation:				
General Plant	\$ (1,115,390)	\$ (73,095)	\$ (35,129)	\$ (1,153,356)
Source of Supply	(1,409,781)	(133,750)		(1,543,531)
Pumping Plant	(1,027,710)	(109,891)		(1,137,601)
Water Treatment Plant	(61,241)	(4,048)		(65,289)
Transmission and Distribution Plant	<u>(4,059,059)</u>	<u>(165,782)</u>		<u>(4,224,841)</u>
Total Accumulated Depreciation	<u>(7,673,181)</u>	<u>(486,566)</u>	<u>(35,129)</u>	<u>(8,124,618)</u>
Total Capital Assets Being Depreciated, Net	<u>11,023,091</u>	<u>273,888</u>	<u>3,450</u>	<u>11,293,529</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 12,382,985</u>	<u>332,224</u>	<u>33,764</u>	<u>\$ 12,681,445</u>

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

Business-type Activities:	
Water Enterprise	\$ 486,566

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**4) 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)	\$ 189,684	\$ 48,107	\$ 47,421	\$ 190,370	\$ 47,593
Note Payable:					
2004 Installment Note	706,512		131,056	575,456	135,990
2007 Installment Note	<u>1,235,074</u>		<u>83,731</u>	<u>1,151,343</u>	<u>87,610</u>
 Total	 <u>\$ 2,131,270</u>	 <u>\$ 48,107</u>	 <u>\$ 262,208</u>	 <u>\$ 1,917,169</u>	 <u>\$ 271,193</u>

**Notes Payable - 2004 Installment Note** - On April 19, 2004, the District entered into an installment sale agreement with Municipal Financial Corporation for \$1,500,000 payable to City National Bank. The agreement is to provide financing for the construction of water storage facilities known as Eastside 3M tank and pump station. Principal and interest on the agreement is payable April 21<sup>st</sup> and October 21<sup>st</sup> of each year. Interest on the agreement accrues at 3.73%. Principal on the agreement is payable in semi-annual installments ranging from \$50,124 to \$76,669, commencing October 21, 2004, through April 21, 2016. The agreement requires a maintenance of water system revenues that the pledged net system revenues are in an amount, which will be sufficient to be at least equal to one hundred twenty five percent (125%) of the annual debt service for such fiscal year.

For the Year Ended June 30.	Principal	Interest	Total
2013	\$ 135,990	\$ 20,208	\$ 156,198
2014	141,109	15,089	156,198
2015	146,422	9,776	156,198
2016	<u>151,935</u>	<u>4,263</u>	<u>156,198</u>
Total	<u>\$ 575,456</u>	<u>\$ 49,336</u>	<u>\$ 624,792</u>

**Notes Payable - 2007 Installment Note** - On August 27, 2007, the District entered into an installment sale agreement with Municipal Finance Corporation for \$1,500,000 payable to Citizens Bank. The agreement is to provide financing for the construction of a water storage tank and a pump station in IDA, known as Tank 8. Principal and interest on the agreement is payable January 15<sup>th</sup> and July 15<sup>th</sup> of each year. Interest on the agreement accrues at 4.58%. Principal on the agreement is payable in semi-annual installments ranging from \$35,325 to \$68,115, commencing January 15, 2008, through July 15, 2022. The agreement requires the District to maintain the pledged net system revenues to be at least equal to one hundred twenty five percent (125%) of the annual debt service for such fiscal year.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**4) LONG-TERM LIABILITIES - Continued**

For the Year Ended June 30,	Principal	Interest	Total
2013	\$ 87,610	\$ 51,740	\$ 139,350
2014	91,669	47,681	139,350
2015	95,915	43,435	139,350
2016	100,358	38,992	139,350
2017	105,007	34,343	139,350
2018-2022	602,669	94,080	696,749
2023	68,115	1,560	69,675
Total	\$ 1,151,343	\$ 311,831	\$ 1,463,174

**Pledged Revenues**

The District has pledged a portion of future water activities revenues to repay its 2004 and 2007 Installment Notes Payable to Citizens and City National Bank under the agreement with Municipal Finance Corporation. The note payables are secured solely by operating revenues from the proprietary fund. Total principal and interest remaining on the note payables are \$2,087,966 payable through fiscal year 2023. For the current year, principal and interest paid by the operating revenues were \$214,787 and \$80,761, respectively.

**5) DISTRICT EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

**Plan Description**

The Yuima Municipal Water District contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. As of fiscal year 2006, entities participating in the California Public Employees Retirement System (PERS) with less than one hundred members, are mandated by the State to be in a risk pool. The District has less than one hundred members participating in PERS and has presented information based on the requirements of cost-sharing multiple-employer defined benefits plans since certain information for an agent multiple-employer defined benefit plan are unavailable. Copies of the PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

**Funding Policy**

The District has elected to pay a portion of the required participant contributions on behalf of its employees. The District pays 6.5% of the required 8% of the participant's annual covered salary for its employees. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required contribution rate for the year ended June 30, 2012 was 30.507%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**5) DISTRICT EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) - Continued**

**Miscellaneous Employees**

For 2011-12, the District's annual pension cost for miscellaneous employees, of \$301,917 for PERS was equal to the District's required and actual contributions. The required contribution for fiscal year 2011-12 was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value).

<u>THREE-YEAR TREND INFORMATION FOR PERS</u>		
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/10	\$ 318,218	100%
6/30/11	\$ 281,744	100%
6/30/12	\$ 301,917	100%

**6) 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 plan was amended on April 25, 2011 to a defined contribution plan effective July 1, 2011.

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.

**Funding Policy**

Contributions to the plan are made solely by the District. 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.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**6) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued**

**Funding Policy - Continued**

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, 2012, the District made \$113,646 contributions to the Plan representing the District's 2012 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	\$	113,646
Interest on Net OPEB Obligation		-
Adjustments to Annual Required Contribution		-
 Annual OPEB Cost (Expense)		 113,646
Contributions Made		(113,646)
 Increase (Decrease) in Net OPEB Obligation		 -
Net OPEB Obligation - Beginning of Year		-
 Net OPEB Obligation - End of Year	 \$	 -

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB obligation for fiscal year 2012 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
6/30/10	\$ 128,105	0.0%	\$ 383,363
6/30/11	\$ 152,869	100.0%	\$ -
6/30/12	\$ 113,646	100.0%	\$ -



**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**6) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued**

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$	1,213,410
Actuarial Value of Plan Assets	\$	553,428
Unfunded Actuarial Accrued Liability (UAAL)	\$	659,982
Funded Ratio (Actuarial Value of Plan Assets/AAL)		45.6%
Covered Payroll (Active Plan Members)	\$	509,961
UAAL as a Percentage of Covered Payroll		129.4%

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.

**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.

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 1999 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.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**6) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued**

**Methods and Assumptions - Continued**

*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 September 2010. These reports used information from the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.3 percent initially, increased to an ultimate rate of 6.7 percent after six years, was used.

*Health Insurance Premiums* - 2011 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 2.5 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 7.61 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, 2012, was thirty years.

**7) DEFERRED COMPENSATION PLAN**

The District offers their employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is under three investment group contracts, American United Life, Valic and CalPERS, which offer a fixed and variable rate, respectively. 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 2012 was \$17,000 per participant and is \$16,500 for the calendar year 2011; or up to 25% of gross compensation.

**8) 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.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**9) NET ASSETS - DESIGNATED**

In addition to the regulatory restrictions imposed by state law, the Board of Directors by resolution allocated and designated unrestricted net asset 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	\$ 713,576	\$ 192,555	\$ -	\$ 906,131
Minimum Operating Reserve	1,995,919	479,067	-	2,474,986
Continuing Capital Projects	538,964	498,725	483,916	553,773
Vehicle Replacement	424,960	62,764	109,413	378,311
Employee Benefit Requirements	<u>-</u>	<u>190,370</u>	<u>-</u>	<u>190,370</u>
Total	<u>\$ 3,673,419</u>	<u>\$ 1,423,481</u>	<u>\$ 593,329</u>	<u>\$ 4,503,571</u>

**10) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

The following had a deficit fund balance at June 30, 2012. The deficit is expected to be eliminated through future revenues.

Fire Protection Fund	\$ (141)
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**11) RISK MANAGEMENT**

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

The District is 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, 2012 was \$34,085. There were no instances in the past three years where a settlement exceeded the District's coverage.

**Yuima Municipal Water District**  
**Notes to Financial Statements**  
Year Ended June 30, 2012

**12) 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, 2012, 19.5% of water sold by the District is purchased from the San Diego Water Authority and 80.5% 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 Funding Progress for OPEB**  
Year Ended June 30, 2012

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, 2008	\$ -	\$ 882,185	\$ 882,185	0.0%	\$ 477,532	184.7%
June 30, 2010	\$ -	\$ 1,224,245	\$ 1,224,245	0.0%	\$ 509,222	240.4%
June 30, 2011	\$ 553,428	\$ 1,213,410	\$ 659,982	45.6%	\$ 509,961	129.4%

**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, 2012

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Fire Protection Special Tax	\$ 50,100	\$ 50,100	\$ 50,688	\$ 588
Mitigation Fees			718	718
Contributions	163,038	163,038	146,859	(16,179)
Investment Income			13	13
Miscellaneous	8,000	8,000	8,502	502
	<u>221,138</u>	<u>221,138</u>	<u>206,780</u>	<u>(14,358)</u>
<b>EXPENDITURES</b>				
General and Administration	2,500	2,500	2,591	(91)
Fire Protection	221,138	221,138	211,958	9,180
	<u>223,638</u>	<u>223,638</u>	<u>214,549</u>	<u>9,089</u>
Excess of Revenues Over Expenditures	<u>\$ (2,500)</u>	<u>\$ (2,500)</u>	(7,769)	<u>\$ (5,269)</u>
Fund Balance - Beginning of Year			<u>7,628</u>	
Fund Balance - End of Year			<u>\$ (141)</u>	



**Yuima Municipal Water District**  
**Notes to Required Supplementary Information**  
Year Ended June 30, 2012

**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. 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 the object level.

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## STATISTICAL SECTION

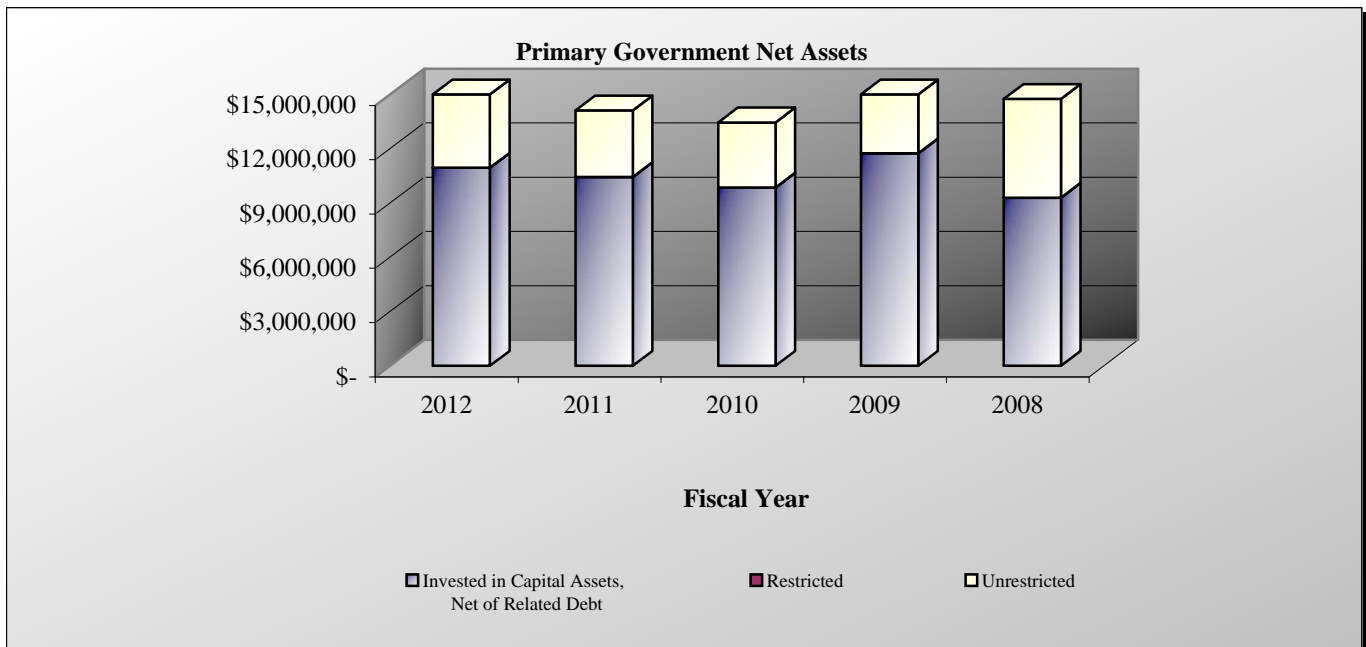
This part of the Yuima Municipal Water District comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	44
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, water sales.	51
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	57
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	61
<b>Operating Information</b> 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.	64

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

*Page 1 of 2*

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>					
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	(141)	7,628	10,276	14,997	250,617
<b>Total Governmental Activities Net Assets</b>	<b>\$ (141)</b>	<b>\$ 7,628</b>	<b>\$ 10,276</b>	<b>\$ 14,997</b>	<b>\$ 250,617</b>
<b>Business - type Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 10,954,646	\$ 10,441,399	\$ 9,851,232	\$ 11,745,488	\$ 9,297,688
Restricted	-	-	-	-	-
Unrestricted	4,503,571	3,673,419	3,594,996	3,833,288	5,209,324
<b>Total Business-type Activities Net Assets</b>	<b>\$ 15,458,217</b>	<b>\$ 14,114,818</b>	<b>\$ 13,446,228</b>	<b>\$ 15,578,776</b>	<b>\$ 14,507,012</b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	\$ 10,954,646	\$ 10,441,399	\$ 9,851,232	\$ 11,745,488	\$ 9,297,688
Restricted	-	-	-	-	-
Unrestricted	4,503,430	3,681,047	3,605,272	3,848,285	5,459,941
<b>Total Primary Government Net Assets</b>	<b>\$ 15,458,076</b>	<b>\$ 14,122,446</b>	<b>\$ 13,456,504</b>	<b>\$ 15,593,773</b>	<b>\$ 14,757,629</b>



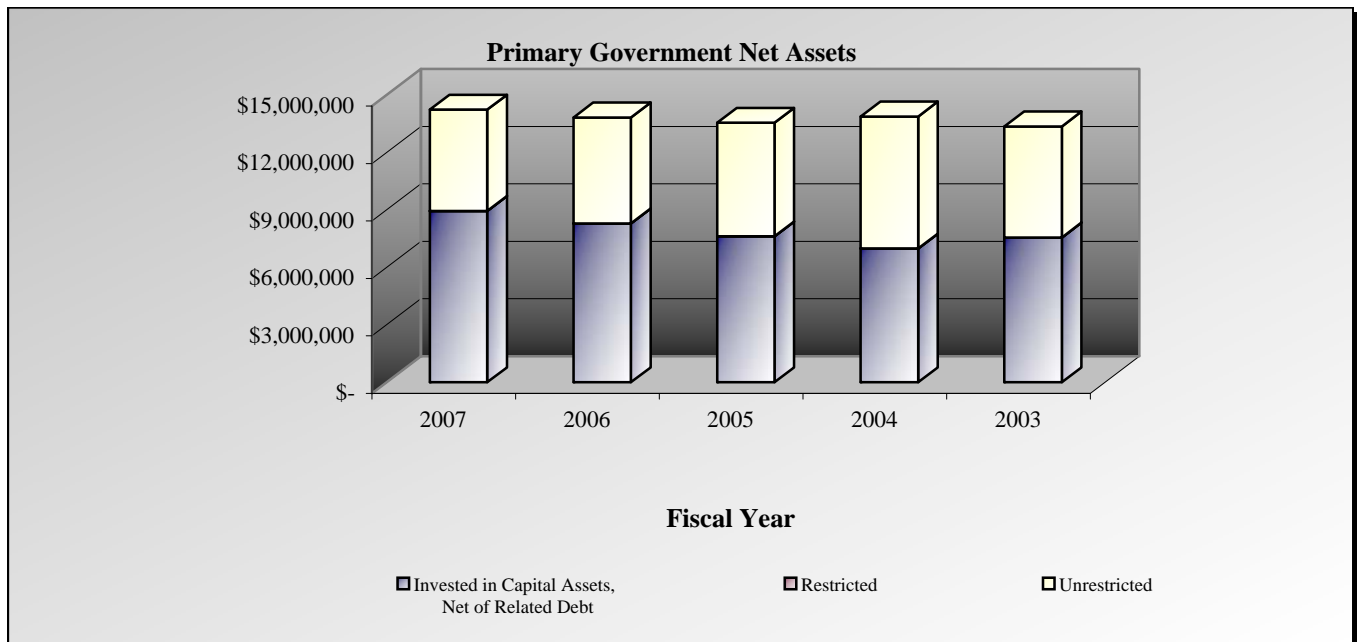
Source: Yuima Municipal Water District

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

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

*Page 2 of 2*

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Governmental Activities:</b>					
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	241,565	226,557	233,232	188,191	176,779
<b>Total Governmental Activities Net Assets</b>	<b>\$ 241,565</b>	<b>\$ 226,557</b>	<b>\$ 233,232</b>	<b>\$ 188,191</b>	<b>\$ 176,779</b>
<b>Business - type Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 8,947,575	\$ 8,295,589	\$ 7,613,682	\$ 6,984,703	\$ 7,556,294
Restricted	-	-	-	-	-
Unrestricted	5,046,011	5,303,896	5,697,144	6,704,573	5,624,626
<b>Total Business-type Activities Net Assets</b>	<b>\$ 13,993,586</b>	<b>\$ 13,599,485</b>	<b>\$ 13,310,826</b>	<b>\$ 13,689,276</b>	<b>\$ 13,180,920</b>
<b>Primary government</b>					
Invested in Capital Assets, Net of Related Debt	\$ 8,947,575	\$ 8,295,589	\$ 7,613,682	\$ 6,984,703	\$ 7,556,294
Restricted	-	-	-	-	-
Unrestricted	5,287,576	5,530,453	5,930,376	6,892,764	5,801,405
<b>Total Primary Government Net Assets</b>	<b>\$ 14,235,151</b>	<b>\$ 13,826,042</b>	<b>\$ 13,544,058</b>	<b>\$ 13,877,467</b>	<b>\$ 13,357,699</b>



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 Assets**  
**Last Ten Fiscal Years**

*Page 1 of 2*

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Expenses</b>					
Governmental Activities:					
Fire Protection	\$ 214,549	\$ 235,432	\$ 221,085	\$ 342,006	\$ 144,288
Total Governmental Activities Expenses	<u>214,549</u>	<u>235,432</u>	<u>221,085</u>	<u>342,006</u>	<u>144,288</u>
Business-type activities:					
Water Activities	6,312,175	6,535,139	7,667,445	6,629,393	7,386,450
Interest on Long-term Debt	-	-	-	111,912	90,019
Total Business-type Activities Expenses	<u>6,312,175</u>	<u>6,535,139</u>	<u>7,667,445</u>	<u>6,741,305</u>	<u>7,476,469</u>
Total Primary Government Expenses	<u>\$ 6,526,724</u>	<u>\$ 6,770,571</u>	<u>\$ 7,888,530</u>	<u>\$ 7,083,311</u>	<u>\$ 7,620,757</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services - Fire Protection	\$ 51,406	\$ 49,763	\$ 51,727	\$ 55,855	\$ 51,000
Operating Grants & Contributions - Fire Protection	146,859	174,094	155,075	34,840	87,926
Capital Grants and Contributions - Fire Protection	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>198,265</u>	<u>223,857</u>	<u>206,802</u>	<u>90,695</u>	<u>138,926</u>
Business-type Activities:					
Charges for Services - Water Activities	7,214,475	6,763,277	6,815,249	6,811,581	6,918,807
Operating Grants & Contributions - Water Activities	-	-	-	-	-
Capital Grants & Contributions - Water Activities	-	-	-	440,271	170,820
Total Business-type Activities Program Revenues	<u>7,214,475</u>	<u>6,763,277</u>	<u>6,815,249</u>	<u>7,251,852</u>	<u>7,089,627</u>
Total Primary Government Program Revenues	<u>\$ 7,412,740</u>	<u>\$ 6,987,134</u>	<u>\$ 7,022,051</u>	<u>\$ 7,342,547</u>	<u>\$ 7,228,553</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (16,284)	\$ (11,575)	\$ (14,282)	\$ (251,311)	\$ (5,362)
Business-type Activities	902,300	228,138	(852,196)	510,547	(386,842)
Total Primary Government Net (Expense)/Revenue	<u>\$ 886,016</u>	<u>\$ 216,563</u>	<u>\$ (866,478)</u>	<u>\$ 259,236</u>	<u>\$ (392,204)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Assets</b>					
Governmental Activities:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	13	22	38	1,905	8,754
Other	8,502	8,905	9,523	13,786	5,660
Total Governmental Activities	<u>8,515</u>	<u>8,927</u>	<u>9,561</u>	<u>15,691</u>	<u>14,414</u>
Business-type Activities:					
Property Taxes	381,697	381,507	396,197	429,668	413,896
Investment Income	39,395	46,694	60,929	130,217	253,442
Other	20,007	12,251	5,717	1,332	16,214
Special Item (Note 13)	-	-	(1,743,195)	-	-
Total Business-type Activities	<u>441,099</u>	<u>440,452</u>	<u>(1,280,352)</u>	<u>561,217</u>	<u>683,552</u>
Total Primary Government	<u>\$ 449,614</u>	<u>\$ 449,379</u>	<u>\$ (1,270,791)</u>	<u>\$ 576,908</u>	<u>\$ 697,966</u>
<b>Change in Net Assets</b>					
Governmental Activities	\$ (7,769)	\$ (2,648)	\$ (4,721)	\$ (235,620)	\$ 9,052
Business-type Activities	1,343,399	668,590	(2,132,548)	1,071,764	296,710
Total Primary Government	<u>\$ 1,335,630</u>	<u>\$ 665,942</u>	<u>\$ (2,137,269)</u>	<u>\$ 836,144</u>	<u>\$ 305,762</u>

Source: Yuima Municipal Water District

**Yuima Municipal Water District**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**

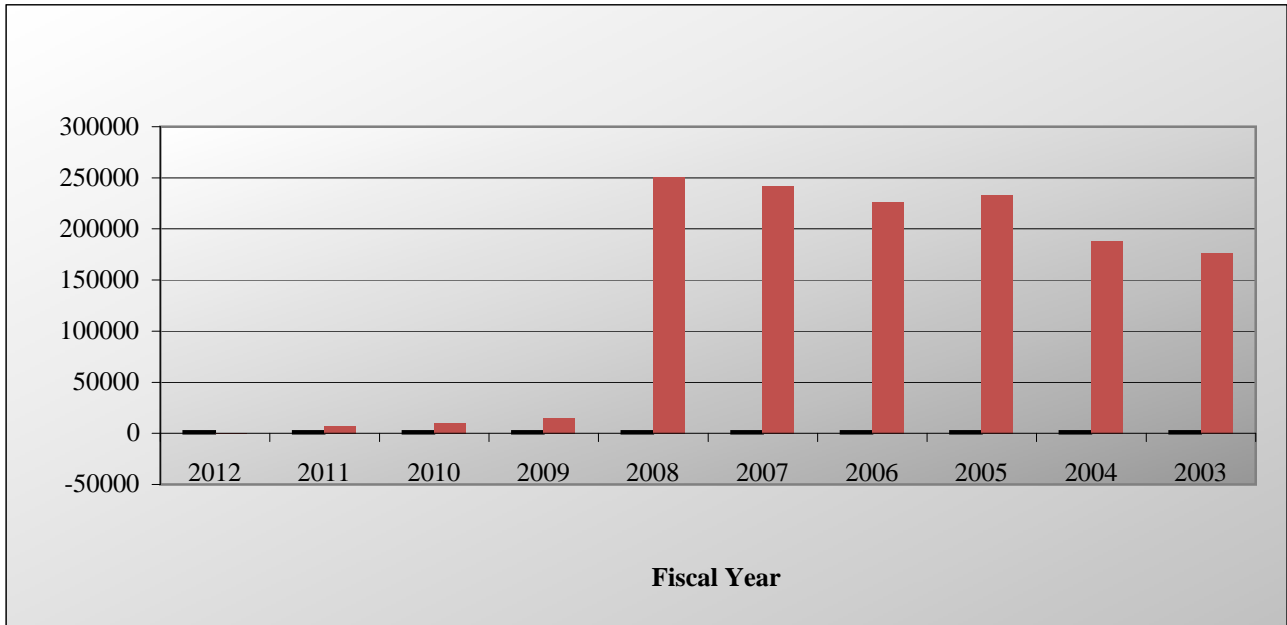
*Page 2 of 2*

	<b>Fiscal Year</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Expenses</b>					
Governmental Activities:					
Fire Protection	\$ 55,288	\$ 98,633	\$ 68,300	\$ 45,490	\$ 62,344
Total Governmental Activities Expenses	<u>55,288</u>	<u>98,633</u>	<u>68,300</u>	<u>45,490</u>	<u>62,344</u>
Business-type activities:					
Water Activities	7,334,519	6,001,789	5,375,827	6,032,769	5,109,328
Interest on Long-term Debt	46,529	50,652	54,354	9,810	-
Total Business-type Activities Expenses	<u>7,381,048</u>	<u>6,052,441</u>	<u>5,430,181</u>	<u>6,042,579</u>	<u>5,109,328</u>
Total Primary Government Expenses	<u>\$ 7,436,336</u>	<u>\$ 6,151,074</u>	<u>\$ 5,498,481</u>	<u>\$ 6,088,069</u>	<u>\$ 5,171,672</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services	\$ 61,585	\$ 59,070	\$ 50,028	\$ 54,613	\$ 52,029
Operating Grants and Contributions	-	46,236	40,324	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>61,585</u>	<u>105,306</u>	<u>90,352</u>	<u>54,613</u>	<u>52,029</u>
Business-type Activities:					
Charges for Services	6,675,823	5,736,423	4,491,018	5,401,434	4,736,676
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Business-type Activities Program Revenues	<u>6,675,823</u>	<u>5,736,423</u>	<u>4,491,018</u>	<u>5,401,434</u>	<u>4,736,676</u>
Total Primary Government Program Revenues	<u>\$ 6,737,408</u>	<u>\$ 5,841,729</u>	<u>\$ 4,581,370</u>	<u>\$ 5,456,047</u>	<u>\$ 4,788,705</u>
Net (Expense)/Revenue					
Governmental Activities	\$ 6,297	\$ 6,673	\$ 22,052	\$ 9,123	\$ (10,315)
Business-type Activities	<u>(705,225)</u>	<u>(316,018)</u>	<u>(939,163)</u>	<u>(641,145)</u>	<u>(372,652)</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (698,928)</u>	<u>\$ (309,345)</u>	<u>\$ (917,111)</u>	<u>\$ (632,022)</u>	<u>\$ (382,967)</u>
<b>General Revenues and Other</b>					
<b>Changes in Net Assets</b>					
Governmental Activities:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	8,711	6,234	3,407	2,289	3,063
Other	-	-	-	-	-
Total Governmental Activities	<u>8,711</u>	<u>6,234</u>	<u>3,407</u>	<u>2,289</u>	<u>3,063</u>
Business-type Activities:					
Property Taxes	587,046	205,676	191,219	402,724	265,511
Investment Income	277,258	291,715	138,272	93,824	134,805
Other	235,022	107,286	231,220	175,444	204,271
Special Item	-	-	-	-	-
Total Business-type Activities	<u>1,099,326</u>	<u>604,677</u>	<u>560,711</u>	<u>671,992</u>	<u>604,587</u>
Total Primary Government	<u>\$ 1,108,037</u>	<u>\$ 610,911</u>	<u>\$ 564,118</u>	<u>\$ 674,281</u>	<u>\$ 607,650</u>
<b>Change in Net Assets</b>					
Governmental Activities	\$ 15,008	\$ 12,907	\$ 25,459	\$ 11,412	\$ (7,252)
Business-type Activities	<u>394,101</u>	<u>288,659</u>	<u>(378,452)</u>	<u>30,847</u>	<u>231,935</u>
Total Primary Government	<u>\$ 409,109</u>	<u>\$ 301,566</u>	<u>\$ (352,993)</u>	<u>\$ 42,259</u>	<u>\$ 224,683</u>

Source: Yuima Municipal Water District

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

Fiscal Year Ended	GOVERNMENTAL FUNDS			Total Reserved/ Restricted Balance	Total Unreserved/ Unassigned Balance
	General <sup>(1)</sup> Fund	Fire Fund	Total Balance		
2012	\$ -	\$ (141)	\$ (141)	\$ -	\$ (141)
2011	-	7,628	7,628	-	7,628
2010	-	10,276	10,276	-	10,276
2009 <sup>(2)</sup>	-	14,997	14,997	-	14,997
2008	-	250,617	250,617	-	250,617
2007	-	241,565	241,565	-	241,565
2006	-	226,557	226,557	-	226,557
2005	-	233,232	233,232	-	233,232
2004	-	188,191	188,191	-	188,191
2003	-	176,779	176,779	-	176,779



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*

	<b>Fiscal Year</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>					
Fire Protection Special Tax	\$ 50,688	\$ 48,968	\$ 51,059	\$ 51,502	\$ 49,555
Mitigation Fees	718	795	668	4,533	1,445
Contributions	146,859	174,094	155,075	123,251	123,350
Investment Income	13	22	38	1,905	8,754
Miscellaneous	8,502	8,905	9,523	13,786	5,660
Total Revenues	<u>206,780</u>	<u>232,784</u>	<u>216,363</u>	<u>194,977</u>	<u>188,764</u>
<b>Expenditures</b>					
General and Administrative	2,591	3,800	5,589	3,428	2,274
Capital Expenditures	-	-	-	268,000	-
Fire Protection	<u>211,958</u>	<u>231,632</u>	<u>215,495</u>	<u>190,863</u>	<u>174,654</u>
Total Expenditures	<u>214,549</u>	<u>235,432</u>	<u>221,084</u>	<u>462,291</u>	<u>176,928</u>
Net Change in Fund Balances	<u>\$ (7,769)</u>	<u>\$ (2,648)</u>	<u>\$ (4,721)</u>	<u>\$ (267,314)</u>	<u>\$ 11,836</u>

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

Notes: The Fire Fund has no related debt and therefore has no debt expenditures or ratio presented. In 2009, as part of a joint project by the District with Pauma and Mootamai Municipal Water Districts, a new fire apparatus bay was constructed at the Rincon CalFIRE station. The apparatus bay is now owned and operated by the Rincon CalFIRE station.

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

*Page 2 of 2*

	<b>Fiscal Year</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Revenues</b>					
Fire Protection Special Tax	\$ 48,671	\$ 48,671	\$ 45,519	\$ 50,614	\$ 44,373
Mitigation Fees	12,914	10,399	4,509	3,999	7,656
Contributions	-	46,236	40,324	-	-
Investment Income	8,711	6,234	3,407	2,289	3,063
Miscellaneous	-	-	-	-	-
Total Revenues	<u>70,296</u>	<u>111,540</u>	<u>93,759</u>	<u>56,902</u>	<u>55,092</u>
<b>Expenditures</b>					
General and Administrative	5,773	5,992	3,030	3,845	7,531
Capital Expenditures	-	-	-	-	-
Fire Protection	<u>49,515</u>	<u>92,641</u>	<u>65,270</u>	<u>41,645</u>	<u>54,813</u>
Total Expenditures	<u>55,288</u>	<u>98,633</u>	<u>68,300</u>	<u>45,490</u>	<u>62,344</u>
Net Change in Fund Balances	<u>\$ 15,008</u>	<u>\$ 12,907</u>	<u>\$ 25,459</u>	<u>\$ 11,412</u>	<u>\$ (7,252)</u>

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

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

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

**Commodity Charges**

Fiscal Year Ended	Agricultural Water		Domestic Water		Average Annual Increase	Pumping Charge			Average Annual Increase
	Rate (per acre foot)		Rate (per acre foot)			Yuima	IDA (Range)		
	Yuima	IDA	Yuima	IDA			Yuima	IDA (Range)	
2012	\$ 966	\$ 715	\$ 982	\$ 722	-1%	\$ 91	\$ 67	\$ 321	0%
2011	\$ 966	\$ 727	\$ 1,066	\$ 776	13%	\$ 91	\$ 67	\$ 321	5%
2010	\$ 854	\$ 646	\$ 927	\$ 675	15%	\$ 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%
2006	\$ 563	\$ 426	\$ 649	\$ 474	6%	\$ 71	\$ 52	\$ 251	0%
2005	\$ 537	\$ 394	\$ 638	\$ 449	15%	\$ 71	\$ 52	\$ 251	0%
2004	\$ 476	\$ 337	\$ 571	\$ 385	4%	\$ 71	\$ 52	\$ 251	0%
2003	\$ 458	\$ 326	\$ 563	\$ 380	0%	\$ 71	\$ 52	\$ 251	0%

**Base Charges**

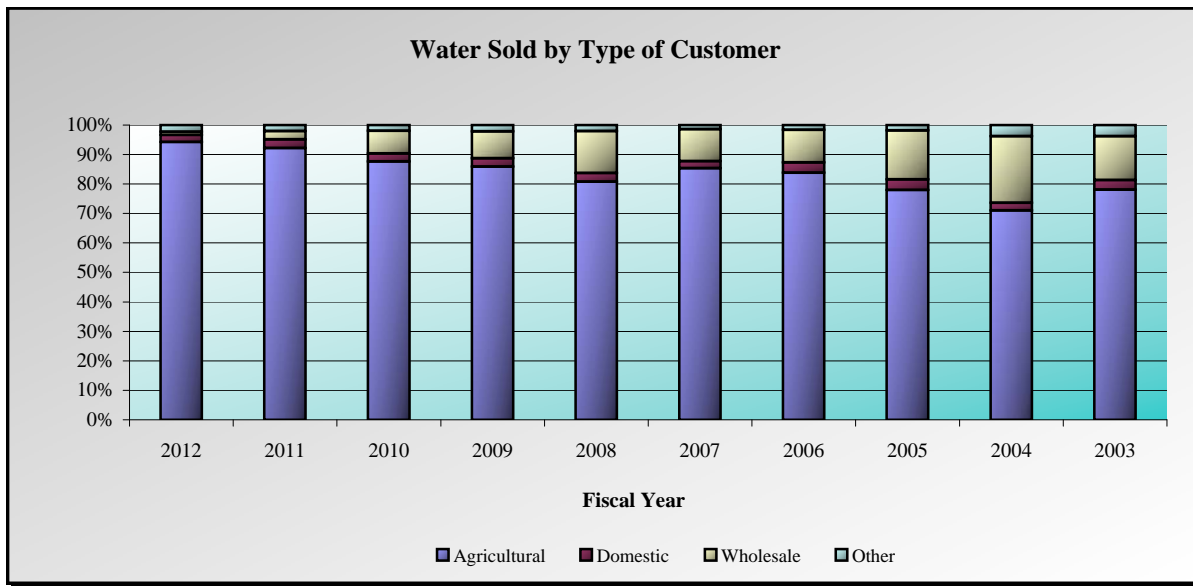
Fiscal Year Ended	Monthly Meter Charge by Meter Size										Average Annual Increase
	5/8"	1"	1¼" & 1½"	2"	3"	4"	5"	6"	8"		
2012	\$ 27	\$ 43	\$ 80	\$ 139	\$ 257	\$ 439	\$ 621	\$ 803	\$ 1,391	7%	
2011	\$ 25	\$ 40	\$ 75	\$ 130	\$ 240	\$ 410	\$ 580	\$ 744	\$ 1,300	7%	
2010	\$ 23	\$ 37	\$ 70	\$ 122	\$ 224	\$ 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%	
2006	\$ 18	\$ 29	\$ 54	\$ 94	\$ 173	\$ 296	\$ 419	\$ 542	\$ 939	0%	
2005	\$ 18	\$ 29	\$ 54	\$ 94	\$ 173	\$ 296	\$ 419	\$ 542	\$ 939	79%	
2004	\$ 15	\$ 23	\$ 38	\$ 56	\$ 99	\$ 144	\$ 235	\$ 235	\$ 360	0%	
2003	\$ 15	\$ 23	\$ 38	\$ 56	\$ 99	\$ 144	\$ 235	\$ 235	\$ 360	0%	

Source: Yuima Municipal Water District

Notes: 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**

<b>Fiscal Year Ended</b>	<b>Agricultural</b>	<b>Domestic</b>	<b>Wholesale</b>	<b>Other</b>	<b>Total Water Sales<sup>(1) (2)</sup></b>	<b>Total Acre Feet Sold</b>	<b>Total Rainfall<sup>(3)</sup> (inches)</b>
2012	\$ 3,905,423	\$ 98,626	\$ 47,620	\$ 93,342	\$ 4,145,011	6,062.4	17.20
2011	3,494,580	108,655	109,128	76,354	3,788,717	5,274.0	25.72
2010	3,201,230	97,934	281,463	72,638	3,653,265	5,310.8	23.97
2009	3,060,478	101,947	325,005	77,066	3,564,496	5,909.0	15.71
2008	2,672,727	96,922	471,004	66,617	3,307,270	6,088.4	22.51
2007	3,021,073	85,156	383,500	48,899	3,538,628	7,380.5	9.27
2006	2,452,927	104,109	322,386	48,172	2,927,594	6,492.5	16.47
2005	1,766,266	80,347	376,411	42,872	2,265,896	5,384.5	41.47
2004	2,330,462	86,853	740,981	123,864	3,282,161	7,398.8	13.03
2003	1,793,695	75,397	340,910	87,014	2,297,017	6,271.4	26.20



Source: Yuima Municipal Water District

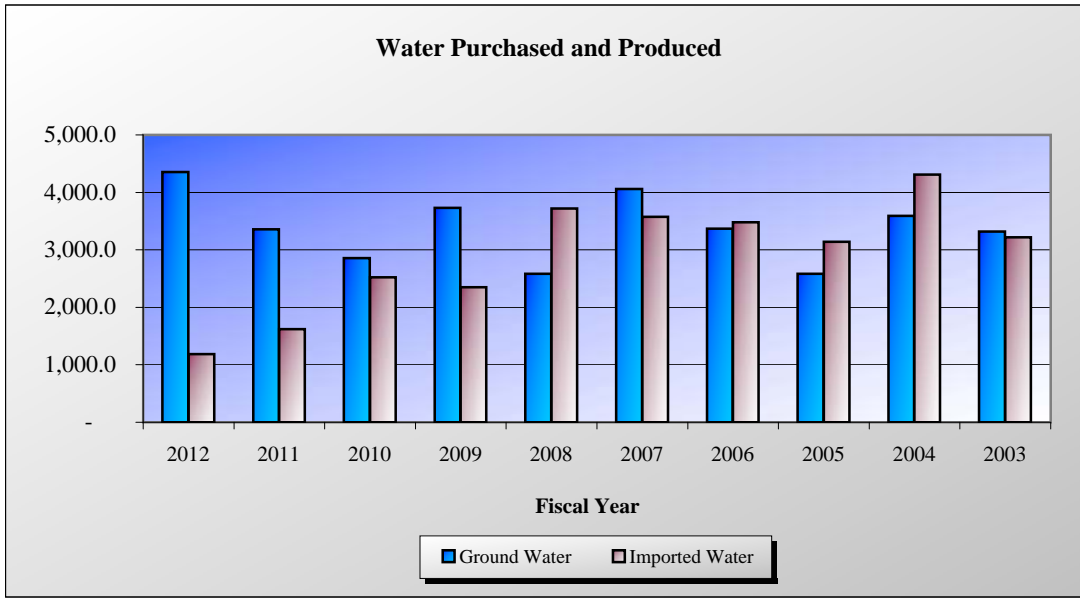
Notes: (1) Yuima's primary and only significant revenue source is retail water sales. The proportion of customer type that makes up the revenue base has remained relatively unchanged for the time frame presented. Agricultural and Wholesale water customers make up the largest section of the revenue base. 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.

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

Fiscal Year Ended	Acre Feet			Percent Ground Water	Percent Imported Water
	Ground Water <sup>(1)</sup>	Imported Water	Total Water Produced		
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%
2006	3,367.0	3,478.7	6,845.7	49%	51%
2005	2,583.6	3,142.9	5,726.5	45%	55%
2004	3,591.1	4,309.0	7,900.1	45%	55%
2003	3,320.9	3,219.9	6,540.8	51%	49%



Source: Yuima Municipal Water District

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

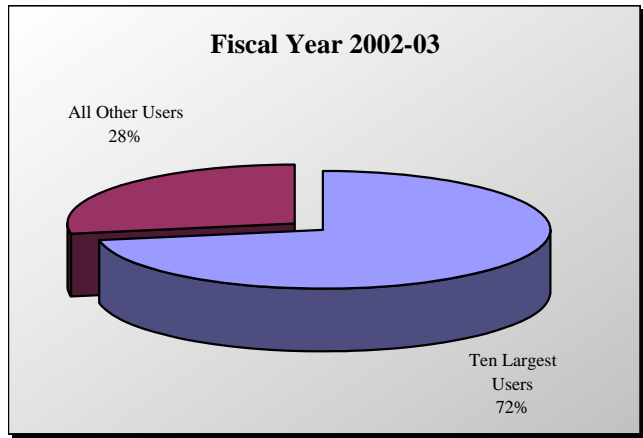
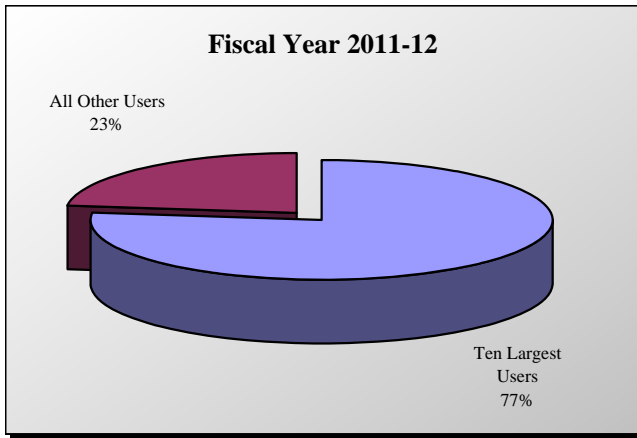
**Yuima Municipal Water District  
Principal Water Consumers  
For the Fiscal Years 2012 and 2003**

**FISCAL YEAR ENDED 2012**

Customer Name <sup>(1)</sup>	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches	2,026	36.78%
Val Vista	422	7.66%
Rancho Eugenio	408	7.41%
Humason	289	5.25%
T-Y Nursery	253	4.59%
Burge	207	3.76%
House	188	3.41%
PKB Farms	165	3.00%
Metta Forest	141	2.56%
McKillip	133	2.41%
<b>Total Top Ten Consumers</b>	<b>4,232</b>	<b>76.83%</b>
<b>Other Consumers</b>	<b>1,276</b>	<b>23.17%</b>
<b>Total Water Billed</b>	<b>5,508</b>	<b>100.00%</b>

**FISCAL YEAR ENDED 2003**

Customer Name <sup>(1)</sup>	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches	1,645	26.21%
Pauma Ridge	640	10.20%
Rancho Eugenio	526	8.38%
Val Vista	400	6.37%
Humason	336	5.35%
House	256	4.08%
Testa	217	3.46%
PKB Farms	199	3.17%
Brothers Nursery	162	2.58%
Metta Forest	159	2.53%
<b>Total Top Ten Consumers</b>	<b>4,540</b>	<b>72.33%</b>
<b>Other Consumers</b>	<b>1,737</b>	<b>27.67%</b>
<b>Total Water Billed</b>	<b>6,277</b>	<b>100.00%</b>

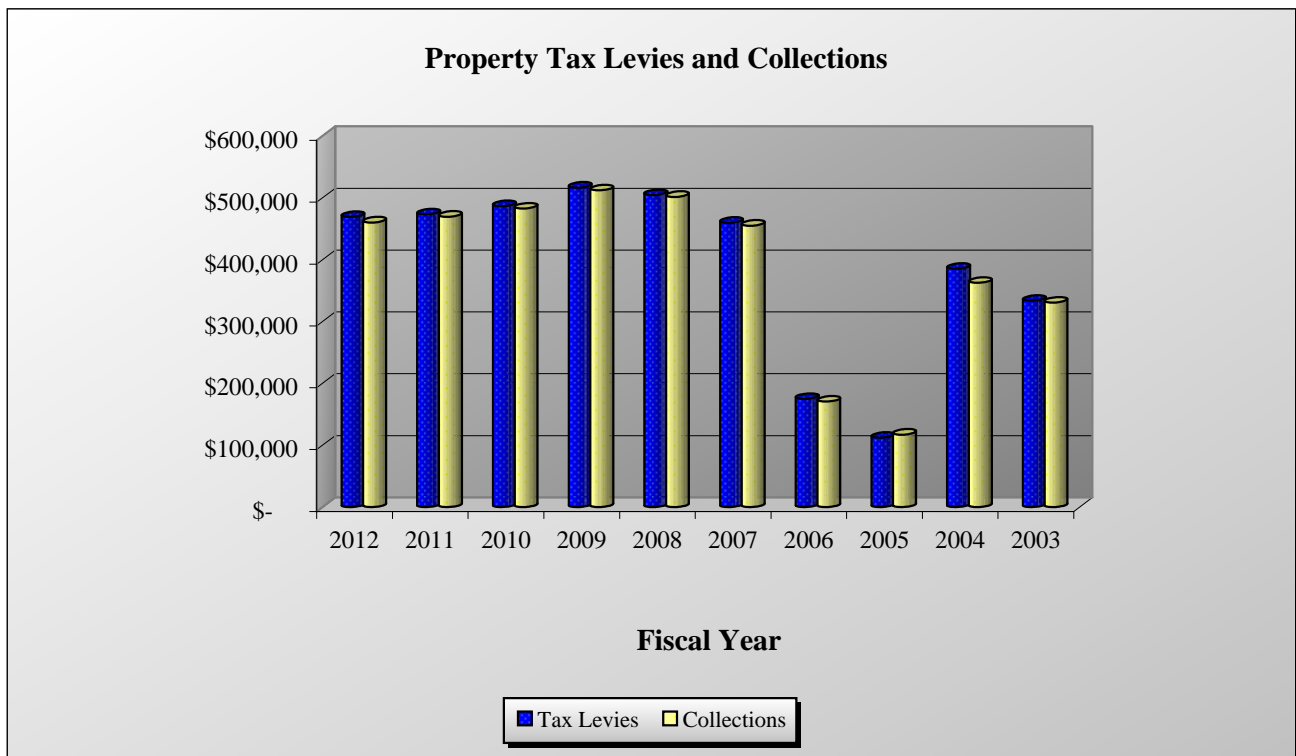


Source: Yuima Municipal Water District

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**

Fiscal Year Ended	CURRENT YEAR LEVY			Total Collections Thru 6/30	Net Uncollected at 6/30	Percent Uncollected at 6/30
	Property Taxes <sup>(1)</sup>	Special Assessments <sup>(2)</sup>	Total Levy			
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%
2006	107,497	67,544	175,041	170,862	4,179	2.45%
2005	39,818	72,550	112,368	117,265	(4,897)	-4.18%
2004	300,168	85,477	385,645	362,860	22,785	6.28%
2003	265,510	68,261	333,771	330,867	2,904	0.88%



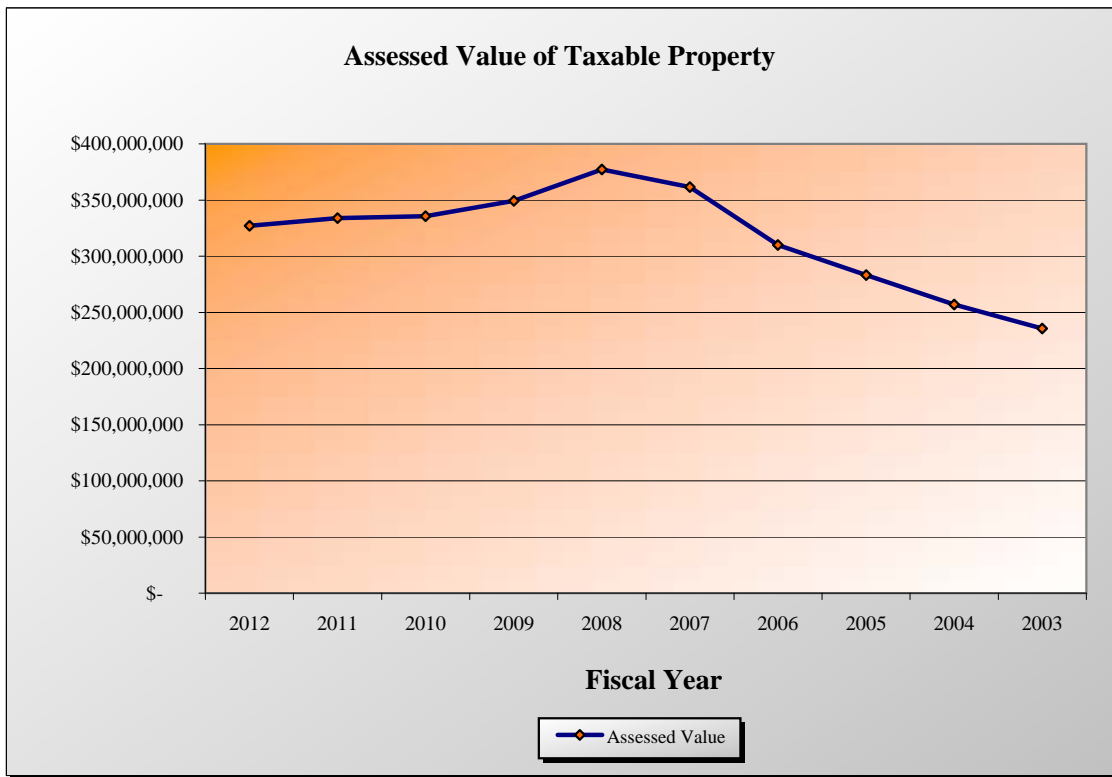
Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

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**

Fiscal Year Ended	SECURED			Total Assessed Secured Value	Tax Rate <sup>(1)</sup>
	Real Property	Personal Property	Exemptions		
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	-
2006	314,950,169	7,221	(4,906,718)	310,050,672	-
2005	286,056,795	104,446	(2,955,704)	283,205,537	-
2004	258,052,519	1,515,461	(2,615,858)	256,952,122	-
2003	236,651,026	1,326,634	(2,438,808)	235,538,852	-



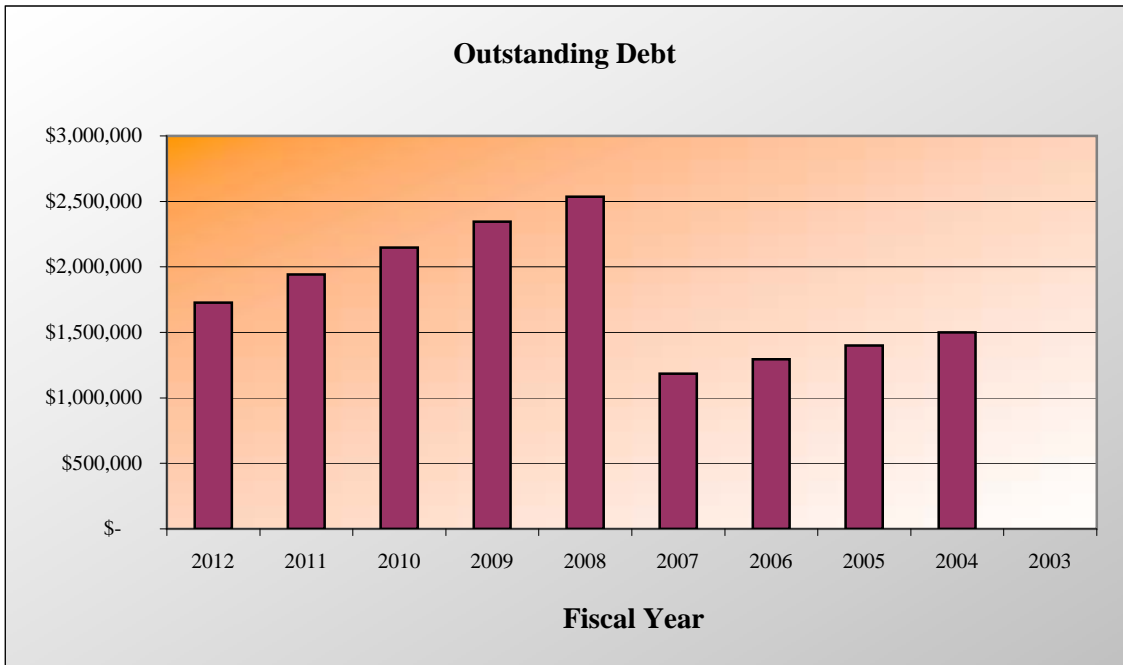
Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

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 <sup>(3)</sup>	Debt per Meter	Percentage		Debt per Capita
	Obligation Bonds <sup>(1)</sup>	Revenue Bonds <sup>(2)</sup>					of Personal Income <sup>(4)</sup>	Population <sup>(5)</sup>	
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
2006	-	-	1,293,825	1,293,825	332	3,897	1%	1,359	952
2005	-	-	1,398,817	1,398,817	332	4,213	1%	1,359	1,029
2004	-	-	1,500,000	1,500,000	331	4,532	1%	1,359	1,104
2003	-	-	-	-	331	-	0%	1,359	-



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 = 238  
(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 Nine Fiscal Years<sup>(1)</sup>**  
*Page 1 of 2*

<b>Fiscal Year Ended</b>	<b>Operating Revenues</b>	<b>Nonoperating Revenues</b>	<b>Gross Revenues<sup>(2)</sup></b>	<b>Less: Operating Expenses<sup>(3)</sup></b>	<b>Net Revenue Available for Debt Service</b>
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
2006	5,736,423	604,677	6,341,100	5,646,860	694,240
2005	4,491,018	560,711	5,051,729	5,049,080	2,649
2004	5,403,723	669,702	6,073,425	5,754,100	319,325

Source: Yuima Municipal Water District

- Notes:
- (1) The District did not have any outstanding debt between fiscal years ended 2003-2004.
  - (2) Computation excludes fire fund revenues.
  - (3) The transactions to record depreciation expense are not included in Total Expenses.
  - (4) Includes Municipal Finance Corporation Loans. See Note 4 to the financial statements.

**Yuima Municipal Water District**  
**Revenue Debt Coverage**  
**Last Nine Fiscal Years<sup>(1)</sup>**  
*Page 2 of 2*

<b>DEBT SERVICE REQUIREMENTS</b>				<b>Coverage Factor</b>	<b>Pledged Revenue Debt Limit</b>
<b>Principal</b>	<b>Interest</b>	<b>Total<sup>(4)</sup></b>			
\$ 214,787	\$ 80,761	\$ 295,548		650%	225%
206,325	89,223	295,548		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%
104,992	51,206	156,198		444%	125%
101,183	55,015	156,198		2%	125%
-	-	-		0%	0%

Source: Yuima Municipal Water District

Notes: (1) The District did not have any outstanding debt between fiscal years ended 2003-2004.

(2) Computation excludes fire fund revenues.

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

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

**Yuima Municipal Water District  
Computation of Direct and Overlapping Debt  
June 30, 2012**

2011-12 Assessed Valuation: \$ 339,235,972

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	Total Debt 6/30/12	% Applicable <sup>(1)</sup>	District's Share of Debt 6/30/12
Metropolitan Water District	\$ 196,545,000	0.019%	\$ 37,344
Palomar Community College District	318,573,901	0.437%	1,392,168
Palomar Pomerado Hospital District	479,863,205	0.660%	3,167,097
<b>Yuima Municipal Water District</b>	<b>0</b>	<b>100.00%</b>	<b>0</b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 4,596,609</b>

Ratios to Assessed Valuation:

**Direct Debt** ..... **0.00%**  
 Total Direct and Overlapping Tax and Assessment Debt ..... 1.35%

**OVERLAPPING GENERAL FUND DEBT**

San Diego County General Fund Obligations	\$ 395,115,000	0.098%	\$ 387,213
San Diego County Pension Obligations	787,112,618	0.098%	771,370
San Diego County Superintendent of Schools Certificates of Participation	18,750,000	0.098%	18,375
Palomar Community College District General Fund Obligation	5,820,000	0.437%	25,433
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 1,202,391</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ -</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 5,799,000</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 5,799,000</b> <sup>(2)</sup>

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the District.

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

Ratios to Assessed Valuation:

Combined Total Debt ..... 1.71%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/12: \$0

Source: California Municipal Statistics, Inc.

**Yuima Municipal Water District**  
**San Diego County Demographic and Economic Statistics <sup>(1)</sup>**  
**Last Ten Fiscal Years**

<b>Year</b>	<b>Population</b>	<b>Per Capita</b>		<b>School Enrollment</b>	<b>Unemployment Rate</b>
		<b>Personal Income (in thousands)</b>	<b>Personal Income (in dollars)</b>		
2012	3,143,429	\$ 155,500,000	\$ 49,468	498,263	9.2%
2011	3,115,810	151,539,000	48,635	498,243	10.4%
2010	3,224,432	137,525,000	42,651	496,995	11.0%
2009	3,185,462	134,696,000	42,285	496,702	10.2%
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%
2006	2,948,362	126,194,000	42,801	495,228	4.2%
2005	2,941,658	118,793,000	40,383	498,186	4.5%
2004	2,933,929	113,062,259	38,536	499,356	5.1%
2003	2,921,810	104,630,453	35,810	499,750	5.7%

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2012

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<sup>(1)</sup>**  
**Fiscal Year 2012 and 2003**

	2012		2003	
	Employment at June 2012	% of Total Employment	Employment at June 2003	% of Total Employment
Agriculture	9,600	1%	11,800	1%
Natural Resources & Mining	400	0%	300	0%
Construction	58,400	5%	80,700	6%
Manufacturing	91,800	7%	121,800	10%
Wholesale Trade	38,200	3%	41,900	3%
Retail Trade	138,000	11%	138,000	11%
Transportation				
Warehousing & Utilities	26,600	2%	27,300	2%
Information	23,800	2%	33,300	3%
Finance Activities	69,500	6%	80,700	6%
Professional & Business Services	217,700	17%	204,200	16%
Educational & Health Services	151,900	12%	122,700	10%
Leisure & Hospitality	170,000	13%	142,200	11%
Other Services				
Repair, Religious, Professional	48,400	4%	48,300	4%
Federal Government	46,400	4%	40,100	3%
State Government	40,500	3%	38,900	3%
Local Government	131,700	10%	142,000	11%
Total, All Industries	<u>1,262,900</u>	<u>100%</u>	<u>1,274,200</u>	<u>100%</u>
Civilian Employment	1,459,900	91.0%	1,381,200	94.3%
Civilian Unemployment	<u>143,900</u>	<u>9.0%</u>	<u>83,400</u>	<u>5.7%</u>
Total Civilian Labor Force	<u>1,603,800</u>	<u>100%</u>	<u>1,464,600</u>	<u>100%</u>

**Civilian Unemployment Rate**

**9.0%**

**5.7%**

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<sup>(1)</sup>  
Current Year and Nine Years Ago**

	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Federal Government	45,500	1	3.14%	40,700	1	2.95%
State of California	42,900	2	2.96%	38,800	2	2.81%
University of California, San Diego	27,391	3	1.89%	23,225	4	1.68%
County of San Diego	15,687	4	1.08%	18,181	5	1.32%
Sharp HealthCare	15,231	5	1.05%	12,945	6	0.94%
San Diego Unified School District	14,603	6	1.01%	26,701	3	1.93%
Scripps Health	14,097	7	0.97%	10,517	9	0.76%
Qualcomm Inc.	11,400	8	0.79%			
City of San Diego	10,057	9	0.69%	12,398	7	0.90%
Kaiser Permanente	7,731	10	0.53%			
U.S. Postal Service, San Diego District				11,611	8	0.84%
San Diego State University				6,512	10	0.47%
<b>Total</b>	<b>204,597</b>		<b>14.11%</b>	<b>201,590</b>		<b>14.60%</b>

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2012.

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<sup>(1)</sup>  
Last Ten Fiscal Years**

**District Employees**

<b>Fiscal Year Ended</b>	<b>Management</b>	<b>Field Operations</b>	<b>Administrative Services</b>	<b>Total Employees<sup>(2)</sup></b>	<b>Average Years of Service</b>
2012	3	4	2	9	13.40
2011	3	4	2	9	12.40
2010 <sup>(3)</sup>	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
2006	3	5	3	11	10.10
2005	3	4	2	9	10.10
2004	3	4	2	9	9.70
2003	3	4	2	9	8.80
2002	3	4	2	9	7.90

**Operational Information**

**Water System**

Service Area.....	13,460 acres
Miles of Water Main.....	43.5 miles
Number of Ag Only Open Reservoirs.....	2
Number of Treated Water Tanks.....	10
Total Treated Storage Capacity.....	55.0 ac.ft.
Number of Producing Wells.....	24
Daily Production Peak.....	6.1 mgd
Average Daily Production.....	4.6 mgd
Number of Service Connections.....	340

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 head count for the employees in each department.

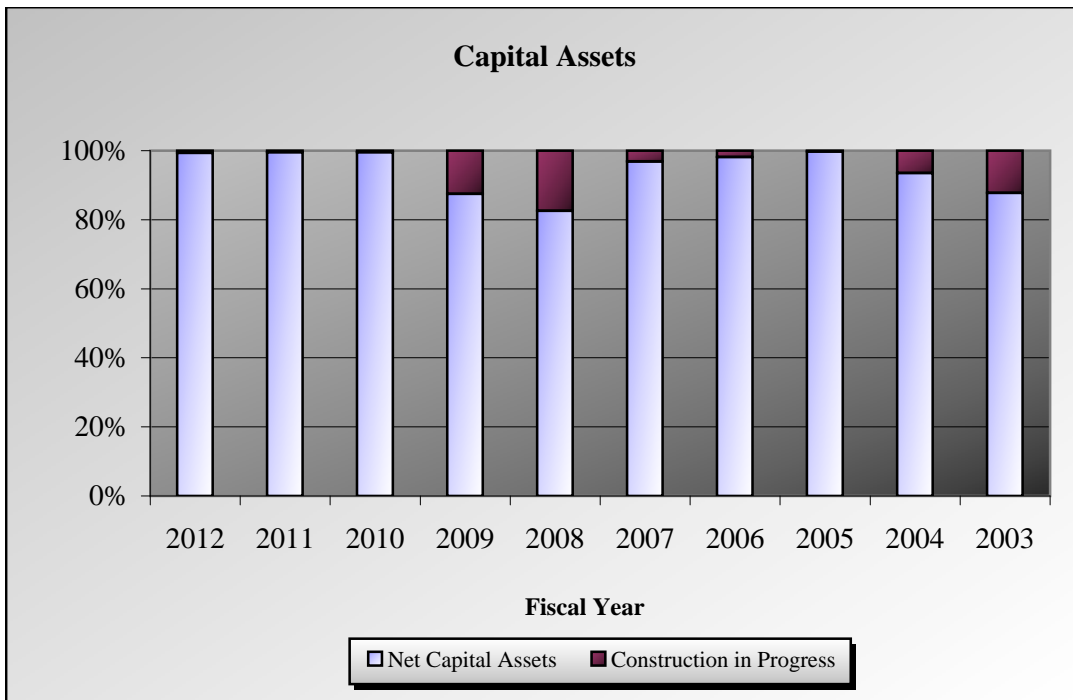
(3) 2010 Data represents the first 11 months of the fiscal year. Staff reductions resulted in one less field staff position and one less administrative staff position for a total of 9 employees with an average of 11.6 years of service



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

*Page 1 of 2*

<b>Fiscal Year Ended</b>	<b>Annexation Fees</b>	<b>Land</b>	<b>Source of Supply</b>	<b>Pumping Plant</b>	<b>Water Treatment Plant</b>
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
2006	944,872	355,835	4,130,665	1,798,410	141,315
2005	944,872	355,835	3,906,073	1,546,574	126,446
2004	944,872	355,835	2,867,634	1,459,221	126,446
2003	944,872	355,835	2,867,634	1,406,406	126,446



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*

<b>Fiscal Year Ended</b>	<b>Transmission &amp; Distribution</b>	<b>General Plant</b>	<b>Accumulated Depreciation</b>	<b>Net Capital Assets</b>	<b>Construction in Progress</b>
2012	\$ 7,771,580	\$ 1,596,053	\$ (8,124,618)	\$ 12,594,236	\$ 87,209
2011	7,366,146	1,566,928	(7,673,181)	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
2006	6,565,232	1,372,870	(5,865,848)	9,413,351	176,063
2005	6,511,924	1,158,508	(5,565,847)	8,984,384	28,115
2004	6,433,619	1,078,963	(5,305,840)	7,960,750	555,817
2003	4,902,325	1,068,401	(5,037,898)	6,634,020	922,274

**Yuima Municipal Water District  
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	Fiscal Year				
	2012	2011	2010	2009	2008
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	17.20	25.72	23.97	15.71	22.51
Miles of Water Main (6"+)	41.57	41.57	40.47	40.43	40.4
Number of Treated Water Tanks	10	10	10	10	10
Capacity of Water Tanks (acre feet)	55.0	55.0	55.0	57.5	57.5
Number of Open Reservoirs	-	-	1	1	1
Capacity of Open Reservoirs (acre feet)	-	-	2.1	2.1	2.1
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	24	22	21	21	17
Maximum gallons per minute Flows	3,240	3,090	3,130	3,130	2,650
Number of Pump Stations	10	10	10	10	9
Number of Pumps	29	31	31	30	27
Pump Capacity (horsepower)	4,820	4,930	4,930	4,480	3,955
Number of Service Connections (1)	340	342	342	342	337
Production Peak (mgd)	6.10	5.90	5.00	5.35	5.2
Average Production (mgd)	4.60	4.45	4.60	4.55	4.3
Number of Mainline Repairs	1	1	1	3	-

Source: Yuima Municipal Water District

Notes: (1) Yuima connections = 102; IDA connections = 238

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	<b>Fiscal Year</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	9.27	16.47	41.47	13.03	26.20
Miles of Water Main (8"+)	39.5	36.0	36.0	36.0	36.0
Number of Treated Water Tanks	9	9	9	8	8
Capacity of Water Tanks (acre feet)	52.3	52.3	52.3	37.2	37.2
Number of Open Reservoirs	2	2	2	2	2
Capacity of Open Reservoirs (acre feet)	4.7	4.7	4.7	4.7	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	17	17	16	16	15
Maximum gallons per minute Flows	2,650	2,650	2,200	2,200	2,150
Number of Pump Stations	9	9	9	8	8
Number of Pumps	31	31	31	30	28
Pump Capacity (horsepower)	3,850	3,850	3,850	3,800	3,625
Number of Service Connections	336	332	332	331	331
Production Peak (mgd)	5.2	5.2	3.6	3.6	3.4
Average Production (mgd)	4.3	4.3	3.0	3.0	2.8
Number of Mainline Repairs	-	-	1	-	1

Source: Yuima Municipal Water District



# Yuima Municipal Water District

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