

YUIMA MUNICIPAL WATER DISTRICT



Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2011



*Pauma Valley,
California*

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011



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

OUR MISSION AND VISION



W.D. "Bill" Knutson
President



Douglas K. Anderson
Vice President



George Stockton
Secretary/Treasurer



Ron W. Watkins
Director



Mike Fitzsimmons
Director

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

Yuima Municipal Water District
Comprehensive Annual Financial Report
Year Ended June 30, 2011

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**Yuima Municipal Water District
Comprehensive Annual Financial Report
Year Ended June 30, 2011**

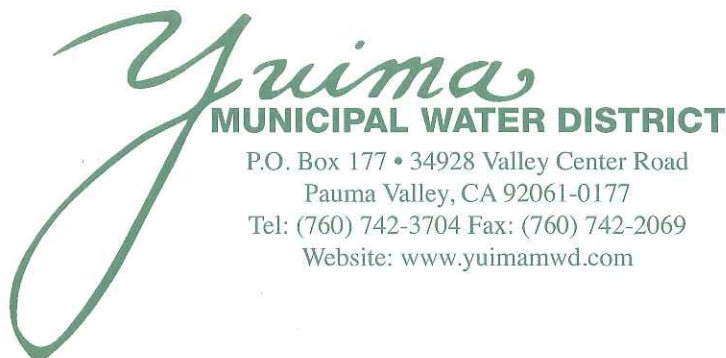
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Board of Directors
W.D. "Bill" Knutson - President
Doug Anderson - Vice President
George Stockton - Secretary/Treasurer
Michael Fitzsimmons - Director
Ron W. Watkins - Director

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

December 15, 2011

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, 2011. 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, 2011, 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, 2011, 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 2010-2011 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 by the 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 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 and Finance and Operations and 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 San Diego economic outlook remains unchanged for 2011, with slow to moderate growth into the first half of 2011, according to the latest leading economic indices published by the Burnham-Moores Center for Real Estate at the University of San Diego. A strengthening job market pushed San Diego County's leading economic indicators higher for the 13th month in a row, indicating that the county will continue to grow moderately through the end of the year.

The challenge will be whether or not these small signs of economic improvement will persist if and when a new wave of future home foreclosures occurs as laid-off workers default on mortgages and a pullback by the federal government of their economic stimulus programs adversely affects local construction activities.

Water use restrictions in the county generally, as well as the rapid increase in wholesale water rates, have driven many growers to dramatically cut back or cease operations of their avocado and citrus groves. In 2010 the California Avocado Commission reported that in 2005 there were 8,881 acres of productive avocados in the Valley Center area compared to 6,667 in 2010, a reduction of 25%. The growers in the Pauma Valley area specifically have not been affected by those mandatory water cut backs due to the local water available in the area.



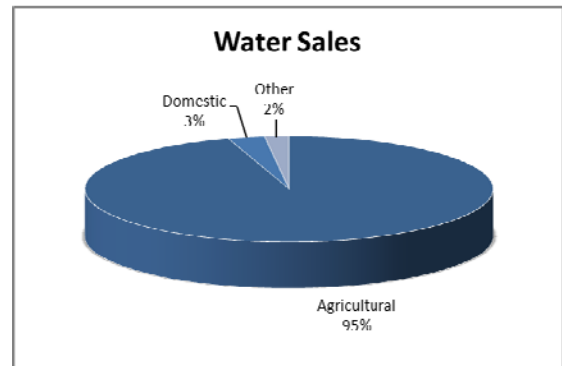
Over the last 48 years, the District has grown to be a strong agricultural community. Today the District serves a population of 1,966 through 342 service connections provided within approximately 21 square miles of northern San Diego County. The District operates 41.5 miles of water main, 22 productive 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% 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 2010-11 the District purchased approximately 33% of its water from the San Diego County Water Authority (SDCWA or the "Authority") and 10.9% of its water from local water agreements, at a cost of \$1.4 million, or 28% 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, 2011, the District billed 342 customers for 4,959 acre feet of water, representing a 6% decrease in sales from the prior fiscal year.

Water sales for the past ten years have ranged from 4,959 to 7,717 acre feet. This year was the lowest sales year since 1997-98 when the area received over 42" of rainfall and sold only 3,604 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 96% of all water delivered.

Our agricultural customers purchased 95% of the District's total water sales in fiscal year 2010-11 compared to the average of 97.8% 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 and the mandatory cutback have impacted growers in the area. The significant price increases for imported water along with the substantial 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 \$5.7 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 Sacramento 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.

As a part of Metropolitan's agricultural credit program, mandatory cut backs in agricultural deliveries were implemented by MET in January 2008 due to State-water supply constraints in California. Metropolitan enforced a mandatory cutback of 30% on all IAWP participants against a base year of 2006-07. Fortunately the District is able to augment the imported supply (from MET through SDCWA) with additional local water from its own wells and other private local wells; such local supplies account for about 50%-60% of all water sold by the District. Due to favorable weather conditions, additional local water supplies and exceptional participation from our farmers in scheduling irrigation, this resulted in 0% cutbacks for our customers. The Yuima Municipal Water District Board of Directors eliminated all cut-back allocations effective April 1st to all customers in the District. On April 28, 2011 the San Diego County Water Authority Board of Directors voted to immediately end its cutback in deliveries to its member agencies. 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.

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 2010-11



RENOVATION OF RIVER WELL #19A

During the current reporting period, the District completed the renovation of IDA river well #19A and installation of the discharge pipeline. This improved production from 300 gpm to 450 gpm.



LEASE WELL – V/O PAUMA DEVELOPMENT, L.P.

V/O Pauma Development, L.P. near Highway 76 next to the Pauma Valley Country Club. The local production from this source will go directly into the Yuima General District system to help off-set the reduction in production from other local water agreements (Schoepe). Well renovation, pipeline and chlorine station were completed during this reporting period.



DRILLING HORIZONTAL WELL NO. 41 & 42

The District completed the drilling contract of horizontal wells 41 and 42 yielding 90 gpm at the highest zone in IDA. No power is used to produce or deliver this water to the end consumer.



SCHOEPE STATION RENOVATION

The Schoepe Pump Station manifold and pipe were renovated increasing the useful life for at least 35 years.



WELLS 41 & 42 LINE TO DUNLAP TANK

The District completed the installation of 3,500' of 6" steel pipeline along the slopes of IDA watershed lands.

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 entered into a contract to drill two additional Horizontal wells in the IDA watershed. 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 intent of providing 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.

The General Manager is responsible for keeping expenditures within budget allocations for positions & salaries, operating expenses, and capital acquisitions, and may adopt budget procedures as necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board as described in the budget.

The General Manager may exercise discretion in the administration of the budget to respond to changed circumstances, provided that any single modification in excess of \$15,000 shall require approval by the Board. Except for limited modification by the General Manager as noted, the Board must authorize any increase in the overall operating budget, capital budget, salary budget, and the number of authorized permanent personnel positions above the level identified in the final operating and capital budgets.

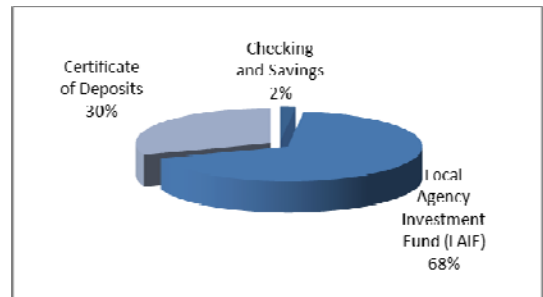
Annual operating water user rates and charges are derived from the annual operating budget and are based on historical seasonal demand, and other internal and external factors impacting the budget. The District maintains two sets of user rates and charges to account for the differing entitlement of the 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 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 2010-11, the District's fixed income investment portfolio consisted primarily of short-term securities with an average maturity of 14.8 months. These securities included the State-managed Local Agency Investment Fund (LAIF), a mutual fund, and various Certificates of Deposit (CD's).

At June 30, 2011, the District's cash assets totaled \$3.2 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 2010-11, 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.

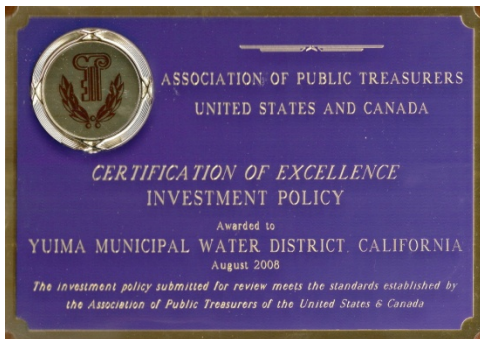
PENSION AND DEFERRED COMPENSATION PLANS

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, 2011, 8 employees were participating in the 457(b) plan with accumulated assets from past and current employees totaling \$303,231.

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, 2010. This is the third 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 2008, the District was formally recognized for having their written investment policy certified by the Association of Public Treasurer's 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 43rd 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. We believe that our current investment policy continues to meet the requirements of the program and have submitted it to the Association of Public Treasurer's to determine its eligibility for another certificate.

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

Each year, ACWA/JPIA reviews the insurance claims history of all agencies participating in the Liability, Property, and Workers' Compensation pooled insurance programs. Those agencies that have maintained a ratio of 20% or less when comparing claims paid versus premiums paid are awarded a certificate of recognition. The district received the *President's Special Recognition Award* from JPIA for achieving a low loss ratio in the worker's compensation, liability and property programs since 2005, 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:



Linden A. Burzell,
General Manager

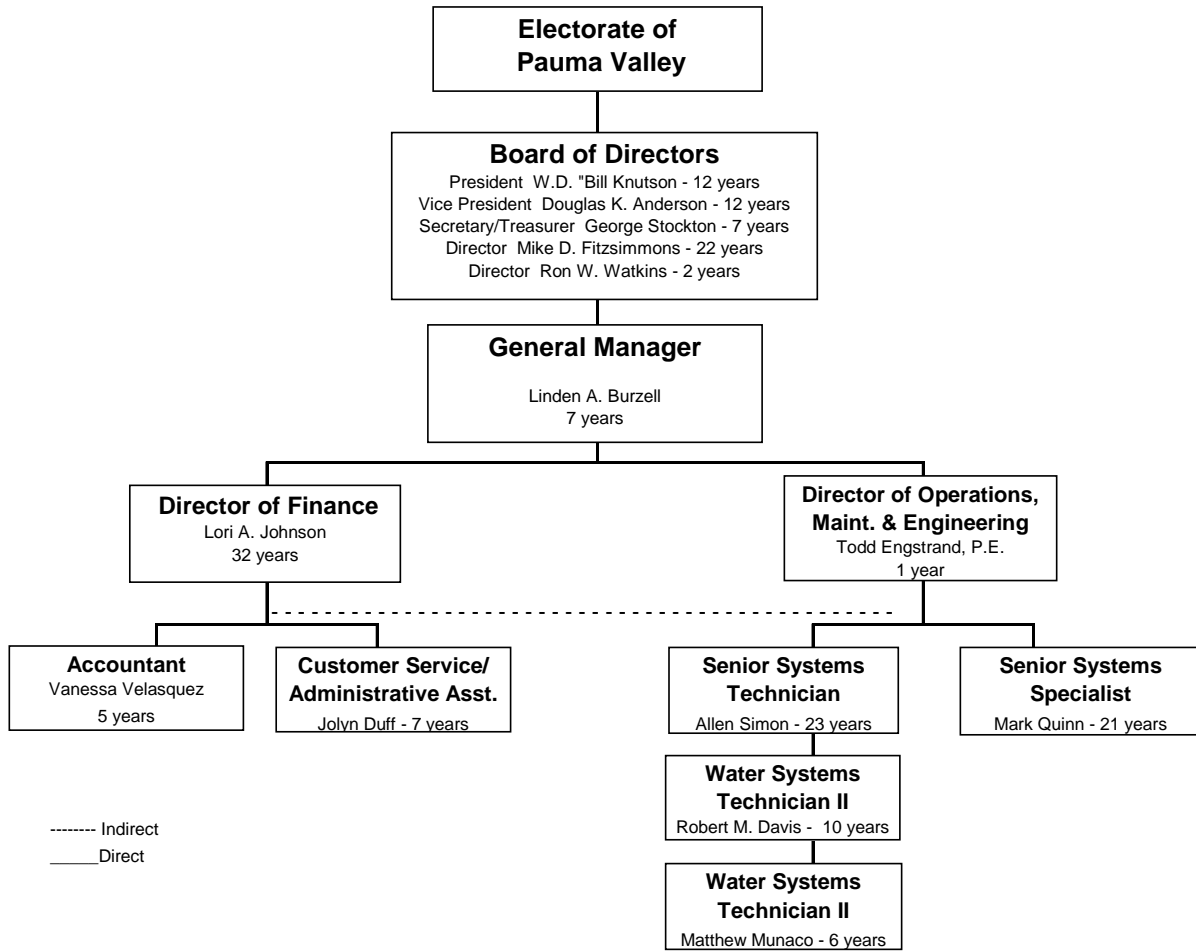


Lori A. Johnson,
Director of Finance

ORGANIZATION CHART

Fiscal Year Ended June 30, 2011

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



PRINCIPAL OFFICIALS

Fiscal Year Ended June 30, 2011

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
Yuima Municipal Water District
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



Linda C. Danson

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, 2011, 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 financial position of the governmental activities, business-type activities and each major fund of the Yuima Municipal Water District as of June 30, 2011, and the respective changes in financial position and cash flows where applicable, 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 a report dated December 15, 2011, 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.

As described in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of June 30, 2011.

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.

December 15, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2011

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, 2011, 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, 2011.

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.

FINANCIAL STATEMENTS OVERVIEW - FISCAL YEAR ENDED JUNE 30, 2011

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 2010-11 increased \$665,942 over fiscal year 2009-10, from \$13,456,504 to \$14,122,446, which correlates to the \$665,942 increase as presented on the Statements of Revenues, Expenses, and Changes in Net Assets. Of this amount, \$3,681,047 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)			
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 7,628	\$ 10,276	\$ 4,448,507	\$ 4,675,040	\$ 4,456,135	\$ 4,685,316
Capital assets	-	-	12,382,985	11,999,143	12,382,985	11,999,143
Total Assets	\$ 7,628	\$ 10,276	\$ 16,831,492	\$ 16,674,183	\$ 16,839,120	\$ 16,684,459
Long-term liabilities outstanding	\$ -	\$ -	\$ 2,131,270	\$ 2,701,898	\$ 2,131,270	\$ 2,701,898
Other liabilities	-	-	585,404	526,057	585,404	526,057
Total liabilities	\$ -	\$ -	\$ 2,716,674	\$ 3,227,955	\$ 2,716,674	\$ 3,227,955
Net Assets:						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 10,441,399	\$ 9,851,232	\$ 10,441,399	\$ 9,851,232
Restricted	-	-	-	-	-	-
Unrestricted	7,628	10,276	3,673,419	3,594,996	3,681,047	3,605,272
Total net assets	\$ 7,628	\$ 10,276	\$ 14,114,818	\$ 13,446,228	\$ 14,122,446	\$ 13,456,504

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 7.61 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 6.6 times its current obligations with assets readily convertible to cash. The June 30, 2011, 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 1.58 from 6.03 to 7.61, the quick-ratio also increased 1.2 from 5.4 to 6.6, and the debt-to-equity ratio increased \$1.03 from \$4.16 to \$5.19. The decrease in the current and quick ratios are attributable to an increase in current liabilities. The increase in the debt-to-equity ratio is attributed to a reduction in the OPEB obligation. 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 2010 and 2011 from \$13,446,228 to \$14,114,818. This increase is attributed to a decrease in the cost of water sold. Net assets invested in capital assets, net of related debt, increased \$590,167, and unrestricted net assets increased \$78,423.

Yuima Municipal Water District Change in Net Assets						
	Governmental Activities (Fire Protection)		Business-type Activities (Water Operations)		Total	
	2011	2010	2011	2010	2011	2010
	Revenues:					
Program Revenues:						
Charges for Services	\$ 49,763	\$ 51,728	\$ 6,763,277	\$ 6,815,249	\$ 6,813,040	\$ 6,866,977
Operating Grants and Contributions	174,094	155,075	-	-	174,094	155,075
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	-	-	381,507	396,197	381,507	396,197
Investment Income	22	38	46,694	60,929	46,716	60,967
Other	8,906	9,523	12,251	5,717	21,157	15,240
Total Revenues	232,785	216,364	7,203,729	7,278,092	7,436,514	7,494,456
Expenses:						
Fire Protection	235,432	221,085	-	-	235,432	221,085
Water Enterprise	-	-	6,535,139	7,667,445	6,535,139	7,667,445
Total Expenses	235,432	221,085	6,535,139	7,667,445	6,770,571	7,888,530
Special Item (2010- Note 13)	-	-	-	(1,743,195)	-	(1,743,195)
Increase (Decrease) in Net Assets	(2,648)	(4,721)	668,590	(2,132,548)	665,942	(2,137,269)
Net Assets - Beginning	10,276	14,997	13,446,228	15,578,776	13,456,504	15,593,773
Net Assets - Ending	\$ 7,628	\$ 10,276	\$ 14,114,818	\$ 13,446,228	\$ 14,122,446	\$ 13,456,504

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 \$232,784 were not sufficient to cover the expenditures of \$235,432 resulting in a decrease in net assets totaling \$2,648 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.

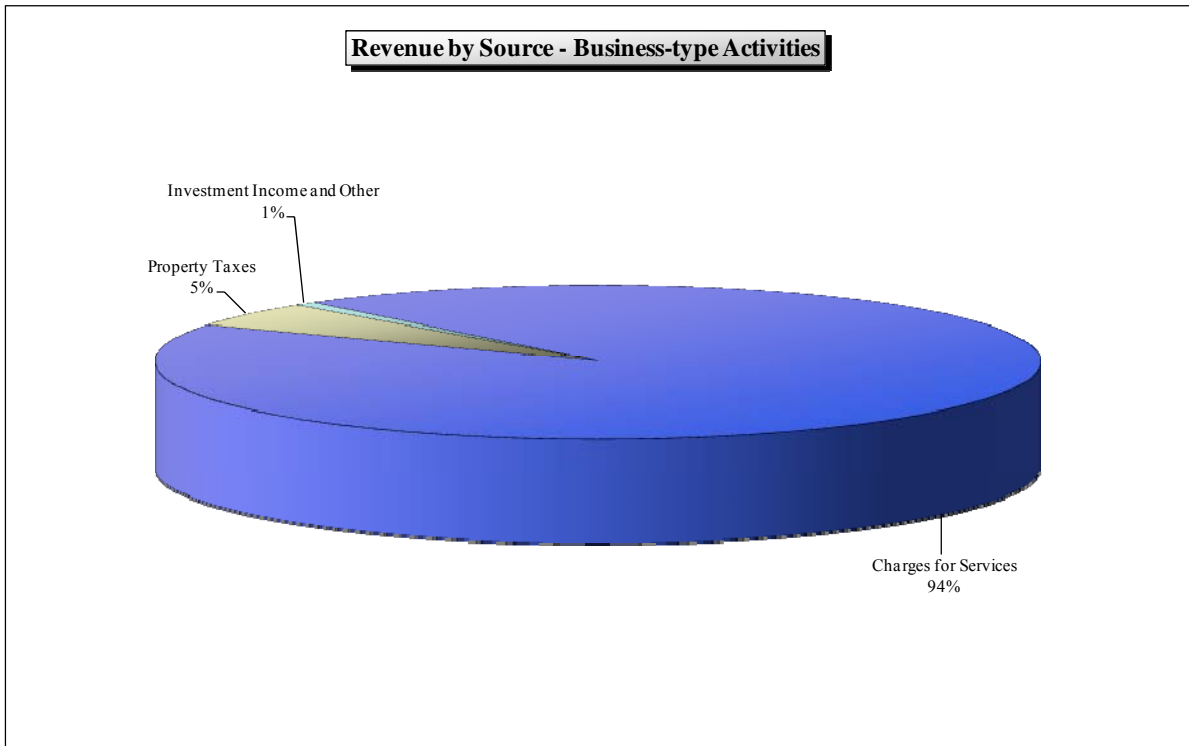
Statement of Revenues, Expenses, and Changes in Net Assets - The Statement of Revenues, Expenses, and Changes in Net Assets present the District's results of operations. In accordance with generally accepted accounting principals, revenues are recognized (recorded) when services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the District's core activities. Nonoperating 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, 2011, of \$90,184 is combined with total nonoperating revenues of \$688,176 and non-operating expenses of \$109,770 to arrive at the increase in net assets of \$668,590. The increase in net assets is added to the beginning net assets of \$13,446,228 to arrive at the ending net assets total of \$14,114,818 as of June 30, 2011.

Change in Net Assets - The District's operating revenues were \$6,515,553 for the year, \$2,439 lower than the previous year. This is due to flat water sales.

The District's operating expenses decreased \$1,105,931, or 14.7% to \$6,425,369. Operating expenses decreased due to lower cost of water sold. The peak demands for high-cost imported water are down and the District was able to produce more low-cost local water, thus reducing the overall cost of the water sold.

The District's investment income decreased \$14,235 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 \$69,222 reflect the net effect of lower property values in the area.

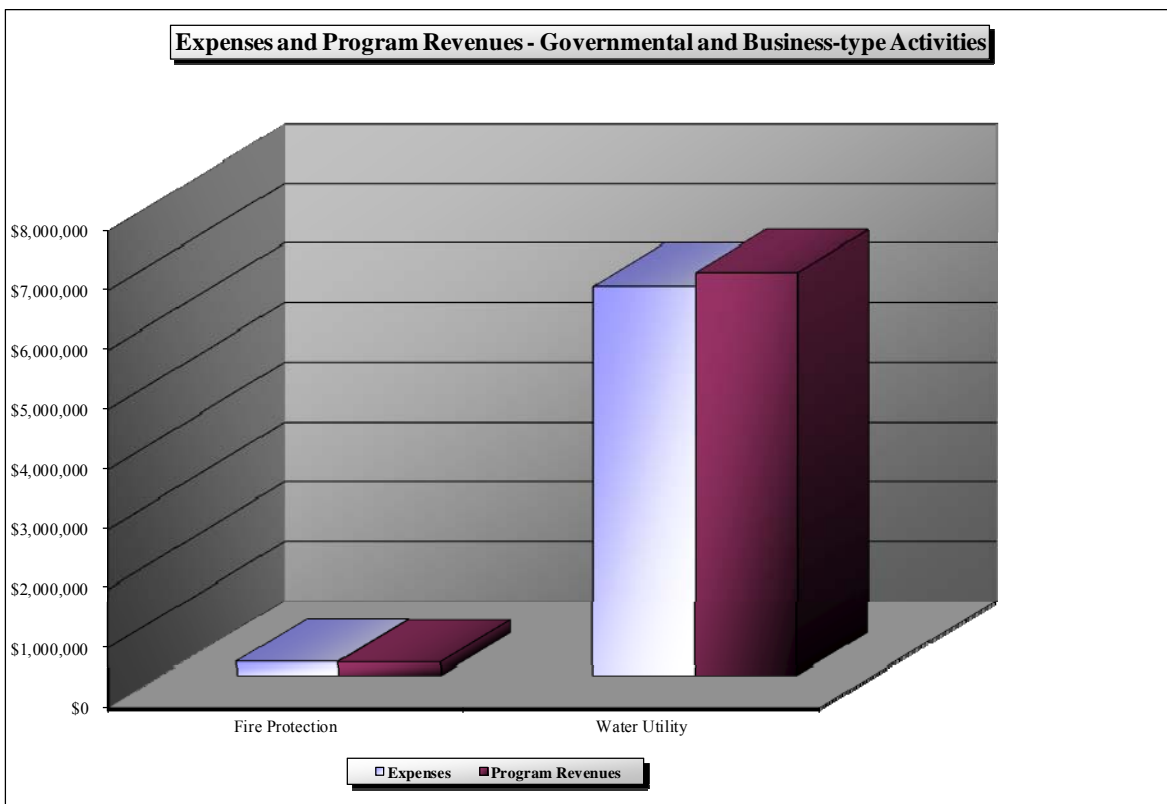
Analysis of Statement of Revenues, Expenses, and Changes in Net Assets - Revenues for the year ended June 30, 2011, totaled \$7,203,729, which is a decrease of \$74,363, or 1.1% from the prior year.



Details of this decrease in revenues are as follows:

- Water Sales including associated customer fees and charges decreased by \$2,439 for this fiscal year ended June 30, 2011. There was a 6.7% decrease in the volume of water sold. In 2010-11 4,959 acre feet of water were billed compared to 5,311 acre feet in the prior year.
- Property taxes and assessments decreased by 10.0%, or \$69,222, from 2009-10 to 2010-11. Because of current economic conditions and lower assessed values from the previous year.
- Investment income was down 23.4%, or \$14,235, 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 \$5,000 in IDA special connection fees for 2 acres of special connections.
- Other non-operating revenues increased 201.7% or \$11,533 largely due to the receipt of State Mandated cost reimbursements.

Expenses for the year ended June 30, 2011, totaled \$6,535,139, which is a decrease of \$1,132,306, or 14.8% decrease from the prior year. Certain significant expenses are as follows:



- The cost of water sold decreased 16.5% over the prior year while water deliveries decreased, in part because of higher wholesale water prices. In the prior year the District purchased and produced a total of 5,372 acre feet of water at an average price of \$869.24 per acre foot. In the current year, the District purchased and produced 4,974 acre feet of water at an average price of \$795.11 per acre foot, a decrease of 8.5% or \$74.13 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 MWD and customer service and emergency storage program charges by the SDCWA.
- Agricultural discounts received were \$203,154 for fiscal year 2011-12.
- Pumping and energy costs decreased \$160,466 due to lower demand and reduced on-peak pumping.
- General Plant expenses decreased 81.1% due to prior year exploratory well drilling expenditures.
- Depreciation expense in 2010-11 increased 0.2%, or \$862, from the prior year.

Schedule of Revenues, Expenses and Change in Net Assets

	Proprietary Fund 2011	2010	Increase/ (Decrease)	Percent Change
Operating revenues:				
Water sales & Pumping charges	\$6,016,478	\$6,029,413	(\$12,935)	-0.2%
Other customer fees and charges	499,075	488,579	10,496	2.1%
Total operating revenues	<u>6,515,553</u>	<u>6,517,992</u>	<u>(2,439)</u>	<u>0.0%</u>
Operating expenses:				
Cost of water sold	2,742,149	3,284,097	(541,948)	-16.5%
Pumping and energy costs	1,103,924	1,264,390	(160,466)	-12.7%
Water Treatment	108,982	121,268	(12,286)	-10.1%
Transmission and distribution	359,224	381,191	(21,967)	-5.8%
Customer services	118,984	97,176	21,808	22.4%
General Plant	53,256	282,079	(228,823)	-81.1%
General and administrative	1,469,092	1,632,203	(163,111)	-10.0%
Depreciation	469,758	468,896	862	0.2%
Total operating expenses	<u>6,425,369</u>	<u>7,531,300</u>	<u>(1,105,931)</u>	<u>-14.7%</u>
Operating income (loss)	90,184	(1,013,308)	1,103,492	-108.9%
Nonoperating revenues:				
Investment income	46,694	60,929	(14,235)	-23.4%
Property taxes, assmts, conn fees & leases	624,232	693,454	(69,222)	-10.0%
Other non-operating revenues	17,250	5,717	11,533	201.7%
Total nonoperating revenues	<u>688,176</u>	<u>760,100</u>	<u>(71,924)</u>	<u>-9.5%</u>
Nonoperating expenses:				
Other Non-operating expenses	22,013	56,099	(34,086)	-60.8%
Interest on long term debt	87,757	80,046	7,711	9.6%
Total nonoperating expenses	<u>109,770</u>	<u>136,145</u>	<u>(26,375)</u>	<u>-19.4%</u>
Revenues over/(under) Expenditures	668,590	(389,353)	1,057,943	-271.7%
Capital Contributions	-	-	-	0.0%
Special Item	-	(1,743,195)	1,743,195	100.0%
Change in net assets	668,590	(2,132,548)	1,057,943	-49.6%
Net assets, beginning of year -	<u>13,446,228</u>	<u>15,578,776</u>	<u>(2,132,548)</u>	<u>-13.7%</u>
Total Net Assets, End of year	<u><u>\$14,114,818</u></u>	<u><u>\$13,446,228</u></u>	<u><u>\$668,590</u></u>	<u><u>5.0%</u></u>

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, 2011, represents a decrease in cash and cash equivalents of \$253,489 which is combined with beginning cash and cash equivalents of \$3,470,084 to arrive at ending cash and cash equivalents of \$3,216,595.

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 page 41 of this report.

CAPITAL ASSETS AND CAPITAL PROJECTS

The District's Capital Assets in service at June 30, 2011 totaled \$18,696,272 less \$7,673,181 of accumulated depreciation, for a net book value of \$11,023,091. Additional information on capital assets can be found in Note 3 to the financial statements. Capital Asset additions being depreciated totaled \$868,520 and included the following:

Capital Asset Additions	
Source of Supply	\$ 360,053
General Plant Additions	40,961
Pumping Plant	115,722
Water Treatment	12,112
Pipelines (Transmission & Distribution)	<u>339,672</u>
Total	<u><u>\$ 868,520</u></u>

Deletions of Capital Assets being depreciated totaled \$26,844 for retirement of pump & motor replacements. Also, included in the total reported on the Statement of Net Assets is \$59,187 in construction-in-progress reflecting capital projects in various stages of completion. As of June 30, 2011, the following capital projects were in progress:

Construction in Progress	
Horizontal Well 43	\$ 28,873
East Fork Pipeline	<u>\$ 30,314</u>
Total	<u><u>\$ 59,187</u></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, 2011 all capacity fees collected in prior years have been used for this purpose. Growth in the area is slow to none. There were no capacity fees collected in fiscal year 2010-11. 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 \$1,941,586, including \$214,787 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, 2011 is as follows:

Schedule of Bond Indebtedness
For Fiscal Year Ended 2011

Long-term Debt							
Description	Year Issued	Total Bonds Sold	Final Maturity Date	Fixed Interest Rate	Bonds Outstanding (Audited) As of June 30, 2011		
					Current	Long Term	Total
Eastside Tank & Pump Station	2004	\$ 1,500,000	2016	3.73%	\$ 131,056	\$ 575,456	\$ 706,512
Tank 8 and Pump Station	2007	\$ 1,500,000	2022	4.58%	\$ 83,731	\$ 1,151,343	\$ 1,235,074
Total		<u>\$3,000,000</u>			<u>\$ 214,787</u>	<u>\$ 1,726,799</u>	<u>\$ 1,941,586</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 31% of total water delivered during the year 2010-11 to one customer. The same customer has been one of the top ten water consumers in the District for the last 22 years averaging 29% of the District sales.

The District incurred a \$90,184 operating gain during fiscal year 2010-11 as compared to a \$1,013,308 operating loss during fiscal year 2009-10. The District has historically utilized its non-operating reserves to compensate for these operating losses. In fiscal year 2009-10 the District purchased 47% of the water sold from the San Diego County Water Authority, compared to 33% in fiscal year 2010-11. This resulted in a lower cost of the water purchased and produced.

The current economic climate, coupled with water shortage issues have left all water utilities faced with significant fiscal challenges. Rising imported water supply costs with declining water sales due to the water rate and the economic downturn makes it difficult to sustain operations.

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.

Yuima Municipal Water District
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 2,501	\$ 3,216,595	\$ 3,219,096
Accounts Receivable	174,094	637,533	811,627
Taxes Receivable	376	37,337	37,713
Interest Receivable		7,211	7,211
Internal Balances	(169,343)	169,343	0
Inventories		348,528	348,528
Prepays		31,960	31,960
Capital Assets, Not Being Depreciated		1,359,894	1,359,894
Capital Assets, Net of Depreciation		11,023,091	11,023,091
Total Assets	<u>7,628</u>	<u>16,831,492</u>	<u>16,839,120</u>
LIABILITIES			
Accounts Payable		541,621	541,621
Deposits and Other Liabilities		28,573	28,573
Interest Payable		15,210	15,210
Long-term Liabilities:			
Due Within One Year		262,208	262,208
Due in More Than One Year		1,869,062	1,869,062
Total Liabilities	<u>0</u>	<u>2,716,674</u>	<u>2,716,674</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		10,441,399	10,441,399
Unrestricted	7,628	3,673,419	3,681,047
Total Net Assets	<u>\$ 7,628</u>	<u>\$ 14,114,818</u>	<u>\$ 14,122,446</u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Fire Protection	\$ 235,432	\$ 49,763	\$ 174,094	\$
Business-type Activities:				
Water Enterprise	6,535,139	6,763,277		
Total Primary Government	\$ 6,770,571	\$ 6,813,040	\$ 174,094	\$ 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
\$ (11,575)	\$	\$ (11,575)
	228,138	228,138
(11,575)	228,138	216,563
	381,507	381,507
22	46,694	46,716
8,905	12,251	21,156
8,927	440,452	449,379
(2,648)	668,590	665,942
10,276	13,446,228	13,456,504
\$ 7,628	\$ 14,114,818	\$ 14,122,446

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Balance Sheet
Governmental Fund
June 30, 2011

	Fire Protection
ASSETS	
Cash and Investments	\$ 2,501
Accounts Receivable	174,094
Taxes Receivable	376
Total Assets	\$ 176,971
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to Other Funds	\$ 169,343
Total Liabilities	169,343
Fund Balance	
Assigned for Fire Mitigation	7,628
Total Fund Balance	7,628
Total Liabilities and Fund Balance	\$ 176,971
Fund Balance of Governmental Fund	\$ 7,628
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	\$ 7,628

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, 2011

	Fire Protection
REVENUES	
Fire Protection Special Tax	\$ 48,968
Mitigation Fees	795
Contributions	174,094
Investment Income	22
Miscellaneous	8,905
Total Revenues	232,784
EXPENDITURES	
General and Administrative	3,800
Fire Protection	231,632
Total Expenditures	235,432
Excess (Deficiency) of Revenues Over Expenditures	(2,648)
Fund Balance, Beginning	10,276
Fund Balance, Ending	\$ 7,628
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,648)
 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	\$ (2,648)

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Net Assets
Proprietary Fund
June 30, 2011

ASSETS

Current Assets:

Cash and Investments	\$ 3,216,595
Accounts Receivable	637,533
Taxes Receivable	37,337
Interest Receivable	7,211
Due from Other Funds	169,343
Inventories	348,528
Prepays	<u>31,960</u>

Total Current Assets	<u>4,448,507</u>
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Noncurrent Assets:

Capital Assets, Not Being Depreciated	1,359,894
Capital Assets, Net of Depreciation	<u>11,023,091</u>

Total Noncurrent Assets	<u>12,382,985</u>
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Total Assets	<u>16,831,492</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	541,621
Compensated Absences - Current Portion	47,421
Deposits and Other Liabilities	28,573
Interest Payable	15,210
Notes Payable - Current Portion	<u>214,787</u>

Total Current Liabilities	<u>847,612</u>
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Noncurrent Liabilities:

Compensated Absences	142,263
Notes Payable	<u>1,726,799</u>

Total Noncurrent Liabilities	<u>1,869,062</u>
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Total Liabilities	<u>2,716,674</u>
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	10,441,399
Unrestricted	<u>3,673,419</u>

Total Net Assets	<u><u>\$ 14,114,818</u></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, 2011

OPERATING REVENUES

Water Sales and Pumping Charges	\$ 6,016,478
Other Services	499,075
	6,515,553
Total Operating Revenues	6,515,553

OPERATING EXPENSES

Purchased Water	2,742,149
Pumping	1,103,924
Water Treatment	108,982
Transmission and Distribution	359,224
Customer Accounts	118,984
General Plant	53,256
General and Administrative	1,469,092
Depreciation	469,758
	6,425,369
Total Operating Expenses	6,425,369

Operating Income (Loss)	90,184
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NON-OPERATING REVENUES (EXPENSES)

Property Taxes and Assessments	387,852
Availability Charges	165,479
Lease Income	70,901
Investment Income	46,694
Other Non-operating Revenues	17,250
Interest Expense	(87,757)
Other Non-operating Expenses	(22,013)
	578,406

Total Non-Operating Revenues (Expenses)	578,406
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Change in Net Assets	668,590
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Total Net Assets, Beginning	13,446,228
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Total Net Assets, Ending	\$ 14,114,818
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The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statements of Cash Flows
Proprietary Fund
Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 6,577,759
Cash from Other Operating Activities	18,028
Cash Payments to Employees	(1,428,055)
Cash Payments to Suppliers	<u>(4,901,817)</u>
Net Cash Provided (Used) by Operating Activities	<u>265,915</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Property Taxes	388,091
Availability Charges	165,479
Lease Income	70,901
Advances To Other Funds	<u>(21,475)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>602,996</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(876,389)
Principal Payments on Capital Debt	(206,325)
Interest Payments on Capital Debt	<u>(89,222)</u>
Net Cash Provided (Used) by Capital and Related Financing	<u>(1,171,936)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	<u>49,536</u>
Net Cash Provided (Used) by Investing Activities	<u>49,536</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(253,489)
Cash and Cash Equivalents - Beginning of Year	<u>3,470,084</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 3,216,595</u></u>

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

Net Operating Income (Loss)	\$ 90,184
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	469,758
Miscellaneous Revenues	18,028
(Increase) Decrease in Accounts Receivable	51,240
(Increase) Decrease in Inventory	(65,582)
(Increase) Decrease in Prepays	5,778
Increase (Decrease) in Accounts Payable	49,846
Increase (Decrease) in Compensated Absences	19,060
Increase (Decrease) in Deposits and Other Liabilities	10,966
(Increase) Decrease in Net OPEB Obligation	<u>(383,363)</u>
Total Cash Provided (Used) by Operating Activities	<u><u>\$ 265,915</u></u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Reporting Entity and Significant Accounting Policies	20 - 28
2	Cash and Investments	29 - 31
3	Capital Assets	31 - 32
4	Long-term Liabilities	32 - 34
5	District Employees' Retirement Plan (Defined Benefit Pension Plan)	34 - 35
6	Postemployment Benefits Other than Pensions	35 - 38
7	Deferred Compensation Plan	38
8	Fire Mitigation Fee Program	38
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Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

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, 2011 are as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expiration</u>
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, 2011

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standards Board Statement No. 54

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The assigned fund balance classification is for amounts intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The District has implemented GASB Statement No. 54 and is reflected on the District's basic financial statements and notes.

Governmental Accounting Standards Board Statement No. 57

In December 2009, the Government Accounting Standards Board issued Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans". This Statement amends Statement No. 45. "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 members to use the alternate measurement method, at its option, regardless of the number of total plan members in the agent-multiple employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a requirement in Statement No. 43. "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," that a defined benefit OPEB plan obtained an actuarial valuation. The amendment permits the requirement to be satisfied for an agent-multiple employer OPEB plan by reporting an aggregation of results of actuarial valuation of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, the Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. This pronouncement did not have a material effect on the financial statements of the District for the year ended June 30, 2010.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standards Board Statement No. 59

In June 2010, Governmental Accounting Standards Board issued Statement No. 59, “Financial Instruments Omnibus”. This pronouncement is effective for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The District has not determined the effect on the financial statement in the year of adoption.

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:

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

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

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 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.

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*.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Basis of Presentation - Continued

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.

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.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

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.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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, 2010, the District reported water sales to one customer which totaled approximately 31.0% 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.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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

The District implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. 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. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

O) Fund Equity - Continued

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.

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.

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 st Installment
	February 1	2 nd Installment
Delinquent Dates	December 10	1 st Installment
	April 10	2 nd Installment

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

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.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

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>\$ 3,219,096</u>

Cash and investments consist of the following:

Cash on Hand	\$ 500
Deposits with Financial Institutions	1,043,184
Investments	<u>2,175,412</u>
Total Cash and Investments	<u>\$ 3,219,096</u>

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

The table below identifies the investment types that are authorized by the District's investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk - Continued

As of June 30, 2011 the District had the following investments:

			<u>Maturity Date</u>	<u>Weighted Average Maturity (Years)</u>
State Investment Pool (LAIF)	\$	2,175,412	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.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State Investment Pool (LAIF)	\$	2,175,412	N/A	\$	\$	\$ 2,175,412

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.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

2) CASH AND INVESTMENTS - Continued

Custodial Credit Risk - Continued

As of June 30, 2011 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, 2011 was 0.48%. The estimated amortized cost and fair value of the LAIF Pool at June 30, 2011 was \$66,384,617,119 and \$66,489,270,508, respectively. The District's share of the Pool at June 30, 2011 was approximately .003277 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 \$1,100,000,000 and \$2,221,706,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

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>
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land and Improvements	\$ 1,300,707	\$	\$	\$ 1,300,707
Construction in Progress	<u>51,318</u>	<u>59,187</u>	<u>51,318</u>	<u>59,187</u>
Total Capital Assets				
Not Depreciated	<u>1,352,025</u>	<u>59,187</u>	<u>51,318</u>	<u>1,359,894</u>
Capital Assets, Being Depreciated:				
General Plant	1,529,079	40,961	3,112	1,566,928
Source of Supply	6,272,088	360,053		6,632,141
Pumping Plant	2,912,573	115,722	22,861	3,005,434
Water Treatment Plant	113,511	12,112		125,623
Transmission and Distribution Plant	<u>7,027,345</u>	<u>339,672</u>	<u>871</u>	<u>7,366,146</u>
Total Capital Assets Being Depreciated	<u>\$ 17,854,596</u>	<u>\$ 868,520</u>	<u>\$ 26,844</u>	<u>\$ 18,696,272</u>

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

3) CAPITAL ASSETS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities - Continued				
Less Accumulated Depreciation:				
General Plant	\$ (1,041,796)	\$ (74,750)	\$ (1,156)	\$ (1,115,390)
Source of Supply	(1,279,943)	(129,838)		(1,409,781)
Pumping Plant	(923,744)	(105,994)	(2,028)	(1,027,710)
Water Treatment Plant	(58,271)	(2,970)		(61,241)
Transmission and Distribution Plant	(3,903,724)	(156,206)	(871)	(4,059,059)
Total Accumulated Depreciation	(7,207,478)	(469,758)	(4,055)	(7,673,181)
Total Capital Assets Being Depreciated, Net	10,647,118	398,762	22,789	11,023,091
Business-type Activities Capital Assets, Net of Depreciation	\$ 11,999,143	457,949	74,107	\$ 12,382,985

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

Business-type Activities:	
Water Enterprise	\$ 469,758

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)	\$ 170,624	\$ 61,626	\$ 42,566	\$ 189,684	\$ 47,421
Note Payable:					
2004 Installment Note	832,813		126,301	706,512	131,056
2007 Installment Note	1,315,098		80,024	1,235,074	83,731
Net OPEB Obligation (Note 6)	383,363	115,300	498,663	0	
Total	\$ 2,701,898	\$ 176,926	\$ 747,554	\$ 2,131,270	\$ 262,208

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

4) LONG-TERM LIABILITIES - Continued

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 21st and October 21st 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
2012	\$ 131,056	\$ 25,142	\$ 156,198
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>\$ 706,512</u>	<u>\$ 74,478</u>	<u>\$ 780,990</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 15th and July 15th 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.

For the Year Ended June 30,	Principal	Interest	Total
2012	\$ 83,731	\$ 55,619	\$ 139,350
2013	87,610	51,740	139,350
2014	91,668	47,682	139,350
2015	95,915	43,435	139,350
2016	100,358	38,992	139,350
2017-2021	575,987	120,762	696,749
2022-2023	<u>199,805</u>	<u>9,220</u>	<u>209,025</u>
Total	<u>\$ 1,235,074</u>	<u>\$ 367,450</u>	<u>\$ 1,602,524</u>

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

4) LONG-TERM LIABILITIES - Continued

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 \$2,383,514 payable through fiscal year 2023. For the current year, principal and interest paid by the operating revenues were \$206,325 and \$89,223, 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), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and 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 make the required participant contributions on behalf of its employees which is 8% of their annual covered salary. 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, 2011 was 28.931%. 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.

Miscellaneous Employees

For 2010-11, the District's annual pension cost for miscellaneous employees, of \$281,744 for PERS was equal to the District's required and actual contributions. The required contribution for fiscal year 2010-11 was determined as part of the June 30, 2008, 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).

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

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

<u>THREE-YEAR TREND INFORMATION FOR PERS</u>		
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/09	\$ 328,515	100%
6/30/10	\$ 318,218	100%
6/30/11	\$ 281,744	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.

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 a percentage of the health insurance premiums based on the age of the employee when they retire or if they become disabled. For the fiscal year ended June 30, 2011, the District made \$536,232 contributions to the Plan representing the District's 2008, 2009, 2010 and 2011 annual required contributions to fund the trust. The District, currently, has two retirees receiving benefits from the plan.

Below are the retirement ages and corresponding percentages that the District will contribute to the Plan.

<u>Retirement Age and Benefit Units</u>	<u>% of Premium</u>
65	50%
66	55%
67	60%
68	65%
69	70%
70	75%
71	80%
72	85%
73	90%
74	95%
75	100%

*Disabled employees, who become disabled before attaining the age 65, will receive contributions that are 50% of their health insurance premium.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

6) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

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	\$	115,300
Interest on Net OPEB Obligation		8,322
Adjustments to Annual Required Contribution		<u>29,247</u>
Annual OPEB Cost (Expense)		152,869
Contributions Made		<u>(536,232)</u>
Increase (Decrease) in Net OPEB Obligation		(383,363)
Net OPEB Obligation - Beginning of Year		<u>383,363</u>
Net OPEB Obligation - End of Year	\$	<u><u>-</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB obligation for fiscal year 2011 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
6/30/09	\$ 123,386	0.0%	\$ 255,258
6/30/10	\$ 128,105	0.0%	\$ 383,363
6/30/11	\$ 152,869	100.0%	\$ -

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2011

6) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, 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, 2011

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, 2011, 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 2010 was \$15,500 per participant and is \$15,500 for the calendar year 2009; 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, 2011

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	\$ -	\$ -	\$ 713,576
Minimum Operating Reserve	1,186,843	1,244,076	435,000	1,995,919
Continuing Capital Projects	692,499	435,000	588,535	538,964
Vehicle Replacement	448,092	-	23,132	424,960
Employee Benefit Requirements	<u>553,986</u>	<u>-</u>	<u>553,986</u>	<u>-</u>
Total	<u>\$ 3,594,996</u>	<u>\$ 1,679,076</u>	<u>\$ 1,600,653</u>	<u>\$ 3,673,419</u>

10) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Expenditures exceeded budgeted appropriations in the following individual funds:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
Fire Protection Fund	\$ 216,739	\$ 235,432	\$ (18,693)

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, 2011 was \$34,059. 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, 2011

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, 2011, 32.6% of water sold by the District is purchased from the San Diego Water Authority and 67.4% 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, 2011

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, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Fire Protection Special Tax	\$ 50,100	\$ 50,100	\$ 48,968	\$ (1,132)
Mitigation Fees			795	795
Contributions	164,139	164,139	174,094	9,955
Investment Income			22	22
Miscellaneous		8,905	8,905	0
Total Revenues	214,239	223,144	232,784	9,640
EXPENDITURES				
General and Administration	2,500	2,500	3,800	(1,300)
Fire Protection	214,239	214,239	231,632	(17,393)
Total Expenditures	216,739	216,739	235,432	(18,693)
Excess of Revenues Over Expenditures	\$ (2,500)	\$ 6,405	(2,648)	\$ (9,053)
Fund Balance - Beginning of Year			10,276	
Fund Balance - End of Year			\$ 7,628	

Yuima Municipal Water District
Notes to Required Supplementary Information
Year Ended June 30, 2011

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.

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STATISTICAL SECTION

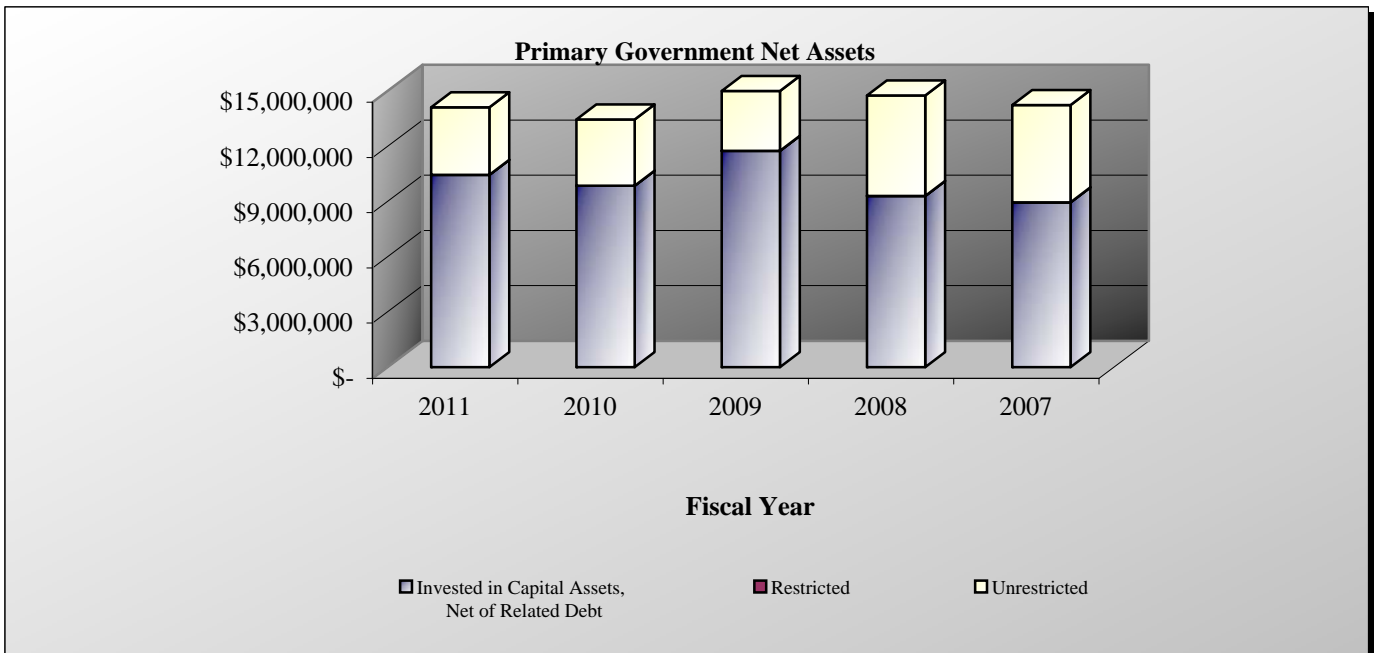
This part of the Yuima Municipal Water District comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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

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

Page 1 of 2

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	7,628	10,276	14,997	250,617	241,565
Total Governmental Activities Net Assets	<u>\$ 7,628</u>	<u>\$ 10,276</u>	<u>\$ 14,997</u>	<u>\$ 250,617</u>	<u>\$ 241,565</u>
Business - type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 10,441,399	\$ 9,851,232	\$ 11,745,488	\$ 9,297,688	\$ 8,947,575
Restricted	-	-	-	-	-
Unrestricted	3,673,419	3,594,996	3,833,288	5,209,324	5,046,011
Total Business-type Activities Net Assets	<u>\$ 14,114,818</u>	<u>\$ 13,446,228</u>	<u>\$ 15,578,776</u>	<u>\$ 14,507,012</u>	<u>\$ 13,993,586</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 10,441,399	\$ 9,851,232	\$ 11,745,488	\$ 9,297,688	\$ 8,947,575
Restricted	-	-	-	-	-
Unrestricted	3,681,047	3,605,272	3,848,285	5,459,941	5,287,576
Total Primary Government Net Assets	<u>\$ 14,122,446</u>	<u>\$ 13,456,504</u>	<u>\$ 15,593,773</u>	<u>\$ 14,757,629</u>	<u>\$ 14,235,151</u>



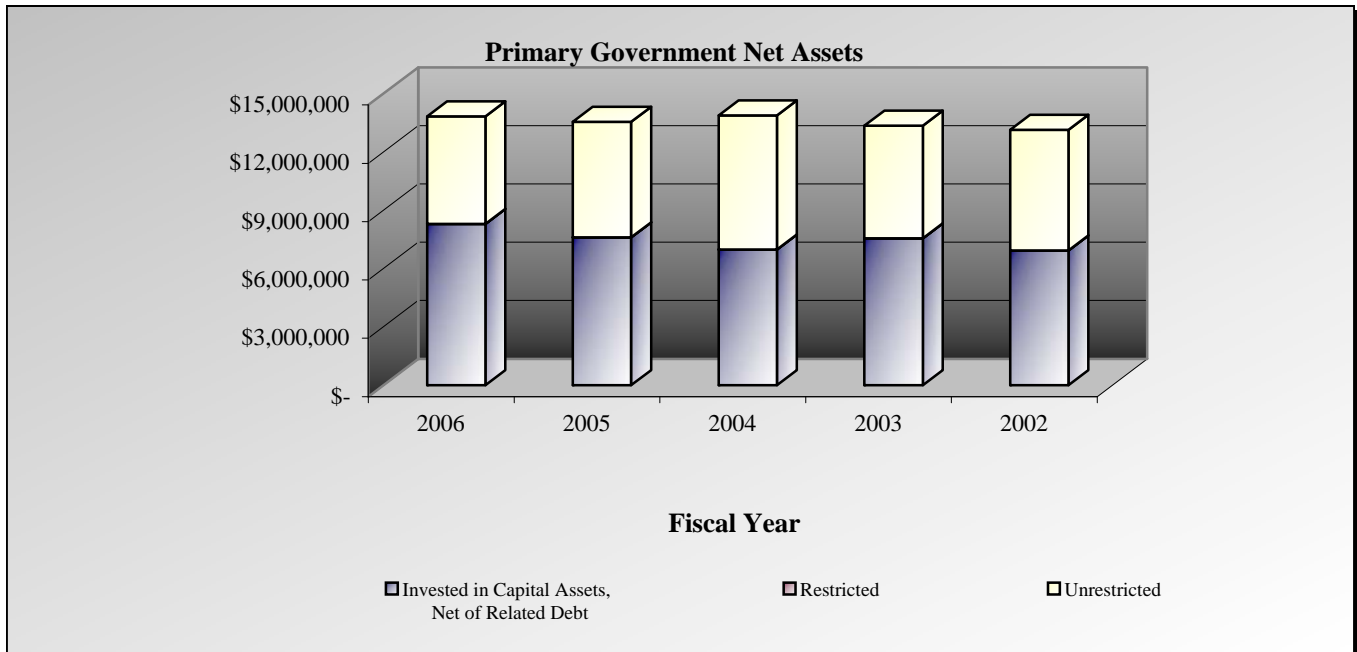
Source: Yuima Municipal Water District

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				
	2006	2005	2004	2003	2002
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	226,557	233,232	188,191	176,779	184,032
Total Governmental Activities Net Assets	\$ 226,557	\$ 233,232	\$ 188,191	\$ 176,779	\$ 184,032
Business - type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 8,295,589	\$ 7,613,682	\$ 6,984,703	\$ 7,556,294	\$ 6,929,113
Restricted	-	-	-	-	-
Unrestricted	5,303,896	5,697,144	6,704,573	5,624,626	6,019,871
Total Business-type Activities Net Assets	\$ 13,599,485	\$ 13,310,826	\$ 13,689,276	\$ 13,180,920	\$ 12,948,984
Primary government					
Invested in Capital Assets, Net of Related Debt	\$ 8,295,589	\$ 7,613,682	\$ 6,984,703	\$ 7,556,294	\$ 6,929,113
Restricted	-	-	-	-	-
Unrestricted	5,530,453	5,930,376	6,892,764	5,801,405	6,203,903
Total Primary Government Net Assets	\$ 13,826,042	\$ 13,544,058	\$ 13,877,467	\$ 13,357,699	\$ 13,133,016



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

Source: Yuima Municipal Water District

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

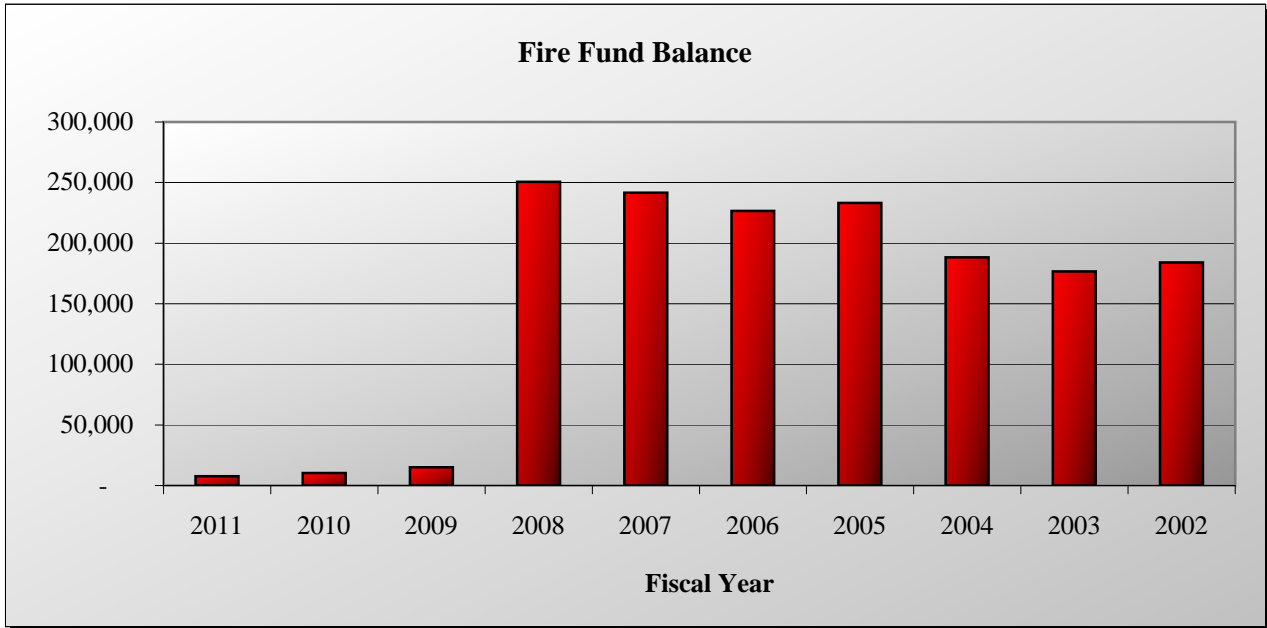
Page 2 of 2

	Fiscal Year				
	2006	2005	2004	2003	2002
Expenses					
Governmental Activities:					
Fire Protection	\$ 98,633	\$ 68,300	\$ 45,490	\$ 62,344	\$ 59,006
Total Governmental Activities Expenses	<u>98,633</u>	<u>68,300</u>	<u>45,490</u>	<u>62,344</u>	<u>59,006</u>
Business-type activities:					
Water Activities	6,001,789	5,375,827	6,032,769	5,109,328	5,583,648
Interest on Long-term Debt	50,652	54,354	9,810	-	-
Total Business-type Activities Expenses	<u>6,052,441</u>	<u>5,430,181</u>	<u>6,042,579</u>	<u>5,109,328</u>	<u>5,583,648</u>
Total Primary Government Expenses	<u>\$ 6,151,074</u>	<u>\$ 5,498,481</u>	<u>\$ 6,088,069</u>	<u>\$ 5,171,672</u>	<u>\$ 5,642,654</u>
Program Revenues					
Governmental Activities:					
Charges for Services - Fire Protection	\$ 59,070	\$ 50,028	\$ 54,613	\$ 52,029	\$ 51,317
Operating Grants & Contributions - Fire Protection	46,236	40,324	-	-	-
Capital Grants and Contributions - Fire Protection	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>105,306</u>	<u>90,352</u>	<u>54,613</u>	<u>52,029</u>	<u>51,317</u>
Business-type Activities:					
Charges for Services - Water Activities	5,736,423	4,491,018	5,401,434	4,736,676	5,681,365
Operating Grants & Contributions - Water Activities	-	-	-	-	-
Capital Grants & Contributions - Water Activities	-	-	-	-	-
Total Business-type Activities Program Revenues	<u>5,736,423</u>	<u>4,491,018</u>	<u>5,401,434</u>	<u>4,736,676</u>	<u>5,681,365</u>
Total Primary Government Program Revenues	<u>\$ 5,841,729</u>	<u>\$ 4,581,370</u>	<u>\$ 5,456,047</u>	<u>\$ 4,788,705</u>	<u>\$ 5,732,682</u>
Net (Expense)/Revenue					
Governmental Activities	\$ 6,673	\$ 22,052	\$ 9,123	\$ (10,315)	\$ (7,689)
Business-type Activities	(316,018)	(939,163)	(641,145)	(372,652)	97,717
Total Primary Government Net (Expense)/Revenue	<u>\$ (309,345)</u>	<u>\$ (917,111)</u>	<u>\$ (632,022)</u>	<u>\$ (382,967)</u>	<u>\$ 90,028</u>
General Revenues and Other					
Changes in Net Assets					
Governmental Activities:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	6,234	3,407	2,289	3,063	4,516
Other	-	-	-	-	-
Total Governmental Activities	<u>6,234</u>	<u>3,407</u>	<u>2,289</u>	<u>3,063</u>	<u>4,516</u>
Business-type Activities:					
Property Taxes	205,676	191,219	402,724	265,511	261,624
Investment Income	291,715	138,272	93,824	134,805	196,560
Other	107,286	231,220	175,444	204,271	141,211
Special Item	-	-	-	-	-
Total Business-type Activities	<u>604,677</u>	<u>560,711</u>	<u>671,992</u>	<u>604,587</u>	<u>599,395</u>
Total Primary Government	<u>\$ 610,911</u>	<u>\$ 564,118</u>	<u>\$ 674,281</u>	<u>\$ 607,650</u>	<u>\$ 603,911</u>
Change in Net Assets					
Governmental Activities	\$ 12,907	\$ 25,459	\$ 11,412	\$ (7,252)	\$ (3,173)
Business-type Activities	288,659	(378,452)	30,847	231,935	697,112
Total Primary Government	<u>\$ 301,566</u>	<u>\$ (352,993)</u>	<u>\$ 42,259</u>	<u>\$ 224,683</u>	<u>\$ 693,939</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 Balance	Total Unreserved Balance
	General ⁽¹⁾ Fund	Fire Fund	Total Balance		
2011	-	7,628	7,628	-	7,628
2010	-	10,276	10,276	-	10,276
2009 ⁽²⁾	-	14,997	14,997	-	14,997
2008	-	250,617	250,617	-	250,617
2007	-	241,565	241,565	-	241,565
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
2002	-	184,032	184,032	-	184,032



Source: Yuima Municipal Water District

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

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

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

Page 1 of 2

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

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

Notes: The Fire Fund has no related debt 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

	Fiscal Year				
	2006	2005	2004	2003	2002
Revenues					
Fire Protection Special Tax	\$ 48,671	\$ 45,519	\$ 50,614	\$ 44,373	\$ 46,922
Mitigation Fees	10,399	4,509	3,999	7,656	4,395
Contributions	46,236	40,324	-	-	-
Investment Income	6,234	3,407	2,289	3,063	4,516
Miscellaneous	-	-	-	-	-
Total Revenues	<u>111,540</u>	<u>93,759</u>	<u>56,902</u>	<u>55,092</u>	<u>55,833</u>
Expenditures					
General and Administrative	5,992	3,030	3,845	7,531	1,489
Capital Expenditures	-	-	-	-	-
Fire Protection	<u>92,641</u>	<u>65,270</u>	<u>41,645</u>	<u>54,813</u>	<u>57,517</u>
Total Expenditures	<u>98,633</u>	<u>68,300</u>	<u>45,490</u>	<u>62,344</u>	<u>59,006</u>
Net Change in Fund Balances	<u>\$ 12,907</u>	<u>\$ 25,459</u>	<u>\$ 11,412</u>	<u>\$ (7,252)</u>	<u>\$ (3,173)</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 is presented.

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

Commodity Charges

Fiscal Year Ended	Agricultural Water Rate (per acre foot)		Domestic Water Rate (per acre foot)		Average Annual Increase	Pumping Charge			Average Annual Increase
	Yuima	IDA	Yuima	IDA		Yuima	IDA (Range)		
	2011	\$ 966	\$ 727	\$ 1,066		\$ 776	13%	\$ 91	
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%
2002	\$ 458	\$ 326	\$ 559	\$ 378	8%	\$ 71	\$ 52	\$ 251	26%

Base Charges

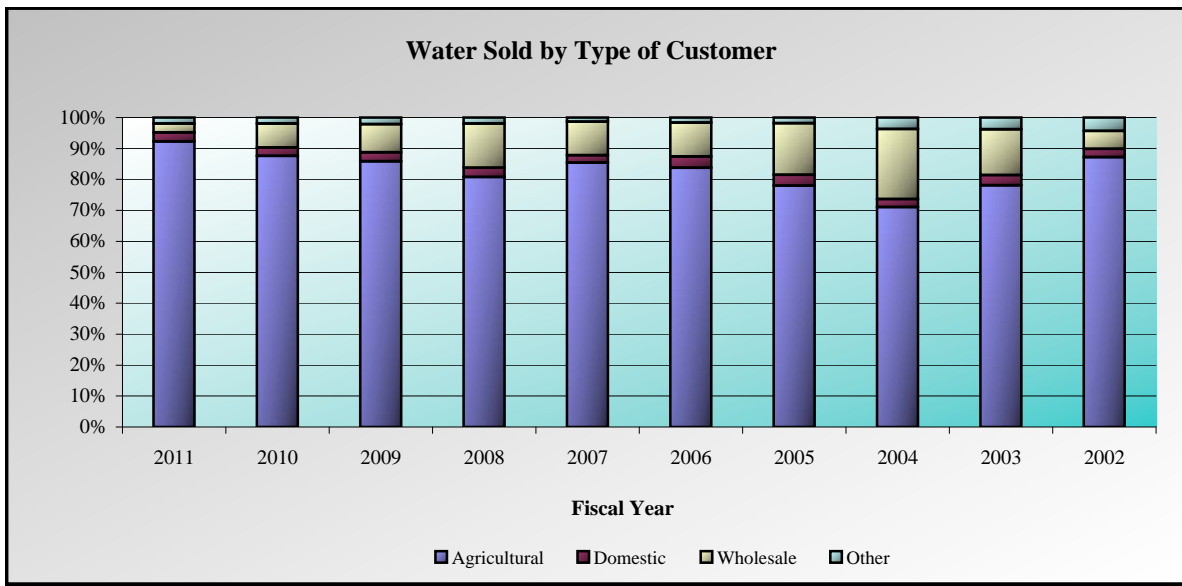
Fiscal Year Ended	Monthly Meter Charge by Meter Size										Average Annual Increase
	5/8"	1"	1¼" & 1½"	2"	3"	4"	5"	6"	8"		
2011	\$ 25	\$ 40	\$ 75	\$ 130	\$ 240	\$ 410	\$ 580	\$ 744	\$ 1,300	7%	
2010	\$ 23	\$ 37	\$ 70	\$ 122	\$ 224	\$ 383	\$ 542	\$ 695	\$ 1,215	7%	
2009	\$ 22	\$ 35	\$ 66	\$ 114	\$ 210	\$ 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%	
2002	\$ 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**

Fiscal Year Ended	Agricultural	Domestic	Wholesale	Other	Total Water Sales^{(1) (2)}	Total Acre Feet Sold	Total Rainfall⁽³⁾ (inches)
2011	\$ 3,494,580	\$ 108,655	\$ 109,128	\$ 76,354	3,788,717	4,959	25.72
2010	3,201,230	97,934	281,463	72,638	3,653,265	5,311	23.97
2009	3,060,478	101,947	325,005	77,066	3,564,496	5,909	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
2002	2,266,233	70,095	152,428	112,020	2,600,776	7,633.3	7.77



Source: Yuima Municipal Water District

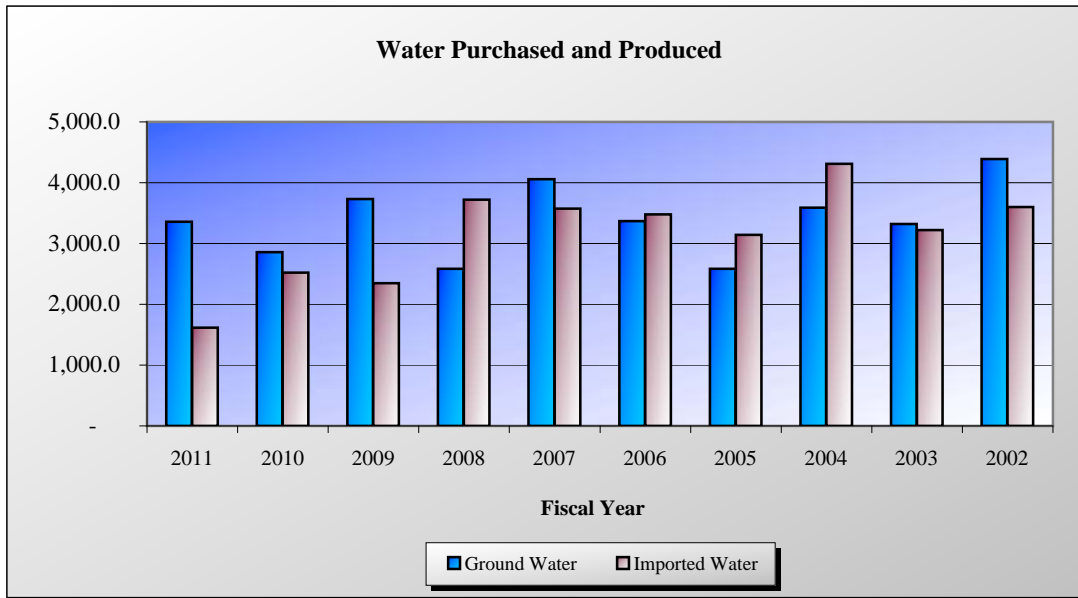
Notes: (1) Yuima's primary and only significant revenue source is retail water sales. The proportion of customer type that makes up the revenue base has remained relatively unchanged for the time frame presented. Agricultural and Wholesale water customers make up the largest section of the revenue base. 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 "Barrett" 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		Total Water Produced	Percent Ground Water	Percent Imported Water
	Ground Water ⁽¹⁾	Imported Water			
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%
2002	4,389.3	3,598.0	7,987.3	55%	45%



Source: Yuima Municipal Water District

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

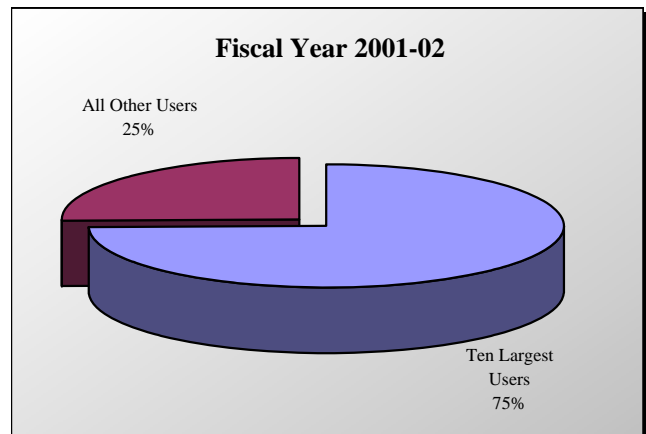
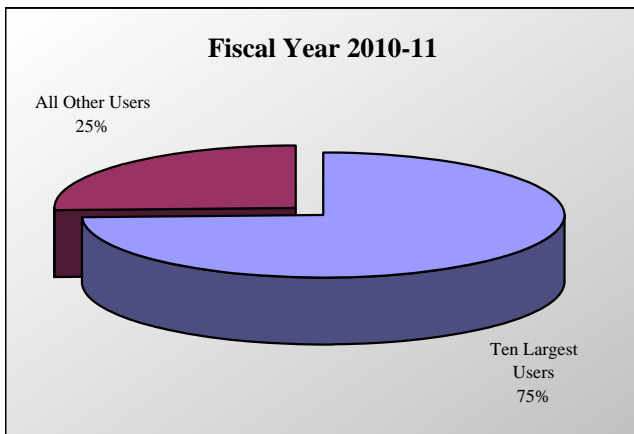
**Yuima Municipal Water District
Principal Water Consumers
For the Fiscal Years 2011 and 2002**

FISCAL YEAR ENDED 2011

Customer Name⁽¹⁾	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches	1,733	34.95%
Val Vista	372	7.50%
Rancho Eugenio	352	7.10%
Humason	261	5.26%
T-Y Nursery	255	5.14%
Burge	172	3.47%
House	154	3.11%
Metta Forest	144	2.90%
PKB Farms	138	2.78%
Pauma Ridge	114	2.30%
Total Top Ten Consumers	3,695	74.51%
Other Consumers	1,264	25.49%
Total Water Billed	4,959	100.00%

FISCAL YEAR ENDED 2002

Customer Name⁽¹⁾	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches	2,168	28.34%
Pauma Ridge	726	9.49%
Rancho Eugenio	605	7.91%
Val Vista	534	6.98%
Humason	410	5.36%
House	308	4.03%
PKB Farms	304	3.97%
Testa	299	3.91%
McKillip	200	2.61%
Metta Forest	155	2.03%
Total Top Ten Consumers	5,709	74.63%
Other Consumers	1,941	25.37%
Total Water Billed	7,650	100.00%

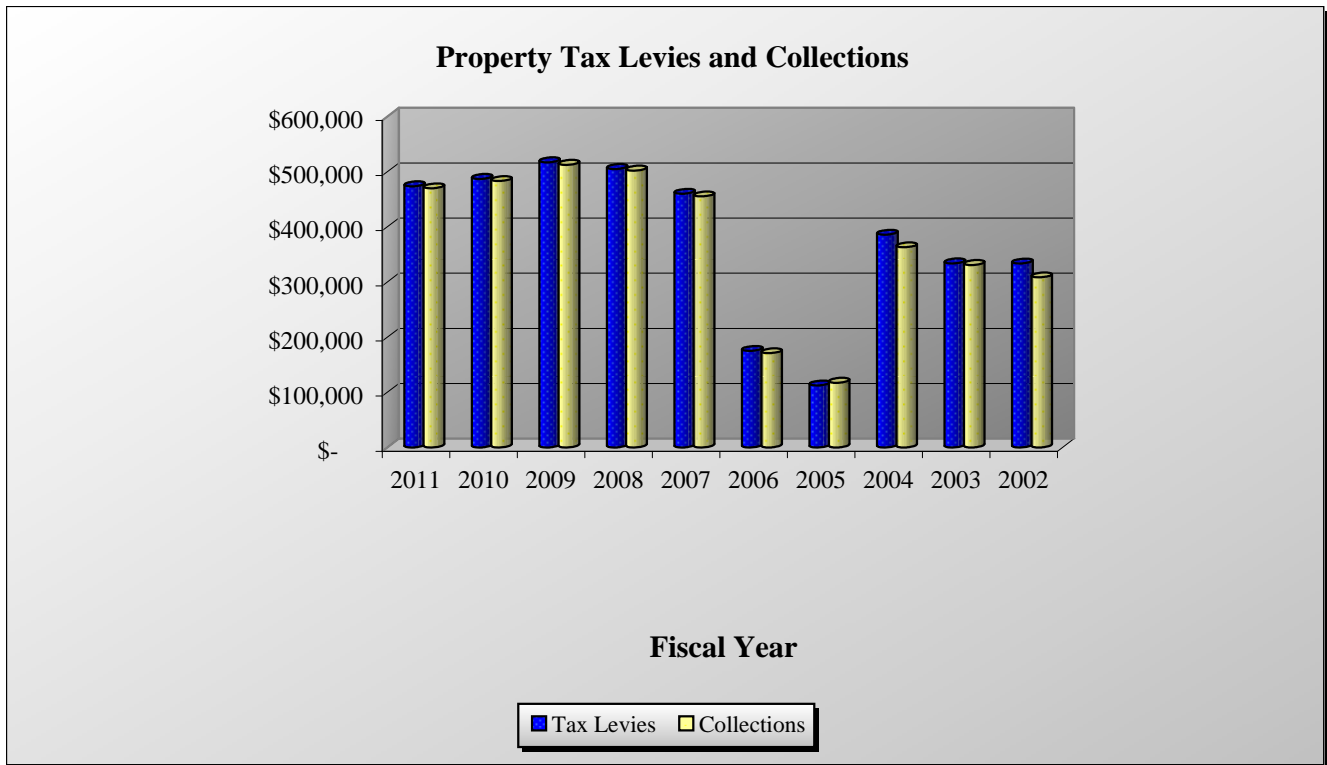


Source: Yuima Municipal Water District

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

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

Fiscal Year Ended	CURRENT YEAR LEVY			Total Collections Thru 6/30	Net Uncollected at 6/30	Percent Uncollected at 6/30
	Property Taxes ⁽¹⁾	Special Assessments ⁽²⁾	Total Levy			
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%
2002	261,624	71,759	333,383	308,341	25,042	8.12%



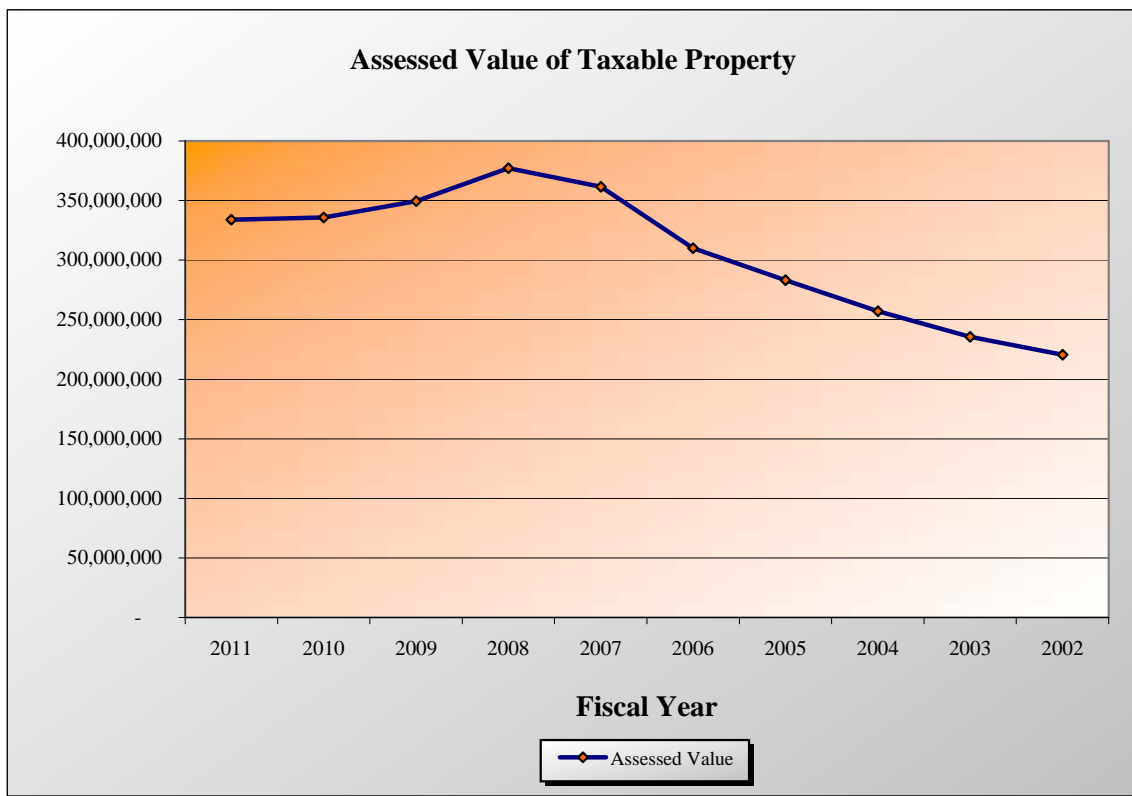
Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

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 foot 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 ⁽¹⁾
	Real Property	Personal Property	Exemptions		
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	-
2002	221,431,234	1,370,571	(2,350,033)	220,451,772	-

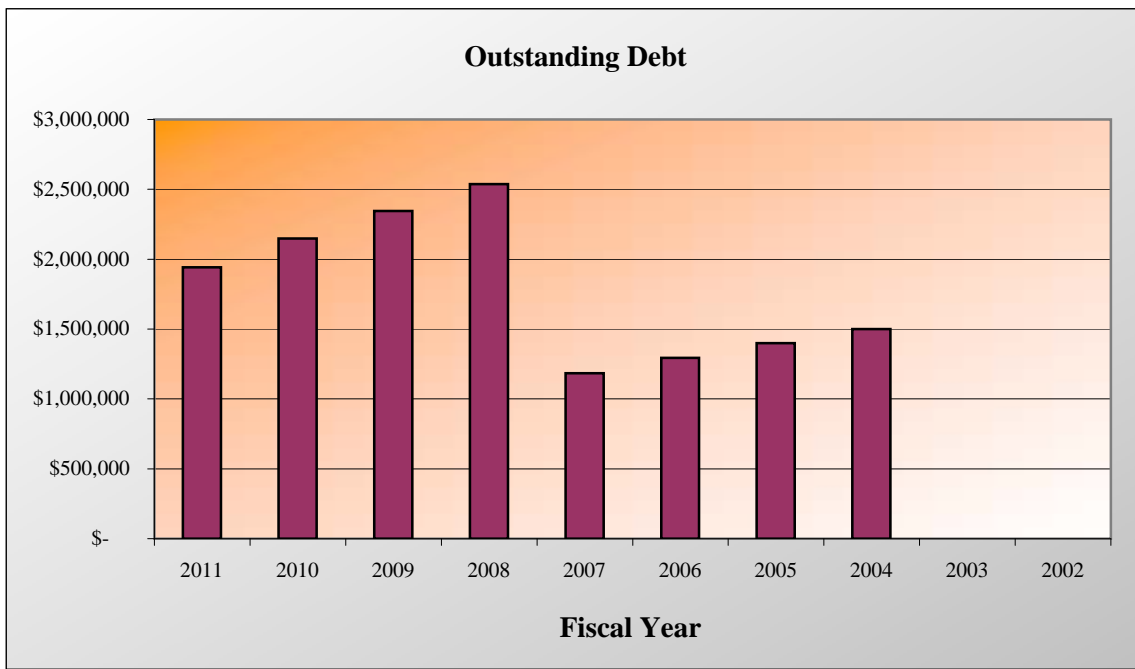


Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

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

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

Fiscal Year Ended	General		Term Loans	Total	Number of Meters ⁽³⁾	Debt per Meter	Percentage		Debt per Capita
	Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾					of Personal Income ⁽⁴⁾	Population ⁽⁵⁾	
2011	-	-	1,941,586	\$ 1,941,586	342	\$ 5,677	1%	1,966	\$ 988
2010	-	-	2,147,912	2,147,912	342	\$ 6,280	2%	1,966	\$ 1,093
2009	-	-	2,346,111	2,346,111	342	6,860	2%	1,966	1,193
2008	-	-	2,536,509	2,536,509	337	7,527	2%	1,966	1,290
2007	-	-	1,184,880	1,184,880	336	3,526	1%	1,966	603
2006	-	-	1,293,825	1,293,825	332	3,897	1%	1,966	658
2005	-	-	1,398,817	1,398,817	332	4,213	1%	1,966	712
2004	-	-	1,500,000	1,500,000	331	4,532	1%	1,966	763
2003	-	-	-	-	331	-	0%	1,966	-
2002	-	-	-	-	329	-	0%	1,966	-



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 = 240

(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 U.S. Census Bureau.

Yuima Municipal Water District
Revenue Debt Coverage
Last Eight Fiscal Years⁽¹⁾

Page 1 of 2

Fiscal Year Ended	Operating Revenues	Nonoperating Revenues	Gross Revenues⁽²⁾	Less: Operating Expenses⁽³⁾	Net Revenue Available for Debt Service
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 2001-2003.
 - (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 Eight Fiscal Years⁽¹⁾
Page 2 of 2

DEBT SERVICE REQUIREMENTS				Coverage	Pledged
Principal	Interest	Total⁽⁴⁾	Factor	Revenue	Debt Limit
\$ 206,325	\$ 89,223	\$ 295,548	422%	125%	125%
160,393	86,874	247,267	87%	125%	125%
192,071	103,717	295,788	451%	125%	125%
184,505	82,899	267,404	258%	125%	125%
108,945	47,253	156,198	588%	125%	125%
104,992	51,206	156,198	444%	125%	125%
101,183	55,015	156,198	2%	125%	125%
-	-	-	-	-	-

Source: Yuima Municipal Water District

Notes: (1) The District did not have any outstanding debt between fiscal years ended 2001-2003.

(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, 2011**

2010-11 Assessed Valuation: \$ 343,062,256

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/11	% Applicable ⁽¹⁾	District's Share of Debt 6/30/11
Metropolitan Water District	\$ 227,670,000	0.019%	\$ 43,257
Palomar Community College District	322,528,901	0.446%	1,438,479
Palomar Pomerado Hospital District	481,514,998	0.675%	3,250,226
Yuima Municipal Water District	0	100.00%	0
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 4,731,962

Ratios to Assessed Valuation:

Direct Debt **0.00%**
 Total Direct and Overlapping Tax and Assessment Debt 1.38%

OVERLAPPING GENERAL FUND DEBT

San Diego County General Fund Obligations	\$ 385,650,000	0.100%	\$ 385,650
San Diego County Pension Obligations	820,288,160	0.100%	820,288
San Diego County Superintendent of Schools Certificates of Participation	19,992,500	0.100%	19,993
Palomar Community College District General Fund Obligation	6,275,000	0.446%	27,987
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 1,253,918

TOTAL DIRECT DEBT

\$ -

TOTAL OVERLAPPING DEBT

\$ 5,985,880

COMBINED TOTAL DEBT

\$ 5,985,880⁽²⁾

(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 1.74%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/11: \$0

Source: California Municipal Statistics, Inc.

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

Year	Population	Personal Income (in thousands)	Per Capita		Unemployment Rate
			Personal Income (in dollars)	School Enrollment	
2011	3,118,876	151,539,000	48,588	498,243	10.4%
2010	3,224,432	137,525,000	42,651	496,995	10.5%
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%
2002	2,901,719	100,655,726	34,688	494,588	5.3%

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2011

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

Yuima Municipal Water District
San Diego County Employment by Industry⁽¹⁾
Fiscal Year 2011 and 2002

	2011		2002	
	Employment at June 2011	% of Total Employment	Employment at June 2002	% of Total Employment
Agriculture	10,200	1%	11,700	1%
Natural Resources & Mining	400	0%	300	0%
Construction	53,400	4%	77,700	6%
Manufacturing	93,100	7%	113,800	9%
Wholesale Trade	41,000	3%	41,800	3%
Retail Trade	129,600	10%	137,000	11%
Transportation				
Warehousing & Utilities	28,100	2%	30,400	2%
Information	24,900	2%	34,500	3%
Finance Activities	68,500	5%	75,100	6%
Professional & Business Services	214,700	17%	205,400	16%
Educational & Health Services	152,900	12%	120,100	10%
Leisure & Hospitality	163,200	13%	137,300	11%
Other Services				
Repair, Religious, Professional	47,400	4%	47,600	4%
Federal Government	46,000	4%	40,000	3%
State Government	43,900	3%	38,200	3%
Local Government	139,100	11%	145,000	12%
Total, All Industries	<u>1,256,400</u>	<u>100%</u>	<u>1,255,900</u>	<u>100%</u>
Civilian Employment	1,402,900	89.6%	1,375,600	94.7%
Civilian Unemployment	<u>162,500</u>	<u>10.4%</u>	<u>77,600</u>	<u>5.3%</u>
Total Civilian Labor Force	<u>1,565,400</u>	<u>100%</u>	<u>1,453,200</u>	<u>100%</u>

Civilian Unemployment Rate

10.4%

5.3%

Source: California Employment Development Department

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

**Yuima Municipal Water District
San Diego County Principal Employers⁽¹⁾
For the Fiscal Years 2011 and 2002**

	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Federal Government	46,300	1	3.30%	40,600	1	2.95%
State of California	45,500	2	3.24%	38,500	2	2.80%
University of California, San Diego	27,393	3	1.95%	21,266	4	1.55%
County of San Diego	15,842	4	1.13%	16,894	5	1.23%
Sharp HealthCare	14,969	5	1.07%	12,167	8	0.88%
Scripps Health	13,830	6	0.99%	10,435	9	0.76%
San Diego Unified School District	13,730	7	0.98%	24,240	3	1.76%
Qualcomm Inc.	10,509	8	0.75%			
City of San Diego	10,211	9	0.73%	12,656	6	0.92%
Kaiser Permanente	8,200	10	0.58%			
U.S. Postal Service, San Diego District				12,336	7	0.90%
SBC Pacific Bell				6,988	10	0.51%
Total	206,484		14.72%	196,082		14.26%

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2011.

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

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

District Employees

Fiscal Year Ended	Management	Field Operations	Administrative Services	Total Employees⁽²⁾	Average Years of Service
2011	3	4	2	9	12.40
2010 ⁽³⁾	3	5	3	11	12.00
2009	3	5	3	11	12.20
2008	3	5	3	11	11.20
2007	3	5	3	11	10.20
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 Raw Water Reservoirs.....	2
Number of Treated Water Tanks.....	10
Total Treated Storage Capacity.....	55.0 ac.ft.
Number of Producing Wells.....	22
Daily Production Peak.....	5.9 mgd
Average Daily Production.....	4.45 mgd
Number of Service Connections.....	342

Source: Yuima Municipal Water District

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

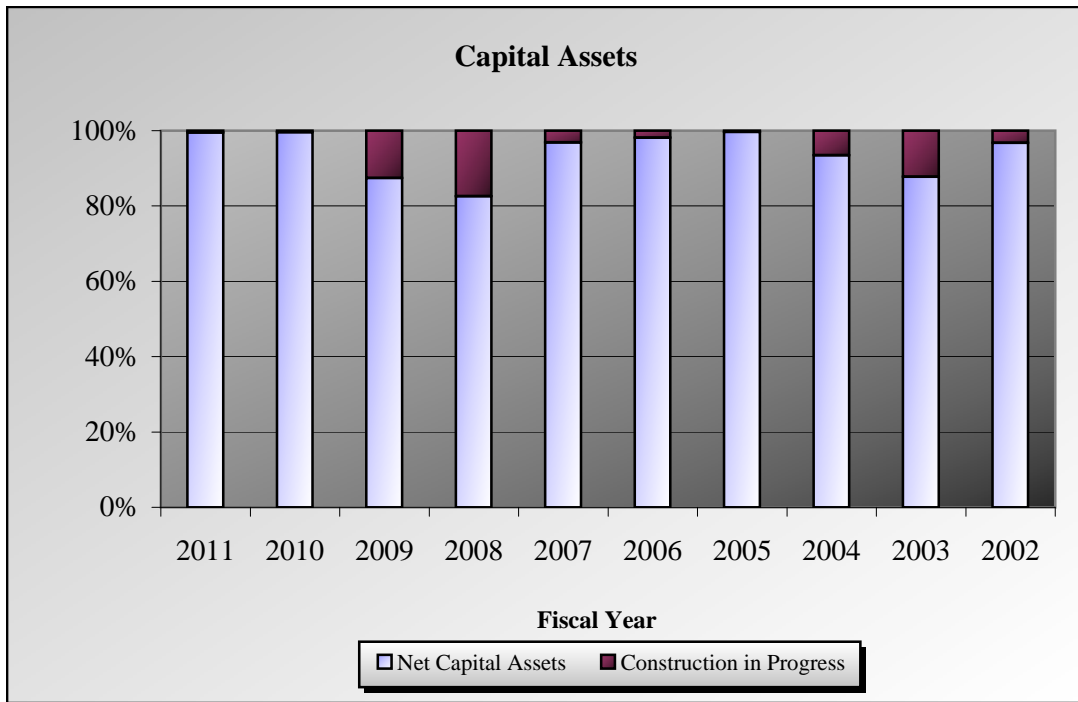
(2) The employee count represents the head count for the employees in each department.

(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

Fiscal Year Ended	Annexation Fees	Land	Source of Supply	Pumping Plant	Water Treatment Plant
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
2002	944,872	269,682	2,867,634	1,373,475	61,128



Source: Yuima Municipal Water District

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

Yuima Municipal Water District
Capital Assets
Last Ten Years

Page 2 of 2

Fiscal Year Ended	Transmission & Distribution	General Plant	Accumulated Depreciation	Net Capital Assets	Construction in Progress
2011	\$ 7,366,146	\$ 1,566,928	\$ (7,673,180)	\$ 12,323,798	\$ 59,187
2010	7,027,345	1,529,078	(7,207,478)	11,947,824	51,319
2009	6,974,608	1,515,329	(6,804,249)	12,289,930	1,763,862
2008	6,641,385	1,529,585	(6,555,544)	9,744,542	2,053,521
2007	6,639,470	1,475,628	(6,220,083)	9,815,757	316,698
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
2002	4,899,545	1,051,554	(4,765,390)	6,702,499	226,614

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

Page 1 of 2

	Fiscal Year				
	2011	2010	2009	2008	2007
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	25.72	23.97	15.71	22.51	9.27
Miles of Water Main (6"+)	41.57	40.47	40.43	40.4	39.5
Number of Treated Water Tanks	10	10	10	10	9
Capacity of Water Tanks (acre feet)	55.0	55.0	57.5	57.5	52.3
Number of Potable Open Reservoirs	-	1	1	1	2
Capacity of Open Reservoirs (acre feet)	-	2.1	2.1	2.1	4.7
Number of Ag Only Open Reservoirs	2	2	2	2	2
Capacity of Ag Only Open Reservoirs (acre feet)	11.7	11.7	11.7	11.7	11.7
Number of Productive Wells	22	21	21	17	17
Maximum gallons per minute Flows	3,090	3,130	3,130	2,650	2,650
Number of Pump Stations	10	10	10	9	9
Number of Pumps	31	31	30	27	31
Pump Capacity (horsepower)	4,930	4,930	4,480	3,955	3,850
Number of Service Connections (1)	342	342	342	337	336
Production Peak (mgd)	5.90	5.00	5.35	5.2	5.2
Average Production (mgd)	4.45	4.60	4.55	4.3	4.3
Number of Mainline Repairs	1.0	1.0	3.0	-	-

Source: Yuima Municipal Water District

Notes: (1) Yuima connections = 102; IDA connections = 240

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

Page 2 of 2

	Fiscal Year				
	2006	2005	2004	2003	2002
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	16.47	41.47	13.03	26.20	7.77
Miles of Water Main (8"+)	36.0	36.0	36.0	36.0	36.0
Number of Treated Water Tanks	9	9	8	8	8
Capacity of Water Tanks (acre feet)	52.3	52.3	37.2	37.2	37.2
Number of Potable 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 Productive Wells	17	16	16	15	15
Maximum gallons per minute Flows	2,650	2,200	2,200	2,150	2,150
Number of Pump Stations	9	9	8	8	8
Number of Pumps	31	31	30	28	28
Pump Capacity (horsepower)	3,850	3,850	3,800	3,625	3,625
Number of Service Connections	332	332	331	331	329
Production Peak (mgd)	5.2	3.6	3.6	3.4	3.4
Average Production (mgd)	4.3	3.0	3.0	2.8	2.8
Number of Mainline Repairs	-	1.0	-	1.0	2.0

Source: Yuima Municipal Water District



Yuima Municipal Water District

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