

AGENDA
Borrego Water District Board of Directors
Special Meeting
January 17, 2012, 9:00 a.m.
806 Palm Canyon Drive
Borrego Springs, CA 92004

I. OPENING PROCEDURES

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Agenda
- E. Comments from Directors and Requests for Future Agenda Items
- F. Comments from the Public and Requests for Future Agenda Items (comments will be limited to 3 minutes)

II. CURRENT BUSINESS MATTERS

- A. Presentation of FYE 2011 audited financial results by Harvey Schroeder and Lee Parravano of White Nelson Diehl Evans LLP (page 3-39)
- B. Discussion of where District is now financially (page 41-59)
- C. Discussion of current cash flow forecast (page 60-65)
- D. Discussion of agenda items for meeting on Wednesday, January 25th
 - resolution to submit ABD-IRWM planning grant application to DWR
 - Town Hall date and program planning

III. CLOSING PROCEDURE, Adjournment

The next Regular Meeting of the Board of Directors is scheduled for January 25, 2012 at the Borrego Water District.

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BORREGO WATER DISTRICT
FINANCIAL STATEMENTS
WITH REPORT ON AUDIT BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
JUNE 30, 2011

JUNE 30, 2011

	<u>Page Number</u>
<u>Introductory Section</u>	
Letter of Transmittal	i - iv
<u>Financial Section</u>	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Statement of Net Assets	11 - 12
Statement of Revenues, Expenses and Changes in Net Assets	13
Statement of Cash Flows	14
Notes to Financial Statements	15 - 31



BORREGO WATER DISTRICT

January 11, 2012

To the Honorable President and Members of the Board of Directors and Customers of the Borrego Water District:

State law requires that all general-purpose local governments and special districts publish each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The Annual Financial Report of the Borrego Water District (District) for fiscal year ended June 30, 2011 is hereby submitted as required. White Nelson Diehl Evans LLP, a firm of licensed certified public accountants, has audited the District's financial statements.

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

Management assumes full responsibility for the completeness and reliability of the information contained in this letter, the MD&A and the accompanying financial statements, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2011 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

PROFILE OF THE DISTRICT

The Borrego Water District is a small public water and wastewater district serving approximately 2,000 customers in beautiful Borrego Springs, California, a retirement and resort community located about 70 miles NE of San Diego and surrounded by the Anza-Borrego Desert State Park. The District was established in 1962 as a California water district to provide water, sewer, flood control and gnat abatement for areas in the unincorporated community of Borrego Springs located in San Diego County.

Additionally, the District adopted a groundwater management plan under Assembly Bill 3030 in 2002 and obtained the authority of a groundwater replenishment district. This designation allows the District to do planning for groundwater management and provides the authority, among others, to (a) buy and sell water, (b) exchange water (c) distribute water in exchange for ceasing or reducing groundwater extraction

(d) recharge the basin and (e) build necessary works to achieve groundwater replenishment. The District is not a member of the San Diego County Water Authority (SDCWA), the regional member of the Metropolitan Water District of Southern California (MWD) that imports supplemental water into San Diego County.

Governance

The affairs of the District are governed by a five member Board of Directors elected at large by the registered voters residing in the District. The directors, who are elected, are residents and have the same concerns as their constituents. The Board members, who serve four-year staggered terms, are responsible for establishing policy and ordinances, adopting the annual budget, and hiring the District's General Manager and other advisors to the Board, such as the District's General Counsel, and financial and other advisors. The General Manager is responsible for carrying out the policies and ordinances of the District Board, for overseeing the day-to-day operations of the District and for meeting or exceeding the financial objectives set forth in the annual budget approved by the Board.

Groundwater Supply, Usage & Availability

The District is the only appropriator of groundwater from the unmanaged Borrego Valley Groundwater Basin (the Basin), which has been in overdraft since around 1945. Present overdraft is estimated at approximately 16,000 acre-feet per year (AFY), assuming the natural annual recharge is around 4,000 AFY. The District accounts for about 3,000 AFY or less than 15% of annual withdrawals. Unmetered recreational use by overlayers (mostly 3 golf courses) annually account for about 15% of the annual withdrawals and unmetered agricultural use by overlayers accounts for about 70% of annual withdrawals. Preliminary results from current United States Geological Survey (USGS) models project a complete dewatering of the upper aquifer of the Basin within approximately 50-years. Presently, there is uncertainty concerning the amount and cost of economically extractable potable water that will be available from the middle and lower aquifers once the upper aquifer of the Basin is dewatered.

During the FY 2008-FY 2010 timeframe, technical studies were initiated that included: (1) focusing the USGS modeling work on storage programs rather than on the optimization of the existing water source in the Basin, (2) participating in a U.S. Bureau of Reclamation (Reclamation) investigation of imported water and storage opportunities in the Southeast Region, (3) development of the Clark Lake aquifer potential water source and (4) designing a pipeline transmission route to Highway 78 to access potential groundwater sources from the San Felipe Creek drainage system. Some of these projects were funded by federal grants and some were paid directly from District reserves.

During FY 2011, the Board decided on a revised groundwater management strategy that included working closely with the USGS and Reclamation study teams to ensure that the physical parameters of the Basin are fully defined and that options for managing the Basin and for importing water for storage, recharge, and supplemental supply are evaluated on a timely basis. The Board has chosen to extend the due date of the USGS Basin modeling work so that the District will have time to complete its financial analyses and to select Basin management alternatives to be applied and documented in the final report. The final USGS report and basin management modeling toolset are expected to be available by the fourth quarter 2012. The Reclamation report will include economic analyses of the cost for importing water from viable regional sources. The Reclamation report should be completed by the first quarter of 2013. The Borrego Pipeline Feasibility Study funded partially by the USEPA should be completed by the first quarter of 2012.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

The local economy and the income of retirees living in the Borrego community has been affected by the general downturn in the economy of California and the nation. Additionally, uncertainty over long-term water supply availability and San Diego County's interpretation of Federal Emergency Management Agency (FEMA)-flood control guidelines that have resulted in requirements of a 3-foot to 5-foot minimum build height above ground level for new construction in the Valley has dramatically slowed new development in the Borrego community.

Previous Fiscal Year Spending by the District

The new majority of the Board that was sworn-in in December 2010 inherited a financial situation where much of the District's previous cash reserves of over six million dollars available at the start of FY 2008 had been depleted.

Long-Term Financial Planning

The District's Board of Directors is aware of the need to ensure the District's financial stability and return to creditworthiness. Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future needs. The cornerstone of these policies is the District's 2011 Financial Model prepared by the California office of Raftelis Financial Consultants, Inc. (RFC). This model forecasts the District's expenditures and revenue needs for the next 5 years from FY 2012-FY 2016. The District utilizes this information from the RFC financial model to anticipate future expense obligations and to develop programs to ensure these expense obligations are fully funded. The Board anticipates regularly updating this model as new information becomes available that could impact the District's financial plans.

RELEVANT FINANCIAL POLICIES

Reserve Policy

The District has established a Reserve Fund Policy to anticipate and prepare for future funding requirements as well as for unforeseen events. The Reserve Fund Policy establishes reserves and describes the flow of funds to and from the various reserves.

Risk Management

The District is a member of the California Joint Powers Insurance Authority (JPIA).

Pension and Other Post-Employment Benefits

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employees defined benefit pension plan for its personnel. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Additional information about the District's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

Investment Policy

The Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the Prudent Investor Standards. The primary objectives, in priority order, of the District's investment activities are the following: 1) safety, 2) liquidity, and 3) yield. The District's funds are invested in a variety of investments, in accordance with California government code, as described in the notes to the financial statements. The District minimizes interest rate risk by investing a greater portion of its funds in short term investments and minimizes credit risk by investing a majority of its funds in the highest rated investments or in diversified investment pools.

Internal Controls

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with GAAP. The internal structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that; 1) the cost of control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Respectfully submitted,

Jerry Rolwing

General Manager

INDEPENDENT AUDITORS' REPORT

Board of Directors
Borrego Water District
Borrego, California

We have audited the accompanying basic financial statements of Borrego Water District as of and for the year ended June 30, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Borrego Water District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Borrego Water District as of June 30, 2011, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State regulations governing Special Districts.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the accompanying table of contents 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 an opinion on the accompanying basic financial statements of the Borrego Water District. The Introductory Section, as identified in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The Introductory Section has 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 it.

White Nelson Diehl Evans LLP

January 11, 2012
Carlsbad, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal year ended June 30, 2011

Our discussion and analysis of the Borrego Water District (the District) basic financial statements provide general readers with an overview of the District's financial position and results of operations for the fiscal year ended June 30, 2011. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited financial statements. These statements are located in the section following the MD&A. This discussion and analysis, as well as the basic financial statements that it accompanies have been prepared by management of the District and are its responsibility.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2011, the following events impacted, or have the potential to impact, the finances of the District:

- In January 2011, the District's Board of Directors canceled health insurance benefits for Directors. Such benefits had cost the District \$38,477 in the previous 12-months. If all 5 directors had insurance for all of 2011 this cost would have been \$61,669.
- In January 2011, the District's Board of Directors received a report from the District's investment banking firm, Stern Brothers & Co.. The report informed the Board that investors who had previously indicated a potential interest in providing the District a \$1,500,000 loan for water supply-related infrastructure had withdrawn their offer. Also, due to the District's financial performance in the prior two fiscal years, its current cash position, and its projected cash flow from operations for FY 2011, Stern Brothers believed the District was no longer creditworthy to assume further debt.
- In February 2011, the District's Board of Directors commissioned an analysis from its auditors, White Nelson Diehl Evans LLP, concerning the status of the District's cash reserves. The results of the analysis indicated that the District's cash reserves had declined from \$6,530,581 at July 1, 2007 to \$764,991 at December 31, 2010.
- In May 2011, the District's Board of Directors declined to exercise a \$150,000 option agreed to by the previous Board in November 2010 to purchase the Cocopah Nurseries, Inc. property for \$2,500,000.
- In June 2011, the District's Board of Directors held a public hearing as required by California's Proposition 218 process. The Board approved the rate increases as published for FY 2012 through FY 2016 as a majority of protest votes were not received by the end of the public hearing. The approved maximum rate increase for each of these fiscal years are approximately 30%, 30%, 10%, 10%, 5% above the prior year's base rate and commodity rate for both water and sewer services averaged across all service connections. The new rates for FY 2012 go into effect July 1, 2011.
- Cash and cash equivalents were lower than last year by \$1,695,187 due primarily to the loss from operating activities for the year and the expenditure of cash reserves for capital projects.
- Net assets were lower than last year by \$2,813,340 due in part to the loss from operating activities for the year and a loss on the disposal of previously capitalized assets.

More information about the overall analysis of the District's financial position and results of operations is provided in the following sections.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements accompanying the Management’s Discussion and Analysis present the financial position, the results of operations, and cash flow using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities.

Statement of Net Assets

The Statement of Net Assets presents the District’s financial position (assets and liabilities) as of June 30, 2011. Assets in excess of liabilities (Net Assets) were \$13,119,094 and \$15,932,434 as of June 30, 2011 and 2010, respectively. In accordance with generally accepted accounting principles (GAAP), capital assets are recorded at historical cost. Net assets are accumulated from revenues in excess of expenses, and contributed capital combined with the beginning balance of net assets as presented in the Statement of Revenues, Expenses and Changes in Net Assets.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the District’s results of operations for the year ended June 30, 2011. In accordance with GAAP, revenues are recognized (recorded) when water or services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the District’s core activities (providing water, sewer, pest control and flood control services). Nonoperating revenues and expenses are not directly related to the core activities, e.g. investment income, interest expense, etc. The operating loss for the year ended June 30, 2011 of (\$1,262,672) is combined with net non operating revenues and expenses of (\$1,550,668) to arrive at the change in net assets of (\$2,813,340). The decrease in net assets is subtracted from beginning net assets of \$15,932,434 to arrive at the ending net assets of \$13,119,094 as of June 30, 2011.

One of the most important questions asked about the District’s finances was, “How has the District’s position changed as the result of this years’ activities?” The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets present information about the District’s activities that help answer this question. These two statements report the net assets of the District and the changes to them. The District’s net assets, the difference between assets and liabilities, may be thought of as one way to measure its financial health or financial position. Over time, increases or decreases in net assets can be an indicator as to whether the financial health is improving or deteriorating. However, it is incumbent upon the observer to consider other non-financial factors such as the regulatory climate, economic conditions, population growth, zoning changes, environmental changes, etc.

BORREGO WATER DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Analysis of Net Assets

Our analysis will start with a summary of the District’s Net Assets as presented in the following table:

Borrego Water District’s Net Assets

	2011	2010	Change	
			\$	%
Cash and investments	\$ 1,025,651	\$ 2,720,838	\$ (1,695,187)	-62.3
Capital assets	15,166,652	16,705,978	(1,539,326)	-9.2
Other assets	<u>802,130</u>	<u>780,781</u>	<u>21,349</u>	<u>2.7</u>
Total assets	<u>16,994,433</u>	<u>20,207,597</u>	<u>(3,213,164)</u>	<u>-15.9</u>
Current liabilities	317,709	325,594	(7,885)	-2.42
Noncurrent liabilities	<u>3,557,630</u>	<u>3,949,569</u>	<u>(391,939)</u>	<u>-9.92</u>
Total liabilities	<u>3,875,339</u>	<u>4,275,163</u>	<u>(399,824)</u>	<u>-9.35</u>
Net assets				
Invested in capital assets net of related debt	11,864,985	13,563,426	(1,698,441)	-12.5
Restricted	0	187,887	(187,887)	-100.00
Unrestricted	<u>1,254,109</u>	<u>2,181,121</u>	<u>(927,012)</u>	<u>-42.5</u>
Total net assets	<u>\$ 13,119,094</u>	<u>\$ 15,932,434</u>	<u>\$ (2,813,340)</u>	<u>-17.67</u>

- The Cash and Investments variance is due to loss in operating income, CFD-2007-1 bond payments exceeding receipts, and increase of the capital projects program of which \$579,642 was spent on sewer system improvements.
- The variance in the noncurrent liabilities is largely due to the reduction of the amount payable to the CFD 2007-1 bond holders.

BORREGO WATER DISTRICT**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**Analysis of Revenues and Expenses

Borrego Water District's Revenues, Expenses and Changes in Net Assets

	2011	2010	Change	
			\$	%
OPERATING REVENUES:				
Water revenue	\$ 1,969,697	\$ 2,076,154	\$ (106,457)	-5.13
Sewer service charges	408,889	400,897	7,992	1.99
Availability charges	275,946	285,316	(9,370)	-3.28
Other income	<u>138,803</u>	<u>160,629</u>	<u>(21,826)</u>	<u>-13.59</u>
Total operating revenues	<u>2,793,335</u>	<u>2,922,996</u>	<u>(129,661)</u>	<u>-4.44</u>
NONOPERATING REVENUES:				
Property taxes	123,071	78,306	44,765	57.17
Investment income	2,503	6,186	(3,683)	-59.54
Gain on sale of asset	0	1,500	(1,500)	-100.00
Grant income	<u>234,869</u>	<u>0</u>	<u>234,869</u>	<u>100.00</u>
Total nonoperating revenues	<u>360,443</u>	<u>85,992</u>	<u>274,451</u>	<u>319.16</u>
CAPITAL CONTRIBUTIONS:	<u>0</u>	<u>43,302</u>	<u>(43,302)</u>	<u>-100.00</u>
TOTAL REVENUES:	<u>3,153,778</u>	<u>3,052,290</u>	<u>101,488</u>	<u>3.32</u>
OPERATING EXPENSES:				
Water operations	1,104,916	1,327,177	(222,261)	-16.75
Sewer operations	212,471	197,941	14,530	7.34
Depreciation expense	637,474	605,092	32,382	5.35
General and administrative	<u>2,101,146</u>	<u>1,585,275</u>	<u>515,871</u>	<u>32.54</u>
Total operating expenses	<u>4,056,007</u>	<u>3,715,485</u>	<u>340,522</u>	<u>9.16</u>
NONOPERATING EXPENSES:				
Loss on disposal of assets	1,744,420	0	1,744,420	100.00
Interest expense	160,203	159,739	464	.03
Amortization expense	<u>6,488</u>	<u>6,488</u>	<u>0</u>	<u>0</u>
Total nonoperating expenses	<u>1,911,111</u>	<u>166,227</u>	<u>1,744,884</u>	<u>1,049.69</u>
TOTAL EXPENSES:	<u>5,967,118</u>	<u>3,881,712</u>	<u>2,085,406</u>	<u>53.72</u>
Change in net assets	(2,813,340)	(829,422)	(1,983,918)	-239.19
TOTAL NET ASSETS, BEGINNING	<u>15,932,434</u>	<u>16,761,856</u>	<u>(829,422)</u>	<u>-4.95</u>
TOTAL NET ASSETS, ENDING	<u>\$ 13,119,094</u>	<u>\$ 15,932,434</u>	<u>\$ (2,813,340)</u>	<u>-17.66</u>

See accompanying independent auditors' report.

BORREGO WATER DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

A discussion of the significant variances of the Borrego Water District’s Revenues and Expenses is presented below.

- Loss on disposal of assets increased due to the abandonment of the CSD Waste Water Treatment Plant, loss from Cocopah contract, and loss from old CIP projects that are no longer going to be continued or will not lead to tangible assets.
- Operating expenses increased due to management estimating an allowance for doubtful accounts for availability charges of \$277,233.

BUDGET HIGHLIGHTS

Fiscal Year 2011 Actual vs. Fiscal Year 2011 Budget

	<u>2011 Actual</u>	<u>2011 Budget</u>	<u>Variance</u>
Revenues:			
From operations	\$ 2,793,335	\$ 3,118,084	\$ (324,749)
Nonoperating	<u>360,443</u>	<u>71,000</u>	<u>289,443</u>
Total revenue	<u>3,153,778</u>	<u>3,189,084</u>	<u>(35,306)</u>
Expenses:			
Water operations	1,104,916	1,100,000	4,916
Sewer operations	212,471	200,000	12,471
Depreciation expense	637,474	600,000	37,474
General and administrative	2,101,146	1,147,593	953,553
Loss on disposal of assets	1,744,420	0	1,744,420
Other nonoperating expenses	<u>166,691</u>	<u>141,491</u>	<u>25,200</u>
Total expenses	<u>5,967,118</u>	<u>3,189,084</u>	<u>2,778,034</u>
Capital Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	<u>\$ (2,813,340)</u>	<u>\$ 0</u>	<u>\$ (2,813,340)</u>

BORREGO WATER DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of the fiscal year the District had a net investment in various categories of Capital Assets as shown in the following table.

Borrego Water District’s Capital Assets

	Fiscal Year Ended		Change	
	2010	2011	\$	%
Land and land improvements	\$ 949,829	\$ 949,829	\$ -	-
Flood control facilities	4,319,604	4,319,604	-	-
Sewer facilities	5,836,290	5,776,212	(60,078)	-1.03
Water facilities	9,517,058	9,672,863	155,805	1.64
Pipelines, wells and tanks	1,273,895	1,273,895	-	-
General facilities	1,009,060	1,009,060	-	-
Telemetry system	67,530	67,530	-	-
Equipment and furniture	350,517	350,517	-	-
Vehicles	471,546	471,546	-	-
Construction in progress	1,330,937	235,263	(1,095,674)	-82.32
Fallowed water credits	798,214	792,714	(5,500)	-.69
Water Rights - ID #4	185,000	185,000	-	-
	26,109,480	25,104,033	(1,005,447)	-3.85
Less accumulated depreciation	(9,403,502)	(9,937,381)	533,879	5.67
Net capital assets	<u>\$ 16,705,978</u>	<u>\$ 15,166,652</u>	<u>\$ (1,539,326)</u>	<u>-9.21</u>

The \$1,095,674 decrease in CIP was largely due to the closing of sewer facilities projects and water facilities projects.

DEBT ADMINISTRATION

On October 1, 2008, the District issued \$2,775,000 of 2008 Bonds while concurrently redeeming all of its outstanding 1997 & 1998 Certificates of Participation.

The bonds are payable in annual principal installments of \$25,000 to \$245,000 on October 1 of each year beginning 2014 through 2028. Interest is payable semi-annually on April 1 and October 1 at an interest rate of 6.000% per annum. The bonds are payable solely from installment payments to be made by the District to the Borrego Water District Public Facilities Corporation. The installment payments are a special obligation of the District payable solely from revenues of Improvement District No. 4 and certain funds and accounts created by agreement.

BORREGO WATER DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

The annual requirements to amortize the Installment Purchase Agreement are as follows:

<u>For the Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	124,875	124,875
2013	-	124,875	124,875
2014	25,000	124,313	149,313
2015	135,000	120,713	255,713
2016	140,000	114,525	254,525
2017-2021	795,000	470,813	1,265,813
2022-2026	985,000	271,238	1,256,238
2027-2030	<u>695,000</u>	<u>48,038</u>	<u>743,038</u>
Totals	<u>\$ 2,775,000</u>	<u>\$ 1,399,390</u>	<u>\$ 4,174,390</u>

During the fiscal year ended June 30, 2011, the Montesoro note payable increased to \$689,234 due to a clause in the note which states that in the event the District increases water rates the annual payments increase by the same percentage.

ECONOMIC FACTORS AND FUTURE YEAR’S BUDGET AND RATES

The District’s Board of Directors and management considered many factors when setting the fiscal year 2011/2012 budget, user fees and charges. The District attempts to balance revenues with operating expenses that have increased due to inflationary factors, such as cost of living, cost of water, and insurance coverage. Towards this end, the District has entered into an agreement with a Financial Analysis firm to review the District's cost of service, and revenue requirements, and make recommendations for a new rate design consistent with sound utility management practices.

These indicators were taken into consideration when adopting the District’s budget for the fiscal year 2011/2012. The budget has been structured to contain costs, but at the same time, continue the District’s philosophy of providing the highest levels of service and continue efforts towards securing a sustainable water supply for the community.

BORREGO WATER DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Fiscal Year 2011 Actual vs. Fiscal Year 2012 Budget

	2011	2012	Change	
	<u>Actual</u>	<u>Budget</u>	<u>\$</u>	<u>%</u>
Revenues:				
Operating revenue	\$ 2,793,335	\$ 2,435,548	\$ (357,787)	-12.81
Nonoperating revenue	<u>360,443</u>	<u>82,673</u>	<u>(277,770)</u>	<u>-77.06</u>
Total revenues	<u>3,153,778</u>	<u>2,518,221</u>	<u>(635,557)</u>	<u>-20.15</u>
Expenses:				
Depreciation expense	637,474	0	(637,474)	-100.00
Other operating expenses	3,418,533	2,323,346	(1,095,187)	-32.04
Loss on disposal of assets	1,744,420	0	(1,744,420)	-100.00
Other nonoperating expenses	<u>166,691</u>	<u>194,875</u>	<u>28,184</u>	<u>16.91</u>
Total expenses	<u>5,967,118</u>	<u>2,518,221</u>	<u>(3,448,897)</u>	<u>-57.80</u>
Capital Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Changes in net assets	<u>\$ (2,813,340)</u>	<u>\$ 0</u>	<u>\$ (2,813,340)</u>	<u>-100.00</u>

CONTACTING THE DISTRICT’S FINANCIAL MANAGER

This financial report is designed to give ratepayers, customers, investors, and creditors a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives and the stewardship of the facilities it maintains. If you have questions about this report or need additional information, contact Jerry Rolwing, General Manager or Kim Pitman, Fiscal Officer at the Borrego Water District.

**Statement of Net Assets
June 30, 2011**

Assets

Current Assets:

Cash and cash equivalents (Notes 1 and 2)	\$	751,785
Restricted cash and cash equivalents (Notes 1 and 2):		
Customer deposits		27,571
Accounts receivable, net of allowance (Note 1):		
Water and sewer charges		335,692
Property taxes		2,870
Availability charges		55,556
Grant Receivable		99,869
Other		23,604
Inventory (Note 1)		124,942
Prepaid expenses		47,679
		<hr/>
Total Current Assets		1,469,568

Noncurrent Assets:

Debt issuance costs, net of amortization		<hr/>	111,918
Fiduciary fund:			
Restricted cash and cash equivalents (Notes 1, 2 and 5)		<hr/>	246,295
Capital assets not being depreciated (Notes 1 and 3):			
Land			949,829
Construction in progress			235,263
Fallowed water credits			792,714
Water rights - ID4			185,000
Depreciable capital assets, net of accumulated depreciation (Notes 1 and 3)		<hr/>	13,003,846
Total capital assets, net of accumulated depreciation		<hr/>	15,166,652
Total Noncurrent Assets		<hr/>	15,524,865
Total Assets		<hr/>	16,994,433

(continued)

**Statement of Net Assets
June 30, 2011****Liabilities**

Current Liabilities:

Unrestricted:

Accounts payable	\$ 102,220
Compensated absences (Notes 1 and 4)	86,699
Accrued interest payable	56,543
Current portion of note payable (Note 4)	44,676

Restricted:

Customer deposits	27,571
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Total Current Liabilities 317,709

Noncurrent Liabilities:

Compensated absences (Notes 1 and 4)	54,344
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Fiduciary fund:

Amount payable to Community Facilities Dist 2007-1 bondholders (Note 5)	246,295
Installment purchase agreement (Note 4)	2,612,433
Note Payable (Note 4)	644,558

Total Noncurrent Liabilities 3,557,630

Total Liabilities 3,875,339

Net Assets

Invested in capital assets, net of related debt	11,864,985
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Unrestricted	1,254,109
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Total Net Assets \$ 13,119,094

BORREGO WATER DISTRICT

**Statement of Revenues, Expenses & Changes in Net Assets
For the Year Ended June 30, 2011**

Operating Revenues	
Water revenue	\$ 1,969,697
Sewer service charges	408,889
Availability charges	275,946
Other income	138,803
	<hr/>
Total Operating Revenues	2,793,335
	<hr/>
Operating Expenses	
Water operations	1,104,916
Sewer operations	212,471
Depreciation expense	637,474
General and administrative	2,101,146
	<hr/>
Total Operating Expenses	4,056,007
	<hr/>
Operating Income (Loss)	(1,262,672)
	<hr/>
Nonoperating Revenues (Expenses)	
Property taxes	123,071
Investment income	2,503
Grant income	234,869
Loss on disposal of assets	(1,744,420)
Interest expense	(160,203)
Amortization expense	(6,488)
	<hr/>
Total Nonoperating Revenues (Expenses)	(1,550,668)
	<hr/>
Change in Net Assets	(2,813,340)
	<hr/>
Net Assets, Beginning	15,932,434
	<hr/>
Net Assets, Ending	\$ 13,119,094
	<hr/>

BORREGO WATER DISTRICT**Statement of Cash Flows
For The Year Ended June 30, 2011****Cash Flows from Operating Activities**

Receipts from water and sewer customers	2,351,461
Receipts from availability charges	101,432
Payments to suppliers	(406,248)
Payments to employees	(1,444,335)
Payments for general and administration	(1,295,054)
Other receipts	138,803
Net Cash Provided (Used) by Operating Activities	<u>(553,941)</u>

Cash flows from Noncapital Financing Activities

Taxes received	122,203
Proceeds from grants	135,000
Deposits paid	(8,815)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>248,388</u>

Cash Flows From Capital and Related Financing Activities

Acquisition and construction of capital assets	(848,067)
Proceeds on sale of asset	5,500
Proceeds from debt issuance	194,251
Principal paid on long-term debt	(45,140)
Interest payments on long-term debt	(149,735)
Community facilities dist 2007-1 receipts and payments, net	(548,946)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,392,137)</u>

Cash Flows from Investing Activities

Interest received	2,503
Net Cash Provided (Used) by Investing Activities	<u>2,503</u>

Net Increase (Decrease) in Cash and Cash Equivalents (1,695,187)

Cash and Cash Equivalents, Beginning of the Year	<u>2,720,838</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 1,025,651</u>

Reconciliation of Operating Income (Loss) to Net Cash Flows**Provided by Operating Activities:**

Operating income (Loss)	\$ (1,262,672)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	637,474
Changes in operating assets and liabilities:	
(Increase) Decrease in accounts receivable, water and sewer charges	(27,125)
(Increase) Decrease in availability charges receivable	102,720
(Increase) Decrease in inventories	5,807
(Increase) Decrease in prepaid expenses	(8,502)
Increase (Decrease) in accounts payable	(6,557)
Increase (Decrease) in compensated absences	4,914
Net Cash Provided (Used) by Operating Activities	<u>\$ (553,941)</u>

Noncash Capital, Investing and Financing Activities:

Amortization related to long term debt	\$ 16,492
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JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**a. Reporting Entity:**

The reporting entity "Borrego Water District" (District) includes the accounts of the general District, the related improvement districts within the service area of the general District, and the Borrego Water District Public Facilities Corporation (Corporation).

The Borrego Water District was formed in 1962, under provisions of the California Water District Act Division 13 of the California Water Code. The District was inactive until December 31, 1979 when the San Diego County Local Agency Formation Commission reactivated the District to provide construction funding, and to operate and maintain water, sewer, and flood control facilities of the District.

The Borrego Water District Public Facilities Corporation (Corporation) is a California public benefit non-profit corporation formed May 31, 1996. The Corporation was formed for the purpose of facilitating the purchase of the Borrego Springs Water Company by the District.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14. The District is the primary government unit. Component units are those entities that are financially accountable to the primary governmental unit, either because the District appoints a voting majority of the component unit's Board, or because the component unit will provide financial benefit or impose a financial burden on the District. The District has accounted for the Corporation as a "blended" component unit. Despite being legally separate, this unit is so intertwined with the District that it is in substance, part of the District's operations. Accordingly, the balances and transactions of the Corporation are included in the District's financial statements.

The District is governed by an elected board of directors. At June 30, 2011, the board consisted of:

Beth Hart – President

Marshal Brecht - Secretary/Treasurer

Lee Estep - Director

Lyle Brecht- Vice President

Eleanor Shimeall - Director

b. Measurement Focus and Basis of Accounting and Financial Statement Presentation:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under 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 basic financial statements of the Borrego Water District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b. Measurement Focus and Basis of Accounting and Financial Statement Presentation (continued):

Net assets of the District are classified into three components: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District had no restricted net assets as of June 30, 2011.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The basic financial statements are prepared using the “economic resource” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The District distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the District consist of charges for services and the cost for providing for these services, including depreciation and excluding interest costs. All other revenues and expenses are reported as nonoperating.

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

For proprietary type activities, the District has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c. Capital Assets and Depreciation:

Capital assets are valued at cost when constructed or purchased. Donated assets are valued at their estimated fair market value on the date accepted. The District capitalizes all assets with a historical cost of at least \$5,000 and a useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense. Capital projects are subject to depreciation when completed and placed in service. The ranges of estimated useful lives of capital assets are as follows:

Flood control facilities	100 years
Sewer facilities	5 - 75 years
Water facilities	7 - 40 years
Pipelines, wells and tanks	5 - 50 years
Equipment and general facilities	5 - 20 years

d. Water and Sewer Service Fees:

The District assesses water revenue and sewer service charges on all of its customers billed and collected by the District. These fees are assessed in order to provide operating revenue to cover the District's current operating expenses.

e. Claims and Judgments:

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its self-insurance program. Liabilities include an amount for claims that have been incurred but not reported (IBNR). At June 30, 2011, in the opinion of District counsel and management, the District had no IBNR claims which would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenses when paid.

f. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. The District considers investment pool deposits held in the California Local Agency Fund (Note 2) and deposits held in money market mutual funds at US Bank and Wells Fargo to be highly liquid.

g. Investments:

Investments are stated at fair value (quoted market price or best estimate thereof, see Note 2). There was no significant difference between the fair value of investments and the basis at June 30, 2011.

h. Maintenance Costs:

All expenditures for maintenance and repair of property, including renewals of minor items, are charged to the appropriate maintenance expense accounts. A betterment or replacement of a unit of property is accounted for as an addition and retirement of property.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

i. Property Taxes and Availability Charges:

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local government. In addition, the District assesses property taxes for payments of bond principal and interest and assesses availability charges for operating revenue through the property tax rolls. Property tax revenue and availability charges are recognized in the fiscal year in which they have been levied.

The property tax calendar is as follows:

Lien Date:	January 1st
Levy Date:	July 1st
Due Date:	First Installment - November 1st Second Installment - February 1st
Delinquent Date:	First Installment - December 10th Second Installment - April 10th

j. Budgets and Budgetary Accounting:

An annual budget is adopted for the District. Monthly comparisons between actual and budgeted amounts are made by management. The budget is prepared on a cash basis and the financial statements are presented on the accrual basis of accounting. A comparison of the two has not been presented.

k. Restricted Assets:

Amounts shown as restricted assets have been restricted by either bond indentures, law, or contractual obligations to be used for specified purposes, such as servicing bonded debt and expansion of the sewer system.

l. Allowance for Doubtful Accounts:

An allowance for doubtful accounts is provided based on anticipated collectability of the outstanding utility receivables and other receivables at year-end. At fiscal year ended June 30, 2011 management has estimated an allowance for doubtful accounts for availability charges at \$277,233. Management estimates all other receivables at June 30, 2011 to be collectible, as any receivables deemed uncollectible have been written off.

m. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, and certain liabilities, among other accounts. Actual results could differ from those estimates.

n. Inventory:

Inventory is valued at average cost. It consists of meters, pipes and other parts required to provide water and sewer service to customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

o. Compensated Absences:

A liability is recorded for unused vacation and sick leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time-off or payment upon termination or retirement.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS:

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of net assets:	<u>2011</u>
Cash and cash equivalents	\$ 751,785
Restricted cash and cash equivalents customer deposits	<u>27,571</u>
Cash and cash equivalents before fiduciary funds	779,356
Fiduciary funds:	
Cash and investments	<u>246,295</u>
 Total cash, cash equivalents and investments	 <u>\$ 1,025,651</u>

Cash, cash equivalents and investments consist of the following:

	<u>2011</u>
Cash on hand	\$ 49
Deposits with financial institutions	758,570
Investments	<u>267,032</u>
 Total cash, cash equivalents and investments	 <u>\$ 1,025,651</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	98%	\$ 50,000,000
Certificates of Deposit and Savings Accounts	N/A	95%	None
U.S. Government Bills, Notes, Bonds, and Money Market Mutual Funds which invest entirely in U.S. Government Bills, Notes, and Bonds	5 years	20%	None

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued):

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 as necessary to provide the cash flow and liquidity needed for operations. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration measures the investments exposure to fair value arising from changing interest rates.

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Duration (in years)</u>
Local Agency Investment Fund Held by Fiscal Agent:	\$ 20,737	-
Money Market Mutual Fund	<u>246,295</u>	<u>-</u>
Total	<u>\$ 267,032</u>	

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor’s credit ratings for the District’s investments.

<u>Investment</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Unrated</u>
Local Agency Investment Fund Held by Fiscal Agent:	\$ 20,737	N/A	\$ -	\$ 20,737
Money Market Mutual Fund	<u>246,295</u>	N/A	<u>246,295</u>	<u>-</u>
Total	<u>\$ 267,032</u>		<u>\$ 246,295</u>	<u>\$ 20,737</u>

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued):Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2011, the District's deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 per institution and the remaining balance of the deposits of \$548,430 were collateralized under California Law. The difference between the bank balances and deposits represent deposits in transit and outstanding checks.

California Local Agency Investment Fund (LAIF):

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

3. CAPITAL ASSETS:

A summary of changes in Capital Assets in service is as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets, not depreciated:				
Land	\$ 949,829	\$ -	\$ -	\$ 949,829
Construction in progress	1,330,937	650,039	(1,745,713)	235,263
Fallowed water credits	798,214		(5,500)	792,714
Water rights - ID 4	185,000	-	-	185,000
Total capital assets not depreciated	3,263,980	650,039	(1,751,213)	2,162,806
Capital assets, being depreciated:				
Flood control facilities	4,319,604	-	-	4,319,604
Sewer facilities	5,836,290	681,177	(741,255)	5,776,212
Water facilities	9,517,058	216,568	(60,763)	9,672,863
Pipelines, wells and tanks	1,273,895	-	-	1,273,895
General facilities	1,009,060	-	-	1,009,060
Telemetry system	67,530	-	-	67,530
Equipment and furniture	350,517	-	-	350,517
Vehicles	471,546	-	-	471,546
Total capital assets, being depreciated	22,845,500	897,745	(802,018)	22,941,227
Less accumulated depreciation	(9,403,502)	(637,474)	103,595	(9,937,381)
Total capital assets being depreciated, net	13,441,998	260,271	(698,423)	13,003,846
Total capital assets, net	<u>\$ 16,705,978</u>	<u>\$ 910,310</u>	<u>\$(2,449,636)</u>	<u>\$ 15,166,652</u>

Depreciation expense for the year ended June 30, 2011 was \$637,474.

4. LONG-TERM DEBT:

A summary of changes in long-term debt is as follows:

	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011	Due Within One Year
2008 Installment Purchase Agreement	\$ 2,775,000	\$ -	\$ -	\$ 2,775,000	\$ -
Less deferred amounts:					
On refunding	(172,571)	-	10,004	(162,567)	-
Total Installment Purchase Agreement	2,602,429	-	10,004	2,612,433	-
Montesoro Note Payable	540,123	194,251	(45,140)	689,234	44,676
Compensated Absences	136,129	76,810	(71,896)	141,043	86,699
Total Long-Term Debt	<u>\$ 3,278,681</u>	<u>\$ 271,061</u>	<u>\$ (107,032)</u>	<u>\$ 3,442,710</u>	<u>\$ 131,375</u>

a. 2008 Installment Purchase Agreement:

On October 1, 2008, the District issued \$2,775,000 of 2008 Bonds while concurrently redeeming all of its outstanding 1997 Certificates of Participation and 1998 Certificates of Participation. The transaction was a current refunding intended to save the District future interest costs due to lower market interest rates. No new funds were raised by the District. New Installment Purchase Agreements were executed, which will save the District approximately \$36,000 per year on debt service. The District reduced its aggregate debt service payments by \$312,755 over the next twenty (20) years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$259,110.

The bonds are payable in annual principal installments of \$25,000 to \$245,000 on October 1 of each year beginning 2013 through 2028. Interest is payable semi-annually on April 1 and October 1 at an interest rate of 6.000% per annum. The installment payments are a special obligation of the District payable solely from revenues of Improvement District No. 4.

The future debt service for the Installment Purchase Agreement are as follows:

For the Year Ending June 30	Principal	Interest	Total
2012	\$ -	\$ 124,875	\$ 124,875
2013	-	124,875	124,875
2014	25,000	124,313	149,313
2015	135,000	120,713	255,713
2016	140,000	114,525	254,525
2017-2021	795,000	470,813	1,265,813
2022-2026	985,000	271,238	1,256,238
2027-2030	695,000	48,038	743,038
Totals	<u>\$ 2,775,000</u>	<u>\$ 1,399,390</u>	<u>\$ 4,174,390</u>

4. LONG-TERM DEBT (Continued):

b. Debt Covenants:

The District debt issue described above contains various covenants and restrictions, principally that the District shall fix, prescribe and collect revenues sufficient enough to yield net revenues of Improvement District No. 4 equal to at least 1.15 times the loan installments coming due and payable during any fiscal year. The District was in compliance with this covenant for the fiscal year ended June 30, 2011.

c. Compensated absences

Compensated absences represent the estimated liability for employees' accrued vacation and sick leave for which employees are entitled to be paid upon termination.

d. Community Facilities District No. 2007-1 2007 Special Tax Bonds

On March 14, 2007 the Board of Directors adopted a resolution stating its intention to establish Community Facilities District No. 2007-1 and to authorize bonded indebtedness within the Community Facilities District. On April 25, 2007, the Community Facilities District 2007-1 was formed and an election was held to authorize the Community Facilities District 2007-1 to incur bonded indebtedness of up to \$11,000,000 to refinance outstanding balances of the Community Facilities District 95-1 1996 Special Tax Bonds. On June 14, 2007 the Community Facilities District No. 2007-1 issued the 2007 Special Tax Bonds in the amount of \$9,530,000. The balance of the outstanding 2007-1 bonds at June 30, 2011 was \$9,320,000.

The bonds consisted of \$5,270,000 of 5.75% term bonds due August 1, 2025 with principal payments beginning on August 1, 2010 and \$4,260,000 of 5.75% term bonds due August 1, 2032 with principal payments beginning August 1, 2026.

The 2007 Special Tax Bonds do not constitute an indebtedness of the District and are only secured by a pledge of Net Taxes (which consist of the Special Taxes collected minus certain administrative expenses) and amounts on deposit in the Special Tax Fund. In the opinion of the District management and counsel the full faith and credit of the Borrego Water District and the Community Facilities District are not pledged to the payment of the Bonds, nor is the payment of the Bonds secured by any encumbrance, mortgage or other pledge of property of the Borrego Water District or the Community Facilities District.

The Special Tax is to be levied and collected by the county at the same time and in the same manner as general ad valorem property taxes. The Community Facilities District is to receive all Special Taxes in trust and immediately deposit all amounts with the Trustee.

For the fiscal year ending June 30, 2011 there was a special tax delinquency rate of approximately 85% in the Community Facilities District. Due to the high delinquency rate, the Community Facilities District was not able to make the interest payment due February 2011 in the amount of \$267,950. In addition, at the request of the bondholders, the remaining \$59,415 in the reserve fund was transferred to the administrative expense fund. At June 30, 2011 the balance in the reserve fund is \$0. Based on the receipt of delinquent special taxes in June 2011, the Community Facilities District was able to make the full unpaid interest payment of \$267,950 on June 28, 2011. The Community Facilities District has commenced foreclosure proceedings against certain property owners that are delinquent.

4. LONG-TERM DEBT (Continued):

e. Note Payable:

In July 2009 the District entered into an agreement to purchase a well and land from Montesoro. For consideration the District paid an initial amount of \$400,000 and issued a note that calls for ten (10) annual payments of \$70,000 commencing on July 1, 2010. In the event the District increases the water rate charged for water service the annual payments increase by the percentage amount equal to the difference between water rate for water service on August 1, 2009 and the new water rate. At fiscal year ended June 30, 2010 the present value of these payments at five percent (5%) was \$540,123. During fiscal year ended June 30, 2011 the water rate increase from August 1, 2009 was 43% increasing the annual payments to \$100,196 commencing July 1, 2012. At fiscal year ended June 30, 2011 the present value of these payments at five percent (5%) was \$689,234.

The future debt service for the Montesoro note payable is as follows:

For the Year Ending June 30	Principal	Interest	Total
2012	\$ 44,676	\$ 25,324	\$ 70,000
2013	67,219	32,977	100,196
2014	70,658	29,538	100,196
2015	74,273	25,923	100,196
2016	78,073	22,123	100,196
2017-2021	354,335	46,449	400,784
Totals	<u>\$ 689,234</u>	<u>\$ 182,334</u>	<u>\$ 871,568</u>

5. FIDUCIARY FUNDS:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Fiduciary fund includes the Community Facilities District 2007-1 Mello-Roos Bond Fund. The assets and related liabilities of this Fiduciary fund is included in the accompanying Statement of Net Assets under the captions "Fiduciary fund: restricted cash and cash equivalents," and "Fiduciary fund: amount payable to Community Facilities Dist 2007-1 bondholders" respectively.

6. JOINT POWERS AUTHORITY:

Since 1983, the District has participated in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), a risk-pooling self-insurance authority. JPIA is a consortium of public agencies in Southern California established under the provisions of California Government Code. The purpose of the authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Deposits to JPIA are expensed by the District over the policy term and are subject to retroactive adjustment.

At June 30, 2011, the District participated in the self-insurance programs of the Authority as follows:

Property Loss – Insured up to \$8,392,480 replacement value with varying deductibles; the Authority is self-insured up to \$50,000 and excess insurance coverage has been purchased from \$50,000 to \$100,000,000.

General Liability – Insured up to \$60,000,000 per occurrence with no deductible; the Authority is self-insured up to \$1,000,000 and excess insurance coverage has been purchased from \$1,000,000 to \$60,000,000.

Auto Liability – Insured up to \$60,000,000 per occurrence with a \$1,000 deductible; the Authority is self-insured up to \$1,000,000 and excess insurance coverage has been purchased from \$1,000,000 to \$6,000,000.

Public Officials' and Errors and Omissions – Insured up to \$60,000,000 per occurrence; the Authority is self-insured up to \$1,000,000 and excess insurance coverage has been purchased from \$1,000,000 to \$60,000,000.

Fidelity – Insured up to \$400,000 per occurrence with a \$1,000 deductible; the Authority is self-insured up to \$100,000 and excess insurance coverage has been purchased up to \$400,000.

Earthquake and Flood – Insured up to \$8,759,149 replacement values with varying deductibles. Insurance coverage has been purchased up to \$10,000,000.

Workers' Compensation – Insured up to the statutory limit per occurrence; the Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased from \$2,000,000 to the statutory limit.

The District has not settled any claims that have exceeded insurance coverage in any of the past three years.

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PLAN):

Plan Description:

The District’s employees participate in the Miscellaneous 3% at 60 Risk Pool (Plan) of the California Public Employees’ Retirement System (PERS). This plan is a cost-sharing, multiple-employer defined benefit pension plan administered by PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. Copies of PERS’ annual financial report may be obtained from the PERS Executive Office: 400 P Street, Sacramento, CA 95814.

Funding Policy:

Participants are required to contribute 8% of their annual covered salary. The District makes some of the contributions required of District employees on their behalf and for their account. Currently the District is paying the first 4% leaving the remaining 4% to be paid by the employees. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution for the years ended June 30, 2011 was 17.898% of their annual covered payroll. 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.

Annual Pension Cost:

For the year ended June 30, 2011, the District’s annual pension cost of \$158,348 was funded. The required contribution for the fiscal year ended June 30, 2011 was determined as part of the June 30, 2008 actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45%, and (c) 3.25% payroll growth. Both (a) and (b) include an inflation component of 3.00%.

The District’s Plan unfunded actuarial accrued liability (or excess assets) is amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the Plan’s accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Three-year trend information for the District Plan is as follow:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$131,669	100%	\$ -
6/30/10	\$180,914	100%	\$ -
6/30/11	\$158,348	100%	\$ -

Funding Status:

The District’s miscellaneous plan is a part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required as information is not specific to the District.

8. NET WORKING CAPITAL:

Net working capital at June 30, 2011 was as follows:

Current Assets	\$ 1,469,568
Current Liabilities Payable from Current Assets	<u>(317,709)</u>
Net Working Capital	<u>\$ 1,151,859</u>

9. INTEREST EXPENSE:

Interest expense for the year ended June 30, 2011, was as follows:

June 30, 2011	\$160,203
---------------	-----------

No interest was capitalized for the fiscal year ended June 30, 2011.

10. SEGMENT INFORMATION:

The 2008 Installment Purchase Agreement as described in Note 4 was issued to finance certain capital improvements in Improvement District Number 4. While water and wastewater services are accounted for in a single fund in these financial statements, the investors in the Installment Purchase agreement rely solely on the revenues of Improvement District Number 4 for repayment.

Summary financial information for Improvement District Number 4 is presented for June 30, 2011.

10. SEGMENT INFORMATION (Continued):

Condensed Statement of Net Assets
June 30, 2011

	<u>ID4</u>
Assets	
Current Assets	\$ 896,215
Capital Assets	3,303,263
Other Assets	<u>299,805</u>
Total Assets	<u>4,499,283</u>
Liabilities	
Current Liabilities	145,858
Long-Term Liabilities	<u>2,612,433</u>
Total Liabilities	<u>2,758,291</u>
Net Assets	
Invested in capital assets, net of related debt	690,830
Unrestricted	<u>1,050,162</u>
Total Net Assets	<u>\$ 1,740,992</u>

10. SEGMENT INFORMATION (Continued):

Condensed Statement of Revenues, Expenses & Changes in Net Assets
For the Year Ended June 30, 2011

	<u>ID4</u>
Operating Revenues	
Water Revenue	\$ 1,243,149
Other Income	<u>217</u>
Total Operating Revenues	<u>1,243,366</u>
Operating Expenses	
Water Operations	485,530
Depreciation Expense	174,402
General and Administrative	<u>424,914</u>
Total Operating Expenses	<u>1,084,846</u>
Operating Income	<u>158,520</u>
Nonoperating Revenues (Expenses)	
Investment Income	41
Interest Expense	(134,879)
Amortization Expense	<u>(6,488)</u>
Total Nonoperating Revenues (Expenses)	<u>(141,326)</u>
Change in Net Assets	17,194
Net Assets, Beginning	<u>1,723,798</u>
Net Assets, Ending	<u><u>\$ 1,740,992</u></u>

10. SEGMENT INFORMATION (Continued):

Condensed Statement of Cash Flows
June 30, 2011

	ID4
Net Cash Provided by Operating Activities	\$ 352,224
Net Cash Provided by Capital and Related Financing Activities	(124,875)
Net Cash Provided by Investing Activities	41
Net Increase in Cash and Cash Equivalents	227,390
Cash and Cash Equivalents, Beginning	549,272
Cash and Cash Equivalents, Ending	\$ 776,662

11. SUBSEQUENT EVENTS:

On July 8, 2011 the District entered into an agreement to purchase 125 acres and 312.5 water credits associated with the property located at the north end of DiGeorgio road, Borrego Springs, California for \$1,500,000. The terms of the purchase call for a down payment of \$75,000 and issuance of a note for a principal amount of \$1,425,000. The terms of the note call for interest to accrue at the rate of four percent (4%) per annum. The interest shall accrue without an obligation of repayment prior to the fourth anniversary of this agreement. Interest thereafter will be paid in quarterly installments. A principal payment of \$150,000 is due on the fifth anniversary and the remaining principal balance is to be repaid over 25 years.

In conjunction with the agreement above the seller pledged to donate 86 acres to the District upon the earlier of the following (i) the three-year anniversary of the conveyance of the Water Credits and conveyance of Parcel 2 or (ii) the final approval by the County of San Diego of the sellers compliance with the water mitigation requirements.

On November 1, 2011 the District entered into a lease agreement to maintain a golf course located at Club Circle, Borrego Springs, California. This lease terminated a prior lease and easement entered into November 23, 2010. The term of the new lease will commence on November 1, 2011 and terminate June 30, 2015. The District has the option to extend the lease for an additional period of five (5) years from the original expiration date of the lease. The District will pay \$1 rent per year the lease is in effect.

On November 1, 2011 the District also entered into maintenance agreement with Green Desert Landscape to maintain and operate a golf course located at Club Circle, Borrego Springs, California. The term of the maintenance agreement will commence on November 1, 2011 and terminate June 30, 2015. The agreement may be renewed by mutual agreement of the parties for an additional period of five (5) years from the original expiration date of the agreement. The agreement calls for Green Desert Landscape to maintain and operate the golf course at Club Circle and to purchase existing golf course equipment owned by the District for a price of \$8,325. The District will pay a management fee to Green Desert Landscape of \$5,400 per month. Green Desert Landscape is entitled to all revenues produced by the operations of the golf course under the term of the lease.

See accompanying independent auditors' report.

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Water Rates

- Pay only for cost of maintaining, operating, repairing and replacing this infrastructure
- The cost of groundwater is assumed to be zero cost
- Groundwater actually has a real cost

3

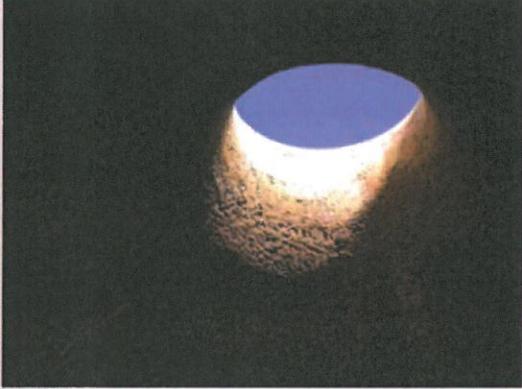
REVIEW

WHY WAS A RATE INCREASE
NEEDED
IN THE FIRST PLACE?

4

Wednesday, January 11, 12

what things looked like in 2011



5

not rocket science

- cash crunch in FY 2011 result of "deficit spending"
- "spending" was the depletion of cash reserves over a little more than 3-years that had taken the District more than 20-years to accumulate
- + future cash payment obligations and potential promises made by prior Board with weeks of the new Board being sworn-in

6

Wednesday, January 11, 12

results of "deficit" spending

- potential new revenues from purchase of Montezoro Well #12
- potential decrease in operating costs by investing in deferred repair and replacement of infrastructure
- uncertain real measurable decrease in annual overdraft (due to unmanaged basin)
- all cash reserves spent; no plan to replace them
- District no longer creditworthy

9

+ future cash obligations

- purchased Viking Ranch for \$1.5M plus \$1.0M interest payments over 25-years
- agreed to a 6-month \$150,000 option to purchase Cocopah Nurseries property for \$2.5M plus \$1.5M interest payments over 25-years
- agreed to a 20-year lease of Club Circle Golf Course that obligated the District to a loss on maintenance costs of about \$50,000/year for 20-years. or \$1M loss

10

Wednesday, January 11, 12

mistakes in GWM strategy

- assumption that the overdraft could only be "solved" via importation
- assumption that importation could occur without first establishing a managed basin
- assumption that ratepayers could afford to pay 100% of GWM costs when they only account for 10% of annual withdrawals
- assumption that purchasing land to fallow to delay dewatering of the aquifer was a good investment

11

all of these assumptions may be mistaken

12

Wednesday, January 11, 12

reduce or eliminate future cash obligations

- restructured Viking Ranch purchase agreement: no interest due for 4-years; seller agrees to repurchase water credits from District for County groundwater mitigation development requirements for \$1.5M
- declined to exercise option to purchase Cocopah Nurseries property for \$2.5M
- restructured Club Circle Golf Course lease: from 20-years to 5-years; sub-contracted golf course maintenance so no-cost to ratepayers

13

this Board by the end of FY 2012 will have

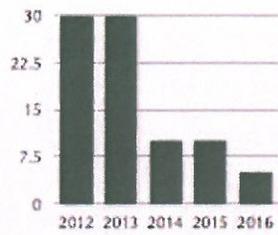
- reduced O&M expenses by around \$800,000
- established a 10-year Capital Improvements Program (CIP). Why? Because it saves \$\$\$\$
- discontinued using ratepayer funds to fallow land
- applied for DWR planning grant for establishing a managed basin rather than using only ratepayer provided funds

14

Wednesday, January 11, 12

approved 5-year increases

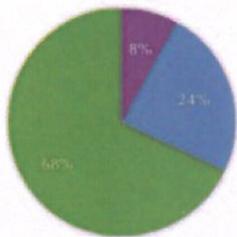
- 30% FY 2012
- 30% FY 2013
- 10% FY 2014
- 10 % FY 2015
- 5% FY 2016



17

if 80% total FY 2012-15

- 8 cents for O&M
- 24 cents for non-O&M
- 68 cents for Reserves



18

Wednesday, January 11, 12

8 cents for O&M

- Primarily for increases in electricity & employee benefits costs

19

24 cents non-O&M

- Non O&M = Pay-Go Capital Projects Program (CIP)
+ Groundwater Management (GWM)

20

Wednesday, January 11, 12

what is pay-go CIP?

- The District operates infrastructure with a replacement value of \$62.5 million
- Like oil changes for your car, this infrastructure must be maintained, repaired, and replaced on a schedule
- There are two ways to pay for this work (Capital Improvements Program): out-of-pocket or on credit
- Presently, the District has no credit, thus all capital projects must be paid for out-of-pocket - Pay-Go

21

why 68 cents reserves?

- Reserves enable the District to operate efficiently
- Reserves enable the District to become creditworthy again so that all CIP is not pay-go
- Reserves enable the District to insure continuous operations in an emergency
- That is, without adequate reserves, it costs more to operate the District

22

Wednesday, January 11, 12

adequate reserves?

- *Working Capital* to handle normal changes in monthly cash flow
- *Capital Reserves* to handle normal but unplanned repair and replacement of infrastructure
- *Emergency Reserves* to handle self-insurance needs for emergency repairs and replacement of infrastructure to assure continuance of operations

23

what happens next?

- When reserves are adequately funded and the District is creditworthy again and no longer needs to fund repairs and replacement of infrastructure with annual revenues (pay-go CIP), can the District reduce its rates?
- Maybe. Once reserves are fully funded, additional funds will be required for GWM purposes. If the costs of GWM are shared proportionally among all Basin pumpers by then, rates could decrease. Otherwise, they may increase again.

24

Wednesday, January 11, 12

WARNING!

MISINFORMATION IS PLENTIFUL
MISINFORMERS ARE NUMEROUS

25

Myth #1

- False: O&M expenses are too high. If the Board would cut O&M expenses, there would be no need for a rate increase
- True: Some O&M expenses can be reduced. The Board is investigating these measures. However, no amount of economically viable O&M expense reduction removes the need for rate increases
- In fact, many of the suggestions to reduce O&M expenses in the short term made by some ratepayers actually *increase* O&M costs and the need for higher rates

26

Wednesday, January 11, 12

Myth #2

- False: by deferring the repair and replacement of infrastructure (CIP) to the future, the District can keep rates lower than they presently are
- True: Deferring infrastructure maintenance and repairs increases costs for the same reason avoiding changing your car's oil does not avoid costs. One saves a few dollars on oil changes in the short term but will need to pay the cost of a new engine at some point in time - at a much greater cost than any short-term savings

27

Myth #3

- False: The District does not really need any emergency reserves to operate most economically
- True: Just this past year, water utilities from Maine to Florida, from Pennsylvania to Arkansas and Texas have needed to rely on their reserves for emergencies
- Emergency reserves make as much sense as a homeowner choosing to protect the investment in his/her home by purchasing homeowner's insurance

28

Wednesday, January 11, 12

Myth #4

- False: If the District would just quit all the studies it is involved in, it would have more money and not need a rate increase
- True: As any importation option to recharge the Basin and provide water banking services to nearby water agencies could cost as much as \$100 million, detailed planning is required prior to any capital investment decision to accomplish this purpose

29

ongoing work

- *State of the Basin Program* DWR funded task for ABD-IRWM planning process in conjunction with the Center for Collaborative Policy (CCP) stakeholder initiative; no cost to BWD ratepayers).
- The objective of this program is to establish a common understanding among pumpers in the Basin concerning the overdraft and the urgency to adequately address the overdraft now and not some distant time in the future, and to assess the readiness of pumpers to contribute to a solution to the overdraft;

30

Wednesday, January 11, 12

ongoing work

- *Anza Borrego Desert Integrated Regional Water Management (ABD-IRWM) planning grant application (proposal for DWR planning grant funding; approximately \$50,000 cost to BWD ratepayers)*
- The objectives of the planning grant work plan are to: (a) establish a collaborative, long-term, ongoing process for regional water resource planning; (b) identify the best means for arriving at a managed basin outcome for the Borrego Valley Groundwater Basin; and (c) forecasting the economic impacts to pumpers from the groundwater overdraft over time

31

ongoing work

- *United States Geological Survey (USGS) Groundwater Resources Management Model (\$550,000 model development total costs paid \$420,000 by BWD ratepayers, \$130,000 by USGS)*
- The objective of this work is to develop the analytical tools required to manage the Basin over time

32

Wednesday, January 11, 12

ongoing work

- *Bureau of Reclamation (Reclamation) SE Basin Study* (\$900,000 total cost; \$450,000 in-kind contribution from BWD, \$450,000 from Reclamation; so far \$12,000 new cash cost to ratepayers)
- The objective of this study is to determine the availability of replenishment water and storage needs for water banking in the region and to assess the economic viability for bringing water to the Basin

33

ongoing work

- *Borrego Springs Pipeline Feasibility Study* (\$400,000 total cost; \$200,000 contributed by BWD ratepayers; \$200,000 paid by USEPA)
- One of the objectives of this study is to develop a route for establishing a transmission pipeline for bringing replenishment water to the Basin and for water banking

34

Wednesday, January 11, 12

options

- If the end result is that the only customers with changes to their rates are paying a lower amount than were approved, the Board should be able to do this without a 218 process
- changes should be analytically justified

37

Wednesday, January 11, 12

BWD CASH FLOW 2011-2012

	C	D	E	L	M	N	O	P
4								
5	DECEMBER 2011		BUDGET	ACTUAL	PROJECTED	ACTUAL	YTD < PROJ MONTHS>>	PROJECTED
6			FY 2012	DECEMBER	DEC	YTD	PROJECTED	JAN
7				2011	2011	2011-2012	2011-2012	2012
8								
9								
10	REVENUE							
11								
12	WATER REVENUE							
13	Residential Water Sales (Assume no water use on Monteroso GC)		424,312	36,728	59,287	358,283	654,873	39,276
14	Commercial Water Sales		98,000	6,715	9,104	49,027	102,760	7,459
15	Irrigation Water Sales		99,000	4,500	9,369	68,012	121,942	4,498
16	GWM Surcharge		94,000	4,691	7,730	48,769	87,346	5,071
17	Water Sales Power Portion		277,000	15,369	22,509	158,116	270,678	14,690
18	Readiness Water Charge		635,000	69,826	68,777	404,235	816,551	68,845
19	Meter Installation		40,000	0	5,000	2,020	2,020	0
20	Water hook-up charge		0	0	0	19,875	19,875	0
21	Reconnect Fees		6,500	2,040	680	10,454	14,534	680
22	Backflow Testing/installation		3,300	725	0	1,971	2,971	1,000
23	Bulk Water Sales		1,200	0	100	1,452	2,052	100
24	Penalty & Interest Water Collection		24,000	3,123	2,000	16,799	28,799	2,000
25	TOTAL WATER REVENUE:		1,702,312	143,716	184,555	1,139,012	2,124,400	143,619
26		Receivables					2,124,400	
27	PROPERTY ASSESSMENTS/AVAILABILITY CHARGES	as of 01/11/12						
28	641500 1% Property Assessments	34,756	69,080	23,944	23,944	29,882	74,200	9,562
29	641502 Property Assess wtr/swr/flid (679 parcels \$66 ea)	21,976	45,000	3,333	3,333	5,776	45,000	9,248
30	641502/641503 Prop Assess.-delinq-Monteroso(\$113,987)	438,487	0				-	0
31	641501 Water avail Standby	49,856	82,673	14,833	14,833	27,794	104,835	27,185
32	641504 ID 3 Water Standby (361 parcels \$37.70 parcel)	0	13,609	2,752	2,752	4,487	13,609	9,122
33	641504 ID 3 Water Standby-(La Casa-2 parcels= \$20,150)	17,680	20,150	0	0	-	22,821	5,141
34	641503 Pest standby	18,524	17,953	1,953	1,953	3,149	34,732	5,682
35	Penalty & Interest-Avail Charges		1,000	0	-	-	-	0
36	TOTAL PROPERTY ASSES/AVAIL CHARGES:	581,279	249,465	46,815	46,815	71,088	295,198	65,941
37							295,198	
38	SEWER SERVICE CHARGES							
39	Town Center Sewer Holder's Fees		180,140	15,012	15,012	90,070	180,142	15,012
40	Sewer user Fees		221,400	21,692	21,000	128,547	254,547	21,000
41	Penalty Interest-Sewer		1,800	0	0	-	-	0
42	Sewer Inspection Fees		200	0	0	663	663	0
43	Sewer Capacity Fees		12,138	0	0	9,445	9,445	0
44	TOTAL SEWER SERVICE CHARGES:		415,678	36,703	36,012	228,725	444,797	36,012
45							444,797	
46	PARK/GOLF INCOME							
47	CSD Fees-(golf/trash WEA -2,500)			284	514	18,075	19,779	284
48	CC Golf Income			0	0	115	115	0
49	TOTAL PARK/GOLF INCOME:			284	514	18,190	19,894	284
50							19,894	
51	OTHER INCOME							
52	Rent Income-San Diego County		7,715	643	643	3,858	7,715	643
53	Annexation Fees		0	0	-	-	-	0
54	Fire Hydrant Installation		5,000	0	0	-	5,000	0
55	Miscellaneous Income		5,000	0	417	-	2,498	417
56	Administrative Fee-Water Credits		5,000	0	500	1,000	1,000	0
57	Gain on Asset Sold		1,500	0	0	-	1,500	0
58	Stag Grant		125,000	0	0	126,800	126,800	0
59	Interest Income		1,550	11	30	132	312	30
60	TOTAL OTHER INCOME:		150,765	654	1,590	131,789	144,825	1,090
61								
62	TOTAL INCOME:		2,518,220	228,173	269,486	1,588,804	3,029,113	246,946
63							3,029,113	
64	CASH BASIS ADJUSTMENTS							
65	Decrease (Increase) in Accounts Receivable			38,892		(13,827)	(13,827)	
66	Other Cash Basis Adjustments					-	-	
67	TOTAL CASH BASIS ADJUSTMENTS:		0	38,892	0	(13,827)	(13,827)	0
68							-	
69	TOTAL INCOME RECEIVED:		2,518,220	267,065	269,486	1,574,977	3,015,287	246,946
70							3,015,287	
71								
72								
73								

BWD CASH FLOW 2011-2012

	Q	R	S	T	U	W	X	Y	Z	AA	AB	AC
4												
5	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
6	FEB	MARCH	APRIL	MAY	JUNE	PROJECTED	JULY	AUGUST	SEPT	OCT	NOV	DEC
7	2012	2012	2012	2012	2012	2012-2013	2012	2012	2012	2012	2012	2012
8												
9												
10												
11												
12												
13	19,238	39,382	52,353	61,408	84,933	867,722	71,813	111,777	69,821	79,718	68,816	78,288
14	7,002	8,490	9,988	9,754	11,040	130,228	10,513	13,157	10,380	10,036	8,805	11,205
15	3,102	7,335	11,881	11,556	15,560	157,297	8,933	16,586	16,178	21,884	15,811	11,531
16	2,609	5,506	7,263	8,477	9,651	115,311	9,804	15,008	10,243	10,890	9,153	10,130
17	7,566	16,080	21,311	24,884	28,031	354,738	30,635	48,559	33,689	35,677	29,874	29,631
18	68,472	68,713	68,442	68,627	69,216	1,010,125	67,464	88,353	87,509	87,288	87,397	84,648
19	0	0	0	0	0	15,000	-	5,000	-	0	-	0
20	0	0	0	0	0	0	-	0	-	0	-	0
21	680	680	680	680	680	8,160	680	680	680	680	680	680
22						1,000						
23	100	100	100	100	100	1,304	204	100	100	100	100	100
24	2,000	2,000	2,000	2,000	2,000	24,000	2,000	2,000	2,000	2,000	2,000	2,000
25	110,769	148,287	174,018	187,485	221,211	2,684,885	202,044	301,220	230,599	248,273	222,635	228,214
26												
27												
28	0	0	34,756	0	0	69,080	0	0	0	0	34,540	0
29	0	0	29,976	0	0	45,000	0	0	0	0	79,401	0
30	0	0	0	0	0	-	0	0	0	0	0	0
31	0	0	49,856	0	0	82,764	0	0	0	0	41,382	0
32	0	0	0	0	0	13,609	0	0	0	0	16,880	0
33	0	0	17,680	0	0	20,150	0	0	0	0	0	0
34	0	0	25,901	0	0	17,953	0	0	0	0	8,976	0
35	0	0	0	0	0	-	0	0	0	0	0	0
36	0	0	158,169	0	0	248,556	0	0	0	0	181,178	0
37												
38												
39	15,012	15,012	15,012	15,012	15,012	180,144	15,012	15,012	15,012	15,012	15,012	15,012
40	21,000	21,000	21,000	21,000	21,000	315,000	26,250	26,250	26,250	26,250	26,250	26,250
41	0	0	0	0	0	1,938	288	150	150	150	150	150
42	0	0	0	0	0	663	663	0	0	0	0	0
43	0	0	0	0	0	16,523	9,445	0	0	0	0	1,012
44	36,012	36,012	36,012	36,012	36,012	514,267	51,657	41,412	41,412	41,412	41,412	42,424
45												
46												
47	284	284	284	284	284	-						
48	0	0	0	0	0	-	0	0	0	0	0	0
49	284	284	284	284	284	0	0	0	0	0	0	0
50												
51												
52	643	643	643	643	643	8,304	1,232	643	643	643	643	643
53	0	0	0	0	0	-	0	0	0	0	0	0
54	5,000	0	0	0	0	5,000	0	0	0	5,000	0	0
55	417	417	417	417	413	5,382	799	417	417	417	417	417
56	0	0	0	0	0	1,000	1,000	1,000	1,000	500	500	500
57	0	0	0	0	1,500	1,500	0	0	0	0	0	0
58	0	0	0	0	0	-	0	0	0	0	0	0
59	30	30	30	30	30	1,627	252	125	125	125	125	125
60	6,090	1,090	1,090	1,090	2,586	21,186	3,031	2,060	2,060	6,560	1,560	1,560
61												
62	153,155	185,672	369,573	224,871	260,093	3,468,894	256,732	344,692	274,071	296,245	446,786	272,198
63												
64												
65												
66												
67	0	0	0	0	0	0	0	0	0	0	0	0
68												
69	153,155	185,672	369,573	224,871	260,093	3,468,894	256,732	344,692	274,071	296,245	446,786	272,198
70												
71												
72												
73												

BWD CASH FLOW 2011-2012

	C	D	E	L	M	N	O	P
4								
5	DECEMBER 2011		BUDGET	ACTUAL	PROJECTED	ACTUAL	YTD + PROJ MONTHS>>	PROJECTED
6			FY 2012	DECEMBER	DEC	YTD	PROJECTED	JAN
7				2011	2011	2011-2012	2011-2012	2012
74								
75	EXPENSES							
76								
77	<u>MAINTENANCE EXPENSE</u>							
78	R & M Buildings & Equipment		110,000	133	6,833	48,621	105,953	6,833
79	R & M Wells/pipelines/Pumps - WWTP		35,000	1,446	2,000	26,751	42,278	2,000
80	Telemetry		20,000	0	6,000	6,097	13,097	0
81	Trash Removal		7,500	273	500	2,422	5,422	500
82	Vehicle Expense		17,000	1,532	1,417	5,343	13,841	1,417
83	Fuel & Oil		38,000	3,815	2,500	19,545	34,545	2,500
84	TOTAL MAINTENANCE EXPENSE:		227,500	7,198	19,250	108,779	215,136	13,250
85							215,136	
86	<u>PROFESSIONAL SERVICES EXPENSE</u>							
87	Accounting		8,000	0	2,239	3,521	5,761	0
88	Administrative Services		4,000	290	333	2,134	4,136	333
89	Audit Fees		26,000	0	0	18,369	30,369	3,600
90	Computer billing		12,000	276	1,000	12,665	18,665	1,000
91	Consulting/Technical		25,000	0	2,083	-	12,502	2,083
92	Engineering		25,000	0	2,083	1,405	13,907	2,083
93	Legal Services		60,000	0	2,500	9,237	24,237	2,500
94	Testing/lab work		25,000	1,703	2,083	12,698	25,200	2,083
95	Regulatory Permit Fees		45,000	10,728	5,000	32,076	40,976	2,000
96	TOTAL PROFESSIONAL SERVICES EXPENSE:		230,000	12,997	17,321	92,105	175,752	15,682
97							175,752	
98	<u>INSURANCE/INTEREST EXPENSE</u>							
99	ACWA Insurance		102,774	0	0	31,393	70,521	0
100	Workers Comp		20,000	0	0	4,920	14,920	5,000
101	Interest-COP 2008/Well 12 Purchase Agreement		194,875	0	0	132,438	194,876	0
102	TOTAL INSURANCE/INTEREST EXPENSE:		317,649	0	0	168,751	280,316	5,000
103							280,316	
104	<u>PERSONNEL EXPENSE</u>							
105	Board Meeting Expense (board stipend/board secretary)		22,000	410	1,200	4,825	12,025	1,200
106	Salaries & Wages (gross)		826,918	71,852	69,051	441,106	855,412	69,051
107	Taxes on Payroll		32,930	1,056	600	6,989	20,663	5,341
108	Medical Insurance Benefits		232,733	17,689	17,738	104,234	210,662	17,738
109	Calpers Retirement Benefits		178,000	14,473	14,506	87,134	174,170	14,506
110	Salaries & Wages contra account		(18,000)	(1,992)	(3,500)	(16,081)	(37,081)	(3,500)
111	Conference/Conventions/Training/Seminars		10,500	35	875	4,627	9,877	875
112	TOTAL PERSONNEL EXPENSE:		1,285,081	103,524	100,470	632,834	1,245,728	105,211
113							1,245,728	
114	<u>OFFICE EXPENSE</u>							
115	Office Supplies		20,000	1,679	1,500	8,210	17,210	1,500
116	Office Equipment/ Rental/Maintenance Agreements		32,500	2,022	2,708	11,563	27,811	2,708
117	Postage & Freight		11,000	324	2,000	4,471	9,271	50
118	Taxes on Property		2,291	0	0	2,288	2,288	0
119	Telephone/Answering Service		10,700	605	892	3,548	8,896	892
120	Bad Debt Collection		4,000	(179)	333	212	2,214	333
121	Dues & Subscriptions		8,000	36	667	1,254	5,252	667
122	Printing, Publications & Notices		5,000	0	417	237	2,739	417
123	Uniforms		7,000	477	583	2,677	6,179	583
124	Osha Requirements/Emergency preparedness		7,500	0	625	1,190	4,940	625
125	TOTAL OFFICE EXPENSE:		107,991	4,963	9,725	35,649	86,799	7,775
126							86,799	
127	<u>UTILITIES EXPENSE</u>							
128	Pumping-Electricity		320,000	20,665	27,362	164,230	311,303	18,639
129	Office/Shop Utilities		15,000	980	1,250	9,173	16,673	1,250
130	Cellular Phone		10,000	691	833	4,372	9,374	833
131	TOTAL UTILITIES EXPENSE:		345,000	22,336	29,445	177,775	337,350	20,722
132							337,350	
133	TOTAL EXPENSES:		2,513,221	151,017	176,211	1,215,892	2,341,080	167,641
134							2,341,080	
135	<u>CASH BASIS ADJUSTMENTS</u>							
136	Decrease (Increase) in Accounts Payable			9,366		72,150	72,150	
137	Increase (Decrease) in Inventory			6,839		5,748	5,748	
138	Other Cash Basis Adjustments			0		-	-	
139	TOTAL CASH BASIS ADJUSTMENTS:			16,205	0	77,898	77,898	0
140							-	
141			2,513,221	167,222	176,211	1,293,791	2,418,979	167,641
142							2,418,979	
143	<u>O&M</u>							
144	NET CASH FLOW (O&M)	to gwm non o & m	4,999	99,843	93,275	281,187	596,308	79,305
145							596,308	
146								

BWD CASH FLOW 2011-2012

	Q	R	S	T	U	W	X	Y	Z	AA	AB	AC
4												
5	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
6	FEB	MARCH	APRIL	MAY	JUNE	PROJECTED	JULY	AUGUST	SEPT	OCT	NOV	DEC
7	2012	2012	2012	2012	2012	2012-2013	2012	2012	2012	2012	2012	2012
74												
75												
76												
77												
78	15,000	6,833	6,833	6,833	15,000	120,245	19,412	9,167	9,167	9,167	9,167	9,167
79	2,000	2,780	2,917	2,917	2,913	39,344	7,261	2,917	2,917	2,917	2,917	2,917
80	0	0	0	7,000	0	20,000	0	0	7,000	0	0	6,000
81	500	500	500	500	500	7,500	625	625	625	625	625	625
82	1,417	1,416	1,416	1,416	1,416	18,385	2,802	1,417	1,417	1,417	1,417	1,417
83	2,500	2,500	2,500	2,500	2,500	41,386	6,553	3,167	3,167	3,167	3,167	3,167
84	21,417	14,029	14,166	21,166	22,329	246,860	36,653	17,293	24,293	17,293	17,293	23,293
85												
86												
87	0	0	2,240	0	0	6,000		3,000		0	3,000	0
88	333	334	334	334	334	4,358	691	333	333	333	333	333
89			4,200		4,200	31,800	11,000		5,200			5,200
90	1,000	1,000	1,000	1,000	1,000	12,000	1,000	1,000	1,000	1,000	1,000	1,000
91	2,083	2,083	2,083	2,083	2,087	26,910	3,993	2,083	2,083	2,083	2,083	2,083
92	2,083	2,083	2,083	2,083	2,087	26,910	3,993	2,083	2,083	2,083	2,083	2,083
93	2,500	2,500	2,500	2,500	2,500	64,583	9,583	5,000	5,000	5,000	5,000	5,000
94	2,083	2,083	2,083	2,083	2,087	27,786	4,869	2,083	2,083	2,083	2,083	2,083
95	300	1,000	600	3,000	2,000	45,000	2,500	600	5,500	8,508	3,985	12,507
96	10,382	11,083	17,123	13,083	16,295	245,347	37,629	16,182	23,282	21,090	19,567	30,289
97												
98												
99	0	10,075	29,053	0	0	70,521	0	0	31,393	0	0	0
100	0	0	5,000	0	0	20,000	5,000	0	0	5,000	0	0
101	0	62,438	0	0	0	222,875	98,000	0	0	62,438	0	0
102	0	72,513	34,053	0	0	313,396	103,000	0	31,393	67,438	0	0
103												
104												
105	1,200	1,200	1,200	1,200	1,200	23,811	3,644	1,833	1,833	1,833	1,833	1,833
106	69,051	69,051	69,051	69,051	69,051	803,144	45,136	68,910	68,910	68,910	68,910	68,910
107	3,001	1,380	1,375	1,162	1,414	35,658	5,472	2,744	2,744	2,744	2,744	2,744
108	17,738	17,738	17,738	17,738	17,738	253,158	39,819	19,394	19,394	19,394	19,394	19,394
109	14,506	14,506	14,506	14,506	14,506	194,006	30,839	14,833	14,833	14,833	14,833	14,833
110	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(18,000)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
111	875	875	875	875	875	11,563	1,938	875	875	875	875	875
112	102,871	101,250	101,245	101,032	101,284	1,303,340	125,348	107,089	107,089	107,089	107,089	107,089
113												
114												
115	1,500	1,500	1,500	1,500	1,500	44,280	3,690	3,690	3,690	3,690	3,690	3,690
116	2,708	2,708	2,708	2,708	2,708	-						
117	100	2,000	50	2,000	600	11,854	1,771	917	913	917	917	917
118	0	0	0	0	0	2,291	0	0	0	2,291	0	0
119	892	892	892	890	890	11,595	1,787	892	892	892	892	892
120	333	334	334	334	334	4,337	670	333	333	333	333	333
121	667	667	667	667	663	8,672	1,339	667	667	667	667	667
122	417	417	417	417	417	5,417	830	417	417	417	417	417
123	583	583	583	583	587	7,611	1,194	583	583	583	583	583
124	625	625	625	625	625	8,115	1,240	625	625	625	625	625
125	7,825	9,726	7,776	9,724	8,324	96,057	11,281	7,499	7,495	7,499	9,790	7,499
126												
127												
128	10,675	20,085	27,003	30,094	40,577	339,391	28,045	31,151	37,853	29,006	26,667	26,667
129	1,250	1,250	1,250	1,250	1,250	16,604	1,974	1,884	1,250	1,497	1,250	1,250
130	833	833	833	833	837	9,500	692	679	833	627	833	833
131	12,758	22,168	29,086	32,177	42,664	365,495	30,711	33,714	39,936	31,130	28,750	28,750
132												
133	155,253	230,769	203,448	177,182	190,896	2,570,495	344,622	181,777	233,488	251,538	182,489	196,920
134												
135												
136												
137												
138												
139	0	0	0	0	0	0	0	0	0	0	0	0
140												
141	155,253	230,769	203,448	177,182	190,896	2,570,495	344,622	181,777	233,488	251,538	182,489	196,920
142												
143												
144	(2,098)	(45,097)	166,125	47,690	69,197	898,399	(87,890)	162,915	40,583	44,707	264,297	75,278
145												
146												

BWD CASH FLOW 2011-2012

	C	D	E	L	M	N	O	P
4								
5	DECEMBER 2011		BUDGET	ACTUAL	PROJECTED	ACTUAL	YTD + PROJ MONTHS>>	PROJECTED
6			FY 2012	DECEMBER	DEC	YTD	PROJECTED	JAN
7				2011	2011	2011-2012	2011-2012	2012
147	NON O & M EXPENSES							
148	USGS Basin study		131,500		0	104,576	131,500	
149	GWM Planning Costs - unallocated		14,000	800		3,627	3,627	
150	Integrated Regional Water Management Plan/Staff time		53,000	13,604	7,828	32,658	54,248	7,197
151	BOR S.E. California Regional Basin Study/Staff Time		20,000	554		12,554	12,554	
152	STAG Grant/Staff time		40,000	4,438		51,955	51,955	
153	Viking Ranch Purchase		69,000		0	6,989	75,989	69,000
154	GWM/ABD-IRWM Legal Expenses		10,000			411	3,000	2,589
155	Water Credit Policy legal expenses		12,000		4,000	639	7,639	5,000
156	Catchment berm WWTP		0			-	5,000	5,000
157	ID1-10 150 Hp , rewind motor in year 2, pump & casing cleaning in year 5		0			-	-	
158	ID4-11 200 Hp, pump & casing cleaning in yr 1 and rewind motor in year 2		60,000			-	60,000	60,000
159	Rams Hill #1 1980 steel needs inside coating, 1.25mg		150,000			-	150,000	
160	Twin Tanks, 1970's-inside coating		40,000			-	40,000	
161	Pickup		0			-	-	
162	ID4, Reducing Station design and installation		0			-	-	
163	Circle J Drive pipeline (2013)		0			-	-	
164	Montezuma Road pipeline project-final		0			11,900	11,900	
165	Two water credit refunds-less admin processing fee		10,000			10,000	10,000	
166	Telemetry Radio & PLC Upgrades		29,081	10,935	10,935	10,935	29,081	18,146
167	TOTAL NON O&M EXPENSES		638,581	30,331	22,763	246,243	646,492	166,932
168							646,492	
169	CASH RECAP							
170	Cash beginning of period		779,356	744,785	744,785	779,356	779,356	814,298
171	Net Cash Flow (O&M)		4,999	99,843	93,275	281,187	596,308	79,305
172	Total Non O&M Expenses		(638,581)	(30,331)	(22,763)	(246,243)	(646,492)	(166,932)
173	Transfer To/From Reserves		0	0		-	0	
174	CASH AT END OF PERIOD		145,774	814,298	820,732	814,300	729,172	726,671
175				814,298				
176				0				
177	RESERVES		TARGET					
178	Working Capital		629,555					
179	Contingency (3%)		75,546					
180	Asset replacement		114,791					
181	Emergency		2,500,000					
182	TOTAL RESERVES		3,319,892					
183								
184								
185	SIGNIFICANT ITEMS	ACTUAL	PROJECTED					
186								
187	Total Water Revenue	143,716	184,555	Projection off/conservation efforts				
188	Maintenance Expense	7,198	19,250	Expenses higher in November				
189	Professional Service Expense	12,997	17,321	Closed AP early-Legal/Audit invoices not received				
190								
191	Total Significant Items:	163,911	221,126					
192								
193								
194								
195								
196								
197								
198								
199								
200								
201								

BWD CASH FLOW 2011-2012

	Q	R	S	T	U	W	X	Y	Z	AA	AB	AC
4												
5	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED		PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
6	FEB	MARCH	APRIL	MAY	JUNE	PROJECTED	JULY	AUGUST	SEPT	OCT	NOV	DEC
7	2012	2012	2012	2012	2012	2012-2013	2012	2012	2012	2012	2012	2012
147												
148			26,924			-						
149						-						
150	7,197	7,197				-						
151						-						
152						-						
153						57,000			14,250			14,250
154						-						
155	2,000					-						
156						-						
157						10,000	10,000					
158						15,000	15,000					
159	50,000		50,000		50,000	-						
160		40,000				-						
161						20,000	20,000					
162						25,000		25,000				
163						108,000	58,000		50,000			
164						-						
165						-						
166												
167	59,197	47,197	76,924	0	50,000	235,000	103,000	25,000	64,250	0	0	14,250
168												
169												
170	726,671	665,376	573,083	662,283	709,973	729,170	729,170	538,280	676,195	652,528	697,234	961,531
171	(2,098)	(45,097)	166,125	47,690	69,197	898,399	(87,890)	162,915	40,583	44,707	264,297	75,278
172	(59,197)	(47,197)	(76,924)	0	(50,000)	(235,000)	(103,000)	(25,000)	(64,250)	0	0	(14,250)
173												
174	665,376	573,083	662,283	709,973	729,170	1,392,569	538,280	676,195	652,528	697,234	961,531	1,022,559
175												
176												
177												
178												
179												
180												
181												
182												
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