

West Basin Municipal Water District
Central Basin Municipal Water District

1994 Annual Report



Water Resource Management in the 1990s

by Richard W. Atwater, General Manager

How much water is available and what it costs affects not only the health of our lives and gardens, but the economy itself – water is a factor in determining how rich or poor we are as a state and local community. At no time did this become more evident than in October 1994, when Standard & Poor's issued a warning stating California's bond rating could be negatively impacted by the state's continuing water wars. This would adversely impact the economy at the state and local levels, as well as consumers.

Action • Local Control of Water Supplies

Despite all of our technology, it is still impossible to predict or control the weather. Yet, for many years it was the amount of snowfall and rain in the Rocky Mountains and in Northern California which determined the price of water locally.

Making the right decisions for West Basin Municipal Water District and Central Basin Municipal Water District requires developing water resources which are *locally* controlled. In 1994, West Basin Municipal Water District dedicated its landmark water recycling treatment facility. When combined with Central Basin Municipal Water District's recycled water projects, a total of 140 miles of pipelines will distribute recycled water regionally.

For many years, highly treated wastewater from the City of Los Angeles, as well as the Sanitation Districts of Los Angeles County, has been discharged – and lost – into our rivers and the ocean. Realizing that this recycled water meets clean water standards, the Districts decided to capitalize on this previously lost water supply. The result is a series of District projects which distribute recycled water for non-potable uses such as irrigation and industrial processes. In this manner, high-quality drinking water is reserved for drinking and home use.

Significant local progress toward successful desalination has also been made in the West Basin and Central Basin service areas with operation of the C. Marvin Brewer Desalting Facility in Torrance.

Accountability • Meaningful Information When it Counts

Community organizations, businesses and citizens demand accountability for water rates, in addition to good water quality and reliability. What has been required in establishing local accountability is not only the construction of the nation's leading water recycling projects and successful conservation programs, but access to information on the Districts' activities.

Continued on the following page.

To help businesses understand the science of using recycled water, the Districts have implemented with the Los Angeles Area Chamber of Commerce a Recycled Water Information Clearing House. Also, during the 1994 construction of the water recycling projects, the Districts held more than 25 evening community forums, open houses and inspection trips. This public access to information included annual hearings to approve wholesale water rates and a per parcel standby charge.

From 1991 through 1994, assuring adequate local water supplies for West Basin and Central Basin has been a task of leadership – not just management. The Directors of our Districts asked tough questions, made tough decisions and are now considered national leaders in water resource management, as well as leaders in their own communities.

Acknowledgement • The New Challenges

West Basin Municipal Water District and Central Basin Municipal Water District have one of the most economically and socially diverse populations in California. Rapid demographic shifts are taking place in the Districts' service areas. These shifts require leadership by the Districts' Directors in areas of local economic development. From training local youths to operate and maintain our water treatment facilities to working with municipal leaders on infrastructure assessments, the challenges brought by our diversity and change are formidable.

So we end where we started. Water is important to the economic health of our communities. This responsibility requires leadership which is based on *action, accountability and acknowledgement* of the dramatic changes taking place in our communities. 1994 was the year all of these factors came together for the two municipal water districts and these factors will shape the agenda for years to come.

The Boards of Directors and staff of West Basin Municipal Water District and Central Basin Municipal Water District wish to extend our most sincere gratitude to the following partnership cities and Los Angeles County which have pledged to drought-proof our communities.



- City of Bellflower
- City of Cudahy
- City of Culver City
- City of Downey
- City of El Segundo
- City of Gardena
- City of Huntington Park
- City of Manhattan Beach
- City of Montebello
- City of Norwalk
- City of Paramount
- City of Redondo Beach
- City of Santa Fe Springs
- City of South Gate
- City of Torrance
- City of Whittier
- County of Los Angeles

A C T I O N

The accomplishments of 1994 are actually the challenges of 1995 and beyond. With recycled water now available to significant portions of West Basin Municipal Water District and Central Basin Municipal Water District, the Districts must leverage the different types of water to further control and stabilize water rates.

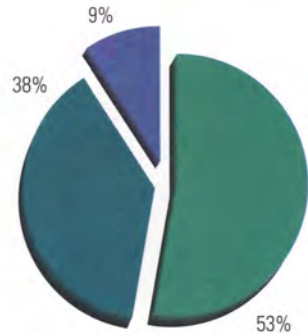


Accomplishments in 1994 included national accolades, a project dedication ceremony, project funding assistance and increased community outreach.



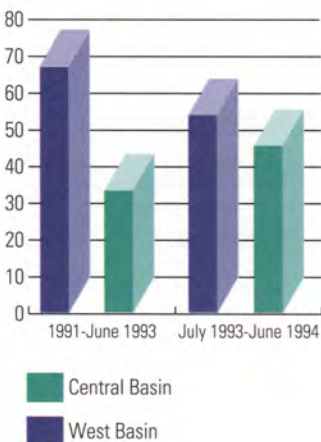
In May 1994, West Basin Municipal Water District and Central Basin Municipal Water District were awarded the Clair A. Hill Award by the Association of California Water Agencies (ACWA), as well as an ACWA Award for Innovation. ACWA presents the prestigious Clair A. Hill Award annually to the water agency which engages in visionary programs that promote innovation and responsible water management practices.

Ultra-Low Flush Toilet REBATE PROGRAM COSTS \$2.63 Million - through June 1994



- Utilities \$236,000
- West Basin & Central Basin \$1 Million
- Metropolitan Water District \$1.4 Million

Ultra-Low Flush Toilet PERCENTAGE OF REBATES in West Basin & Central Basin



The Central Basin Rio Hondo Recycled Water Project became operational in June 1994, clearing the way for recycled water customers in Whittier, Pico Rivera, Santa Fe Springs and portions of Los Angeles County unincorporated areas.

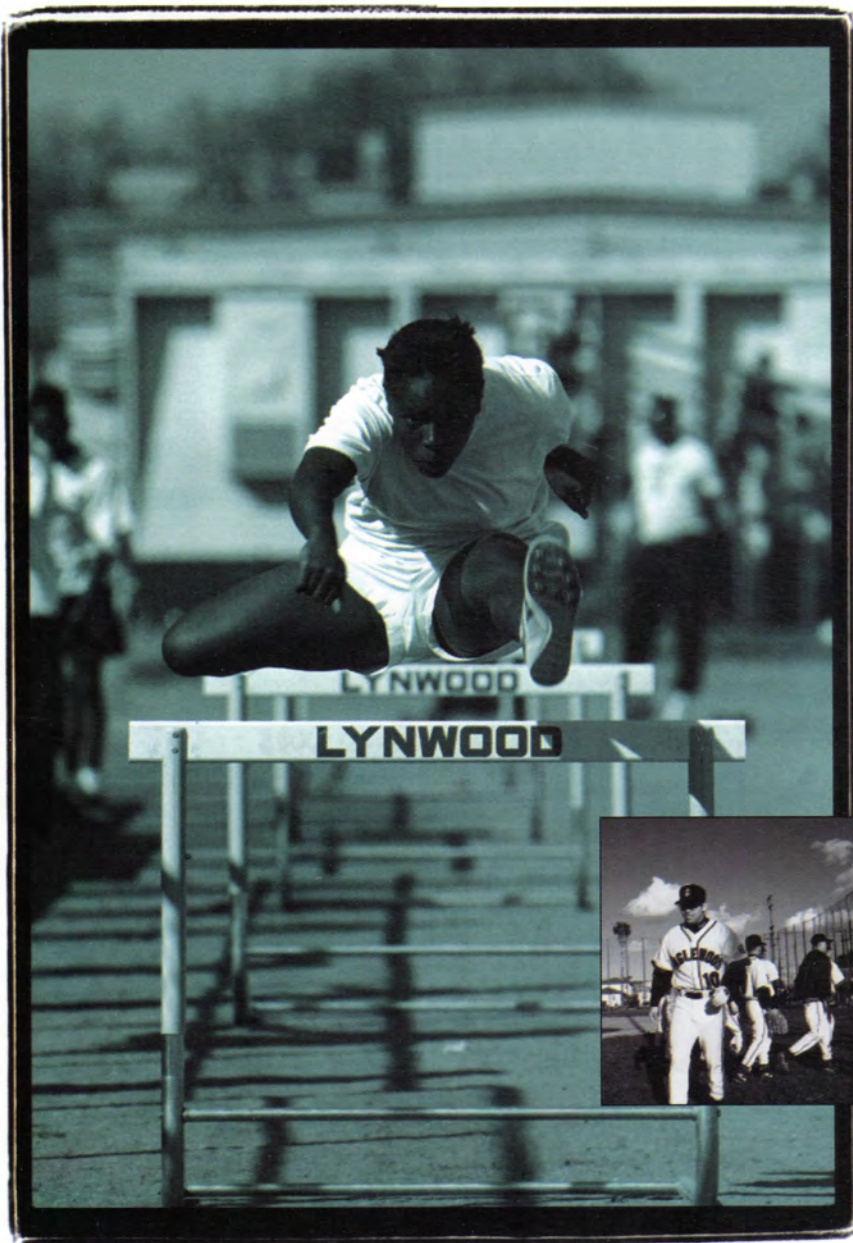


In September 1994, the California Water Resources Control Board presented West Basin with a \$5 million low-interest loan primarily for construction of recycled water pipeline facilities at the Mobil Oil Corporation Torrance Refinery.

^ State Water Resources Control Board Member Marc Del Piero presents the District with a \$5 million check. < U.S. Bureau of Reclamation Commissioner Daniel P. Beard, U.S. EPA Region 9 Administrator Felicia Marcus, Congressman Estebán E. Torres at the October 13, 1994 West Basin Water Recycling Project Dedication Ceremony. < Districts' General Manager Richard W. Atwater and Clair A. Hill with the ACWA plaque the Districts received in 1994.

Continued on page 4.

Action... Accomplishments of 1994 & Challenges of 1995...



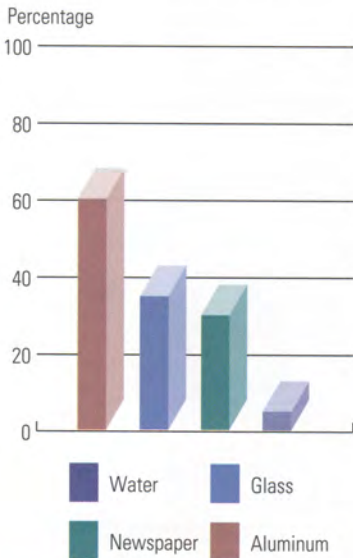
Seizing

opportunities, developing partnerships and harnessing water supplies have catapulted the Districts to the forefront of responsible water resource management.

The Districts are aggressively marketing recycled water to schools. Since 1991, 23 schools have hooked up to the Central Basin recycled water projects. Providing the City of Lynwood with recycled water has helped the city conserve 161 acre-feet of drinking water annually. Many sites in the City of Inglewood, such as schools and major sporting centers, are scheduled to use recycled water from West Basin, including Inglewood High School (inset).

Action through local control of water supplies & resources...

CALIFORNIA IS NOW RECYCLING:



PERCENTAGE OF WASTEWATER RECYCLED BY REGION

Santa Ana	41%
San Diego	4%
North Coast	4%
San Francisco Bay	6%
Los Angeles	23%
Central Valley	17%
Lahontan	1%
Colorado River Basin	1%

The West Basin Water Recycling Project was dedicated on October 13, 1994, during a ceremony which attracted federal, state, and local officials, as well as more than 300 community leaders, environmentalists, and citizens.

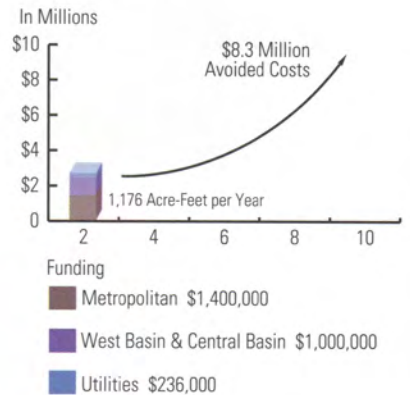
In November 1994, the general manager of West Basin Municipal Water District and Central Basin Municipal Water District, Richard W. Atwater, was awarded the National Conservation Award by U.S. Interior Secretary Bruce Babbitt. This is the highest conservation award in the nation.

During the midterm elections in November, voters in West Basin Municipal Water District and Central Basin Municipal Water District elected two new Directors in each District, bringing unprecedented diversity at the Board level. This diversity is reflective of the staff and communities the Districts serve.

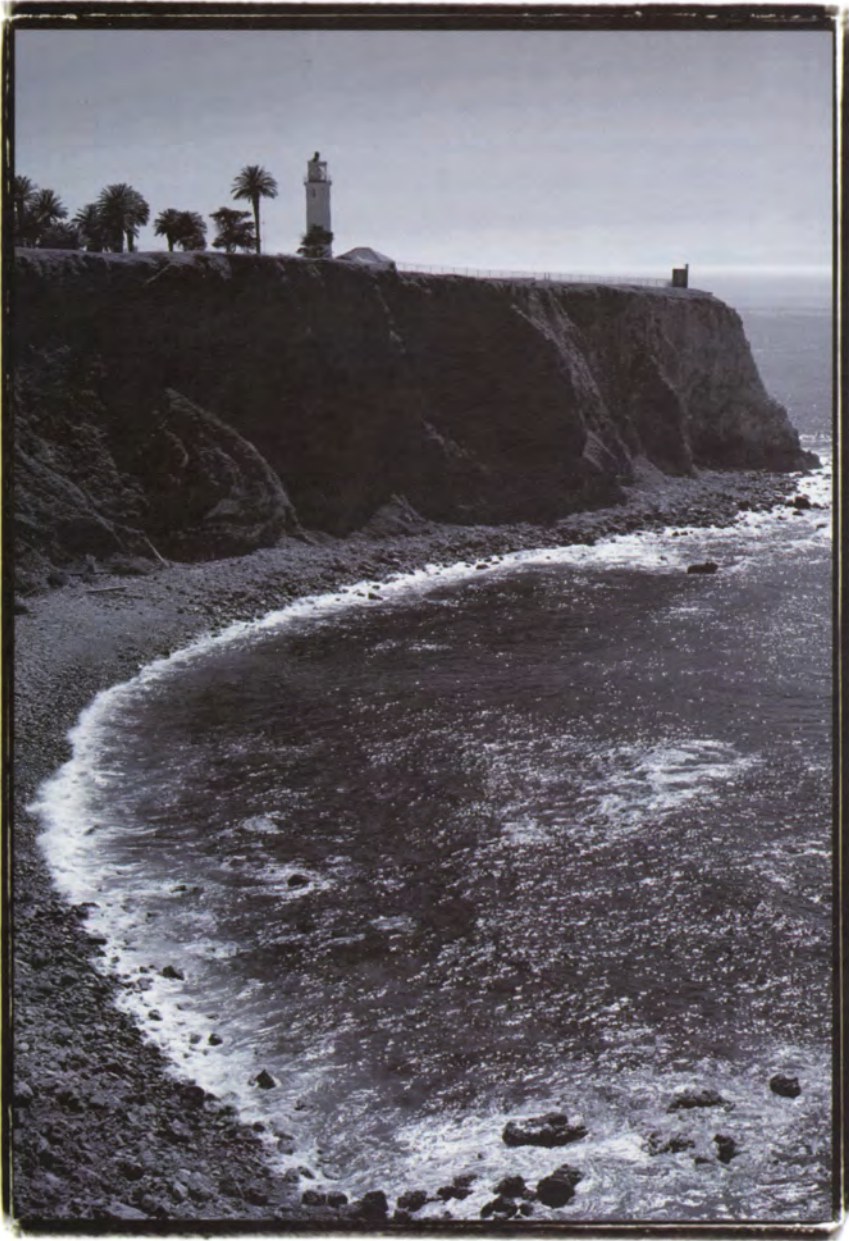
By the end of 1994, the Districts' Conservation Branch completed 33,000 Ultra-Low Flush Toilet retrofits. This included the Districts' "Johnny Rebate" Program and programs with community-based organizations which market and distribute water-efficient toilets to low-income residents.



"JOHNNY REBATE" PROGRAM Expenses & Avoided Costs through June 1994



- ^ October 1994 ribbon cutting for the West Basin Water Recycling Project.
- ^ Community-based organizations are instrumental in successful conservation programs sponsored by the Districts.



Protecting

the planet became the creed for the Districts' water recycling efforts. The recycling projects are embraced not only for their smart economics, but for their environmental benefits. The West Basin Water Recycling Project will reduce the amount of effluent into our ocean by 25 percent, helping to protect the service area's coastline, such as the Palos Verdes Peninsula pictured above.

Ultimately, 100,000 acre-feet of water will be recycled per year through West Basin's project.

Accountability

West Basin Municipal Water District and Central Basin Municipal Water District exist to assure adequate water resources in their respective service areas. Reliance on imported water left the Districts at the mercy of the weather and the amount of snowfall in distant places. This forced the Districts to pass along the cost of wholesale water rate increases when imported water supplies fell short.

Due to diminishing imported water supplies from Northern California and the Colorado River, the Districts are now increasing local supplies through recycled water and water desalination, in order to "drought-proof" and stabilize long-term water rates in the service areas.

Continued on page 8.



- ^ Carpet dyeing facilities, such as Tuxtex Industries in the City of Santa Fe Springs, are target users of the Districts' recycled water.
- ^ Central Basin construction of the 70-mile recycled water distribution system.

CENTRAL BASIN
RECYCLED WATER SALES
4,000 Acre-Feet
Fiscal Year 1995-1996

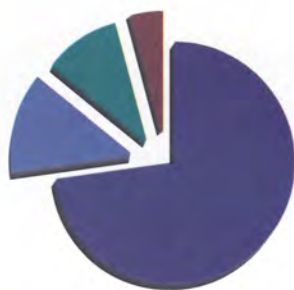


- Irrigation 66%
- Carpet Dyeing 18%
- Refinery 12%
- Other Industry 4%

"FAME gathers its strength from the organizations who participate with us. Our partnership with West Basin MWD has allowed us to expand worthwhile programs which put youth to work and help the working and non-working poor in our community."

Mark Whitlock,
Executive Director
First African
Methodist Episcopal
(FAME) Church

CENTRAL BASIN
RECYCLED WATER SALES
7,000 Acre-Feet
Fiscal Year 1999-2000

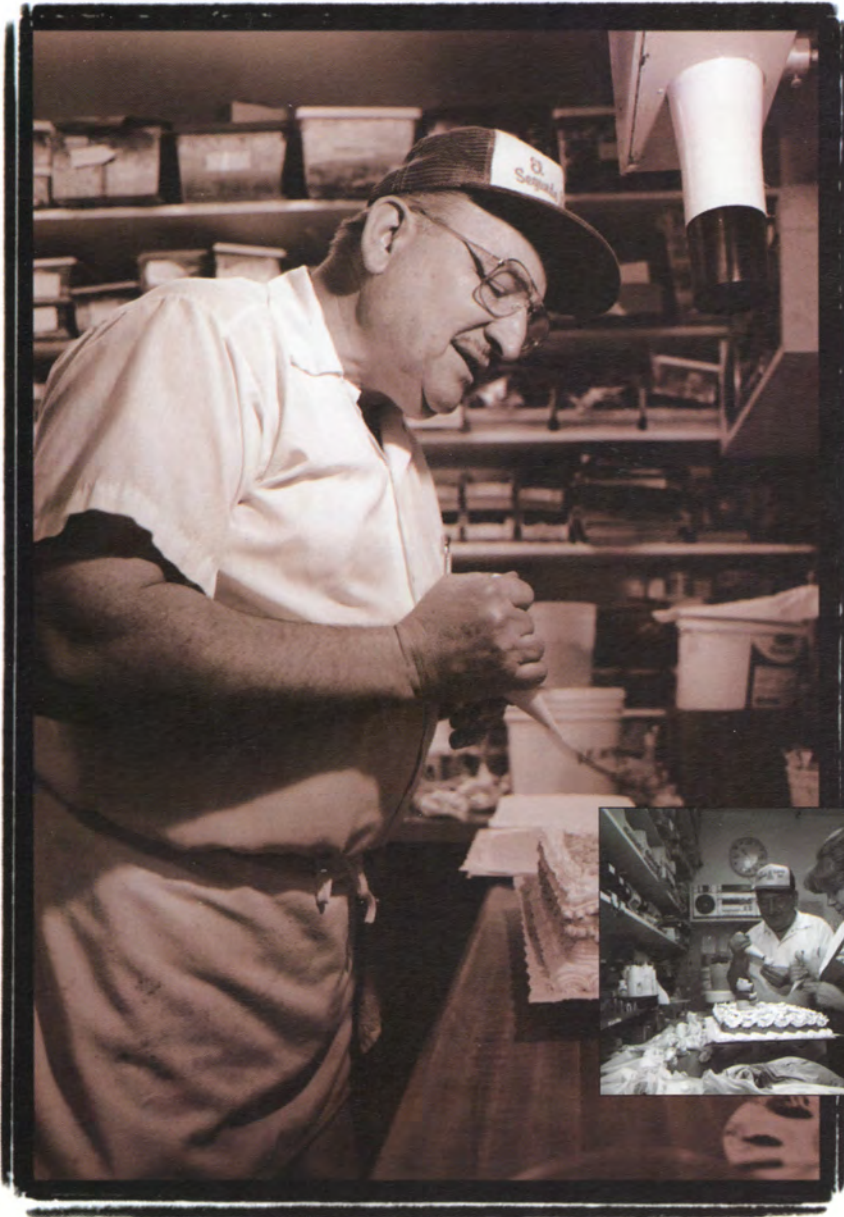


- Irrigation 73%
- Refinery 13%
- Carpet Dyeing 10%
- Other Industry 4%

"Our association with Central Basin Municipal Water District has been a productive one. Directly installing Ultra-Low Flush Toilets created a new dimension to the services we offer to residents. We look forward to future opportunities with Central Basin."

Tino De La Cruz,
President
The East Los Angeles
Community Union
(TELACU)

Accountability... Meaningful Information When It Counts...



Responding

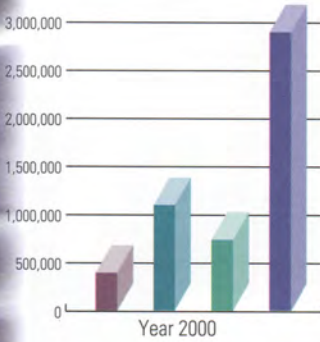
with enthusiasm and patience, local businesses and residents contributed to a year of successfully completed projects for the Districts. During project construction, bakers, school teachers, merchants and others participated in the construction communication process. This included community forums, facility tours and an open house.

Art Miltenberger, pictured above, participated in meetings with West Basin staff and neighboring merchants to secure minimal disruption in the City of El Segundo during the District's construction of a 60-inch force main in a 25-foot deep trench.

Together we are the source for the future – the source for water.



WATER RECYCLING POTENTIAL in California



- Existing Reuse - 1993
- State Goal for Year 2000
- WaterReuse '93 Survey
- Ideal

^ Recycled water will be used for industrial purposes such as in the refinery industry's cooling tower process. > West Basin construction contractors erect piping at the Chevron Nitrification Plant.

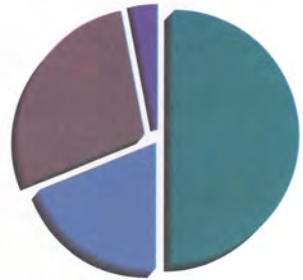
Now, with the availability of recycled water and desalination, the Districts have more influence over wholesale water rates. This presents a big challenge to the Districts because we must communicate the "resource mix" to local municipal and private water utilities which deliver water to homes, public facilities, and businesses at retail rates.

With the availability of recycled water, an increase in the wholesale price of imported water does not necessarily mean higher retail water rates.

Accountability for Central Basin Municipal Water District and West Basin Municipal Water District has been defined in terms of securing local control of water supplies and communicating efficient water management to the private and municipal water utilities, as well as actual water users. To carry out the message, the Districts have a variety of collaborative programs to inform water utilities, elected officials and citizens about water policies.

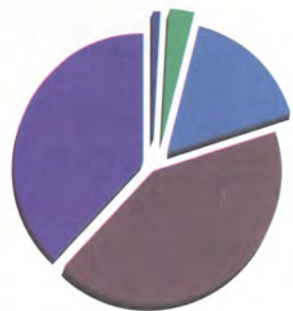


WEST BASIN RECYCLED WATER SALES 15,000 Acre-Feet Fiscal Year 1995-1996



- Refinery 50%
- Seawater Intrusion Barrier 28%
- Irrigation 19%
- Other Industry 3%

WEST BASIN RECYCLED WATER SALES 53,000 Acre-Feet Fiscal Year 1999-2000



- Refinery 42%
- Seawater Intrusion Barrier 38%
- Irrigation 16%
- Fabric Dyers 3%
- Other Industry 1%



Drought-proofing

our communities involves essential District partnerships with local, state and federal leaders.

The City of Downey, pictured above, was one of 16 cities in the Districts' service areas which issued a Drought-Proofing Proclamation during summer 1994. The Board of Supervisors of the County of Los Angeles also issued proclamations in July 1994.

ACKNOWLEDGEMENT

Driving through West Basin Municipal Water District and Central Basin Municipal Water District is like taking a trip around the world. People from different ethnic and economic backgrounds are moving into older neighborhoods and assuming positions of leadership within their communities. In other cases, new communities and modern development are growing to accommodate recent residents to Southern California.

Our population growth makes it essential to have water systems which are maintained and repaired. In some communities water systems have not been reviewed in 20 or 30 years, opening the question of emergency and drought preparedness.

In Huntington Park, for example, three separate water utilities deliver water within the city limits. If an earthquake or other emergency breaks water lines in one part of the city, how would the other water utilities coordinate to bypass the broken pipes and get water to affected homes and businesses?

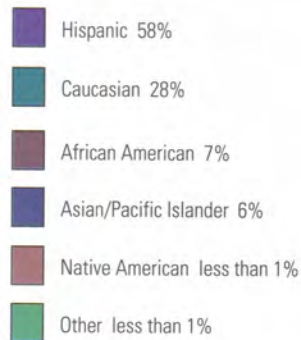
City leaders are bringing these pertinent issues before the Districts' staff and Directors. Together, we are looking for solutions.

Continued on page 12.

ETHNIC DIVERSITY Central Basin Service Area



SCAG Estimates
Based on 1990 Census Data



"With the financial support of Central Basin and California Water Service Company, hundreds of residents have received free Ultra-Low Flush Toilets, who otherwise would have gone without. Giving residents the ability to reduce their water usage can be an important first step toward community environmental awareness."

Juana Gutierrez,
President and
Co-Founder,
Mothers of East Los
Angeles



^ Recycled water for landscape irrigation is a widely used application in Central Basin's service area.

"We live from water year to water year. Even in the best of hydrologic times, the state's shortfall will continue to grow as our population continues to grow. We need new facilities. We need groundwater management. We need desalination. These elements, notably including water recycling, ensure that we can anticipate and meet that looming shortfall."

Douglas P. Wheeler,
Secretary for
Resources,
California State
Resources Agency

Together we can learn... Together we can go places...



Extending

from the South Bay to southeast Los Angeles County, the Districts' service areas are diverse in geography, economics and demographics. Combined, the Districts serve an estimated 2.2 million residents.

Providing water to our growing, diverse communities requires leadership and vision. The City of Huntington Park, shown above, is a participant in the Emergency and Drought Facilities Planning Study lead by Central Basin Municipal Water District. This regional infrastructure study addresses the issues of emergency and drought preparedness.



^ The Rio San Gabriel Park in the City of Downey uses 16 acre-feet per year of Central Basin's recycled water. ^ An inside view of Central Basin recycled water project pipeline construction. ^ The Districts host guests of all ages at our recycled water and desalination facilities.

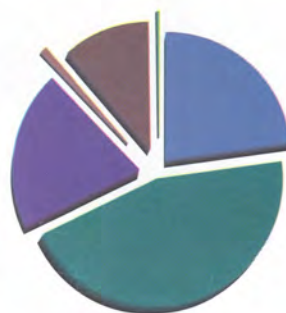
When plans for the recycled water projects were developed four years ago, mayors, city councilmembers, legislators, local leaders and citizens were briefed about the projects' funding, construction and local benefits. Today, there are new people in office who see different factors related to water and are looking to have active roles in water policy.

Issues of ethnic diversity on governing boards and broader representation are the themes of many discussions regarding the future of water in West Basin Municipal Water District and Central Basin Municipal Water District.

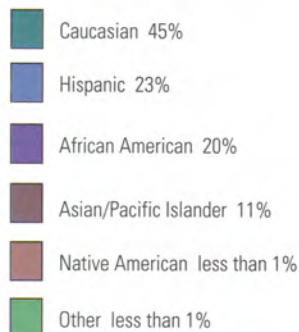
To expand employment opportunities for inner-city youths, the Districts are working with local community-based organizations to provide job training at the West Basin Water Recycling Project.

The challenges of the past, present and future cannot be met without the partnership of citizen groups, regional organizations and government agencies. The Districts thank our local and federal leaders, fellow water agencies, community-based organizations, partnership cities and agencies, and environmental groups for helping make the Districts national leaders in water resource management.

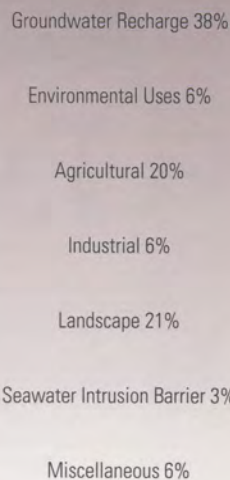
ETHNIC DIVERSITY West Basin Service Area



SCAG Estimates
Based on 1990 Census Data



CALIFORNIA'S RECYCLED WATER USE BY TYPE





Providing

local businesses and industries with recycled water ensures them a safe, reliable and economical water source. The result is a thriving local business environment, job security and economic stability. In constructing our distribution systems and recycled water facilities, the Districts are committed to hiring local contractors, thus providing more than 2,500 jobs to area residents.

The City of West Hollywood, pictured above, benefits from water recycling because the city will not have to ration if there is a drought. Recycled water used in various parts of the Districts' service areas benefit everyone.

Acknowledgement... Recognition of a job well done...

"The West Basin Water Recycling Project really represents a tremendous triumph for the community. Both a triumph for the local community in terms of jobs and reliable water, and a triumph for the entire state. The leadership and collaborative spirit in which people took a vision to drought-proof Southern California, dreamed big, and ended up with the largest, most successful and probably quickest built water recycling project in the United States. It's going to stand as a beacon of hope and leadership for all parts, especially the state struggling on how to make our very precious water resources go that much further."

*Felicia Marcus, Region 9 Administrator
U.S. Environmental Protection Agency*

"Let me tell you how pleased I am that my colleagues in Congress could give an extra boost of funding to ensure that the benefits of this recycling endeavor are realized as soon as possible. The project's benefits are many – 2,500 construction jobs and twice as many indirect jobs, increased water conservation and self-sufficiency, greater production of environmentally sensitive water sources, and a model for smarter, cheaper, and more sustainable federal water resource management."

Congressman Estebán E. Torres

Colorado River Inspection Trip Participants

"I wish to extend my thanks to you for the opportunity to be present on the three-day inspection trip of the Colorado River Aqueduct system. The entire aspect of the aqueduct system: its hydroelectric plants, turbine generators, pumping and water filtering stations, and the care for the environment is a learning experience; as is the San Jose Creek facility, Los Angeles County Sanitation Districts. I believe, also, that recycled water for non-potable irrigation and industrial purposes is a must. The challenge is to make the future affordable in relation to our water needs."

Richard S. Briones, Resident, Pico Rivera

"Inspection trips, such as these, are excellent ways for local community leaders to become informed and aware of the necessity for cooperation to accomplish the goals of California's future water needs."

Frank Hill, Councilmember, City of Rolling Hills

"Thank you for the very informative and enjoyable Colorado River trip. Having studied and supported water projects in California with the League of Women Voters over the years, this trip was especially enlightening... Water in Southern California has been and will always be of great concern and the effort to keep the public informed is what the League of Women Voters is all about — we appreciate your effort to educate."

Hazel Scotto, League of Women Voters

The Boards of Directors and staff of West Basin Municipal Water District and Central Basin Municipal Water District wish to recognize the following local and federal leaders, organizations, environmental groups and water agencies without whose support our 1994 accomplishments would not have been possible.

- State Water Resources Control Board
- Department of Water Resources
- California State Resources Agency
- Governor's California Water Commission
- California Environmental Protection Agency
- United States Environmental Protection Agency
- Congresswoman Jane Harman
- Congressman Estebán E. Torres
- Sanitation Districts of Los Angeles County
- Los Angeles County Taxpayers Association
- Sierra Club, Clean Coastal Waters Task Force
- Congress of California Seniors, L.A. Co. Chapter
- American Oceans Campaign
- League for Coastal Protection
- Audubon Society, Santa Monica Bay Chapter
- Heal the Bay
- City of Los Angeles, Environmental Affairs Department
- South Bay Cities Association
- Senator Diane Watson
- Tree Musketeers
- Surfrider Foundation
- Mono Lake Committee
- Santa Monica Bay Restoration Project
- Mothers of East Los Angeles
- Water Replenishment District of Southern California
- Metropolitan Water District of Southern California
- United States Bureau of Reclamation



^ Participants of a 1994 Colorado River Aqueduct Inspection Trip at Copper Basin.

Independent Auditor's Report

To the Board of Directors
West Basin Municipal Water District

We have audited the accompanying balance sheet of West Basin Municipal Water District at June 30, 1994, and the related statements of revenues and expenses and changes in fund equity and cash flows for the year then ended. These financial statements are the responsibility of the 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 generally accepted auditing standards 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 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 financial statements referred to above present fairly, in all material respects, the financial position of West Basin Municipal Water District at June 30, 1994, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles as well as the accounting systems prescribed by the State Controller's Office and State regulations governing Special Districts.

Leaf and Cole

San Diego, California
September 23, 1994, except for Note 14
as to which the date is September 29, 1994

West Basin Municipal Water District

BALANCE SHEET

June 30, 1994

• ASSETS •**Current Assets**

Cash and investments	\$ 7,706,650
Accounts receivable	11,081,923
Conservation program receivable	79,907
Accrued interest receivable	116,260
Prepaid expenses	22,085
Total Current Assets	19,006,825

Restricted Assets

Cash and investments	53,560,626
Accrued interest receivable	536,328
Total Restricted Assets	54,096,954

Utility Plant

120,527,698

Other Assets

Unamortized issuance costs	1,129,691
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TOTAL ASSETS**\$ 194,761,168****• LIABILITIES AND FUND EQUITY •****Current Liabilities**

Accounts payable and accrued expenses	10,693,812
Conservation program deposits	174,785
Current portion of obligations under capital lease	4,075
Total Current Liabilities	10,872,672

Payable From Restricted Assets

Accounts payable and accrued expenses	14,576,487
Accrued interest payable	3,064,350
Arbitrage rebate liability	345,000
Current portion of long-term debt	3,445,000
Total Payable From Restricted Assets	21,430,837

Other Liabilities

242,425

Obligations Under Capital Lease

	6,305
Less: Current portion above	(4,075)
Total Obligation Under Capital Lease	2,230

Long-Term Debt

1992 Revenue Bonds	19,938,811
1993 Revenue Bonds	129,030,000
Less: Current portion above	(3,445,000)
Subtotal	145,523,811
Less: Unamortized bond discount	(4,060,563)
Deferred amount on refunding	(13,998,908)
Total Long-Term Debt	127,464,340

Total Liabilities

160,012,504

Commitments and Contingencies**Fund Equity**

Contributed capital	5,900,000
Retained earnings	28,848,664
Total Fund Equity	34,748,664

TOTAL LIABILITIES AND FUND EQUITY**\$ 194,761,168**

West Basin Municipal Water District
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND EQUITY
for the year ended June 30, 1994

Operating Revenues

Water revenue	\$ 67,074,057
Desalting revenue	903,736
Water monitoring	27,932
Total Operating Revenues	68,005,725

Operating Expenses

Source of supply	63,536,069
Desalting operations	1,220,924
General and administrative	1,110,739
Conservation and monitoring	347,515
Depreciation and amortization	273,694
Total Operating Expenses	66,488,941

**Excess of Operating Revenues
Over Operating Expenses**

1,516,784

Nonoperating Revenues

Standby charges	9,467,009
Rental income, net of expenses	(76,299)
Interest earned	393,895
Miscellaneous income, net of expenses	9,396
Total Nonoperating Revenues	9,794,001

Interest Expense

408,310

**Excess of Nonoperating Revenues
Over Nonoperating Expenses**

9,385,691

Excess of Revenues Over Expenses

10,902,475

Retained Earnings at June 30, 1993

17,946,189

Retained Earnings at June 30, 1994

28,848,664

Contributed Capital at June 30, 1993

1,000,000

Additions to Contributed Capital

4,900,000

Contributed Capital at June 30, 1994

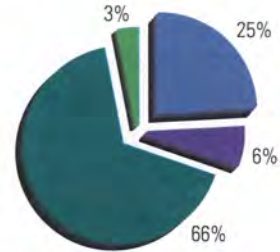
5,900,000

FUND EQUITY AT JUNE 30, 1994

\$ 34,748,664

(The complete auditor's report contains accompanying notes which are an integral part of the financial statements.)

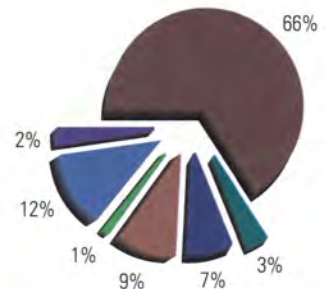
***NET REVENUES \$14.3 MILLION**



- Imported Water Sales \$3,500,000
- Desalter \$904,000
- Standby Charges \$9,500,000
- Interest Earned \$400,000

(*Excluding Metropolitan Water District supply costs)

EXPENDITURES \$14.3 MILLION



- Water Conserv. & Monitoring \$348,000
- Construction in Progress \$1,714,000
- Public Affairs \$103,000
- Desalter Operation \$1,220,000
- General & Administrative \$1,007,000
- Interest Expense \$408,000
- Bond Debt \$9,500,000

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Central Basin Municipal Water District

We have audited the accompanying balance sheet of Central Basin Municipal Water District at June 30, 1994, and the related statements of revenues and expenses and changes in fund equity and cash flows for the year then ended. These financial statements are the responsibility of the 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 generally accepted auditing standards 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Central Basin Municipal Water District as of June 30, 1994, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles as well as the accounting systems prescribed by the State Controller's Office and State regulations governing Special Districts.

Leaf and Cole

San Diego, California
September 23, 1994

Central Basin Municipal Water District

BALANCE SHEET

June 30, 1994

• ASSETS •**Current Assets**

Cash and investments	\$ 5,303,342
Accounts receivable	8,713,636
Accrued interest receivable	65,522
Prepaid expenses	14,007
Total Current Assets	14,096,507

Restricted Assets

Cash and investments	15,388,756
Cash and investments - custodial fund	3,826,216
Accrued interest receivable	145,155
Deferred compensation benefits	117,028
Other assets - custodial fund	202,184
Total Restricted Assets	19,679,339

Long-Term Note Receivable

351,896

Utility Plant

48,638,916

Other Assets

Unamortized issuance costs	499,296
----------------------------	---------

TOTAL ASSETS**\$ 83,265,954****• LIABILITIES AND FUND EQUITY •****Current Liabilities**

Accounts payable and accrued expenses	\$ 8,619,720
Conservation program deposits	813,961
Total Current Liabilities	9,505,681

Payable From Restricted Assets

Accounts payable and accrued expenses	1,353,729
Accrued interest payable	1,279,565
Deferred compensation plan liability	117,028
Current portion of long-term debt	575,000
Custodial fund liability	4,028,400
Total Payable From Restricted Assets	7,353,722

Long-Term Debt

1992 Revenue Bonds	34,431,189
1993 Revenue Bonds	21,940,000
Less: Current Portion Above	(575,000)
Subtotal	55,796,189
Less: Unamortized bond discount	(1,203,586)
Deferred amount on refunding	(2,253,735)
Total Long-Term Debt	52,338,868

Total Liabilities

69,198,271

Commitments and Contingencies**Fund Equity**

Contributed capital	459,727
Retained earnings	13,607,956
Total Fund Equity	14,067,683

TOTAL LIABILITIES AND FUND EQUITY**\$ 83,265,954**

Central Basin Municipal Water District
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND EQUITY
for the year ended June 30, 1994

Operating Revenues	
Water revenue	\$ 37,018,045
Water recycling revenue	649,177
Water monitoring	236,149
Total Operating Revenues	37,903,371

Operating Expenses	
Source of supply	35,588,926
Recycling costs	674,825
General and administrative	983,463
Conservation and monitoring	346,373
Depreciation and amortization	73,068
Total Operating Expenses	37,666,655

Excess of Operating Revenues Over Operating Expenses	236,716
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Nonoperating Revenues	
Standby charges	3,152,233
Interest earned – cash and investments	594,497
Rental loss, net of expenses	(98,299)
VOC treatment unit lease income	29,480
Miscellaneous income, net of expenses	2,842
Total Nonoperating Revenues	3,680,753

Interest Expense	248,153
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Excess of Nonoperating Revenues Over Nonoperating Expenses	3,432,600
---	------------------

Excess of Revenues Over Expenses	3,669,316
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Retained Earnings at June 30, 1993	9,938,640
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RETAINED EARNINGS AT JUNE 30, 1994	13,607,956
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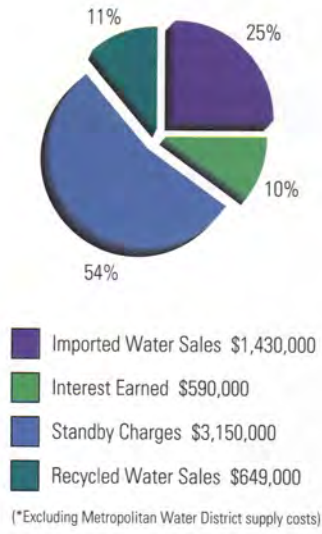
Additions to Contributed Capital	459,727
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Contributed Capital at June 30, 1994	459,727
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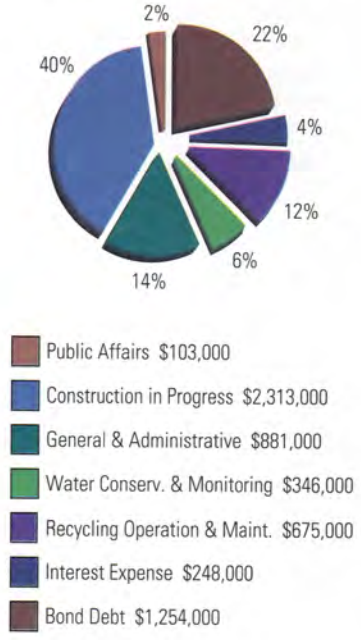
FUND EQUITY AT JUNE 30, 1994	\$ 14,067,683
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(The complete auditor's report contains accompanying notes which are an integral part of the financial statements.)

***NET REVENUES \$5.8 MILLION**



EXPENDITURES \$5.8 MILLION



**West Basin Municipal Water District and Central Basin Municipal Water District
Management**

Richard W. Atwater, General Manager
Virginia Grebbien, Assistant General Manager

Senior Staff

Kris Helm, Manager of Operations and Planning
Sharon Koike, Controller
Thomas A. Love, District Engineer
Sheryl R. McCormick, Manager of Administration
Adán Ortega, Jr., Manager of Public Affairs



Recycled paper conserves water.

Board of Directors
West Basin
Municipal Water District

Lawrence P. Gallagher, President
Division V

•

Edward C. Little, Vice President
Division IV

•

Michael W. Sweeney, Treasurer
Division III

•

R. Keith McDonald, Secretary
Division I

•

Mark S. Dymally, Director
Division II

Board of Directors
Central Basin
Municipal Water District

Gary A. Morse, President
Division I

•

Carl H. Zeise, Vice President
Division IV

•

J. William Zastrow, Treasurer
Division V

•

Charles M. Treviño, Secretary
Division III

•

Richard "Rick" F. Mayér, Director
Division II

Representatives on the
Metropolitan Water District
of Southern California
Board of Directors
West Basin

Charles D. Barker
Bondie O. Gambrell
Edward C. Little

Representatives on the
Metropolitan Water District
of Southern California
Board of Directors
Central Basin

E. Thornton Ibbetson
Gary A. Morse
Phillip J. Pace



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