

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2009



West Basin Municipal Water District  
Carson, California  
[www.westbasin.org](http://www.westbasin.org)



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WEST BASIN MUNICIPAL WATER DISTRICT  
CARSON, CALIFORNIA

**Prepared by:**

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Chief Financial Officer

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# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

Introductory Section



Financial Section



Statistical Section



November 23, 2009

TO THE BOARD OF DIRECTORS AND CUSTOMERS OF WEST BASIN MUNICIPAL WATER DISTRICT:

West Basin Municipal Water District (West Basin) staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year 2008-2009, which ended June 30, 2009. For the last four years, West Basin has submitted the CAFR to the Government Finance Officers Association (GFOA) to seek the designation of Excellence in Financial Reporting. We will be submitting the CAFR again this year.

The CAFR is intended to provide the Board of Directors, West Basin's customers, the public, and interested parties a broad financial outlook of West Basin. This report is also prepared for the purpose of meeting the state law requiring special districts to submit an audited annual or biannual financial report to the State Controller within six months after the end of the fiscal year.

The guidelines set forth by the Governmental Accounting Standards Board (GASB) were followed in the preparation of this report, which was designed to assess West Basin's financial condition and inform the public about West Basin's mission to provide a safe and reliable supply of high quality water to the communities we serve. The disclosed information is fairly presented and West Basin's management accepts full responsibility for the data contained in this report.

Mayer Hoffman McCann P.C. issued an unqualified opinion on West Basin's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is located at the beginning of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report on the basic financial statements and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **MISSION STATEMENT**

*To provide a safe and reliable supply of high quality water to the communities we serve.*

### **COMMITMENT STATEMENTS**

West Basin's Board of Directors recently dedicated significant time and effort to develop a long-term vision to meet its commitments to its customers and communities. A new Mission Statement and Strategic Business Plan (Strategic Plan) were developed to shape this vision.

The Strategic Plan focuses on key goals and objectives to achieve success. These goals focus on water reliability, workforce, water quality, environment, communications, customer/community service, infrastructure and finance. The Strategic Plan provides continuous direction for each year's planning, budgeting, implementation, evaluation and reporting. Staff's preparation of this year's budget remained focused on achieving the goals and objectives described in the Strategic Plan.

As part of the process to further refine its vision, West Basin commissioned a customer survey of its water purveyors (cities, private water companies and water agencies). Results from the survey indicated that West Basin's efforts are aligned to its customers' needs. To set clear expectations for the values it wishes to convey to its customers, West Basin's Board of Directors adopted five, concise Commitment Statements. The five Commitments are derived from West Basin's Mission Statement:

**WATER RELIABILITY** – West Basin is committed to innovative planning and investments to provide water supply reliability and drought protection.

**WATER QUALITY** – West Basin is committed to providing safe, high quality water by meeting current and anticipated water quality requirements.

**SOUND FINANCIAL AND RESOURCE MANAGEMENT** – West Basin is committed to efficient business operations, financial planning and asset management.

**CUSTOMER SERVICE** – West Basin is committed to providing value by understanding and meeting the needs of our customers and the communities we serve.

**ENVIRONMENTAL STEWARDSHIP**– West Basin is committed to sustainable and environmentally-friendly business practices.

## **BACKGROUND**

West Basin Municipal Water District is a special district of the State of California. West Basin is an innovative public agency that provides drinking and recycled water to its 185-square mile service area (see Service Area Map, page 8). West Basin purchases imported water from the Metropolitan Water District of Southern California (MWD) and wholesales the imported water to cities, water agencies, and private water companies in Southwest Los Angeles County. To protect the local groundwater aquifer from seawater intrusion, West Basin provides purified recycled water for injection into the South Bay's seawater barriers. Consistent with our plan to expand our water supply portfolio of locally-produced water to ensure reliability for the region, West Basin invests in research and testing of ocean-water desalination projects that will one day supplement our local water supply.

West Basin is a recognized leader in the production of recycled water, and our conservation and education programs are fundamental to diversifying West Basin's water supply portfolio. Our water recycling program produces more than 30 million gallons of high-quality water every day using various treatment levels and processes. Our water conservation program provides free water audits for large landscapes and industrial sized kitchens, retrofitting water wasting devices and providing educational opportunities for residents and businesses to become more water-efficient. West Basin's vibrant education program hosts thousands of



school children each year at our water recycling facility, sends the Splash Science program to local elementary schools, holds an annual water awareness art contest for children within the service area, and sponsors high school solar cup boat-building teams and a higher education scholarship program.

## **OUR SERVICE AREA AND DIRECTOR DIVISIONS**

West Basin serves a diverse population of nearly a million people living and working in 17 cities and various unincorporated communities throughout Southwest Los Angeles County. West Basin has a 3:1 resident-to-business ratio, an average median income of \$67,000, and an income range from \$23,000 in Westmont to \$200,000 in Rolling Hills (Source: 2000 U.S. Census). The service area presents unique challenges in meeting a wide variety of needs, from varying types of industrial and commercial enterprises to a diversity of residence types and yard sizes.

Five publicly-elected directors govern West Basin's service area. Voters in each of the five divisions elect one director to serve a four-year term. The West Basin Board then appoints two representatives to serve on the 37-member MWD Board of Directors.



### **Division I: Director Ronald C. (Ron) Smith**

Representing Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills and Carson.



### **Division II: Director Gloria D. Gray**

Representing Inglewood, South Ladera Heights, a portion of Lennox, Athens, Howard and Ross-Sexton.



### **Division III: Director Carol W. Kwan**

Representing Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach, and a portion of Torrance.



### **Division IV: Director Edward C. Little**

Representing Culver City, El Segundo, Malibu, West Hollywood, North Ladera Heights, Del Aire, Topanga, View Park, Windsor Hills, and a portion of Lennox .

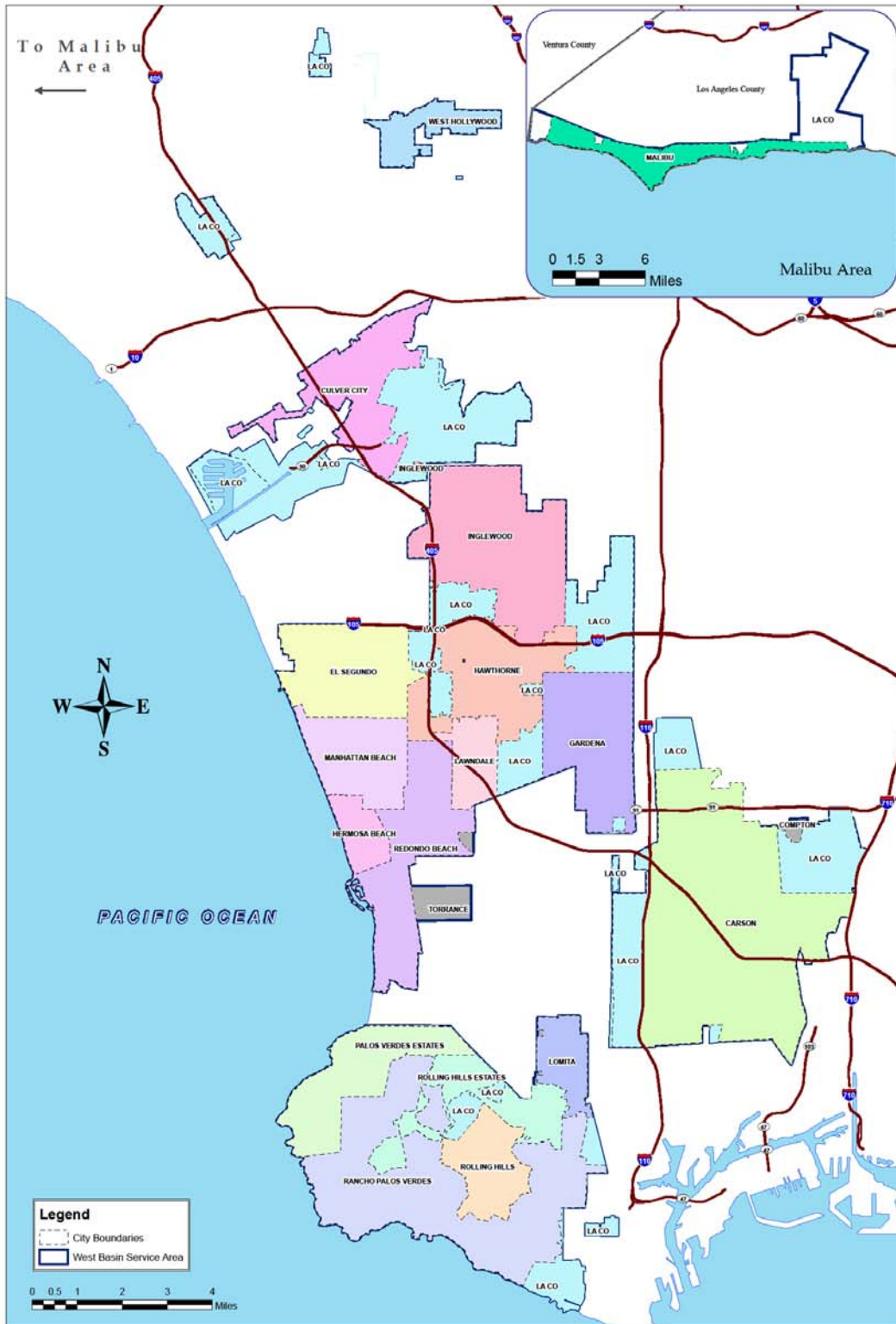


### **Division V: Director Donald L. Dear**

Representing Gardena, Hawthorne, Lawndale, and El Camino Village.



# West Basin Municipal Water District Service Area



## **HISTORY OF WEST BASIN**

As early as 1918, local groundwater basins were dropping so low that salt water from the ocean was seeping into the basins, contaminating the groundwater. Lawns in the South Bay were dying, and well water often wasn't drinkable. In the 1940's, studies showed that our groundwater aquifer was being consumed much faster than it was being recharged. Each year, the aquifer was over-drafted by millions of gallons.

One solution was to supply the region with imported water through MWD. In 1947, West Basin was formed by a vote of the people to serve as a wholesale agency to distribute water throughout southwest L.A. County. A year later, West Basin became a member agency of MWD, an agency that imports water from the Colorado River and Northern California to Southern California, and for almost four decades, West Basin served its communities solely as wholesale distributor of potable drinking water. The extreme drought of the late 1980's and early 1990's led West Basin to expand its water supply portfolio by investing in water recycling and conservation.

West Basin began investing in the local production of water in the early 1990's by building a water recycling facility that would turn treated wastewater into high-quality recycled water suitable for irrigation, municipal, industrial and commercial uses. The benefits generated by West Basin's Edward C. Little Water Recycling Facility (ECLWRF) include the research and use of innovative technologies, hosting international delegations to share our technologies and practices, a stable supply of recycled water, redirecting wastewater that would otherwise be sent to the ocean to turn it into a usable water resource, conserving 30 million gallons of drinking water a day, and using solar power to generate 10% of the plant's peak energy needs.

West Basin remains focused on water reliability for the region, delivering a diverse supply of water that includes imported, recycled, desalted and conserved sources. In addition to investing in the research and implementation of new technologies, alternative energy sources, and conservation outreach programs, West Basin works with teachers and school children to educate the next generations about the efficient use of water, where our water comes from, how we produce it locally, our efforts to be more environmentally responsible, and types of careers and training opportunities in the water industry.

West Basin's Water Recycling Facility is named after 5-term Director Edward C. Little. The ECLWRF is a world-class, state-of-the-art purification facility. The largest of its type in the world, the ECLWRF provides high-quality recycled water to customers like ExxonMobil, bp, Chevron, Goodyear, Home Depot Center, Honda, Raytheon, Marriott, and the Water Replenishment District, among others. West Basin has built a noteworthy water recycling program and developed a long-term plan to double its capacity. West Basin's five (5) types of designer recycled waters are used in golf courses, professional soccer fields, street sweepers, restrooms, boiler feeds, cooling towers and other commercial, municipal and industrial uses.

Through West Basin's Water Reliability 2020 Program, directors and staff are currently working to expand supplies of locally-produced water through water recycling and ocean-water desalination, invest in operations and programs to maintain high standards within our workforce, and reach out to the community even more through conservation outreach, education, community banking, local business opportunities, and other such programs focused on the needs and talents of our service area.

## ENSURING A SAFE AND RELIABLE WATER SUPPLY

Though the population here in Southern California has increased over time, water usage in West Basin's service area has remained steady due to the success of West Basin's programs focused on conservation, education, public outreach, government affairs, water recycling, and ocean-water desalination. Here's a summary of our efforts:

### Conservation

West Basin's water conservation program is aimed at reducing the consumption of potable water (groundwater and imported water) in homes, yards, businesses, and industry. Since 1991, West Basin has successfully offered many programs to its residential communities, saving millions of gallons of precious drinking water each year. West Basin joined a state conservation effort at that time, committing resources to urban water conservation and implementation of its "Best Management Practices" (BMPs).

West Basin's Conservation Master Plan (Plan) is a road map for implementing efficient, cost-effective conservation programs across residential and business sectors, both indoors and out. It also provides partnership and outreach opportunities to local cities, retail water agencies, community groups, nonprofit organizations and consumers. With the launch of this new Plan, West Basin is now entering the commercial, industrial and public sectors as well. By 2025, West Basin is planning to meet 15% of the region's retail water demand through conservation.

Conservation workshops for residents, community groups and city officials are held on an ongoing basis throughout the year. These often involve grant opportunities, water audits or equipment distribution workshops (high-efficiency toilets, "smart" landscaping controllers, showerheads, faucet aerators, and other such devices) aimed at educating the community about water conservation and reinforcing West Basin's leadership role in making our water supply more reliable.

- Ocean-Friendly Landscape Program: With 30-70% of water use in West Basin's service area taking place outdoors, workshops offered in partnership with the Surfrider Foundation teach residents with yards of all sizes how to create *Ocean-Friendly Landscapes*. Funding sources are provided by West Basin, Metropolitan Water District of Southern California, California Department of Water Resources, and U.S. Bureau of Reclamation. Workshops take place throughout the service area through 2011. Demonstration gardens will also be created to showcase drought-tolerant plants, permeable pavements, water-efficient designs and water retention techniques that are "ocean-friendly," decreasing water use and reducing runoff into the ocean.
- Water & Energy Efficiency Devices: West Basin's relationships with retail water providers, cities and nonprofits like the South Bay Environmental Services Center, allow West Basin to partner our water-efficiency programs with energy-efficiency programs to maximize the impact on consumers' water and energy use. The *Cash for (Commercial and Industrial) Kitchens* and *Green Living for Apartments and Condos* programs offer businesses and residents *free* water and energy audits and, if they qualify, water and energy efficient devices, installed. West Basin has held toilet and sprinkler exchange programs, working directly with residents to exchange old water-wasting toilets for new, water efficient ones, or an inefficient landscape sprinkler for a new, 'smart' sprinkler controller. The toilet distribution program will help residents

collectively save 35 million gallons of water a year. Replacing leaky sprinklers with 'smart' sprinkler controllers can help a resident save up to 47 gallons per day.

**FY 2009-10 Device Savings**

<b>Program</b>	<b>Device</b>	<b>Annual Water Savings (AF)</b>	<b>Device Lifetime Water Savings (AF)</b>
Green Garden Program	Surveys, 166 Smart Controllers, rotating sprinkler nozzles	8 AF	80 AF
Green Living for Apartments	2,000 HET toilets, CFL's, showerheads and sink aerators	80 AF	1600 AF
Large Landscape Survey Program	Conducted 15 Surveys and provided recommendations	5 AF	10 AF
1-Day Toilet Distribution Events	1,700 HET toilets	68 AF	1,360 AF
Recirc and Save	10 pH Conductivity Controller Retrofits	19 AF	97 AF
Phase 3 Torrance Marriott	170 in-room HET Toilets, plus retrofit of the lobby urinals and sinks	9 AF	182 AF

<b>Total</b>	<b>189 61M Gallons</b>	<b>3,329 1 B Gallons</b>
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- Smart Landscape Expo: Our first-ever 'Smart' Landscape Expo in 2009 provided 4 hours of networking for residents to talk with businesses that provide tools, products and training for how to create and maintain water-efficient yards.
- Zero Runoff Street Median: The *Zero Runoff Street Median Program* provides cities with incentives to adjust irrigation on street medians to reduce water use and runoff.



Left to Right: Smart Landscape Expo, Public Tour of Water Recycling Facility, Ribbon Cutting of CSU Dominguez Hills' Green Living Water & Energy Efficiency Device Retrofit.

**Education**

West Basin's award-winning water education programs inform teachers and students in a lively and engaging manner about the importance of water conservation and environmental sustainability. West Basin offers five programs to engage students:

- Water Explorations Tours: This unique program showcases water recycling and environmental stewardship at a level appropriate for children in 3<sup>rd</sup> thru 12<sup>th</sup> grades. Combining in-classroom participation with a plant tour experience and a visit to nearby Manhattan Beach Roundhouse Aquarium, the water recycling tour takes place at the Edward C. Little Water Recycling Facility in El Segundo and emphasizes water conservation, marine life protection and the production of alternative water sources such as recycled water and ocean-water desalination.
- Splash Science: In collaboration with the L.A. Conservation Corps' SEA Lab in Redondo Beach, a traveling tidepool van constructed with touch tanks visits schools within West Basin's service area, encouraging students to interact with live marine animals. Developed in accordance with State curriculum standards, Splash Science takes fourth graders on a journey through California's fresh and ocean water systems.
- Water Is Life Student Art Contest: Inspiring young people to learn and tell visual stories about the value of water and the importance of using it wisely, this annual program invites participation from elementary, middle and high school students and provides an iMac laptop computer to Grand Prize winners and gift certificates to Michael's Arts and Crafts stores for Honorable Mention Awardees. Winners are selected in anticipation of May's Water Awareness Month. Piloted in 2009, West Basin pairs winning artwork with conservation tips on posters and bookmarks for local libraries, available at the checkout counter during the month of May.
- Solar Cup: Encouraging Southern California high school student-led teams to construct and race a solar-powered boat while learning about water, engineering and science, this program was created by MWD, with local teams sponsored and mentored by West Basin. Students begin the program in Fall and spend an entire school year working together to build and test their boats, racing them over Solar Cup weekend at Lake Skinner in May.
- Scholarship Program: A new program in 2009, the Board of Directors Scholarship program provides \$1,000 to up to 10 students graduating high school within West Basin's service area and interested in pursuing studies at a trade school, junior college or university with an emphasis on entering a career in the water industry.
- Overall Statistics:

Program Participation	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Education - Growing Great	0	4,000	5,000
Education – Scholarship Program	0	24	40
Education – Splash Science	2,500	2,500	2,500
Education – Solar Cup	30	30	60
Education – Water Explorations School Tour	2,500	6,800	6,800
Education – Water is Life Art Contest	320	430	530

## Public Outreach

West Basin reaches out to the public through multiple mediums to convey news about our water supply, conservation tips, to offer opportunities to participate in our conservation, education and public tours programs and receive feedback. The focus of all of our outreach is Water Reliability 2020, a program designed to reduce our dependence on imported water by increasing the amount of water we conserve and produce locally. By 2020, West Basin will double our water recycling and conservation programs and supplement our water supply with desalted ocean-water.

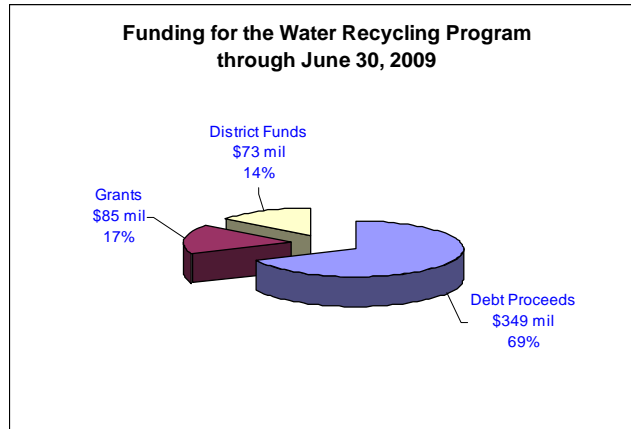
Presentations to community groups are arranged through our Speaker's Bureau. In addition, plant tours are offered to the public on the second Saturday of each month, and special events of all sizes are hosted on an ongoing basis. Our public affairs team reaches out to editors and writers of newspapers and magazines throughout our service area and hosts tours of our water recycling facility. We regularly update our website with news of our programs, updates on the water supply and water industry and distribute a quarterly e-newsletter.

- Website: [www.westbasin.org](http://www.westbasin.org) provides information about all of West Basin's programs, with an emphasis on Water Reliability 2020, our work to reduce our dependence on imported water in half by the year 2020. We also provide an animated home conservation tour to show easy ways to save water indoors and outdoors, a virtual tour of our water recycling process – including micro-filtration, reverse osmosis, and ultraviolet light, and "live" measurements of our recycled water production (more than 100 billion gallons to date) and the amount of energy we're producing, and saving, through the use of solar panels (10% of our peak energy demands).
- Publicity: Our public affairs team continues to develop relationships with local, regional and national press, magazines, and other public forums. Our media outreach efforts are focused on encouraging citizens to learn about our water supply, the need to make it more reliable, and West Basin's leadership and services.
- Events: Though West Basin hosts and participates in many events each year, the annual Water Harvest festival is our signature event in which we share information about where our water comes from, how to conserve water at home, offer tours of our water recycling facility and reach out to meet our neighbors. Held at the ECLWRF in El Segundo, Water Harvest continues to grow each year. In 2009, we hosted 2,200 people, offering hundreds of facility tours, thousands of pieces of pizza, recycled art stations, reusable water bottles, and numerous water education opportunities.
- Tours: At the ECLWRF, West Basin regularly hosts foreign delegations, elected officials, water industry representatives, and regional and local organizations to share technical expertise and "best practices" in water recycling technologies. We additionally offer tours for the public on the second Saturday of each month. There is a significant waiting list for public tours, demonstrating a growing public interest in water issues.
- Construction outreach: To ensure that local communities are well informed of the nature and timeline of construction activities that could impact their neighborhoods, West Basin hosts community meetings and specialized outreach efforts.

## Government Affairs

West Basin leads an aggressive government affairs program to achieve favorable legislation and public policy at the local, state and federal levels with direct involvement from the Board of Directors, management, staff, and consultants. Our key objectives include:

- **Legislative Advocacy:** Enhance legislative advocacy efforts on key water-supply legislation impacting West Basin’s mission, customers, projects and programs.
- **Coalition Building:** Build strong coalitions and partnerships throughout the region to educate the public and members of the California Legislature on the importance of enhancing local resources such as groundwater pumping, recycled water, and ocean-water desalination.
- **Funding and Regulatory Support:** Pursue government funding and regulatory support for capital projects in conjunction with agency partners such as the U.S. Army Corps of Engineers, California Department of Water Resources, and others.
- **Information sharing:** Inform local City Councils, Councils of Governments (COGs), Chambers of Commerce and other formal entities of West Basin’s legislative goals, particularly as they relate to specific cities and constituencies.
- **Legislator of the Year Awards:** Honor legislators who have been active in water issues throughout the year by celebrating their efforts as our “Legislator of the Year.”



## Water Recycling

In 1992, West Basin received federal funding to implement a water recycling program. Three years later, West Basin completed construction of the West Basin Water Recycling Facility (WBWRF), a water treatment facility in the City of El Segundo that takes wastewater that would otherwise be dumped into the ocean and purifies it into a usable resource. The facility was renamed in 2007, becoming the Edward C. Little Water Recycling Facility (ECLWRF) in honor of Director Little’s 5-term dedication to West Basin, our constituents, and the water industry.

This facility produces more than 30 million gallons of recycled water every day for more than 370 customers. Uses of recycled water include irrigation, boiler feeds, cooling towers, street sweepers and injection into seawater barriers to prevent our local groundwater supplies from being contaminated by the ocean.



This world-class water purification facility produces five types of “designer” waters to serve specific customer needs for various uses. All five (5) types of designer water meet the treatment and water quality requirements specified in the California Department of Public Health’s Water Recycling Criteria and permitted by the Los Angeles Regional Water Quality Control Board.

**TERTIARY WATER**—Secondary treated wastewater that has been filtered and disinfected for a wide variety of industrial and irrigation uses.

**NITRIFIED WATER**—Tertiary water that has been nitrified to remove ammonia for industrial cooling towers.

**REVERSE OSMOSIS WATER**—Secondary treated wastewater pretreated by micro-filtration, followed by reverse osmosis (RO) and disinfection for groundwater recharge, which is superior to state and federal drinking water standards.

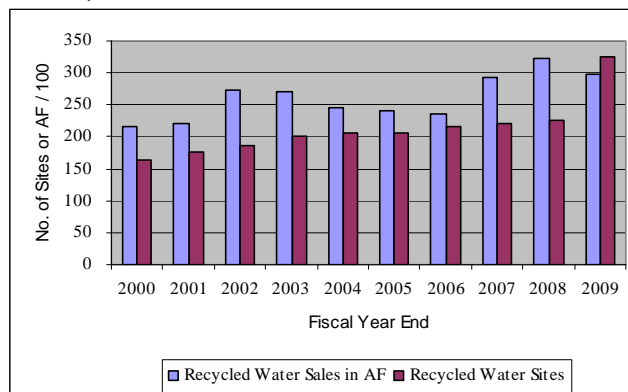
**PURE REVERSE OSMOSIS WATER**—Secondary treated wastewater that has undergone micro-filtration and RO for low-pressure boiler feed water.

**ULTRA-PURE REVERSE OSMOSIS WATER**—Secondary treated water that has undergone micro-filtration and two passes through RO for high-pressure boiler feed water.

By using recycled water for non-potable uses, customers such as Chevron, bp, ExxonMobil, Home Depot National Training Center (home of the L.A. Galaxy soccer team), Honda, Raytheon, Goodyear, Marriott and numerous cities, school districts and golf courses are conserving billions of gallons of drinking water for the region every year.

In addition to providing recycled water for commercial and industrial uses, high-quality recycled water produced by West Basin is blended with potable water and injected into the South Bay’s groundwater basin to prevent seawater intrusion into our local aquifers. The seawater barrier is a series of injection wells positioned like a dam between the ocean and the groundwater aquifer. These wells inject water along the barrier to ensure that the water level near the ocean stays high enough to keep the seawater from seeping into the aquifer. There are two seawater barriers that receive West Basin’s recycled water: the Dominguez Gap Barrier and the West Coast Basin Seawater Barrier. The Dominguez Gap Barrier is planned to receive approximately 50% each of recycled water and potable water. Currently, 75% of the West Coast Basin water is high-quality recycled water, mixed with 25% potable water. In April 2009, West Basin and the Water Replenishment District of Southern California signed an agreement to increase the amount of water supplied to the barrier to 100% within the next two years. This recent agreement will eventually save 5.5 billion gallons of drinking water a year.

**Recycled Water AF vs. No. of Sites June 30, 2009**



## Water Quality

Since 1989, West Basin has administered a groundwater quality testing program for the retail water agencies within its service area. The program assists local retail water agencies in complying with state and federal drinking water regulations at the wellhead. West Basin also ensures compliance with water quality requirements for the ECLWRF and ocean-water desalination pilot project. Each year, about 25,000 water quality tests are conducted at the ECLWRF. More than 500 water quality tests have been conducted each month for the past six years at our ocean-water desalination pilot project in El Segundo.

## WHAT THE FUTURE HOLDS

As the population continues to increase within West Basin's service area, we continue to expand our programs to meet increasing water needs and to decrease our reliance on imported water. Meeting West Basin's long-term water supply objectives lies in managing demand through conservation and continuing to grow our local supply sources through ocean-water desalination and water recycling.

*Ocean-Water Desalination* In May 2002, West Basin initiated piloting efforts to desalinate ocean-water and evaluate its viability as a future water supply source for the region. Supported by various institutions and other interested parties including water agencies and agricultural associations, West Basin began a \$1.5 million desalination research pilot project in El Segundo. After five years of data collection and studies, West Basin has identified optimal operating parameters for ocean-water

## RELIABILITY MILESTONES

**1991** - West Basin and the City of L.A. agree to deliver treated sewer water from L.A.'s Hyperion plant to West Basin Water Recycling Facility in El Segundo to further treat and deliver for commercial, municipal and industrial uses.

**1993** - West Basin begin treatment of brackish water from a saline plume trapped in the West Coast Groundwater Basin.

**1994** - Hyperion Pump Station is built to pump water to the facility.

**1995** - Water Recycling Facility is complete and delivers water to its first customer.

**1997** - Phase II of Water Recycling Facility is complete, expanding production capacity of tertiary water and barrier water.

**1999** - West Basin constructs Juanita Millender-McDonald Regional Water Recycling Facility in Carson, the nation's first on-site, ultra-purification treatment plant.

**2000** - Phase III of the Water Recycling Facility expands capacity of micro-filtration and reverse osmosis treatments.

**2001** - Construction complete on the first lateral – the Harbor/South Bay Water Recycling Project, designed to conserve more than 16 billion gallons of potable water.

**2004** - Construction begins on Phase IV Expansion of the Water Recycling Facility.

**2005** - West Basin celebrates 10<sup>th</sup> Water Recycling Facility Anniversary.

**2007** - Construction complete on Phase IV Expansion, increasing production by 15 million gallons per day.

Board of Directors renames the facility the Edward C. Little Water Recycling Facility after Director Little's 5-term commitment and contribution to water reliability.

Phase V Expansion Planning begins to increase capacity by 5 million gallons per day.

**2008** - West Basin Board certifies Environmental Impact Report (EIR) for temporary ocean-water desalination demonstration facility in Redondo Beach.

**2009** - California Coastal Commission and Regional Water Quality Control Board approve West Basin ocean-water desalination demonstration facility permits, allowing construction to proceed at SEALab in Redondo Beach.

West Basin completes Capital Implementation Master Plan for Recycled Water.

West Basin and Water Replenishment District sign agreement to serve 100% recycled water to the West Coast Barrier.

desalination and is expanding desalination efforts into a demonstration-scale facility to test full-scale equipment at the SEA Lab facility in Redondo Beach.

In August 2006, West Basin awarded a planning and design contract to construct a temporary ocean-water desalination demonstration facility that will process 550,000 gallons of seawater per day. This Project will develop a basis of design for full-scale operations, evaluate performance of alternative energy practices and technology, analyze water quality, and evaluate integration with local potable water systems. In spring 2009, the California Coastal Commission overwhelmingly approved West Basin's plan to proceed with a demonstration-scale facility to further its research and testing efforts on environmentally-friendly intake technologies and energy recapture. The Project will test the viability of a future, full-scale desalination plant capable of providing 6.5 billion gallons of potable water, enough to supply 40,000 families for a year.

### *Water Recycling Projects*

A significant aspect of West Basin's Water Recycling Program is the development of the Harbor/South Bay Water Recycling Project, a partnership between West Basin and the U.S. Army Corps of Engineers that includes more than 16 projects with nearly 60 miles of pipeline. To meet the increased demand on the system brought on by the construction of the Harbor/South Bay Water Recycling Project and the 75% Seawater Barrier Project, West Basin recently completed the \$54 million Phase IV Expansion Project at the ECLWRF. The Phase V Expansion Project is in the planning and design phase. Phase V includes expansion to Chevron as well as expansion at ECLWRF and the Carson facility to increase high-quality recycled water production for the Seawater Barriers.

Overall, the Harbor/South Bay Water Recycling Project is scheduled for completion in 2012 and is expected to conserve more than 3.2 billion gallons of potable water annually. In 2009, West Basin received \$5.2 million in federal stimulus funding and \$2.9 million in federal appropriations to continue expanding the Harbor/South Bay recycled water project.

The Capital Improvement Program (CIP) updates the hydraulic system model, evaluates recycled water service opportunities, identifies potential required capital facilities to meet West Basin's objectives, and develops implementation schedules, costs, and priorities. The CIP is created in anticipation of the long range financial plan.

To assist in long-term implementation of West Basin's capital facilities, an updated Capital Implementation Master Plan (CIMP) has been developed to address the recycled water supply objectives and provide a roadmap for future capital facilities by prioritizing the capital improvement projects needed to expand and maintain West Basin's recycled water system to grow from roughly 30,000 AFY to 70,000 AFY by 2020.

## **FINANCIAL INFORMATION**

### *Accounting System*

As required by Generally Accepted Accounting Principles for enterprise funds, accounts are maintained and financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recognized

when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. West Basin's Finance Department is responsible for the overall accounting, finance and administrative functions, which include cash management, treasury and debt management, accumulation and processing of accounting information, financial reporting and contracts administration.

### Internal Controls

West Basin's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management uses cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls.

### Cash Management

Management follows the guidelines outlined in the Board-approved investment policy in its custody and effective management of West Basin's funds. The investment of West Basin's monies is annually delegated by the Board of Directors to an appointed Treasurer (a board member) and Deputy Treasurer (staff) who thereafter assume responsibility for the transactions until the delegation is revoked or expires.

Investment of bond proceeds is subject to the conditions and restrictions of bond documents and is not governed by the District's investment policy.

### Budget Process and Controls

West Basin is not legally required to adopt a budget. However, the District has implemented the annual budget as a management tool. The budget cycle starts with the development of the proposed budget, conducting budget workshops and adoption of rates and charges and concludes with the adoption of the final budget. Developing the budget requires involvement from all departments from labor allocations to development of project budgets. Comparisons to projected and actual costs are made to ensure that all appropriate costs are included.

Budget requests are evaluated at several levels to ensure debt coverage is attained, and the inclusion of program costs are deemed necessary to accomplish the goals and objectives set by the General Manager and the Board of Directors. The Board of Directors generally approves the operating budget of the District for the following fiscal year (July 1 to June 30) in May of each year.

West Basin's departments review monthly budget-to-actual comparisons to identify material fluctuations or unusual items. The budget-to-actual analysis is presented to the Board of Directors on a quarterly basis where significant variances are explained.

The budget is amended when expenditures are anticipated to significantly exceed estimates. Budget amendments can also occur for expenditures seen as appropriate charges but were not anticipated in the budget process. Any amendments adding to the original budget are brought forward to the Board of Directors in staff reports. The staff reports describe why, how much and which program budget requires an amendment to the original budget. These approvals are discussed at Board meetings and require a majority vote of the Board of Directors to be incorporated.

## Credit Rating and Debt Coverage

The latest credit rating from Moody's and Standards & Poor's is Aa3 and AA-, respectively. In order to maintain these ratings, West Basin has internally set budgeted debt coverage goals, updated financial policies and updated rates as appropriate. These efforts provide strong ratings and allow West Basin to obtain low-cost financing for its capital projects. Please refer to the Statistical Section for the 10-year historical information on West Basin's debt coverage. In fiscal year 2005-2006, the subordinate debt coverage was not achieved due to lower-than-budgeted barrier sales due to poor water quality and County operational issues and also higher than anticipated legal expenses. West Basin has budgeted to exceed required debt coverage on both parity and subordinate debt in the following fiscal years.

To maintain its financial strength, West Basin has been working this past year to develop a Long Range Financial Plan (LRFP). This LRFP will incorporate the revenue and expense assumptions used in a dynamic financial model to address anticipated operating and capital expenditures. The capital recycled water expenditures are based on the CIMP and updated estimates for the Ocean Desalination facility. In addition, the model provides the basis for certain criteria to be incorporated into financial policy development, such as debt management, swap and designated fund levels.

West Basin continues to monitor its assumptions to actual to ensure it remains a financially healthy organization.

## Source of Revenue

West Basin primarily receives its source of revenue from imported and recycled water sales. Imported water sales totaled \$82.6 million for the fiscal year ending June 30, 2009, while recycled water sales amounted to \$23.6 million for the same period. More detailed information regarding West Basin's revenues is presented in the statistical section –Table 2: Changes in Net Assets (Last Ten Fiscal Years) and Table 3: Operating Revenues by Source (Last Ten Fiscal Years).

## Water Rates

The District establishes rates and charges annually through a resolution by the Board of Directors. Starting in fiscal year ended June 30, 2003, the District implemented a new potable pricing structure that incorporates MWD's new rates. The statistical section provides more detailed information about the rates under Table 11: Average Water Rates per Acre-Foot (Last Ten Fiscal Years) and Table 12: Imported Water Rates.

## Designated Funds

West Basin categorizes its funds into either unrestricted or restricted. Unrestricted funds consist of designated funds that can be used for any lawful purpose at the discretion of the Board of Directors. The monies held within designated funds can be shifted or re-allocated at any time at the Board of Directors' direction. At this time, West Basin has identified the following designated funds: Operating Fund, PayGo Fund, Rate Stabilization Fund, Facility Replacement Fund that includes Capital Asset Replacement, Emergency Repairs and System Enhancements, Swap Termination Fund and Bond Defeasance Fund.

Restricted funds consist of funds with external restrictions imposed by creditors, grantors, contributors, or by laws or regulations of government and can only be used for a designated

purpose. Currently, West Basin's only restricted funds are the Bond Reserve Funds.

### Risk Management

West Basin maintains general, automobile, property, fidelity and public officials' liability coverage through the Association of California Water Agency Joint Powers Insurance Authority (ACWA/JPIA), a non-capitalized risk sharing pool. Detailed information on the District's insurance coverage is presented in the notes to the financial statements.

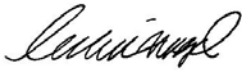
### District Staff Services

West Basin employs 33 persons, of whom 21 work in the operations, planning, communications and engineering departments and 12 work in accounting or administration.

### ACKNOWLEDGEMENTS

We would like to thank the members of the Board of Directors for their continued support in the completion of this document and the implementation of projects throughout the year. We would also like to thank members of the finance staff who contributed to this report.

Respectfully,



Richard Nagel  
General Manager



Margaret Moggia  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**West Basin  
Municipal Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



A handwritten signature in black ink, appearing to read "M. L. Post".

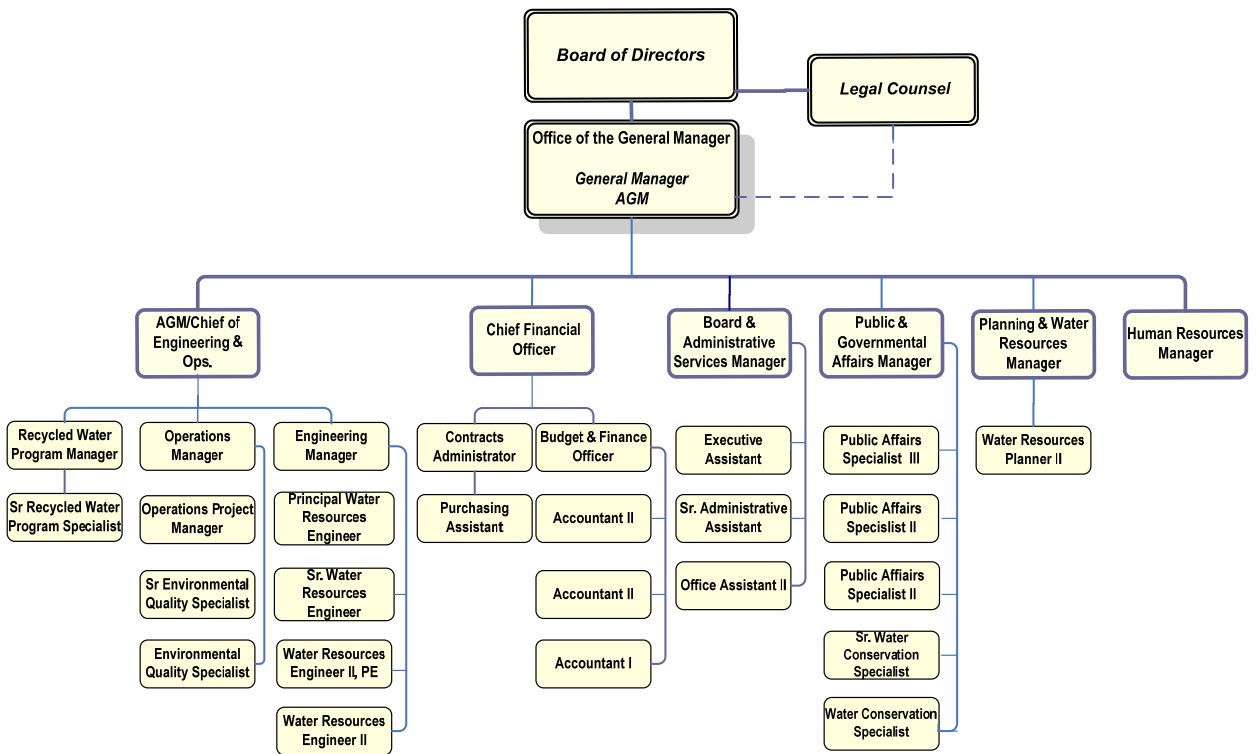
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

# WEST BASIN MUNICIPAL WATER DISTRICT

June 2009





# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

Introductory Section



Financial Section



Statistical Section



**Mayer Hoffman McCann P.C.**

An Independent CPA Firm

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Board of Directors

**WEST BASIN MUNICIPAL WATER DISTRICT**

Independent Auditors' Report

We have audited the accompanying basic financial statements of the West Basin Municipal Water District ("District"), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the West Basin Municipal Water District for the year ended June 30, 2008 and, in our report dated November 3, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 the District as of June 30, 2009, and the changes in financial position and cash flows, of the West Basin Municipal Water District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Board of Directors  
West Basin Municipal Water District  
Page Two

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayor Hoffman - Melara P.L.*

Irvine, California  
November 9, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the District's financial statements and related notes, which follow this section.

### FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences they provide. The District's financial statements include four components: Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; Statement of Cash Flows; and Notes to the Financial Statements.

The Statement of Net Assets includes all the District's assets and liabilities with the difference between the two reported as net assets. Net assets may be displayed in the following categories: Invested in Capital Assets, Net of Related Debt, restricted and Unrestricted Net Assets. The statement of net asset provides the basis for computing rate of return, evaluating capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses and Changes in Net Assets present information that shows how the District's net assets changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The Statement of Revenues, Expenses and Changes in Net Assets measure the success of the District's operations over the past year and determine whether the District has recovered its costs through user fees and other charges.

The Statement of Cash Flows provides information regarding the District's cash receipts and cash disbursements identified into the following four categories: Operations, Noncapital financing, Capital and relating Financing and Investing activities. This statement differs from the Statement of Revenues and Expenses and Changes in Net Assets because this statement accounts only for transactions that result in actual cash receipts and cash disbursements.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements as well as a description of the accounting policies used to prepare the financial statements. It also presents material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

### FINANCIAL HIGHLIGHTS

During the years ended June 30, 2009 the District's total net assets decreased \$387,556. The District had approximately \$1.6 million in additional operating revenues for fiscal year 2008-2009 when compared with the prior year. The operating expenses increased due to high expenses in recycling operations, increased conservation efforts (as shown under Communications) and increased depreciation expense. Total non-operating expenses were

also higher as the interest expense increased from \$9,808,464 last year to \$13,848,301 in fiscal year ended June 30, 2009.

The District continues to receive contributions for its recycling operations from Chevron, Mobil, Army Corp of Engineers and other governmental agencies; the total capital contribution for the year was \$12,644,386.

More information on the financial statements variances is covered in the next section.

## FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS

### STATEMENT OF NET ASSETS

An analysis of the Statement of Net Assets shows overall Net Assets decreased by approximately \$388,000. This change reflects a reduction of \$9.5 million in Unrestricted Net Assets, but an increase of \$12.2 million in Invested in Capital Assets (net of related debt). During the year, the District used a portion of its unrestricted funds to expand its capital facilities. This is evident with the decrease in current assets and an increase in capital assets prior to the increase in accumulated depreciation. Also, non-current liabilities are lower due to the payment of current principal on its long-term debt.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>ASSETS</b>		
Current Assets	\$101,875,636	\$112,625,426
Noncurrent Assets		
Capital Assets, Net	408,733,736	404,862,733
Other Noncurrent Assets	<u>2,909,092</u>	<u>3,044,616</u>
Total Assets	\$513,518,464	\$520,532,775
<b>LIABILITIES</b>		
Current Liabilities	33,540,728	31,821,467
Long Term Liabilities	<u>277,396,912</u>	<u>285,742,928</u>
Total Liabilities	\$310,937,640	\$317,564,395
<b>NET ASSETS</b>		
Invested in capital assets, Net of Related Debt	135,653,209	123,492,503
Unrestricted	<u>66,927,615</u>	<u>76,431,261</u>
Total Net Assets	\$202,580,824	\$202,968,380

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The District's Net Assets at June 30, 2009 totaled \$202,580,824 compared with \$202,968,380 in the prior year. While Total Revenues had a small increase over the prior year, the large variances come from the increase in Total Expenses. While each line item of the Operating Expenses had variances from the prior year, the two most significant increases resulted from Depreciation and Amortization and Interest expense. Depreciation and Amortization expense increased approximately \$2.9 million due to the completion of Phase IV last fiscal year. Interest expense increased as a result of refunding a large portion of the District's Auction Rate

Securities (ARS) to fixed rate debt in May 2008 to address the market variability of the ARS, resulting in a larger debt service payment.

The capital contributions varied from last year based on non-cash contributions from the U.S. Army Corp of Engineers. These contributions are recognized as the projects are completed and become capital assets to the District.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>OPERATING REVENUES</b>		
Water	\$ 82,568,807	\$ 82,403,541
Water recycling revenue	23,599,078	22,890,482
Desalting revenue	566,188	352,338
Conservation & monitoring	969,618	426,032
Total Operating Revenues	<u>\$ 107,703,691</u>	<u>\$106,072,393</u>
<b>NON-OPERATING REVENUES</b>		
Standby Charges	9,701,131	9,365,443
Interest Earned	3,092,797	3,581,251
Miscellaneous Income	161,229	138,188
Grant Income	81,768	9,200
Rental Income, net of expenses	-	(8,210)
Total Non-operating Revenues	<u>\$13,036,925</u>	<u>\$13,085,872</u>
Total Revenues	\$120,740,616	\$119,158,265
<b>OPERATING EXPENSES</b>		
Source of Supply	76,152,515	75,469,645
Water recycling costs	21,528,411	20,708,700
Depreciation and amortization	16,190,444	13,323,613
Communication and monitoring	4,476,140	3,123,285
Water resource planning	1,096,015	2,195,286
Desalting operations	480,732	440,139
Total Operating Expenses	119,924,257	115,260,668
<b>NON-OPERATING EXPENSES</b>		
Interest expense	13,848,301	9,808,464
Total Non-Operating Expenses	13,848,301	9,808,464
Total Expenses	\$ <u>133,772,558</u>	\$ <u>125,069,132</u>
Income (Loss) before		
Capital Contributions	(13,031,942)	(5,910,867)
Capital Contributions	12,644,386	11,594,224
Changes in Nets Assets	(387,556)	5,683,357
Net Assets, Beginning of Year	<u>202,968,380</u>	<u>197,285,023</u>
Net Assets at End of Year	<u>\$202,580,824</u>	<u>\$202,968,380</u>

## CAPITAL ASSETS

At June 30, 2009, The District invested \$515,957,073 in capital assets including land, discharge capacity rights, water facilities, buildings and improvements, furniture, fixtures and equipment and construction in progress. This amount represents an increase of \$18,732,506 over prior year. For more information regarding the District's capital assets, please refer to Note 4 of the Notes to Financial Statements. The following is a summary of capital assets:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Land	\$ 25,211,646	\$ 25,211,646
Discharge Capacity	335,000	-
Water Facilities	454,104,857	448,531,959
Building and Improvements	2,343,573	2,343,573
Furniture, Fixtures, and Equipment	1,024,489	1,010,937
Construction in Progress	<u>32,937,508</u>	<u>20,126,452</u>
Total Capital Assets	<u>\$515,957,073</u>	<u>\$497,224,567</u>

The details of the changes to the District's Capital Assets for the past two years are shown below:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Land	-	\$1,670,568
Discharge Capacity Rights	335,000	-
Water Facilities	5,572,898	85,957,222
Building and Improvements	-	2,343,573
Furniture, Fixtures, and Equipment	13,552	54,029
Construction in Progress	<u>17,746,931</u>	<u>15,281,088</u>
Total	23,668,381	105,306,480
Less: Capital assets completed through Construction in Progress	<u>(4,935,875)</u>	<u>(84,892,269)</u>
Total Additions	\$18,732,506	\$20,414,211

In fiscal year 2009, the District paid County of Sanitation Districts \$335,000 for a discharge capacity right. It was classified as a non-depreciable capital asset. Also, several service laterals and a plant optimization project totaling approximately \$4.9 million were completed and capitalized in fiscal year 2009.

A significant portion of the current year's construction in progress is attributable to the District continued efforts in Ocean Desalination. In addition, West Basin invested in a Capital Implementation Master Plan, a Financial Management System, a Distributed Control System and other reliability projects.

## LONG-TERM DEBT

At June 30, 2009, the District had \$295,435,757 in long-term debt including the State of

California loan and certificates of participation. The amount represents a \$9,483,104 decrease from prior year. The decrease is a result of the payment of the current portion of long-term debt. For more information regarding the District's long-term debt, please refer to Note 5 of the Notes to Financial Statements. The following is a summary for the years:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
State of California loan	\$ 2,035,757	\$ 2,318,861
Certificates of Participation	<u>293,400,000</u>	<u>302,600,000</u>
Total Long-Term Debt	<u>\$295,435,757</u>	<u>\$304,918,861</u>

In fiscal year 2008, West Basin also had a \$241,702 OPEB liability.

#### ECONOMIC FACTORS AND BUDGET

In June 2009, the Board of Directors has approved the budget for the fiscal year 2009-2010. The budgeted operating expenses total \$150,600,000. This amount is comprised of \$88,500,000 for source of supply, \$24,200,000 for debt service, \$22,600,000 for water recycling operation and the remaining costs for other programs.

The Board of Directors has approved increases in imported water rates effective on September 1, 2009 and January 1, 2010 that are based on a formula applied to a base allocation established by the Metropolitan Water District of Southern California that could generate sales from \$699 to \$956 per acre-foot. The District increased its reliability service charge on imported water to \$51 per acre-foot. Recycled water rates increased \$162 to \$241 (depending on the type of recycled water) per acre-foot effective on July 1, 2009. In addition, the Board of Directors has approved to impose the standby charge at rates similar to prior year.

The District has an agreement to partner with the U.S. Army Corps of Engineers to construct the Harbor-South Bay water-recycling project. The Army Corps will manage the project and provide 75% funding. The District will have oversight and contribute the remaining 25% funding. To date, the District has contributed approximately \$7,800,000 to these projects and has recognized approximately \$23,500,000 of non-cash contributions.

The District has approved a capital budget of approximately \$21,200,000 for the expansion of its facilities, and other miscellaneous capital projects for fiscal year 2009-2010. Approximately \$5,500,000 is identified for customer and District funded projects that will be debt financed. When the District is successful in obtaining signed agreements with customers to deliver recycled water, the District will obtain bond financing for those expansions. Funding for the balance of \$15,700,000 will be handled through PAYGO and represent reliability projects and replacement and refurbishment projects.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's financial position and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Margaret Moggia, Chief Financial Officer at West Basin Municipal Water District.



**WEST BASIN MUNICIPAL WATER DISTRICT**

**STATEMENT OF NET ASSETS**

June 30, 2009

(With comparative totals for June 30, 2008)

**ASSETS**

	2009	2008
<b>CURRENT ASSETS</b>		
Unrestricted assets:		
Cash and cash equivalents (note 2)	\$ 21,382,695	\$ 43,254,022
Investments (note 2)	41,966,007	30,762,230
Accounts receivable	20,903,852	21,100,452
Accrued interest receivable	482,145	650,050
Inventory	501,367	403,261
Prepaid expenses	636,134	619,623
Net OPEB asset	597,154	-
Total unrestricted assets	86,469,354	96,789,638
Restricted assets (note 3):		
Cash and cash equivalents (note 2)	13,925	386,156
Investments (note 2)	13,614,100	13,614,100
Accrued interest receivable	323,330	321,214
Retrofit loans receivable	506,953	439,390
Custodial cash (note 2)	892,974	543,428
Custodial accounts receivable	55,000	531,500
Total restricted assets	15,406,282	15,835,788
<b>TOTAL CURRENT ASSETS</b>	<b>101,875,636</b>	<b>112,625,426</b>
<b>NONCURRENT ASSETS</b>		
Capital assets, net (note 4)	408,733,736	404,862,733
Other noncurrent assets:		
Unamortized bond issuance costs:		
2003 refunding revenue certificates of participation	754,147	789,915
2008 adjustable rate refunding revenue certification of participation	217,000	229,000
2008 refunding revenue certificates of participation	1,937,945	2,025,701
Total other noncurrent assets	2,909,092	3,044,616
<b>TOTAL NONCURRENT ASSETS</b>	<b>411,642,828</b>	<b>407,907,349</b>
<b>TOTAL ASSETS</b>	<b>513,518,464</b>	<b>520,532,775</b>

(Continued)

See accompanying notes to financial statements.

**WEST BASIN MUNICIPAL WATER DISTRICT**

**STATEMENT OF NET ASSETS**

June 30, 2009

(With comparative totals for June 30, 2008)

(Continued)

**LIABILITIES AND NET ASSETS**

	<u>2009</u>	<u>2008</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expense	19,035,643	18,646,892
Accrued interest payable	5,207,355	3,691,471
Current portion of long-term liabilities (note 5)	9,297,730	9,483,104
<b>TOTAL CURRENT LIABILITIES</b>	<u>33,540,728</u>	<u>31,821,467</u>
<b>LONG-TERM LIABILITIES (note 5)</b>		
2003 refunding revenue certificates of participation	128,225,000	134,470,000
2008 adjustable rate refunding revenue certification of participation	37,740,000	39,465,000
2008 refunding revenue certificates of participation	127,435,000	128,665,000
State of California loan payable	2,035,757	2,318,861
Net OPEB obligation (note 7)	-	241,702
Subtotal	295,435,757	305,160,563
Less: Unamortized bond premiums (discounts)	4,487,883	4,695,467
Deferred amount on refunding	(13,228,998)	(14,629,998)
Total	286,694,642	295,226,032
Less current portion above	(9,297,730)	(9,483,104)
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>277,396,912</u>	<u>285,742,928</u>
<b>TOTAL LIABILITIES</b>	<u>310,937,640</u>	<u>317,564,395</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	135,653,209	123,492,503
Unrestricted	66,927,615	79,475,877
<b>TOTAL NET ASSETS</b>	<u>\$ 202,580,824</u>	<u>\$ 202,968,380</u>

See accompanying notes to financial statements.

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	2009	2008
<b>OPERATING REVENUES:</b>		
Water	\$ 82,568,807	\$ 82,403,541
Water recycling revenue	23,599,078	22,890,482
Water conservation and monitoring	969,618	426,032
Desalting revenue	566,188	352,338
TOTAL OPERATING REVENUES	107,703,691	106,072,393
<b>OPERATING EXPENSES:</b>		
Sources of supply	76,152,515	75,469,645
Water recycling costs	21,528,411	20,708,700
Depreciation and amortization	16,190,444	13,323,613
Communications and monitoring	4,476,140	3,123,285
Water resource planning	1,096,015	2,195,286
Desalting operations	480,732	440,139
TOTAL OPERATING EXPENSES	119,924,257	115,260,668
OPERATING INCOME (LOSS)	(12,220,566)	(9,188,275)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Standby charges	9,701,131	9,365,443
Investment income	3,092,797	3,581,251
Miscellaneous income	161,229	138,188
Grant income	81,768	9,200
Rental income, net of expenses	-	(8,210)
Interest expense	(13,848,301)	(9,808,464)
TOTAL NONOPERATING REVENUES (EXPENSES)	(811,376)	3,277,408
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	(13,031,942)	(5,910,867)
<b>CAPITAL CONTRIBUTIONS</b>	12,644,386	11,594,224
CHANGE IN NET ASSETS	(387,556)	5,683,357
<b>NET ASSETS - BEGINNING OF YEAR</b>	202,968,380	197,285,023
<b>NET ASSETS - END OF YEAR</b>	\$ 202,580,824	\$ 202,968,380

See accompanying notes to financial statements.

**WEST BASIN MUNICIPAL WATER DISTRICT**

**STATEMENT OF CASH FLOWS**

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 108,358,964	\$ 104,659,207
Cash paid to suppliers of goods and services	(99,144,475)	(96,071,056)
Cash paid to employees for services	<u>(4,787,686)</u>	<u>(3,146,488)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>4,426,803</u>	<u>5,441,663</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Distributions from financing authority	-	186,498
Cash received for standby charges	<u>9,880,187</u>	<u>9,182,662</u>
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>9,880,187</u>	<u>9,369,160</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on long-term liabilities	(9,483,104)	(11,806,702)
Acquisition and construction of capital assets	(14,088,932)	(17,129,053)
Interest paid on long-term liabilities	(12,766,354)	(9,373,541)
Cash equivalents (fiscal agent) used in refunding	-	(393,626)
Grants received	81,768	9,200
Capital contributions received	<u>8,000,812</u>	<u>8,339,036</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(28,255,810)</u>	<u>(30,354,686)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	22,594,505	53,553,420
Purchase of investments	(33,419,973)	(33,561,187)
Interest received	<u>2,880,276</u>	<u>2,766,695</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(7,945,192)</u>	<u>22,758,928</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,894,012)	7,215,065
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>44,183,606</u>	<u>36,968,541</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,289,594</u>	<u>\$ 44,183,606</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON THE STATEMENT OF NET ASSETS:</b>		
Cash and cash equivalents	\$ 21,382,695	\$ 43,254,022
Restricted cash and cash equivalents	13,925	386,156
Restricted custodial cash	<u>892,974</u>	<u>543,428</u>
Cash and cash equivalents at end of year	<u>\$ 22,289,594</u>	<u>\$ 44,183,606</u>

(Continued)

See accompanying notes to financial statements.

**WEST BASIN MUNICIPAL WATER DISTRICT**

**STATEMENT OF CASH FLOWS**

Year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

(Continued)

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (12,220,566)	\$ (9,188,275)
Depreciation and amortization	16,190,444	13,323,613
Nonoperating miscellaneous revenue	161,229	138,188
Nonoperating rental income, net of expenses	-	(8,210)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	17,544	(1,011,664)
(Increase) decrease in inventory	(98,106)	(39,475)
(Increase) decrease in prepaid expense	(16,511)	(103,811)
(Increase) decrease in net OPEB asset	(597,154)	-
(Increase) decrease in retrofit loans receivable	(67,563)	20,700
(Increase) decrease in custodial accounts receivable	476,500	(531,500)
Increase (decrease) in OPEB liability	(241,702)	241,702
Increase (decrease) in accounts payable	<u>822,688</u>	<u>2,600,395</u>
 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	 <u>\$ 4,426,803</u>	 <u>\$ 5,441,663</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital contributions for Harbor South Bay Water Recycling Project from U.S. Army Corp of Engineers	<u>\$ 4,643,574</u>	<u>\$ 3,255,188</u>
Unrealized gain (loss) from investments	<u>\$ 378,310</u>	<u>\$ 766,348</u>
Refunding of debt	<u>\$ -</u>	<u>\$ 187,430,000</u>

See accompanying notes to financial statements.

## WEST BASIN MUNICIPAL WATER DISTRICT

### NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2009

(1) **Summary of significant accounting policies**

**Organization and description of the district** - The West Basin Municipal Water District (District) was incorporated on December 17, 1947, under the provisions of the Municipal Water District Act of 1911, as amended, (now cited as "The Municipal Water District Law of 1911" Division 20, California Water Code) as a result of an election held December 17, 1947. The District Board of Directors sets water rates annually by each May for the following fiscal year (July 1 to June 30).

The mission of the District is to provide a safe and reliable supply of high quality water to the communities we serve. In accomplishing this mission, the District shall provide adequate information and education on water issues to the public, be instrumental in guarding the integrity, safety and security of the West Coast Basin, and maintain close cooperation with the other agencies served.

The District's customers consist of 9 agencies, private and public, within its boundaries. The District's supplier of imported water is the Metropolitan Water District of Southern California. Imported water comprises approximately 78% of the District's source of supply.

**Basis of accounting** - The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, revenues and expenses are recognized on an accrual basis of accounting. The District's books and records include the general fund, investment in utility plant fund, bond interest, reserve fund, and a financing corporation (corporation). These funds have been combined in the accompanying statements of net assets, statement of revenues, expenses and changes in net assets and cash flows.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

The District has not elected to apply the option in Paragraph 7 of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Activities" and as a consequence will continue to apply GASB statements and interpretations.

**Estimates** - The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (Continued)**

**Inventory** - Inventory consists primarily of chemicals, materials, and spare parts used at the treatment plant and are valued at the lower of cost or market using the first-in, first-out (FIFO) method.

**Investments** - Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**Capital assets** - Capital assets are classified into two major criteria of the business:

- Capital assets are used to support General Administration have to meet two (2) conditions:

- 1) Each individual item has a cost of \$3,000 or more or a group of same type assets has a cost of \$5,000 or more
- 2) Useful life of at least three years

- Capital assets are used to support Infrastructure and Other Construction Projects have to meet two (2) conditions:

- 1) Each individual item or component unit has a cost of \$10,000 or more
- 2) Useful life of at least three years

All purchased or constructed capital assets are reported at historical cost. Contributed assets are reported at fair market value on the date received. Replacements, repairs or refurbishments and other capital outlays that significantly extend the useful life of an asset by at least three years and the cost of the individual project is \$10,000 or more are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Useful Life</u>
Water facilities	5 - 75 year
Buildings and improvements	7 - 40 year
Furniture, fixtures and equipment	3 - 10 year

Depreciation aggregated \$14,861,503 for the year ended June 30, 2009.

**Amortization** - Bond issuance costs, bond discounts, bond premiums and the deferred amount on refunding are being amortized on the straight line method over periods not to exceed debt maturities. Amortization expense aggregated \$1,328,941 for the year ended June 30, 2009.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (Continued)**

**Classification of liabilities** - Certain liabilities which are currently payable have been classified as restricted because they will be funded from restricted assets.

**Capital contributions** - Capital contributions for the fiscal year ended June 30, 2009 are as follows:

Recycling Operations	\$ 7,423,279
U.S. Army Corps of Engineers	4,643,574
Other	<u>577,533</u>
Total	<u>\$ 12,644,386</u>

**Recycling operations** -The District receives fixed payments from major recycled water customers, which are intended to cover the cost of recycled water facilities that were exclusively constructed for them. The existing contracts for fixed payments will expire beginning in 2015 with the last one in 2025.

**Army Corps of Engineers** - 75% of the construction costs related to the Harbor - South Bay Water Recycling Project are being paid by the U.S. Army Corps of Engineers.

**Risk management** - The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("Insurance Authority"). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. 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.

At June 30, 2009 the District participated in the self-insurance programs of the Insurance Authority as follows:

**Property loss** - The Insurance Authority has pooled self-insurance up to \$50,000 per occurrence and has purchased excess insurance coverage up to \$100,000,000 (total insurable value of \$190,252,806). The District has a \$25,000 deductible for buildings, personal property and fixed equipment and a \$1,000 deductible on mobile equipment.

**General liability** - The Insurance Authority has pooled self-insurance up to \$1,000,000 per occurrence and has purchased excess insurance coverage up to \$60,000,000.

**Auto liability** - The Insurance Authority has pooled self-insurance up to \$1,000,000 per occurrence and has purchased excess insurance coverage up to \$60,000,000.

**Public officials' liability** - The Insurance Authority has pooled self-insurance up to \$1,000,000 and has purchased excess insurance coverage up to \$60,000,000.



**WEST BASIN MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (Continued)**

**Fidelity bond** - The Insurance Authority has pooled self-insurance up to \$100,000. The District has a \$1,000 deductible.

At June 30, 2009 the District also had insurance coverage for crime up to \$3,000,000, with a \$100,000 deductible.

**Cash and cash equivalents** - For purposes of the statements of cash flows the District considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Prior year data** - Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. The District has reclassified certain prior year information to conform with current year presentations.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(2) Cash and investments**

Cash and investments held by the District were comprised of the following at June 30, 2009:

	<u>Maturity in Year</u>			<u>Total</u>
	<u>1 Year or Less</u>	<u>1 - 5 Years</u>	<u>More than 5 Years</u>	
Local agency investment fund	\$15,357,166	\$ -	\$ -	\$15,357,166
Money market mutual funds	764,552	-	-	764,552
Deposits with financial institutions	6,167,876	-	-	6,167,876
Investments:				
United States agency securities	20,675,380	11,227,470	-	31,902,850
United States treasury securities	6,075,797	3,987,360	-	10,063,157
Guaranteed investment contracts	-	-	13,614,100	13,614,100
	<u>\$49,040,771</u>	<u>\$15,214,830</u>	<u>\$13,614,100</u>	<u>\$77,869,701</u>

Financial Statement Classification:

Current assets:

Cash and cash equivalents	\$21,382,695
Investments	41,966,007

Restricted assets:

Cash and cash equivalents	13,925
Investments	13,614,100
Custodial cash	<u>892,974</u>

Total Cash and Investments \$77,869,701

The statement of cash flows has been prepared by considering the following deposits and investment instruments to be cash and cash equivalents:

Local agency investment fund	\$15,357,166
Money market mutual funds	764,552
Deposits with financial institutions	<u>6,167,876</u>
Total cash and cash equivalents	<u>\$22,289,594</u>

**Investments authorized by the California government code and the districts investment policy** - The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate 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 provision of the California Government Code or the District's investment policy:

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(2) Cash and investments (Continued)**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. treasury obligations	5 year	None	None
U.S. agency securities	5 year	None	None
Bankers acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Certificates of deposit	5 year	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20% of base value	None
Medium-term notes	5 year	30%	None
Mutual funds	N/A	20%	10%
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 year	20%	None
LAIF	N/A	None	None

The District's investment policy is more restrictive than the California Government Code. The policy restricts the District from investing in repurchase agreements, reverse repurchase agreements, medium term notes, mortgage pass-through securities, and mutual funds. In addition, banker's acceptances are only allowed a maximum of 15% of the portfolio and 15% as the maximum investment in one issuer.

**Investments authorized by debt agreements** - Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Investment in One Issuer</u>
U.S. treasury obligations	None	None	None
U.S. agency securities	None	None	None
Bankers acceptances	180 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Guaranteed investment contracts	30 year	None	None

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(2) Cash 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. In accordance with its' administrative code, 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 over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the previous table that shows the distribution of the District's investments by maturity as of June 30, 2009.

**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. In accordance with its' administrative code, the District only purchases investments that are rated "A" or higher by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type.

<u>Investment</u>	<u>Rating as of Year End Standard &amp; Poor's</u>
U.S. agency securities	AAA
U.S. treasury securities	n/a
LAIF	Not Rated
Held by bond trustee:	
Money market mutual funds	AAA
Guaranteed investment contracts	Not Rated

**Concentration of credit risk** - Concentration of credit is the risk of loss attributed to the magnitude of the District's investment in a single issue.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. agency securities	\$ 13,465,581
Federal Home Loan Mortgage Corp	U.S. agency securities	6,197,620
Federal National Mortgage Association	U.S. agency securities	<u>6,138,750</u>
		<u>\$25,801,951</u>

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**(2) Cash and investments (Continued)**

Cash and investments in the amount of \$12,086,499 and \$1,527,601 (including amounts held by bond trustee) are held in the form of a nonnegotiable guaranteed investment contract issued by FSA Capital Management Services that mature on August 1, 2030 and August 1, 2027, respectively.

**Custodial credit risk** - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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 counter-party (e.g., broker) the District 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.

**Investment in state investment pool** - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by 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.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(3) Restricted assets**

Restricted assets were provided by, and are to be used for, the following at June 30, 2009:

<u>Funding source</u>	<u>Use</u>	
Certificates of Participation and interest earned	Reserve Fund	\$13,951,355
Retrofit Loans receivable	Connect customers to recycled water distribution pipeline	506,953
Custodial receipts	Custodial costs	<u>947,974</u>
		<u>\$15,406,282</u>

The retrofit loans receivable are costs advanced by the District to connect recycled water customers to the distribution pipeline. Written agreements with the customers provide for the District to be reimbursed for these costs with interest at a rate of 7% per annum.

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

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**(4) Capital assets**

The investment in capital assets consists of the following at June 30, 2009:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Capital assets, not being depreciated:				
Land - Recycling facilities	\$ 23,541,078	-	-	\$ 23,541,078
Land – Carson	1,670,568	-	-	1,670,568
Discharge Capacity -				
County sanitation districts	-	335,000	-	335,000
Construction-in-progress	<u>20,126,452</u>	<u>17,746,931</u>	<u>(4,935,875)</u>	<u>32,937,508</u>
Total capital assets, not being depreciated	<u>45,338,098</u>	<u>18,081,931</u>	<u>(4,935,875)</u>	<u>58,484,154</u>
Capital assets, being depreciated:				
Building – Carson	2,343,573	-	-	2,343,573
Recycling facilities	444,835,004	5,570,308	-	450,405,312
Groundwater desalting facility	3,696,955	2,590	-	3,699,545
Machinery and equipment	743,600	8,138	-	751,738
Furniture and fixtures	<u>267,337</u>	<u>5,414</u>	<u>-</u>	<u>272,751</u>
Total capital assets, being depreciated	<u>451,886,469</u>	<u>5,586,450</u>	<u>-</u>	<u>457,472,919</u>
Less accumulated depreciation:				
Building – Carson	(85,931)	(93,743)	-	(179,674)
Recycling facilities	(90,552,205)	(14,529,809)	-	(105,082,014)
Groundwater desalting facility	(1,057,331)	(163,508)	-	(1,220,839)
Machinery and equipment	(499,755)	(40,256)	-	(540,011)
Furniture and fixtures	<u>(166,612)</u>	<u>(34,187)</u>	<u>-</u>	<u>(200,799)</u>
Total accumulated depreciation	<u>(92,361,834)</u>	<u>(14,861,503)</u>	<u>-</u>	<u>(107,223,337)</u>
Total capital assets, being depreciated, net	<u>359,524,635</u>	<u>(9,275,053)</u>	<u>-</u>	<u>350,249,582</u>
Total capital assets, net	<u>\$404,862,733</u>	<u>8,806,878</u>	<u>(4,935,875)</u>	<u>\$408,733,736</u>

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(5) Long-term liabilities**

The following amounts of debt were outstanding June 30, 2009:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>	<u>Current Portion</u>
2003 Refunding Revenue Certificates of Participation	\$134,470,000	-	(6,245,000)	128,225,000	6,395,000
2008 Adjustable Rate Refunding Revenue Certificate of Participation	39,465,000	-	(1,725,000)	37,740,000	1,810,000
2008 Refunding Revenue Certificate of Participation	128,665,000	-	(1,230,000)	127,435,000	800,000
State of California Loan Payable	<u>2,318,861</u>	<u>-</u>	<u>(283,104)</u>	<u>2,035,757</u>	<u>292,730</u>
Subtotal	<u>304,918,861</u>	<u>-</u>	<u>(9,483,104)</u>	<u>295,435,757</u>	<u>9,297,730</u>
 OPEB liability	 <u>241,702</u>	 <u>-</u>	 <u>(241,702)</u>	 <u>-</u>	 <u>-</u>
	305,160,563	-	(9,724,806)	295,435,757	9,297,730
 Unamortized Discount and Premium	 4,695,467	 -	 (207,584)	 4,487,883	
Deferred Amount on Refunding	<u>(14,629,998)</u>	<u>-</u>	<u>1,401,000</u>	<u>(13,228,998)</u>	
Total	<u>\$295,226,032</u>	<u>-</u>	<u>(8,531,390)</u>	<u>286,694,642</u>	

**2003 refunding revenue certificates of participation** - In October 2003, the Corporation issued \$156,085,000 Refunding Revenue Certificates of Participation ("2003 Refunding Revenue Certificates") to assist the District in financing and refinancing certain facilities within the District's recycled water system, to fund a deposit to the reserve fund, to fund capitalized interest, and to pay costs of delivery of the 2003 Refunding Revenue Certificates.

The 2003 Refunding Revenue Certificates have interest rates from 2.0% to 5.25% with maturities through 2030. The amount of bonds outstanding at June 30, 2009 totaled \$128,225,000.

**2008 adjustable rate refunding revenue certificates of participation** - In May 2008, the Corporation issued \$39,465,000 Adjustable Rate Refunding Revenue Certificates of Participation ("2008 Adjustable Rate Refunding Revenue Certificates") to assist the District in refinancing certain facilities of the District previously financed and refinanced from the proceeds of the 2004 and 2007 Adjustable Rate Refunding Revenue Certificates, to fund a reserve fund, and to pay costs of delivery of the 2008 Adjustable Rate Refunding Revenue Certificates.



**WEST BASIN MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**(5) Long-term liabilities (Continued)**

The 2008 Adjustable Rate Revenue Certificates have interest rates that are remarketed on a weekly basis (.48% at June 30, 2009). The amount of bonds outstanding at June 30, 2009 totaled \$37,740,000.

**2008 refunding revenue certificates of participation** - In May 2008, the Corporation issued \$128,665,000 Refunding Revenue Certificates of Participation ("2008 Refunding Revenue Certificates") to assist the District in refinancing certain facilities of the District previously financed and refinanced from the proceeds of the 2003 Adjustable Rate Revenue Certificates, to purchase a reserve fund financial guaranty insurance policy for deposit in the Reserve Fund, and to pay costs of delivery of the 2008 Refunding Revenue Certificates.

The 2008 Refunding Revenue Certificates have interest rates ranging from 3.0% to 5.0% with maturities through 2031. The amount of bonds outstanding at June 30, 2009 totaled \$127,435,000.

**State of California loan payable** - On February 1, 1995 the District entered into a loan contract with the State of California Water Resources Control Board under the Water Reclamation Loan Program for the construction of a pipeline through the District to Torrance, California to deliver reclaimed water to the Mobil Oil refinery. The District may borrow up to \$5,000,000 or the eligible costs of the construction project, whichever is less. As of June 30, 2009 the State of California had disbursed \$5,000,000 to the District under the loan contract.

The loan has an interest rate of 3.40% with maturities through 2015. At June 30, 2009 the balance of the loan payable totaled \$2,035,757.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(5) Long-term liabilities (Continued)**

Debt service requirements of the Certificates of Participation and the State Loan subsequent to June 30, 2009 are as follows:

	<u>Certificates of Participation</u>		<u>State of California Loan Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 9,005,000	13,611,197	292,730	69,216	9,297,730	13,680,413
2011	10,145,000	13,133,231	302,683	59,263	10,447,683	13,192,494
2012	10,760,000	12,884,351	312,974	48,972	11,072,974	12,933,323
2013	12,070,000	12,565,711	323,615	38,331	12,393,615	12,604,042
2014	12,785,000	11,844,405	334,618	27,328	13,119,618	11,871,733
2015	13,360,000	11,322,369	345,995	15,951	13,705,995	11,338,320
2016	14,000,000	10,752,067	123,142	1,411	14,123,142	10,753,478
2017	10,725,000	10,004,898	-	-	10,725,000	10,004,898
2018	10,000,000	9,585,591	-	-	10,000,000	9,585,591
2019	10,425,000	9,196,318	-	-	10,425,000	9,196,318
2020	10,890,000	8,663,269	-	-	10,890,000	8,663,269
2021	11,350,000	8,270,317	-	-	11,350,000	8,270,317
2022	11,835,000	7,720,967	-	-	11,835,000	7,720,967
2023	12,560,000	7,191,448	-	-	12,560,000	7,191,448
2024	13,455,000	6,580,424	-	-	13,455,000	6,580,424
2025	14,085,000	5,926,086	-	-	14,085,000	5,926,086
2026	14,775,000	5,240,409	-	-	14,775,000	5,240,409
2027	15,520,000	4,524,747	-	-	15,520,000	4,524,747
2028	16,195,000	3,759,592	-	-	16,195,000	3,759,592
2029	15,520,000	2,968,775	-	-	15,520,000	2,968,775
2030	16,295,000	2,197,000	-	-	16,295,000	2,197,000
2031	17,110,000	1,382,250	-	-	17,110,000	1,382,250
2032	<u>10,535,000</u>	<u>526,750</u>	<u>-</u>	<u>-</u>	<u>10,535,000</u>	<u>526,750</u>
	<u>\$293,400,000</u>	<u>179,852,172</u>	<u>2,035,757</u>	<u>260,472</u>	<u>295,435,757</u>	<u>180,112,644</u>

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(6) Defined benefit pension plan**

**PERS:**

The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

**Contributions** - Participants are required to contribute 8% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

For each of the fiscal years shown below, the District has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The District's covered payroll for PERS was \$3,490,056 for the year ended June 30, 2009, while the District's total payroll for all employees was \$3,490,056 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

*Three-Year Trend Information*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>
6/30/07	12.788%	550,803	100%
6/30/08	12.941%	648,457	100%
6/30/09	13.171%	769,042	100%

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(6) Defined benefit pension plan (Continued)**

**PARS:**

On July 1, 2002, West Basin Municipal Water District and the Central Basin Municipal Water established a shared Public Agency Retirement System (PARS) Retirement Enhancement Plan for their Board of Directors. Subsequently on June 30, 2006, West Basin Municipal Water District attained its own separate PARS retirement plan (Plan), and a portion of the assets from the 2002 shared plan were allocated to the Plan. The Plan is a defined benefit, single-employer retirement plan, and is administered for the District through a third party administrator, PARS. The Plan provides for a pension retirement benefit to full time Directors who retire from the District after July 1, 2002, who are at least age 50 with 5 or more years of continuous service, and who have not been a CalPERS member prior to January 1, 2003. The Plan also provides for a supplemental retirement benefit to full time Directors who retire from the District after July 1, 2002, who have assumed office on or after January 1, 1995, who are at least age 55 with 12 or more years of continuous service, and who are not eligible for another District retiree benefit.

The Pension benefit is the 3% at 60 benefit. For retirement at age 50, the benefit is 2.0% of Final Pay multiplied by years of service. For each year older a participant is at retirement, the multiplier increases by 0.1% until it reaches 3.0% for retirement at ages 60 and older. This benefit is increased by a 2% annual Cost of Living Adjustment (COLA) after retirement. The Supplemental benefit is a \$5,000 annual benefit, which is increased by the all-urban CPI (U.S. city average). Employees do not contribute to either benefit.

The District's funding policy is to make the contribution as determined by the Plan's actuary, expressed as a percentage of total Director payroll. The following information describes the calculation methodology:

- The Plan's annual required contribution (ARC) for the fiscal year ending June 30, 2009 is based on valuation as of June 30, 2008. The APC for this period equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the District's annual required contribution as the sum of (a) normal cost, and (b) amortization of the unfunded actuarial accrued liability. For the fiscal year ending June 30, 2009, the District's annual required contribution is \$89,000, or 58.4% of the projected total Director payroll.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(6) Defined benefit pension plan (Continued)**

- For previous years, the Plan's annual required contribution was based on the June 30, 2006 actuarial valuation, which determined that the District's ARC was 67.7% of total Director payroll. The District confirmed they contributed 67.7% of payroll for 2006/07 and 2007/08. Therefore the full ARC was contributed each year, resulting in no NPO.
- The actuarial liabilities and assets are valued as of the valuation date. The actuarial funding method used is the entry age normal method. Under this method the contribution rate is the sum of the normal cost rate plus the unfunded actuarial liability rate. The normal cost is defined as the actuarial present value of benefits allocated to the valuation year and the actuarial accrued liability is the present value of benefits allocated to all periods prior to the valuation year. The normal cost rate is determined by dividing the normal cost by expected covered payroll. In determining the Plan's actuarial accrued liability, the projected benefit of each participant must be allocated between past years and future years.

The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial accrued liability and Plan assets. This difference is amortized as a level percent of payroll to determine the unfunded actuarial liability rate. The period over which the UAAL is amortized starts with the valuation date beginning after occurrence, and varies depending upon the source of the UAAL:

- the plan's June 30, 2006 UAAL is amortized over 16 years from 2006,
- gains and losses are amortized over 15 years,
- plan changes, assumption and method changes are amortized over 20 years

Valuation assets are smoothed using a method that recognizes one-fifth of the difference between expected actuarial value and market value each year.

As of June 30, 2008, the most recent actuarial valuation date, the plan was 82.7% funded. The actuarial accrued liability for benefits was \$579,000, and the actuarial value of assets was \$479,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$100,000. Covered payroll was approximately \$152,000.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(6) Defined benefit pension plan (Continued)**

*Schedule of Funding Progress (amounts in \$000's)*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liabilities (b)</b>	<b>Unfunded (Excess) Assets (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>Ratio of Unfunded Liability to Annual Covered Payroll (b-a)/c)</b>
6/30/06	\$ 241	\$ 433	\$ 192	55.7%	\$ 127	151.2%
6/30/08	479	579	100	82.7%	152	65.8%

*Schedule of Employer Contribution*

<b>Fiscal Year Ending June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
2007	\$ 106,000	100%	\$ 0
2008	91,000	100%	0
2009	89,000	100%	0

A summary of the actuarial assumptions and methods used to calculate the Annual Required Contribution (ARC) for the current year follows:

Actuarial Cost Method:	Entry Age Normal cost method
Asset Valuation Method:	Smoothed market value
Discount rate:	6.0%, a decrease from the 6.5% assumed previously
Mortality:	Post-retirement mortality rates are from the CalPERS' 1997-2002 Experience Study
Termination:	None assumed
Salary Scale:	Individual payroll increases are the lesser of 5% and inflation. Aggregate payroll increases 3.25% a year.
Retirement Age:	Employees will immediately retire upon the later of eligibility for benefits (which is usually the expiration of the third term on the Board), or end of the current term on the Board.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits**

The West Basin Municipal Water District provides postretirement medical benefits to employees who retire directly from the District under CalPERS under a single-employer defined benefit post-employment benefits plan. To be eligible for District-paid healthcare benefits, retirees must be at least age 55 with 10 years of District service at retirement, or satisfy the eligibility requirement of age 50 and the Rule of 75 (age plus CalPERS service equals 75, with a minimum of 5 years District service). For eligible retirees, the District pays the full medical and dental premiums, plus a reimbursement for out-of-pocket medical, dental, and vision expenses up to the active employees' reimbursement caps. Benefit provisions are established and amended by the Board of Directors.

The District uses CalPERS to hold irrevocable employer contributions in a trust restricted for benefits under this program. CalPERS publishes separate financial statements conforming to GASB Statement No. 43 in separately issued financial statements for the CalPERS OPEB Trust. Copies of PERS' annual financial reports for its OPEB Trust may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

See **Benefit Summary** on the following page.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits (Continued)**

**Benefit Summary**

<ul style="list-style-type: none"> <li>▪ Eligibility</li> </ul>	<ul style="list-style-type: none"> <li>•Retire directly from the District under CalPERS</li> <li>•Age and service requirements:               <ul style="list-style-type: none"> <li>➢ Age 55 with 10 years District service, or</li> <li>➢ Age 50 &amp; Rule of 75 – age plus CalPERS service is at least 75, minimum 5 years District service</li> </ul> </li> <li>• Elected directors not eligible (1 exception)</li> </ul>								
<ul style="list-style-type: none"> <li>▪ Medical Benefit</li> </ul>	<ul style="list-style-type: none"> <li>•District pays full medical premium</li> <li>•Medical Insurance purchased through Association of California Water Agencies (ACWA)</li> </ul>								
<ul style="list-style-type: none"> <li>▪ Dental Benefit</li> </ul>	<ul style="list-style-type: none"> <li>•District pays full dental premium, also purchased through ACWA</li> </ul>								
<ul style="list-style-type: none"> <li>▪ Medical, Dental, and Vision Out-of-Pocket Reimbursement</li> </ul>	<ul style="list-style-type: none"> <li>•District reimburses out-of-pocket expenses for medical, dental, and vision up to the active employees' reimbursement caps:</li> </ul> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Coverage</th> <th style="text-align: left; border-bottom: 1px solid black;">Active Reimbursement Cap</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td>\$ 4,000/year</td> </tr> <tr> <td>2-Party</td> <td>8,000/year</td> </tr> <tr> <td>Family</td> <td>12,000/year</td> </tr> </tbody> </table>	Coverage	Active Reimbursement Cap	Single	\$ 4,000/year	2-Party	8,000/year	Family	12,000/year
Coverage	Active Reimbursement Cap								
Single	\$ 4,000/year								
2-Party	8,000/year								
Family	12,000/year								
<ul style="list-style-type: none"> <li>▪ Surviving Spouse Benefit</li> </ul>	<ul style="list-style-type: none"> <li>•Same medical benefit, dental benefit, and out-of-pocket reimbursement continues to surviving spouse</li> </ul>								

**Funding Policy**

The District adopted GASB 45 for its 2007/08 fiscal year. Each year, the District makes discretionary contributions to the OPEB Trust administered by CalPERS in accordance with the amounts determined to be paid by the District's Board of Directors.

**Annual Required Contribution (ARC)**

The Annual Required Contribution is the sum of the Normal Cost plus a 30-year level percent of pay amortization of the unfunded Actuarial Accrued Liability (AAL) (or less an amortization of excess assets) determined as of the end of the fiscal year.



**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits (Continued)**

The 2008/09 Annual Required Contribution determined by this valuation includes the Normal Cost and a 30-year amortization of the unfunded AAL, both as a level percentage of payroll and determined as of the end of the fiscal year.

**Annual OPEB Cost (AOC)**

The Annual OPEB Cost is the expense recognized on the District's income statement for providing post-retirement healthcare benefits. The AOC will equal the ARC, adjusted for prior differences between the ARC and actual contributions.

The AOC is equal to the ARC, except when the District has a Net OPEB Obligation (NOO) at the beginning of the year. When that happens, the AOC will equal the ARC adjusted for expected interest on the NOO and reduced by an amortization of the NOO.

**Net OPEB Obligation (NOO)**

The NOO is the historical difference between the ARC and actual contributions. If an agency has always contributed the ARC, then the NOO equals zero. However, contributions have not been "made" for purposes of GASB 45 unless they have been segregated in an irrevocable trust for the sole purpose of paying plan benefits.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for these benefits:

Annual required contribution	\$286,000
Interest on OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	286,000
Contributions made (including premiums paid)	<u>(1,124,856)</u>
Increase in net OPEB obligation	(838,856)
Net OPEB obligation (asset)-beginning of year	<u>241,702</u>
Net OPEB obligation (asset)-end of year	<u><u>\$ (597,154)</u></u>

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits (Continued)**

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/08	286,000	15%	241,702
6/30/09	286,000	393%	(571,154)

**Benefit Obligations as of June 30, 2007**

**7.75% Discount Rate**

**(amounts in 000's)**

	<u>Medical &amp; Dental</u>	<u>Medical, Dental, &amp; Vision Out-of-Pocket Reimbursement</u>	<u>Total</u>
▪ <b>Present Value of Benefits</b>			
• Actives	\$ 2,412	\$ 425	\$2,837
• Retirees	<u>464</u>	<u>161</u>	<u>625</u>
• Total	2,876	586	3,462
▪ <b>Actuarial Accrued Liability</b>			
• Actives	1,156	231	1,387
• Retirees	<u>464</u>	<u>161</u>	<u>625</u>
• Total	1,620	392	2,012
▪ <b>Assets</b>	<u>0</u>	<u>0</u>	<u>0</u>
▪ <b>Unfunded AAL</b>	1,620	392	2,012
▪ <b>2007/08 Expected Benefit Payments</b>	\$50	\$17	\$67

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented at the end of this note presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits (Continued)**

**Actuarial Methods**

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

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the Plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. The EAN cost method is required by CalPERS for agencies pre-funding through the CalPERS OPEB Trust.

The Actuarial Accrued Liability (AAL) is the cumulative value, on the valuation date, of prior Normal Costs. For retirees, the AAL is the present value of all projected benefits. The initial unfunded AAL is being amortized over 30 years as a level percent of payroll, as selected by the District.

The Plan is assumed to be ongoing for cost purposes. This does not imply that an obligation to continue the Plan exists.

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits (Continued)**

**Actuarial Assumptions**

<b>Valuation Date</b>					
• June 30, 2007					
<b>Discount Rate</b>					
• The District will pre-fund through CalPERS beginning with fiscal year 2007/08					
• 7.75%, representing CalPERS investment return					
<b>General Inflation</b>					
• 3.0% per annum					
• Same as CalPERS assumption					
<b>Aggregate Payroll Increase</b>					
• 3.25% per annum					
• Same as CalPERS assumption					
<b>Salary Merit Increases</b>					
• CalPERS 1997-2002 Experience Study					
<b>Mortality, Withdrawal, Disability</b>					
• CalPERS 1997-2002 Experience Study					
<b>Retirement Assumption</b>					
• CalPERS 1997-2002 Experience Study					
• Miscellaneous: 3% @ 60					
<b>Healthcare Trend</b>					
		<u>HMO</u>		<u>PPO</u>	
<u>Year</u>	<u>Pre-Medicare</u>	<u>Post-Medicare</u>	<u>Pre-Medicare</u>	<u>Post-Medicare</u>	
2008	10.4%	10.8%	11.3%	11.7%	
2009	9.7%	10.1%	10.5%	10.9%	
2010	9.1%	9.4%	9.8%	10.1%	
2011	8.4%	8.7%	9.0%	9.3%	
2012	7.8%	8.0%	8.3%	8.5%	
2013	7.1%	7.3%	7.5%	7.7%	
2014	6.5%	6.6%	6.8%	6.9%	
2015	5.8%	5.9%	6.0%	6.1%	
2016	5.2%	5.2%	5.3%	5.3%	
2017+	4.5%	4.5%	4.5%	4.5%	

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits (Continued)**

<p><b>Age-Based Claims Cost</b> Because early retirees are paying the same premium rates as actives, an implied subsidy (the difference between expected claims and premiums paid for retirees) is valued until Medicare eligibility.</p> <p>The following age-based monthly claims costs are used to calculate the implied subsidy for the Blue Cross PPO medical plan: (based on 2007 premium rates)</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr> <td>30</td> <td>\$ 252.19</td> <td>\$ 446.17</td> </tr> <tr> <td>35</td> <td>310.38</td> <td>465.57</td> </tr> <tr> <td>40</td> <td>329.78</td> <td>523.77</td> </tr> <tr> <td>45</td> <td>407.38</td> <td>620.76</td> </tr> <tr> <td>50</td> <td>523.77</td> <td>620.76</td> </tr> <tr> <td>55</td> <td>678.96</td> <td>640.16</td> </tr> <tr> <td>60</td> <td>853.55</td> <td>698.36</td> </tr> </tbody> </table>			<u>Age</u>	<u>Male</u>	<u>Female</u>	30	\$ 252.19	\$ 446.17	35	310.38	465.57	40	329.78	523.77	45	407.38	620.76	50	523.77	620.76	55	678.96	640.16	60	853.55	698.36
<u>Age</u>	<u>Male</u>	<u>Female</u>																								
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<p><b>Dental and Vision Increases</b> • 3.0% per annum</p>																										
<p><b>Out-of-Pocket Reimbursement</b> (Caps: \$4,000 Single, \$8,000 2-Party, \$12,000 Family) • Reimbursement Cap Increase – 0% • 2007 Per Person Usage:     ➤ Medical     \$840     ➤ Dental     \$270     ➤ Vision     \$103 • Medical per person usage increased with PPO healthcare trend; dental and vision per person usage increased 3% per year</p>																										
<p><b>Medical Plan at Retirement</b> • Same as active plan</p>																										
<p><b>Participation at Retirement</b> • 100%</p>																										
<p><b>Medicare Eligible Rate</b> • 100% • Everyone eligible for Medicare will elect Part B coverage</p>																										
<p><b>Marital Status</b> • Married if 2-party or family medical coverage</p>																										
<p><b>Spouse Age</b> • Males 3 years older than females if no spouse birth date provided</p>																										
<p><b>Dependents</b> • 10% have family coverage at retirement • No family coverage after age 65</p>																										
<p><b>Future New Participants</b> • Closed Group – no future new participants assumed</p>																										

**WEST BASIN MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**(7) Other postemployment benefits (Continued)**

**Schedules of Funding Progress:**

**Municipal Retired Employees Healthcare Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/c</u>
6/30/07	\$0	\$2,012,000	\$2,012,000	0%	\$3,032,688	66.00%

**(8) Commitments and contingencies**

The District has entered into various contracts for the purchase of material, construction of the utility plant, professional and nonprofessional services. Certain amounts are based on the contractor's estimated cost to complete. At June 30, 2009 the total unpaid amount on these contracts is approximately \$29,200,000. These commitments may be funded from restricted assets.

**(9) Swap transaction agreements**

The District entered into a swap transaction in the original notional amount of \$22,875,000, subject to the master agreement executed and confirmed on June 8, 2004, amended as of May 22, 2008, and further amended and restated as of June 6, 2008. The agreement is scheduled to terminate August 1, 2027 unless terminated earlier. Under the swap transaction, the District pays a fixed rate of 3.662% and receives the lesser of the following two floating rates from and including the Effective Date to but excluding August 1, 2008: (1) 58% of the British Bankers Association - London Interbank offered rate (BBA - LIBOR) plus .22%; or (2) from the Effective Date to but excluding May 22, 2008, the bond rate of the West Basin Municipal Water District Revenue Refunding Certificates of Participation, 2004 Series A; and from and including May 22, 2008 the bond rate of the West Basin Municipal Water District Revenue Refunding Certificates of Participation, 2008 Series A-1. From and including August 1, 2008, the District receives 65% of the BBA - LIBOR. The purpose of the swap transaction is to lower the cost of borrowing in combination with the District's refunding of the West Basin Municipal Water District Revenue Certificates of Participation Series 1998.

A termination of the swap transaction may also result in the District's making or receiving a termination payment based on market interest rates at the time of the termination. As of June 30, 2009, the District has an unrealized and unrecorded loss of approximately \$2,100,000 related to the swap transaction based on the market interest rates in effect at June 30, 2009.

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**(9) Swap transaction agreements (Continued)**

The District entered into a swap transaction in the notional amount of \$18,175,000, subject to the master agreement executed on June 7, 2004 and the transaction was confirmed on April 26, 2005. The agreement was effective July 31, 2007, but amended and restated on May 22, 2008 and is scheduled to terminate August 1, 2021, unless terminated earlier. Under the swap transaction, the District pays a fixed rate of 3.495% from April 26, 2005 to but excluding May 22, 2008 and 3.515% from and including May 22, 2008. The District receives the floating rate of 65% of the British Bankers Association - London Interbank offered rate (BBA - LIBOR). The purpose of the swap is to lower the cost of borrowing in combination with the District's refunding of the West Basin Municipal Water District Refunding Revenue Certificates of Participation Series 1997.

A termination of the swap transaction may also result in the District's making or receiving a termination payment based on market interest rates at the time of the termination. As of June 30, 2009, the District has an unrealized and unrecorded loss of approximately \$1,358,000 related to the swap transaction based on the market interest rates in effect at June 30, 2009.

As a settlement of litigation regarding previous swap transactions under a master agreement dated October 2, 2001 and confirmations dated October 2, 2001 and February 26, 2003, the District entered into a swap transaction in the notional amount of \$220,575,000, subject to the master agreement executed on March 26, 2007, together with a schedule and confirmation of that same date. The agreement is effective March 26, 2007, but was amended and restated on May 29, 2008; and is scheduled to terminate August 1, 2030, unless terminated earlier. A swap payment assurance agreement dated March 26, 2007 was executed in conjunction with the swap transaction. Under the swap transaction and swap payment assurance agreement, annually on August 1 the District pays the sum of the floating rate of the Bond Market Association Municipal Swap Index and the difference obtained by subtracting the sum of British Bankers Association - London Interbank offered rate (BBA - LIBOR) and .992% from the quotient of the BMA Municipal Swap Index divided by 0.604 and receives the floating rate of the Bond Market Association Municipal Swap Index. The terms of the swap payment assurance agreement made between the District and Rice Financial Products Co. Capital Services, LLC ("Rice") indicate that in the event that District is to receive a net periodic payment, the District will receive half of the payment, and Rice will receive half of the payment. In the event the District is to owe a net periodic payment, Rice will pay to the District the full amount that is owed.

The District's rights under the agreement are secured by a collateral account funded by periodic payments from Rice (periodic installments to fund the termination payment) as well as earnings generated by both Rice and the District under the swap agreement ("swap savings").

In the event that funds in the collateral account are insufficient to satisfy Rice's obligations under the agreement, the District's recovery under the agreement would be subject to the general financial resources of Rice.

A termination of the swap transaction may result in the District receiving a termination payment based on market rates at the time of the termination.

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

Introductory Section



Financial Section



Statistical Section



**West Basin Municipal Water District  
Carson, California**

**STATISTICAL SECTION**

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

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These schedules contain trend information to help the reader understand how the District's financial performance have changed over time.	
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These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	
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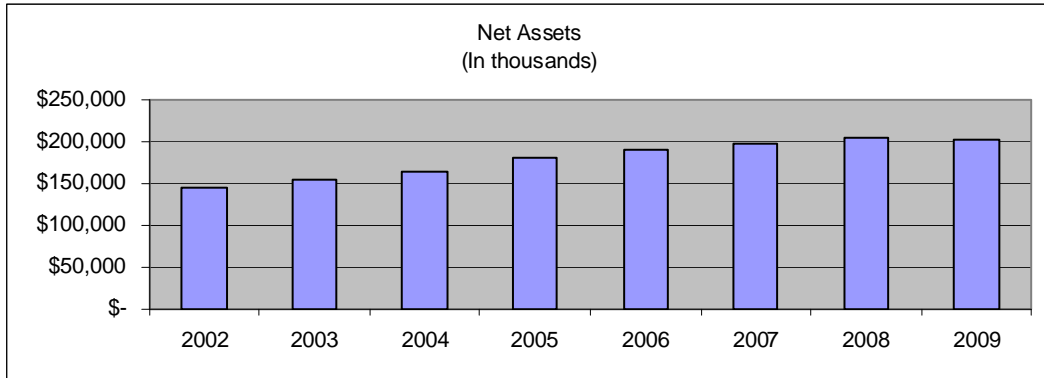
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**WEST BASIN MUNICIPAL WATER DISTRICT**

**Table 1  
NET ASSETS  
LAST EIGHT FISCAL YEARS  
(In Thousands)**

Fiscal Year Ended June 30,	Invested in Capital Assets Net of Related Debt	Unrestricted	Total Net Assets
2002	\$ 67,307	\$ 77,795	\$ 145,102
2003	74,599	78,679	153,278
2004	78,504	86,173	164,677
2005	84,855	96,216	181,071
2006	92,636	95,923	188,559
2007	108,085	89,200	197,285
2008	123,492	79,476	202,968
2009	135,653	66,928	202,581

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 34 in Fiscal Year 2001 - 2002. Financial statements prior to this fiscal year were restated for the purpose of providing consistent trend data. As information becomes available, additional years will be presented.



Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 2**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Fiscal Year Ended June 30,	Operating Revenues	Operating Expenses	Operating Revenue (Loss)	Standby Charges	Interest Earnings	Grant Inc / Miscellaneous Inc(Exp)	Interest Expense	Total Nonoperating Revenue (Loss)	Income (Loss) Before Contributions	Capital Contributions	Change in Net Assets
	(1)	(2)					(5)	(3)		(4)	
2000	\$ 93,659	\$ 93,814	\$ (155)	\$ 9,811	\$ 5,041	\$ (320)	\$ (7,680)	\$ 6,852	\$ 6,697	\$ 5,278	\$ 11,975
2001	92,769	93,659	(890)	9,821	4,323	(576)	(9,650)	3,918	3,028	5,336	8,364
2002	95,438	98,182	(2,744)	9,496	3,732	(797)	(7,815)	4,616	1,872	7,334	9,206
2003	94,116	97,756	(3,640)	9,607	2,543	(486)	(7,770)	3,894	254	7,922	8,176
2004	94,924	97,751	(2,827)	9,724	433	(140)	(7,179)	2,838	11	11,388	11,399
2005	91,913	97,091	(5,178)	9,669	2,669	396	(10,195)	2,539	(2,639)	19,033	16,394
2006	95,486	104,191	(8,705)	9,785	2,230	(1,588)	(10,593)	(166)	(8,871)	16,359	7,488
2007	105,289	113,094	(7,805)	9,659	4,555	1,081	(9,101)	6,194	(1,611)	10,337	8,726
2008	106,072	115,260	(9,188)	9,365	3,581	207	(9,808)	3,345	(5,843)	11,526	5,683
2009	107,704	119,924	(12,220)	9,701	3,093	243	(13,848)	(811)	(13,032)	12,645	(387)

(1) Breakdown is shown on Table 3 - "Operating Revenues by Source"

(2) Breakdown is shown on Table 4 - "Operating Expenses by Source"

(3) Non-Operating Revenue (Loss) represents standby charges, interest earnings, miscellaneous income (expense) and interest expense.

See Table 15 - "Standby Charge and Fixed Revenue Charge" for the nature of and ten year information on this revenue.

Also, the 2006 amount includes \$1.5million on loss from disposition of assets.

(4) Breakdown is shown on Table 5 - "Capital Contributions by Source" with explanations of nature of these contributions

(5) Due to the debt refinancing in FY 2008, the interest expense increased in FY 2009.

Source: Finance Department

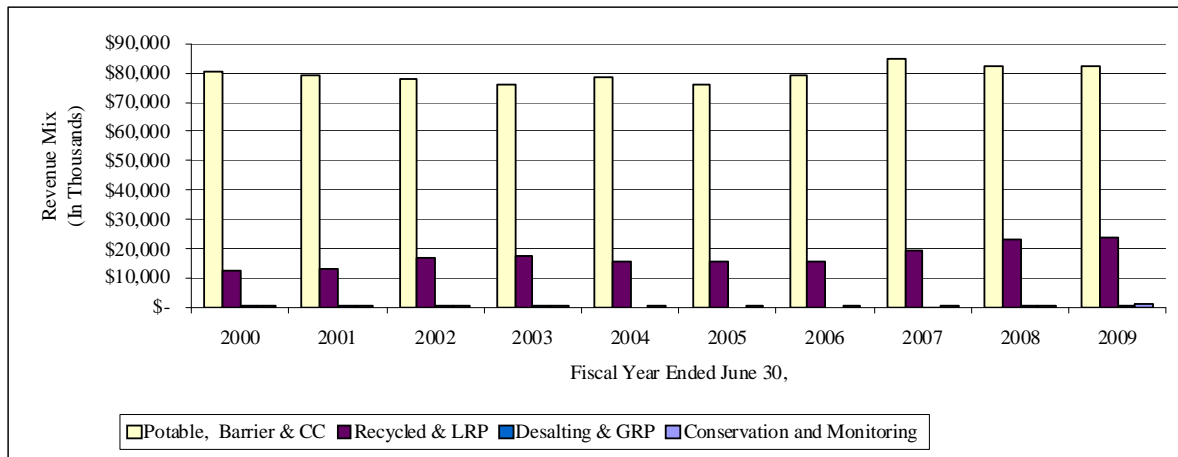
**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 3**  
**OPERATING REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Fiscal Year Ended June 30,	Water Sales				Total
	Potable, Barrier & CC	Recycled & LRP	Desalting & GRP	Conservation and Monitoring	
(1)					
2000	\$ 80,097	\$ 12,496	\$ 670	\$ 396	\$ 93,659
2001	79,029	12,912	538	290	92,769
2002	77,948	16,891	376	223	95,438
2003	76,099	17,351	472	194	94,116
2004	78,797	15,826 (2)	- (3)	301	94,924
2005	76,021	15,528 (2)	- (3)	364	91,913
2006	79,299	15,680 (2)	- (3)	507	95,486
2007	84,978	19,627 (2)	65 (3)	619	105,289
2008	82,404	22,890 (2)	352 (3)	426	106,072
2009	82,569	23,599 (2)	566 (3)	970	107,704

LRP = Local Resource Program. This is a rebate from Metropolitan Water District of Southern California of \$250 per acre-foot of recycled water sold.

GRP = Groundwater Recovery Program. This is a rebate from Metropolitan Water District of Southern California of \$250 per acre-foot of groundwater sold.

- (1) Includes non-interruptible, seasonal storage, seawater barrier and Capacity Charge (CC).
- (2) See explanation of the fluctuations in recycled water sales on Table 10 - "Recycled Water Sales in Acre-Feet".
- (3) See explanation of fluctuations on Table 8 - "All Water Deliveries in Acre-Feet / Operating Indicators".



Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 4**  
**OPERATING EXPENSES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Fiscal Year Ended June 30,	Source of Supply	Water Recycling Costs	Desalting Operations	Communication and Monitoring	General and Administrative	Water Resource Planning	Depreciation and Amortization	Total Operating Expenses
	(1)	(2)						
2000	\$ 73,369	\$ 9,592	\$ 667	\$ 1,468	\$ 308	(4) \$ 625	(4) \$ 7,785	\$ 93,814
2001	72,409	10,174	589	1,250	508	509	8,220	93,659
2002	71,797	14,534	311	1,590	319	718	8,913	98,182
2003	69,918	14,849	411	1,937	614	974	9,053	97,756
2004	70,944	14,193	167	(3) 2,095	797	1,355	8,200	97,751
2005	69,609	13,719	69	(3) 2,509	1,113	1,732	8,340	97,091
2006	73,089	14,899	72	(3) 2,487	3,350	(5) 1,985	8,309	104,191
2007	77,828	17,317	137	(3) 2,309	1,997	(5) 3,163	(6) 10,343	113,094
2008	75,470	20,709	440	(3) 3,123	-	(5) 2,195	(6) 13,323	115,260
2009	76,153	21,528	481	(3) 4,476	-	(5) 1,096	(6) 16,190	(7) 119,924

(1) Includes water purchases from Metropolitan Water District of Southern California, readiness-to-serve charge, and capacity charge.

(2) Represents district's costs to operate and maintain its recycling facilities.

(3) See explanation of fluctuations on Table 8 - "All Water Deliveries in Acre-Feet / Operating Indicators".

(4) In fiscal year 2000, the District separated costs relating to Resource Planning that were previously included in G&A.

(5) Increases/decreases in general and administrative expenses were in accordance with budgeted amounts. Budget amounts were based on activities of the District. In 2006 and 2007, the increase in general and administrative expenses relate to significant legal expenses. In 2007, the District changed its allocation methodology and began allocating the costs for activities related to the Board of Directors.

(6) As a result of organizational restructuring, the project and labor costs assigned to Water Resource Planning in fiscal year 2007 relating to the District's conservation efforts were reassigned to Communication and Monitoring in fiscal year 2008 and 2009.

(7) Total expenses are impacted by higher depreciation in 2008 and 2009 with the completion of the fourth expansion to the water recycling facilities. 2008 reflects a half year depreciation and 2009 represents a full year.

Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 5**  
**CAPITAL CONTRIBUTIONS BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Fiscal Year Ended June 30,	Recycling Operations	U.S. Army Corps of Engineers	CA Dept of Water Resources	Other	Total
2000	\$ 5,278	-	-	-	\$ 5,278
2001	5,336	-	-	-	5,336
2002	7,334	-	-	-	7,334
2003	7,891	-	-	31	7,922
2004	7,586	3,784	-	18	11,388
2005	7,625	3,538	7,860	10	19,033
2006	7,574	7,151	1,546	88	16,359
2007	7,426	1,160	-	1,751 (1)	10,337
2008	8,229	3,255	-	42	11,526
2009	7,423	4,644	-	578	12,645

**Recycling Operations** - The District receives fixed payments from major recycled water customers, which are intended to cover the costs of recycled water facilities that were exclusively constructed for them. The fixed payments will continue to 2025, as the existing contracts expire. In addition, the District received funding from the U.S. Department of Interior, Bureau of Reclamation.

**U.S. Army Corps of Engineers** - 75% of the construction costs related to the Harbor-South Bay Water Recycling Project are being paid by the U.S. Army Corps of Engineers.

**California Department of Water Resources** - The District received a grant from the California Department of Water Resources to assist with the design and construction of the Sea Water Barrier Conservation Project.

**Other** represents miscellaneous federal or state grants or customer payments as it relates to capital construction.

(1) Southern California Edison provided a \$1.7M incentive to the District for the installation of solar panels

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Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 6**  
**PAYORS - POTABLE WATER SALES**  
**FOR THE CURRENT YEAR AND NINE YEARS PRIOR**  
(In Thousands)

Table below shows water sales to principal customers of West Basin (excluding the Meter Charges, Capacity Charges and late penalties).

Name	2009	
	in US \$	%
California Water Service (CalWater)	\$ 40,013	49.9%
Golden State Water Company (GSWC) (1)	11,587	14.5%
Los Angeles County Water Works (LA County)	6,388	8.0%
Water Replenishment District (WRD)	6,285	7.8%
City of El Segundo	5,701	7.1%
City of Inglewood	4,617	5.8%
City of Manhattan Beach	3,102	3.9%
City of Lomita	1,567	2.0%
California American Water Company (CAWC)	906	1.1%
<b>Total</b>	<b>\$ 80,166</b>	<b>100.0%</b>

Name	2000	
	in US \$	%
California Water Service (CalWater)	\$ 31,900	40.3%
Southern California Water Company (SCWC) (1)	17,092	21.6%
Water Replenishment District (WRD)	8,785	11.1%
City of El Segundo	7,457	9.4%
Los Angeles County Water Works (LA County)	5,013	6.3%
City of Manhattan Beach	3,185	4.0%
City of Inglewood	3,065	3.9%
City of Lomita	1,476	1.9%
California American Water Company (CAWC)	1,125	1.4%
<b>Total</b>	<b>\$ 79,098</b>	<b>100.0%</b>

(1) In fiscal year 2006 Southern California Water Company changed their name to Golden State Water Company.

Source: Finance Department



**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 7**  
**PAYORS - RECYCLED WATER SALES**  
**FOR THE CURRENT YEAR AND NINE YEARS PRIOR**  
(In Thousands)

Table below shows water sales to principal customers of West Basin (excluding LRP rebate).

Name	2009	
	in US \$	%
City of El Segundo	5,624	34.9%
California Water Service (CalWater)	3,555	22.0%
Water Replenishment District (WRD)	3,505	21.7%
City of Torrance	2,631	16.3%
City of Inglewood	291	1.8%
L.A. Dept of Water & Power	206	1.3%
Golden State Water Company (GSWC) (1)	177	1.1%
City of Manhattan Beach	110	0.7%
Inglewood Unified School District	27	0.2%
Total	\$ 16,126	100.0%

Name	2000	
	in US \$	%
Water Replenishment District (WRD)	3,242	46.1%
City of Torrance	1,783	25.4%
City of El Segundo	900	12.8%
California Water Service (CalWater)	677	9.6%
City of Inglewood	190	2.7%
L.A. Dept of Water & Power	99	1.4%
Southern California Water Company (SCWC) (1)	75	1.1%
City of Manhattan Beach	64	0.9%
Total	\$ 7,030	100.0%

(1) In fiscal year 2006 Southern California Water Company changed their name to Golden State Water Company.

-----  
Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 8**  
**ALL WATER DELIVERIES IN ACRE-FEET / OPERATING INDICATORS**  
**LAST TEN FISCAL YEARS**

This table presents a summary of imported water purchases by the retail agencies from Metropolitan Water District of Southern California (MWD) through West Basin, desalted water delivered to California Water Service Company Dominguez by West Basin, recycled water delivered to the retail agencies by West Basin and groundwater pumped by retail agencies from the West Coast Basin for the last ten fiscal years.

Fiscal Year Ended June 30,	Potable Water					Total Potable Water	Recycled	Desalting	Total Water
	Non- Interruptible	Ground- water	Saltwater Barrier	Seasonal Water					
2000	130,626	(4) 54,292	16,637	(1) 2,521		204,076	21,693	1,017	226,786
2001	126,920	51,698	19,058	1,899		199,575	21,976	816 (2)	222,367
2002	120,195	51,436	18,124	6,220 (3)		195,975	27,387	571 (2)	223,933
2003	124,022	51,099	17,877	1,864		194,862	27,114	716 (2)	222,692
2004	132,181	48,461	17,737	-		198,379	24,553	- (2)	222,932
2005	129,315	44,329	11,400	-		185,044	24,070	- (2)	209,114
2006	129,260	36,792	13,722	745		180,519	23,653	- (2)	204,172
2007	134,802	36,424	11,162	1,982		184,370	29,250	89 (2)	213,709
2008	127,925	38,785	7,609	-		174,319	32,209	467 (2)	206,995
2009	114,293	43,835	9,774 (5)	-		167,902	29,908 (5)	682 (2)	198,492

(1) Seasonal Water includes (a) Seasonal Storage Long-term; (b) Seasonal Shift; (c) Seasonal Shift Contract, as applicable.

(2) Deliveries declined in fiscal years ended June 30, 2001 and 2002 due to well rehabilitation and delays in obtaining certain permits.

In January 2003, the well was shut down as it required replacement. The District redesigned the project and completed construction in August 2005, however, the District didn't receive the permit to operate the desalter until May 2006.

In fiscal year 2007 the desalter was operational for two months and then required additional repairs that were completed subsequent to year end.

In fiscal year 2008 desalter sales increased over the prior year, however, the desalter still experienced water quality issues.

This resulted in less than anticipated sale during the fiscal year. In October 2008, desalter sales resumed resulting in higher sales in FY 2009.

(3) During this period, MWD offered more seasonal water, thereby increasing deliveries on this type of water, but resulted in a corresponding decrease on non-interruptible water deliveries.

(4) Groundwater does not represent water deliveries of West Basin. This information is included in the table above only for analysis.

West Basin's deliveries of non-interruptible, saltwater barrier, and seasonal water are affected by the amount of groundwater pumped. Groundwater is purchased by the retail water agencies from the Water Replenishment District of Southern California.

(5) Recycled water sales were lower due to poor source water issues. This resulted in a corresponding increase in potable water sold to the seawater barrier in FY 2009.

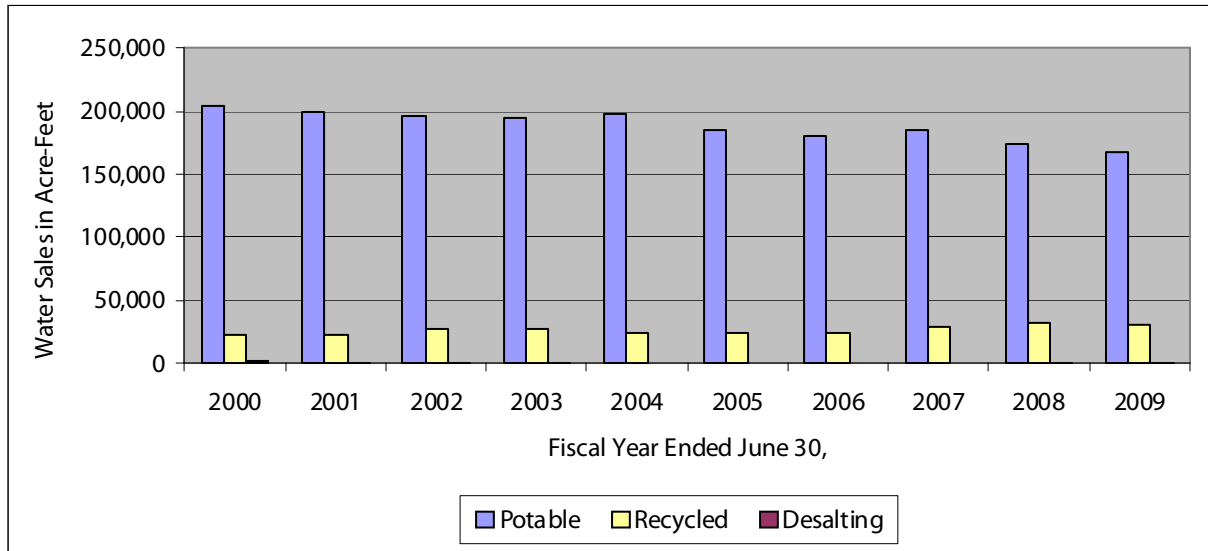
Additional operating indicators as it relates to capital assets and full-time personnel can be found on the schedule "General Operating Information"

See graphs on the next page.

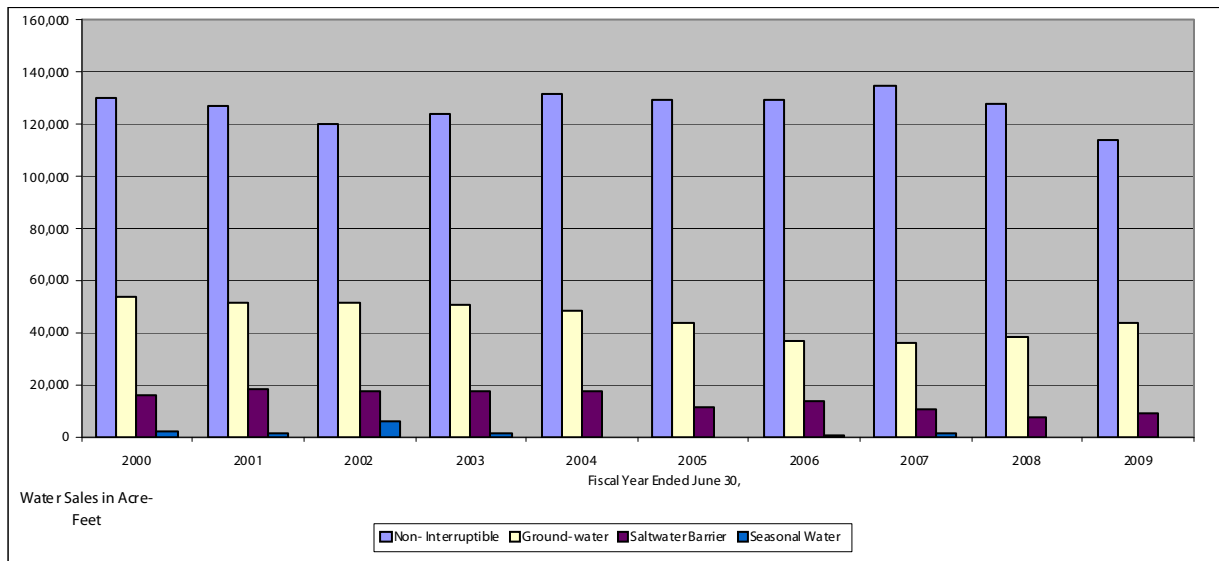
Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT  
ALL WATER DELIVERIES IN ACRE-FEET  
LAST TEN FISCAL YEARS**

*ALL WATER DELIVERIES*



*POTABLE WATER DELIVERIES*



**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 9**  
**POTABLE AND DESALTED WATER SALES TO CUSTOMERS PER ACRE-FOOT**  
**LAST TEN FISCAL YEARS**

The following table presents a summary of water sales by West Basin to each retail agency for the last ten fiscal years. Water sales include desalted, non-interruptible, seasonal storage, and seawater barrier. This table does not include recycled water sales.

	Name	2000	2001	2002		2003
1	California American Water Company (CAWC)	2,131	1,999	1,898		1,892
2	California Water Service (CalWater)	61,434	60,114	65,297		65,409
3	City of El Segundo	14,122	14,526	9,331	(2)	8,543
4	City of Inglewood	5,805	6,449	5,578		6,735
5	City of Lomita	2,796	2,725	2,752		2,734
6	City of Manhattan Beach	6,033	5,537	5,582		5,748
7	Golden State Water Company (GSWC)	32,348	28,926	26,828		25,485
8	Los Angeles County Water Works (LA County)	9,495	9,359	9,720		10,056
9	Water Replenishment District (WRD)	16,637	19,058	18,124		17,877
	Total	150,801	148,693	145,110		144,479

(1) Decrease is due to replacement of the pressure reducing valves during FY 2005.

(Continued)

(2) City of El Segundo shifted to purchasing more recycled water resulting in a corresponding decrease in purchases of non-interruptible water. Total water purchases by the City of El Segundo remained constant during the remaining years.

(3) Recycled water sales were lower due to poor source water quality issues. This resulted in a corresponding increase in potable water sold to the seawater barrier in FY 2009

(4) Overall sales decreased in fiscal year 2008 and 2009 due to consistent conservation messaging to address drought and water allocation measures.

Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 9**  
**POTABLE AND DESALTED WATER SALES TO CUSTOMERS PER ACRE-FOOT**  
**LAST TEN FISCAL YEARS**  
(Continued)

	2004	2005		2006		2007		2008		2009	
	1,451	1,373		682		2,272		1,725		1,436	
	68,500	66,175		66,103		70,540		68,998		62,609	
	8,764	8,492		8,363		8,861		9,085		8,795	
	6,912	6,290		7,248		8,085		7,689		7,137	
	2,813	2,676		2,576		2,720		2,583		2,420	
	5,670	5,620		6,172		5,721		5,278		4,822	
	27,593	28,942		29,260		27,748		22,382		17,870	
	10,478	9,748		9,533		10,836		10,654		9,886	
	17,737	11,400	(1)	13,790		11,162		7,609		9,774	(3)
	149,918	140,715		143,727		147,945		136,001		124,749	(4)

Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 10**  
**RECYCLED WATER SALES IN ACRE-FEET**  
**LAST TEN FISCAL YEARS**

Table below shows recycled water accounts and sales for the last ten fiscal years identified by four largest purchasers and Others.

Fiscal Year Ended June 30,	Number of Accounts	Chevron Refinery (1)	Mobil Refinery (1)	bp Amoco Refinery (1)	Total Refineries (3)	West Coast Barrier	Title 22 Irrigation	Total
2000	165	3,611	6,983	1,304	11,898	7,539	2,256	21,693
2001	176	3,130	6,515	3,249	12,894	6,753	2,329	21,976
2002	186	7,170	7,172	3,095	17,437	7,289	2,661	27,387
2003	201	7,728	7,301	3,009	18,038	6,754	2,322	27,114
2004	205	7,957	6,350	3,276	17,583	3,935 (2)	3,035	24,553
2005	207	7,563	6,708	3,183	17,454	3,799 (2)	2,817	24,070
2006	216	7,004	6,130	3,191	16,325	4,383 (2)	2,945	23,653
2007	221	7,661	5,742	2,951	16,354	9,104 (2)	3,792	29,250
2008	226	7,366	6,047	4,091	17,504	11,129 (2)	3,576	32,209
2009	326 (4)	8,478	5,578	4,759	18,815	7,652 (2)	3,441	29,908

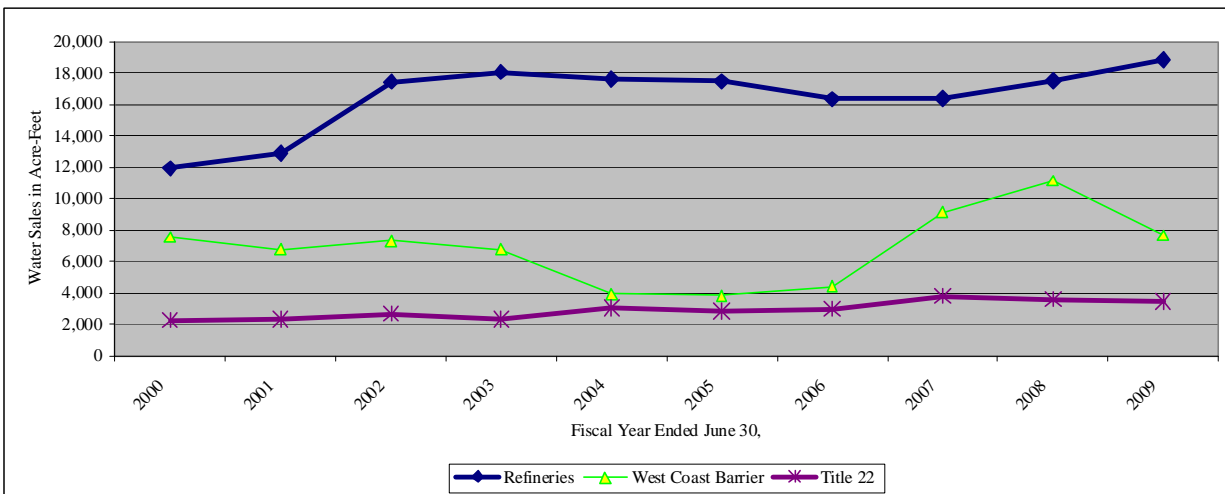
(1) Chevron refinery is located in the city of El Segundo, ExxonMobil refinery is located in Torrance, and bp Amoco is located in Carson (CalWater).

(2) Sales declined in fiscal years ended June 30, 2004 through 2006 due to barrier operation issues and poor source water quality.

In October 2006, the District began injecting additional recycled water into the West Coast Barrier (up to 75%). However, Recycled water sales decreased in FY 2009 due to poor source water quality.

(3) Recycled Water Sales include deliveries to refineries for nitrification, boiler feed, reverse osmosis industrial, and Reverse Osmosis Ultra.

(4) In February 2009, 100 new recycled water irrigation sites were connected as part of a planned development.



Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 11**  
**AVERAGE WATER RATES PER ACRE-FOOT**  
**LAST TEN FISCAL YEARS**

Type of Water	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Purchased from MWD</i>										
Non-interruptible	\$ 528	\$ 528	\$ 528	\$ 519	\$ 515	\$ 528	\$ 541	\$ 560	\$ 591	\$ 650
Saltwater Barrier	528	528	528	519	515	528	541	560	591	650
Seasonal Storage-LT	346	346	346	334	326	344	362	382	411	454
Seasonal Shift	374	385	396	401						
Seasonal Shift Contract	346	346	346							
<i>West Basin Treatment Plant</i>										
Recycled- T22	\$ 280	\$ 280	\$ 280	\$ 295	\$ 303	\$ 303	\$ 312	\$ 337	\$ 367	\$ 438
Recycled- T22 OSA	320	320	320	335	343	343	354	379	409	480
Recycled- RO Barrier	430	430	430	430	430	430	430	421	440	458
Recycled- RO Industrial	508	508	508	533	549	549	568	596	633	722
Recycled- RO Ultra			660	705	725	725	750	788	837	954
Recycled- RO Nitrified				275	283	283	292	317	347	418
<i>West Basin Desalting Plant</i>										
Desalted Water	\$ 409	\$ 409	\$ 409	\$ 409	\$ 409	\$ 451	\$ 472	\$ 491	\$ 517	\$ 608

MWD - Metropolitan Water District of Southern California

LT - Long-term

T22 - Title 22

OSA - Outside Service Area

RO - Reverse Osmosis

Notes:

A) Water Purchased from MWD

Water rates are comprised of three components: MWD's commodity charge, West Basin's uniform surcharge, and the Readiness-to-Serve (RTS) Charge. MWD changes its rates effective January 1st. The rates presented above represent the average rates for the period covered.

In fiscal year ended June 30, 2003, West Basin implemented a new pricing structure for non-interruptible and saltwater barrier, which incorporates items listed below. This change was based on MWD's change in its rate structure.

- Two price tiers (only Tier 1 rates are shown above.)
- Purchase agreements with purveyors for implementing tiered pricing;
- Baseline usage for determining when the higher priced second tier applies;
- Flow-based fixed charge to limit summertime peaking; and
- Uniform surcharge

B) West Basin Treatment Plant

Rates exclude MWD's Local Resources Program rebate of \$250 per acre-foot of recycled water sold.

For T22 water sales within and outside West Basin's service area, rate decreases as the volume of recycled water purchases increases. Rates shown above are for purchases of 0 - 25 AF per month.

C) West Basin Desalting Plant

Rates exclude MWD's Groundwater Recovery Program rebate of \$250 per acre-foot of desalting water sold.

Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 12**  
**IMPORTED WATER RATES**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Tables below delineate the fiscal years ended June 30, 2009 and 2008 water rates for West Basin and Metropolitan Water District of Southern California (MWD).

	<u>MWD</u>	<u>Reliability Service Charge</u>	<u>Readiness-to- Serve Charge</u>	<u>Total</u>
<b>Fiscal Year Ended June 30, 2009</b>				
<i>July 1, 2008 to December 31, 2008</i>				
Non-Interruptible & Barrier (Tier 1)	\$ 508	\$ 41	\$ 62	\$ 611
Non-Interruptible & Barrier (Tier 2)	606	41	62	709
Seasonal Storage Long-term	390	41	-	431
<i>January 1, 2009 to June 30, 2009</i>				
Non-Interruptible & Barrier (Tier 1)	\$ 579	\$ 41	\$ 69	\$ 689
Non-Interruptible & Barrier (Tier 2)	695	41	69	805
Seasonal Storage Long-term	436	41	-	477
<b>Fiscal Year Ended June 30, 2008</b>				
<i>July 1, 2007 to December 31, 2007</i>				
Non-Interruptible & Barrier (Tier 1)	\$ 478	\$ 36	\$ 62	\$ 576
Non-Interruptible & Barrier (Tier 2)	574	36	62	672
Seasonal Storage Long-term	360	36	-	396
<i>January 1, 2008 to June 30, 2008</i>				
Non-Interruptible & Barrier (Tier 1)	\$ 508	\$ 36	\$ 62	\$ 606
Non-Interruptible & Barrier (Tier 2)	606	36	62	704
Seasonal Storage Long-term	390	36	-	426

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Source: Finance Department



**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 13**  
**OUTSTANDING DEBT TO CAPITAL ASSETS**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Most of West Basin's capital assets were acquired and/or constructed through debt financing.

Table below provides an overview of the ratio of the total capital assets to debt outstanding as of fiscal year-end.

Fiscal Year Ended June 30,	Revenue Bonds	State Loan	Total LT Debt	Capitalized Assets (1)	Construction-in-Progress (2)	Total Capital Assets	Debt/Total Capital Assets
2000	301,646	4,273	305,919	333,778	6,927	340,705	0.90
2001	294,486	4,056	298,542	335,532	29,434	364,966	0.82
2002	285,591	3,832	289,423	365,100	4,921	370,021	0.78
2003	276,310	3,601	279,911	369,748	6,804	376,552	0.74
2004	339,225	3,361	342,586	376,422	12,424	388,846	0.88
2005	334,435	3,114	337,549	378,985	41,900	420,885	0.80
2006	326,340	2,857	329,197	381,143	73,251	454,394	0.72
2007	315,290	2,593	317,883	387,074	89,738	476,812	0.67
2008	302,600	2,319	304,919	477,099	20,126	497,225	0.61
2009	293,400	2,036	295,436	483,020	32,938	515,958	0.57

(1) Amounts exclude accumulated depreciation; does not include capital assets of the Financing Authority.

(2) Amounts include all of the District's Construction-in-Progress programs.

Note: As shown on Table 5 - "Capital Contributions By Source" West Basin has received grant funding to offset the need for debt financing. In addition, West Basin has begun to use its own funds to finance certain capital projects.

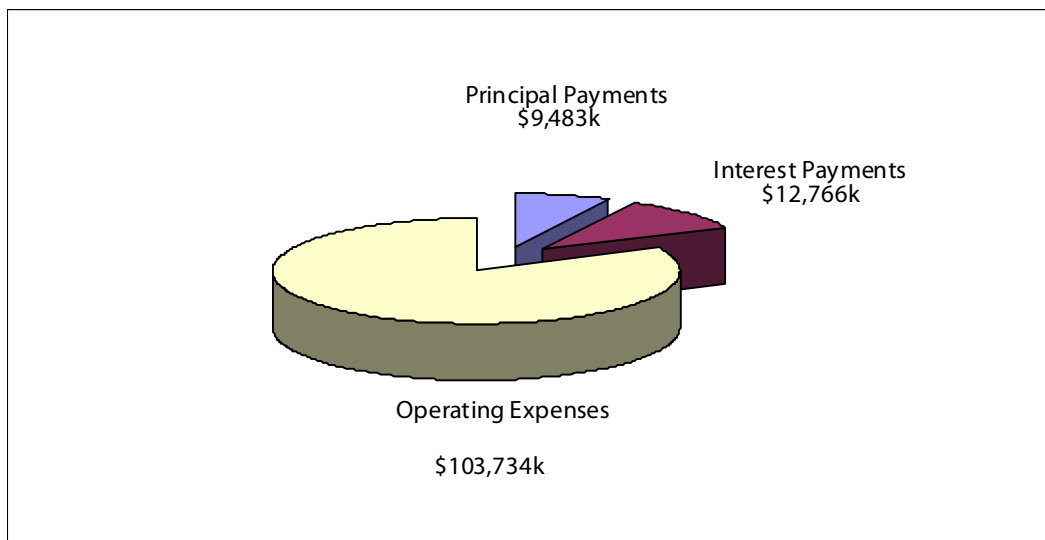
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Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 14**  
**ANNUAL DEBT SERVICE TO EXPENSES**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total Debt Service	Operating Expenses *	Ratio Debt/Exp.
2000	5,565	7,680	13,245	86,029	0.15
2001	7,377	9,650	17,027	85,439	0.20
2002	9,119	7,815	16,934	89,269	0.19
2003	9,512	7,770	17,282	88,703	0.19
2004	9,925	7,179	17,104	89,551	0.19
2005	5,038	10,195	15,233	88,751	0.17
2006	8,351	10,593	18,944	95,882	0.20
2007	11,315	9,170	20,485	102,751	0.20
2008	11,839	9,374	21,213	101,937	0.21
2009	9,483	12,766	22,249	103,734	0.21

\* Excludes depreciation and amortization.



Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 15**  
**STANDBY CHARGE AND FIXED REVENUE CHARGE**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

Standby charges and fixed revenue charges are designed to pay for the debt incurred to finance the construction of recycled water facilities. For the past ten years, all of West Basin's bonds were issued to finance the recycled water program. Table below shows the information on these revenues as compared to debt service.

Fiscal Year Ended June 30,	Standby Charge (1)	Fixed Revenue Charge (2)	Total	Debt Service (3)	% of Debt Service
2000	9,811	4,358	14,169	13,245	107%
2001	9,821	5,336	15,157	17,027	89%
2002	9,496	7,334	16,830	16,934	99%
2003	9,607	7,891	17,498	17,282	101%
2004	9,724	7,586	17,310	17,104	101%
2005	9,669	7,625	17,294	15,233	114%
2006	9,785	7,574	17,359	18,944	92%
2007	9,659	7,426	17,085	20,485	83%
2008	9,365	8,229	17,594	21,213	83%
2009	9,701	7,423	17,124	22,249	77%

(1) Approved annually by the Board, the Standby Charge is imposed by the District on land owners.

The charge is collected by means of the property owner's tax bill through the County of Los Angeles.

The Standby Charge was designed to help drought-proof the area through construction of recycled water distribution systems and treatment facilities.

(2) Fixed Revenue Charges are paid by BP Amoco, Chevron, Exxon Mobil Oil, and Los Angeles Department of Water and Power and are used to repay the cost of the treatment and distribution facilities that were constructed exclusively for delivery of recycled water to these entities. Amounts are based on contractual terms.

Fixed Revenue Charges are reported as Capital Contributions in the basic financial statements.

(3) In fiscal year 2006 and 2007 the debt service increased due to scheduled principal payment increases.

In fiscal year 2008 and 2009 the District experienced higher interest rates on its auction rate securities and its variable rate debt, respectively.

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Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**  
**Table 16**  
**DEBT COVERAGE**  
**LAST TEN FISCAL YEARS**  
(In Thousands, except Debt Coverage)

	2000	2001	2002	2003
Changes in Net Assets (6)	\$ 11,975	\$ 8,364	\$ 9,206	\$ 8,176
Add: Interest Expense	7,680	9,650	7,815	7,770
Add: Depreciation/Amortization	7,785	8,220	8,913	9,053
Less: Non-cash items (1)	86	46	(384)	(577)
Net Revenues for Coverage	<u>\$ 27,526</u>	<u>\$ 26,280</u>	<u>\$ 25,550</u>	<u>\$ 24,422</u>
Parity Debt Service (2)				
1993 Bonds	9,501	9,498	9,501	9,505
1997A Bonds	1,927	1,947	1,949	1,948
1999A Bonds (3)	2,177	3,425	2,442	2,281
2003A Bonds	-	-	-	-
2004A Bonds	-	-	-	-
2007A Bonds	-	-	-	-
2008A Bonds	-	-	-	-
SWRCB Loan	362	362	362	362
Reserve Fund Earnings	(988)	(863)	(758)	(682)
Total Net Senior Debt Service	<u>\$ 12,979</u>	<u>\$ 14,369</u>	<u>\$ 13,496</u>	<u>\$ 13,414</u>
<b>Debt Coverage</b>	<u><b>2.12</b></u>	<u><b>1.83</b></u>	<u><b>1.89</b></u>	<u><b>1.82</b></u>
Subordinate Debt Service (2)				
1997 B and C Bonds (3)	\$ 3,756	\$ 4,000	\$ 2,829	\$ 2,661
1998A Bonds	1,527	1,596	1,599	1,600
2003B Bonds (4)	-	-	-	-
2008B Bonds	-	-	-	-
Reserve Fund Earnings	-	(102)	(56)	(35)
Total Net Subordinate Debt Service	<u>\$ 5,283</u>	<u>\$ 5,494</u>	<u>\$ 4,372</u>	<u>\$ 4,226</u>
<b>Debt Coverage</b>	<u><b>2.75</b></u>	<u><b>2.17</b></u>	<u><b>2.76</b></u>	<u><b>2.60</b></u>
Cash Available for Additional Subordinate Debt Service, Capital Projects and Other Purposes	\$ 9,264	\$ 6,417	\$ 7,682	\$ 6,782

(1) Non-cash items represent grant funding from the U.S Army Corps of Engineer for the construction of the Harbor South Bay Water Recycling Project and unrealized gains/losses

(2) Net of accrued and capitalized interest.

(3) These are variable rate debt. Interest rates decreased starting fiscal year 2002.

(4) Increase in 2006 debt service is the result of paying both principal and interest payments and in 2008 the debt was refunded.

Source: Finance Department

**WEST BASIN MUNICIPAL WATER DISTRICT**

**Table 16  
DEBT COVERAGE  
LAST TEN FISCAL YEARS**

(In Thousands, except Debt Coverage)

	2004	2005	2006	2007	2008	2009
\$	11,399	\$ 16,394	\$ 7,488	\$ 8,726	\$ 5,683	\$ (387)
	7,179	10,195	10,593	9,101	9,808	13,848
	8,200	8,340	8,309	10,343	13,323	16,190
	(1,898)	(3,125)	(4,671)	(2,517)	(4,021)	(5,022)
\$	24,880	\$ 31,804	\$ 21,719	\$ 25,653	\$ 24,793	\$ 24,629
	3,168	-	-	-	-	-
	1,946	1,946	1,949	1,946	162	-
	451	-	-	-	-	-
	6,328	12,182	12,305	12,475	12,493	12,488
	8	1,379	1,478	1,402	1,481	-
	-	-	-	-	1,508	-
	-	-	-	-	339	3,745
	362	362	362	362	362	362
	(1,338)	(1,868)	(1,177)	(825)	(799)	(767)
\$	10,925	\$ 14,001	\$ 14,917	\$ 15,360	\$ 15,546	\$ 15,828
	<b>2.28</b>	<b>2.27</b>	<b>1.46</b>	<b>1.67</b>	<b>1.60</b>	<b>1.51</b>
\$	500	\$ -	\$ -	\$ -	\$ -	\$ -
	1,393	133	-	-	-	0
	713	3,148	7,246	8,445	5,043	-
	-	-	-	-	1,114	6,897
	(19)	(5)	(1)	(2)	(12)	(2)
\$	2,587	\$ 3,276	\$ 7,245	\$ 8,443	\$ 6,145	\$ 6,895
	<b>5.39</b>	<b>5.43</b>	<b>0.94</b>	<b>1.22</b>	<b>1.50</b>	<b>1.17</b>
\$	11,368	\$ 14,527	\$ (443)	\$ 1,850	\$ 3,102	\$ 1,906

(5) Subordinate debt in Fiscal Year 2006 coverage did not meet the 1.15 debt coverage required and can be explained by significant decrease in recycled water barrier sales due to poor water quality and county operational issues. In addition, the District had higher than anticipated legal costs of approximately \$1.8 million which also impacted debt coverage. The Board had previously set aside reserves to pay for certain legal costs. The District has budgeted to exceed the required debt coverage in the following years.

(6) See Table 2 - "Changes in Net Assets" for more detail.

**WEST BASIN MUNICIPAL WATER DISTRICT  
DEMOGRAPHICS**

*Service Area*

Estimated Total Population Served	915,000
Area	185 square miles

**Division I** - Represented by Director Ronald C. (Ron) Smith  
Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills and Carson

**Division II** - Represented by Director Gloria D. Gray  
Inglewood, South Ladera Heights, a portion of Lennox, Athens, Howard and Ross-Sexton

**Division III** - Represented by Director Carol W. Kwan  
Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach and a portion of Torrance

**Division IV** - Represented by Director Edward C. Little  
Culver City, Del Aire, El Segundo, Malibu, North Ladera Heights, Topanga, View Park, West Hollywood, Windsor Hills and a portion of Lennox

**Division V** - Represented by Director Donald L. Dear  
Gardena, Hawthorne, Lawndale and El Camino Village

<i>Number of direct Customers</i>	9
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Certain customers may have only one service or multiple service type(s) and are represented by cities, water districts and school districts.  
Service types are non-interruptible, seawater barrier and recycled water.

*Water Service Types*

<i>Non-Interruptible</i>	
Cities	4
Water Districts	4
<i>Saltwater Barrier</i>	
Water Districts	1
<i>Recycled</i>	
Cities	4
Water Districts	4
School Districts	1

*Annual Water Deliveries (approximate)*

Non-Interruptible Water (including groundwater)	168,584 acre-feet
Recycled Water	29,908 acre-feet

Recycled water sales replace non-interruptible (potable) sales.

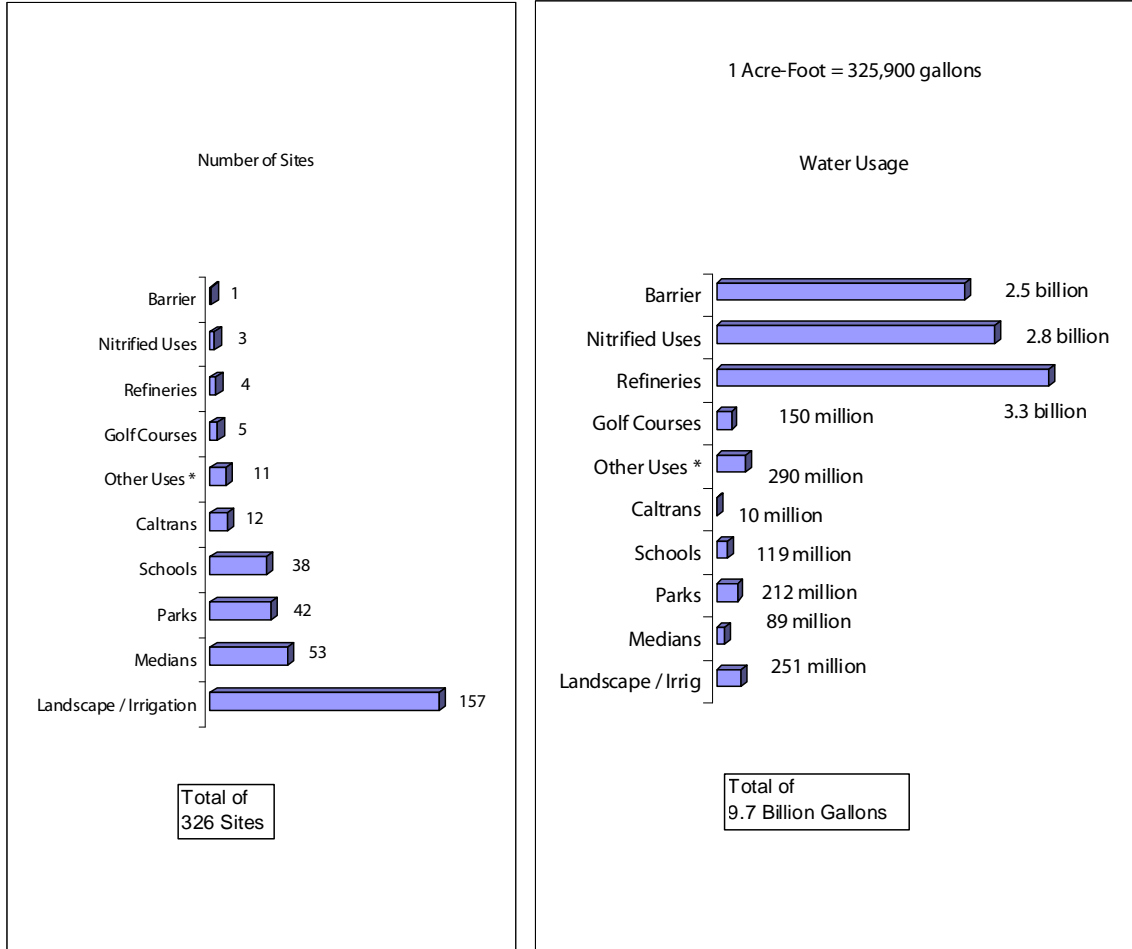
Population, total personal income, per capita personal income, unemployment rate and the areas top ten employers are not particularly relevant to a Special District who is a water wholesaler.

In addition, the revenue bonds obtained for its capital projects have a fixed revenue stream to support the repayment of the principal and interest.  
See Table 15 - "Standby Charge and Fixed Revenue Charge" schedule for comparison.

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Source: Planning Department

**WEST BASIN MUNICIPAL WATER DISTRICT  
RECYCLED WATER USERS**



- Other Uses \*
- Cemetery (1) 165.3 million
  - Multi-industrial / irrigation uses (2) 30.0 million
  - Construction uses (1) 81 thousand
  - Street Sweeping (1) 6.5 thousand
  - College (3) 91.8 million
  - Draining / Sump Pumps (3) 3.1 million

Source: Planning Department

**WEST BASIN MUNICIPAL WATER DISTRICT  
GENERAL OPERATING INFORMATION  
FISCAL YEAR ENDED JUNE 30, 2009**

*Number of Budgeted Full-Time Personnel*

Budgeted Full-Time Employees	
2000	29
2001	31
2002	30
2003	28
2004	28
2005	30
2006	30
2007	33
2008	33
2009	33

Prior to FY 2007, West Basin had shared staff with Central Basin Municipal Water District. Staff time was allocated each fiscal year between each entity based on the budgeted level of effort.

*Certifications and Licenses Held by District Employees*

Professional Engineer	8
Engineer in Training	1
Certified Public Accountant	3
Licensed attorneys	2
Masters Degree	11
State Water Certification	
Distribution Operator	2
Treatment Plant Operator	3

*Capital Assets (In Thousands)*

	Recycling Facilities	Desalting	Machinery & Equipment	Construction- in-Progress (2)	West Basin Capital Assets	Admin. Facility	Financing Authority	Total Fixed Assets (1)
2000	330,506	2,290	982	6,927	340,705	-	2,696	343,401
2001	332,260	2,290	982	29,434	364,966	-	2,671	367,637
2002	361,827	2,290	983	4,921	370,021	-	2,719	372,740
2003	366,481	2,290	977	6,804	376,552	-	2,821	379,373
2004	373,280	2,290	852	12,424	388,846	-	2,591	391,437
2005	375,842	2,290	853	41,900	420,885	-	2,609	423,494
2006	376,702	3,544	897	73,251	454,394	-	2,082	456,476
2007	382,421	3,697	956	89,738	476,812	-	2,082	478,894
2008	468,377	3,697	1,011	20,126	493,211	4,014	(3) -	(3) 497,225
2009	474,281	3,700	1,025	32,938	511,944	4,014	-	515,958

(1) Excludes accumulated depreciation

(2) In Fiscal Year 2009, the Construction in Progress includes approximately \$22,361,617 in recycling facilities and approximately \$10,575,891 in other capital projects.

(3) West Basin fully acquired ownership of its administrative facility in August 2008, previously a shared cost under the Financing Authority.

The District invested \$474M in recycling facilities as of June 30, 2009. Cumulative recycled water produced and sold by these facilities was 324,411 acre-feet from inception of operations up to June 30, 2009.

Source: Finance Department





**West Basin Municipal Water District**

17140 S. Avalon Blvd.  
Carson, California 90746  
[www.westbasin.org](http://www.westbasin.org)  
310-660-6200

*Providing a safe and reliable supply of high quality water to the communities we serve.*