2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015

WEST BASIN MUNICIPAL WATER DISTRICT

CARSON, CA

WEST BASIN CELEBRATES 20 YEARS OF WATER RECYCLING

Since the facility was first built 20 years ago, it has produced over 165 billion gallons of recycled water, equivalent to the amount of water to meet the needs of the city of Los Angeles for an entire year. The water recycling facility converts wastewater into five different usable types of "designer" waters.

Five key commitment areas:

- Water Reliability
- Water Quality
- Customer Service
- Environmental Stewardship
- Sound Financial and Resource Management

WEST BASIN MUNICIPAL WATER DISTRICT
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended June 30, 2015

Prepared by: Finance Department
Margaret Moggia, CPA
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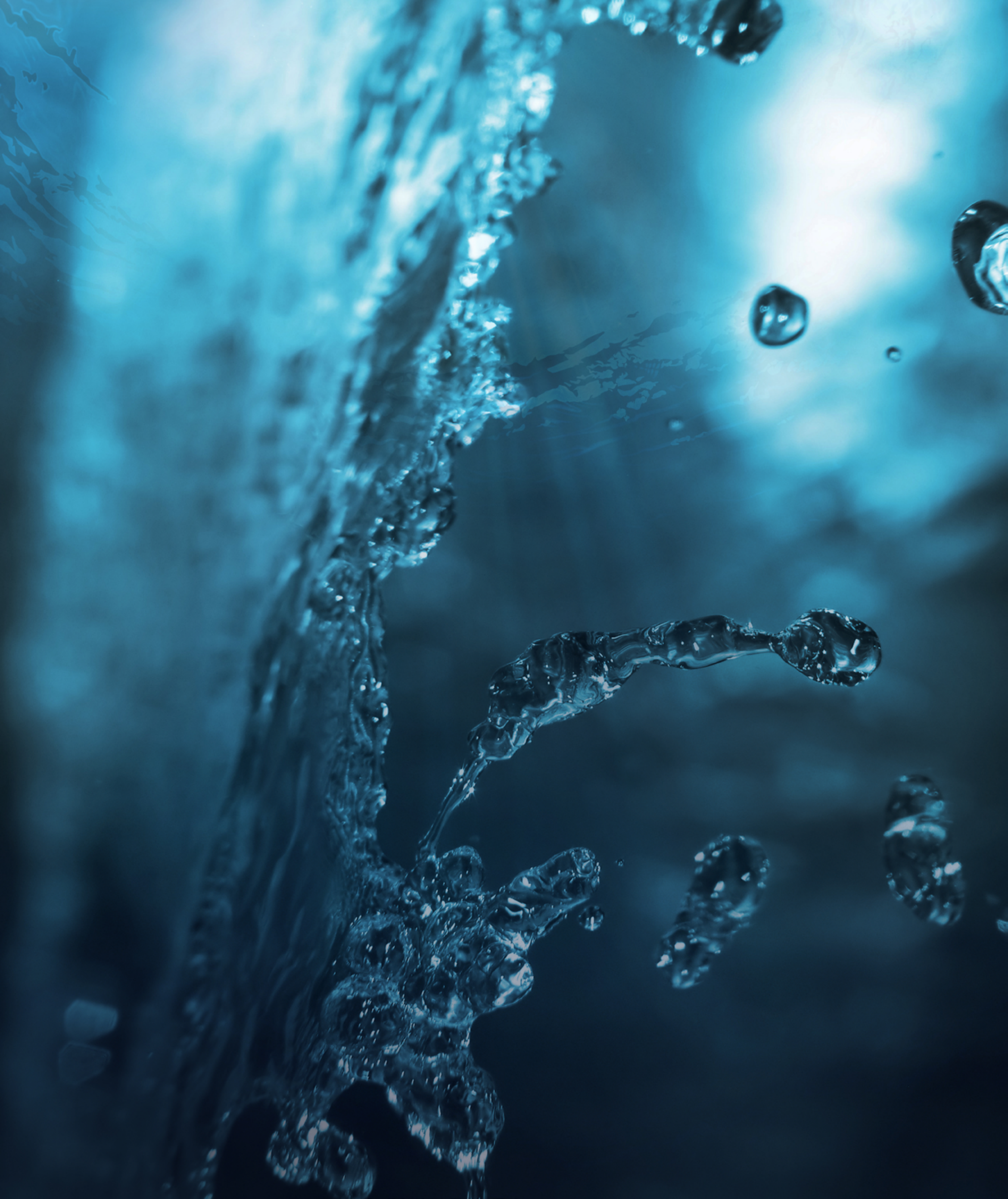
INTRODUCTORY SECTION

Comprehensive Annual Financial Report



December 1, 2015

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 2014-2015, which ended June 30, 2015.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to West Basin for its comprehensive annual financial report for the fiscal year ended on June 30, 2014. This was the ninth consecutive year that West Basin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

West Basin staff prepared this financial report in conjunction with an Independent Auditor's Report issued by Davis Farr LLP. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statement. MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of management's representations concerning the finances of West Basin. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report to the best of our knowledge.

ABOUT WEST BASIN MUNICIPAL WATER DISTRICT

West Basin Municipal Water District (West Basin), an innovative and award-winning public agency, is a special district of the State of California that provides drinking and recycled water, water efficiency and water education programs to its nearly 1 million residents within a 185-square mile service area. West Basin purchases imported water from the Metropolitan Water District of Southern California (MWD) and sells the imported water to cities, water agencies and private water companies in coastal Los Angeles County.

To protect our local groundwater aquifer from seawater intrusion, West Basin currently provides highly purified recycled water to the Water Replenishment District of Southern California (WRD) for injection into the West Coast seawater barrier. The seawater barrier protects and augments $200 million dollars' worth of local groundwater supplies.

West Basin is currently executing a Board-adopted Strategic Business Plan with the goal of building a more diverse, locally controlled and reliable water supply. Through the Water Reliability Program, West Basin is expanding production of locally-produced water by increasing water recycling and conservation programs and research adding 10% of future water supplies from ocean water desalination.

West Basin continues to invest in staff, operations and programs to maintain high standards within our workforce and reach out to the community even more through conservation outreach, education, community partnerships, local business opportunities and other programs focused on providing value to our service area.

Board of Directors

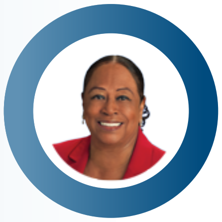
Five publicly-elected officials serve as West Basin's Board of Directors. Voters in each of the five divisions from Malibu to Palos Verdes and El Segundo to Carson, elect one director to serve a four-year term. The West Basin Board then appoints two representatives to serve on the 37-member Metropolitan Board of Directors.

The two representatives currently serving on the Metropolitan Water District Board of Directors are Donald L. Dear and Gloria D. Gray.

Harold C. Williams
MSCE, P.E., DTM
TREASURER | DIVISION I

Harold C. Williams was elected to the West Basin Board of Directors in November 2014 to represent the cities of Carson, Palos Verdes Estates, Rancho Palos Verdes, Rolling Hills Estates, Rolling Hills, and portions of San Pedro.

Gloria D. Gray
PRESIDENT | DIVISION II
MWD Representative



Gloria D. Gray was elected to the West Basin Board of Directors in 2006 and represents the cities of Inglewood, South Ladera Heights, a portion of Lennox and Athens, Howard and Ross Sexton.

Carol W. Kwan
VICE PRESIDENT | DIVISION III

Carol W. Kwan was elected to the West Basin Board of Directors in 1996 to represent the cities of Hermosa Beach, Lomita, Manhattan Beach, Redondo Beach and a portion of Torrance.

Scott Houston
SECRETARY | DIVISION IV

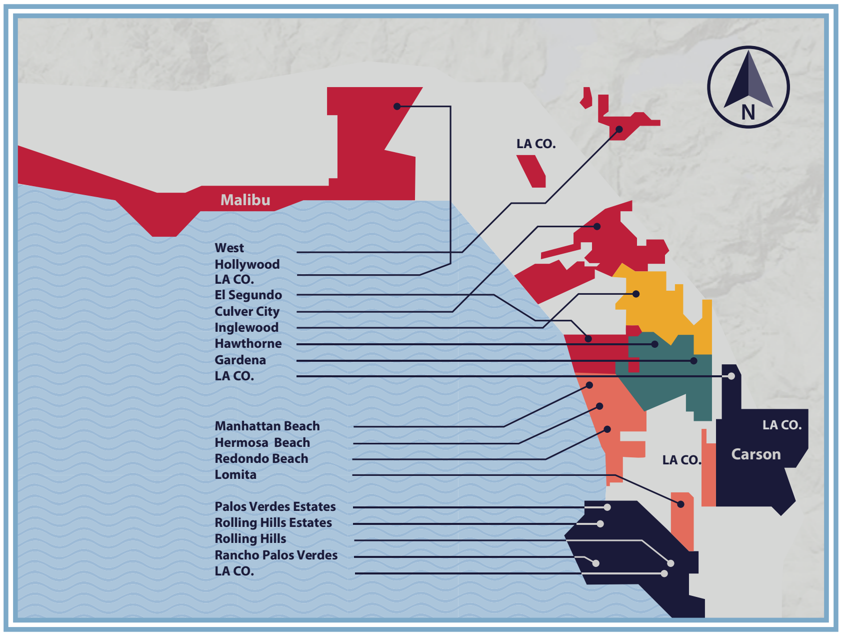
Scott Houston was elected to the Board of Directors in November 2014 to represent the cities of El Segundo, Culver City, West Hollywood, Malibu, and the Los Angeles County unincorporated areas of Topanga, Marina del Rey, Windsor Hills, View Park, North Ladera Heights, Del Aire, Wiseburn and a portion of Lennox.

Donald L. Dear
PAST PRESIDENT | DIVISION V
MWD Representative

Donald L. Dear was elected to the West Basin Board of Directors in November 2000 to represent the cities of Gardena, Hawthorne, Lawndale and portions of El Camino Village.

SERVICE AREA AND CUSTOMERS

West Basin Municipal Water District serves a diverse population of nearly one million people in 17 cities and parts of unincorporated coastal Los Angeles County. West Basin has a 3:1 resident-to-business ratio and an average median income of $67,000. The community income diversity ranges from approximately $23,000 in Westmont to approximately $200,000 in Rolling Hills (Source: 2000 census).



CUSTOMERS	Water Purchases		
	Potable	Recycled	Desalted
California American	✓		
California Water Service	✓	✓	✓
City of El Segundo	✓	✓	
City of Inglewood	✓	✓	
City of Lomita	✓		
City of Manhattan Beach	✓	✓	
City of Torrance		✓	
Golden State Water Company	✓	✓	
Los Angeles County Water Works No.29	✓		
Los Angeles Department of Water & Power		✓	
Water Replenishment District	✓	✓	

As early as 1918, the levels in local groundwater basins were dropping so low that salt water from the ocean was seeping in and contaminating groundwater. Lawns in coastal Los Angeles were dying from salty water, and well water was so salty it was often undrinkable. In the 1940s, studies showed that the local groundwater aquifer was being depleted at a much faster rate than it was being recharged or refilled. Each year, the aquifer was being over drafted by millions of gallons - more water was taken out than was put back in.

At that time, one solution was to supply the region with imported water through Metropolitan Water District of Southern California (MWD). In 1947, West Basin was formed by a vote of the people to serve as a wholesale agency to distribute water throughout its service area. In 1948, West Basin became a member agency of MWD, an agency that imported water from the Colorado River, and later would also import water from Northern California. Since that time, West Basin served its customer agencies and communities solely as a wholesaler of imported water.

As a result of the extreme drought of the late 1980s and early 1990s, West Basin leaders decided to diversify the agency's water portfolio to include conservation and water reuse to provide a more reliable supply of water for future generations. Early efforts included building the world's most unique water recycling facility that would convert treated wastewater into different types of high-quality recycled water suitable for groundwater recharge, irrigation, municipal, industrial, and commercial uses.

The benefits generated by the water recycling facility include more affordable water rates for customers, a reliable, locally-controlled supply of recycled water, reducing energy use by importing less water from hundreds of miles away, reducing wastewater and biosolids discharged to the ocean and the use of wastewater as a sustainable water resource. The drought of the early 1990s also increased awareness about water conservation and resulted in West Basin's addition of conservation as a new water supply alternative. West Basin currently offers free indoor and outdoor programs for residents and businesses to reduce their consumption of water and maximize water use efficiency.

Today, West Basin is an international water industry leader hosting visitors from around the globe. West Basin is focused on providing value to its customers and delivering water reliability for the region through a diverse supply of water that includes imported, recycled, desalted and conserved water. All West Basin departments contribute to the agency meeting the goals and objectives of the Board of Directors Strategic Business Plan.

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, information technology 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.

BUDGET PROCESS AND CONTROLS

Public agencies develop budgets as a performance tool to measure accountability to its stakeholders. For West Basin the budget is developed based on meeting the priorities, goals and objectives established by the Board of Directors through its Strategic Business Plan (Plan), which was developed through a series of interviews with the Board of Directors, management and key staff in addition to interviews with key stakeholders. The Plan provides direction for planning, budgeting, implementation, evaluation and reporting. The Plan is a "living" document in that it does not have a termination date, but is constantly changing and evolving as the needs of West Basin change and evolve.

The budget is also used as a communication tool. Interested parties, such as bond holders, credit rating agencies and its customers can review the budget to obtain a wide variety of information on West Basin's short- and long-term strategic planning and financial policies, as well as the current and future fiscal stability. For West Basin, the budget further demonstrates West Basin's commitment to fiscal responsibility and transparency of its operations. The budget shows how the agency will invest its revenues derived from user fees and fixed revenue sources to support its mission and programs.

The General Manager communicates the goals and the current year budget objectives to the managers to ensure the budget includes the financial requirements necessary to achieve these goals and objectives. To ensure completion, the goals are also incorporated into individual staff's performance goals. Furthermore, the high level goals are also included in the monthly board memos to reflect the commitment to meet the Board's directives.

West Basin is not required to adopt a budget and therefore does not appropriate funds. However, as a good business practice, West Basin does prepare, adopt, monitor and report budgeted information.

CREDIT RATING AND DEBT COVERAGE

The latest credit rating from Moody's and Standard & Poor's is Aa2 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. West Basin's Board of Directors has approved a number of financial policies to effectively manage the agency. Other non-financial policies are maintained by West Basin through its Administrative Code and are reviewed periodically to ensure compliance with legal statutes. These efforts lend to a solid management focus on fiscal policies and metrics and have assisted West Basin to receive strong credit ratings and allows West Basin to obtain low-cost financing for its capital projects. Please refer to Table 16 of the Statistical Section for the 10-year historical information on West Basin's debt coverage.

To maintain its financial strength West Basin developed a Long-Range Financial Model. The model uses the current fiscal year budget, incorporates multiple year revenue and expense assumptions used to address anticipated operating and capital expenditures, and results in a dynamic financial model for West Basin. The capital recycled water expenditures are based on the Capital Improvement Program and estimates for the Ocean-water Desalination program costs. 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 and charges totaled $137 million for the fiscal year ending June 30, 2015, while recycled water sales amounted to $40 million for the same period. More detailed information regarding West Basin's revenue is presented in the statistical section–Table 6: Payors-Potable Water Sales and Table 7: Payors-Recycled Water Sales.

WATER RATES

West Basin establishes rates and charges annually through a resolution by the Board of Directors. 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 maintains two major types of funds, either restricted or unrestricted. Restricted funds consist of custodial accounts and bond reserves that are subject to the conditions of the respective bond financing documents. The unrestricted reserves are then designated by the Board of Directors and are reviewed annually as further described in the board-approved policy.

Designated Funds are a strong indicator of an agency's financial health. West Basin's Designated Funds Policy is sometimes referred to as a Reserve Policy and was designed to ensure West Basin has adequate funds to protect its financial health and the furtherance of West Basin's mission. The Designated Funds Policy was revamped in FY 2013-14 in conjunction with the Long-Range Financial Plan by combining certain funds, revising target levels to be based on a calculation and adding a new fund for Standby Charge Defeasance.

The policy does not specifically state a target amount but staff has established an internal target approach in its Long-Range Financial Plan to fund West Basin's Designated Funds. The policy allows for the fluidity of a target and will change each year based on the anticipated expenditures. The target amounts are based on West Basin's experience, the current operating budget and capital improvement program. The sum of all the core components provides an overall target amount that serves as a trigger for the Board of Directors to consider options when funding levels fall near or below the overall target. If reserve levels exceed the minimum, the Board may consider retiring outstanding debt or reducing future debt by considering funding certain capital projects with cash.

WEST BASIN STAFF SERVICES

West Basin currently employs 43 full-time persons, 25 of which work in the operations, planning, communications and engineering departments and 18 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 and recognize members of the finance staff who contributed to this report.

Respectfully,

Richard Nagel
General Manager

Margaret Moggia
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Basin Municipal Water District

California

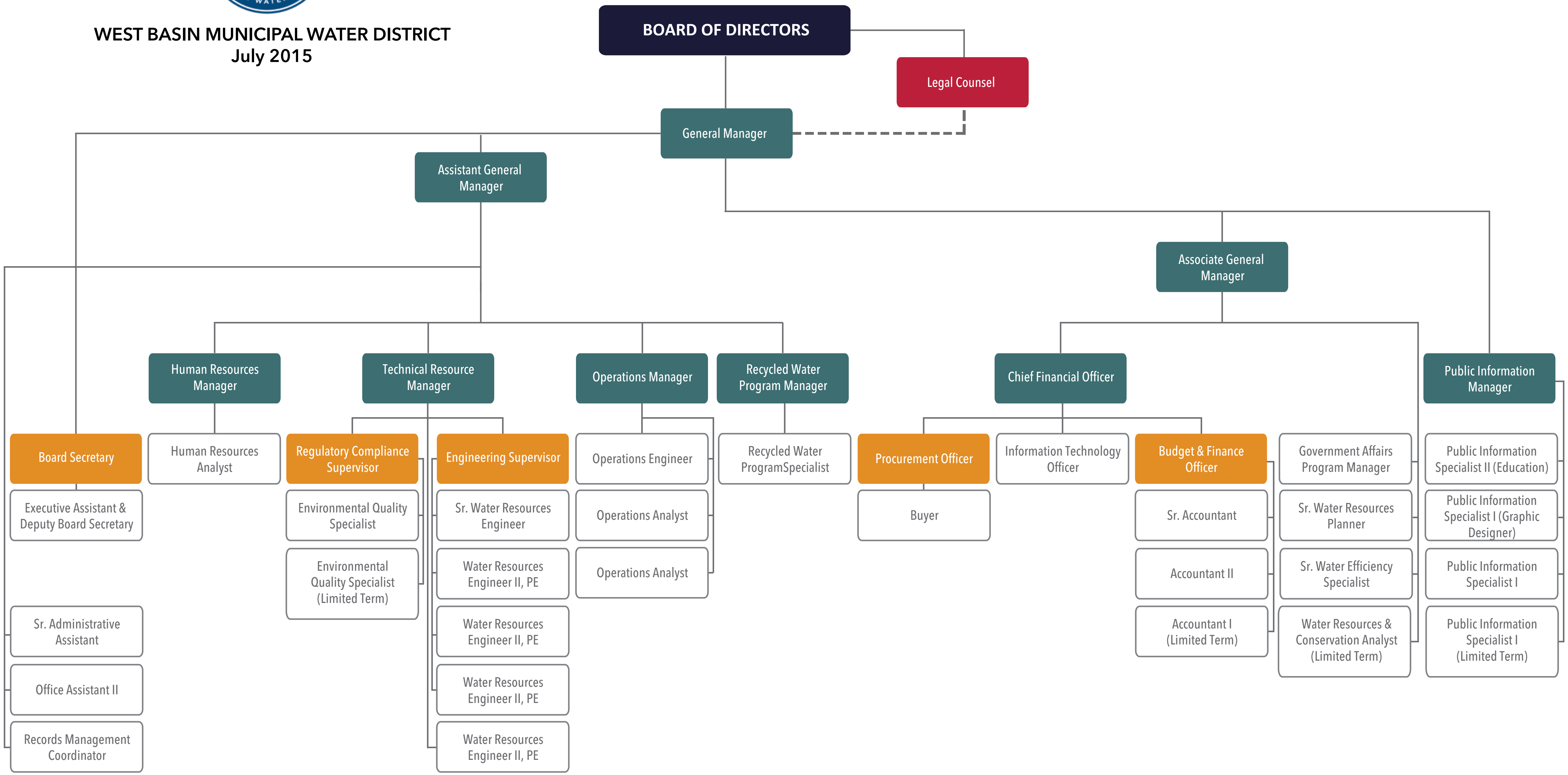
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

WEST BASIN MUNICIPAL WATER DISTRICT
July 2015

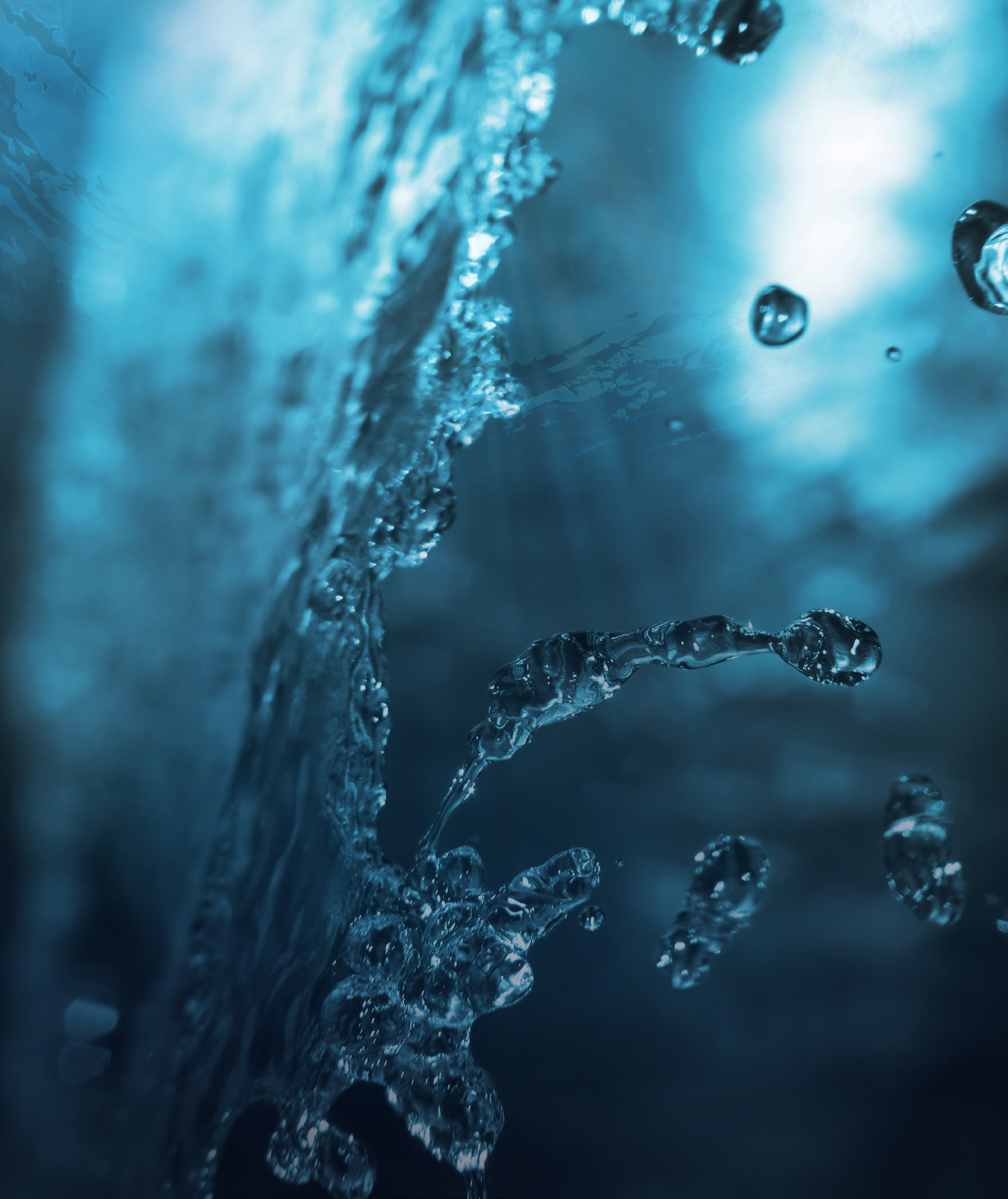



OCEAN
FRIENDLY GARDEN
CONSERVATION
of water, energy and habitat
PERMEABILITY
RETENTION
of rainwater and prevention of wet weather runoff

FINANCIAL SECTION

Comprehensive Annual Financial Report

FINANCIAL SECTION



Davis Farr LLP
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Board of Directors
West Basin Municipal Water District
Carson, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the West Basin Municipal Water District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended June 30, 2015, reflect certain prior period adjustments as described further in note 11 to the financial statements and Governmental Accounting Standards Board Statement No. 68 as described further in note 11. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

The financial statements of the District for the fiscal year ended June 30, 2014, were audited by other auditors whose report dated October 31, 2014, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension required supplementary schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
November 13, 2015

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the West Basin Municipal Water District (or "West Basin") provides an introduction to the financial statement of West Basin for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the introductory section, the basic financial statements and related notes which follow this section.

MAJOR FINANCIAL ACTIVITIES

- West Basin implemented Government Accounting Standard Board (GASB) Statement No. 68 at the end of fiscal year 2015 for both of their Public Employees' Retirement System (PERS) and Public Agency Retirement Services (PARS) programs. The implementation resulted in Net Pension Asset of $202.0 thousand for the PARS program, Net Pension Liability of $1.3 million for the PERS program and the decrease of the Beginning Net Position of $925.2 thousand for the fiscal year 2015.

- During the year, West Basin made a significant evaluation of its capital asset accounts and identified a total of $27.1 million capital assets that were either no longer in service or had been disposed of in the prior years. West Basin recorded the disposal of these capital assets in fiscal year 2015 in its financial system. As a result, a prior year adjustment of $9.2 million was made to reduce the Beginning Net Position of the fiscal year 2015. West Basin also recorded a current year loss on disposition of capital assets of $849.5 thousand.

- West Basin had positive Change in Net Position of $1.7 million in fiscal year 2015. However, due to the prior period adjustments of $925.2 thousand of its pension program cost and $9.2 million for the capital asset disposals to the Beginning Net Position for the year, West Basin's Ending Net Position for fiscal year 2015 was less than fiscal year 2014.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of West Basin using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of West Basin's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources with the difference between the four reported as Net Position. Net Position is displayed in the following categories: Net Investment in Capital Assets and Unrestricted Net Position. This statement provides the basis for evaluating the capital structure of West Basin and assessing the liquidity and financial flexibility of West Basin.

The Statement of Revenues, Expenses and Changes in Net Position present information that shows the result of West Basin's financial performance during the year. All of the current year's revenues and expenses are accounted for in this statement. The Statement measures the success of West Basin's operations over the past year and determines whether West Basin has recovered its costs through user fees and other charges.

The Statement of Cash Flows provides information regarding West Basin's cash receipts, cash disbursements and net changes in cash resulting from operating, non-capital financing, capital financing and investing activities. This statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period. operating, non-capital financing, capital financing and investing activities. This statement provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes 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. The Notes to the Financial Statements can be found on pages 36 through 65.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information provides additional information for West Basin's PARS and PERS programs. It can be found on pages 66 through 69.

FINANCIAL ANALYSIS OF WEST BASIN

1) Statement of Net Position

Condensed Statement of Net Position

	2015	2014	Change
Assets			
Current unrestricted assets	$99,097,652	$103,675,774	($4,578,122)
Current restricted assets	4,507,740	4,501,566	6,174
Capital asset, net	464,434,321	485,434,657	(21,000,336)
Other assets	926,515	-	926,515
Total assets	568,966,228	593,611,997	(24,645,769)
Deferred Outflows Of Resources	13,982,208	14,390,699	(408,491)
Liabilities			
Current liabilities	45,963,998	47,342,673	(1,378,675)
Long term liabilities	304,565,591	321,029,886	(16,464,295)
Total Liabilities	350,529,589	368,372,559	(17,842,970)
Deferred Inflows Of Resources	1,248,190	77,012	1,171,178
Net Position			
Net investment in capital assets	170,046,568	175,455,369	(5,408,801)
Unrestricted	61,124,089	64,097,756	(2,973,667)
Total Net Position	$231,170,657	$239,553,125	($8,382,468)

Net Position measures West Basin's financial health or financial position. Over time, increases or decreases in West Basin's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, new or changed government legislation, etc. The Condensed Statement of Net Position shows that Assets and Deferred Outflows of West Basin exceeded liabilities and Deferred Inflows by $231.2 million and $239.6 million as of June 30, 2015 and 2014, respectively.

A large portion of West Basin's net position ($170.0 million and $175.5 million as of June 30, 2015 and 2014, respectively) reflects West Basin's net investment in capital assets (net of accumulated depreciation) less any related debts used to acquire those assets that are still outstanding. West Basin uses these capital assets to provide services to customers; consequently, these assets are not available for future spending.

2) Statement of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenue, Expenses and Changes In Net Position

	2015	2014	Change
Revenue			
Operating revenues			
Water and monitoring	$136,761,807	$135,310,145	$1,451,662
Water recycling revenue	40,386,155	42,151,257	(1,765,102)
Water conservation	735,542	972,298	(236,756)
Desalting revenue	700,631	789,969	(89,338)
Total operating revenues	178,584,135	179,223,669	(639,534)
Non-Operating revenues			
Standby charges	9,740,981	9,683,207	57,774
Investment Income	294,532	234,129	60,403
Other non-operating revenues	727,880	338,051	389,829
Total non-operating revenues	10,763,393	10,255,387	508,006
Total revenue	189,347,528	189,479,056	(131,528)
Expenses			
Operating expenses			
Source of supply and monitoring	116,722,812	118,116,614	(1,393,802)
Water recycling costs	34,511,305	32,682,913	1,828,392
Depreciation and amortization	25,099,267	20,792,901	4,306,366
Public information and education	2,905,785	6,004,376	(3,098,591)
Water policy and conservation	3,163,415	2,302,418	860,997
Desalting operations	870,052	810,526	59,526
Total operating expenses	183,272,636	180,709,748	2,562,888
Non-Operating expenses			
Miscellaneous expenses	849,491	66,107	783,384
Interest expense	11,138,976	10,650,835	488,141
Total non-operating expenses	11,988,467	10,716,942	1,271,525
Total expenses	195,261,103	191,426,690	3,834,413
Net Income (loss) before capital contributions	(5,913,575)	(1,947,634)	(3,965,941)
Capital Contributions	7,662,456	16,446,497	(8,784,041)
Change in Net Position	1,748,881	14,498,863	(12,749,982)
Net position – Beginning of year (as restated, note 10)	229,421,776	225,054,262	4,367,514
Net position – End of year	$231,170,657	$239,553,125	($8,382,468)

The Statement of Revenues, Expenses and Changes in Net Position shows how West Basin's net position changed during the fiscal year. Net position increased by $1.7 million and $10.9 million (with the prior year adjustment of $3.5 million) for the fiscal years ending June 30, 2015 and 2014, respectively.

A closer examination of the sources of changes in net position reveals that:

- In 2015, West Basin's potable water sales and monitoring revenue increased by $1.5 million, recycling water sales decreased by $1.8 million, conservation revenue decreased by $236.8 thousand and desalting sales decreased by $89.3 thousand, resulting in the total operating revenues being decreased by $639.5 thousand. The increase in potable water revenues is the result of the increase in water rates in the year. The decrease in recycling water revenues is the result of a decrease in sales due to some major repairs. The water conservation revenues decrease is due to the reduction of the conservation programs participated in by West Basin in 2015.
- In 2015, West Basin's total non-operating revenues increased by $508.0 thousand, primarily due to an accrual of the potential legal settlement income of $420.0 thousand.
- In 2015, West Basin's total operating expenses increased by $2.6 million, primarily due to the increase in recycling water facilities' operation and maintenance costs and depreciation cost. The aging recycling water facilities have incurred more costs each year for repairs and maintenance. The depreciation expense increased mainly due to the additional capital assets that were completed and placed in-services in the past two years.
- In 2015, West Basin's total non-operating expenses increased by $1.3 million, primarily due to the increase in interest expense and the loss on disposal of capital assets of $849.5 thousand.
- The capital contributions include the fixed payments from major recycled water customers, capital grants and cash contribution. In 2015, the total capital contributions decreased by $8.8 million as a result of a one-time capital contribution of $8.3 million that was made in fiscal year 2014 only.

3) Capital Assets

On June 30, 2015, West Basin's investment in capital assets totaled $665.9 million. Capital assets include land, discharge capacity rights, water facilities, potable distribution system, education center, buildings and improvements, furniture, fixtures and equipment and construction in progress. The following is a summary of capital assets:

	2015	2014	Change
Land	$25,211,646	$25,211,646	-
Discharge Capacity	621,189	621,189	-
Water Facilities	556,838,034	582,678,678	(25,840,644)
Building and Improvements	4,137,301	4,125,905	11,396
Potable Distribution System	1,241,681	1,241,681	-
Education Center	548,067	548,067	-
Furniture, Fixtures and Equipment	2,133,820	3,019,126	(885,306)
Construction in Progress	75,144,044	63,152,062	11,991,982
Total Capital Assets	$665,875,782	$680,598,354	(14,722,572)

In 2015, the value of capital assets in West Basin's Water Facilities decreased by $25.8 million. Due to an internal review that was completed this year, a total of $27.1 million capital assets that were either no longer in service or disposed in the prior years were recorded into West Basin's capital asset accounts. As a result, a prior year loss on capital assets of $9.2 million and the current year loss on capital assets of $849.5 thousand were both recorded in this fiscal year. West Basin completed the construction of the additional capital assets of $2.1 million in this year. Within the $75.1 million Construction in Progress category, the majority of the costs are for Ocean Desalination projects.

Additional information regarding capital assets can be found in Note 4 in Notes to Basic Financial Statements.

4) Long-Term Liabilities

As of June 30, 2015, West Basin had $318.2 million in long term liabilities, including certificates of participation, refunding revenue bonds, net pension liability and interest rate swaps. Note 5 in the Notes to Basic Financial Statements discloses the detail of all Long-Term debt.

West Basin's net pension liability is recorded as $1.3 million this year due to the implementation of GASB No. 68. This liability is only for West Basin's PERS program. West Basin's PARS program is recorded as Net pension asset of $202.0 thousand as the result of the implementation of GASB No. 68. Please see West Basin's Statement of Net Position for details.

West Basin has two outstanding swaps at the end of the fiscal year with the total notional amount of $25.5 million. These two swaps are associated with 2010A Adjustable Rate Revenue Certificate of Participation. The fair market value of these two swaps has increased by $0.4 million during the year. The combined values are recorded as $3.0 million in liabilities on the Statement of Net Position. Note 9 in the Notes to Basic Financial Statements discloses the detail of the swaps.

The following is a summary of the Long-Term Liabilities for the years 2015 and 2014:

	2015	2014	Change
Compensated Absences	$1,248,436	$1,128,276	$120,160
Refunding Certificates of Participation	148,446,190	154,879,578	(6,433,388)
Refunding Revenue Bonds	164,235,780	174,875,168	(10,639,388)
Net Pension Liability	1,259,725	-	1,259,725
Interest Rate Swaps	3,049,992	3,426,396	(376,404)
Total Long Term Liabilities	$318,240,123	$334,309,418	($16,069,295)

5) Prior Year Adjustment

West Basin implemented GASB Statement No. 68 in this year. With the implementation of GASB No. 68, the Beginning Net Position is decreased by $925.2 thousand. Also, due to the internal review of the capital assets, a prior period adjustment of $9.2 million was recorded to reduce the capital assets that were either no longer in service or disposed of in the prior years. Please see Note 11 in the Notes to Financial Statement for details.

CONDITION AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any conditions that would have a significant impact on West Basin's financial position, net position or operating results in terms of past, present and future.

CONTACTING WEST BASIN'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors and creditors with an overview of West Basin's financial operations and overall financial condition. If you have questions about this report or need additional financial information, please contact Margaret Moggia, Chief Financial Officer, at West Basin.

ASSETS

	2015	2014
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents (note 2)	$ 38,529,839	$ 38,306,958
Investments (note 2)	30,240,059	29,081,165
Accounts receivable	29,339,751	35,429,987
Accrued interest receivable	134,807	112,169
Inventory	615,645	508,779
Prepaid expenses	237,551	236,716
Total unrestricted assets	99,097,652	103,675,774
Restricted assets (note 3):		
Cash and cash equivalents (note 2)	4,170,615	4,170,711
Custodial cash (note 2)	337,125	330,855
Total restricted assets	4,507,740	4,501,566
TOTAL CURRENT ASSETS	103,605,392	108,177,340
NONCURRENT ASSETS		
Other receivable	724,515	-
Capital assets, not depreciable (note 4)	100,976,879	88,984,897
Capital assets, net of depreciation (note 4)	363,457,442	396,449,760
Net pension asset (note 6)	202,000	-
TOTAL NONCURRENT ASSETS	465,360,836	485,434,657
TOTAL ASSETS	568,966,228	593,611,997
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension contributions (note 6)	803,127	-
Deferred outflows - actuarial (note 6)	3,653	-
Deferred outflows - additional deferral (note 6)	337,526	-
Deferred amount on refunding	12,837,902	14,390,699
TOTAL DEFERRED OUTFLOWS	$ 13,982,208	$ 14,390,699

See accompanying notes to financial statements.

(CONTINUED)

LIABILITIES AND NET POSITION

	2015	2014
CURRENT LIABILITIES		
Accounts payable and accrued expense	26,505,483	28,321,298
Accrued interest payable	5,783,983	5,741,843
Current portion of long-term liabilities (note 5)	13,674,532	13,279,532
TOTAL CURRENT LIABILITIES	45,963,998	47,342,673
LONG-TERM LIABILITIES (note 5)		
Compensated absences	1,248,436	1,128,276
2008B refunding revenue certificates of participation	115,062,822	118,579,578
2010A adjustable rate revenue certification of participation	33,383,368	36,300,000
2011A refunding revenue bonds	36,133,140	36,822,660
2011B refunding revenue bonds	63,907,183	64,232,455
2012A refunding revenue bonds	53,528,646	55,959,262
2013A refunding revenue bonds	10,666,811	17,860,791
Net pension liability (note 6)	1,259,725	-
Interest rate swaps (note 9)	3,049,992	3,426,396
Subtotal	318,240,123	334,309,418
Less: current portion above	(13,674,532)	(13,279,532)
TOTAL LONG-TERM LIABILITIES	304,565,591	321,029,886
TOTAL LIABILITIES	350,529,589	368,372,559
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - actuarial	794,774	-
Deferred change in swap fair value (note 9)	453,416	77,012
TOTAL DEFERRED INFLOWS	1,248,190	77,012
NET POSITION		
Net investment in capital assets	170,046,568	175,455,369
Unrestricted	61,124,089	64,097,756
TOTAL NET POSITION	$ 231,170,657	$ 239,553,125

See accompanying notes to financial statements.

WEST BASIN MUNICIPAL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2015 (With comparative totals for the year ended June 30, 2014)

	2015	2014
OPERATING REVENUES:		
Water and monitoring	$ 136,761,807	$ 135,310,145
Water recycling revenue	40,386,155	42,151,257
Water conservation	735,542	972,298
Desalting revenue	700,631	789,969
TOTAL OPERATING REVENUES	178,584,135	179,223,669
OPERATING EXPENSES:		
Source of supply and monitoring	116,722,812	118,116,614
Water recycling costs	34,511,305	32,682,913
Depreciation and amortization	25,099,267	20,792,901
Public information and education	2,905,785	6,004,376
Water policy and conservation	3,163,415	2,302,418
Desalting operations	870,052	810,526
TOTAL OPERATING EXPENSES	183,272,636	180,709,748
OPERATING INCOME (LOSS)	(4,688,501)	(1,486,079)
NONOPERATING REVENUES (EXPENSES):		
Standby charges	9,740,981	9,683,207
Investment income	294,532	234,129
Miscellaneous income	689,906	255,470
Noncapital grants	37,974	82,581
Miscellaneous expense	-	(66,107)
Loss on disposition of assets	(849,491)	-
Interest expense	(11,138,976)	(10,650,835)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,225,074)	(461,555)
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	(5,913,575)	(1,947,634)
CAPITAL CONTRIBUTIONS:		
Capital contributions	7,662,456	16,446,497
CHANGE IN NET POSITION	1,748,881	14,498,863
NET POSITION - BEGINNING OF YEAR (as restated, note 11)	229,421,776	225,054,262
NET POSITION - END OF YEAR	$ 231,170,657	$ 239,553,125

See accompanying notes to financial statements.

WEST BASIN MUNICIPAL WATER DISTRICT
STATEMENT OF CASH FLOWS
Year ended June 30, 2015 (with comparative totals for the year ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$183,949,856	$175,059,020
Cash paid to suppliers of goods and services	(141,188,894)	(137,541,956)
Cash paid for arbitrage rebate	-	(227,657)
Cash paid for employee services and benefits	(8,573,970)	(7,436,934)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	34,186,992	29,852,473
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants received	37,974	82,581
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	37,974	82,581
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term liabilities	(15,591,632)	(5,760,000)
Cash paid to bond escrow for refundings	-	(27,990,000)
Acquisition and construction of capital assets	(14,082,899)	(17,252,480)
New issuance of long-term liabilities	-	26,300,000
Interest paid on long-term liabilities	(11,096,836)	(10,477,593)
Capital grants received	-	7,295,692
Capital contributions	7,662,456	9,150,805
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(33,108,911)	(18,733,576)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	26,780,346	27,293,221
Purchase of investments	(27,854,296)	(24,080,125)
Interest received	186,950	911,471
NET CASH PROVIDED BY INVESTING ACTIVITIES	(887,000)	4,124,567
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	229,055	15,326,045
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	42,808,524	27,482,479
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 43,037,579	$ 42,808,524
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION:		
Cash and cash equivalents	$ 38,529,839	$ 38,306,958
Restricted cash and cash equivalents	4,170,615	4,170,711
Restricted custodial cash	337,125	330,855
Cash and cash equivalents at end of year	$ 43,037,579	$ 42,808,524

(Continued)

See accompanying notes to financial statements.

(Continued)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	2015	2014
Operating income (loss)	$ (4,688,501)	$ (1,486,079)
Standby charges	9,740,981	9,683,207
Depreciation and amortization	25,099,267	20,792,901
Nonoperating miscellaneous revenue	689,906	255,470
Nonoperating miscellaneous expenses	-	(66,107)
Arbitrage rebate payment	-	(227,657)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	5,365,721	(4,466,136)
(Increase) decrease in inventory	(106,866)	(81,641)
(Increase) decrease in prepaid expense	(835)	(70,016)
(Increase) decrease in net pension asset	(56,000)	-
(increase) decrease in deferred outflows-pension	(363,685)	-
(Increase) decrease in net OPEB asset	-	664,947
Increase (decrease) in accounts payable	(1,815,815)	4,825,956
Increase (decrease) in compensated absences	120,160	27,628
Increase (decrease) in net pension liability	(592,115)	-
Increase (decrease) in deferred inflows actuarial	794,774	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 34,186,992	$ 29,852,473
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Gain (loss) on disposition of assets	$ (849,491)	$ -
Unrealized gain (loss) from investments	$ 84,944	$ 550,281
Reclassification of deferred outflows associated with swap agreements as a result of debt refunding (see note 9)	$ -	$ 2,765,248

See accompanying notes to financial statements.

(1) Summary of significant accounting policies

Organization and description of West Basin - The West Basin Municipal Water District (District) was incorporated on December 17, 1947, which operates under the authority of Division 20 of the California Water Code for the purpose of providing water and related services to the properties within West Basin. West Basin is governed by a five member board of Directors elected by the voters in the area to a four-year term.

The mission of West Basin is to provide a safe and reliable supply of high quality water to the communities we serve. West Basin's customers consist of 9 agencies, private and public, within its 185-square mile service area. West Basin provides drinking and recycled water and water efficiency programs to its customers.

Basis of accounting
West Basin's financial statements are comprised of the Statements of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, the notes to the financial statements and Required Supplementary Information.

West Basin uses an enterprise fund to record its activities. An enterprise fund is a type of Proprietary fund used to account for operations where the costs of providing services to the general public on a continuing basis is financed or recovered primarily through user fees and charges or debt backed by fees and charges.

West Basin uses an "accrual basis of accounting", where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

West Basin distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water operations. Revenues not meeting this definition are reported as non-operating revenues.

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.

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

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.

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

(1) Summary of significant accounting policies (Continued)

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

Capital assets used to support General Administration must meet (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; and
2. Useful life of at least three years

Capital assets used to support Infrastructure and Other Construction Projects must meet (2) conditions:

1. Each individual item or component unit has a cost of $10,000 or more; and
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, 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 expensetd as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	Useful Life
Water facilities	3 - 75 year
Buildings and improvements	3 - 40 year
Furniture, fixtures and equipment	3 - 10 year

Depreciation aggregated $25,027,614 for the year ended June 30, 2015.

Construction in progress includes demonstration facilities that were constructed to test and validate the desalination methodologies to be used in the completed facility. These costs are considered by management to be integral and necessary to the successful completion and installation of the desalination facilities.

Amortization - 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 $71,653 for the year ended June 30, 2015.

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

Compensated Absences - Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees.

(1) Summary of significant accounting policies (Continued)

Prior year data - Selected information regarding the prior year has been included in the ccompanying 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. West Basin has reclassified certain prior year information to conform with current year presentations.

Capital contributions - Capital contributions of $7,662,456 include capital grants, capital contributions and capital recovery charges for the fiscal year ended June 30, 2015.

Capital grants and contributions - West Basin receives grants from LADWP and other entities/agencies for several ongoing projects.

Capital-recovery charges (recycling operations) - West Basin receives fixed payments from major recycled water customers, which are intended to cover the cost of recycled water facilities owned by West Basin, but that were exclusively constructed to meet their recycling needs.

Risk management - West Basin 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. The ACWA-JPIA board is composed of representatives from a number of water districts, including the West Basin Municipal Water District.

At June 30, 2015, West Basin participated in the self-insurance programs of the Insurance Authority as follows:

Property loss - The Insurance Authority has pooled self-insurance up to $100,000 per occurrence and has purchased excess insurance coverage up to $150,000,000 (total insurable value of $255,170,468). West Basin 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 $2,000,000 per occurrence and has purchased excess insurance coverage up to $58,000,000.

Auto liability - The Insurance Authority has pooled self-insurance up to $2,000,000 per occurrence and has purchased excess insurance coverage up to $58,000,000.

Public officials' liability - The Insurance Authority has pooled self-insurance up to $2,000,000 and has purchased excess insurance coverage up to $58,000,000.

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

At June 30, 2015, West Basin also had insurance coverage with Alliant Insurance for crime up to $3,000,000 with a $2,500 deductible.

(1) Summary of significant accounting policies (Continued)

Pensions - For purposes of measuring the net pension liability or asset, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office and PARS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For the CalPERS report, the following timeframes are used:

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	June 30, 2013 to June 30, 2014

For the PARS report, the following timeframes are used:

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	June 30, 2013 to June 30, 2014

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. West Basin has four items that qualify for reporting in this category: the deferred outflows on pension contributions, the deferred outflows – actuarial, the deferred outflows – additional deferral and the deferred charges on debt refundings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as inflow of resources (revenue) until that time. West Basin has two items that qualify for reporting in this category, deferred inflow – actuarial and deferred change in swap fair value.

(2) Cash and investments

Cash and investments held by West Basin were comprised of the following at June 30, 2015:

	Maturity in Year			
	1 Year or Less	1 - 5 Years	More than 5 Years	Total
Local agency investment fund	$32,094,760	$ -	$ -	$32,094,760
Money market mutual funds	4,571,156	-	-	4,571,156
Deposits with financial institutions	6,371,664	-	-	6,371,664
Investments:				
United States agency securities	2,749,795	5,661,631	-	8,411,426
United States treasury securities	5,071,483	5,634,352	-	10,705,835
Corporate notes	2,939,622	7,243,345	-	10,182,967
Commercial Paper	939,830	-	-	939,830
Total cash and investments	$54,738,310	$18,539,328	$ -	$73,277,638

Financial Statement Classification:	
Unrestricted assets:	
Cash and cash equivalents	$38,529,839
Investments	30,240,059
Restricted assets:	
Cash and cash equivalents	4,170,615
Custodial cash	337,125
Total Cash and Investments	$73,277,638

Investments authorized by the California government code and West Basin's investment policy - The table below identifies the investment types that are authorized for West Basin 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 West Basin, rather than the general provision of the California Government Code or West Basin's investment policy:

(2) Cash and investments (Continued)

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U.S. treasury obligations	Yes	5 year	None	None
U.S. agency securities	Yes	5 year	None	None
Bankers acceptances	Yes	180 days	15%	15%
California municipal obligations	Yes	5 year	10%	5%
State municipal obligations	Yes	5 year	10%	5%
Commercial paper	Yes	270 days	25%	10%
Certificates of deposit	Yes	5 year	30%	5%
Repurchase agreements	No	1 year	None	None
Reverse repurchase agreements	No	92 days	20% of base value	None
Medium-term notes	Yes	5 year	30%	5%
Mutual funds	No	N/A	20%	10%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	No	5 year	20%	None
LAIF	Yes	N/A	None	None
Supranationals	Yes	5 year	30%	None

*Based on State law or investment policy requirements, whichever is more restrictive.

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 West Basin'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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Investment in One Issuer
Cash	None	None	None
U.S. treasury obligations	None	None	None
U.S. agency securities	None	None	None
Bankers acceptances	360 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Guaranteed investment contracts	30 year	None	None
Certificate of deposit	360 days	None	None
LAIF	None	None	None
State Municipal Obligations	None	None	None

(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 Investment Policy, West Basin manages its exposure to interest rate risk 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 West Basin's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of West Basin's investments by maturity as of June 30, 2015.

Disclosure 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 Investment Policy, West Basin 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 under current assets and restricted assets.

Investment	Minimum Legal Rating	Rating as of Year End Standard & Poor's
U.S. agency securities	N/A	AA+
U.S. treasury securities	N/A	AA+
LAIF	N/A	Not Rated
Money market mutual funds	N/A	AAA-m
Corporate notes	A	A-, A, A+, AA-, AA and AA+, AAA
Commercial paper	A-1	A-1
Held by bond trustee:		
Money market mutual funds	AAA	AAAm

Concentration of credit risk - Concentration of credit is the risk of loss attributed to the magnitude of West Basin'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:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. agency securities	$2,331,436
Federal Home Loan Mortgage Association	U.S. agency securities	3,237,880
Federal Home Loan Bank	U.S. agency securities	2,842,110
		$8,411,426

(2) Cash and investments (Continued)

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, West Basin 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) West Basin 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 West Basin'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 - West Basin 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 West Basin's investment in this pool is reported in the accompanying financial statements at amounts based upon West Basin'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. The weighted average maturity of the LAIF portfolio as of June 30, 2015, is 239 days.

(3) Restricted assets

Restricted assets were provided by, and are to be used for, the following at June 30, 2015:

Funding source	Use	Amount
Refunding Revenue Bonds	Reserve Requirement	$4,170,615
Custodial Account	Custodial costs	337,125
		$4,507,740

(4) Capital assets

The investment in capital assets consists of the following at June 30, 2015:

	Balance at July 1, 2014*	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated:				
Land - Recycling facilities	$ 23,541,078	$ -	$ -	$23,541,078
Land – Carson	1,670,568	-	-	1,670,568
Discharge Capacity	621,189	-	-	621,189
Construction-in-progress	63,152,062	13,666,026	(1,674,044)	75,144,044
Total capital assets, not being depreciated	88,984,897	13,666,026	(1,674,044)	100,976,879
Capital assets, being depreciated:				
Building – Carson	2,343,574	-	-	2,343,574
Building improvement	1,782,331	11,396	-	1,793,727
Potable distribution system	1,241,681	-	-	1,241,681
Ocean desalination education center	548,067	-	-	548,067
Recycling facilities	552,375,161	2,018,617	(1,614,322)	552,779,456
Groundwater desalting facility	4,040,565	34,562	(16,549)	4,058,578
Machinery and equipment	1,884,404	14,525	-	1,898,929
Furniture and fixtures	223,076	11,815	-	234,891
Total capital assets, being depreciated	564,438,859	2,090,915	(1,630,871)	564,898,903
Less accumulated depreciation:				
Building – Carson	(648,389)	(93,743)	-	(742,132)
Building improvement	(259,770)	(123,813)	-	(383,583)
Potable distribution system	(217,294)	(62,084)	-	(279,378)
Ocean desalination education center	(213,137)	(60,897)	-	(274,034)
Recycling facilities	(173,373,618)	(24,194,012)	767,643	(196,799,987)
Groundwater desalting facility	(1,585,571)	(214,584)	9,102	(1,791,053)
Machinery and equipment	(698,336)	(261,468)	-	(959,804)
Furniture and fixtures	(194,112)	(17,378)	-	(211,490)
Total accumulated depreciation	(177,190,227)	(25,027,979)	776,745	(201,441,461)
Total capital assets, being depreciated, net	387,248,632	(22,937,064)	(854,126)	363,457,442
Total capital assets, net	$476,233,529	$(9,271,038)	$(2,528,170)	$464,434,321

* Balance at July 1, 2014, as restated. See footnote 11 for additional information.

(5) Long-term debt

The following amounts of long term liabilities were outstanding June 30, 2015:

	Balance at July 1, 2014	Additions	Deletions	Balance at July 30, 2015	Current Portion
2008B Refunding Revenue Certificate of Participation	118,579,578	-	(3,516,756)	115,062,822	3,590,000
2010A Adjustable Rate Revenue Certificates of Participation	36,300,000	-	(2,916,632)	33,383,368	-
2011A Refunding Revenue Bonds	36,822,660	-	(689,520)	36,133,140	375,000
2011B Refunding Revenue Bonds	64,232,455	-	(325,272)	63,907,183	-
2012A Refunding Revenue Bonds	55,959,262	-	(2,430,616)	53,528,646	2,115,000
2013A Refunding Revenue Bonds	17,860,791	-	(7,193,980)	10,666,811	6,990,000
Subtotal	329,754,746	-	(17,072,776)	312,681,970	13,070,000
Compensated Absences	1,128,276	733,294	(613,134)	1,248,436	604,532
Total	$330,883,022	$ 733,294	$(17,685,910)	$313,930,406	$13,674,532

2008B refunding revenue certificates of participation - In May 2008, the Financing Corporation issued $128,665,000 Refunding Revenue Certificates of Participation ("2008B Refunding Revenue Certificates") to assist West Basin in financing and refinancing certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003B 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 2008B Refunding Revenue Certificates have interest rates ranging from 3.0% to 5.0% with maturities through August 2031. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

(5) Long-term debt (Continued)

Bonds outstanding	$113,185,000
Unamortized premium	1,877,822
Net liability	$115,062,822

2010A adjustable rate revenue certificates of participation - In April 2013, U.S. Bank National Association agreed to extend up to $40,000,000 authorization credit to West Basin on a revolving basis through the purchase of West Basin Municipal Water District Adjustable Rate Revenue Certificates of Participation, Series 2010 (the "Certificate"), evidencing undivided interests in Installment Payments to be paid by West Basin under an Installment Purchase Agreement dated June 1, 2010 (the "Installment Purchase Agreement"), by and between West Basin and the Financing Corporation, prior to the commitment termination date (no later than April 25, 2016). The interest paid on the utilized portion of the Certificate is based on fixed rate and adjusted LIBOR rate of .19% at June 30, 2015.

2011A refunding revenue bonds - In September 2011, West Basin issued $34,190,000 Refunding Revenue Bonds ("2011A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the State of California loan, and to pay costs of delivery of the 2011A Refunding Revenue Bonds.

The 2011A Refunding Revenue Bonds have interest rates ranging from 2.5% to 5.0% with maturities through August 2024. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$33,140,000
Unamortized premium	2,993,140
Net liability	$36,133,140

2011B refunding revenue bonds - In November 2011, West Basin issued $60,275,000 Refunding Revenue Bonds ("2011B Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed and refinanced from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a reserve fund and to pay costs of delivery of the 2011B Refunding Revenue Bonds.

The 2011B Refunding Revenue Bonds have interest rates ranging from 4.0% to 5.0% with maturities through August 2036. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$60,275,000
Unamortized premium	3,632,183
Net liability	$63,907,183

(5) Long-term debt (Continued)

2012A refunding revenue bonds - In April 2012, West Basin issued $50,325,000 Refunding Revenue Bonds ("2012A Refunding Revenue Bonds") to assist West Basin in refinancing a portion of certain facilities of West Basin previously financed from the proceeds of the 2003A Refunding Revenue Certificates of Participation, to refinance certain facilities of West Basin previously financed from the proceeds of the 2010A Adjustable Rate Revenue Certificates of Participation, to fund capitalized interest, to fund a portion of a reserve fund and to pay costs of delivery of the 2012A Refunding Revenue Bonds.

The 2012A Refunding Revenue Bonds have interest rates ranging from 3.0% to 5.0% with maturities through August 2029. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$48,270,000
Unamortized premium	5,258,646
Net liability	$53,528,646

2013A refunding revenue bonds - In May 2013, West Basin issued $17,165,000 Refunding Revenue Bonds ("2013A Refunding Revenue Bonds") to refund all of the outstanding West Basin Municipal Water District Refunding Revenue Certificates of Participation, Series 2003A, and to pay costs of delivery of the 2013A Refunding Revenue Bonds.

The 2013A Refunding Revenue Bonds have interest rates ranging from 2.0% to 4.0% with maturities through August 2016. This liability is presented in the accompanying statement of net position net of unamortized discounts and premiums as follows:

Bonds outstanding	$10,305,000
Unamortized premium	361,811
Net liability	$10,666,811

Debt Coverage - West Basin has pledged revenues, net of specified operating expenses, as security for debt service associated with indebtedness incurred to finance various capital facilities of West Basin. The bonds are payable solely from net revenues and are payable through fiscal year 2037. For the year ended June 30, 2015, debt coverage (net revenues divided by senior debt service) for senior debt was approximately 2.19. Debt coverage (net revenues divided by total debt service) for all debt was approximately 1.45.

Debt Service Requirements - The Certificates of Participation and Refunding Revenue Bonds (not including the 2010 Adjustable rate revenue certificates of participation) debt service requirements subsequent to June 30, 2015, are as follows:

(5) Long-term debt (Continued)

	Certificates of Participation			Refunding Revenue Bonds		
	Total COP's		Hedging Derivatives,	Total Refunding Rev Bonds		
	Principal	Interest	Net	Principal	Interest	Total
2015/16	$ 3,590,000	$ 5,429,981	$ 836,338	$ 9,480,000	$ 7,096,400	$ 26,432,719
2016/17	3,775,000	5,286,381	741,788	5,515,000	6,720,950	22,039,119
2017/18	3,825,000	5,135,381	661,098	6,105,000	6,500,350	22,226,829
2018/19	3,960,000	4,982,381	575,569	6,345,000	6,256,150	22,119,100
2019/20	4,125,000	4,823,981	485,230	6,580,000	6,012,700	22,026,911
2020/21	4,280,000	4,653,825	401,525	6,810,000	5,794,250	21,939,600
2021/22	4,450,000	4,477,275	296,370	7,125,000	5,493,750	21,842,395
2022/23	6,530,000	4,254,775	244,961	7,480,000	5,137,500	23,647,236
2023/24	7,135,000	3,928,275	200,534	7,780,000	4,776,000	23,819,809
2024/25	7,490,000	3,571,525	155,342	8,150,000	4,387,000	23,753,867
2025/26	7,865,000	3,197,025	107,979	8,720,000	4,010,500	23,900,504
2026/27	8,260,000	2,803,775	59,086	8,915,000	3,574,500	23,612,361
2027/28	8,670,000	2,390,775	7,572	9,435,000	3,149,250	23,652,597
2028/29	9,105,000	1,957,275	-	9,910,000	2,677,500	23,649,775
2029/30	9,555,000	1,506,250	-	10,410,000	2,182,000	23,653,250
2030/31	10,035,000	1,028,500	-	4,080,000	1,661,500	16,805,000
2031/32	10,535,000	526,750	-	4,285,000	1,457,500	16,804,250
2032/33	-	-	-	4,500,000	1,243,250	5,743,250
2033/34	-	-	-	4,725,000	1,018,250	5,743,250
2034/35	-	-	-	4,960,000	782,000	5,742,000
2035/36	-	-	-	5,210,000	534,000	5,744,000
2036/37	-	-	-	5,470,000	273,500	5,743,500
	$113,185,000	$59,954,130	$4,773,392	$151,990,000	$80,738,800	$410,641,323

(6) Defined benefit pension plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in West Basin's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013, Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013, actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

(6) Defined benefit pension plans (Continued)

	Tier I	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	52-67
Required employee contribution rates	8%	8%
Required employer contribution rates	15.909%	6.308%

Contribution Description - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, (the measurement date) the active employee contribution rate is 7.761 percent of annual pay and the average employer's contribution rate is 15.909 percent of annual payroll for Tier I employees. For PEPRA employees the active employee contribution rate is 6.308 percent annual pay and the average employer's contribution rate is 6.700 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2014, (the measurement date) the total pension liability was determined by rolling forward the June 30, 2013, total pension liability. The June 30, 2013, and June 30, 2014, total pension liability were based on the following actuarial methods and assumptions:

(6) Defined benefit pension plans (Continued)

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses: includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to

(6) Defined benefit pension plans (Continued)

the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

1 An expected inflation of 2.5% used for this period
2 An expected inflation of 3.0% used for this period

(6) Defined benefit pension plans (Continued)

Allocation of Net Pension Liability and Pension Expense to Individual Employers

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.

> *Note*: for purposes of FNP in this step (2) and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014, less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

> The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4). The plan's proportionate share of risk pool pension expense is developed as the sum of the related proportionate shares of the components of the aggregate pension expense.

(6) Defined benefit pension plans (Continued)

The following table shows the Plan's proportionate share of the net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c) = (a) - (b)**
Balance at: 6/30/2013 (VD)	8,433,066	6,581,226	1,851,840
Balance at: 6/30/2014 (MD)	8,934,915	7,675,190	1,259,725
Net Changes during 2013-14	501,849	1,093,964	(592,115)

West Basin's proportionate share of the net pension liability as of June 30, 2014, was .02024%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.5%)	**Current Discount Rate (7.5%)**	**Discount Rate + 1% (8.5%)**
Plan's Net Pension Liability	2,445,055	1,259,725	276,013

Subsequent Events - There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses - Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

(6) Defined benefit pension plans (Continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive and retired).

The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (June 30, 2013), the NPL is $1,851,840.

For the measurement period ending June 30, 2014, (the measurement date) West Basin recognized a pension expense of $373,556 for the Plan (the pension expense for the risk pool for the measurement period is $239,824,465).

As of June 30, 2014, West Basin reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	711,101	-
Differences between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(527,197)
Adjustment due to Differences in Proportions	3,653	(234,577)
Total	$714,754	$ (761,774)

In addition to the figures shown in the table above, each employer is required to recognize an employer-specific type of deferred inflows and deferred outflows. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. This deferral and the corresponding amortization amount are calculated separately by each employer. The employer's pension expense is adjusted for the amortization of this additional deferral. This item is required to be amortized over the plan's Expected Average Remaining Service Lives (EARSL). At June 30, 2015, the additional deferred outflow is $337,526.

(6) Defined benefit pension plans (Continued)

Amounts reported as deferred outflows and deferred inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	$ (93,729)
2016	(93,729)
2017	(101,340)
2018	(131,797)
2019	-
Thereafter	-

In addition to the above amounts, $711,101 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

PARS:

West Basin has established a defined benefit, single-employer retirement plan that provides a pension benefit for full time elected or appointed Directors:

Tier I: Members retire from West Basin after July 1, 2002, and assumed office prior to January 1, 2013, who are at least age 50 with 5 or more years of continuous service, who have not been a CalPERS member prior to January 1, 2003.

Tier II: Members retire from West Basin after July 1, 2002, and assumed office prior to January 1, 2013, 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.

Tier III: Members assumed office on or after January 1, 2013, who are at least age 52 with 5 or more years of continuous service, and who have not been a CalPERS member prior to January 2003.

This plan is administered for West Basin through a third party administrator, PARS. Copies of PARS' annual financial report may be obtained from its executive office at 4350 Von Karman Ave. Suite 100, Newport Beach, California 92660.

The pension benefit for Tier I members starts at 2% of the highest average annual salary for a one year period of employment with West Basin at age 50, increases by 0.1% for each year after age of 50, capped at 3% at 60. For Tier II members, the benefit is increased by a 2% annual Cost of Living Adjustment (COLA) after retirement with the annual Supplemental benefit of $5,000. West Basin contributes to each benefit on behalf of the eligible directors. For Tier III members, the benefit starts at 1% of the highest average annual compensation paid during any 36 consecutive months, capped at 2.5% at age 67. The Tier III members contribute up to 50% of the normal cost which was 7% as of June 30, 2015.

(6) Defined benefit pension plans (Continued)

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	1
Active employees	5
Total	7

Contribution Description

West Basin's funding policy is to make the contribution as determined by the Plan's actuary, expressed as a percentage of total Director's payroll. The Plan's annual pension cost for the fiscal year ending June 30, 2015, is based on an actuarial valuation as of June 30, 2014. For the fiscal year ending June 30, 2015, West Basin's annual pension cost is $165,000 or 51.8% of the projected total Director payroll. West Basin contributed $85,906 to the plan.

Actuarial Valuation Date:	June 30, 2014
Asset Valuation Method:	Smoothed market value
Discount rate:	5.5%
Mortality:	Post-retirement mortality rates are from the CalPERS' 1997-2011 Experience Study
General Inflation:	3%
Aggregate payroll Increase:	3%
Termination:	None assumed
Salary Scale:	Individual payroll increases are the lesser of 5% and inflation
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

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) method. The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence benefits.

(6) Defined benefit pension plans (Continued)

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) method. The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants. The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence benefits.

The initial unfunded AAL for the original multiple employer plan was amortized over 20 years as of July 1, 2002, as a level percentage of expected payroll. Subsequent gains or losses are amortized over 15 years, and plan amendments, methods and assumption changes are amortized over 20 years. The maximum combined amortization period is 30 years. Effective June 30, 2006, the plan was split into two plans. At that time, all West Basin Municipal Water District bases were combined into a single fresh start base amortized over 16 years, which was the remaining period of the initial UAL. Currently, 8 years remain on this base.

Plan funded status based on the excess of
1) Actuarial Accrued Liability
over
2) Plan assets

Actuarial assets are equal to market value assets. This is a change from the prior valuation, in which actuarial assets recognized asset gains/losses over 5 years.

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

Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the actuary stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 5.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 5.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 30 basis points. An investment return excluding administrative expenses would have been 5.78 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability.

(6) Defined benefit pension plans (Continued)

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (c) = (a) - (b)
Balance at: 6/30/2014	**$924,000**	**$1,070,000**	**$(146,000)**
Changes Recognized for the Measurement Period:			
Service Cost	73,000		73,000
Interest on the Total Pension Liability	55,000		55,000
Differences between Expected and Actual Experience			
Contributions from the Employer		115,000	(115,000)
Contributions from Employees			
Investment Income		102,000	(102,000)
Administrative Expense		(33,000)	33,000
Benefit Payments, including Refunds of Employee Contributions			
Net Changes during 2013-14	**$128,000**	**$184,000**	**$(56,000)**
Balance at: 6/30/2015	**$1,052,000**	**$1,254,000**	**$(202,000)**

(6) Defined benefit pension plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 5.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.50 percent) or 1 percentage-point higher (6.50 percent) than the current rate:

	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
Net Pension Liability	$ (69,000)	$ (202,000)	$ (311,000)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (June 30, 2013), the NPA is $146,000. For the measurement period ending June 30, 2014, (the measurement date) West Basin recognized pension contributions of $115,000 for the Plan.

As of June 30, 2014, West Basin reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$92,026	-
Differences between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(33,000)
Total	$92,026	$(33,000)

As of June 30, 2015, West Basin reported $92,026 as deferred outflows of resources related to employer contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	$(8,000)
2017	(8,000)
2018	(8,000)
2019	(8,000)
2020	-
Thereafter	-

(7) Other postemployment benefits (OPEB)

Plan Description: West Basin Municipal Water District provides postretirement medical benefits to employees who retire directly from West Basin 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 meet 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, West Basin 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.

District's Funding Policy: Based on the actuarial report, West Basin contributes Annual Required Contribution of the Employer required contribution of the employer (ARC) to the California Employer's Retirement Benefit Trust (CERBT) administered by CalPERS.

CERBT holds irrevocable employer contributions in a trust restricted for benefits under this program. Separate financial statements are published by CERBT to conform to GASB Statement No. 43. Copies of CERBT annual financial report can be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811.

Annual OPEB Cost and Net OPEB Obligation. West Basin's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of West Basin's annual OPEB cost for the current fiscal year, the amount actually contributed to the plan, and changes in West Basin's net OPEB obligation for these benefits:

Annual required contribution	$ 440,774
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	440,774
Contributions made (including retiree premiums paid)	(440,774)
Increase (decrease) in net OPEB obligation	
Net OPEB obligation (asset) - beginning of year	-
Net OPEB obligation (asset) - end of year	-

This table summarizes West Basin's annual OPEB costs, annual OPEB contribution, cash directly paid to retired employees, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation from FY 2013 to FY 2015.

(7) Other postemployment benefits (OPEB) (Continued)

Year Ended	Annual OPEB Cost	Annual OPEB Contributed/ Paid	% of Annual OPEB Contributed/Paid	Net OPEB Obligation (Asset)
6/30/2013	$475,703	$487,300	102%	$(664,947)
6/30/2014	4,413,859	3,748,912	85%	
6/30/2015	440,774	440,774	100%	

Funding Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the plan was 51% funded. The table below shows the Funding Progress.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c)
7/1/09	$1,084,341	$2,456,093	$1,371,752	44%	$3,285,222	41.76%
7/1/11	2,180,681	4,466,071	2,285,390	49%	3,647,096	62.66%
7/1/13	3,272,335	6,362,579	3,090,244	51%	3,976,526	77.71%

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 as required supplementary information, 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.

Actuarial Methods and Assumptions. 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.

(7) Other postemployment benefits (OPEB) (Continued)

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Method. The actuarial assumptions included a 7.5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and annual cost trend rate of 9.5% for medical plan premiums initially, reduced by decrements of 0.5% per year to an ultimate rate of 5% after the ninth year. The plan values its assets at market value. All the rates included a 3.25% inflation assumption. West Basin's amortization period of the UAAL is one year. It is assumed West Basin's payroll will increase 3.25% per year.

(8) Commitments and contingencies

West Basin 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, 2015, the total unpaid amount on these contracts is approximately $27,217,000. These commitments may be funded from restricted assets.

The accompanying financial statements include a liability in the amount of $3.6 million for the possible settling of pricing adjustments associated with prior delivered water. Negotiations between the parties are ongoing and final amounts pertaining to this matter are not known at this time.

(9) Swap transaction agreements

In June 2004, District entered into a swap transaction in the original notional amount of $22,875,000 for the purpose of hedging the variable interest rate that related to one of West Basin's Adjustable Rate Refunding Certificates of Participation at the time. This swap was executed and confirmed on June 8, 2004. In 2008, District refinanced this Adjustable Rate Refunding Revenue Certificates of Participation and the swap was amended and restated as of June 6, 2008, for the original notional amount of $22,875,000. The agreement is scheduled to terminate August 1, 2027 unless terminated earlier. Under the amended and restated swap transaction, West Basin pays a fixed rate of 3.662% and receives 65% of the British Bankers Association - London Interbank offered rate (BBA - LIBOR). The fair market value of this swap was ($2,191,427) based on the market interest rates as of June 30, 2015.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands):

(9) Swap transaction agreements(Continued)

	Changes in Fair Value		Fair Value at June 30, 2015		
	Classification	Amount	Classification	Amount	Notional
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred inflow	$ (270)	Debt	$ (2,191)	$15,275
Pay-fixed interest rate swap	Deferred inflow	$ (106)	Debt	$ (859)	$10,250

The fair value of each of the above interest rate swap agreements has been reported as a liability in the accompanying statement of net position. Swap agreements that have a strong correlation to the debt agreement of West Basin to which they relate and that meet the hedge accounting criteria of GASB No. 53 have been accounted for as cash flow hedges. Under hedge accounting, the changes in fair value associated with cash flow hedges are recorded on the statement of net position as deferred outflows of financial resources (an asset).

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of West Basin's hedging derivative instruments outstanding at June 30, 2015, along with the credit rating of the associated counterparty (amounts in thousands).

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating*
Pay-fixed interest rate swap	Hedge of the variable rate interest exposure relating to the Refunding Revenue Certificates of Participation Series 2010A.	$15,275	5/22/08	8/01/27	Pay 3.662%; receives 65% of the BBA-LIBOR	A
Pay-fixed interest rate swap	Hedge of the variable rate interest exposure relating to the Refunding Revenue Certificates of Participation Series 2010A.	$10,250	5/22/08	8/01/21	Pay 3.515%; receive floating rate of 65% of BBA-LIBOR	A

* S&P rating of subordinated debt for Citibank, N.A.

(9) Swap transaction agreements (Continued)

Credit risk. West Basin is exposed to credit risk on hedging derivative instruments. To minimize its exposure to loss related to credit risk, it is West Basin's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty, or its guarantor, not have credit ratings from two nationally recognized rating agencies in at least the two highest rating categories. Collateral posted is to be in the form of cash, U.S. Treasury Securities or Agency Securities rated "Aaa" or "AAA" by two of the nationally recognized rating agencies held by a third-party custodian.

Interest rate risk. West Basin is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR decreases, West Basin's net payment on the swap increases. In addition, on its basis interest rate swap, as LIBOR decreases or the SIFMA swap index increases, West Basin's net payment on the swap increases.

Basis risk. West Basin is exposed to basis risk on its interest rate swaps. For its pay-fixed and receive-variable interest rate swaps, the variable-rate payments received by West Basin on these hedging derivative instruments are based on 65% of one-month LIBOR index, reset every month. At each reset of its hedged variable rate debt, West Basin can choose the period until the next reset, and the interest rate on the debt is then based on 70% of the LIBOR index with a tenure that best approximates the chosen period. As of June 30, 2015, West Basin chose a reset period of one month for its hedged variable-rate debt, and 70% of one-month LIBOR was approximately 0.13%.

Termination risk. West Basin or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In such event, West Basin may either receive or owe a payment to the counterparty. The amount and the direction of the payment are dependent on swap interest rates and ratios and it reflects the value of the swap at the time of such termination. The fair value of the swaps at June 30, 2015, suggests that a payment of $3,049,992 would be required if the two swaps were terminated on that date.

The interest rate swap agreements are associated with the 2010A Adjustable Rate Revenue Certificates of Participation. Independent consultants engaged by West Basin have determined that these swaps served as an effective hedge as of June 30, 2015, with respect to the 2010A Adjustable Rate Revenue Certificates of Participation. From June 30, 2014, the liability associated with the fair value of the swaps decreased by $376,404 to a Deferred Inflow of $453,416 as of June 30, 2015. This decrease in swap fair value resulted in an adjustment of deferred inflows that are associated with the hedging of the 2010A Certificates of Participation to account for the changes in fair value that took place from June 30, 2014, to the date of the Statement of Net Position (June 30, 2015).

(10) Agreements Associated with West Basin's Recycled Water Program

For West Basin's recycled water program, West Basin has entered into agreements with various entities that desire to use the recycled water that is produced by West Basin's recycled water treatment facilities.

(10) Agreements Associated with West Basin's Recycled Water Program (Continued)

These agreements entitle those parties to purchase a prescribed amount of recycled water. In return for access to such water, these parties have agreed to pay for the water actually supplied to that user at a rate annually established by West Basin for its recycled water customers.

Because of the significant contingencies associated with each of these agreements and in accordance with the revenue recognition criteria established for voluntary nonexchange transactions, capital contribution revenue and a related receivable was not accrued at the inception of the agreement.

(11) Prior Period Adjustments

The accompanying financial statements reflect the implementation of GASB Statement No. 68 which requires the reporting of the net pension liability of West Basin's defined pension plans in the financial statements and is applied retroactively by restating the net position as of the beginning of the fiscal year. During the fiscal year, West Basin performed a review of its capital asset records which resulted in an additional prior period adjustment. The beginning net position as restated is as follows:

Beginning Net Position	$ 239,553,125
GASB Statement No. 68	(925,219)
Capital Assets	(9,206,130)
Beginning Net Position (as restated)	$ 229,421,776

PERS

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date

	Miscellaneous Plan 6/30/2014	PEPRA 6/30/14
Plan's Proportion of the Net Pension Liability (Asset)	.02024%	0%
Plan's Proportionate Share of the Net Pension Liability (Asset)	$ 1,259,717	$8
Plan's Covered-Employee Payroll	$ 4,269,427	$65,922
Plan's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	29.51%	0.01%
Plan's Proportion of the Fiduciary Net Position	$7,675,150	$40
Plan's Share of Risk Pool FNP	.05097%	0%
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	85.90%	83.33%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 207,549	$1

Notes to Schedule:

Benefit Changes: None
Changes of Assumptions: None

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

Schedule of Plan Contributions – PERS

	Miscellaneous Plan Fiscal Year 2014-15	PEPRA Fiscal Year 2014-15
Actuarially Determined Contribution	$ 711,101	14,607
Contributions in Relation to the Actuarially Determined Contribution	(711,101)	(14,607)
Contribution Deficiency (Excess)	$ -	-
Covered-Employee Payroll	4,269,427	65,922
Contributions as a Percentage of Covered-Employee Payroll	15.25%	22.16%

Notes to Schedule:

Valuation date:	June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement Age	67 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

Defined Benefit Pension Plan – PARS

Schedule of Changes in Net Pension Liability and Related Rations During the Measurement Period

Measurement Period	2013-14
TOTAL PENSION LIABILITY	
Service Cost	$ 73,000
Interest	55,000
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	-
Net Change in Total Pension Liability	128,000
Total Pension Liability – Beginning	924,000
Total Pension Liability – Ending (a)	$ 1,052,000
PLAN FIDUCIARY NET POSITION	
Contributions – Employer	$ 115,000
Contributions – Employee	-
Investment Income	102,000
Administrative Expense	(33,000)
Benefit Payments, Including Refunds of Employee Contributions	-
Other Changes in Net Fiduciary Position	-
Net Change in Fiduciary Net Position	184,000
Plan Fiduciary Net Position – Beginning	1,070,000
Plan Fiduciary Net Position – Ending (b)	$ 1,254,000
Plan Net Pension Liability – Ending (a) - (b)	$ (202,000)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	119.2%
Covered-Employee Payroll	143,680
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	140.6%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms specific to the plan 690.
Changes of Assumptions: There were no changes in assumptions.

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

Schedule of Plan Contributions – PARS

	Fiscal Year 2014-15
Actuarially Determined Contribution	$ 92,026
Contributions in Relation to the Actuarially Determined Contribution	(92,026)
Contribution Deficiency (Excess)	$ -
Covered-Employee Payroll	143,680
Contributions as a Percentage of Covered-Employee Payroll	64.0%

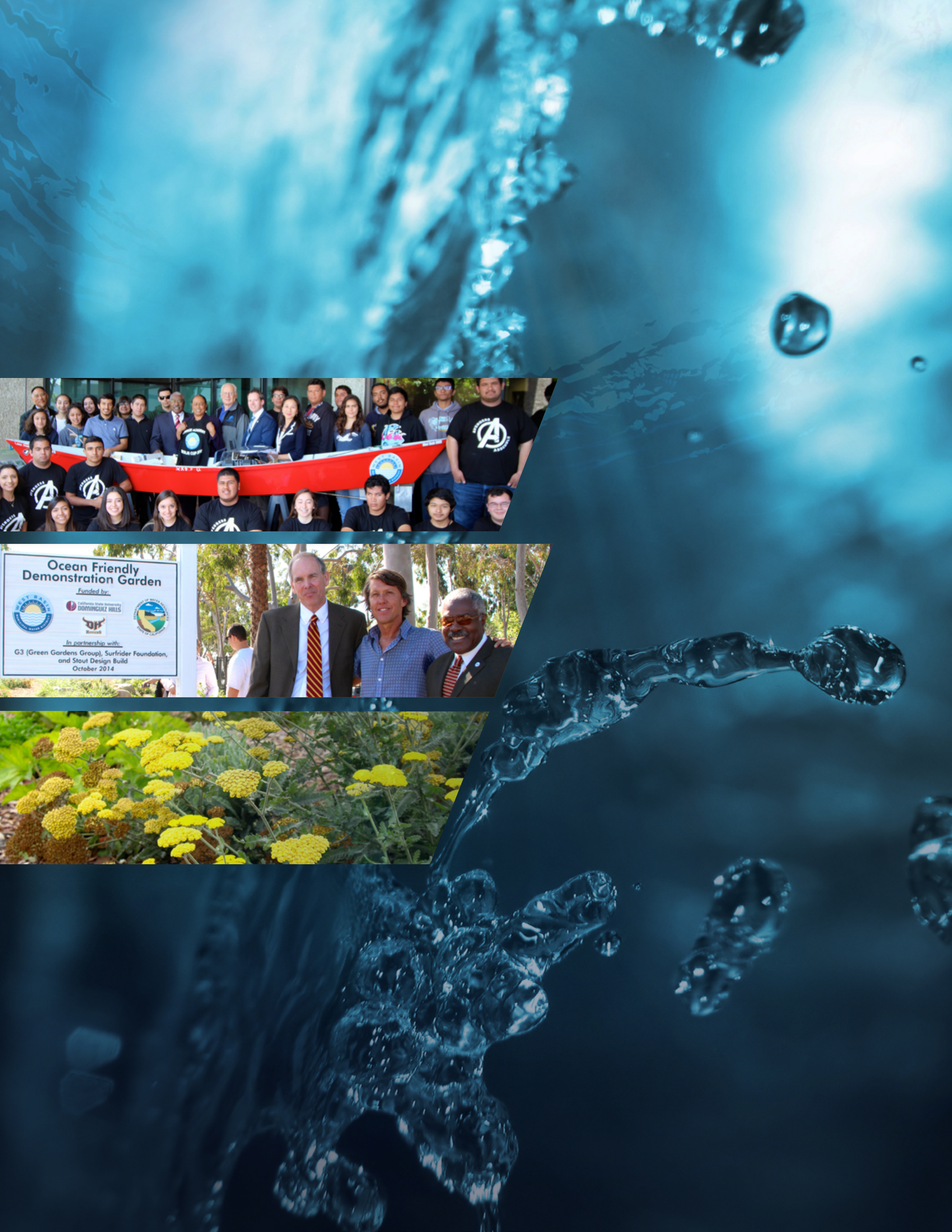
Notes to Schedule:

Valuation date: June 30, 2014

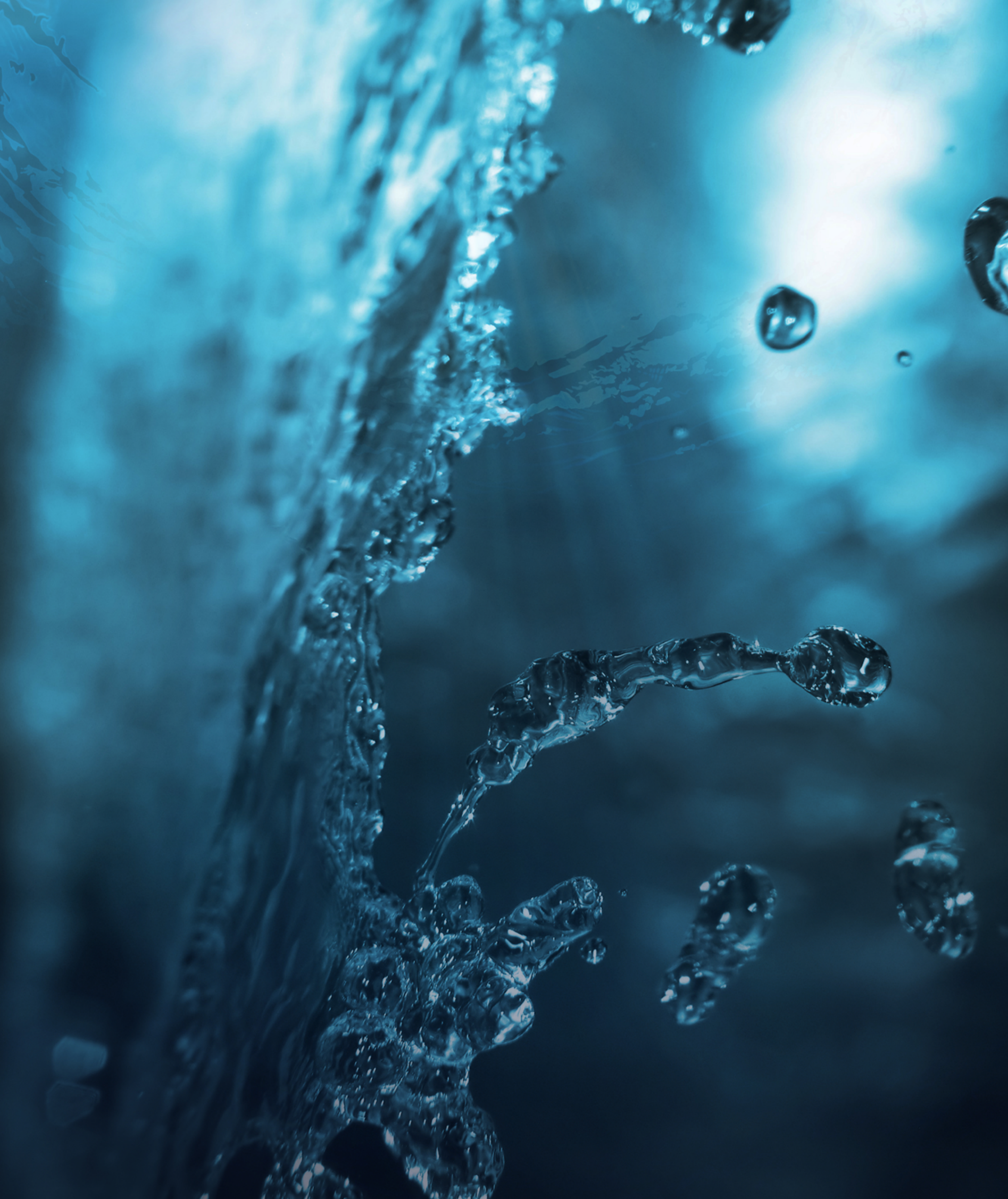
Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	5.0%, average, including inflation of 3.0%
Investment rate of return	5.5%, net of pension plan investment expense, including inflation
Retirement Age	67 yrs.
Mortality	CalPERS 1997-2011 Experience Study

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.


Ocean Friendly
Demonstration Garden
Funded by:
California State University
DOMINGUEZ HILLS
In partnership with:
G3 (Green Gardens Group), Surfrider Foundation,
and Stout Design Build
October 2014

STATISTICAL SECTION
Comprehensive Annual Financial Report



This part of West Basin'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's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how West Basin's financial performance has changed over time

Revenue Capacity

These schedules contain information to help the reader understand West Basin's revenue sources

Debt Capacity

These schedules present information to help the reader assess the affordability of West Basin's current levels of outstanding debt and the District's ability to issue additional debt in the future

Demographic Information

These schedules offer demographic and economic information to help the reader understand the environment within which West Basin's financial activities take place

Operating Information

These schedules contain information about West Basin's operations and infrastructure data to help the reader understand how West Basin's financial report relates to the services the West Basin provides and the activities it performs.

WEST BASIN MUNICIPAL WATER DISTRICT
TABLE 1: NET POSITION
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Net Investment In Capital Assets (3)	Unrestricted	Total Net Position (3)
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
2010	138,496	55,514	194,010 (1)
2011	142,314	58,122	200,436 (2)
2012	152,042	62,585	214,627
2013	174,081	54,470	228,551
2014	175,455	64,098	239,553 (4)
2015	170,047	61,124	231,171 (5)

(1) Fiscal Year 2010 beginning Net Position was restated for two reasons: (1) Due to fewer contributions from the U.S. Army Corps of Engineers there was a deduction of $3.6M in Construction-In-Progress account (2) Per GASB No. 53, the fair value of $15.7M nonhedged swap at the end of the Fiscal Year 2009 was required to be recorded in Fiscal Year 2010.

(2) Fiscal Year 2011 beginning Net Position was restated in Fiscal Year 2012 to reflect the deduction of $1.2M in the Construction-In-Progress account from Fiscal Year 2008.

(3) In Fiscal Year 2013, West Basin adopted GASB No. 63, which reflects the name change on this table.

(4) In Fiscal Year 2014, West Basin adopted GASB No. 65, resulting in a prior year adjustment of $3.5M to write off all bond issuance costs.

(5) Fiscal Year 2015 beginning Net Position was restated for two reasons: Due to the implementation of GASB No. 68, prior year adjustment of $0.9M liability was recorded and due to the internal review of the capital asset accounts, a prior year adjustment of $9.2M was made to reduce capital assets account no longer in service.

TABLE 2: CHANGES IN NET POSITION
Last Ten Fiscal Years (In Thousands)

	Operating Revenue (Loss)			Nonoperating Revenue (loss)				Nonoperating Revenue (loss)					
Fiscal Year Ended June 30	Operating Revenues (1)	Operating Expenses (2)	Operating Revenue (Loss)	Standby Charges	Investment Income (8)	Realized Gain (Swap Termination) (3)	Grant Income Misc Inc (Exp) Loss on disposal (4)	Interest Expense (5)	Change in fair value of swap (nonhedged) (6)	Total Nonoperating Revenue (Loss)	Income (Loss) Before Contributions	Capital Contributions (7)	Change in Net Position
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)	10,332	4,489
2009	107,704	119,924	(12,220)	9,701	3,093	-	243	(13,848)	-	(811)	(13,032)	9,069	(3,963)
2010	130,623	138,786	(8,163)	9,679	1,426	-	(808)	(12,498)	5,702	3,501	(4,662)	15,319	10,657
2011	134,352	144,604	(10,252)	9,899	1,216	-	567	(12,038)	5,033	4,675	(5,577)	13,196	7,619
2012	146,147	147,932	(1,785)	9,632	1,323	4,916	546	(11,002)	-	5,413	3,631	10,560	14,191
2013	164,216	162,390	1,826	9,805	2,872	-	100	(9,209)	-	3,566	5,395	8,528	13,923
2014	179,224	180,710	(1,486)	9,683	234	-	272	(10,651)	-	(462)	(1,948)	16,447	14,499
2015	178,584	183,273	(4,689)	9,741	295	-	(122)	(11,139)	-	(1,225)	(5,914)	7,663	1,749

(1) Fiscal Year 2010 beginning Net Position was restated for two reasons:
(1) Due to fewer contributions from the U.S. Army Corps of Engineers there was a deduction of $3.6M in Construction-In-Progress account
(2) Per GASB No. 53, the fair value of $15.7M nonhedged swap at the end of the Fiscal Year 2009 was required to be recorded in Fiscal Year 2010.

(2) Fiscal Year 2011 beginning Net Position was restated in Fiscal Year 2012 to reflect the deduction of $1.2M in the Construction-In-Progress account from Fiscal Year 2008.

(3) In Fiscal Year 2013, West Basin adopted GASB No. 63, which reflects the name change on this table.

(4) In Fiscal Year 2014, West Basin adopted GASB No. 65, resulting in a prior year adjustment of $3.5M to write off all bond issuance costs.

(5) Fiscal Year 2015 beginning Net Position was restated for two reasons: Due to the implementation of GASB No. 68, prior year adjustment of $0.9M liability was recorded and due to the internal review of the capital asset accounts, a prior year adjustment of $9.2M was made to reduce capital assets account no longer in service.

(6) Effective Fiscal Year 2010, per GASB No. 53, a swap agreements did not conform to the hedge accounting criteria referred to as investment derivatives. The changes in fair value associated with investment derivative are reported as a gain or loss in the statement of revenues, expenses and changes in net position. West Basin terminated this type of the swap in Fiscal Year 2012.

(7) Further detail is shown on Table 5 - "Capital Contributions by Source" with explanations of the nature of these contributions.

(8) In Fiscal Year 2013, West Basin sold a $12.1M guaranteed investment contract (GIC) investment for the 2003A Refunding Revenue Certificates of Particiption debt serivce reserve fund and realized a gain of $2.0M.

TABLE 3: OPERATING REVENUES BY SOURCE
Last Ten Fiscal Years (In Thousands)

	Water Sales (4)				
Fiscal Year Ended June 30	Water and Monitoring (1)	Water Recycling (2)	Desalting (3)	Conservation (4)	Total
2006	$79,299	$15,680	-	$507	$95,486
2007	84,978	19,627	65	619	105,289
2008	82,404	22,890	352	426	106,072
2009	82,569	23,599	566	970	107,704
2010	101,365	28,012	334	912	130,623
2011	106,427	26,382	802	741	134,352
2012	114,974	29,258	1,074	841	146,147
2013	129,607	32,629	879	1,101	164,216
2014	135,310	42,151	790	973	179,224
2015	136,762	40,386	700	736	178,584

(1) Includes non-interruptible, seasonal storage, seawater barrier and Capacity Charge (CC). In Fiscal Year 2010, non-interruptible and seawater barrier water rates increased 21% over the prior year. In Fiscal Year 2015, the monitoring revenues were grouped within this line item.

(2) Includes recycled sales and incentives from Metropolitan Water District of Southern California Local Resource Programs (LRP) which offers $250 incentive per acre-foot of the recycled water sold. Explanation of the fluctuations in recycled water sales is on Table 10 - "Recycled Water Sales in Acre-Feet".

(3) Includes desalting water sales and incentives from Metropolitan Water District of Southern California Groundwater Recovery Program (GRP) which offers $250 incentive per acre-foot of the desalting water sold. This incentive ended in Fiscal Year 2013.

(4) Monitoring revenue was grouped with Conservation in the prior years. In Fiscal Year 2015, it was reclassed to group with Potable revenue.

TABLE 4: OPERATING REVENUES BY SOURCE
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Source of Supply & Monitoring (1)	Water Recycling Costs (2)	Desalting Operations (3)	Public Information and Education (5)
2006	$73,089	$14,899	$72	$2,487
2007	77,828	17,317	137	2,309
2008	75,470	20,709	440	3,123
2009	76,153	21,528	481	4,476
2010	92,276	23,477	551	4,360
2011	94,855	25,277	668	4,643
2012	99,019	23,595	901	4,940
2013	110,530	27,103	892	4,731
2014	118,117	32,683	811	6,004
2015	116,723	34,512	870	2,906

(1) Includes water purchases from Metropolitan Water District of Southern California, Capacity Charges, and Readiness-to-Serve. MWD increases are passed on to West Basin customers. In Fiscal Year 2010, Metropolitan Water District of Southern California's water rate increased 21% over the prior year. Explanation of the fluctuations in source of supply is on Table 8 - "All Water Sold in Acre-Feet". In Fiscal Year 2015, monitoring program costs were grouped in this line item.

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

(3) Represents West Basin's costs to operate and maintain its brackish desalting facility.

WEST BASIN MUNICIPAL WATER DISTRICT
TABLE 4: OPERATING REVENUES BY SOURCE
Last Ten Fiscal Years (In Thousands)

(Continued)

Fiscal Year Ended June 30	General and Administrative (4)	Water Policy and Conservation (5)	Depreciation and Amortization	Total Operating Expenses
2006	$3,350	$1,985	$8,309	$104,191
2007	1,997	3,163	10,343	113,094
2008	-	2,195	13,323	115,260
2009	-	1,096	16,190	119,924
2010	-	1,044	17,078	138,786
2011	-	893	18,268	144,604
2012	-	1,194	18,283	147,932
2013	-	1,612	17,522	162,390
2014	-	2,302	20,793	180,710
2015	-	3,163	25,099	183,273

(4) Increases/decreases in general and administrative (G&A) expenses were in accordance with budgeted amounts. In Fiscal Year 2006 and 2007, the increase in G&A expenses relate to significant legal expenses. Starting in Fiscal Year 2008, the District changed its allocation methodology and began allocating all G&A costs to other direct programs this line item.

(5) The fluctuation in Fiscal Year 2008 and Fiscal Year 2013 was the result of organizational restructuring. In Fiscal Year 2015, monitoring expense was reclassed to be grouped with source of supply.

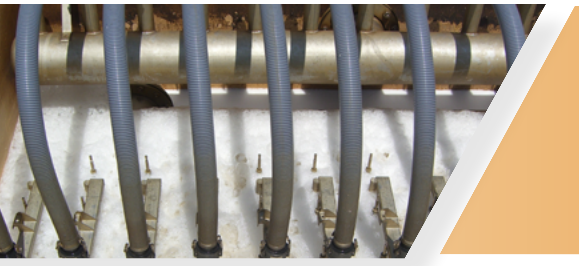


TABLE 5: CAPITAL CONTRIBUTIONS BY SOURCE

Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30	Recycling Operations (1)	U.S. Army Corps of Engineers (2)	California Department of Water Resources (3)	Other (4)	Total
2006	$7,574	$7,151	$1,546	$88	$16,359
2007	7,426	1,160	-	1,751	10,337
2008	8,229	2,061	-	42	10,332
2009	7,140	1,068	409	452	9,069
2010	7,172	7,572	126	449	15,319
2011	6,887	4,628	1,239	442	13,196
2012	7,241	2,398	94	827	10,560
2013	7,360	-	-	1,168	8,528
2014	7,296	-	-	9,151	16,447
2015	7,240	-	-	423	7,663

(1) Recycling Operations - West Basin receives fixed payments from major recycled water customers, which are intended to cover the capital costs of recycled water facilities that were partially constructed for them. The fixed payments will continue to Fiscal Year 2025, as the existing contracts expire.

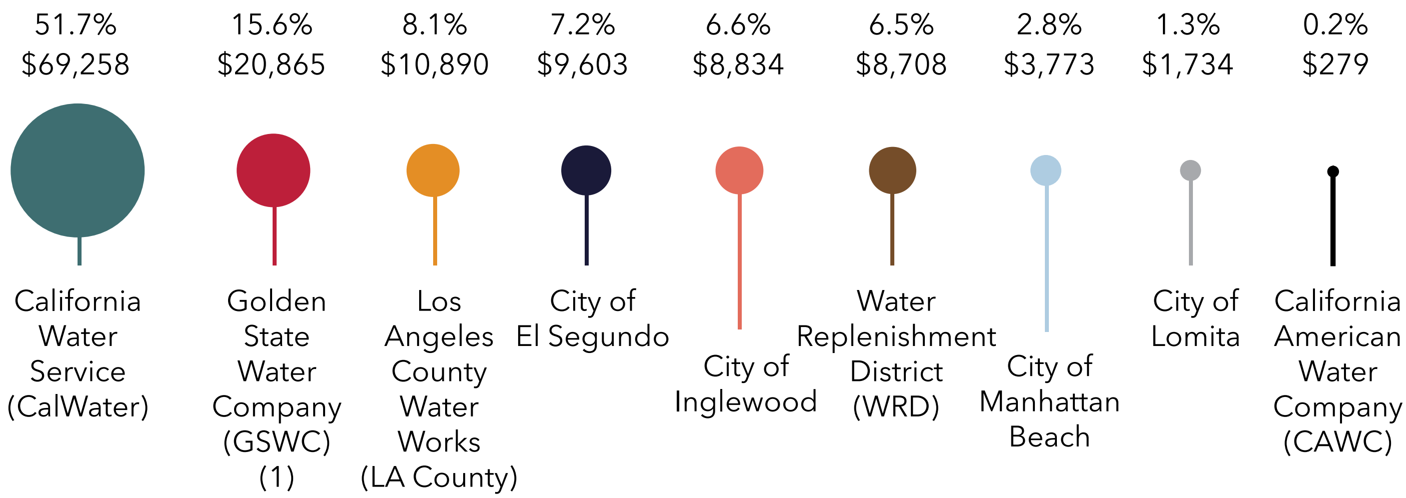
(2) U.S. Army Corps of Engineers - 75% of the construction costs related to the Harbor-South Bay Water Recycling Project are from a grant with the U.S. Army Corps of Engineers. Prior period adjustments were made for Fiscal Year 2008 and 2009 to reflect the correct contributions. To date, the total contributions received was $35M.

(3) California Department of Water Resources (DWR) - West Basin received grants from the California Department of Water Resources to assist with the design and construction of the 3rd expansion to the Edward C. Little Water Recycling Facility and seawater desalination projects.

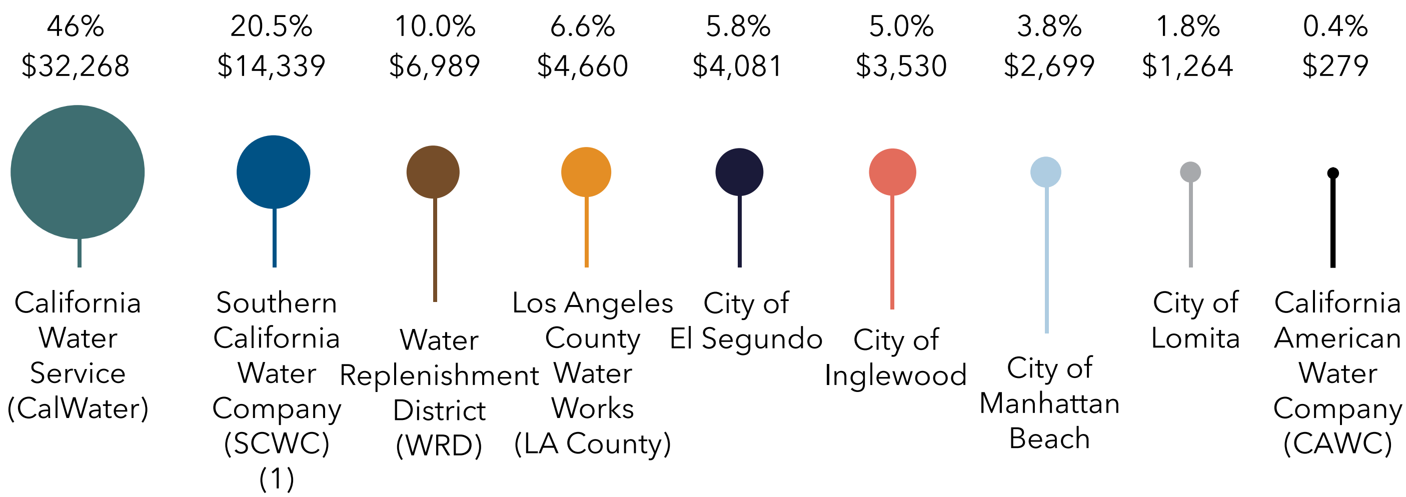
(4) Other - West Basin received contributions from other agencies such as Los Angeles Department of Water & Power,Tesoro (formerly BP), Southern California Edison (SCE) and Metropolitan Water District of Southern California. In Fiscal Year 2007, SCE provided a $1.7M incentive to West Basin for the installation of solar panels. In Fiscal Year 2014, West Basin received a capital reimbursement of $8.3M from NRG for the facilities and pipelines built to meet their recycled water demand.

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

2015
Total: $133,944
in US $



2006
Total: $70,109
in US $



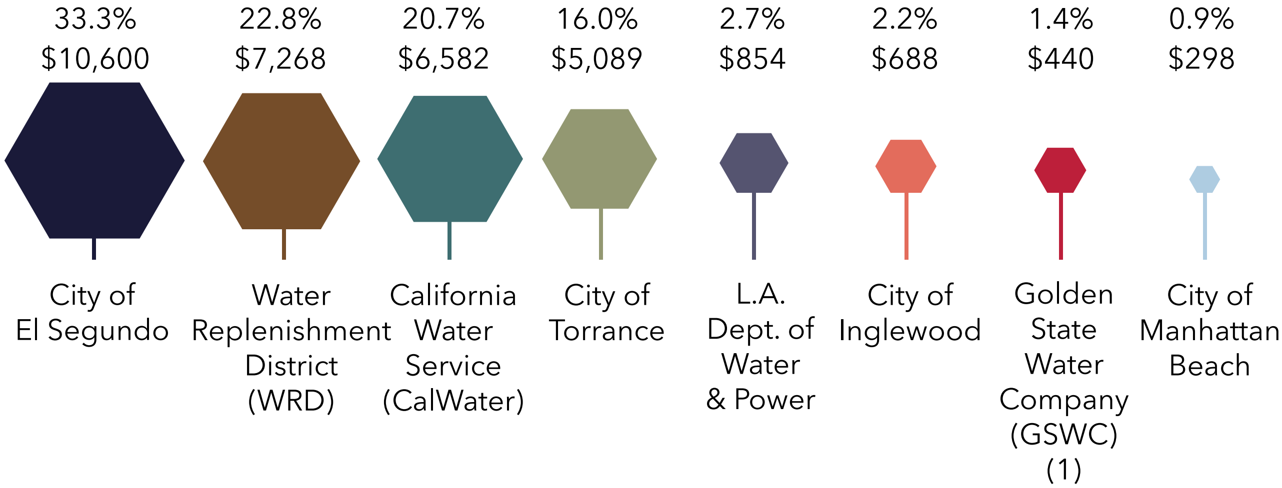
(1) In Fiscal Year 2006 Southern California Water Company changed their name to Golden State Water Company.

TABLE 7: PAYORS - RECYCLED WATER SALES

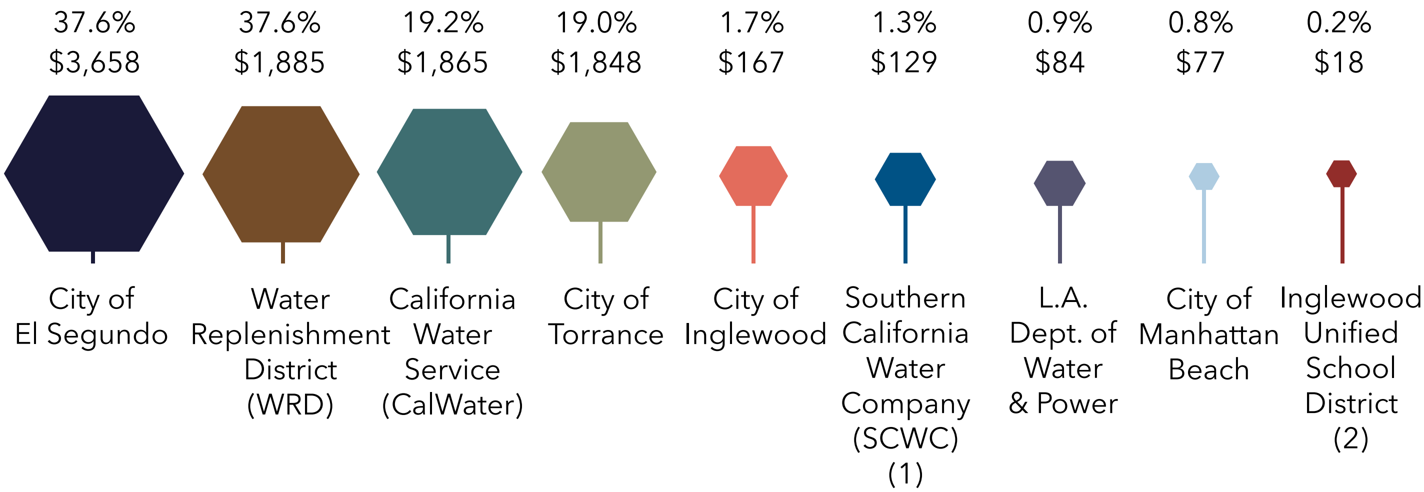
For the Current Year and Nine Years Prior (In Thousands)

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

2015
Total: $131,819
in US $



2006
Total: $9,731
in US $



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

(2) In Fiscal Year 2010 Inglewood Unified School District purchased recycled water directly through the City of Inglewood and no longer is a direct customer to West Basin.

WEST BASIN MUNICIPAL WATER DISTRICT
TABLE 8: ALL WATER SOLD IN ACRE-FEET
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.

	Potable Water							
Fiscal Year Ended June 30	Non-Interruptible	Ground-water	Saltwater Barrier	Seasonal Water	Total Potable Water	Recycled	Desalting	All Water Deliveries
	(1)	(2)	(3)	(4)		(5)	(6)	
2006	129,258	36,792	13,722	745	180,517	23,653	-	204,170
2007	134,800	36,424	11,162	1,982	184,368	29,250	89	213,706
2008	127,927	38,785	7,609	-	174,321	32,209	467	206,997
2009	114,294	43,835	9,774	-	167,903	29,908	682	198,493
2010	108,261	44,405	13,054	-	165,720	30,680	285	196,685
2011	102,611	44,215	13,534	-	160,360	26,419	882	187,661
2012	105,309	38,152	8,057	-	151,518	27,659	958	180,135
2013	108,550	43,303	11,320	-	163,173	29,962	825	193,960
2014	111,659	42,294	9,285	-	163,238	36,720	817	200,775
2015	105,540	39,096	7,354	-	151,990	35,251	690	187,931

(1) The decline in non-interruptible potable sales in Fiscal Year 2015 is the result of a statewide mandate to reduce consumption due to the prolonged drought.

(2) 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.

(3) In Fiscal Year 2009 to 2014, recycled water sales have fluctuated due to poor source water or well and pipeline repairs performed by Los Angeles County. Reduction in potable barrier is expected with an increase in recycled water deliveries to the West Coast Barrier.

(4) In Fiscal Year 2006 and 2007 MWD offered more seasonal water, therefore increasing deliveries of this type of water. In December 2012, MWD discontinued the Seasonal Storage Program.

(5) In Fiscal Year 2009 to 2014, recycled water sales have fluctuated due to poor source water and other operational constraints. In Fiscal Year 2014, recycled water sales increased due to West Basin completion of the Phase V construction. The decrease in Fiscal Year 2015 was due to rehabilitation of the biofors and reduced capacity at one of the refineries.

(6) Throughout Fiscal Years 2005-2007, the Desalter underwent a number of capital projects to address aging infrastructure and water quality issues. Some additional repairs were necessary in Fiscal Year 2015.

TABLE 9: ALL WATER SALES TO CUSTOMERS IN ACRE-FEET
Last Ten Fiscal Years

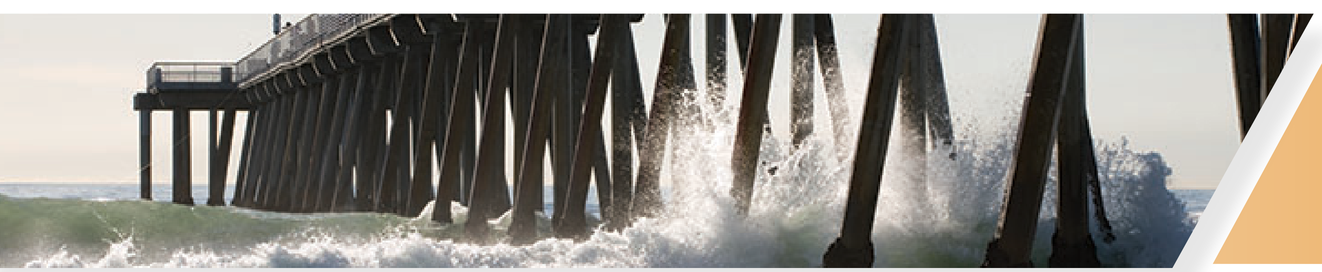
The following table presents a summary of all water sales by West Basin to each retail agency for the last ten fiscal years. Water sales include desalted, non-interruptible, recycled, seasonal storage and seawater barrier.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
California American Water Company (CAWC)	682	2,272	1,725	1,436	809	712	902	1,019	667	238
California Water Service (CalWater)	69,999	74,498	73,917	68,164	65,422	61,127	62,797	65,185	70,679	70,361
City of El Segundo	15,767	17,062	16,950	17,773	19,666	16,522	17,848	17,144	16,681	17,387
City of Inglewood	7,816	8,882	8,339	7,817	7,173	7,545	8,327	9,021	9,028	8,174
City of Lomita	2,576	2,720	2,583	2,420	2,290	2,096	2,336	2,275	1,788	1,463
City of Manhattan Beach	6,419	6,037	5,566	5,073	3,565	3,359	3,757	3,863	3,849	3,496
City of Torrance	6,409	6,037	6,389	5,876	6,445	5,785	6,352	6,634	6,529	5,270
Golden State Water Company (GSWC)	29,689	28,270	22,935	18,280	16,634	16,352	15,399	11,637	16,516	12,622
Inglewood Unified School District (3)	57	68	56	63	56	-	-	-	-	-
Los Angeles County Water Works (LA County)	9,533	10,836	10,654	9,886	8,750	8,331	8,802	9,234	10,090	9,182
L.A. Dept. of Water & Power	257	335	360	444	619	763	876	966	998	886
Water Replenishment District (WRD) (1)	18,174	20,266	18,738	17,426	20,851	20,854	14,587	23,679	21,657	19,757
Total (2)	167,378	177,283	168,212	154,658	152,280	143,446	141,983	150,657	158,481	148,835

(1) Sales decreased due to replacement of the pressure reducing valves during Fiscal Year 2005 and well and pipeline repairs in Fiscal Year 2012.

(2) Overall sales decreased from Fiscal Year 2008 to 2012 and again in Fiscal Year 2015 due to local residents' responses towards conservation/water efficiency programs to address drought conditions.

(3) In Fiscal Year 2010, Inglewood Unified School District purchased recycled water directly from the City of Inglewood and no longer is a direct customer to West Basin.




PRESSURE RELIEF

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 the four largest purchasers and others.

Fiscal Year Ended June 30,	Number of Accounts (1)	Chevron Refinery (1)	Mobil Refinery (1)	Tesoro Refinery (1)	Total Refineries (2)	West Coast Barrier (3)	Title 22 Irrigation	Total
2006	210	7,004	6,130	3,191	16,325	4,383	2,945	23,653
2007	214	7,661	5,742	2,951	16,354	9,104	3,792	29,250
2008	217	7,366	6,047	4,091	17,504	11,129	3,576	32,209
2009	310	8,478	5,578	4,759	18,815	7,652	3,441	29,908
2010	340	8,492	6,146	4,708	19,346	7,797	3,537	30,680
2011	359	6,163	5,538	3,973	15,674	7,320	3,425	26,419
2012	376	6,397	6,060	5,019	17,476	6,530	3,653	27,659
2013	390	7,146	6,348	5,208	18,702	6,622	4,638	29,962
2014	394	7,891	6,167	5,572	19,630	12,372	4,718	36,720
2015	404	8,635	4,887 (4)	5,024	18,546	12,403	4,302	35,251

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

(2) Recycled Water Sales include deliveries to refineries for nitrification, boiler feed, industrial reverse osmosis, and ultra industrial reverse osmosis. In Fiscal Year 2011, sales to all refineries were decreased due to water quality issues.

(3) Sales declined in Fiscal Year 2005 and 2006 due to barrier operating issues and poor source water quality. In October 2006, West Basin began injecting additional recycled water into the West Coast Barrier (up to 75%). Recycled water sales decreased in Fiscal Year 2009 to 2011 due to poor source water quality. In Fiscal Year 2014, sales increased due to the completion of the Phase V project.

(4) Sales to the Mobil Refinery decreased in Fiscal Year 2015 due to refurbishment of the biofors.

TABLE 11: AVERAGE WATER RATES PER ACRE-FOOT
Last Ten Fiscal Years

Type of Water	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Purchased from MWD (1)										
Non-interruptible	$ 541	$ 560	$ 591	$650	$773	$898	$994	$1,063	$1,132	$1,188
Saltwater Barrier	541	560	591	650	773	898	994	1,063	1,132	1,188
Seasonal Storage-LT	362	382	411	454	547	645	721	865	-	-
West Basin Recycled Water (2)										
Recycled- T22	$ 312	$337	$367	$438	$600	$686	$775	$840	$908	$955
Recycled- T22 OSA	354	379	409	480	642	728	817	882	950	997
Recycled- Barrier	430	421	440	458	501	540	553	565	578	586
Recycled- Industrial RO	568	596	633	722	913	914	1003	1,068	1,136	1,183
Recycled- Ultra RO	750	788	837	954	1195	1270	1359	1,424	1,492	1,539
Recycled- Nitrified	292	317	347	418	577	666	755	820	888	935
West Basin Desalting Plant (3)										
Desalted Water	$ 472	$ 491	$ 517	$608	$723	$746	$792	$840	$978	$1,019

(1) Purchased from MWD

Water rates are comprised of three components: MWD's commodity charge, West Basin's reliability service charge, and the Readiness-to-Serve (RTS) Charge. The rates presented above represent the average rates for the period due to MWD changing its rates effective January 1st each year. In December 2012, MWD discontinued the Seasonal Storage Program.

* MWD - Metropolitan Water District of Southern California
* LT - Long-term

(2) West Basin Recycled Water

Rates exclude MWD's Local Resources Program incentive 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.

(3) West Basin Desalting Plant

Rates exclude MWD's Groundwater Recovery Program incentive of $250 per acre-foot of desalting water sold. This incentive ended in Fiscal Year 2013.

West Basin adopts its water rates annually by resolution.

TABLE 12: IMPORTED WATER RATES
For The Years Ended June 30, 2014 And 2015

Tables below delineate the fiscal years ended June 30, 2014 and 2015, water rates for West Basin and Metropolitan Water District of Southern California (MWD).

	MWD	Readiness-to-Serve Charge	West Basin Reliability Service Charge	Total
Fiscal Year Ended June 30, 2014				
July 1, 2013 to December 31, 2013				
Non-Interruptible & Barrier (Tier 1)	$794	$135	$107	$1,036
Non-Interruptible & Barrier (Tier 2)	920	135	107	1,162
Seasonal Storage Long-term (1)	651	N/A	107	758
January 1, 2014 to June 30, 2014				
Non-Interruptible & Barrier (Tier 1)	$847	$135	$107	$1,089
Non-Interruptible & Barrier (Tier 2)	997	135	107	1,239
Seasonal Storage Long-term (1)	N/A	N/A	N/A	N/A
Fiscal Year Ended June 30, 2015				
July 1, 2014 to December 31, 2014				
Non-Interruptible & Barrier (Tier 1)	$890	$112	$169	$1,171
Non-Interruptible & Barrier (Tier 2)	1,032	112	169	1,313
January 1, 2015 to June 30, 2015				
Non-Interruptible & Barrier (Tier 1)	$923	$112	$169	$1,204
Non-Interruptible & Barrier (Tier 2)	1,055	112	169	1,336

(1) The Seasonal Storage Program was discountinued on December 31, 2012.

TABLE 13: OUTSTANDING DEBT TO CAPITAL ASSETS

Last Ten Fiscal Years (In Thousands)

Table below provides an overview of the ratio of the total capital assets to debt outstanding as of fiscal year-end. Total long-term (LT) debt includes certificates of participation, state loan and refunding revenue bonds.

	OUTSTANDING DEBT			CAPITAL ASSETS			
Fiscal Year Ended June 30 (3)	Certificates of Participation & Revenue Bonds	State Loan	Total LT Debt	Capitalized Assets (1)	Construction-in-Progress (2)	Total Capital Assets	Debt/ Capital Assets
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	18,932	496,031	0.61
2009	293,400	2,036	295,436	483,019	29,362	512,381	0.58
2010	294,395	1,743	296,138	496,722	39,395	536,117	0.55
2011	300,050	1,440	301,490	507,066	59,081	566,147	0.53
2012	327,023	-	327,023	520,501	103,279	623,780	0.52
2013	338,686	-	338,686	527,816	135,530	663,346	0.51
2014	329,755	-	329,755	590,272	63,152	653,424	0.50
2015	312,682	-	312,682	590,732	75,144	665,876	0.47

(1) Amounts exclude accumulated depreciation and capital assets of the Financing Authority through Fiscal Year 2007. See details at "General Operating Information". In Fiscal Year 2015, $27.1 million of capitalized assets were disposed or no longer in service.

(2) Amounts include all of West Basin's Construction-in-Progress projects. Adjustments were made in Fiscal Year 2008 and 2009 to reflect the decreases in value of contributed projects from the U.S. Army Corps of Engineers.

(3) Beginning with Fiscal Year 2012, premiums on outstanding revenue bonds and certificates of participation have been included in the outstanding debt along with the outstanding principal balances.

TABLE 14: ANNUAL DEBT PAYMENTS TO EXPENSES
Last Ten Fiscal Years (In Thousands)

Fiscal Year Ended June 30,	Principal Payments (1)	Interest Payments (1)	Total Debt Payment (2)	Operating Expenses (3)	Ratio Debt/ Expenses
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
2010	9,298	12,773	22,071	121,708	0.18
2011	10,448	11,989	22,437	126,336	0.18
2012	11,073	10,317	21,390	129,649	0.16
2013	12,410	8,612	21,022	144,868	0.15
2014	5,760	10,478	16,238	159,917	0.10
2015	15,592	11,097	26,689	158,174	0.17

(1) Data obtained from the Statement of Cash Flows.

(2) In Fiscal Year 2014, the Debt Payment decreased due to refunding of the 2003A Refunding Revenue Certificates of Participation.

(3) Excludes depreciation and amortization.

TABLE 15: STANDBY CHARGE AND CAPITAL FIXED PAYMENTS
Last Ten Fiscal Years (In Thousands)

Standby Charges and Capital Fixed Payments are both revenues to West Basin. West Basin uses them to pay the debts incurred for the constructions and improvements of its recycled water facilities. For the past ten years, majority of West Basin's bonds were issued to finance the recycled water projects. The table below shows the information on these revenues as compared to debt service.

Fiscal Year Ended June 30,	Standby Charge (1)	Capital Fixed Payments (2)	Total	Debt Payment (3)	% of Debt Service
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	7,140	16,841	22,249	76%
2010	9,679	7,172	16,851	22,071	76%
2011	9,899	6,887	16,786	22,437	75%
2012	9,632	7,241	16,873	21,390	79%
2013	9,805	7,360	17,165	21,022	82%
2014	9,683	7,296	16,979	16,238	105%
2015	9,741	7,240	16,981	26,689	64%

(1) Approved annually by the Board, the Standby Charge is imposed by West Basin on land owners within its service area. 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 and treatment facilities.

(2) Capital Fixed Payments are paid by Tesoro (formerly 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 for delivery of recycled water to these entities. Amounts are based on contractual terms. These fixed revenues are reported as Capital Contributions in the basic financial statements, see table 5- "Capital Contribution By Source".

(3) Beginning in Fiscal Year 2006, the debt payments increased due to West Basin paying both interest and principal for its subordinate bonds. In Fiscal Year 2008 West Basin experienced higher interest rates on its variable rate debt. During Fiscal Year 2013, West Basin refunded its 2003A Refunding Revenue Certificates of Participation which resulted in a lower debt payment in Fiscal Year 2014. Breakdown is shown on Table 14 "Annual Debt Service to Expenses".

TABLE 16: DEBT COVERAGE

LAST TEN FISCAL YEARS (In thousands, Except for Debt Coverage)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Changes in Net Position (1)	$7,488	$8,726	$4,489	($3,963)	10,657	$7,619	$14,191	$13,923	$14,499	$1,749
Add: Interest Expense	10,593	9,101	9,808	13,848	12,498	12,038	11,002	9,209	10,651	11,139
Add: Depreciation/Amortization	8,309	10,343	13,323	16,190	17,078	18,268	18,283	17,522	20,793	25,099
Less: Non-cash items (2)	(4,671)	(2,517)	(2,827)	(1,446)	(11,579)	(9,109)	(6,805)	(133)	(550)	764
Net Revenues for Coverage	$21,719	$25,653	$24,793	$24,629	$28,654	$28,816	$36,671	$40,521	$45,393	$38,751
Parity Debt Service (3)	16,094	16,185	16,345	16,595	16,078	16,517	16,115	17,790	17,205	17,695
Reserve Fund Earnings	(1,177)	(825)	(799)	(767)	(762)	(762)	(763)	(681)	170	(1)
Total Net Senior Debt Service	$14,917	$15,360	$15,546	$15,828	$15,316	$15,755	$15,352	$17,109	$17,375	$17,694
Debt Coverage	**1.46**	**1.67**	**1.54**	**1.51**	**1.82**	**1.78**	**2.34**	**2.33**	**2.62**	**2.19**
Subordinate Debt Service (3)	7,246	8,445	6,157	6,897	7,624	7,968	8,817	9,056	8,993	9,017
Reserve Fund Earnings	(1)	(2)	(12)	(2)	-	-	-	-	-	-
Total Net Subordinate Debt Service	$7,245	$8,443	$6,145	$6,895	$7,624	$7,968	$8,817	$9,056	$8,993	$9,017
Debt Coverage (4)	**0.94**	**1.22**	**1.50**	**1.17**	**1.66**	**1.54**	**2.33**	**2.51**	**3.13**	**2.34**
All-In Debt Coverage	**0.98**	**1.09**	**1.14**	**1.09**	**1.26**	**1.22**	**1.52**	**1.55**	**1.73**	**1.45**
Cash Available for Additional Subordinate Debt Service, Capital Projects and Other Purposes	($443)	$1,850	$3,102	$1,906	$5,714	$5,093	$12,502	$14,356	$19,025	$12,040

(1) See Table 2 -"Changes in Net Position" for more detail.

(2) Non-cash items represent grant funding from the U.S Army Corps of Engineer, unrealized gains/losses, change in fair value of swap instruments, loss on disposition of assets and nonroutine litigation settlements.

(3) In Fiscal Year 2012, parity and subordinate debt service was reduced by capitalized interest.

(4) Subordinate debt coverage in Fiscal Year 2006 did not meet the required legal covenant 1.15 due to a significant decrease in recycled water barrier sales as a result of poor water quality and LA county well issues. In addition, West Basin had higher than anticipated legal costs of approximately $1.8M.

WEST BASIN MUNICIPAL WATER DISTRICT
TABLE 17: TEN LARGEST EMPLOYERS WITHIN WEST BASIN SERVICE AREA
CALENDAR YEAR 2014 AND EIGHT YEARS PRIOR

Employer	2014 Number of Employees (1)	Rank	2006 Number of Employees (2)	Rank
Northrop Grumman Corporation	9,230	1	7,675	2
Raytheon Company	5,422	2	8,594	1
Boeing Satellite Systems Inc.	5,042	3	5,960	3
Sony Pictures Entertainment	3,200	4	2,018	5
Aerospace Corporation	2,560	5	2,847	4
DirecTV Operations Inc.	2,384	6	1,268	8
Palos Verdes Peninsula Unified School District	1,970	7	1,800	6
Mattel, Inc.	1,791	8	1,737	7
Accenture	1,211	9	753	10
Chevron Products Company/USA Inc.	1,137	10	1,062	9

Total Employment Within West Basin's Service Area (3): Not Available

Percentage of Each Employer of Total Employment Within West Basin Service Area (3): Not Available

(1) Most current available data.

(2) Employer information is not readily available prior to 2006.

(3) West Basin service area includes 17 cities and part of unincorporated coastal Los Angeles County, the total employment within our service area is not available therefore West Basin can not provide each employer's percentage of the total employment.

WEST BASIN MUNICIPAL WATER DISTRICT
TABLE 18: POPULATION AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	West Basin Population	LA County Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
	(1)	(2)	(2)	(2)	(2)
2006	839,385	9,737,955	385,724,212	39,610	4.8%
2007	839,134	9,700,359	400,366,343	41,273	5.1%
2008	838,888	9,735,147	417,454,378	42,881	7.5%
2009	840,260	9,787,400	394,980,563	40,356	11.6%
2010	853,377	9,826,773	410,674,615	41,791	12.5%
2011	857,545	9,889,056	420,913,463	42,564	12.7%
2012	861,545	9,951,690	455,788,782	45,800	11.2%
2013	865,882	1,017,068	466,098,988	46,530	10.2%
2014	870,219	10,069,036	-	-	7.8%
2015	874,219	-	-	-	6.2%

(1) Data obtained from Water Policy and Resource Development Department.

(2) Data obtained from the State of California Employment Development Department for Los Angeles County. The 2015 information is as of September. Other information for Calendar year 2014 through 2015 is not available.

Service Area

Estimated Total Population Served	874,219
Area	185 square miles

Division I - Represented by Director Harold C. Williams
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 Scott Houston
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

Number of Direct Customers 11

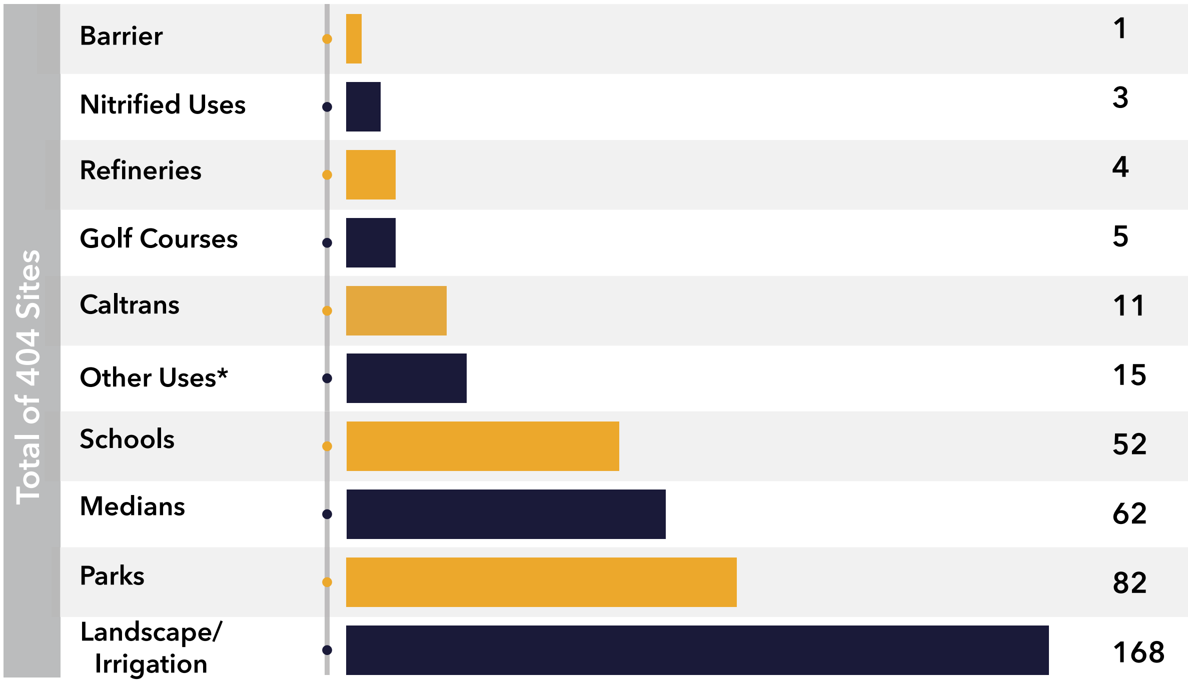
West Basin's customers are comprised of cities and retail water agencies that purchase potable non-Interruptible water and recycled water for further sales to the end-user or use in the seawater barrier.

Annual Water Deliveries

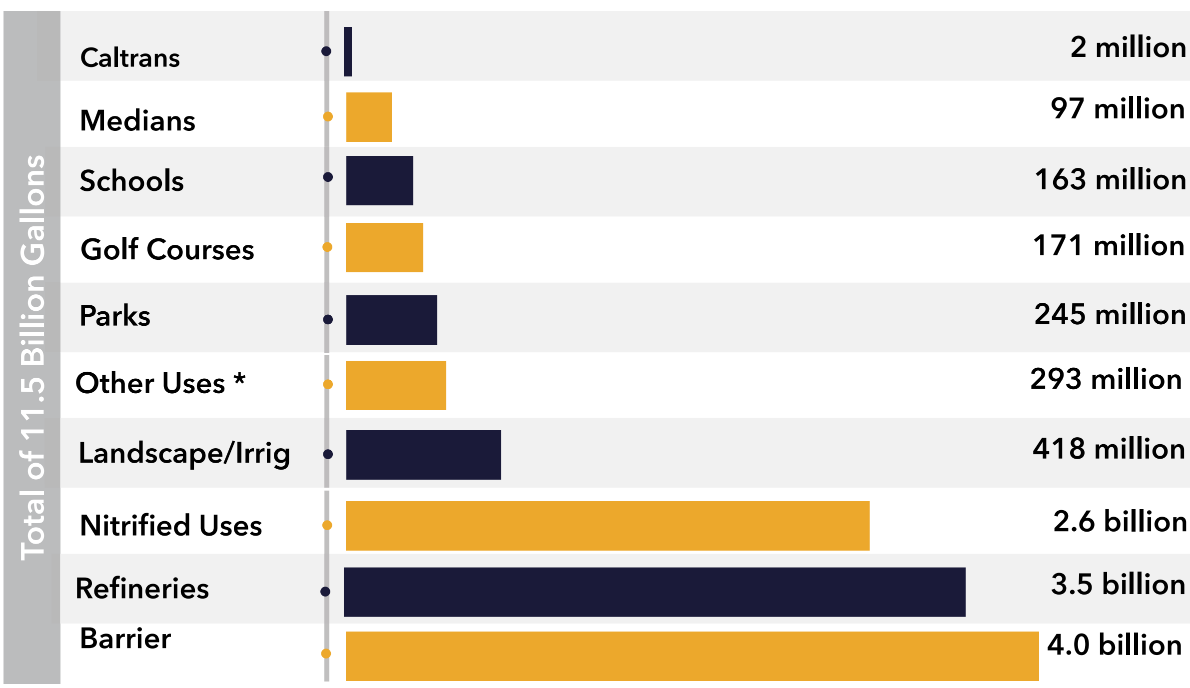
Potable Water (including desalting & groundwater)	152,680 acre-feet
Recycled Water	35,251 acre-feet

WEST BASIN MUNICIPAL WATER DISTRICT
RECYCLED WATER USERS
For The Fiscal Year Ended June 30 2015

Number of Sites



Water Usage



* Other Uses:
Cemetary use
Multi-industrial / irrigation use
Construction use
College use
Draining / Sump Pumps use

1 Acre-Foot = 325,900 gallons

Number of Budgeted Full-Time Personnel

2006	30	2011	36
2007	33	2012	36
2008	33	2013	38
2009	33	2014	40
2010	34	2015	41

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	
Certified Public Accountant	10
Licensed attorneys	3
Masters Degree	1
State Water Certification:	14
Distribution Operator	
Treatment Plant Operator	3
	4

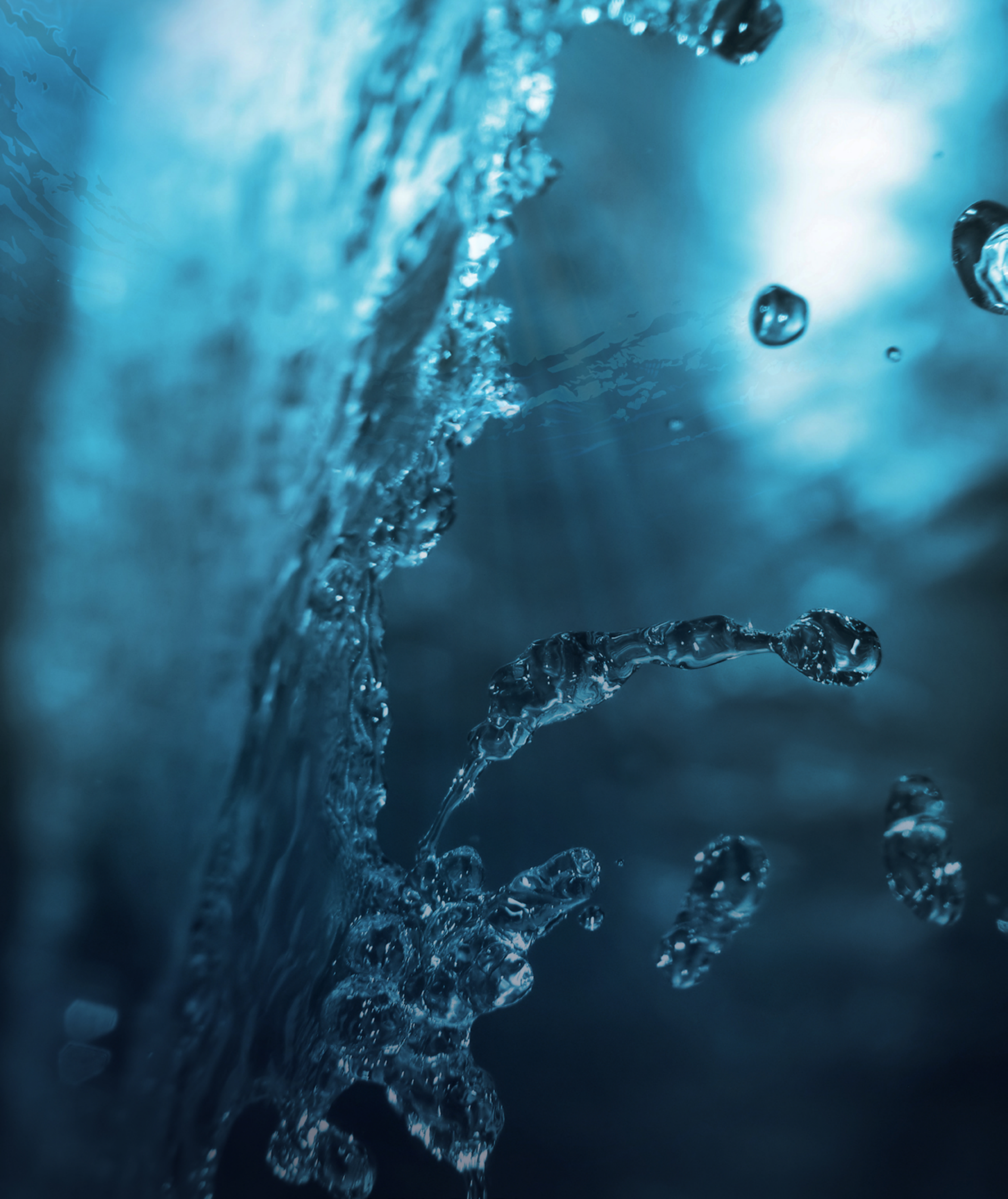
Capital Assets (In Thousands)

	Recycling Facilities	Desalting	Machinery & Equipment	Construction-in-Progress (1)	Admin. Facility (2)	West Basin Capital Assets	Financing Authority (2)	Total Capital Assets (3)
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	18,932	4,014	496,031	-	496,031
2009	474,281	3,700	1,025	29,362	4,014	512,382	-	512,382
2010	486,401	3,794	2,491	39,395	4,035	536,116	-	536,116
2011	493,065	5,299	3,761	59,081	4,941	566,147	-	566,147
2012	506,311	4,904	3,775	103,279	5,511	623,780	-	623,780
2013	513,437	4,904	3,911	135,530	5,564	663,346	-	663,346
2014	576,537	4,041	3,349	63,152	6,345	653,424	-	653,424
2015	576,941	4,059	3,376	75,144	6,356	665,876	-	665,876

(1) Adjustments were made in Fiscal Year 2008 and 2009 to reflect the decreases in value of contributed projects from the U.S. Army Corps of Engineers.

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

(3) Excludes accumulated depreciation. Total Capital Assets decreased in Fiscal Year 2014 as a result of a prior period adjustment in Fiscal Year 2015 due to the write-off of $27M of capital assets that were either disposed or no longer in service.



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