

VALLEY CENTER MUNICIPAL WATER DISTRICT
Valley Center, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2000

Prepared by :

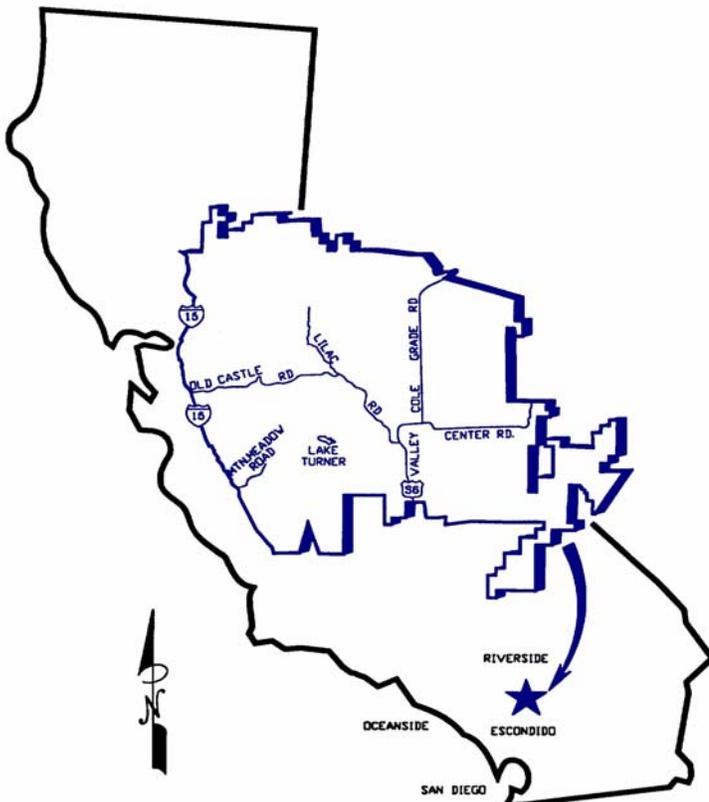
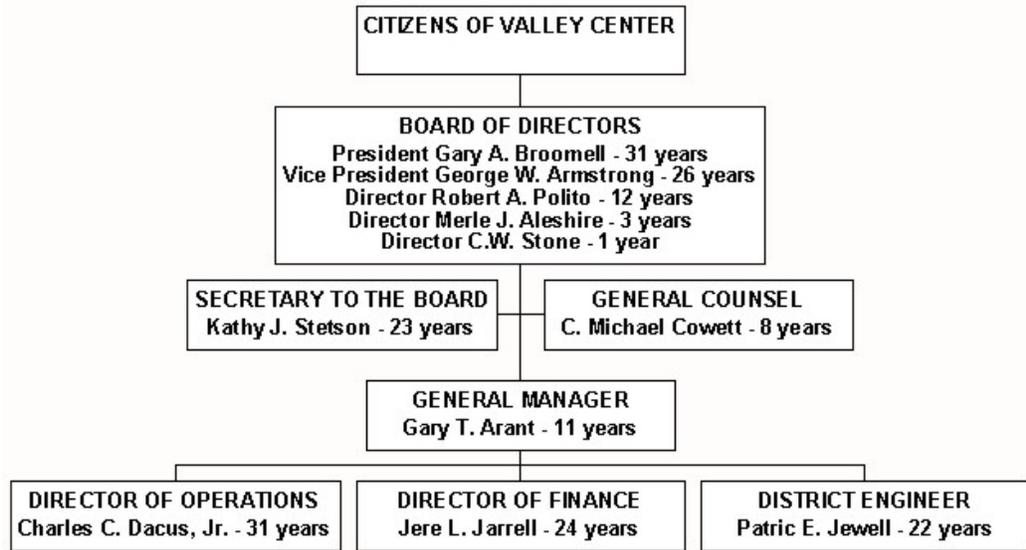
The Finance Department
Jere L. Jarrell, Director of Finance
William J. Jeffrey, Manager of Accounting

***Via Cantamar Reservoir:** Referred to as Shadow Ridge during design, the Via Cantamar Reservoir was constructed during the year and completed in July 2000. It adds 3 million gallons of storage to the District's water system.*

VALLEY CENTER MUNICIPAL WATER DISTRICT

ORGANIZATION CHART

With years of service



**VALLEY CENTER MUNICIPAL WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Valley Center Municipal
Water District, California

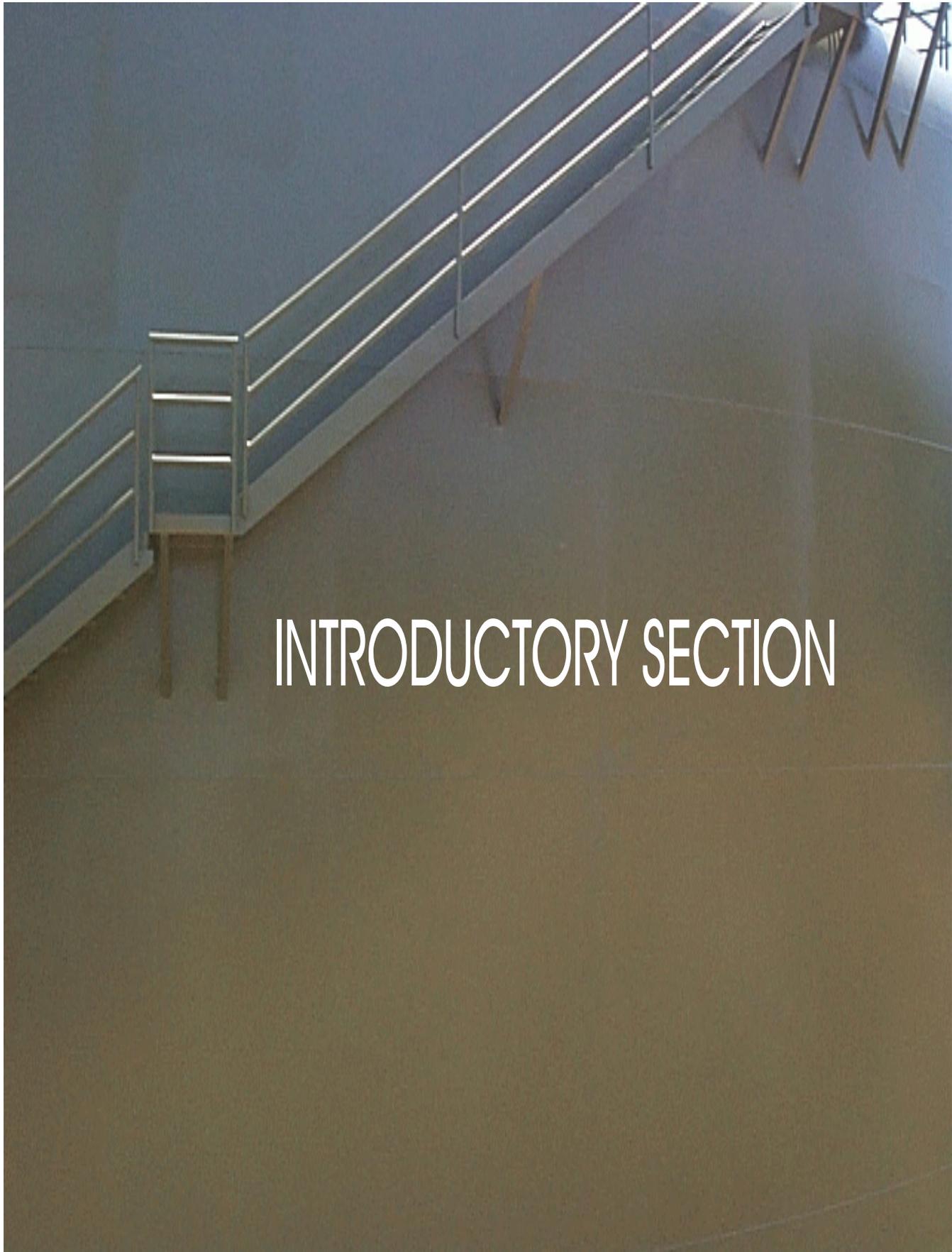
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

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



Anne Spray Kinney
President

Jeffrey L. Essler
Executive Director



INTRODUCTORY SECTION

VALLEY CENTER MUNICIPAL WATER DISTRICT

A Public Agency Organized July 12, 1954

29300 Valley Center Road • P.O. Box 67 • Valley Center, CA 92082
(760) 749-1600 • TDD (760) 749-2665 • FAX (760) 749-6478 • www.vcmwd.org

December 1, 2000

Gary A. Broomell, President
Members of the Board of Directors
Valley Center Municipal Water District
29300 Valley Center Road
Valley Center, CA 92082

We are pleased to present the Valley Center Municipal Water District's Comprehensive Annual Financial Report for the year ended June 30, 2000.

The report was prepared by the District's Finance Department in accordance with generally accepted accounting principles. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, are accurate in all material respects and that it is presented in a manner designed to set forth fairly the financial position and results of operations of the District. Included are all disclosures we believe are necessary to enhance the understanding of the financial condition of the District. The report is divided into three sections:

- I. The introductory section including this transmittal letter with other pertinent information to assist in understanding the financial condition of the District and the results of its operations for the year.
- II. The financial section including the independent auditor's report on the financial statements and supplemental schedules.
- III. The statistical section including a number of unaudited tables describing the financial history of the District for the past ten years as well as demographic and other miscellaneous information.

REPORTING ENTITY

For reporting purposes, the financial statements present a combined report which includes all District activities for which the Board of Directors of Valley Center Municipal Water District is primarily financially

accountable. The District has established various self-balancing groups of accounts or subfunds in order to enhance internal control and further the attainment of management objectives. The subfunds of the reporting entity are identified in the District's books and records as the General, Lower Moosa Sewer Treatment, Moosa Sewer Expansion and Reclamation, Skyline Ranch Sewer, Woods Valley Ranch Sewer, Improvement District U-12, and Community Facilities District subfunds.

The General subfund accounts for all activity related to water operations as well as the general operations of the District. Lower Moosa Sewer Treatment and Skyline Ranch Sewer Treatment subfunds account for the sewer collection and treatment operations for these two facilities which service separate and limited areas of the District. The Moosa Sewer Expansion and Reclamation subfund accounts for the modification and upgrade of the Moosa Sewer facility. The Woods Valley Ranch Sewer subfund presently is used to account for the expansion of the proposed sewer system in the west end of the valley. The Improvement District U-12 and the Community Facilities District subfunds account for the tax revenues that finance specific debt, which was issued to benefit these distinct service areas and which was paid in full during the year. Activities not included as a part of this report are limited to the employees' Retirement Plan 002, as further explained in Note 8 of the financial statements, and Assessment District No. 96-1, described in Note 10.

District policy requires that its financial statements be audited annually by a Certified Public Accountant selected by the Board. This requirement has been satisfied and the independent auditor's report is included in the financial section of this report.

DISTRICT FORMATION AND ORGANIZATION

Valley Center Municipal Water District was founded on July 12, 1954, pursuant to the California Municipal Water District Law of 1911. Located in northern San Diego County, the District provides water and sewer services to its domestic, agricultural and commercial customers. The District covers 100 square miles of which approximately 58% receives water services. Historically,

75-90% of water sold has been used to irrigate avocado and citrus groves as well as other agricultural purposes.

A five-member Board of Directors, elected by geographic division, governs the District. The Board manages through an appointed general manager and three department heads. There are currently 59 employees working for the District.

As a member of the San Diego County Water Authority and the Metropolitan Water District of Southern California, Valley Center Municipal Water District imports 100% of its water from the Authority for resale to District customers. The District billed 7,285 customers for 46,017 acre feet of water during the year ended June 30, 2000. The cost to purchase this water from the Authority was \$20 million or 68% of District water operating expenses.

In its 46 years of existence, the District has constructed a water system consisting of seven aqueduct connections, 40 reservoirs, 25 pumping stations and 262 miles of water main. In 1989-90, its peak year, the District sold 48,075 acre feet of water, a quantity sufficient to meet the water usage needs of a city of approximately 200,000 people. Although usage has declined in recent years, the District remains the second largest water retailer of imported water within the San Diego County Water Authority behind only the City of San Diego. The District is also the largest retail purchaser of agricultural water within the Metropolitan Water District's service area.

CURRENT ECONOMIC CONDITIONS AND OUTLOOK

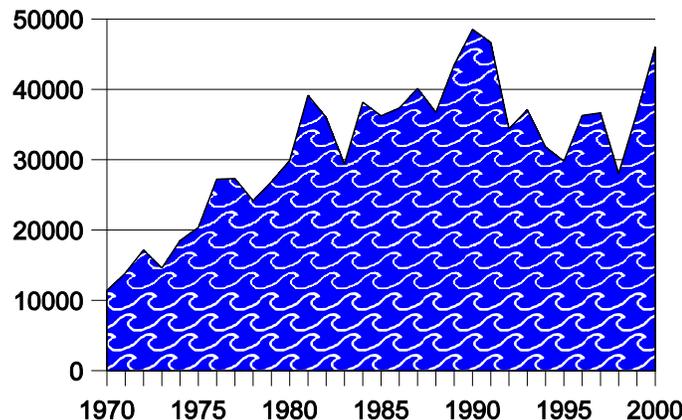
Via Cantamar Reservoir:

Brush has been cleared and rough grading is underway.



New meter sales in the District continue to climb. Residential meters grew 3.7% and this trend is expected to continue. The District currently has service availability letters for over 1,100 connections in process. As California's economy improves, we continue to see an increase in new connections. The District's total active meters increased in 1999-2000 by 234 meters to 7,285.

WATER SALES In Acre Feet - Last 30 Years



Water sales for 1999-2000 were the highest since 1991 and were the result of a warm and dry winter followed by a warm summer. Water sales were 25% higher than last year and 64% greater than during the dry *El Niño* of 1997-98. This fluctuation of water sales by weather conditions illustrates the influence of agriculture on total water demand.

Water delivered to agricultural users represented 83% of the District's total water sold in fiscal year 1999-2000 compared to 89% a decade earlier.

A major factor in this decline in agriculture in the District has been the rapid rise in the price of water from 1990-91 to 1993-94, during which rates rose 131% due to increasing wholesale water costs.

In May of 1994, Metropolitan Water District implemented the Interim Agricultural Water Program (IAWP), which provides a \$137 per acre foot discount to qualifying agricultural water users. This discount totaled a direct savings to the District's agricultural customers of \$5.2 million in 1999-2000. Since June 1994, this discount has saved these customers over \$25 million. In addition, on January 1, 1999, the San Diego County Water Authority established a special agricultural rate

Via Cantamar Reservoir:

The rock is drilled to prepare for blasting.



with a \$5 per acre foot discount. Except for the effects of weather, these discounts have stabilized agricultural water sales. An increase in different agricultural products, including cut flowers and exotic fruits, has also been noted. However, other factors, including fruit price volatility and increasing populations in Southern California, will continue to impact the future of farming within the District.

It is anticipated that the special agricultural water rates will continue to stabilize agricultural water use over its remaining term. The long-term benefit will hinge on if, and in what form, the program is extended beyond the interim period which ends in 2001. Metropolitan is in the process of revising its rate structure and the current proposal continues a comparable agricultural rate discount.

Another impact on operations is the economic effect of energy deregulation. The savings anticipated from competitive purchases of power have not materialized. Furthermore, beginning in June 2000, market forces have pushed power costs up by several hundred percent. The District has been proactive in developing solutions to minimize these increased costs. However, the District may need to raise water pumping and sewer rates to cover these increased power costs.

EFFORTS AND ACCOMPLISHMENTS

Economic Study Group (ESG) and SDCWA Rate Alternatives Analysis - The seven inland North San Diego County Water Districts, known as the Economic Study Group, continued to work with the San Diego County Water Authority Board and staff on evaluating and developing alternatives to the current Authority Rate Structure. Most of the 1999-2000 fiscal year was focused on how to appropriately allocate the costs of the Authority's \$775 million Emergency Storage Project (ESP). Due to activities of the ESG and District staff, Valley Center's cost share of the ESP was reduced from approximately 4% to just under 2%, carrying a present value savings of over \$12 million over the first 20 years

of the project.

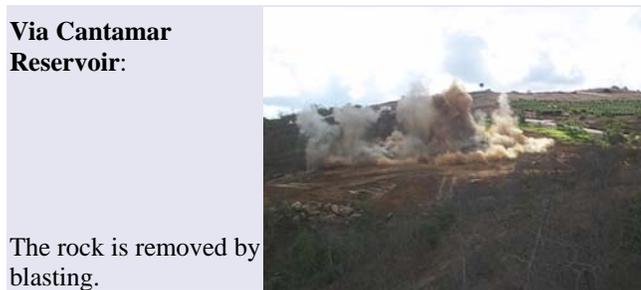
With the ESP cost allocation issues finally resolved toward the end of fiscal year 1999-2000, attention was then focused on the allocation of transportation, customer service, and supply costs, with discussions underway at the end of the fiscal year.

Metropolitan Water District Strategic Planning Process - Throughout 1999-2000, staff continued to monitor the MWD strategic planning process with specific interest on proposed modifications to the MWD Rate Structure. MWD is moving to a contract-based structure with a System Access Charge, and a two-tiered commodity structure to increase the level of commitment from member agencies to the MWD. Staff has coordinated with the members of and consultant to the Avocado Commission's Southern California Agricultural Water Team, as well as senior members of the MWD Management Team, on extending the Interim Agricultural Water Program and the current pricing support it affords the District's interruptible agricultural customers.

Data Network - The District completed a major renovation of its computer network which increased the bandwidth tenfold. Included was a new file server and a fiber optic backbone between buildings. A multimedia system integrating the network with a projector, video system, and document camera improves presentations and staff training. Future upgrades include a wide area network to bring the Lower Moosa Canyon Water Reclamation Facility onto our network.

Year 2000 - The District, like almost everyone else, was involved in a long-term effort to evaluate its water delivery and wastewater treatment systems for Y2K compliance. The District evaluated all of its operating, computer, and critical systems, and has either found them to be or brought them into Y2K compliance.

Even with confidence that water and power supplies would be available, precautions were taken to protect our



customers. These included maintaining reservoirs at higher than normal winter levels, securing additional portable generating capacity, expanding overflow capacity at a critical wastewater lift station to prevent a spill, and having additional standby personnel available should there be an isolated problem.

Y2K may have been the biggest nonevent in history. However, the efforts used to prepare for Y2K improved our overall operational efficiency and emergency preparedness.

Operational Improvements - The District completed several projects which increased efficiency or improved the community:

- Specifications for tablet chlorinators which allowed the removal of gaseous chlorine from our facilities, eliminating the risk of chlorine gas leaks.
- A concrete saw to improve our responsiveness.
- Rebuilding Bingham Mesa Pump Station with new electrical switches and more efficient motors.
- Catalytic converters on all gas pump engines to reduce air pollution.
- Soundproofing the gas engines at Valley Center Pump Station to reduce noise in that neighborhood.
- Rebuilding portions of Skyline Wastewater Treatment Plant, including replacing the roof braces.

PLANNING AND CONSTRUCTION PROJECTS

Via Cantamar Reservoir - The \$1.9 million Via Cantamar Reservoir was 80% complete during the year. The District's Master Plan had identified the 3 million gallons of storage as a requirement to meet the water demands and reliability in that system in the District's West area. The project included replacing and upsizing a portion of 12" tar wrapped steel line originally installed over 40 years ago.

Planning - Plans were completed to replace 40 year old pipelines in McNally and Oak Glen Roads to improve

reliability. In addition, work continues on the design of the new VC#8 Aqueduct Connection which will replace VC#7 to eliminate a long tunnel under the Interstate 15 freeway.

Geographical Information System - Work continued on the District's Water System Master Plan, particularly its integration with the geographical information system (GIS) and supervisory control and data acquisition (SCADA) system. Base maps for the water and sewer systems were completed

Central Valley Sewer - Design continued, but slowly, for the Orchard Run and Live Oak Ranch subdivisions small wastewater treatment and reclamation facilities in the west and east ends, respectively, of the central Valley Center area. The county-approved Woods Valley Ranch facility was on hold for the year. Investigation of the expansion of these plants, and of other potential facilities, to provide necessary capacity for nearby areas continues.

Lower Moosa Canyon Water Reclamation Facility - The expansion, substantially completed in the prior year, experienced failures with the pipe linings. Staff worked with the contractor during the year to correct this problem and the new facilities were placed in service. The improvements consist of a covered aerobic digester, enclosed mechanical de-watering and sludge storage facilities, odor control facilities, and a SCADA System.

The new facilities doubled plant capacity to 0.5 million gallons per day (m.g.d.) which is 2,500 equivalent dwelling units. They also eliminated odor problems due to previous use of drying beds and provided for remote monitoring of processes within the plant.

The Lower Moosa Canyon Water Reclamation Facility provides sewer service to the Interstate 15 corridor area of the District, from the Lawrence Welk development on the southern end, east to Hidden Meadows, and north to Circle R Drive. Ultimate capacity requirements for the service area are projected at 1.0 m.g.d. (5,000 EDUs). Timing for further expansion depends on the growth rate

Via Cantamar Reservoir:



Two of the four steel ring walls are in place.

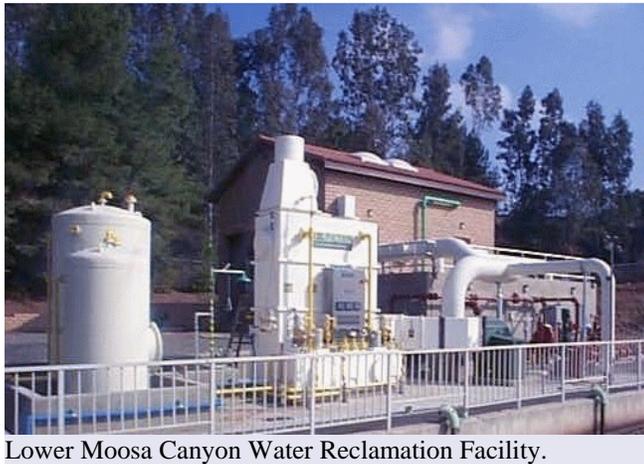
Via Cantamar Reservoir:



The roof was completed.

in the service area.

The District has contracts for the use of reclaimed water on the Lawrence Welk and Castle Creek Golf Courses. However, these golf courses currently use private well water for irrigation. Future developments in the vicinity of the plant will be required to provide on-site facilities suitable for the use of reclaimed water. The District will seek additional customers for the reclaimed water to



Lower Moosa Canyon Water Reclamation Facility.

generate higher returns thus providing an additional income source to offset the cost of plant operation and production of reclaimed water.

ACCOUNTING SYSTEM

District records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water and sewer to the customers of the District are financed primarily through user charges. Revenues and expenses are recognized on the accrual basis in that both revenues and expenses are recognized in the accounting period they are earned or incurred. Fixed assets are recorded in the subfund purchasing the asset.

INTERNAL CONTROLS



Via Cantamar Reservoir:

The tank has been coated inside and out.

Valley Center Municipal Water District operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded correctly according to District policies and procedures. When establishing or reviewing control, management must consider the cost of the control and the value of the benefit derived from its utilization. Management normally maintains or implements only those controls whose value adequately exceeds their cost.

All internal control evaluations occur within the above framework. Management believes the District's internal accounting controls, procedures and policies adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition, the District maintains controls to provide for compliance with all finance related legal and contractual provisions. Management believes the activities reported within the presented comprehensive financial annual report comply with these finance related legal and contractual provisions, including bond covenants and fiduciary responsibilities.

BUDGETING CONTROLS

The District is not legally required to adopt and adhere to a budget or report on compliance with any prepared budgets. However, the Board of Directors approves a budget annually to be used solely as a management tool. Depending upon the timing and level of the demand for water services, the revenues and expenditures may vary significantly and cannot be strictly controlled by means of detailed and rigid appropriations. Therefore, the annual budgets must be viewed as estimates only. Budget appropriations for major capital projects continue from year to year until the project is completed.

CASH MANAGEMENT



Via Cantamar Reservoir:

Landscaping will quickly camouflage the tank.

Cash temporarily idle during the year was invested in government securities, the State of California Local Agency Investment Fund (LAIF), and other money market instruments in accordance with the Board of Directors adopted investment policy. The average monthly percentage of inactive funds invested was approximately 100%. The amount of investment income recorded by all funds in the District in 1999-2000, was \$1,276,155, up \$131,969 from the income reported in the prior year. The average yield on the District's investments increased from 5.4% for 1998-99 to 5.7% for 1999-2000, reflecting market conditions.

DEBT ADMINISTRATION

At June 30, 2000, the District had \$3.8 million in long-term debt, further described as follows:

District-wide revenue bonds	\$ 1,010,000
Note payable for Moosa Expansion	\$ 1,500,000
Retiree's health benefits plan liability	\$ 1,282,334
Annexation fees payable	\$ 11,746
Total long-term debt	<u>\$ 3,804,080</u>

The District had no general obligation bonded debt at June 30, 2000. As the District has issued no bonded debt for public placement since 1968, it is not rated by any investment rating service.

RISK MANAGEMENT ACTIVITIES

Since 1979, the District has been a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The JPIA provides joint protection coverage for losses in excess of District deductible for general, auto and public liability, and workers' compensation coverage. Property and fidelity coverage is purchased through sources provided by the JPIA. Risk management is more thoroughly discussed in Note 11 to the financial statements.

ANALYSIS OF SUBFUNDS

General Subfund:

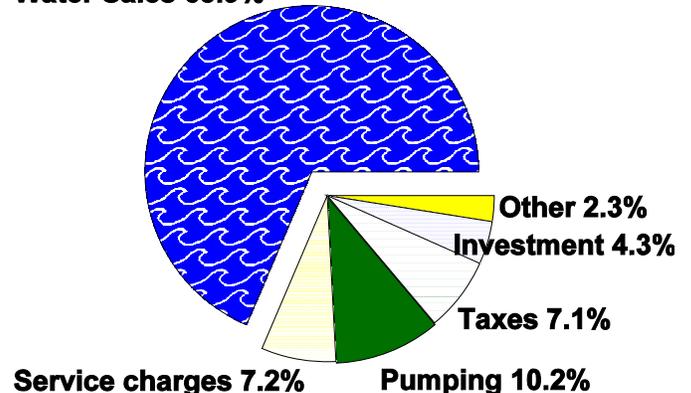
General Subfund Revenues for the year ended June 30, 2000, totaled \$31,809,123, which is a 19% increase from the prior year. Details of this increase in revenues are as follows:

- ▶ Water sales increased by 25%, or \$4,636,809, from the prior year. There was a 25% increase in the volume of water sold with no increase in agricultural water rates during the year. In 1999-2000, 46,017 acre feet of water were billed compared to 36,682 acre feet in the prior year. Included in the water sales figures are meter charges of \$2,059,993 in 1999-2000 and \$1,925,103 in 1998-99.
- ▶ Energy and pumping revenues increased 27%, or \$732,305, due to the increase in the volume of water sold.
- ▶ Property taxes and assessments decreased by 18%, or \$350,264, from 1998-99 to 1999-2000. This decrease is due to the elimination of the District's debt service tax rate offset by a small increase in assessed value. The District has adopted San Diego County's alternative method of distribution of tax levies and collections under which the County advances 100% of the secured tax levies due to the District each year without consideration for delinquencies.
- ▶ Investment income increased 9%, or \$103,056, from the prior year. This increase is due to market conditions. Yields increased from 5.4% to 5.7% during the course of the year. Interest income includes interest earned by the general subfund from advances to the sewer subfunds.

GENERAL SUBFUND REVENUE

Fiscal Year 1999-2000

Water Sales 68.9%



- ▶ Other revenues decreased \$190,139 in 1999-2000. In 1998-99 the District received a settlement payment of \$170,800 from the State of California for retroactive interest paid on a Safe Drinking Water Act loan as explained in Note 12 to the financial statements. The District also received reimbursements from the Federal and State Office of Emergency Services of \$1,085 and \$6,673 in 1999 and 2000 for flood damage that occurred in early 1998.

General subfund expenses for the year ended June 30, 2000, totaled \$29,695,558, an increase of 16% or \$4,122,680. Certain significant expenses are as follows:

- ▶ The cost of water sold increased 19% due an increase in water deliveries caused by drier weather conditions. In 1998-99, the District purchased 39,195 acre feet of water at an average price of \$434 per acre foot. In the current year, the District purchased 48,550 acre feet of water at an average price of \$417 per acre foot, a decrease of 3.9% or \$17 per acre foot. Cost of water sold includes Metropolitan Water District’s readiness-to-serve charge which is based on historical water purchases. The District’s readiness-to-serve charge was \$1,169,400 (\$24 per acre foot sold) for 1999-2000 and \$1,156,412 (\$30 per acre foot) for 1998-99. This decrease in the average cost results from spreading fixed costs against significantly higher water sales.

Excluding the readiness-to-serve charge, the price of water purchased for delivery to agricultural customers was \$374 per acre foot compared to \$521 per acre foot for other users in 1999-2000. This cost reduction for agricultural water is passed through to the District’s qualified agricultural customers.

- ▶ Energy and other pumping costs associated with the distribution of water for the District increased 18%, or \$490,485, due to the increase in water delivered and a large increase in power rates in June 2000.
- ▶ Water systems operations and maintenance expenses increased 15%, or \$302,225, from the prior year.
- ▶ Depreciation expense in 1999-2000 increased 3%, or \$52,010, from the prior year due to plant

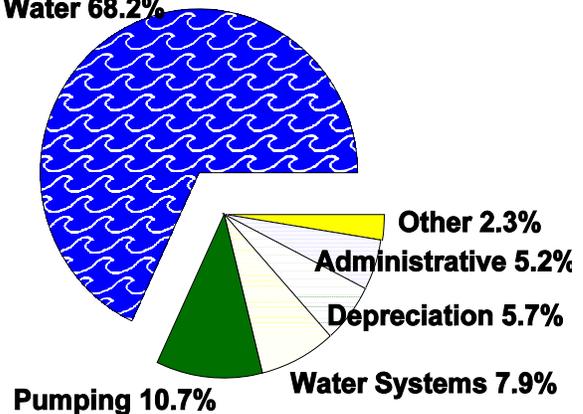
additions.

- ▶ General and administrative expenses increased 2%, or \$29,941.
- ▶ Interest expense continued to decline due to the decline in principal balances and lower interest rates.
- ▶ Other expenses include expenses of \$11,989 and \$85,470 for plant facilities which have been replaced or abandoned during 2000 and 1999, respectively.

GENERAL SUBFUND EXPENSES

Fiscal Year 1999-2000

Cost of Water 68.2%



**GENERAL SUBFUND
REVENUES AND EXPENSES**

	<u>2000 Amount</u>	<u>1999 Amount</u>	Increase (Decrease) From <u>1999</u>	<u>Percent Change</u>
REVENUES:				
Water sales	\$ 23,028,596	\$ 18,391,787	\$ 4,636,809	25.2 %
Meter service charges	2,079,908	1,925,103	154,805	8.0
Pumping and energy charges	3,454,067	2,721,762	732,305	26.9
Property taxes and assessments	1,554,623	1,904,887	(350,264)	(18.4)
Investment income	1,245,089	1,142,033	103,056	9.0
Customer fees and charges	381,585	357,781	23,804	6.7
Other revenues	65,255	255,394	(190,139)	(74.4)
Total revenues	<u>31,809,123</u>	<u>26,698,747</u>	<u>5,110,376</u>	<u>19.1</u>
EXPENSES:				
Cost of water sold	20,266,611	16,995,191	3,271,420	19.2
Energy and other pumping costs	3,188,445	2,697,960	490,485	18.2
Water systems operation & maint.	2,353,394	2,051,169	302,225	14.7
Depreciation	1,681,754	1,629,744	52,010	3.2
General and administrative	1,532,072	1,502,131	29,941	2.0
Engineering	604,677	531,482	73,195	13.8
Interest	56,496	79,584	(23,088)	(29.0)
Other expenses	12,109	85,617	(73,508)	(85.9)
Total expenses	<u>29,695,558</u>	<u>25,572,878</u>	<u>4,122,680</u>	<u>16.1</u>
Net income	<u>\$ 2,113,565</u>	<u>\$ 1,125,869</u>	<u>\$ 987,696</u>	<u>87.7 %</u>

General Subfund Retained Earnings:

At June 30, 2000, the retained earnings of the General subfund amounted to \$48,698,883. Of this amount, \$3,236,044 was unappropriated and available for any

use determined by the Board of Directors, including but not limited to capital construction. These unappropriated retained earnings equaled 12% of the annual budget.

Sewer Treatment Subfunds:

The Lower Moosa Sewer Treatment subfund serves 2,099 customers in a limited geographic area on the west side of the District. The revenue from sewer charges was \$478,229 for 1999-2000, an increase of \$61,221 from the prior year. The monthly sewer service charge increased \$1.50 per unit on January 1, 2000.

LOWER MOOSA REVENUES & EXPENSES				
	2000	1999	Change	
	<u>Amount</u>	<u>Amount</u>	<u>From</u>	<u>%</u>
			<u>1999</u>	<u>Chg.</u>
REVENUES:	<u>\$ 478,229</u>	<u>\$ 417,008</u>	<u>\$ 61,221</u>	<u>14.7 %</u>
EXPENSES:				
Energy & pump	56,341	53,185	3,156	5.9
Operations	219,831	239,726	(19,895)	(8.3)
Depreciation	381,887	101,400	280,487	276.6
Administrative	55,098	51,060	4,038	7.9
Interest (net)	<u>35,395</u>	<u>58,315</u>	<u>(22,920)</u>	<u>(39.3)</u>
Total expenses	<u>748,552</u>	<u>503,686</u>	<u>244,866</u>	<u>48.6</u>
Net loss	<u><u>\$(270,323)</u></u>	<u><u>\$(86,678)</u></u>	<u><u>\$63,338</u></u>	<u><u>73.1 %</u></u>

Depreciation expense reflects the major expansion of the facility which was placed in service during 2000.

Assessment District No. 96-1 issued bonds in February 1997 under the Improvement Act of 1915 to fund part of the expansion of the Moosa facility. These bonds are not a general obligation of the District and are not presented in this report.

The Skyline Ranch Sewer Treatment subfund serves 222 customers in a single mobile home park on the east side of the District. The agreement between the District and the park requires the park to pay the full cost of maintenance, operation and replacement of the facilities.

The Woods Valley Ranch Sewer subfund presently is used to account for the expansion of the proposed developer-constructed sewer system. Other proposed

sewer systems are currently accounted for as developer projects.

Improvement District Subfunds

General obligation bonds were issued to finance certain facility improvements for the improvement districts. These bonds were funded through tax revenues from property within the specific improvement district's boundaries. All improvement district bonds were fully paid during the year.

Community Facilities District Subfund:

The Community Facilities District subfund was established to account for the repayment of a bank loan of \$1,500,000 obtained in June 1984. This loan financed facility improvements made within a specific area of the District. As with the improvement districts, the debt is funded through special assessment revenues on property within the Community Facilities District boundaries. This loan was fully paid this year.

EMPLOYEE RETIREMENT AND DEFERRED COMPENSATION PLANS

Currently, the District does not participate in Social Security. However, the District does provide a defined contribution retirement plan for its employees. The plan is fully funded with the District contributing 19% of eligible payroll with the employee being fully vested after five years. At June 30, 2000, there were 63 participants in the plan with total net assets available for plan benefits of \$7,879,730. The plan assets are invested by advisors hired by the plan in accordance with policies and guidelines approved by the plan trustees. The plan is more fully described in Note 8 to the financial statements.

The District also offers its employees a deferred compensation plan under Internal Revenue Code section 457. At June 30, 2000, the plan had assets of \$2,082,307 and 59 participants.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Center Municipal Water District for its comprehensive annual financial report for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The 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. Valley Center Municipal Water District has received a Certificate of Achievement for the last eight consecutive years (fiscal years ended 1992 through 1999). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the contribution of the Finance Department staff. Special thanks are extended to the members of the District's Board of Directors for their continued interest and support in all aspects of financial management.

Respectfully Submitted:

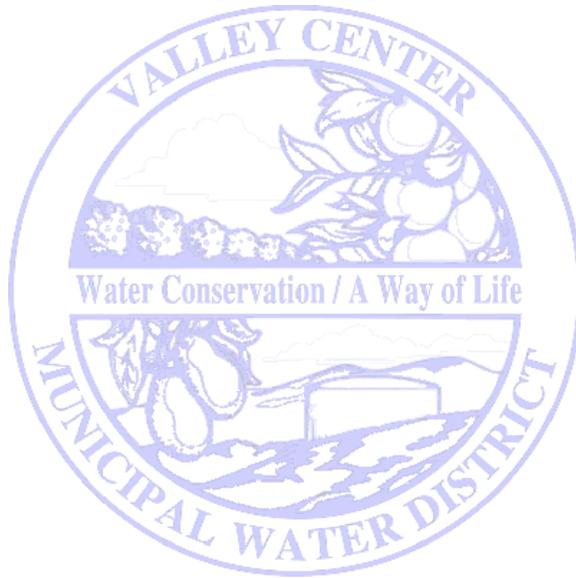
Gary T. Arant
General Manager

Jere L. Jarrell
Director of Finance



Via Cantamar Reservoir





FINANCIAL SECTION





CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Valley Center Municipal Water District
Valley Center, California

We have audited the accompanying balance sheets of Valley Center Municipal Water District as of June 30, 2000 and 1999, and the related statements of revenues, expenses, and changes in retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valley Center Municipal Water District at June 30, 2000 and 1999, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining information in Schedules 1 and 2 has been subjected to the auditing procedures applied in the audits of the financial statements and is presented for purposes of additional analysis of the financial statements rather than to present financial position and results of operations of the District's individual accounting subfunds. Accordingly, we do not express an opinion on the financial position and results of operations of the District's individual accounting subfunds. However, in our opinion, the combining information in Schedules 1 and 2 is fairly presented in all material respects in relation to the financial statements taken as a whole.

The statistical information as listed in the table of contents is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information.

October 17, 2000

VALLEY CENTER MUNICIPAL WATER DISTRICT

Balance Sheets

June 30, 2000 and 1999

Assets

	<u>2000</u>	<u>1999</u>
Current assets:		
Cash and cash equivalents	\$ 8,191,621	7,601,223
Marketable securities	4,682,421	-
Accounts receivable - water and sewer, net	3,978,113	3,360,898
Interest receivable	372,083	330,257
Other receivables	53,712	38,313
Inventories	260,273	297,844
Prepaid expenses and deposits	140,825	150,777
Work in progress for others	172,341	126,001
	<u>17,851,389</u>	<u>11,905,313</u>
Restricted assets:		
Cash and cash equivalents	764,973	4,441,472
Marketable securities	12,383,414	11,625,167
Other receivables	29,946	32,954
	<u>13,178,333</u>	<u>16,099,593</u>
Utility plant, net	<u>45,064,466</u>	<u>43,445,788</u>
	<u>\$ 76,094,188</u>	<u>71,450,694</u>

See accompanying notes to financial statements.

Liabilities and Fund Equity

	<u>2000</u>	<u>1999</u>
Current liabilities (payable from current assets):		
Current installments of long-term debt	\$ 50,000	50,000
Accounts payable	4,640,764	3,189,033
Accrued payroll and compensated absences	895,852	746,872
Customer deposits	412,955	274,904
Total current liabilities (payable from current assets)	<u>5,999,571</u>	<u>4,260,809</u>
Current liabilities (payable from restricted assets):		
Current installments of long-term debt	-	291,606
Accrued interest	-	6,484
Other liabilities	7,665	16,090
Total current liabilities (payable from restricted assets)	<u>7,665</u>	<u>314,180</u>
Long-term debt, excluding current installments	<u>3,754,080</u>	<u>3,514,814</u>
Total liabilities	<u>9,761,316</u>	<u>8,089,803</u>
Fund equity:		
Contributed capital	14,589,162	14,138,236
Retained earnings	51,743,710	49,222,655
Total fund equity	<u>66,332,872</u>	<u>63,360,891</u>
	<u>\$ 76,094,188</u>	<u>71,450,694</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Statements of Revenues, Expenses, and Changes in Retained Earnings

Years ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Water sales and pumping charges	\$ 28,562,571	23,038,652
Meter installation fees	171,129	161,875
Sewer charges	522,761	449,749
Other water operating revenues	210,456	195,906
Total operating revenues	<u>29,466,917</u>	<u>23,846,182</u>
Operating expenses:		
Cost of water sold	20,266,611	16,995,191
Energy and pumping costs	3,249,934	2,757,191
Water systems operations	2,353,394	2,051,169
Sewer collection and treatment	275,825	279,198
Engineering	604,677	531,482
Depreciation	2,136,247	1,803,750
General and administrative	1,594,982	1,560,855
Total operating expenses	<u>30,481,670</u>	<u>25,978,836</u>
Net operating loss	<u>(1,014,753)</u>	<u>(2,132,654)</u>
Nonoperating revenues (expenses):		
Investment income	1,276,155	1,144,186
Property taxes and assessments	1,644,952	2,085,844
Other nonoperating revenues	65,255	255,394
Interest expense, net	(121,885)	(94,362)
Other nonoperating expenses	(12,281)	(141,638)
Net nonoperating revenues	<u>2,852,196</u>	<u>3,249,424</u>
Net income	1,837,443	1,116,770
Add back depreciation on contributed assets	<u>683,612</u>	<u>405,430</u>
Net income closed to retained earnings	2,521,055	1,522,200
Retained earnings, beginning of year	<u>49,222,655</u>	<u>47,700,455</u>
Retained earnings, end of year	<u>\$ 51,743,710</u>	<u>49,222,655</u>

See accompanying notes to financial statements.

VALLEY CENTER MUNICIPAL WATER DISTRICT

Statements of Cash Flows

Years ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Net operating loss	\$ (1,014,753)	(2,132,654)
Adjustments to reconcile net operating loss to net cash from operating activities:		
Depreciation	2,136,247	1,803,750
Retirees' health benefits plan expense	290,998	248,567
Changes in:		
Receivables	(632,614)	(1,086,823)
Inventories	37,571	(26,664)
Prepaid expenses and deposits	9,952	(25,841)
Work in progress for others	(46,340)	(23,138)
Accounts payable	905,757	1,087,698
Accrued payroll and compensated absences	148,980	28,464
Customer deposits	138,051	40,554
Net cash provided (used) by operating activities	<u>1,973,849</u>	<u>(86,087)</u>
Cash flows from noncapital financing activities:		
Property taxes received	<u>1,546,718</u>	<u>1,463,836</u>
Cash flows from capital and related financing activities:		
Property taxes and assessments received	98,234	622,008
Acquisition and construction of utility plant	(2,471,759)	(3,235,264)
Proceeds from loan payable	-	1,500,000
Principal paid on bonds and loans payable	(341,606)	(922,398)
Interest paid on bonds and loans payable	(128,369)	(151,030)
Proceeds from settlement of litigation	-	170,800
Capital contributions received	389,510	143,049
Proceeds from disposition of equipment	1,607	29,205
Other capital and related financing cash flows	52,054	108,485
Net cash used by capital and related financing activities	<u>(2,400,329)</u>	<u>(1,735,145)</u>
Cash flows from investing activities:		
Proceeds of matured certificates of deposit	-	585,000
Purchases of marketable securities	(11,998,796)	(9,507,622)
Proceeds from sales and maturities of marketable securities	6,566,162	12,713,482
Investment income received	1,226,295	933,927
Net cash provided (used) by investing activities	<u>(4,206,339)</u>	<u>4,724,787</u>
Net increase (decrease) in cash	(3,086,101)	4,367,391
Cash, beginning of year	<u>12,042,695</u>	<u>7,675,304</u>
Cash, end of year	<u>\$ 8,956,594</u>	<u>12,042,695</u>

Continued

VALLEY CENTER MUNICIPAL WATER DISTRICT

Statements of Cash Flows, Continued

Years ended June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash, end of year:		
Cash and cash equivalents - current assets	\$ 8,191,621	7,601,223
Cash and cash equivalents - restricted assets	<u>764,973</u>	<u>4,441,472</u>
	<u>\$ 8,956,594</u>	<u>12,042,695</u>
Noncash capital and related financing activities:		
Customer contributions of utility plant	<u>\$ 743,296</u>	<u>1,146,404</u>
Customer payments of annexation fees	<u>\$ 1,732</u>	<u>1,627</u>
Noncash investing activities:		
Noncash investment income	<u>\$ 49,860</u>	<u>210,259</u>

See accompanying notes to financial statements.

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2000 and 1999

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

The Valley Center Municipal Water District (the District) is a governmental corporation governed by an elected five-member board of directors. The District was incorporated July 12, 1954, under the provisions of the California Municipal Water District Act of 1911. The District's 100 square mile service area lies in northern San Diego County and the majority of its sales are to agricultural users. The District's offices are located in Valley Center, California.

In keeping its books and records, the District has established various self-balancing groups of accounts in order to enhance internal control and to further the attainment of other management objectives. These groups of accounts, which are subfunds of the reporting entity, are identified in the District's books and records as the General Fund, Lower Moosa Sewer Treatment Fund, Moosa Expansion and Reclamation Fund, Improvement District U-12 Fund, Community Facilities District No. 1 Fund, Skyline Ranch Sewer Fund and Woods Valley Ranch Sewer Fund. All significant intersubfund transactions and accounts are eliminated in the combination of the accounts of the subfunds for the financial statements of the reporting entity.

In addition to the above subfunds, the District has established the Assessment District No. 96-1 Lower Moosa Canyon Fund (AD 96-1) to account for the special assessment bonds described in Note 10. The financial position and results of operations of AD 96-1 are excluded from these financial statements.

(b) Basis of Accounting

The District's financial statements are prepared on the accrual basis of accounting with a "capital maintenance" measurement focus. Accordingly, all assets and liabilities are reflected within the balance sheet with the equity section representing "net total assets."

(c) Accounting and Financial Reporting Standards

The District applies all relevant pronouncements of the Governmental Accounting Standards Board (GASB) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

(d) Cash and Cash Equivalents

Cash and cash equivalents include deposits in money market mutual funds (SEC registered), deposits in external investment pools, and marketable securities that mature within three months of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.

(e) Marketable Securities

Marketable securities are carried at fair value.

(f) Water Sales

Water sales revenue is recorded when the service is rendered, including an estimated amount for unbilled service.

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(g) Allowance for Doubtful Accounts

The District recognizes bad debt expense relating to receivables when it is probable that the accounts will be uncollectible. Water and sewer accounts receivable at June 30, 2000 and 1999, have been reduced by an allowance for doubtful accounts of \$3,042 and \$6,167, respectively.

(h) Inventories

Materials inventory is stated at the lower of current average cost or market. Water inventory is stated at cost.

(i) Utility Plant and Depreciation

Assets acquired from District funds and contributed cash are recorded at cost. Contributions in kind are recorded at fair values based upon engineering estimates of costs to construct. Major additions and betterments are capitalized, and expenditures for repairs and maintenance are charged to operations. Depreciation on contributed assets is charged to operations and closed to contributed capital. Depreciation is computed using the straight-line method at rates recommended by the State Controller's Office, which are based upon the estimated useful lives of the assets. The ranges of the estimated useful lives of the assets are as follows:

Transmission and distribution system	10-40 years
Treatment plants	40 years
General plant	3-40 years

(j) Restricted Assets

Amounts shown as restricted assets have been restricted by bond indenture, by District Board of Directors action, by law, or by contractual obligations to be used for specified purposes, such as service of bonded and other taxpayer-approved debt, construction of utility plant, and payment of certain employee benefits.

(k) Capitalized Interest

Interest costs, less interest earned on related tax-exempt borrowings, are capitalized during the construction period of major utility plant additions. The capitalized interest is recorded as part of the asset to which it is related and is depreciated over the estimated useful life of the related asset. Capitalized interest during the year ended June 30, 1999 was \$43,762. No interest was capitalized during the year ended June 30, 2000.

(l) Compensated Absences

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

(m) Retirees' Health Benefits Plan Expense

Expense is recognized on the pay-as-you-go basis, and is more fully described in Note 9.

(n) Capital Contributions

Capital contributions are recorded when capacity charges are collected, Federal and State construction grants are received, annexation fees are paid by property owners on behalf of the District, or the District accepts contributions of utility plant in kind. Capacity charges are paid by new customers prior to connecting to the District's system. Such charges are periodically adjusted based upon changes in construction costs and other factors, and are intended to compensate the District for a new customer's equitable share of current and future system capacity.

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(o) Budgetary Information

The District prepares and adopts an annual budget for operations, debt service, and capital additions, but budgetary information is not presented because the District is not legally required to adopt and adhere to a budget.

(p) Property Tax Calendar

Property taxes, including assessments, are billed by San Diego County (County) to property owners. The District's property tax calendar for the fiscal year ended June 30, 2000, was as follows:

January 1, 1999	Lien date
December 10, 1999	Due date for first installment (50%)
April 10, 2000	Due date for final installment (50%)

The County collects the taxes from the property owners and remits the funds to the District intermittently during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected.

(q) Reclassifications

Certain amounts previously reported in 1999 have been reclassified to compare with the presentation for 2000. Those reclassifications did not affect previously reported net income or retained earnings.

(2) Cash and Investments

(a) Authorized Investment Instruments

The District is legally empowered by statute and ordinance to invest in obligations of the United States, its agencies and instrumentalities, time certificates of deposit at commercial banks and savings and loans when insured or collateralized in accordance with law, the State of California Local Agency Investment Fund, the County of San Diego Investment Pool, bonds issued by the District and shares of beneficial interest issued by a diversified management company as authorized by Government Code Section 53601(k). Current policy provides that no investments with maturities greater than five years shall be acquired.

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(b) Cash

(i) Summary

Cash is summarized as follows at June 30:

	<u>2000</u>	<u>1999</u>
Cash and cash equivalents - current assets	\$ 8,191,621	7,601,223
Cash and cash equivalents - restricted assets	<u>764,973</u>	<u>4,441,472</u>
	<u>\$ 8,956,594</u>	<u>12,042,695</u>

Cash consisted of the following at June 30:

Deposits with financial institutions	171,571	108,737
Deposits with the State of California Local Agency Investment Fund	8,914,020	12,004,488
Petty cash	800	800
Outstanding checks	<u>(129,797)</u>	<u>(71,330)</u>
	<u>\$ 8,956,594</u>	<u>12,042,695</u>

(ii) Deposits with Financial Institutions

Deposits with financial institutions at June 30, 2000, are fully insured.

(iii) Deposits with State of California Local Agency Investment Fund

The total amount in the District's account with the State of California Local Agency Investment Fund (State LAIF) can be withdrawn on demand without penalty. Such a withdrawal would not include a pro rata share of any unrealized appreciation or uncollected income on the State LAIF's investments. The State LAIF is administered by the State of California, Office of the Treasurer, as provided by Section 16429 of the California Government Code.

(c) Marketable Securities

Marketable securities are summarized as follows at June 30:

	<u>2000</u>	<u>1999</u>
Marketable securities - current assets	\$ 4,682,421	-
Marketable securities - restricted assets	<u>12,383,414</u>	<u>11,625,167</u>
	<u>\$ 17,065,835</u>	<u>11,625,667</u>

Marketable securities are as follows at June 30:

	<u>2000</u>	<u>1999</u>
U.S. Treasury bills and notes	\$ 4,435,945	1,002,190
U.S. agency obligations	<u>12,629,890</u>	<u>10,622,977</u>
	<u>\$ 17,065,835</u>	<u>11,625,167</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

The District's marketable securities are held by its broker and fully insured. The additional coverage beyond the \$500,000 Securities Investor Protection Corporation (SIPC) limit is subject to and follows the terms, conditions and limitations of SIPC coverage.

(3) Inventories

Inventories are as follows at June 30:

	<u>2000</u>	<u>1999</u>
Water inventory	\$ 79,789	108,959
Materials inventory	<u>180,484</u>	<u>188,885</u>
	\$ <u>260,273</u>	<u>297,844</u>

(4) Restricted Assets

Restricted assets are as follows at June 30:

	<u>2000</u>	<u>1999</u>
Restricted for debt service:		
Cash and cash equivalents	\$ 23,939	216,044
Other receivables	<u>29,946</u>	<u>32,954</u>
Total for debt service	<u>53,885</u>	<u>248,998</u>
Restricted for construction:		
Cash and cash equivalents	741,034	4,225,428
Marketable securities	<u>11,101,080</u>	<u>10,633,831</u>
Total for construction	<u>11,842,114</u>	<u>14,859,259</u>
Restricted for employee benefits:		
Marketable securities	<u>1,282,334</u>	<u>991,336</u>
Total restricted assets	\$ <u>13,178,333</u>	<u>16,099,593</u>

(5) Utility Plant

Changes in utility plant for the year ended June 30, 2000, are as follows:

	<u>Balance</u> <u>June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2000</u>
Land	\$ 1,136,958	2,101	-	1,139,059
Transmission and distribution system	67,449,971	1,380,791	75,057	68,755,705
General plant	3,265,361	311,724	28,016	3,549,069
Annexation fees	<u>786,185</u>	<u>-</u>	<u>-</u>	<u>786,185</u>
	72,638,475	1,694,616	103,073	74,230,018
Less accumulated depreciation	<u>31,049,277</u>	<u>2,136,247</u>	<u>96,969</u>	<u>33,088,555</u>
Net utility plant in service	41,589,198	(441,631)	6,104	41,141,463
Construction in progress	<u>1,856,590</u>	<u>2,797,801</u>	<u>731,388</u>	<u>3,923,003</u>
Net utility plant	\$ <u>43,445,788</u>	<u>2,356,170</u>	<u>737,492</u>	<u>45,064,466</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(6) Long-Term Debt

(a) General Obligation Bonds Payable

General obligation bonds are payable from assets restricted for that purpose and are secured by property tax revenues collected from within Improvement District U-12. General obligation bonds payable are as follows:

	<u>Interest rate</u>	<u>Fiscal year maturity</u>	<u>Outstanding June 30, 1999</u>	<u>Retired 1999-2000</u>	<u>Outstanding June 30, 2000</u>
Improvement District Bonds: U-12, 1968	6.25%	2000	\$ <u>75,000</u>	<u>75,000</u>	<u>-</u>

(b) Revenue Bonds Payable

On June 29, 1993, the District issued to a bank \$1,400,000 of water revenue bonds, the proceeds of which were used to pay off a previous loan which had been obtained to finance legally required water system improvements. Revenue bonds outstanding at June 30, 2000 and 1999, are \$1,010,000 and \$1,060,000, respectively. Varying amounts of principal plus interest currently at 5.89% are payable semiannually with the final scheduled maturity date July 1, 2013. Bonds of \$125,000 which were to mature on July 1, 2013, and January 1, 2013 were called and redeemed at par during the year ended June 30, 1999. The final maturity date for the currently outstanding bonds is July 1, 2012. Interest is payable at 62% of the bank's prime rate, but not to exceed 12%. The net water revenues of the District are pledged to pay the principal and interest on the bonds, and the bonds are subject to call and redemption prior to maturity on any date at par plus accrued interest to the redemption date.

The bond resolution requires that gross revenues from the operation of the District be at least sufficient to pay all current maintenance and operating expenses, excluding depreciation and interest, and that the net revenue must exceed, by at least 1.10 times, the amount required for annual debt service of the bonds. The District has satisfied these requirements.

Future debt service requirements at the current interest rate for the above bonds are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 50,000	29,008	79,008
2002	60,000	55,661	115,661
2003	65,000	52,127	117,127
2004	70,000	48,151	118,151
2005	70,000	44,028	114,028
Thereafter	<u>695,000</u>	<u>174,052</u>	<u>869,052</u>
	<u>\$ 1,010,000</u>	<u>403,027</u>	<u>1,413,027</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(c) Loans Payable

Loans payable are as follows at June 30:

	<u>2000</u>	<u>1999</u>
Municipal Finance Corporation original amount \$1,500,000, on December 28, 1998, to partially finance the Moosa expansion project. Interest at 4.25% payable semiannually and principal payable December 28, 2003, from assets restricted for that purpose and secured by capacity charges collected for the Moosa expansion.	\$ 1,500,000	1,500,000
Municipal Finance Corporation original amount \$1,753,844, on July 31, 1992. Varying amounts of principal plus interest at 6.44% payable semiannually from assets restricted for that purpose and secured by property tax revenues collected from within the General District, final payment due July 31, 1999.	-	199,877
California Bank and Trust original amount \$1,500,000, on June 20, 1984. Varying amounts of principal payable annually plus interest payable semiannually from assets restricted for that purpose and secured by property tax revenues collected from within Community Facilities District No. 1, final payment due June 15, 2000.	-	<u>16,729</u>
Total loans payable	\$ <u>1,500,000</u>	<u>1,716,606</u>

Future debt service requirements for the above loans are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ -	63,750	63,750
2002	-	63,750	63,750
2003	-	63,750	63,750
2004	<u>1,500,000</u>	<u>31,875</u>	<u>1,531,875</u>
	\$ <u>1,500,000</u>	<u>223,125</u>	<u>1,723,125</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(d) Annexation Fees Payable

In 1960 and 1967, the District annexed certain uninhabited territory and thereby incurred annexation charges of \$786,185 payable to the Metropolitan Water District of Southern California (MWD) and the San Diego County Water Authority. The unpaid balances of such charges to MWD at June 30, 2000 and 1999, are \$11,746 and \$13,478, respectively. The charges are paid by property tax owners through property tax levies collected by the County of San Diego and remitted directly to MWD. The District accounts for the periodic reduction in the recorded annexation fee liability as contributed capital.

(e) Retirees' Health Benefits Plan Liability

On January 16, 1995, the District's Board of Directors established the Valley Center Municipal Water District Retirees' Health Benefits Plan. Under the terms of the Plan, further described in Note 9, the District's liability, payable from assets restricted for that purpose, to employees or for the benefit of Plan participants at June 30, 2000 and 1999, was \$1,282,334 and \$991,336, respectively. The liability will become payable upon the sooner of Plan termination or the commencement of the payment of participants' health insurance premiums under the Plan.

(f) Summary

Long-term debt is summarized as follows at June 30:

	<u>2000</u>	<u>1999</u>
General obligation bonds payable	\$ -	75,000
Revenue bonds payable	1,010,000	1,060,000
Loans payable	<u>1,500,000</u>	<u>1,716,606</u>
Total bonds and loans payable	2,510,000	2,851,606
Annexation fees payable	11,746	13,478
Retirees' health benefits plan liability	<u>1,282,334</u>	<u>991,336</u>
Total long-term debt	3,804,080	3,856,420
Less current installments of bonds payable from current assets	(50,000)	(50,000)
Less current installments of bonds and loans payable from restricted assets	<u>-</u>	<u>(291,606)</u>
	\$ <u>3,754,080</u>	<u>3,514,814</u>

Future minimum debt service requirements for bonds and loans payable are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 50,000	92,758	142,758
2002	60,000	119,411	179,411
2003	65,000	115,877	180,877
2004	1,570,000	80,026	1,650,026
2005	70,000	44,028	114,028
Thereafter	<u>695,000</u>	<u>174,052</u>	<u>869,052</u>
	\$ <u>2,510,000</u>	<u>626,152</u>	<u>3,136,152</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(7) Contributed Capital

Changes in contributed capital are as follows for the years ended June 30:

	<u>2000</u>	<u>1999</u>
Balance, beginning of year	\$ 14,138,236	13,252,586
Capital contributions	1,134,538	1,291,080
Depreciation on contributed assets	<u>(683,612)</u>	<u>(405,430)</u>
Balance, end of year	\$ <u>14,589,162</u>	<u>14,138,236</u>

(8) Employees' Retirement Plan

The Valley Center Municipal Water District Retirement Plan 002 (Plan 002) is a single-employer defined contribution plan established July 1, 1979, by the District as sponsor to provide retirement benefits to its employees (excluding members of the Board of Directors) under Water Code Section 71595. Plan 002 is administered by a committee appointed by the District's Board of Directors. The sponsor also appoints Plan 002 trustees. Plan 002 trustees, through the committee, direct investments and accounting.

Generally, all full-time employees are required to participate in Plan 002 upon the date employment commences. Vesting is based on years of service, with 20% vesting for each year of service and 100% vesting after 5 or more years of service. Plan income is allocated to accounts of individual participants at year-end by a formula, which is based on beginning of year balances, plus contributions for the year. The District retains the right to make any amendments to Plan 002 which do not cause any assets to be diverted to any purpose other than the exclusive benefit of Plan 002 beneficiaries.

Plan 002 provides for yearly sponsor contributions equal to 19% of eligible employees' base compensation. Participant contributions are not required, but participants may voluntarily contribute up to 10% of their compensation.

The District's contribution to Plan 002 for the years ended June 30, 2000 and 1999, amounted to \$545,243 and \$474,298, respectively. No contributions were made by individual participants in either year.

(9) Retirees' Health Benefits Plan

The District's Board of Directors adopted the Retirees' Health Benefits Plan (Plan) on January 16, 1995, for the benefit of all individuals (excluding members of the Board of Directors) employed by the District. The Plan is permitted under Government Code Section 53200 et seq. and generally provides that the District will pay all or a portion of the premiums for certain postemployment health insurance coverage for participants. The Plan administrator is the advisory committee for the District's Retirement Plan 002 described in Note 8.

Plan benefits are based upon certain age and service requirements, as well as the particular participation option elected by a retiring eligible employee. After an eligible employee (and a dependent spouse for an electing eligible employee) begins participation in the Plan and until the employee reaches Medicare-eligible age, the District will pay all or a portion of the premium for health insurance coverage under its group plan for current employees. After Medicare-eligible age is reached, the District will pay indefinitely all or a portion of the premium for coverage under the Medicare supplement of its group plan for current employees plus coverage under Medicare Part B. As of June 30, 2000, no one has begun participation in the Plan.

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

The Plan provides that the premium cost of benefits is to be paid solely from the general assets of the District and there is no Plan requirement for the District to advance-fund Plan benefits, thus the District accounts for the Plan on a pay-as-you-go basis. The District's Board of Directors, wholly in its discretion and based in part on the nonbinding recommendation of consulting actuaries, periodically resolves to restrict cash and cash equivalents for the payment of Plan benefits. No assets have been transferred to the Plan administrator. The Board presently intends to similarly restrict or to pay to the Plan administrator for all subsequent years an annual amount that is no more than 8% of Retirement Plan 002 covered payroll plus interest on previously accumulated amounts at a rate equivalent to the District's overall actual annual investment yield. If in the future these accumulated amounts appear insufficient to pay for Plan benefits, it is presently the Board's intention that the Plan would be amended to reduce its benefits. The present intentions of the Board are described herein solely for informational purposes and do not bind current and future members of the District's Board of Directors.

The Plan requires that any separately accumulated funds will, upon Plan discontinuance or termination and after payment of necessary expenses, be distributed equitably among the District's then active employees, eligible employees, and Plan participants. As described in Note 6(e), the Board restricted assets of \$1,282,334 and \$991,336 as of June 30, 2000 and 1999, respectively, for the payment of benefits under the Plan. Management construes the provisions of the Plan to require that funds so restricted cannot revert to the District. Recorded expense for the Plan for the years ended June 30, 2000 and 1999, amounted to \$290,998 and \$248,567, respectively.

(10) Special Assessment Bonds

On February 5, 1997, Valley Center Municipal Water District Assessment District No. 96-1 (AD 96-1) issued \$1,743,654 of limited obligation improvement bonds pursuant to the provisions of the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915. Under the Acts, the District is not obligated to repay the AD 96-1 bonds and the District does not intend in any manner to assume responsibility for the repayment of such debt. AD 96-1 bonds payable at June 30, 2000 and 1999, amounted to \$1,635,000 and \$1,690,000, respectively.

The bonds and interest are paid from annual special assessments on property within AD 96-1. The annual assessments will be billed to and collected from the AD 96-1 property owners along with other property taxes and assessments and remitted to the District. The District remits the annual assessments as well as any prepaid assessments received from property owners by the District to the AD 96-1 trustee (a commercial trust company) for eventual payment to the bondholders.

The bond proceeds were used to establish reserve funds, pay bond issuance costs, refund to certain AD 96-1 property owners previous costs advanced, and expand the Lower Moosa Canyon water reclamation facility. This reclamation facility project was completed during the year ended June 30, 1999, and the District recorded an in kind capital contribution from AD 96-1 of \$817,993.

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(11) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District manages these risks with its participation in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The JPIA is a risk-pooling self-insurance authority created under the provisions of the California Government Code for the purpose of providing insurance coverage for its 287 member districts. The JPIA purchases excess insurance from commercial insurance carriers to reduce its exposure to large losses. The JPIA administers and settles all claims under the various contracts.

The District pays annual premiums for its liability (auto, general, and public officials), property loss, workers' compensation and fidelity bond coverage. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged or credited to expense as invoiced. The District's JPIA insurance expense for the years ending June 30, 2000 and 1999, amounted to \$181,348 and \$159,896, respectively. There were no instances in the past three years where a settlement exceeded the District's coverage.

(12) Other Nonoperating Revenues

Other nonoperating revenues are as follows at June 30:

	<u>2000</u>	<u>1999</u>
Gain on disposition of equipment	\$ 1,607	29,205
Gain on settlement of litigation against the State of California	-	170,800
Lease revenues	62,563	48,716
Other nonoperating revenues	<u>1,085</u>	<u>6,673</u>
	<u>\$ 65,255</u>	<u>255,394</u>

From September 15, 1980 through June 29, 1993, the District had a loan payable to the State of California Department of Water Resources. The interest rate on the loan was increased, retroactive to September 15, 1980, by the State Treasurer in 1993. The District paid off this loan, including retroactive interest of \$278,510, which was expensed, on June 29, 1993, in connection with the issuance of the revenue bonds described in Note 6(b). In 1995, the District joined with several other California governmental units that had similarly been subjected to the retroactive interest rate increase in seeking to recover the retroactive interest paid. On October 26, 1998, the State of California paid the District \$170,800 in full settlement of the District's claim.

(13) Other Nonoperating Expenses

Other nonoperating expenses are as follows at June 30:

	<u>2000</u>	<u>1999</u>
Loss on abandonment of utility plant	\$ 11,989	141,343
Debt service expenses	<u>292</u>	<u>295</u>
	<u>\$ 12,281</u>	<u>141,638</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Notes to Financial Statements, Continued

(14) Economic Dependency

All water sold by the District is purchased from the San Diego County Water Authority. All energy (electricity and natural gas) needed by the District for pumping and other uses, is delivered through the transmission facilities of San Diego Gas & Electric Co.

(15) Commitments and Contingencies

(a) Contracts

The District entered into several contracts for engineering and construction of additions to utility plant. Unfulfilled commitments under open contracts as of June 30, 2000, are summarized as follows:

Total open contracts	\$ 1,990,982
Costs incurred as of June 30, 2000	<u>1,664,082</u>
Remaining contractual commitments	\$ <u>326,900</u>

(b) Environmental Liability

The District has been designated as a PRP (potentially responsible party) with respect to the cleanup of hazardous waste and other environmental contamination at the Chatham Brothers Barrel Yard site, which is a site listed on the State Priority List for the State of California, in Escondido, California. The District joined a group of other PRP's and the group is currently investigating the amount of remedial costs necessary to clean up the site. Although the total cost for cleanup cannot be estimated with certainty at this time, estimates have ranged from \$8,000,000 to \$31,000,000. The District's share of the total cost of cleanup has most recently been determined to be .08% (.0008), but its share will increase if other PRP's should fail to participate at their determined level. The District has determined that a future liability of \$38,052 is probable at this time and, accordingly, has accrued this amount as a liability as of June 30, 2000.

(c) Litigation

The District is named as defendant in various pending legal actions. Management is of the opinion that any potential liability which could result, if unfavorable decisions are rendered in these pending legal actions, would not have a material effect on the financial statements.



COMBINING SCHEDULES

VALLEY CENTER MUNICIPAL WATER DISTRICT

Combining Balance Sheet Schedules

June 30, 2000 and 1999

<u>Assets</u>	<u>Total</u>	<u>General subfund</u>
Current assets:		
Cash and cash equivalents	\$ 8,191,621	8,237,814
Marketable securities	4,682,421	4,682,421
Accounts receivable - water and sewer, net	3,978,113	3,978,113
Interest receivable	372,083	372,083
Other receivables	53,712	53,712
Inventories	260,273	260,273
Prepaid expenses	87,215	87,215
Deposits	53,610	53,610
Work in progress for others	172,341	172,341
Total current assets	<u>17,851,389</u>	<u>17,897,582</u>
Restricted assets:		
Cash and cash equivalents	764,973	13,569
Marketable securities	12,383,414	12,383,414
Other receivables	29,946	-
Total restricted assets	<u>13,178,333</u>	<u>12,396,983</u>
Utility plant:		
Total utility plant in service	74,230,018	62,811,065
Less accumulated depreciation	33,088,555	29,424,277
Net utility plant in service	<u>41,141,463</u>	<u>33,386,788</u>
Construction in progress	3,923,003	3,708,753
Net utility plant	<u>45,064,466</u>	<u>37,095,541</u>
	<u>\$ 76,094,188</u>	<u>67,390,106</u>

2000			
Lower Moosa sewer subfunds	Skyline Ranch sewer subfund	Woods Valley Ranch sewer subfund	Debt service subfunds
(29,975)	(3,411)	(12,807)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>(29,975)</u>	<u>(3,411)</u>	<u>(12,807)</u>	<u>-</u>
650,275	90,759	-	10,370
-	-	-	-
-	-	-	29,946
<u>650,275</u>	<u>90,759</u>	<u>-</u>	<u>40,316</u>
8,360,694	206,177	-	2,852,082
<u>2,170,322</u>	<u>90,544</u>	<u>-</u>	<u>1,403,412</u>
6,190,372	115,633	-	1,448,670
173,913	-	40,337	-
<u>6,364,285</u>	<u>115,633</u>	<u>40,337</u>	<u>1,448,670</u>
<u>6,984,585</u>	<u>202,981</u>	<u>27,530</u>	<u>1,488,986</u>

Continued

VALLEY CENTER MUNICIPAL WATER DISTRICT

Combining Balance Sheet Schedules, Continued

June 30, 2000 and 1999

<u>Liabilities and Fund Equity</u>	<u>Total</u>	<u>General subfund</u>
Current liabilities (payable from current assets):		
Current installments of revenue bonds payable	\$ 50,000	50,000
Accounts payable	4,640,764	4,640,764
Accrued payroll	137,481	137,481
Accrued vacation and sick leave	758,371	758,371
Customer deposits	412,955	394,205
Total current liabilities (payable from current assets)	<u>5,999,571</u>	<u>5,980,821</u>
Current liabilities (payable from restricted assets):		
Other liabilities	7,665	-
Total current liabilities (payable from restricted assets)	<u>7,665</u>	<u>-</u>
Long-term debt, excluding current installments:		
Revenue bonds payable	960,000	960,000
Loan payable (payable from restricted assets)	1,500,000	-
Annexation fees payable	11,746	11,746
Retirees' health benefits plan liability (payable from restricted assets)	1,282,334	1,282,334
Total long-term debt, excluding current installments	<u>3,754,080</u>	<u>2,254,080</u>
Total liabilities	<u>9,761,316</u>	<u>8,234,901</u>
Fund equity:		
Contributed capital	14,589,162	10,456,322
Retained earnings (deficit)	51,743,710	48,698,883
Total fund equity	<u>66,332,872</u>	<u>59,155,205</u>
	<u>\$ 76,094,188</u>	<u>67,390,106</u>

2000			
Lower Moosa sewer subfunds	Skyline Ranch sewer subfund	Woods Valley Ranch sewer subfund	Debt service subfunds
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
18,750	-	-	-
<u>18,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	7,665	-
<u>-</u>	<u>-</u>	<u>7,665</u>	<u>-</u>
-	-	-	-
1,500,000	-	-	-
-	-	-	-
-	-	-	-
<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,518,750</u>	<u>-</u>	<u>7,665</u>	<u>-</u>
3,906,280	206,392	20,168	-
<u>1,559,555</u>	<u>(3,411)</u>	<u>(303)</u>	<u>1,488,986</u>
<u>5,465,835</u>	<u>202,981</u>	<u>19,865</u>	<u>1,488,986</u>
<u>6,984,585</u>	<u>202,981</u>	<u>27,530</u>	<u>1,488,986</u>

Continued

VALLEY CENTER MUNICIPAL WATER DISTRICT

Combining Balance Sheet Schedules, Continued

June 30, 2000 and 1999

<u>Assets</u>	<u>Total</u>	<u>General subfund</u>
Current assets:		
Cash and cash equivalents	\$ 7,601,223	7,782,656
Accounts receivable - water and sewer, net	3,360,898	3,360,898
Interest receivable	330,257	330,257
Other receivables	38,313	38,313
Inventories	297,844	297,844
Prepaid expenses	89,051	89,051
Deposits	61,726	61,726
Work in progress for others	126,001	126,001
Total current assets	<u>11,905,313</u>	<u>12,086,746</u>
Restricted assets:		
Cash and cash equivalents	4,441,472	3,714,416
Marketable securities	11,625,167	11,625,167
Other receivables	32,954	-
Total restricted assets	<u>16,099,593</u>	<u>15,339,583</u>
Utility plant:		
Total utility plant in service	72,638,475	61,333,421
Less accumulated depreciation	31,049,277	27,839,492
Net utility plant in service	<u>41,589,198</u>	<u>33,493,929</u>
Construction in progress	1,856,590	1,669,021
Net utility plant	<u>43,445,788</u>	<u>35,162,950</u>
	<u>\$ 71,450,694</u>	<u>62,589,279</u>

1999			
Lower Moosa sewer subfunds	Skyline Ranch sewer subfund	Woods Valley Ranch sewer subfund	Debt service subfunds
(183,972)	2,539	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>(183,972)</u>	<u>2,539</u>	<u>-</u>	<u>-</u>
612,497	100,368	4,890	9,301
-	-	-	-
-	-	-	32,954
<u>612,497</u>	<u>100,368</u>	<u>4,890</u>	<u>42,255</u>
8,246,795	206,177	-	2,852,082
1,788,435	85,630	-	1,335,720
<u>6,458,360</u>	<u>120,547</u>	<u>-</u>	<u>1,516,362</u>
165,082	-	22,487	-
<u>6,623,442</u>	<u>120,547</u>	<u>22,487</u>	<u>1,516,362</u>
<u>7,051,967</u>	<u>223,454</u>	<u>27,377</u>	<u>1,558,617</u>

Continued

VALLEY CENTER MUNICIPAL WATER DISTRICT

Combining Balance Sheet Schedules, Continued

June 30, 2000 and 1999

<u>Liabilities and Fund Equity</u>	<u>Total</u>	<u>General subfund</u>
Current liabilities (payable from current assets):		
Current installments of revenue bonds payable	\$ 50,000	50,000
Accounts payable	3,189,033	3,189,033
Accrued payroll	86,612	86,612
Accrued vacation and sick leave	660,260	660,260
Customer deposits	274,904	260,904
Total current liabilities (payable from current assets)	<u>4,260,809</u>	<u>4,246,809</u>
Current liabilities (payable from restricted assets):		
Current installments of general obligation bonds payable	75,000	-
Current installments of loans payable	216,606	199,877
Accrued interest	6,484	5,340
Other liabilities	16,090	-
Total current liabilities (payable from restricted assets)	<u>314,180</u>	<u>205,217</u>
Long-term debt, excluding current installments:		
Revenue bonds payable	1,010,000	1,010,000
Loan payable (payable from restricted assets)	1,500,000	-
Annexation fees payable	13,478	13,478
Retirees' health benefits plan liability (payable from restricted assets)	991,336	991,336
Total long-term debt, excluding current installments	<u>3,514,814</u>	<u>2,014,814</u>
Total liabilities	<u>8,089,803</u>	<u>6,466,840</u>
Fund equity:		
Contributed capital	14,138,236	9,882,391
Retained earnings	49,222,655	46,240,048
Total fund equity	<u>63,360,891</u>	<u>56,122,439</u>
	<u>\$ 71,450,694</u>	<u>62,589,279</u>

1999			
Lower Moosa sewer subfunds	Skyline Ranch sewer subfund	Woods Valley Ranch sewer subfund	Debt service subfunds
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,000	-	-	-
<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	75,000
-	-	-	16,729
-	-	-	1,144
-	-	16,090	-
<u>-</u>	<u>-</u>	<u>16,090</u>	<u>92,873</u>
-	-	-	-
1,500,000	-	-	-
-	-	-	-
-	-	-	-
<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,514,000</u>	<u>-</u>	<u>16,090</u>	<u>92,873</u>
4,023,686	220,915	11,244	-
<u>1,514,281</u>	<u>2,539</u>	<u>43</u>	<u>1,465,744</u>
<u>5,537,967</u>	<u>223,454</u>	<u>11,287</u>	<u>1,465,744</u>
<u>7,051,967</u>	<u>223,454</u>	<u>27,377</u>	<u>1,558,617</u>

VALLEY CENTER MUNICIPAL WATER DISTRICT

Combining Schedules of Revenues, Expenses, and Changes in Retained Earnings

Years ended June 30, 2000 and 1999

	Total	General subfund
Operating revenues:		
Water sales and pumping charges	\$ 28,562,571	28,562,571
Meter installation fees	171,129	171,129
Sewer charges	522,761	-
Other water operating revenues	210,456	210,456
Total operating revenues	<u>29,466,917</u>	<u>28,944,156</u>
Operating expenses:		
Cost of water sold	20,266,611	20,266,611
Energy and pumping costs	3,249,934	3,188,445
Water systems operations	2,353,394	2,353,394
Sewer collection and treatment	275,825	-
Engineering	604,677	604,677
Depreciation	2,136,247	1,681,754
General and administrative	1,594,982	1,532,072
Total operating expenses	<u>30,481,670</u>	<u>29,626,953</u>
Net operating loss	<u>(1,014,753)</u>	<u>(682,797)</u>
Nonoperating revenues (expenses):		
Investment income	1,276,155	1,245,089
Property taxes and assessments	1,644,952	1,554,623
Other nonoperating revenues	65,255	65,255
Interest expense, net	(121,885)	(56,496)
Other nonoperating expenses	(12,281)	(12,109)
Net nonoperating revenues	<u>2,852,196</u>	<u>2,796,362</u>
Net income (loss)	1,837,443	2,113,565
Add back depreciation on contributed assets	<u>683,612</u>	<u>345,270</u>
Net income (loss) closed to retained earnings	2,521,055	2,458,835
Retained earnings, beginning of year	<u>49,222,655</u>	<u>46,240,048</u>
Retained earnings (deficit), end of year	<u>\$ 51,743,710</u>	<u>48,698,883</u>

Year ended June 30, 2000			
Lower Moosa sewer subfunds	Skyline Ranch sewer subfund	Woods Valley Ranch sewer subfund	Debt service subfunds
-	-	-	-
-	-	-	-
478,299	44,462	-	-
-	-	-	-
<u>478,299</u>	<u>44,462</u>	<u>-</u>	<u>-</u>
-	-	-	-
56,341	5,148	-	-
-	-	-	-
219,831	55,994	-	-
-	-	-	-
381,887	4,914	-	67,692
55,098	7,812	-	-
<u>713,157</u>	<u>73,868</u>	<u>-</u>	<u>67,692</u>
<u>(234,858)</u>	<u>(29,406)</u>	<u>-</u>	<u>(67,692)</u>
28,355	641	(346)	2,416
-	-	-	90,329
-	-	-	-
(63,750)	-	-	(1,639)
-	-	-	(172)
<u>(35,395)</u>	<u>641</u>	<u>(346)</u>	<u>90,934</u>
<u>(270,253)</u>	<u>(28,765)</u>	<u>(346)</u>	<u>23,242</u>
315,527	22,815	-	-
45,274	(5,950)	(346)	23,242
<u>1,514,281</u>	<u>2,539</u>	<u>43</u>	<u>1,465,744</u>
<u>1,559,555</u>	<u>(3,411)</u>	<u>(303)</u>	<u>1,488,986</u>

Continued

VALLEY CENTER MUNICIPAL WATER DISTRICT

Combining Schedules of Revenues, Expenses, and Changes in Retained Earnings, Continued

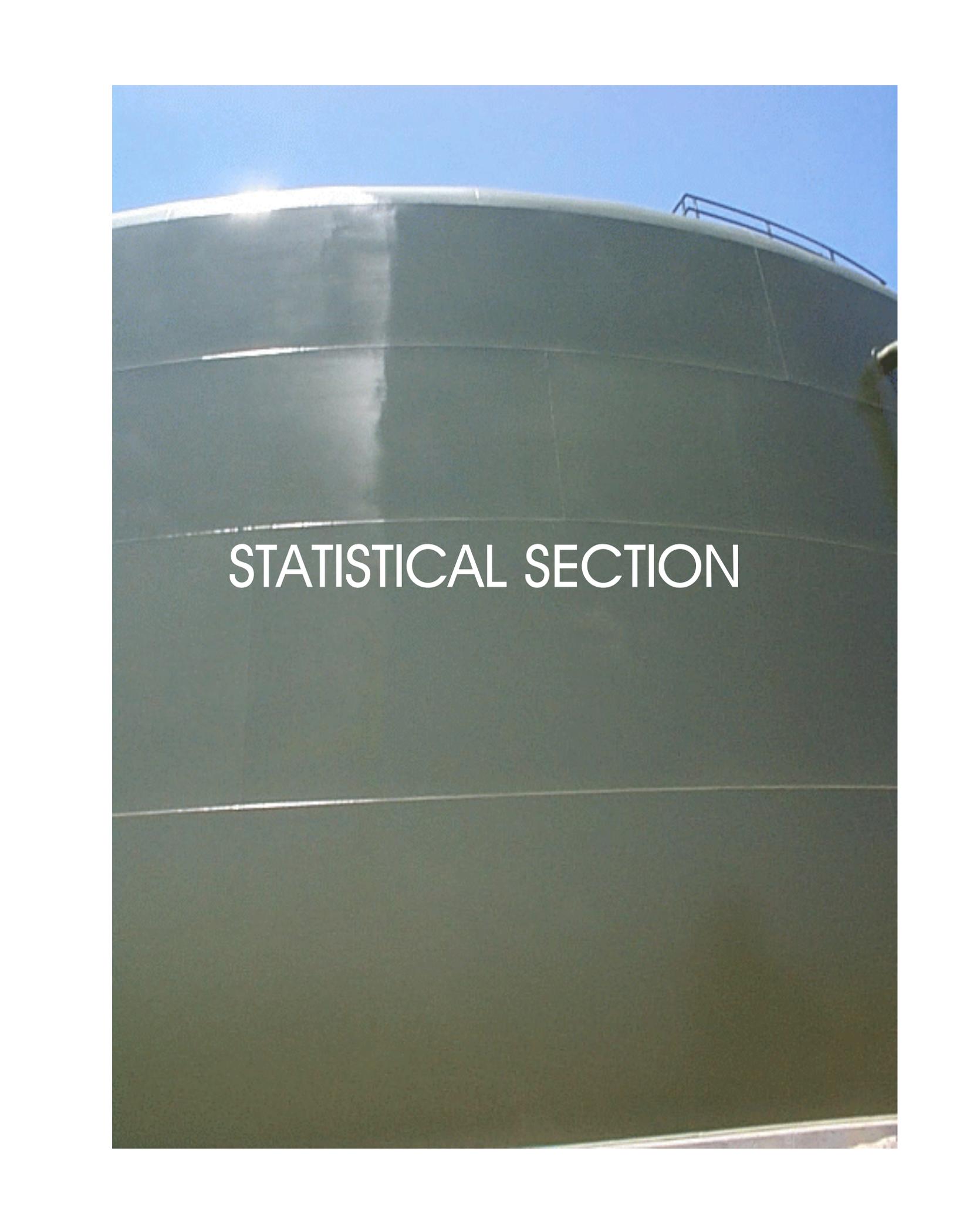
Years ended June 30, 2000 and 1999

	Total	General subfund
Operating revenues:		
Water sales and pumping charges	\$ 23,038,652	23,038,652
Meter installation fees	161,875	161,875
Sewer charges	449,749	-
Other water operating revenues	195,906	195,906
Total operating revenues	<u>23,846,182</u>	<u>23,396,433</u>
Operating expenses:		
Cost of water sold	16,995,191	16,995,191
Energy and pumping costs	2,757,191	2,697,960
Water and systems operations	2,051,169	2,051,169
Sewer collection and treatment	279,198	-
Engineering	531,482	531,482
Depreciation	1,803,750	1,629,744
General and administrative	1,560,855	1,502,131
Total operating expenses	<u>25,978,836</u>	<u>25,407,677</u>
Net operating loss	<u>(2,132,654)</u>	<u>(2,011,244)</u>
Nonoperating revenues (expenses):		
Investment income	1,144,186	1,142,033
Property taxes and assessments	2,085,844	1,904,887
Other nonoperating revenues	255,394	255,394
Interest expense	(94,362)	(79,584)
Other nonoperating expenses	(141,638)	(85,617)
Net nonoperating revenues	<u>3,249,424</u>	<u>3,137,113</u>
Net income (loss)	1,116,770	1,125,869
Add back depreciation on contributed assets	<u>405,430</u>	<u>332,097</u>
Net income closed to retained earnings	1,522,200	1,457,966
Retained earnings, beginning of year	<u>47,700,455</u>	<u>44,782,082</u>
Retained earnings, end of year	<u>\$ 49,222,655</u>	<u>46,240,048</u>

Year ended June 30, 1999

Lower Moosa sewer subfunds	Skyline Ranch sewer subfund	Woods Valley Ranch sewer subfund	Debt service subfunds
-	-	-	-
-	-	-	-
417,008	32,741	-	-
-	-	-	-
<u>417,008</u>	<u>32,741</u>	<u>-</u>	<u>-</u>
-	-	-	-
53,185	6,046	-	-
-	-	-	-
239,726	39,472	-	-
-	-	-	-
101,400	4,914	-	67,692
51,060	7,664	-	-
<u>445,371</u>	<u>58,096</u>	<u>-</u>	<u>67,692</u>
<u>(28,363)</u>	<u>(25,355)</u>	<u>-</u>	<u>(67,692)</u>
(2,442)	1,803	43	2,749
-	-	-	180,957
-	-	-	-
-	-	-	(14,778)
(55,873)	-	-	(148)
<u>(58,315)</u>	<u>1,803</u>	<u>43</u>	<u>168,780</u>
(86,678)	(23,552)	43	101,088
68,419	4,914	-	-
(18,259)	(18,638)	43	101,088
<u>1,532,540</u>	<u>21,177</u>	<u>-</u>	<u>1,364,656</u>
<u>1,514,281</u>	<u>2,539</u>	<u>43</u>	<u>1,465,744</u>



A photograph of a large, dark, curved structure, likely the hull of a ship or a large industrial tank. The structure is dark green or black and has a smooth, curved surface. A white railing is visible along the top edge. The background is a clear blue sky. The text "STATISTICAL SECTION" is overlaid in white, bold, sans-serif font in the center of the image.

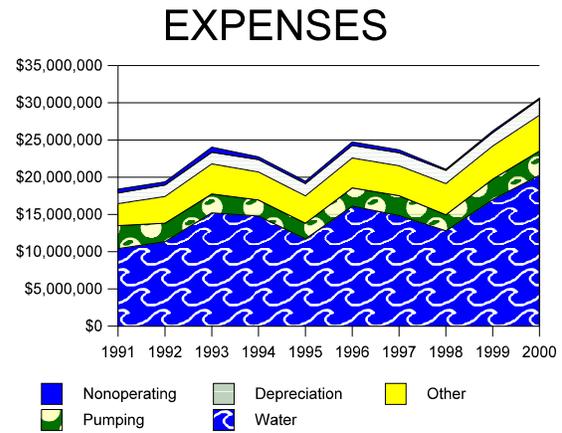
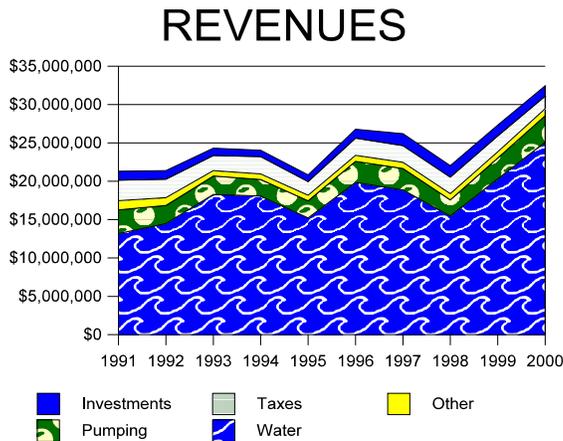
STATISTICAL SECTION

**Table I
REVENUES BY SOURCE
Last Ten Fiscal Years**

FISCAL YEAR ENDED	OPERATING REVENUES					NON-OPERATING REVENUES				TOTAL REVENUES
	WATER SALES (1)	PUMPING	METER INSTALLS	SEWER	OTHER	TOTAL OPERATING REVENUES	PROPERTY TAXES	INVESTMENT INCOME (4)	OTHER	
2000	\$ 25,108,504	\$ 3,454,067	\$ 171,129	\$ 522,761	\$ 210,456	\$ 29,466,917	\$ 1,644,952	\$ 1,276,155	\$ 65,255	\$ 32,453,279
1999	20,316,890	2,721,762	161,875	449,749	195,906	23,846,182	2,085,844	1,144,186	255,394	27,331,606
1998	15,482,401	2,089,971	132,914	437,531	247,353	18,390,170	2,140,125	1,451,859	61,986	22,044,140
1997	18,869,070 (2)	2,804,603	77,175	449,362	289,167	22,489,377	2,161,410	1,515,412	43,746	26,209,945
1996	19,863,773	2,736,839	84,676	391,710	305,971	23,382,969	2,243,932	1,092,160	68,702	26,787,763
1995	15,213,425	2,242,800	83,749	369,111	267,265	18,176,350	1,802,471	836,812	7,392	20,823,025
1994	18,080,490	2,140,070	80,835	360,177	297,989	20,959,561	2,266,810	680,189	149,065	24,055,625
1993	18,275,847	2,422,302	57,587	316,754	326,753	21,399,243	1,958,086	905,531	67,744	24,330,604
1992	14,475,487	2,382,045	25,520	326,075	659,961 (3)	17,869,088	2,413,787	1,096,086	13,400	21,392,361
1991	13,188,128	3,078,816	304,471	318,607	581,165 (3)	17,471,187	2,687,054	1,146,964	12,281	21,317,486

- (1) A detailed schedule of water sales is presented on Table VIII.
 (2) Net of \$954,799 credit for Metropolitan Water District refund.
 (3) Includes \$455,161 and \$287,103 of penalties on excessive use for fiscal years 1992 and 1991, respectively.
 (4) Restated for unrealized gain and losses pursuant to GASB Statement No. 31.

Source: Valley Center Municipal Water District



**Table II
EXPENSES BY FUNCTION
Last Ten Fiscal Years**

FISCAL YEAR ENDED	OPERATING EXPENSES						NON-OPERATING EXPENSES			TOTAL EXPENSES	
	COST OF WATER SOLD	ENERGY AND PUMPING	WATER SYSTEMS OPERATIONS	SEWER COLLECTION AND TREATMENT	GENERAL ADMIN. AND FINANCE	DEPRECIATION	TOTAL OPERATING EXPENSES	INTEREST ON DEBT	OTHER (2)		
2000	\$20,266,611	\$3,249,934	\$ 2,353,394	\$ 275,825	\$ 604,677	\$ 1,594,982	\$ 2,136,247	\$ 30,481,670	\$ 121,885	\$ 12,281	\$30,615,836
1999	16,995,191	2,757,191	2,051,169	279,198	531,482	1,560,855	1,803,750	25,978,836	94,362	141,638	26,214,836
1998	12,795,462	2,164,899	2,075,988	203,910	502,083	1,399,502	1,783,522	20,925,366	145,547	11,313	21,082,226
1997	14,859,285 (1)	2,667,979	2,033,254	196,233	463,948	1,311,340	1,745,892	23,277,931	188,735	219,040	23,685,706
1996	16,119,824	2,444,408	2,106,420	206,380	478,911	1,232,549	1,681,968	24,270,460	238,584	229,142	24,738,186
1995	11,718,702	2,109,596	2,046,825	175,439	428,032	1,037,960	1,639,702	19,156,256	298,539	16,797	19,471,592
1994	14,792,381	2,155,369	1,981,680	140,135	464,610	1,184,095	1,660,998	22,379,268	306,365	65,747	22,751,380
1993	15,225,334	2,518,634	1,996,973	141,328	447,985	1,455,395	1,572,821	23,358,470	674,571	10,101	24,043,142
1992	11,353,994	2,487,535	1,980,542	115,864	406,602	1,076,265	1,529,614	18,950,416	427,421	11,535	19,389,372
1991	10,410,606	3,094,096	1,598,705	124,865	374,581	842,510	1,447,457	17,892,820	492,130	8,948	18,393,898

- (1) Net of \$1,333,039 rate credit for Metropolitan Water District.
 (2) Includes loss on termination of projects and disposition of assets.

Source: Valley Center Municipal Water District

Table III
PROPERTY TAX AND ASSESSMENT LEVIES AND COLLECTIONS ⁽¹⁾
Last Ten Fiscal Years

FISCAL YEAR ENDED	LEVY			TOTAL COLLECTIONS (2)	NET DELINQUENT (3)	PERCENT DELINQUENT (4)
	PROPERTY TAXES	SPECIAL ASSESSMENTS	TOTAL LEVY			
2000	\$ 1,078,652	\$ 759,020	1,837,672	\$ 1,820,215	17,457	0.0%
1999	1,436,622	863,270	2,299,892	2,275,044	24,848	0.0%
1998	1,477,490	787,469	2,264,959	2,243,518	21,441	0.0%
1997	1,492,188	760,836	2,253,024	2,233,312	19,712	0.0%
1996	1,558,108	807,542	2,365,650	2,350,680	14,970	0.0%
1995	1,393,566	490,099	1,883,665	1,867,564	16,101	0.0%
1994	1,894,997	412,778	2,307,775	2,296,992	10,783	0.0%
1993	1,833,691	454,146	2,287,837	1,966,807	321,030	7.0%
1992	2,266,968	454,588	2,721,556	2,436,690	284,866	6.4%
1991	2,549,718	428,538	2,978,256	2,699,294	278,962	5.3%

- (1) Percent delinquencies for assessments and property taxes are the same since they are both collected on one tax bill.
(2) Collections do not include miscellaneous adjustments.
(3) Net Delinquent includes uncollectible portion.
(4) Percent delinquent represents current secured only. Beginning in fiscal year 1993-94, the County of San Diego remitted to the District 100% of the secured property taxes and special assessments assessed. The County of San Diego then pursued collection of any remaining delinquencies through the Teeter Plan.

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

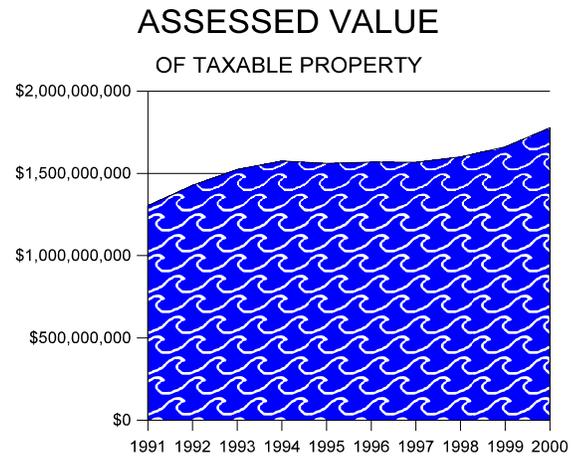
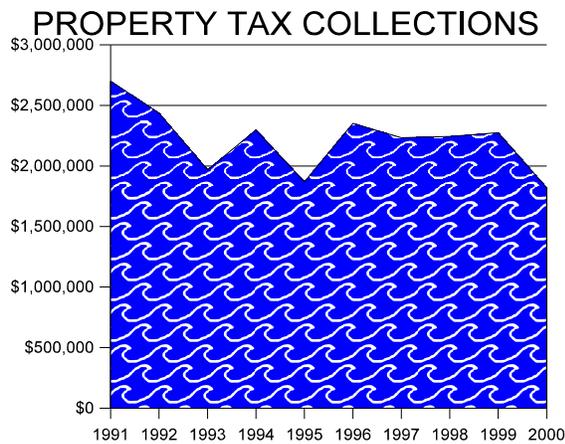


Table IV
ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

FISCAL YEAR ENDED	SECURED			NET ASSESSED VALUE	ASSESSED UNSECURED VALUE	TOTAL ASSESSED VALUE	TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY	EXEMPTIONS				
2000	\$ 1,774,453,328	\$ 594,351	\$ 10,722,016	\$ 1,764,325,663	\$ 12,474,511	\$ 1,776,800,174	0.00000
1999	1,656,826,114	1,218,439	9,627,329	1,648,417,224	12,888,452	1,661,305,676	0.02462
1998	1,598,769,552	774,021	9,087,383	1,590,456,190	10,068,791	1,580,387,399	0.02922
1997	1,566,898,632	759,275	8,973,430	1,558,684,477	8,670,874	1,550,013,603	0.03408
1996	1,565,745,748	926,532	7,991,451	1,558,680,829	9,393,715	1,549,287,114	0.03636
1995	1,558,964,694	1,381,257	8,246,150	1,552,099,801	8,551,863	1,543,547,938	0.02771
1994	1,573,962,375	993,745	7,735,487	1,567,220,633	8,534,298	1,558,686,335	0.03567
1993	1,520,737,362	814,176	7,052,946	1,514,498,592	9,382,465	1,505,116,127	0.03276
1992	1,425,047,725	3,300,749	7,069,797	1,421,278,677	5,738,951	1,415,539,726	0.03433
1991	1,300,873,008	3,267,996	6,755,306	1,297,385,698	6,074,916	1,291,310,782	0.03745

Source: Office of the Auditor Controller, County of San Diego

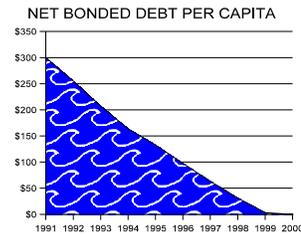
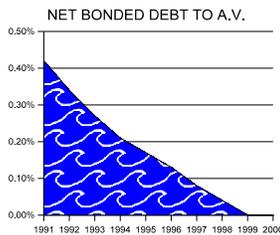
Table V

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA Last Ten Fiscal Years

FISCAL YEAR ENDED	POPULATION ESTIMATE	ASSESSED VALUATION	GROSS BONDED DEBT (1)	LESS DEBT SERVICE FUNDS (2)	NET BONDED DEBT	NET BONDED DEBT TO ASSESSED VALUATION	NET BONDED DEBT PER CAPITA
2000	22,347	\$ 1,776,800,174	\$ 0	\$ 0	\$ 0	0.00%	\$ 0.00
1999	21,838	1,661,305,676	291,606	216,044	75,562	0.00%	3.46
1998	21,374	1,600,524,981	1,044,004	380,667	663,337	0.04%	31.03
1997	20,826	1,567,355,351	1,739,973	423,686	1,316,287	0.08%	63.20
1996	20,547	1,568,074,544	2,443,413	437,699	2,005,714	0.13%	97.62
1995	20,324	1,560,651,664	3,215,415	522,498	2,692,917	0.17%	132.50
1994	20,014	1,575,754,931	3,999,074	725,683	3,273,391	0.21%	163.56
1993	19,734	1,523,881,057	4,699,353	609,238	4,090,115	0.27%	207.26
1992	19,169	1,427,017,628	5,361,547	473,934	4,887,613	0.34%	254.97
1991	18,425	1,303,460,614	6,062,068	533,234	5,528,834	0.42%	300.07

- (1) Includes general obligation bonds and loans; excludes revenue bonds. All general obligation bonds were paid in full by June 30, 2000.
(2) Comprised of cash and cash equivalents restricted by the Board of Directors for debt service.

Source: Valley Center Municipal Water District and the Office of the Auditor Controller, County of San Diego, and State of California Department of Finance



**Table VI
DIRECT AND
OVERLAPPING BONDED DEBT
June 30, 2000**

1999-2000 Assessed Valuation	\$1,776,800,174	Percent Applicable	Debt June 30, 2000
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District		0.20	\$ 1,071,749
San Diego County Water Authority		1.13	69,480
Valley Center Municipal Water District - Assessment District No. 96-1		100.00	1,635,000
Escondido Union High School District		21.09	9,280,402
Fallbrook Union High School District		1.84	467,179
Escondido Union School District		6.83	1,538,915
Valley Center Union School District		96.39	5,045,854
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			19,108,579
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
San Diego County General Fund Obligations		1.09	6,200,936
San Diego County Pension Obligations		1.09	3,782,151
San Diego County Superintendent of Schools Certificates of Participation		1.09	24,203
Palomar Community College District Certificates of Participation		4.84	347,171
Escondido Union School District Certificates of Participation		6.83	606,415
City of Escondido Certificates of Participation		0.05	43,316
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT			11,004,192
COMBINED TOTAL DEBT			\$ 30,112,771
<u>Ratios to Assessed Valuation:</u>			
Direct Debt		0.00%	
Total Direct and Overlapping Tax and Assessment Debt		1.08%	
Combined Total Debt		1.69%	
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/00:			\$ 0

Note: Bonded debt for Valley Center Municipal Water District includes all debt for which taxes are levied.

Source: California Municipal Statistics, Inc., and Valley Center Municipal Water District

Table VII

REVENUE DEBT COVERAGE Last Ten Fiscal Years

FISCAL YEAR ENDED	GROSS REVENUE	OPERATING EXPENSE (1)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE FACTOR
				PRINCIPAL	INTEREST	TOTAL	
2000	\$ 32,453,279	\$ 28,345,423	\$ 4,107,856	\$ 50,000	\$ 119,150	\$ 169,150	2429%
1999	27,331,606	24,175,086	3,156,520	170,000	88,052	258,052	1223%
1998	22,044,140	19,141,844	2,902,296	40,000	67,889	107,889	2690%
1997	26,209,945	21,532,039	4,677,906	40,000	70,591	110,591	4230%
1996	26,787,763	22,588,492	4,199,271	40,000	75,574	115,574	3633%
1995	20,823,025	17,516,554	3,306,471	35,000	87,981	122,981	2689%
1994	24,055,625	20,718,270	3,337,355	15,000	69,741	84,741	3938%
1993	25,730,604 (2)	21,785,649	3,944,955	1,390,880 (3)	367,520 (4)	1,758,400	224%
1992	21,392,361	17,420,802	3,971,559	20,971	90,754	111,725	3555%
1991	21,317,486	16,445,363	4,872,123	19,671	92,095	111,766	4359%

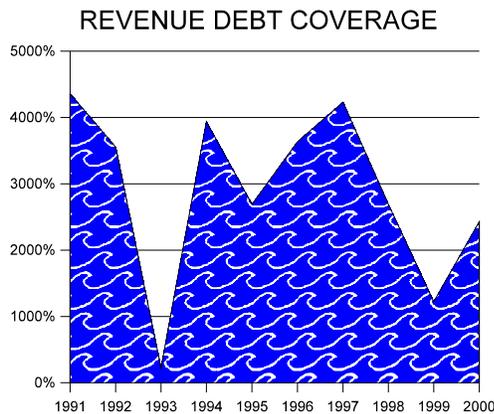
(1) Operating expenses exclude depreciation.

(2) Gross revenues include \$1,400,000 of funds received to refinance Safe Drinking Water loan.

(3) Amount includes payoff of \$1,390,880 due to refinancing of Safe Drinking Water loan.

(4) Amount includes \$278,510 of retroactive interest on Safe Drinking Water loan.

Source: Valley Center Municipal Water District.



WATER SALES BY CLASSIFICATION

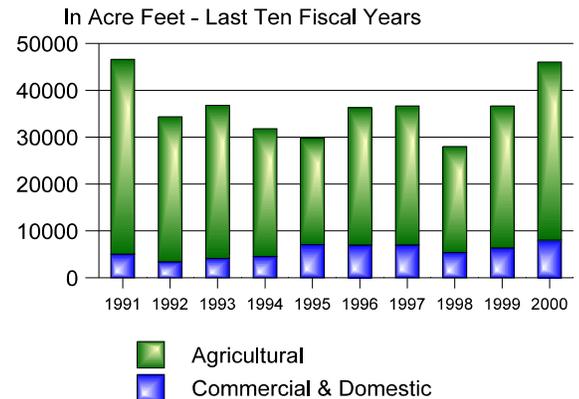


Table VIII

WATER SALES BY CLASSIFICATION (1)

Last Ten Fiscal Years

FISCAL YEAR END	DOMESTIC		COMMERCIAL		AGRICULTURAL (2)		TOTAL	
	VALUE	ACRE FEET	VALUE	ACRE FEET	VALUE	ACRE FEET	VALUE	ACRE FEET
2000	\$ 5,266,215	6,431.8	\$ 1,126,417	1,617.3	\$ 18,715,871	37,967.5	\$ 25,108,504	46,016.6
1999	4,590,299	5,131.5	805,696	1,228.9	14,920,895	30,321.7	20,316,890	36,682.1
1998	3,575,546	4,350.6	695,353	1,032.3	11,211,503	22,614.0	15,482,402	27,996.9
1997	3,356,730	5,484.2	1,046,339	1,538.9	14,466,001	29,633.5	18,869,070 (3)	36,656.6
1996	4,584,382	5,360.2	1,084,017	1,612.0	14,195,374	29,322.7	19,863,773	36,294.9
1995	3,700,340	5,071.0	1,251,672	2,031.7	10,261,413	22,661.1	15,213,425	29,763.8
1994	3,237,932	4,061.8	313,668	481.6	14,528,890	27,261.0	18,080,490	31,804.4
1993	2,386,214	3,505.8	348,879	637.2	15,540,754	32,651.1	18,275,847	36,794.1
1992	1,840,709	2,856.2	279,887	583.2	12,177,741	30,885.8	14,298,337 (4)	34,325.2
1991	2,208,609	4,141.2	331,976	897.1	10,361,496	41,587.1	12,902,081 (4)	46,625.4

(1) Water sales include monthly meter charges but exclude pumping charges. Amounts in acre feet are water billed.

(2) Beginning in fiscal year ended 1995, includes only certified MWD IAWP agricultural water sales.

(3) Net of \$954,799 credit for MWD rate refund.

(4) Water sales through 1992 do not include revenues from the sale of filtered water. Filter charge revenue is not available by user type prior to 1993.

Source: Valley Center Municipal Water District.

Table IX

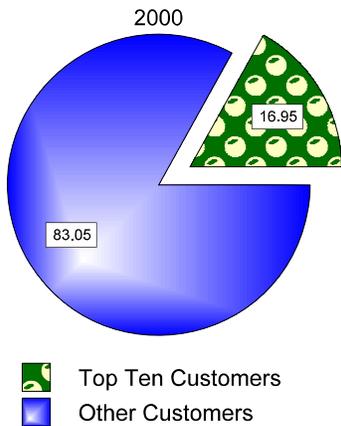
PRINCIPAL WATER CUSTOMERS

Fiscal Year Ended 2000		
CUSTOMER NAME	USAGE IN PERCENT OF	
	ACRE FEET	WATER SOLD
Sierra Pacific Farms	1,243.7	2.70%
Stehly, N. J. C.	1,187.0	2.58
BSTCO	1,068.2	2.32
Harlan Beck & Associates	941.5	2.05
P-K-B Farms	631.6	1.37
Paradise Leased	582.2	1.27
DeJong, John	570.8	1.24
Segal, G.	558.8	1.21
Coykendall, H. C. J.	513.4	1.12
Rancho Sereno	<u>504.0</u>	<u>1.10</u>
Total top ten customers	7,801.2	16.95
Other customers	<u>38,215.4</u>	<u>83.05</u>
Total water sales	<u>46,016.6</u>	<u>100.00%</u>

Fiscal Year Ended 1999		
CUSTOMER NAME	USAGE IN PERCENT OF	
	ACRE FEET	WATER SOLD
BSTCO	1,042.7	2.84%
Harlan Beck & Associates	767.9	2.09
Stehly, N. J. C.	705.2	1.92
Sierra Pacific Farms	643.2	1.75
P-K-B Farms	579.1	1.58
DeJong, John	529.5	1.44
Paradise Leased	467.4	1.27
Coykendall, H. C. J.	444.2	1.21
Segal, G.	430.6	1.17
Rancho Trio	<u>426.3</u>	<u>1.16</u>
Total top ten customers	6,036.1	16.46
Other customers	<u>30,646.0</u>	<u>83.54</u>
Total water sales	<u>36,682.1</u>	<u>100.00%</u>

Source: Valley Center Municipal Water District.

Principal Water Customers



ACTIVE METERS

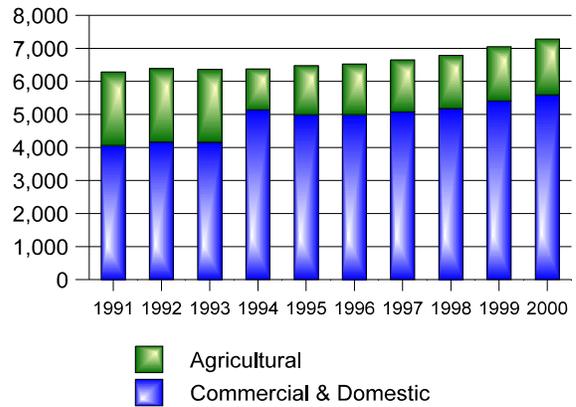


Table X
ACTIVE METERS
Last Ten Fiscal Years

FISCAL YEAR ENDED	ACTIVE METERS				TOTAL ACTIVE	INACTIVE METERS	
	POPULATION	DOMESTIC	AGRICULTURAL	COMMERCIAL		ALL CLASSES	TOTAL
2000	22,347	5,244	1,696	345	7,285	675	7,960
1999	21,838	5,055	1,640	356	7,051	734	7,785
1998	21,374	4,824	1,610	353	6,787	778	7,565
1997	20,826	4,723	1,576	354	6,653	790	7,443
1996	20,547	4,640	1,530	357	6,527	807	7,334
1995	20,324	4,633	1,489	357	6,479	800	7,279
1994	20,014	4,649	1,240	488	6,377	794	7,171
1993	19,734	3,986	2,211	170	6,367	775	7,142
1992	19,169	3,994	2,220	171	6,385	709	7,094
1991	18,425	3,888	2,226	172	6,286	558	6,844

Source: Valley Center Municipal Water District.

Table XI

DEMOGRAPHIC STATISTICS

June 30, 2000

WATER SYSTEM

Service Area	62,100 acres
Miles of Water Main (8 inches and larger)	262 miles
Number of Enclosed Reservoirs	40
Maximum Capacity of Enclosed Reservoirs	407 acre feet
Number of Open Reservoirs (non-potable)	1
Maximum Capacity of Open Reservoir	1,612 acre feet
Number of Pump Stations	25
Number of Pumps	96
Total Pump Capacity	20,020 horsepower
Number of Service Connections	7,960
Number of Meters in Service	7,285
Production Peak, Fiscal Year 1999-2000 (August 26)	73.68 m.g.d.
Average Production, Fiscal Year 1999-2000	43.22 m.g.d.

SEWER SYSTEM

Miles of Sewer Lines	46 miles
Number of Treatment Plants	2
Maximum Capacity of Treatment Plants	0.54 m.g.d.
Number of Sewer Connections	2,321

GENERAL INFORMATION

Number of Authorized Employee Positions	59
Average Years of Service of Employees	13.00 years

Source: Valley Center Municipal Water District.

**VALLEY CENTER MUNICIPAL WATER DISTRICT EMPLOYEES
1999-2000**

SHARON ALBRITTON
GARY ARANT
BARBARA BAKER
DAVID BEAN
VELMA BLAKE
TOMAS BORROEL
MICHAEL BULL
CRISTI BUSH
SCOTT BUTLER
CHRISTIAN CASTAING
RAND CHRISTENSEN
RICHARD CUNNINGHAM
CHARLES DACUS
RAMIRO DE ALBA JIMENEZ
ROMAN DE MANRIQUEZ
DANIEL DENTINO
LAURIE DOERR
WILLIAM FINTON
BRIAN FOWLER
PATRICIA GARCIA
DALE GERTZEN

RONALD GILBERT
CHRISTINE GOOTEE
TROY GOSWICK
WALLY GRABBE
LINDA HALE
SA HATLAVONGSA
CLARENCE HICKS
ALBERT HOYLE
TONY JACQUEZ
JERE JARRELL
WILLIAM JEFFREY
PATRIC JEWELL
CHRISTINE JOHNSON
DOUGLAS JOHNSON
ROBERT JONES
THAD KLIMAS
ERIC LAVENTURE
RICHARD LEARUE
ANTHONY LOPRESTI
BRIAN LOVELADY
DAVID MANCINO
JOHN MARTINEAU

ANNE MASLEY
MICHEAL MITCHELL
WILLIAM MORRIS
ISMAEL NAVAROO
EDWARD OLSON
GABRIELA OLSON
ROBERT PANEK
LEON PENA-CONTRERAS
THANG PHAM
MIKE PUMAR
THOMAS REGAN
YVETTE SERRATO
FRAN SHOUGH
KENNETH SIMON
JOHN STETSON
KATHY STETSON
WILLIAM SUMPTER
DEBORAH TILLEY
JAMES TURNER
JOHN VON BORSTEL
LAWRENCE WATSON

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