



Fiscal Year 2005 Budget

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Budget Overview

Since the adoption of the Agency Strategic Plan (ASP) in 2002, the Budget has become the main tool for the Board to allocate resources toward those activities deemed necessary to support the goals specified and agreed upon in the ASP. The primary purpose of the ASP is to provide the framework and focus for the Agency that will facilitate the organization in fulfillment of its legislative mandate. It is intended to be the “guiding light” in helping the Agency respond to challenges that must be addressed in managing the vital water resources within our jurisdiction. It also helps the Agency “focus” by providing a vehicle that specifies a mission, goals, objectives and values for the organization. Also included in the ASP are “key elements” or projects which were intended to be reviewed and prioritized on an annual basis. Figure 1 shows the interrelation of these components. This budget for Fiscal Year 2004-05 sets forth an allocation of resources that provides a clear priority for the actions that will be taken by the Agency to support the goals specified in the ASP.

As the region continues to experience phenomenal growth, it is becoming more obvious that there are both emerging challenges and opportunities. When the Agency initiated its Regional Water Management Plan update more than two years ago, it was clear to the Agency and many in the water community that future growth would require proper planning and a significant investment in programs and capital facilities to ensure sustainable water supplies for years to come. Now that the growth explosion is upon us, that need to invest for the future is becoming more apparent to more of the community. As for opportunities, the growth has created revenues that have put the Agency in the healthiest financial position since its creation in 1960. Forecasts indicate that the growth will sustain itself for at least the next few years. Thus, while the growth does elevate the need to respond, it also puts the Agency in a better position to have the financial resources to meet the challenges.

In response to these challenges, staff is proposing a \$34.1 million balanced budget that includes detailed actions to support goals and objectives in the ASP and the Regional Water Management Plan. The proposed Budget is further backed by healthy reserves, consistent with the Reserve Policy adopted by the Board in 2002. These reserves adequately protect the Agency from financial risks from many fronts, including potential tax shifts from the State of California and adjustments from the Department of Water Resources for State Water Project costs. The reserve balances are discussed later in the Budget Summary section. Using this strong reserve foundation and anticipated revenues from property taxes and water sales, the Agency is able to support a Budget that provides a balanced portfolio of capital projects and operational programs that address all of the Agency’s six strategic goals. Key to this year’s Budget are several capital projects prioritized in the Regional Water Management Plan that will provide immediate and tangible benefits to community stakeholders in the next few years. Other activities pave the way for future projects. Some of these budget highlights are presented later in this section as they relate to the strategic goals.

The Budget Package is organized into two main sections, the first being an overview intended to provide a high level view of the Budget, and the second being the Budget Analysis including line item detail. The Budget Overview following this introduction includes a summary of how the budget was prepared and what kind of controls will be in place once adopted, a summary of the financial condition of the Agency including a detailed accounting of the current reserves, a discussion of some of the key budget



FIGURE 1

features as they relate to the goals laid out in the ASP, and a summary of the differences between the proposed 2004-05 Budget and last year's 2003-04 Budget, including proposed staffing additions.

BUDGET PREPARATION AND ADMINISTRATION

Preparation

The Chief Financial Officer consolidates the budgets from each department and is responsible to consolidate and submit it to through the General Manager to the Board of Directors for approval. Once all the projects required to reach the goals have been established and are created or re-evaluated; the projects are then costed and classified by determining whether the budget impact is a capital or a period cost [see Capital Details (Projects)].

Once the operating expenses are determined for each department, the "period cost projects" are added to the overhead, with a reference back to the project so that the cost will not be mistakenly considered as recurring. **Costs are summarized into six (6) categories:** Revenues and Expenses for Operations, Capital and Debt Service. ⁽¹⁾**Capital Expenses** are capital projects & departmental capital expenditures (assets). ⁽²⁾**Capital Revenues** are made up of tax proceeds, reserve funds and grants. ⁽³⁾**Operational Expenses** are made up of salaries, benefits, water costs and overhead expenses. Salaries and an appropriate overhead are transferred to capital projects from operational expense based on the labor distribution budgeted. The "labor transferred out" and the "burden transferred out" can be found in the departmental detail at the very bottom of the page. The amount of overhead applied to each labor dollar is based on an analysis of the overhead expenses and the Direct Labor (see the "Overhead Calculation Formula on page 17). ⁽⁴⁾**Operational Revenues** are made up of primarily taxes, with more and more each year being contributed from water sales. Currently taxes represent 59% of the operational income and water sales represents 33%. The rest is made up of interest income and DWR credits. ⁽⁵⁾**Debt Service Expenses** are made up of the capital charges billed for DWR for the East Branch Enlargement Facilities, Water System Revenue Bonds, and the Delta Water and Transportation Capital Charges. ⁽⁶⁾**Debt Service Revenues** are made up of taxes collected that are obligated to pay off debt. ID M is a refunding issued in 1996 for the capital cost to build the Morongo Basin Pipeline, and all taxes collected must be used to pay off that bond debt. However, the taxes collected for MWA 1 and MWA 2 are collected to pay off the capital debt billed to us by the Department of Water Resources (DWR) for the capital cost of the State Water Project. Any tax collected each year in excess of that required to pay that year's capital charges can be used for maintenance, improvements and operations.

Review & Control

Once the budget is approved, all statements are issued with the budget as a measure of performance, efficiency and planning. All spending limits are still in place and must get proper approval even if a part of an approved budget. The approval levels in effect this year are:

Position	<=\$1,000	<=\$2,000	<=\$5,000	<=\$25,000	>\$25,000
Board of Directors	Yes	Yes	Yes	Yes	Yes
General Manager	Yes	Yes	Yes	Yes	No
Assistant General Manager	Yes	Yes	Yes	No	No
Chief Financial Officer	Yes	Yes	Yes	No	No
Operations Manager	Yes	Yes	No	No	No
Executive Assistant	Yes	Yes	No	No	No
Exempt	Yes	No	No	No	No

Any deviation over the budget, within a department, can be made up by using budget excesses in other categories at the discretion of the Chief Financial Officer or the General Manager. In other words if account 6051 exceeds budget, then budget excess from account 6055 can be used to fill the shortage. The Capital budget is controlled the same way, except that projects in excess of \$25,000 cannot be

exceeded without Board approval. Monies cannot be transferred between departmental expenses and capital costs because of the source of funds (taxes, reserves, etc). The departments are: (1)Administration, (2)Operations, (3)Water Resources and (4)Watermaster. If a department exceeds their total expense or capital budget, the department's budget must be revised by staff for the remainder of the year and then approved by the Board of Directors.

FINANCIAL CONDITION

Current Reserve Situation

As you can see below, it is expected that the Agency will increase our unappropriated funds by \$2,649,650--ending balance less beginning balance (\$5,853,224 less \$3,203,574 = \$2,649,650). Note that these funds will be used to replace any funds taken by the State (see page 11 "State ERAF"). The \$500,000 for the High Desert Water District Site 3 recharge facility will be taken from the General Reserve under Capital Improvements. As you can see in the chart below the reserves are currently well distributed, and as we learn and get more experience, the reserves will be redistributed to support the Capital Improvement Program.

Estimated Reserve Balance 6/30/2004

Fund Equity Description	Actual 06/30/03 Balance		Current Transactions	Actual 04/30/04 Balance	
<u>Capital Improvements</u>					
Improvement District M	2,185,293		208,092	2,393,385	
General	2,500,000		-	2,500,000	
Other	13,867		1	13,868	
Total Capital Improvements		\$ 4,699,160	\$ 208,093		\$ 4,907,253
<u>State Wtr Contract</u>					
SWC Capacity: 75,800 AF	4,028,199		-	4,028,199	
Total State Water Contract		\$ 4,028,199			\$ 4,028,199
<u>Water Purchases</u>					
Vairable Rate Dif.(HDWD)	144,513		(144,513)	0	
Inground Water	1,447,176		2,344	1,449,520	
Operational Water Purchases	1,500,000		-	1,500,000	
Discounted Rate Funds	2,000,000		-	2,000,000	
Total Water Purchases		5,091,689	(142,169)		4,949,520
Agency Reserves		1,000,000			1,000,000
Unappropriated		3,203,574	11,306,088		14,509,662
Total Reserves		\$ 18,022,622	11,372,012		\$ 29,394,634
Investment in Utility Plant		158,967,538	4,387,313		163,354,851
Total Fund Equity		\$ 176,990,160	15,759,325		\$ 192,749,485

Reserves:	
Improvement District M	2,393,385
General	2,500,000
Other	13,868
SWC Capacity: 75,800 AF	4,028,199
Inground Water	1,449,520
Operational Water Purchases	1,500,000
Discounted Rate Funds	2,000,000
Agency Reserves	1,000,000
Est'd Unappropriated Funds	14,509,662
Total Reserves	29,394,634
Less Est'd WIP to Capital	4,895,895
Less Est'd Depr & Amortization	3,760,543
Net Unappropriated Funds	5,853,224

Short Term Outlook

In the majority of our service area, the economy in the High Desert is very robust, as evidenced by the unprecedented growth and the appreciation of land and improvement values. We have seen a record increase of about 7-10% within our Agency boundaries. Recent reports by civic leaders have declared that every major sector has improved, including retail, wholesale, housing and distribution.

This growth we have experienced has put the Agency in a position to begin investing in the programs and capital facilities necessary to meet both current and future challenges. The \$34.1 million Budget offered to the Board includes approximately \$20 million in available reserves to cover unexpected State Water Project costs, water purchases consistent with the Agency's groundwater banking policy, unexpected administrative costs (such as a potential tax shift from the State), and capital improvements not addressed in the Budget. Overall, the short-term financial outlook for the Agency is very good, providing an appropriate foundation to build upon as we look to meet the challenges ahead.

Long Term Outlook

The Agency's key planning tool will be the Regional Water Management Plan, which is expected to be completed in the early part of 2005. This plan is the product of several years of effort on the part of dozens of community stakeholders who helped craft the types of projects and programs that will be necessary to provide sustainable water resources to the years 2020 and beyond. In the next six months, the Agency will be working on a Capital Improvement Plan (CIP) that will incorporate priority actions contained in the Plan and schedule major actions over a three to five year period. As part of this effort, expenditures for the proposed projects will be matched against estimated revenues to produce a long-term financing plan. Thus, the CIP will become a valuable financial tool for the Agency's use in charting its course toward meeting the challenges of tomorrow.

KEY BUDGET FEATURES

As previously discussed, an essential element of the Strategic Plan is to evaluate annually the actions that are necessary to support the agency's strategic goals. Linking these activities with necessary resources becomes the basis for the budget each year. Setting goals and priorities drives the budget process. The following sections provide a succinct overview of the key budget features and provide a link to the corresponding strategic goal that it helps fulfill. More elaborate descriptions of all the projects are contained in the detailed budget portion of this document.

Goal 1: Develop sound fiscal and organizational policies that allow the Agency to be effective, innovative and responsive

The budget includes several key projects designed to make operations more efficient and productive. Among the many items listed below is a continued investment in information technology that will increase our ability to collaborate both within our organization and outside among our partners and the stakeholders. An upgrade of our financial software will mitigate gaps in data flow identified in previous financial audits. This upgrade will increase efficiency and reduce the potential for data entry errors. We will also focus on financial policies and a long-term plan to provide the necessary fiscal foundation for implementation of the Regional Water Management Plan. Key features of the Budget to support Goal 1 include:

- Water rate study
- Multi-year Capital Improvement Program
- Financial software upgrade

- Field data collection optimization
- Training for software and other technology
- Workflow optimization applications, including groundwater inventory application
- Document management expansion
- Server/Application/Project Software Upgrade
- Web/FTP Services

Goal 2: Manage water resources through or in conjunction with the State Water Project to meet future water demands while maintaining independence during periods of water shortages

This year's budget includes a substantial commitment toward specific projects that have been prioritized in the development of infrastructure to meet future water demands. A partnership with Hi-Desert Water District will result in another recharge facility being constructed within the next year. Both the Metropolitan Water District Exchange Feasibility Study and the Regional Water Management Plan are also expected to be completed during the next fiscal year. Key features of the Budget to support Goal 2 include:

- Finalize Regional Water Management Plan
- Mojave River Pipeline
- HDWD Site 3 Recharge Facility construction
- Oro Grande Wash Feasibility
- Antelope Wash Feasibility
- Pioneer Town Water Supply
- MWD Banking Program

Goal 3: Coordinate efforts to maintain adequate water quality so that ground water is safe for drinking and other beneficial uses

The focus of activities in support of Goal 3 will center on completing the Water Quality Study as part of a partnership with Lahontan Regional Water Quality Control Board. This study will result in a comprehensive water quality database obtained by mining data from currently disparate data sources such as Department of Health Services, the Regional Water Quality Control Board, Department of Water Resources, USGS and others. The study will also produce a model that will be used to evaluate the potential water quality impacts of various basin management activities, such as importation of State Water Project water and reclamation. Key features of the Budget to support Goal 3 include:

- Water Quality Study (Funded by High Desert Power Project)
- Arsenic Demonstration Project (Fully funded by EPA grant)

Goal 4: Develop public awareness and support so that individuals and other stakeholders support our efforts and understand their role in contributing to the agency's mission

The resources allocated in the proposed budget continue to support our strategic partners in pursuit of our goal to engage the community in our mission. The proposed budget includes funds to enable specific activities to be carried out by and in conjunction with our partners, including Victor Valley

College, Barstow Community College, Copper Mountain College, the Mojave Desert Resource Conservation District, and the Lewis Center for Educational Research. Planned activities for the coming years will build upon the successes obtained in the first few years of these partnerships. Key features of the Budget to support Goal 4 include:

- Strategic Partners
 - Barstow Community College
 - Victorville Community College
 - Copper Mountain Community College
 - Lewis Center for Educational Research
 - Mojave Desert Resource Conservation District
- Community Sponsorships

Goal 5: Advance scientific understanding of region's water resources to support efficient management of water resources

Critical to the success of the Agency is the knowledge base used as the foundation for key management decisions made by the Board. The Agency's continued investment in obtaining and managing various water resources data sets have and will continue to produce dividends in the form of community trust, which can only be obtained by a solid track record of quality decisions. The products and programs supported in the Budget place a priority on actions which are necessary to support both the Regional Water Management Plan and the Mojave River Basin Judgment. Knowledge obtained from these programs will enable the Agency to fulfill mandates and lay the technical foundation for prudent future investments in capital improvements. Key features of the Budget to support Goal 5 include:

- Ames/Means Recharge evaluation
- Alto characterization
- Transition Zone monitoring wells
- Subsurface Flow Study
- Oeste Basin Study
- GIS Evaluation Tools
- Key Well Program

Goal 6: Promote efficient use of our water resources through regional conservation programs

When the Agency Strategic Plan was first adopted a few years ago, there were little if any resources allocated to water conservation. Upon development of the Regional Water Management Plan, it became evident that one of the most essential elements of the water management portfolio is water conservation. It also became apparent that no one entity had the resources to fulfill the water use reduction goals established in the Plan. Thus, the Alliance for Water Awareness and Conservation was born. The proposed Budget focuses resources on investing in the Alliance for Water Awareness and Conservation. This newly formed group of interested community partners has shown a significant initial commitment toward helping MWA achieve its goals in a collaborative format. The focus of this group for the next year will be to create the awareness in our local community that water conservation is an essential element in the overall water management portfolio that is necessary to provide a sustainable

water supply for decades to come. MWA's commitment to this group is essential for it to achieve our common goals. Key features of the Budget to support Goal 6 include:

- Support for the Alliance for Water Awareness and Water Conservation
- Completing the Desert Adaptive Demonstration Gardens
- Support for invasive species removal

SUMMARY OF CHANGES FROM PREVIOUS FISCAL YEAR'S BUDGET

In order to carry out the goals and objectives this year, the Staff, as directed by the Board, has contracted out all projects that do not require a continuing support of resources, which is reflected in the project costs. However, after analyzing the need for additional resources required by the addition of pipelines, recharge basins, information flows, partnerships and database storage, additional support was revealed and the budget proposes adding the following support staff and equipment:

Five (5) new employees (\$265,000) [See employee summary Page 8]
Water Resources Technician I (currently contracted)
Senior Hydrogeologist
WR Technician II
Receptionist (currently half day temp)
Network Administrator (currently contracted)
Project Increases of \$1,559,207 [See Project List Page 19]
DWR Increase without variable costs \$101,669 [See DWR summary Page 17]
Increase in Revenues \$1,962,456 [See Revenue analysis Page 11]
Reserve Contribution \$500,000 for Hi-Desert Water District Site 3 [Project 294, p.20]
Reserve Contribution \$100,000 for MWD Long-Term Storage Program [Proj. 287, p.19]
Reserve Contribution \$85,000 for Repair and Maintenance on Morongo Basin Pipeline

Staffing Additions

Network Administrator: Under the supervision of the Information Systems Manager, this position performs a variety of technical support functions. This is a full-time permanent position to support all the details that have to be maintained relative to network access, such as traffic, data loading, data transfer, Remote File Access and File Transfer Protocol security.

Additionally this position supports the Information Systems Manager in:

- Systems maintenance
- Data center operations
- Telecommunications
- Workstation maintenance

- Security systems administration.
- Some specific functions include, but are not limited to:
- Schedule and administer data back-ups of NT servers and networking systems.
- Monitor system activity and performance of LAN, NT servers and networking systems.
- Provide hardware and software installation, implementation, and support for Windows NT 2000/2003 servers and Windows 2000/XP workstations.
- Provide assistance to users with related technical questions.
- Administer exchange server mail system and spam software, including changing settings and adding and deleting users.
- Administer security devices and software.
- Investigate and answer related technical questions for system users.
- Assist the Information Systems Manager in completing special projects.
- Troubleshoot Agency staff, constituent and vendor problems as required.
- Perform other related duties as required, such as filing, storage, inventory of hardware and software, design forms, check and approve I.T. hardware requirements

Receptionist: Until Michael Stevens was employment by the Agency in May 2003 as the Community Liaison Officer, Gloria Golike, Senior Administrative Assistant, served as a back-up for front office duties, where in addition to her responsibilities for the public information division, she answered and routed telephone calls, greeted visitors, and provided general clerical support to the administration division and to the Chief Financial Officer.

Since that time, there have been a number of changes in the front office. One employee, who worked part-time in the mornings as an Office Assistant for the administration division, began serving as permanent part-time clerical support for the Water Resources division in the summer of 2003. At that time, the Agency hired a part-time temporary Office Assistant to cover the front office during the morning hours. The person in this position has also provided administrative support to a variety of staff members in meeting deadlines and in situations where various departments have been short-staffed due to vacations and illness.

Effective July 2004, Joanne Lowrance, who has covered the front office position in the afternoons, will begin providing clerical support to the Assistant Manager in the afternoons, which will make covering the switchboard and front office a problem due to the level of assistance and attention to detail that will be required. Further, since Gloria's duties began to expand with the arrival of Mr. Stevens in May 2003, Mr. Weel has had no employee specifically dedicated to his department for clerical support.

Data Analyst/GIS Technician I: This is a full-time permanent position to support the data acquisition and analyses for the Water Resources Department. This position is considered integral to upcoming projects, and there is a need to relieve Water Resources staff from increasing responsibilities as detailed below. Upcoming projects for the 2004-05 fiscal year which this position is considered key are the water quality modeling effort conducted in conjunction with the High Desert Power Project, subsurface flows between sub-areas (mandated by the Judgment), GIS enterprise solution, and bore log GIS integration. Other duties will include all map making and generation of departmental deliverables, responding to increasing public information requests, analytical support with the key well program, support of the GIS database, etc. Based on the need for this position to fulfill near-term projected projects and the anticipated workload and expectations for the Water Resources department to support the Regional Water

Management Plan in the future, staff recommends that a full-time position be included in the Fiscal Year 2004-05 budget to assist the Water Resources Department in all aspects of the department's workload.

Senior Hydrogeologist: This is a full-time permanent position to implement anticipated projects assigned to the Water Resources Department. This position is considered key in order for the Water Resources Department to successfully complete all anticipated projects in the upcoming fiscal year and assist the Department in support of the considerable amount of anticipated projects as outlined in the Regional Water Management Plan. The primary duties of this position will be to support all field activities, including: Transition Zone drilling, Oro Grande Wash drilling, the Antelope Wash recharge pilot project, Oeste and Alto Basin Conceptual Modeling, refurbishing the MWA weather station program, Key Well Program support and general project management for all of the above. The aforementioned projects constitute significant and necessary labor burdens requiring field duties by highly trained personnel. The job requirements necessitate a seasoned geologist with project management experience and a strong technical foundation.

Water Resources Technician II: This is a full-time permanent position to support field data acquisition for the Water Resources Department. The Water Resources Department has been aggressively increasing monitoring efforts within the MWA service area. This includes more regular monitoring of existing programs, increased water quality sampling efforts in various areas, support for newly drilled MWA wells (Alto Deep Well, anticipated 4-6 nested wells in the Transition Zone for upcoming fiscal year, anticipated two additional nested wells along the Oro Grande Wash [AB 303 grant]), and most significantly, the Este Key Well Program. These increased monitoring efforts along with regular office duties and support for other MWA projects has resulted in an immediate need for an additional technician to assist in the aforementioned programs. Monitoring efforts are expected to increase regularly with the expansion of the Key Well Program into all subareas, which must be continuously supported and more "in-house" field projects (drilling, recharge basins, etc.) are expected on a regular basis well into the future.

Budget Analysis

2005 COMBINED BUDGET

2005 COMBINED BUDGET					
Fund Description	Operations	Capital	Total Budget Revenues	Debt Service	Total Revenues
REVENUES					
100 General Fund	9,944,132		9,944,132		9,944,132
Grants		5,900,406	5,900,406		5,900,406
Turn back Pool					
Interest Income	380,000		380,000		380,000
600 State Water Contract	1,830,655		1,830,655	6,625,378	8,456,033
849 Improvement District "M"				4,104,572	4,104,572
Interest Income				72,300	72,300
900 Watermaster	823,000		823,000		823,000
949 Berrenda Mesa	2,223,141		2,223,141	1,924,753	4,147,894
Reserve Contribution		685,000	685,000		685,000
Total Revenues	15,200,928	6,585,406	21,786,334	12,727,003	34,513,336
EXPENSES					
	44%	19%		37%	
100 General Fund	10,250,961	10,709,821	20,960,782		20,960,782
600 State Water Contract				5,823,819	5,823,819
840 Improvement District "M"				3,822,153	3,822,153
860 Reach 1 - Oversize				350,985	350,985
870 Mojave River Pipeline Project				344,611	344,611
872 MRPP - Reach 1A, 3A & 3B					
880 High Desert Extension				105,964	105,964
900 Watermaster	816,850	5,000	821,850		821,850
949 Berrenda Mesa				1,924,753	1,924,753
Total Expenses	11,067,811	10,714,821	21,782,632	12,372,283	34,154,915
Revenues less Expenses	4,133,116	(4,129,415)	3,702	354,719	358,421
Reserved for Debt Service				(354,719)	(354,719)
Net Revenues	4,133,116	(4,129,415)	3,702	(0)	3,702

2004 COMBINED BUDGET

2004 COMBINED BUDGET					
Fund Description	Operations	Capital	Total Budget Revenues	Debt Service	Total Revenues
REVENUES					
100 General Fund	9,508,711		9,508,711		9,508,711
Grants		6,196,857	6,196,857		6,196,857
Turn back Pool	250,000		250,000		250,000
Interest Income	350,000		350,000		350,000
600 State Water Contract	706,103		706,103	6,547,806	7,253,910
849 Improvement District "M"				3,709,886	3,709,886
Interest Income				67,200	67,200
900 Watermaster	652,500		652,500		652,500
949 Berrenda Mesa	1,771,158		1,771,158	1,922,660	3,693,818
Reserve Contribution					
Total Revenues	13,238,472	6,196,857	19,435,329	12,247,553	31,682,882
EXPENSES					
	38%	18%		35%	
100 General Fund	9,861,814	9,150,614	19,012,428		19,012,428
600 State Water Contract				5,625,817	5,625,817
849 Improvement District "M"				3,822,153	3,822,153
860 Reach 1 - Oversize				350,985	350,985
870 Mojave River Pipeline Project				344,611	344,611
871 MRPP - Reach 1A, 3A & 3B				120,430	120,430
880 High Desert Extension				105,964	105,964
900 Watermaster	414,374	3,600	417,974		417,974
949 Berrenda Mesa				1,922,660	1,922,660
Total Expenses	10,276,188	9,154,214	19,430,402	12,292,619	31,723,021
Revenues less Expenses	2,962,284	(2,957,357)	4,927	(45,066)	(40,139)
Reserved for Debt Service				45,066	45,066
Net Revenues	2,962,284	(2,957,357)	4,927	(0)	4,927

CHANGE FROM 2004 TO 2005 COMBINED BUDGET

2005 LESS 2004 COMBINED BUDGET					
Fund Description	Operations	Capital	Total Budget Revenues	Debt Service	Total Revenues
REVENUES					
100 General Fund	435,421		435,421		435,421
Grants		(296,451)	(296,451)		(296,451)
Turn back Pool	(250,000)		(250,000)		(250,000)
Interest Income	30,000		30,000		30,000
600 State Water Contract	1,124,551		1,124,551	77,572	1,202,123
849 Improvement District "M"				394,685	394,685
Interest Income				5,100	5,100
900 Watermaster	170,500		170,500		170,500
949 Berrenda Mesa	451,983		451,983	2,093	454,076
Reserve Contribution		685,000	685,000		685,000
Total Revenues	1,962,456	388,549	2,351,004	479,450	2,830,454
EXPENSES					
100 General Fund	389,148	1,559,207	1,948,354		1,948,354
600 State Water Contract				198,002	198,002
849 Improvement District "M"					
860 Reach 1 - Oversize					
870 Mojave River Pipeline Project					
871 MRPP - Reach 1A, 3A & 3B				(120,430)	(120,430)
880 High Desert Extension					
900 Watermaster	402,476	1,400	403,876		403,876
949 Berrenda Mesa				2,093	2,093
Total Expenses	791,623	1,560,607	2,352,230	79,665	2,431,894
Revenues less Expenses	1,170,833	(1,172,058)	(1,226)	399,785	398,560
Reserved for Debt Service				(399,785)	(399,785)
Net Revenues	1,170,833	(1,172,058)	(1,226)		(1,226)

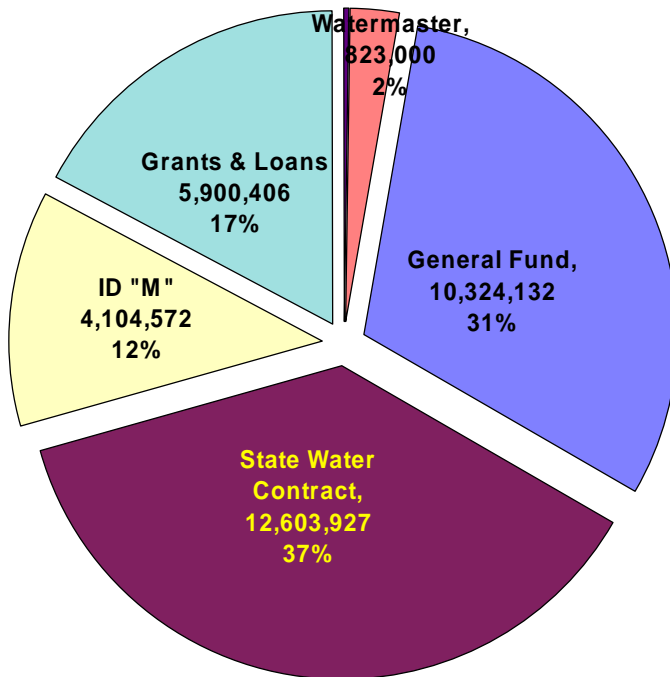
REVENUES

There are two very significant changes this year over previous years. Reserve funds are being used for projects, and tax revenues have increased by \$3 million over last year.

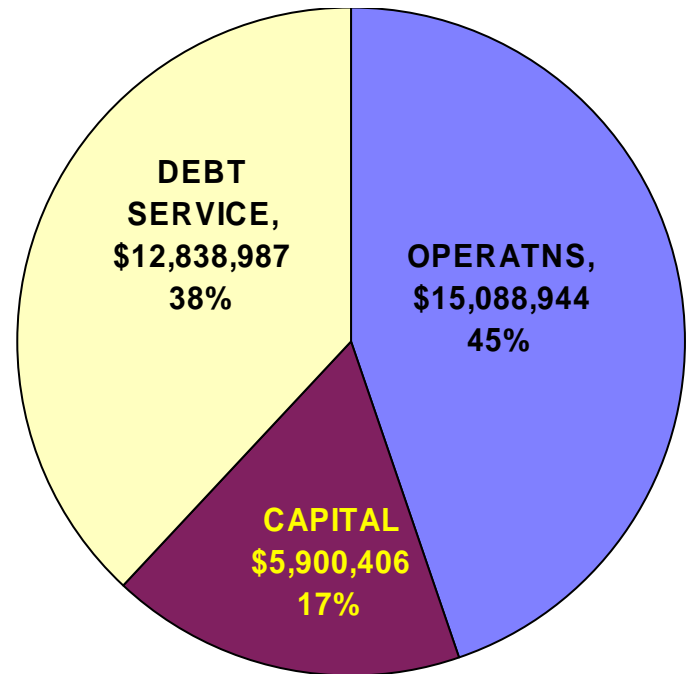
Revenues by Department and Category

DESCRIPTION	OPERATIONS	CAPITAL	DEBT SERVICE	TOTALS	
General Fund	10,282,768			10,282,768	31%
State Water Contract	3,941,812		8,568,932	12,510,744	37%
Improvement District "M"			4,104,572	4,104,572	12%
Grants and Loans		5,911,050		5,911,050	18%
Debt Service Interest Income			72,300	72,300	0%
Watermaster	\$823,000			823,000	2%
TOTALS	\$ 15,047,580	\$ 5,911,050	\$ 12,745,804	\$ 33,704,435	100%
	45%	18%	38%	100%	

Revenues by Use



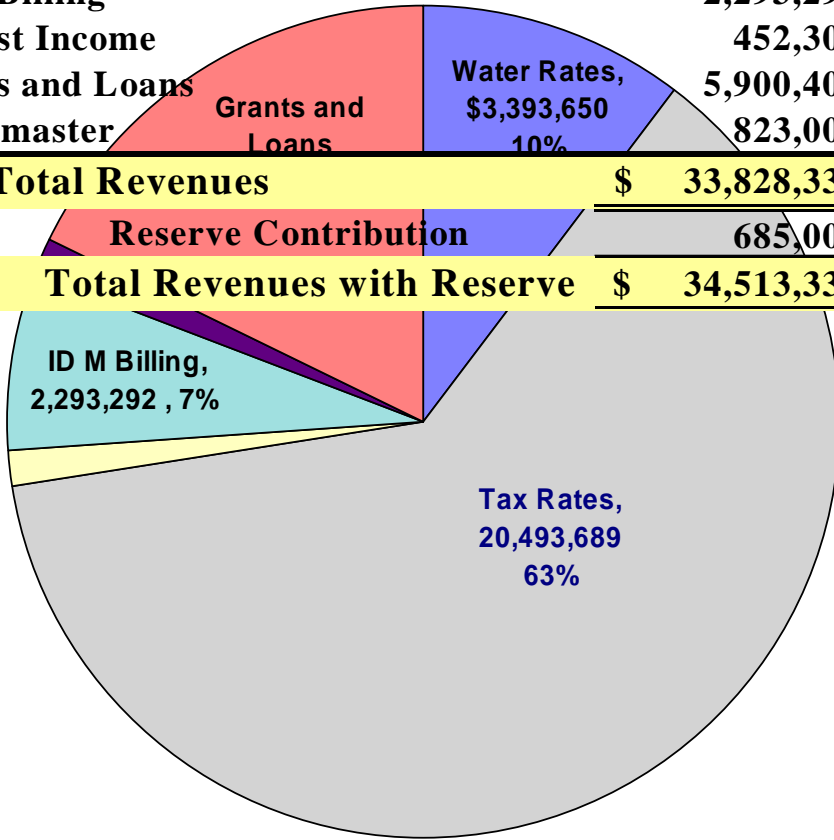
Revenues by Type



Revenues by Source

2005 Budget		
Water Rates	\$ 3,393,650	10.03%
Tax Rates	20,493,689	60.58%
Other Miscellaneous	472,000	1.40%
ID M Billing	2,293,292	6.78%
Interest Income	452,300	1.34%
Grants and Loans	5,900,406	17.44%
Watermaster	823,000	2.43%
Total Revenues	\$ 33,828,336	100.00%

Reserve Contribution	685,000
Total Revenues with Reserve	\$ 34,513,336



Water Deliveries	2005 Budgeted Water Sales			2004 Budget			2003 Budget		
	Acre Ft	\$/AF	Extended	Acre Ft	\$/AF	Extnd'd	Acre Ft	\$/AF	Extnd'd
High Desert (Reach 5 Morongo PL)	2800	283	792,400	4,065	228	926,820	3,500	312	1,092,000
Power Plant (Reach 1A Mojave PL)	6400	357	2,284,800	7,999	265	2,119,735	5,376	373	2,005,248
Hodge WM Make-Up (Reach 1b AVEK)	150	359	53,850	500	267	133,500			
	1300	202	262,600	1,500	175	262,500	1,500	225	337,500
Total Water Sales	10650	319	3,393,650	14,064	245	3,442,555	10,376	331	3,434,748

Water Sales

Water sales are based on actuals combined with known changes next year that will affect water sales. However, other than the elimination of the turnback pool sales, there has been no major change in the makeup of sales. Water deliveries were decreased to better represent the actual deliveries of water, and to address the optimistic deliveries used in the 2003 and 2004 budgets. As you can see above in the third to last column, water sales have been reduced by over 3,400 acre-feet which, without a rate change, would have reduced sales by \$1,087,880; however, the rate increases reduced that decrease to \$48,905 from 2004. You can also see below that the \$3,393,650 budgeted for 2005 water sales represents a hopeful figure when compared to the projection (below) of this year's actual. This is because the power project has not met its reserve requirements, and this is the last year of the three years it has to meet its obligation. Therefore, the following is expected to happen so that they can meet their requirement.

4,000af needed for ground water reserves	\$1,428,000
60% of generating capacity cooling water (4,000*.6*\$357)	856,800
Total Power Plant Sales	\$2,284,800

This is further exacerbated by the elimination of the turnback pool because the storage agreement with the Metropolitan Water District precludes our Agency from using the turnback pool, which was \$250,000 last year.

Tax Revenues by Year

Tax Rate Area	2005 Budget	Actuals				
		2004 Projectd	2003	2002	2001	2000
MWA 1	6,382,086	5,869,019	4,967,387	4,782,160	4,751,113	4,884,533
MWA 2	11,406,708	10,445,591	9,332,108	8,717,698	8,432,400	8,133,719
ID M	1,811,280	1,725,029	2,216,412	2,128,004	2,129,476	2,053,687
GENERAL TAXES	902,641	843,590	799,101	761,890	718,524	1,419,710
Total Increase	20,502,715	18,883,228	17,315,007	16,389,752	16,031,513	16,491,648
60% IDM 2005 Debt Serv	2,293,292		2,297,565			
	22,796,007		19,612,572			
Total Increase % by year	8.58%	9.06%	5.65%	2.23%	-2.79%	6.72%
MWA 2 % Inc by Year	9.20%	11.93%	7.05%	3.38%	3.67%	2.54%

Tax Revenues by Department

SUMMARY Fiscal 2004	GENERAL 100	SWP 600	IDM 849	Brnda Mesa 949	WM LIENS 900	TOTAL
INCOME:						
MWA 1 & 2 TAXES		17,654,248				17,654,248
ADJ.MWA 2 TXS	5,143,504	(9,258,307)		4,114,803		
IDM TAXES			1,811,280			1,811,280
GENERAL TAXES	893,615				9,026	902,641
60% IDM BILLING			2,293,292			2,293,292
TOTAL INCOME:	6,037,118	8,395,942	4,104,572	4,114,803	9,026	22,661,461

EXPENSES

Expense Summary

FUND	DESCRIPTION	OPERATIONS	CAPITAL	TOTAL OPS	DEBT SERVICE	TOTALS
100	General Fund	10,250,961	4,809,415	15,060,376		15,060,376
600	State Water Contract				5,823,819	5,823,819
840	Improvement District "M"				3,822,153	3,822,153
860	DWR Loan, Loan # E74005				350,985	350,985
870	DWR Loan, Loan # E72008				344,611	344,611
872	USDA, Res 683-99 Cmpltd					
880					105,964	105,964
900	Watermaster	816,850	5,000	821,850		821,850
940	Supplemental Water Entitlement				1,924,753	1,924,753
TOTALS		11,067,811	4,814,415	15,882,226	12,372,283	28,254,509

Expense Detail Summary

MWA EXPENSE SUMMARY SHEET						
Acct No.	DESCRIPTION	GENERAL FUND	Water-master	MWA 2005	MWA 2004	MWA 2003
6010	Salaries	2,060,599	176,660	1,883,938	1,622,112	1,575,214
6012	Overtime	45,663	2,000	43,663	42,770	3,000
6015	Director Fees	136,819		136,819	130,309	124,097
	TOTAL SALARIES	2,243,081	178,660	2,064,421	1,795,190	1,702,311
6000	Fringe Benefits	1,119,833	91,790	1,028,044	723,789	728,222
	SALARIES & BENEFITS	3,362,914	270,450	3,092,464	2,518,980	2,430,533
	Labor Transfers out	743,999	-	743,999	651,930	612,248
	NET SALARIES & BENEFITS	2,618,915	270,450	2,348,465	1,867,050	1,818,285
5211	DWR Variable Transportation	1,850,200	200,000	1,650,200	1,451,220	1,239,480
5215	DWR Minimum OMP&R	3,808,066		3,808,066	4,253,680	682,002
5216	DWR East Branch Enlargement	152,483		152,483	159,314	(636,414)
5217	DWR Off Aqueduct Facilities	1,080,632		1,080,632	724,520	4,300,833
5219	SWC Member Allocation	86,612		86,612	85,168	61,070
	Ttl Water Purchase Costs	6,977,993	200,000	6,777,993	6,673,902	5,646,971

ADMINISTRATIVE DEPARTMENTAL DETAIL

Administration Department	2005 Budget	100 AD	Projects														
			252	259	268	285	286	287	288	290	291	292	301	302	303	306	307
SALARIES & BENEFITS			C	P	P	P	C	C	P	P	P	C	C	C	P	P	
6010 Salaries	818,041	595,156	7,158	5,576	4,593		27,901	25,610	409	5,469	4,593	3,856	13,533	11,366	7,459	2,765	8,024
6012 Overtime																	
6015 Director Fees	136,819	136,819															
Total Salaries	954,860	731,975	7,158	5,576	4,593		27,901	25,610	409	5,469	4,593	3,856	13,533	11,366	7,459	2,765	8,024
6020 Benefits	512,576	512,576															
Total Salaries and Benefits	1,467,436	1,244,551	7,158	5,576	4,593		27,901	25,610	409	5,469	4,593	3,856	13,533	11,366	7,459	2,765	8,024
Labor Transfer Out	113,320																
Net Salaries and Benefits	1,354,116	1,244,551	7,158	5,576	4,593		27,901	25,610	409	5,469	4,593	3,856	13,533	11,366	7,459	2,765	8,024
5219 SWC Member Allocation	86,612	86,612															
State Water Purchase Costs	86,612	86,612															
6028 Safety Supplies	2,000	2,000															
6035 Recruiting	4,000	4,000															
6037 Temporary Services	1,500	1,500															
6046 Equipment Lease/Rent	51,000	51,000															
6050 Building Maintenance	38,000	38,000															
6055 Utilities	37,000	37,000															
6058 Photo Exp	200	200															
6059 Postage/Mailing	8,000	8,000															
6060 Office Supplies	30,000	30,000															
6061 Small Tools	100	100															
6062 Books & Subscriptions	6,500	6,500															
6065 Telephone	81,500	81,500															
6070 Printing	2,000	2,000															
6075 Equipment Maintenance	12,000	12,000															
6076 Equipment Maintenance-Comp Software	40,000	40,000															
6077 Equipment Maintenance-Comp Hardware	10,000	10,000															
6080 Insurance	120,000	118,477															
6085 Dues, Fees & Memberships	30,000	30,000															
6090 Auto Expenses	3,000	3,000															
6094 Travel, Meals & Lodging (Staff)	10,000	10,000															
6095 Directors Preapproved Travel	30,000	30,000															
6096 Director Travel-in	17,500	17,500															
6097 Directors Travel Other	1,500	1,500															
6100 Education & Training	15,000	15,000															
6103 Consulting	175,000	100,000															
6120 Legal Services	50,000	50,000															
6120 Legal Services - Adjudication	150,000	150,000															
6121 Professional Services - Advocate	120,000	120,000															
6125 Accounting & Auditing	80,000	80,000															
6135 Engineering	6,000	6,000															
6161 Public Information and Outreach	87,000			10,000	10,000					10,000	10,000					10,000	
6165 Water Conservation	70,000					10,000											50,000
6205 Election Expense	35,000	35,000															
6210 County Tax Collection Fee	25,000	25,000															
6211 County Property Tax Admin Fee	1,000	1,000															
6212 County Administrative Fee (SB 2557)	15,000	15,000															
6231 Contingency	50,000	50,000															
6235 Other Expenses	27,000	27,000															
6310 Interest Expense	20,000	20,000															
Total Non-Labor Expense	1,461,800	1,228,277		10,000	10,000	10,000				10,000	10,000						
Total Departmental Expense	2,902,528	2,559,440	7,158	15,576	14,593	10,000	27,901	25,610	409	15,469	14,593	3,856					

Administration Department	2,005	100	PROJECTS															
	Budget	AD	201	207	208	209	210	211	212	225	228	231	233	234	235	237	239	243
SALARIES & BENEFITS																		
6010 <u>Salaries</u>	818,041	595,156	P	P	P	P	P	P	P	C	P	P	P	P	P	p	C	P
6012 Overtime																		
6015 Director Fees	136,819	136,819																
Total Salaries	954,860	731,975	4,826	3,856	3,440	6,499	20,291	1,030	11,442	6,335	4,679	1,479	6,754	1,358	1,030	1,285	388	3,741
6020 <u>Benefits</u>	512,576	512,576																
Total Salaries and Benefits	1,467,436	1,244,551	4,826	3,856	3,440	6,499	20,291	1,030	11,442	6,335	4,679	1,479	6,754	1,358	1,030	1,285	388	3,741
Labor Transfer Out	113,320																	
Net Salaries and Benefits	1,354,116	1,244,551	4,826	3,856	3,440	6,499	20,291	1,030	11,442	6,335	4,679	1,479	6,754	1,358	1,030	1,285	388	3,741
5219 SWC Member Allocation	86,612	86,612																
State Water Purchase Costs	86,612	86,612																
6028 Safety Supplies	2,000	2,000																
6035 Recruiting	4,000	4,000																
6037 Temporary Services	1,500	1,500																
6046 Equipment Lease/Rent	51,000	51,000																
6050 Building Maintenance	38,000	38,000																
6055 Utilities	37,000	37,000																
6058 Photo Exp	200	200																
6059 Postage/Mailing	8,000	8,000																
6060 Office Supplies	30,000	30,000																
6061 Small Tools	100	100																
6062 Books & Subscriptions	6,500	6,500																
6065 Telephone	81,500	81,500																
6070 Printing	2,000	2,000																
6075 Equipment Maintenance	12,000	12,000																
6076 Equipment Maintenance-Comp Software	40,000	40,000																
6077 Equipment Maintenance-Comp Hardware	10,000	10,000																
6080 <u>Insurance</u>	120,000	118,477																
6085 Dues, Fees & Memberships	30,000	30,000																
6090 Auto Expenses	3,000	3,000																
6094 Travel, Meals & Lodging (Staff)	10,000	10,000																
6095 Directors Preapproved Travel	30,000	30,000																
6096 Director Travel-in	17,500	17,500																
6097 Directors Travel Other	1,500	1,500																
6100 Education & Training	15,000	15,000																
6103 <u>Consulting</u>	175,000	100,000									40,000							
6120 Legal Services	50,000	50,000																
6120 Legal Services - Adjudication	150,000	150,000																
6121 Professional Services - Advocate	120,000	120,000																
6125 Accounting & Auditing	80,000	80,000																
6135 Engineering	6,000	6,000																
6161 Public Information and Outreach	87,000	10,000											10,000	5,000	2,000			10,000
6165 Water Conservation	70,000																	
6205 Election Expense	35,000	35,000																
6210 County Tax Collection Fee	25,000	25,000																
6211 County Property Tax Admin Fee	1,000	1,000																
6212 County Administrative Fee (SB 2557)	15,000	15,000																
6231 Contingency	50,000	50,000																
6235 Other Expenses	27,000	27,000																
6310 Interest Expense	20,000	20,000																
Total Non-Labor Expense	1,461,800	1,228,277	10,000								40,000		10,000	5,000	2,000			10,000
Total Departmental Expense	2,902,528	2,559,440	14,826	3,856	3,440	6,499	20,291	1,030	11,442	6,335	44,679	1,479	16,754	6,358	3,030	1,285	388	13,741

WATER RESOURCES DEPARTMENTAL DETAIL

Water Resources Department		2005	100	PROJECTS								
		Budget	Exps	229	111	254	256	257	293	295	296	297
SALARIES & BENEFITS				C	C	C	C	C	C	C	C	C
6010	Salaries	459,821	129,369	18,230		50,295	54,122	28,132				21,410
6012	Overtime	-										
6015	Director Fees	-										
TOTAL SALARIES		459,821	129,369	18,230		50,295	54,122	28,132	-	-	-	21,410
6020	Benefits	225,270	225,270									
TOTAL SALARIES & BENEFITS		685,092	354,639	18,230		50,295	54,122	28,132	-	-	-	21,410
Labor Transfers in		-										
6001	Labor Transfers out	226,520										
NET SALARIES & BENEFITS		458,572	354,639	18,230		50,295	54,122	28,132	-	-	-	21,410
OTHER OPERATING EXPENSES												
5211	DWR Variable Transportation	-	-									
5215	DWR Minimum OMP&R Component	-	-									
5216	DWR East Branch Enlargement	-	-									
5217	DWR Off Aqueduct Facilities	-	-									
5219	SWC Member Allocation	-	-									
Total Water Purchase Costs		-	-									
6028	Safety Supplies	3,000	3,000									
6035	Recruiting	3,000	3,000									
6037	Temporary Services	41,600	41,600									
6046	Equipment Lease/Rent	-	-									
6050	Building Maintenance	5,000										
6055	Utilities	-										
6058	Photo Exp	-	-									
6059	Postage/Mailing	500	500									
6060	Office Supplies	-	-									
6061	Small Tools	4,500	4,500									
6062	Books & Subscriptions	5,000	5,000									
6065	Telephone	-										
6065	Telephone/In - Directors	-										
6070	Printing	2,000	2,000									
6075	General Maintenance	3,000	3,000									
6076	Data Collection	185,000	80,000									
6077	Equipment Maintenance-Comp Hardware	-	-									
6080	Insurance	-										
6081	Claims/Losses	-										
6085	Dues, Fees & Memberships	1,500	1,500									
6090	Auto Expenses	9,000	9,000									
6094	Travel, Meals & Lodging (Staff)	4,000	4,000									
6095	Travel, Meals & Lodging/Out - Directors	-										
6096	Travel, Meals & Lodging/In - Directors	-										
6097	Directors Travel Other	-										
6099	Water Conference	-										
6100	Education & Training	10,000	10,000									
6103	Consulting	20,000										
6105	Continuing Programs	-										
6106	Video Expense	-										
6120	Legal Services	-										
6120	Legal Services - Adjudication	-										
6121	Professional Services - Lobbyist	-										
6125	Accounting & Auditing	-										
6132	Environmental	5,000	5,000									
6133	Water Quality	5,000	5,000									
6135	Engineering	100,000	25,000									
6140	USGS	175,000										
6152	FPA Water Purchases	-										
6155	Arial Photos	11,150	11,150									
6161	Public Relations	-										
6165	Water Conservation	-										
6205	Election Expense	-										
6210	County Tax Collection Fee	-										
6211	County Property Tax Admin Fee	-										
6212	County Administrative Fee (SB 2557)	-										
6225	IDM: 4% OMP&R Csts.Support	-										
6231	Contingency	59,325	59,325									
6234	Bad Debt Expense	-										
6235	Other Expenses (Trustee Expenses)	-										
6310	Interest Expense	-										
Total Non-Labor Expenses		652,575	272,575	-		-	-	-	-	-	-	-
Total Departmental Expense		1,337,667	627,214	18,230		50,295	54,122	28,132	-	-	-	21,410

Water Resources Department		2005	100	PROJECTS										Total
		Budget	Exps	298	299	970	214	230	251	253	258	289	Job Cost	
				C	C	C	P	P	P	P	P	P		
SALARIES & BENEFITS														
6010	Salaries	459,821	129,369			54,330	12,271		27,608	54,327	9,727		330,452	
6012	Overtime	-	-										-	
6015	Director Fees	-	-										-	
TOTAL SALARIES		459,821	129,369	-	-	54,330	12,271	-	27,608	54,327	9,727	-	330,452	
6020	Benefits	225,270	225,270										-	
TOTAL SALARIES & BENEFITS		685,092	354,639	-	-	54,330	12,271	-	27,608	54,327	9,727	-	330,452	
Labor Transfers in		-	-										-	
6001	Labor Transfers out	226,520	-										-	
NET SALARIES & BENEFITS		458,572	354,639	-	-	54,330	12,271	-	27,608	54,327	9,727	-	330,452	
OTHER OPERATING EXPENSES														
5211	DWR Variable Transportation	-	-										-	
5215	DWR Minimum OMP&R Component	-	-										-	
5216	DWR East Branch Enlargement	-	-										-	
5217	DWR Off Aqueduct Facilities	-	-										-	
5219	SWC Member Allocation	-	-										-	
Total Water Purchase Costs		-	-										-	
6028	Safety Supplies	3,000	3,000										-	
6035	Recruiting	3,000	3,000										-	
6037	Temporary Services	41,600	41,600										-	
6046	Equipment Lease/Rent	-	-										-	
6050	Building Maintenance	5,000	-									5,000	5,000	
6055	Utilities	-	-										-	
6058	Photo Exp	-	-										-	
6059	Postage/Mailing	500	500										-	
6060	Office Supplies	-	-										-	
6061	Small Tools	4,500	4,500										-	
6062	Books & Subscriptions	5,000	5,000										-	
6065	Telephone	-	-										-	
6065	Telephone/In - Directors	-	-										-	
6070	Printing	2,000	2,000										-	
6075	General Maintenance	3,000	3,000										-	
6076	Data Collection	185,000	80,000						100,000	5,000			105,000	
6077	Equipment Maintenance-Comp Hardware	-	-										-	
6080	Insurance	-	-										-	
6081	Claims/Losses	-	-										-	
6085	Dues, Fees & Memberships	1,500	1,500										-	
6090	Auto Expenses	9,000	9,000										-	
6094	Travel, Meals & Lodging (Staff)	4,000	4,000										-	
6095	Travel, Meals & Lodging/Out - Directors	-	-										-	
6096	Travel, Meals & Lodging/In - Directors	-	-										-	
6097	Directors Travel Other	-	-										-	
6099	Water Conference	-	-										-	
6100	Education & Training	10,000	10,000										-	
6103	Consulting	20,000	-				20,000						20,000	
6105	Continuing Programs	-	-										-	
6106	Video Expense	-	-										-	
6120	Legal Services	-	-										-	
6120	Legal Services - Adjudication	-	-										-	
6121	Professional Services - Lobbyist	-	-										-	
6125	Accounting & Auditing	-	-										-	
6132	Environmental	5,000	5,000										-	
6133	Water Quality	5,000	5,000										-	
6135	Engineering	100,000	25,000						75,000				75,000	
6140	USGS	175,000	-					175,000					175,000	
6152	FPA Water Purchases	-	-										-	
6155	Arial Photos	11,150	11,150										-	
6161	Public Relations	-	-										-	
6165	Water Conservation	-	-										-	
6205	Election Expense	-	-										-	
6210	County Tax Collection Fee	-	-										-	
6211	County Property Tax Admin Fee	-	-										-	
6212	County Administrative Fee (SB 2557)	-	-										-	
6225	IDM: 4% OMP&R Csts.Support	-	-										-	
6231	Contingency	59,325	59,325										-	
6234	Bad Debt Expense	-	-										-	
6235	Other Expenses (Trustee Expenses)	-	-										-	
6310	Interest Expense	-	-										-	
Total Non-Labor Expenses		652,575	272,575	-	-	-	20,000	175,000	75,000	100,000	5,000	5,000	380,000	
Total Departmental Expense		1,337,667	627,214	-	-	54,330	32,271	175,000	102,608	154,327	14,727	5,000	710,452	

Watermaster Department	2005	PROJECTS						Total
	Budget	277	278	279	280	281	282	Jobs
6000 900 WM Fringe Benefits	93,336							
6010 900 WM Salaries	174,695	2,869	3,550	16,115	13,208	2,101	2,187	108,718
9012 900 WM Overtime	2,000							
Sub-Total Salaries & Benefits	270,031	2,869	3,550	16,115	13,208	2,101	2,187	108,718
5210 900 WM Water Delivery Charges	200,000							
6028 900 WM Safety Supplies	250							
6059 900 WM Postage/Mailing	48,000							
6061 900 WM Small Tools	500							
6062 900 WM Books & Subscriptions	500							
6070 900 WM Printing	3,500							
6094 900 WM Travel Expenses	2,000							
6100 900 WM Education & Training	5,000							
6120 900 WM Legal Services	45,000							
6125 900 WM Audit/Accounting	7,500							
6135 900 WM Engineering	147,000		12,700	12,700	31,750			127,000
6155 900 WM Aerial Photos	10,000							
Departmental Expenses	469,250		12,700	12,700	31,750			273,612
6401 Material Transfers Out	(122,245)							
6402 Material Transfers In	45,200							
Total after Transfers	392,205		12,700	12,700	31,750			273,612
Total Departmental Costs	662,236	2,869	16,250	28,815	44,958	2,101	2,187	382,329

DEPARTMENT OF WATER RESOURCES BUDGET COSTS

DATE	Minimum OMP&R				East Branch		Water System Revenue Bonds		CAPITAL	
	5211-100-OM Variable Cost/AF	5217-100-OM Off Aquad Pwr Fac	5215-100-OM Delta Water Charge	5215-100-OM Transportn Charge	5216-100-OM Minimum OMP&R	1120-100-00 East Branch Enlrgmnt Fcilty	1120-100-00 Surcharge	1120-100-00 25% Bond Cover	1120-100-00 Delta Water Charge	1120-100-00 Transportn Charge
JUL.04		49,272	95,658	213,603	7,748		389,189	274,254	414,080	969,627
AUG.04		49,272	95,658	213,603	7,747					
SEP.04		49,272	95,658	213,603	7,747	1,017,669				
OCT.04		49,272	95,658	213,603	7,747					
NOV.04		49,272	95,658	213,603	7,747					
DEC.04		49,272	95,658	213,603	7,747					
JAN.05		130,833	93,333	273,750	17,667		663,000	275,000	441,500	976,500
FEB.05		130,833	93,333	273,750	17,667					
MAR.05		130,833	93,333	23,750	17,667	903,000		(500,000)		
APR.05		130,833	93,333	273,750	17,667					
MAY.05		130,833	93,333	273,750	17,667					
JUN.05		130,833	93,333	273,750	17,667					
2003 Actual		1,080,632	1,133,948	2,674,118	152,483	1,920,669	1,052,189	49,254	855,580	1,946,127
	A	D	B	B	C	E1	E2	E3	E4	E5
Jul-Dec 04		295,632	573,948	1,281,618	46,483	1,017,669	389,189	274,254	414,080	969,627
Jan-Jun 05		785,000	560,000	1,392,500	106,000	903,000	663,000	(225,000)	441,500	976,500
		1,080,632	1,133,948	2,674,118	152,483	1,920,669	1,052,189	49,254	855,580	1,946,127
GENERAL LEDGER TOTALS										
EXPENSES:			06/30/99	06/30/00	06/30/01	06/30/02	06/30/03	6/30/04 Proj	2004 Budget	2005 Budget
A	5211-100-OM	Variable	168,656	175,645	174,224	908,024	383,655	1,856,325	1,451,220	1,650,200
D	5217-100-OM	Off-Aqueduct	1,062,407	460,663	530,853	311,307	(173,984)	627,619	724,520	1,080,632
Total Variable			1,231,063	636,308	705,077	1,219,331	209,671	2,483,944	2,175,740	2,730,832
B	5215-100-OM	OMP&R	4,062,193	4,662,901	3,958,069	4,294,688	4,326,894	4,066,835	4,253,680	3,808,066
C	5216-100-OM	Est. Branch	99,475	105,075	340,037	162,863	(47,859)	123,300	159,314	152,483
E	1120-700-00	Capital Chgs	5,564,302	5,006,561	4,328,703	6,708,436	7,344,073	5,139,762	5,625,817	5,823,819
Total Capital			9,725,970	9,774,537	8,626,809	11,165,987	11,623,108	9,329,897	10,038,811	9,784,368
Totals less Variable Cost(D, B, C & E)			10,788,377	10,235,200	9,157,662	11,477,294	11,449,124	9,957,516	10,763,331	10,865,000

On the schedule above, you can see that this year's budget for 2005 is very comparable to the actuals incurred in 2002 and 2003 and the budget for 2004. Calendar year 2001 is when the Agency experienced the increased cost of the East Branch Capital, which shows up in Fiscal Year 2001. However, it was returned to us in Fiscal Year 2003. DWR has also made the decision to move line costs from the fixed natured cost of the OMP&R transportation cost to the variable cost of water, which will be effective in 2005 and which is reflected in March of next year on the schedule above. January 2005 is when the additional cost for MWD storage shipments will increase MWA's portion of the off-aqueduct costs through the increased use of our Table A allotment.

OVERHEAD CALCULATION FORMULA

On the overhead allocation table below is the formula used to determine the overhead allocation factor to be used for this budget year. This allocates overhead costs to capital based on the amount of in-house labor required to complete a project. This is a key component in accurately spreading the cost of department labor and overhead to both capital projects and other departments requiring support.

Description	Admin	WtrMstr	O & M	Wtr Recs	Total	MWA	WM
Salaries	744,986	176,660	606,076	459,821	1,987,544	1,810,884	176,660
Benefits	501,126	91,790	290,197	225,270	1,108,383	1,016,594	91,790
Departmental Overhead	1,292,800	469,250	352,300	597,575	2,711,925	2,242,675	469,250
Direct Costs	86,612		6,691,381		6,777,993	6,777,993	
Total Department Expense	2,625,524	737,700	7,939,954	1,282,667	12,585,845	11,848,145	737,700
Head Count	12.0	4.0	9.0	9.0	34.0	30.0	4.0
Hours	2,680	6,283	11,720	16,388	37,070	30,788	6,283
Overhead Costs	1,793,926	561,040	414,831	822,845	3,820,308	3,259,269	561,040
Labor Burden Rate	241%	318%	68%	179%	192%	180%	318%
Less Allocated Overhead Costs					(1,036,094)	(1,053,844)	(155,000)
Plus Allocated Overhead Costs					1,036,094	914,201	121,893
Adjusted Overhead Costs					3,820,310	3,119,627	527,936
Labor Burden Rate					192%	172%	299%
OVERHEAD ALLOCATION CALCULATION							
Acct#	Description	MWA	WM	Total	Head Count	Taxes & Rates	WM
6010	Salaries	1,810,884	176,660	1,987,544			
6012	Overtime	43,663	2,000	45,663			
6015	Director Fees	136,819		136,819	136,819		16,096
6000	Fringe Benefits	1,016,594	91,790	1,108,383			
5211	DWR Variable Transportation	1,650,200	200,000	1,850,200		1,850,200	
5215	DWR Minimum OMP&R Component	3,808,066		3,808,066		3,808,066	
5216	DWR EB Enlargement OMP&R	152,483		152,483		152,483	
5217	DWR Off Aqueduct Facilities	1,080,632		1,080,632		1,080,632	
5219	SWC Member Allocation	86,612		86,612		86,612	
6028	Safety Supplies	10,000	250	10,250	10,250		1,206
6035	Recruiting	8,000		8,000			
6037	Temporary Services	44,100		44,100			
6046	Equipment Lease/Rent	53,000		53,000			
6050	Building Maintenance	43,000		43,000	43,000		5,059
6055	Utilities	97,000		97,000	97,000		11,412
6058	Photo Exp	1,200		1,200	1,200		141
6059	Postage/Mailing	8,700	48,000	56,700			
6060	Office Supplies	30,500		30,500	30,500		3,588
6061	Small Tools	31,500	500	32,000	32,000		3,765
6062	Books & Subscriptions	13,500	500	14,000			
6065	Telephone	111,500		111,500	111,500		13,118
6070	Printing	4,500	3,500	8,000			
6075	Equipment Maintenance	132,500		132,500	132,500		15,588
6076	Equipment Maintenance-Comp Software	155,000		155,000			
6077	Equipment Maintenance-Comp Hardware	6,000		6,000			
6080	Insurance	158,000		158,000	158,000		18,588
6085	Dues, Fees & Memberships	3,500		3,500	3,500		412
6090	Auto Expenses	48,200		48,200			
6094	Travel, Meals, Lodging ("TML"), Staff	17,500	2,000	19,500			
6095	TML, Preapproved, Directors	30,000		30,000			
6096	TML, In, Directors	17,500		17,500			
	Directors Travel Other	1,500		1,500	1,500		176
6100	Education & Training	21,000	5,000	26,000			
6103	Consulting	95,000		95,000			
6120	Legal Services	50,000	45,000	95,000			
6120	Legal Services - Adjudication	150,000		150,000			
6121	Professional Services - Lobbyist	120,000		120,000			
6125	Accounting & Auditing	80,000	7,500	87,500			
6132	Environmental	5,000		5,000			
6133	Water Quality	5,000		5,000			
6135	Engineering	106,000	147,000	253,000			
6140	USGS	175,000		175,000			
6155	Aerial Photos	11,150	10,000	21,150			
6161	Public Relations	87,000		87,000	87,000		10,235
6165	Water Conservation	70,000		70,000			
6205	Election Expense	35,000		35,000	35,000		4,118
6210	County Tax Collection Fee	25,000		25,000	25,000		2,941
6211	County Property Tax Admin Fee	1,000		1,000			
6212	County Administrative Fee (SB 2557)	15,000		15,000			
6225	IDM: 4% OMP&R Csts.Support	14,000		14,000			
6231	Contingency	104,325		104,325	104,325		12,274
6235	Other Expenses	27,000		27,000	27,000		3,176
Total Department Expense		12,008,628	739,700	12,748,328	1,036,094	6,977,993	
Allocated Overhead		1,053,844	155,000	1,208,844	1,036,094	1,086,951	121,893

CAPITAL SUMMARY

The project costs have increased by over \$1,760,000, each of which are detailed below. In subsequent renditions of this budget, more detail will be included on the individual projects and the part they are playing in the Agency's strategy.

Capital Detail Summary (Projects)

Department	Job Cost	Grants	Net Cost
Operations & Maintenance	5,372,860	3,815,406	1,557,454
Administration	1,803,049	300,000	1,503,049
Water Resources	3,533,911	1,785,000	1,748,911
Total MWA Capital Expenditures	\$ 10,709,821	\$ 5,900,406	\$ 4,809,415

Capital Detail (Projects)

ADMINISTRATIVE DEPARTMENT							
Job	Description	Material	Labor	Burden	Total Job Cost	Grants & Loans	Net Job Cost
C	Departmental Capital Costs	400,800			400,800	-	400,800
225 C	Document Management Expansion	28,000	6,335	11,428	45,763	-	45,763
239 C	Web/FTP Services	64,000	388	699	65,087	-	65,087
252 C	Finance Database Implementation	10,000	7,158	12,913	30,071	-	30,071
286 C	MWD Exchange Program	20,000	27,901	50,333	98,234	-	98,234
287 C	MWD Long Term Storage	500,000	25,610	46,201	571,811	200,000	371,811
301 C	MS Server 2003/Office 2003/Project 2003	117,500	13,533	24,413	155,445	-	155,445
302 C	Work Flow Process Implementation	65,000	11,366	20,505	96,871	-	96,871
303 C	Board Room Multimedia Upgrade	30,000	7,459	13,456	50,915	-	50,915
851 C	Regional Water Mgmt Plan Update	250,000	13,571	24,482	288,053	100,000	188,053
Total Capital Cost Projects		1,485,300	113,320	204,429	1,803,049	300,000	1,503,049
201 P	Victor Valley College Strat. Ptrnshp	10,000			10,000		10,000
228 P	Employee Education/Training	40,000			40,000		40,000
233 P	Lewis Center Strategic Ptrnshp	10,000			10,000		10,000
234 P	Education Mini Grants	5,000			5,000		5,000
235 P	Moj.Enviro.Ed.Coal.Ptrnshp	2,000			2,000		2,000
243 P	Facility Tours	10,000			10,000		10,000
250 P	Water Rate Study	35,000			35,000		35,000
259 P	Annual Water Symposium	10,000			10,000		10,000
268 P	Barstow Comm.College Strat. Prshp	10,000			10,000		10,000
285 P	Invasive Species Removal	10,000			10,000		10,000
290 P	MDRCD Partership	10,000			10,000		10,000
291 P	Copper Mt. Strategic Ptrnshp	10,000			10,000		10,000
306 P	Community sponsorships	10,000			10,000		10,000
307 P	AWAC:	50,000			50,000		50,000
	P MWA test plots	10,000			10,000		10,000
Total Period Cost Projects		232,000			232,000	-	232,000
Total Administrative Jobs		1,717,300	113,320	204,429	2,035,049	300,000	1,735,049

Water Resources Department

Description	Material	Labor	Burden	Total Job Cost	Grants & Loans	Net Cost
C Departmental Capital Cost	202,750			202,750	-	202,750
111 C Pioneer Town Evaluation	10,000			10,000	-	10,000
229 C Water Quality Modeling -HDPP	335,000	18,230	32,888	386,118	335,000	51,118
254 C Antelope Wash Pilot Program	170,000	50,295	90,732	311,027		311,027
256 C Trans.Zone Well	500,000	54,122	97,636	651,758	-	651,758
257 C Deep Well Implementation	16,000	28,132	50,751	94,883	-	94,883
293 C Arsenic Investigation	1,200,000			1,200,000	1,200,000	
295 C GIS/Roll*out of enterprise	75,000			75,000	-	75,000
296 C Ames/Means – Bighorn Desert View Water A	15,000			15,000	-	15,000
297 C Alto Subarea - Basin Concept Modeling	25,000	21,410	38,624	85,034	-	85,034
298 C Oeste Subarea - Basin Concept Modeling	50,000			50,000	-	50,000
299 C Subsurface Flow Study (Judgment requirem	50,000			50,000	-	50,000
970 C Oro Grande Wash Recharge	250,000	54,330	98,011	402,341	250,000	152,341
	2,898,750	226,520	408,641	3,533,911	1,785,000	1,748,911
214 P Resource Compilation	20,000	12,271		32,271		32,271
230 P USGS Cooperative	175,000			175,000		175,000
Hinkley Valley Water Supply	10,000			10,000		10,000
251 P Bore Log GIS Integration	75,000	27,608		102,608		102,608
253 P Key Well Program	100,000	54,327		154,327		154,327
258 P MONKES	5,000	9,727		14,727		14,727
289 P John Glenn Warehouse Project	5,000			5,000		5,000
Total Period Cost Projects	390,000	103,932		493,932	-	493,932
Total Water Resources Jobs	3,288,750	330,452	408,641	4,027,843	1,785,000	2,242,843
Total ALL Jobs	9,325,650	847,932	1,342,171	11,515,753	5,900,406	5,615,347
Total Capital Projects	8,623,650	743,999	1,342,171	10,709,821	5,900,406	4,809,415
Total All Period Costs	702,000	103,932		805,932	-	805,932
Total ALL Jobs	9,325,650	847,932	1,342,171	11,515,753	5,900,406	5,615,347

Operations and Maintenance Department Job Numbers

Job	Description	Material	Labor	Burden	Total Job Cost	Grants & Loans	Net Cost
	C Departmental Capital Costs	159,600			159,600	-	159,600
294	C Hi-Desert W.D. Site 3 Recharge	500,000	43,192	77,919	621,111	-	621,111
870	C MOJAVE RIVER PIPELINE	80,000	45,561	82,191	207,752	-	207,752
873	C Mojave RP-Reach 4A	3,500,000	315,406	568,991	4,384,396	3,815,406	568,991
	Total Capital Projects	4,239,600	404,159	729,101	5,372,860	3,815,406	1,557,454
840	P Morongo Basin Pipeline M&R	80,000			80,000		80,000
	Total O&M Projects	4,319,600	404,159	729,101	5,452,860	3,815,406	1,637,454

PROJECT DETAIL WITH EXPLANATION

Job#	Type	Description	Cost	Grant	Net Cost
111	C	Pioneer Town Evaluation	10,000		10,000
<p>Pioneer Town: Investigate the geology and hydrogeology of the Pioneer Town area. Specific objectives will be to assess ongoing water quality and quantity issues for the area on a regional basis and make recommendations.</p>					
201	P	Victor Valley College Strategic Partnership	10,000		10,000
<p>The Agency has collaborated with the Victor Valley College (VVC) to advance the use of Geographic Information Systems (GIS) for water resources management. The VVC has recently established a GIS training program and laboratory. The Agency has provided equipment and data for VVC to use in developing their GIS programs. Agency staff have served as guest speakers for course lectures, and some also receive training at the college. A student intern program is currently in effect at MWA to provide students with valuable work experience and a labor pool for the Agency. The partnership results in the exchange of significant quantities of data and increased understanding of the water resource management capabilities of GIS.</p>					
214	P	Resource Compilation	32,271		32,271
<p>The Water Resources Department initiated an effort to properly scan and archive all MWA technical publications during the last fiscal year. The majority of significant documents housed in MWA's considerable library have been scanned and assembled as PDF documents. In addition to MWA documents, other technical publications available will be USGS, doctoral theses, BLM, Department of Oil and Gas, Department of Agriculture, and so on. Funds allocated in the 2004-05 fiscal year will be for the continuation of document location and archiving, and the cataloging and organization of the hundreds of significant documents already archived.</p>					
225	C	Document Management Expansion	43,312	-	43,312
<p>This project will include software upgrades to the current Questys Document Management System. These upgrades are required to maintain compatibility within our existing network architecture, including expansion of the document library from the current 100,000 page capacity ceiling to an unlimited capacity. As we continue to grow we press the boundaries of our current limitations. Scores of documents exist throughout the organization that only exist in paper form, creating incredible liability and risk for the agency that mandates their transfer to a secure, electronic format for long term storage and recovery. There are plans to begin the incorporation of documents from Watermaster, Engineering and Operations. These elements are critically tied to other projects within the 2004-05 budget, including GIS development and the Virtual Library.</p>					
228	P	Employee Education/Training	40,000		40,000
<p>Allow for the ongoing development of the training lab now in place at the John Glenn facility. Staff training will be conducted on-site using a variety of training tools from both inside and outside the agency. These costs will include instruction from outside vendors who will focus on solutions centered on current and developing technologies.</p>					
229	C	Water Quality Modeling -HDPP	386,118	335,000	51,118
<p>Lahontan RWQCB requested that MWA develop a water quality (TDS-Total Dissolved Solids) model to determine the effects of importing State Water Project water. MWA will hire a consultant to utilize information from the USGS groundwater flow model and incorporate water quality data into the MWA GIS database to create a model platform for this purpose. This request by LWRQCB is associated with a permit for the High Desert Power Project located near Victorville, CA, and the project proponent has</p>					

agreed to fund \$500,000 and match one-half of any costs for the project beyond \$500,000. Please see the LWRQCB minutes from March 2002.

230	P	USGS Cooperative	175,000		175,000
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Through a cooperative agreement with the USGS, MWA receives services that include well monitoring, water quality sampling and various other support functions over the course of the year. In most cases, the work is done through a cost sharing arrangement, where MWA has managed to complete many projects at a much reduced cost.

233	P	Lewis Center Strategic Partnership	10,000		10,000
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These are several educational opportunities pertinent to water resources management issues that could be developed at local schools and colleges provided a minimal amount of initial funding is made available. The Agency will consider selectively funding some of these programs to the extent that they support our mission and goals, which include:

A. Increasing the community's understanding of why long-term management of our water resources is important.

B. Ensuring that the public and stakeholders understand the Agency's roles and responsibilities, and how they can assist in managing our water resources.

C. Encouraging participation by the public, government agencies, and regulatory and environmental organizations in our efforts to manage our water resources.

234	P	Education Mini Grants	5,000		5,000
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Through a partnership with the Lewis Center for Educational Research in Apple Valley, Mojave Water Agency has made grant funds available to support the Groundwater Educational Mini-Grant (GEMs) program. Teachers, students, and community organizations, including youth groups and residents from throughout MWA's service area, can apply for a mini-grant of up to \$500 for a project that will help the communities MWA serves better understand how to efficiently manage and sustain an adequate supply of clean water. Grant funds can be used for projects that address community education, scientific pursuit and water conservation. Community education projects are those that would promote a greater understanding about the need to change water use behaviors and habits. Scientific pursuit would include projects which help communities understand how water is managed. Water conservation projects should promote innovative and efficient programs to decrease the demand for water. Applications will be reviewed by a selection panel, and particular emphasis will be made to ensure balanced distribution of funds throughout MWA's service area.

235	P	Mojave Environmental Educational Coalition Partnership	2,000		2,000
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The Mojave Environmental Education Coalition (MEEC) has recently formed to provide a forum for disseminating information regarding the environment of the Mojave Desert to the public. The Agency will contribute information and resources to the MEEC to the extent that appropriate information can be developed and disseminated to the public in support of the Agency mission.

239	C	Web/FTP Services - Updates & Maintenance	65,131	-	65,131
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Address the increasing demands on our current Web & FTP support systems by our constituents, partners and vendors. Currently, more than a dozen external access points exist into our network through which partners such as CSUF and vendors such as DCSE are able to perform input and critical staff support. This number is expected to triple over the next 12 months. This will address the need for heightened security in light of the exponential increase of the threat to our systems and our data from an unrestrained Internet. This will include partnering with various identity management vendors who offer interoperable federated identity management solutions based on the Web services architecture with which we have standardized our infrastructure. We'll also address the need to expand the functionality and offerings associated with our corporate website, allowing information to be made available in a more

efficient and partner-friendly environment. These elements have been addressed further within the text of the ITSP update.

243	P	Facility Tours	10,000	10,000
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Tours are provided to the public and stakeholder community to reinforce understanding of the Agency and its functions. Tours are conducted of local Agency facilities, such as pipeline, recharge sites and climate stations. These tours provide the participants with a sense of the scope of the programs that involve MWA, and provide understanding of how we are affected by the State Water Project.

250	P	Water Rate Study	35,000	35,000
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MWA owns and operates two large pipelines and associated facilities throughout the Agency. In 1994, MWA began the sale of water to wholesale customers within the Agency via ground water recharge. Over the past ten years, MWA has purchased, sold and stored State Water Project (SWP) water. MWA has an annual total SWP entitlement of 75,800 acre-feet. With demands increasing on the groundwater systems within the Agency, the need to increase importation of SWP water is becoming paramount to stem the declining groundwater levels. Delivery systems both present and planned will be used to provide SWP water to various customers throughout the Agency. MWA has several instruments in place that address pricing and conditions pertaining to water rate charges. MWA also serves as the Watermaster for the Mojave River Basin Adjudication, which also has prescribed methods for establishing water rates charged by the Watermaster to users in the adjudicated area.

The water rate study will consist of two phases:

1. Review and Assessment – Water Rates

The first phase will be to review and gather information related to MWA's water rates. This will include review of MWA's existing water rate agreements with the Department of Water Resources, Improvement District M, MWA Ordinance No. 9, and any water supply connection agreements between MWA and purveyors. A review of the water pricing requirements of the adjudication, reviewing MWA's pertinent water rate related documentation, California Water Code, and other water rate related information will be required. In addition, it will be very important to review other State Water Contractors along with other water purveyors of wholesale water to assure we understand any differences and similarities.

Deliverables:

- Report summarizing the Review and Assessment information.
- Analysis of alternative ratemaking concepts.
- Assessment of revenue requirements and cost of services.

2. Development of Proposed Water Rate Structure Alternatives

The second phase will be to provide the basis for developing policies and a water sales rate structure. The policies and rates must be uniform throughout the agency for like classes and conditions of service and be structured in such a way to allow updates or changes in the future. The water rates should also be developed with the future operational plans of MWA in mind.

Deliverables:

- Proposed water rate structures.
- Water rate structure criteria.
- Alternative rate concepts.
- Recommendations.

- Outlook for the future.

251	P	Bore Log GIS Integration	102,608		102,608
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Incorporation of all available well information from bore logs and canvass sheets into the MWA GIS database for data archival and resource management decision making. Over 10,000 bore logs/well information sheets have been scanned for archival and cataloging purposes. The information on these documents is currently being incorporated into the MWA GIS database. This effort is considered key in analyzing and archiving the voluminous and vital data contained on these documents.

252	C	Finance Database Implementation	31,012	-	31,012
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The current finance system is MAS-90--a staid, well-established finance package. However, its use has been restricted to the Finance Department with no input or access by other parties. This has led to duplicate entry of information, multiple reservoirs of information and reconciliation of separate databases that should be one. Instead of chucking the experience and comfort of the current system and loading a whole new system, it is the intent of this project to analyze the results of our work flow study and see if we can modify the way we work to better use the tools we have available. We will also upgrade the current system to make it more compatible with SQL tables, HTML reporting, user access and on line real-time reporting.

253	P	Key Well Program	154,327		154,327
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Continuation of efforts to develop a comprehensive well monitoring and sampling program which accurately reflects the regional water quantity and quality of specific groundwater basins. This work includes the accumulation and evaluation of new and existing wells. Work associated with the program includes water quality analysis, geophysics, down-hole camera surveys, accurate survey locations, well protection and etc. The Key Well Program will be used on an ongoing basis and will be the fundamental method to measure water quantity and quality for groundwater basins within the MWA service area.

254	C	Antelope Wash Pilot Program	311,027		311,027
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Evaluation into the feasibility of constructing a permanent recharge facility along the Antelope Wash near Hesperia. Work will consist of CPT investigation(s), geophysics, well installation, pond construction and an associated recharge test.

256	C	Transition Zone Well	651,758		651,758
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Installation of approximately 4-6 monitoring wells along key areas of the Transition Zone. These wells will be used to monitor water levels in the Transition Zone pursuant to Judgment requirements. The wells will be located in areas of known data gaps based on recommendations from the recent Transition Zone report

257	C	Deep Well Implementation	94,883		94,883
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Monitoring, sampling and analyzing data derived from the Deep Well project.

258	P	MONKES	14,727		14,727
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Development of an automated field data input system. This program will utilize handheld computers for field personnel, which will allow them to easily locate monitoring wells and subsequently enter in monitoring data for easy transfer into the MWA GIS database. This effort should expedite data collection and provide a level of quality control in the field.

259	P	Annual Water Symposium	10,000		10,000
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Rules, regulations and legislation pertaining to water changes implemented at a fast pace. This semi-annual symposium is designed to bring together experts who can speak to the changes and discuss the implications to the High Desert region.

268	P	Barstow Community .College Strategic Partnership	10,000	10,000
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The Agency has partnered with Barstow College to develop projects and programs that will promote water conservation among stakeholders from throughout the Barstow area. Specifically the College will:

- 1) Continue expansion of the John Curry Desert Demonstration Garden.
 - a. Add to the length of the trail.
 - b. Add signage.
- 2) Develop educational displays that will be added to the John Curry Desert Demonstration Garden (example: drip irrigation, ground cover).
- 3) Develop additional collaborations with other MOU partners and/or local agencies.
- 4) Offer gardening classes in a modular approach.
- 5) Develop educational field trips/workshops to teach students about water conservation and water wise habits.
- 6) Publicize and market to the community Barstow College's classes, workshops, field trips, and activities that teach water wise habits as well as accomplishments that result from the MOU.
- 7) Develop a one-unit workshop in arid studies.

285	P	Invasive Species Removal	10,000	10,000
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In cooperation with the Resource Conservation District, MWA will assist in efforts to study the effects of invasive species and their associated potential impact to the Mojave River Basin due to water consumption. Funds may additionally be used for the physical removal of invasive species along key areas of the Mojave River.

287	C	MWD Long Term Storage	472,766	200,000	272,766
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Long-term storage program with MWD. This is the second phase of the water releases in job cost #286 with the MWA/MWD exchange done in 2003.

289	P	John Glenn Warehouse Project	5,000		5,000
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Work will consist of the removal of copious amounts of antiquated and damaged equipment, furniture, rubbish, etc. from the John Glenn warehouse and subsequent warehouse organization. Based on current equipment and storage needs, proper organization of the John Glenn warehouse is needed. In order to meet the current warehouse demands, reorganization and removal of unnecessary stored items is required.

290	P	MDRCD Partnership	10,000		10,000
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The Agency has partnered with the Mojave Desert Resource Conservation District to develop projects and programs that will promote water conservation among stakeholders from throughout the High Desert region. Specifically MDRCD will:

In conjunction with the annual Garden Party, conduct the Desert Adaptive Plant Sale, consisting of windbreak trees and water-wise plant materials;

- Disseminate information related to water conservation at various venues throughout the High Desert;
- Continue to publish The Mojave Desert Review, which includes information regarding water conservation in general and MWA's efforts in particular to promote water conservation;
- Maintain the Demonstration Garden at Mojave Water Agency and promote its existence to individuals and public and private sector agencies;
- Assist in developing a method to calculate on a cumulative basis water used/saved and dollars spent/saved on the two demonstration lawns at MWA;
- Assist the other strategic partners with development of Master Gardener courses and other educational classes

291 P Copper Mountain College Strategic Partnership 10,000 10,000

The Agency has partnered with Copper Mountain College to develop projects and programs that will promote water conservation among stakeholders from throughout the area. Specifically the College will:

- Develop a curriculum in conjunction with development of the Desert Studies Program that will provide educational opportunities in the area of natural plant vegetation and conservation programs.
- Design and build a demonstration garden on campus concurrent with development of the Desert Studies Center.

293 C Arsenic Investigation 1,200,000 1,200,000 0

The Arsenic Reduction Demonstration Project is being worked on in conjunction with VVWD and BMWD, MWA is planning to fund projects targeting the reduction of arsenic in water. The projects may include several types of facilities including; various well head treatment systems, an ion exchange treatment facility with a blending station, pipelines, tanks, and other water distribution appurtenances. The projects will be funded partly by the participants and a State Clean Water grant from the Federal Government. The funds will be administered by the EPA. The new standard for MCL of arsenic will need to be complied with in January of 2006.

294 C Hi-Desert W.D. Site 3 Recharge 626,427 626,427

In conjunction with Hi-Desert Water District, MWA will design and construct an extension of the Hi-Desert pipeline to a new recharge facility, Site 3. The work will include 1.5 miles of 24- inch diameter pipeline and a recharge basin adjacent to Pioneer Town Road. The project will provide additional recharge capacity in the Warren Valley Basin. The estimated additional storage gained from Site 3 will be 6,000 – 10,000 acre-feet. The total estimated cost of the project is \$1.8 million, of which MWA is contributing staff support plus \$500,000 in capital expenses.

295 C GIS/Roll-out of enterprise 75,000 75,000

Work consists of reconfiguring the GIS database and implementing the necessary hardware and software to allow MWA personnel access to the Agency GIS database. The "enterprise" system will allow MWA personnel to input, retrieve and analyze data from the GIS database using simple, yet very sophisticated desktop tools. Currently all data input/output from the GIS database is through one workstation by a single MWA staff member.

296 C Ames/Means – Recharge 15,000 15,000

Investigation of the Ames/Means groundwater basin to test the suitability of a potential artificial recharge location. Work will consist of a review of existing data, including bore logs, technical reports,

current water production information, etc. Cone Penetrometer Testing (CPT) investigation(s) may be conducted in order to determine the suitability of areas for artificial recharge.

297	C	Alto Subarea - Basin Concept Modeling	85,034	85,034
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Initiate a technical study in the Alto sub-basin to summarize and analyze voluminous amounts of data associated with the subject basin. This effort will be very similar to the recently completed Transition Zone reports. Work will consist of collection, evaluation and analysis of all available data for the Alto Sub-basin. Analysis will consist of the identification of production aquifers, review of water budgets, regional water quality, groundwater characteristics over time, water production trends, evaluation of base flow, etc. Work associated with the project will result in a comprehensive evaluation of the basin using all available data, the foundation of a key well program for the Alto sub-basin, explanation of the hydraulic and chemical characteristics for the Alto groundwater basin, and a trend analysis of water production characteristics and associated water market study.

298	C	Oeste Subarea - Basin Concept Modeling	50,000	50,000
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Complete a technical study in the Oeste sub-basin to summarize and analyze voluminous amounts of data associated with the subject basin. This effort will be very similar to the recently completed Transition Zone reports. Work will consist of collection, evaluation and analysis of all available data for the Oeste Sub-basin. Analysis will consist of the identification of production aquifers, review of water budgets, regional water quality, groundwater characteristics over time, water production trends, evaluation of base flow, etc. Work associated with the project will result in a comprehensive evaluation of the basin using all available data, the foundation of a key well program for the Oeste sub-basin, explanation of the hydraulic and chemical characteristics for the Oeste groundwater basin, and a trend analysis of water production characteristics and associated water market study.

299	C	Subsurface Flow Study	50,000	50,000
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Evaluate the amount of subsurface flow between sub-basins within the Mojave River Basin adjudication (Judgment). A report to the court regarding a re-evaluation of subsurface flow between sub-areas from the original adjudication is due to the Court in 2006. Work will consist of a comprehensive review of all historical water level data to determine changes in groundwater flow characteristics between sub-basins over time. This project will result in reports/maps documenting the study findings, which will be submitted to the Court for review.

301	C	MS Server 2003/Office 2003/Project 2003	150,724	-	150,724
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This project will address the need to upgrade all Agency servers to the standard Server 2003 operating system environment in order to continue to take advantage of the full features available within the software. There are currently 14 servers performing a number of functions throughout the network. This number is expected to grow to 18 within the next 12 months, and we'll need to address the need to upgrade the existing Office 2000/XP suite of products so that staff may take full advantage of work flow features and other productivity based enhancements available in the Office 2003 suite. These enhancements have been designed to significantly increase inter-office efficiency with respect to the work flow process, allowing electronic documents to be initiated, modified, verified and finalized in connection with the Work Flow Process Implementation collaboration project identified in the ITSP Update. We will also address the need for collaboration tools which can be used to minimize turn-around times, expedite work flow and eliminate bottlenecks by implementing those solutions found in Microsoft Project. These tools will be deployed throughout the agency with customized training methods that will allow users to increase their productivity and broaden their vision by involving them directly in the projects they support.

302	C	Work Flow Process Implementation	95,176	-	95,176
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Incorporate several of the recommendations found in the ITSP Update for removal of identified bottlenecks within the Agency's document management process.

This includes:

- Work flow process implementation and training.
- Software for task management and tracking.
- Hardware for secure, electronic signatures.

These elements will increase response times, minimize repetitive tasks and maximize staff time with respect to document development and collaboration.

303	C	Board Room Multimedia Upgrade	48,704	-	48,704
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Allow for the renovation of the current audiovisual environment within the Boardroom proper to include a new sound system, recording mechanism, media computer, presentation projector & audience viewing monitor/screen. The current architecture does not lend itself to take full advantage of the production materials the Agency staff is able to provide to the Board for the purpose of public information. The upgrades will allow the Board to more effectively showcase the Agency's contribution to our service area.

307	P	AWAC:	50,000		50,000
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The Agency recognizes that it will require a portfolio of actions to relieve the region's overdraft situation. Prominent among the actions is a greater emphasis on water conservation. MWA was instrumental in creating the Alliance for Water Awareness and Conservation, a 27-member coalition that is providing information about the need to conserve, and how to do it.

840	P	Morongo Basin Pipeline M&R	80,000		80,000
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MWA has included \$80,000 for three items of work to be accomplished this year on the MBPL. This work included an additional soft start system for another pump at the Johnson Valley Pump Station, an upgrade to the SCADA integrated servers at the pipeline facilities, and the procurement of equipment to facilitate periodic cleaning of the regulating reservoir in Landers.

851	C	Regional Water Management Plan Update	288,945	100,000	188,945
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870	C	Mojave River Pipeline M&R	213,419		213,419
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The Maintenance and Repairs for the Mojave River Pipeline include two major undertakings this year. Cathodic protection and pipeline inspection must be completed this year. This is required every two to five years.

873	C	Mojave RP-Reach 4A	4,414,311	3,826,074	588,237
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The work scheduled for next year on the Mojave River Pipeline includes both procurement and construction activities. The remaining Pressure Reduction Valves ("PRV's) for the Cassia and Helendale Bluffs PRV stations and Newberry Springs Recharge Basin will be purchased at a cost of \$280,000. Additionally the Reach 4B pipeline and Newberry Springs Recharge Basin will be constructed at a projected cost of \$2,500,000. Once the Cassia and Helendale Bluffs PRV's are delivered, modification and installation contracts for each facility will be awarded (\$620,000). A consultant and supplier will be selected for the SCADA system (\$100,000).

970	C	Oro Grande Wash Recharge	402,341	250,000	152,341
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A test to ascertain feasibility of recharge augmentation in the vicinity of the Oro Grande Wash.

Debt Service Schedules

The schedule below summarizes the payments for Fiscal Year 2004-05 and the resulting reserve balance. The detail below lays out the debt service details for each outstanding loan. You will see the loan amount debt service period, remaining debt, number and amount of payments, and assessed values where appropriate.

The last payment for USDA loan 872 was \$525,000, which cost the Agency \$120,430 per year and was completed last year.

The amount collected for the DWR capital costs was \$8,395,942 leaving \$ 1,770,563 to contribute to the MWA General Fund.

Please note the amount of tax collected for COP (949) is \$3,664,973 for a debt service payment of \$1,922,660, leaving \$1,742,313 to contribute to the DWR capacity based charges in the MWA General Fund.

The ID M note 840, as you can see below, had accumulated \$8,886,999 in reserves, and when added to the amount carried in the current liabilities, there was a reserve balance of \$9,958,384. There had been much analysis done on how to address the reserve; subsequently, the Board authorized a reduction in the tax rate from \$0.15 cents per \$100 of assessed value to \$0.10 cents. This will reduce the reserve accumulation for about a year, and if the Agency is able to convince the bond holders to allow us to change the contribution rate from 40% land owners and 60% participants to exactly the opposite, the larger burden on the land will cause the debt service to continue to draw from the reserves for a few more years. When the reserve starts to build again, the assessment rate will again be reduced, possibly to \$0.07.

DEBT SERVICES SUMMARY (PROJECTS)

Debt Service Fund	2004		Debt Service	Net Change	2005 Balance
	Balance	Revenue			
840 Improvement District M	8,443,126	3,947,108	3,822,153	124,956	8,568,082
860 DWR Loan Contract Number E74005	350,984	350,985	350,985	0	350,984
870 DWR Loan Contract Number E72008	353,280	350,300	350,300	(0)	353,280
872 U.S. Department of Agriculture (Completed 2003)					
880 DWR Loan Contract Number E74007	108,690	105,964	105,964	0	108,690
940 Certificate of Participation	157	1,924,753	1,924,753	0	157
Reserve Balances 2005	9,256,237	6,679,110	6,554,154	124,956	9,381,193

ID M GENERAL OBLIGATION BONDS, 25 YEAR LOAN.

The reserves had built to over \$8 million dollars in Fiscal Year 2003-04, which is more than is needed for two years of payments. The rate was reduced from \$0.15 to \$0.10 for 2004 to reduce the excess collected and to bring the reserves in line with the debt. However, increases in the assessed value of the land and improvements reduced the reduction. The rate could have been taken lower; however there is an attempt in the works to change the participation percentages of how much is paid by the tax payers and the water district participants. Currently, it is 40% and 60%, respectively, and we are asking the bond holders to allow us to change it to 60%/40%, respectively. The assessed value is high enough now to be able to support that kind of debt, and the \$0.10 will be enough (along with the reserve) to pay off the debt in September of 2022.

Improvement District M
(ID 840)
of the Mojave Water Agency
General Obligation Bonds
Morongo Basin Pipeline Project
Election of 1990, Refunding Series 1991 & 1992
Dated: April 1, 1996
Tax Rate .10 cents per \$100 of Assessed Valuation
Rate dropped from .15 to .10 in 2004

Bonds unissued: \$13,257,501 **Collection Dates**
Issue Amount: 51,780,000 **March 1 September 1**
Matures in: 09/01/22

Fiscal Year Ending 2004		
Assessed Valuations and Collection		
Reserve Balance Est 6/30/2003		8,443,126
Principal	1,385,000	
Interest Due	2,437,153	
Total Debt Service	3,822,153	
Amount Collected		
Tax Receipts (40%) [@ .10cents]	1,602,732	
Participants (60%)	2,317,101	
	3,919,833	
Interest Income	27,275	
Increase/(decrease) in Reserve Bal.	124,956	
Reserve Balance 6/30/2004		8,568,082

Pmt Dates	Interest Rate	Fiscal Principal	Fiscal Interest	Fiscal Totals	Amount Due
4/1/1996					51,780,000.00
9/1/1996		-	1,183,646		51,780,000.00
3/1/1997		-	1,420,375	2,604,021	51,780,000.00
9/1/1997	3.75%	1,020,000	1,420,375		50,760,000.00
3/1/1998		-	1,401,250	3,841,625	50,760,000.00
9/1/1998	4.20%	1,060,000	1,401,250		49,700,000.00
3/1/1999		-	1,378,990	3,840,240	49,700,000.00
9/1/1999	4.40%	1,105,000	1,378,990		48,595,000.00
3/1/2000		-	1,354,680	3,838,670	48,595,000.00
9/1/2000	4.60%	1,155,000	1,354,680		47,440,000.00
3/1/2001		-	1,328,115	3,837,795	47,440,000.00
9/1/2001	4.70%	1,200,000	1,328,115		46,240,000.00
3/1/2002		-	1,299,915	3,828,030	46,240,000.00
9/1/2002	4.85%	1,260,000	1,299,915		44,980,000.00
3/1/2003		-	1,269,360	3,829,275	44,980,000.00
9/1/2003	5.00%	1,325,000	1,269,360		43,655,000.00
3/1/2004		-	1,236,235	3,830,595	43,655,000.00
9/1/2004	5.10%	1,385,000	1,236,235		42,270,000.00
3/1/2005		-	1,200,918	3,822,153	42,270,000.00
9/1/2005	5.20%	1,460,000	1,200,918		40,810,000.00
3/1/2006		-	1,162,958	3,823,875	40,810,000.00
9/1/2021	5.75%	3,505,000	181,395		2,750,000.00
3/1/2022		-	79,750	3,766,145	2,750,000.00
9/1/2022	5.80%	2,750,000	79,750	2,829,750	-
Debt Remaining		51,780,000	48,838,026	100,618,026	

DEPARTMENT OF WATER RESOURCES, LOAN CONTRACT E74005, 20 YEAR LOAN.

Citizens Business Bank is the designated fiscal agent between MWA and DWR, which contains a reserve requirement of two semi-annual payments, which is \$351,000. This money was used to build the Hi-Desert Extension and is repaid using MWA 2 taxes.

<p>Department of Water Resources Fiscal Services Agreement 860: 1213-100</p> <p>Loan Contract Number E74005 Dated: October 1, 1994</p>		
Issue Amount:	\$5,250,000	April 1 October 1
Semi-Annual Pa	\$ 350,984	\$ 175,492 \$ 175,492
<p>Fiscal Year Ending 2005 Assessed Valuations and Collection</p>		
Reserve Balance 6/30/2004		350,984
Principal	247,371	
Interest Due	<u>103,614</u>	
Total Debt Service		350,985
Payment		<u>350,985</u>
Reserve Balance 6/30/2005		350,984

Pmt Dates	Fiscal Principal	Fiscal Interest	Fiscal Totals	Balance
10/01/94				\$5,250,000.00
04/01/95	194,935.69	156,048.87	350,984.56	5,055,064.31
10/01/95				5,055,064.31
04/01/04	254,847.35	96,137.21	350,984.56	3,012,963.72
10/01/04				3,012,963.72
04/01/05	262,550.11	88,434.45	350,984.56	2,750,413.61
10/01/05				2,750,413.61
04/01/06	270,485.70	80,498.86	350,984.56	2,479,927.91
10/01/13				343,242.64
04/01/14	343,242.64	7,741.92	350,984.56	(0.00)
	5,250,000.00	1,769,691.20	7,019,691.20	

DEPARTMENT OF WATER RESOURCES, LOAN CONTRACT E72008, 20 YEAR LOAN.

Citizens Business Bank is the designated fiscal agent between MWA and DWR, which contains a reserve requirement of two semi-annual payments, which was \$344,610 and now is \$350,300. This money was used to start the Mojave River Pipeline Project until grant funds were received.

Department of Water Resources Fiscal Services Agreement 870: 1213-100 Loan Contract Number E72008 Dated: April 1, 1999			
Issue Amount:	\$5,250,000	April 1	October 1
Semi-Annual Payments:	\$ 344,610	\$172,305	\$ 172,305
Fiscal Year Ending 2004 Assessed Valuations and Collection			
Reserve Balance 6/30/2003			353,280
Principal	235,916		
Interest Due	<u>114,384</u>		
Total Debt Service		350,300	
Payment		350,300	<u> </u>
Reserve Balance 6/30/2004			353,280

Pmt Dates	Fiscal Principal	Fiscal Interest	Fiscal Totals	Balance
				\$5,250,000.00
03/31/99	98,805.40	73,500.00	172,305.40	5,151,194.60
09/30/99				5,151,194.60
04/01/00	201,780.00	142,830.80	344,610.80	4,949,414.60
10/01/00				4,949,414.60
10/01/03				4,309,292.08
04/01/04	228,974.80	121,325.32	350,300.12	4,080,317.28
10/01/04				4,080,317.28
04/01/05	235,916.21	114,383.91	350,300.12	3,844,401.07
04/01/18	338,309.61	11,990.51	350,300.12	102,035.25
10/01/18	<u>169,867.23</u>	<u>2,438.17</u>	172,305.40	(67,831.98)
	5,317,831.98	1,659,723.82	6,977,555.80	

U.S. DEPARTMENT OF AGRICULTURE, 5 YEAR LOAN, COMPLETE.

U.S. Department of Agriculture Rural Utilities Service Mojave Basin Pipeline Recharge Project 872: Res 683-99 Dated: January 12, 1999	
Issue Amount: \$525,000	March 1
Annual Paymer \$120,430	\$ 120,430
Fiscal Year Ending 2003 Assessed Valuations and Collection	
Reserve Balance 6/30/2003	
Principal	
Total Debt Service	
Payment	
Reserve Balance 6/30/2004	

Pmt Dates	Fiscal Principal	Fiscal Interest	Fiscal Totals	Balance
				525,000
3/1/2000	95,487.48	24,942.52	120,430	429,513
3/1/2001	100,023.12	20,406.88	120,430	329,489
3/1/2002	104,774.22	15,655.78	120,430	224,715
3/1/2003	109,751.00	10,679.00	120,430	114,964
3/1/2004	114,964.18	5,465.82	120,430	-
	<u>\$ 525,000.00</u>	77,150.00	602,150	

DEPARTMENT OF WATER RESOURCES, LOAN CONTRACT E74007, 20 YEAR LOAN.

Citizens Business Bank is the designated fiscal agent between MWA and DWR, which contains a reserve requirement of two semi-annual payments at \$106,000. This money was used to build the Hi-Desert Extension and is repaid using MWA 2 taxes.

Department of Water Resources Fiscal Services Agreement 880: 1213-100 Loan Contract Number E74007 Dated: April 1, 1995		
Issue Amount:	\$ 1,585,000	April 1 October 1
Semi-Annual Pa	\$ 105,964	\$ 52,982 \$ 52,982
Fiscal Year Ending 2003 Assessed Valuations and Collection		
Reserve Balance 6/30/2001		108,690
Principal	76,940	
Interest Due	<u>29,024</u>	
Total Debt Service	105,964	
Payment	105,964	
Reserve Balance 6/30/2002		<u>108,690</u>

Pmt Dates	Fiscal Principal	Fiscal Interest	Fiscal Totals	Balance
				\$ 1,585,000.00
4/1/1995	29,206.96	23,775.00	52,981.96	1,555,793.04
10/1/1995				1,555,793.04
4/1/1996	59,734.80	46,229.12	105,963.92	1,496,058.24
4/1/2004	75,802.61	30,161.31	105,963.92	948,384.17
10/1/2004				948,384.17
4/1/2005	78,093.74	27,870.18	105,963.92	870,290.43
10/1/2005				870,290.43
4/1/2006	80,454.12	25,509.80	105,963.92	789,836.31
10/1/2014	52,198.76	783.20	52,981.96	(0.00)
	<u>1,585,000.00</u>	<u>534,278.40</u>	<u>2,119,278.40</u>	

DEPARTMENT OF WATER RESOURCES, 25 YEAR LOAN.

Used to purchase 25,000 acre feet of capacity in the State Water Project, known as the Berrenda Mesa Capacity. This increased the Agency's capacity to 75,800af from 50,800.

(Supplemental Water Entitlement Project) Evidencing an Undivided Proportionate Interest of the Owners Thereof in Installment Payments to be Made by the MOJAVE WATER AGENCY Dated: May 14,1997			
		Collection Dates	
Issue Amount:	26,545,000	March 1	September 1
Fiscal Year Ending 2004			
Assessed Valuations and Collection			
Reserve Balance 6/30/2003			157
Principal	725,000		
Interest Due	<u>1,199,753</u>		
Total Debt Service		1,924,753	
Amount Collected			
Tax Receipts	3,454,450		
To General for DWR Chgs	(1,529,787)		
		1,924,663	
Interest Income		<u>90</u>	
Increase/(decrease) in Reserve Balance			0
Reserve Balance 6/30/2004			157

Pmt Dates	Fiscal Principal	Fiscal Interest	Fiscal Totals	Amount Due
5/14/1997				26,545,000.00
9/1/1997				26,545,000.00
3/1/1998	255,000.00	1,148,585.42	1,403,585.42	26,290,000.00
3/1/2003	660,000.00	1,263,380.00	1,923,380.00	23,245,000.00
9/1/2003				23,245,000.00
3/1/2004	690,000.00	1,232,660.00	1,922,660.00	22,555,000.00
9/1/2004				22,555,000.00
3/1/2005	725,000.00	1,199,752.50	1,924,752.50	21,830,000.00
9/1/2005				21,830,000.00
3/1/2006	755,000.00	1,164,595.00	1,919,595.00	21,075,000.00
<hr style="border: 1px solid red;"/>				
9/1/2021				3,575,000.00
3/1/2022	1,740,000.00	150,127.50	1,890,127.50	1,835,000.00
9/1/2022	1,835,000.00	50,921.25	1,885,921.25	-
	26,545,000.00	22,661,306.67	49,206,306.67	