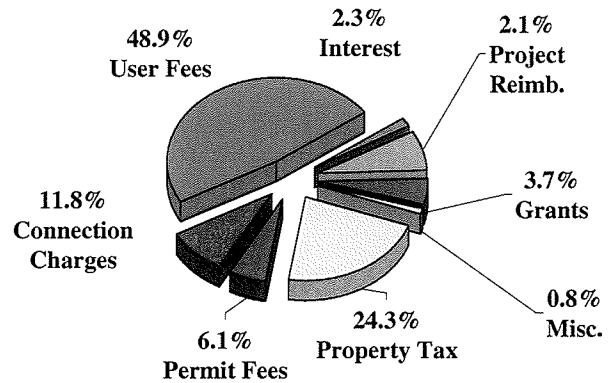


FINANCIAL ANALYSIS

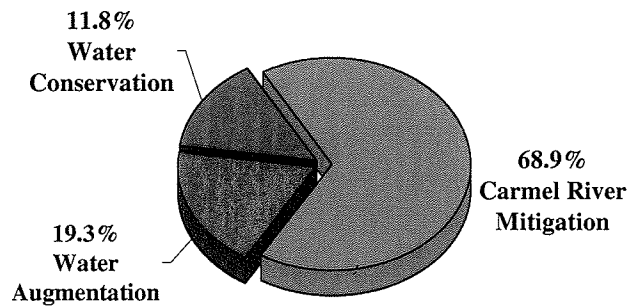
Total revenues received in Fiscal Year 2008-09 were \$6,134,822 while expenditures totaled \$6,013,692. The difference of \$121,130 was placed in the General Operating Reserve for use in subsequent years. As of June 30, 2008, a balance of \$1,602,501 remained in the General Operating Reserve.

The amended budget for Fiscal Year 2009-10 anticipates revenues of \$7,275,500 and expenditures of \$8,349,800. The difference of \$1,074,300 is being used out of the General Operating Reserve to fund a portion of the amount budgeted to complete Phase 1 of the District's Aquifer Storage & Recovery (ASR) Project. The total amount budgeted for completion of Phase 1 of the ASR Project is approximately \$1,480,000. The budget includes \$237,500 in funding for preliminary work on the MPWMD 95-10 Desalination Project.

FY 2008-09 Revenues
\$6,134,822



FY 2008-09 Expenditures
\$6,013,692



METHODS AVAILABLE FOR FINANCING

[To be completed after Darby completes item (b)]

PROPOSED RATES

The District does not propose to levy any ground water, agricultural water or other water charges in Fiscal Year 2009-10.

App. § 118-349

WATER CODE—APPENDIX

§ 118-349. Registration form; requirements

Sec. 349. The district may prescribe the form for registration of such water-producing facilities, and shall include a requirement for information as to the owner or owners of the land upon which each water-producing facility is located, a general description and location of each water-producing facility, the name and address of the person charged with the operation of each water-producing facility, and the name or names and addresses of all persons owning or claiming to own an interest in the water-producing facility.

(Stats.1977, c. 527, p. 1692, § 349.)

§ 118-350. Annual report on activities of district in the protection and augmentation of water supplies

Sec. 350. The district shall annually prepare a written report upon the activities of the district in the protection and augmentation of the water supplies of the district. The report shall include, but not be limited to, the following information:

- (a) A financial analysis of the water utility systems of the district.
- (b) An analysis of the present and future water requirements of the district, the water supply available to the district, and the requirements for future capital improvements, and the requirements for maintenance and operation.
- (c) The methods available for financing such future requirements.
- (d) A recommendation as to whether or not a ground water charge should be levied in any zone or zones of the district during the ensuing water year.
- (e) The proposed rates for agricultural water and for water other than agricultural water for each such zone in which a ground water charge is recommended.

(Stats.1977, c. 527, p. 1692, § 350.)

§ 118-351. Public hearing regarding report

Sec. 351. On the second Tuesday in February of each year the annual report shall be delivered to the clerk of the district. The clerk shall publish, pursuant to Section 6061 of the Government Code, a notice of the receipt of such report and of the public hearing to be held on the second Monday in March in a newspaper of general circulation published or circulated within the district, at least 10 days prior to the date at which the public hearing regarding such report shall be held. Such notice, among other information which the district may provide therein, shall contain an invitation to all operators of water-producing facilities within the district and to any person interested in the district's activities in the protection and augmentation of the water supplies of the district to call at the offices of the district to examine such report. There shall be held on the second Monday of March of each year, in the chambers of the board, a public hearing at which time any operator of a water-producing facility within the district, or any person interested in the district's activities in the protection and augmentation of the water supplies of the district, may in person, or by representative, appear and submit evidence concerning the subject of such written report.

(Stats.1977, c. 527, p. 1693, § 351. Amended by Stats.1981, c. 986, p. 3822, § 2.)

§ 118-352. Determination whether ground water charge should be levied; computation; establishment of different rates

Sec. 352. Prior to the end of the water year in which the hearing is held, and based upon the findings and determinations from the hearing, the board shall determine whether or not a ground water charge should be levied in any zone or zones. If the board determines that a ground water charge should be levied, it shall levy, assess, and affix such charge or charges against all persons operating ground water-producing facilities within such zone or zones during the ensuing water year. The charge shall be computed at a fixed and uniform rate per acre-foot for agricultural water, and at a fixed and uniform rate per acre-foot for all water other than agricultural water. Different rates may be established in different zones; provided, however, that in each zone the rate for agricultural water shall be fixed and uniform and the rate for water other than agricultural water shall be fixed and uniform.

Any ground water charge levied pursuant to this section shall be in addition to any general tax or assessment levied within the district or any zone or zones thereof.

Clerical errors occurring or appearing in the name of any person or in the description of the water-producing facility where the production of water therefrom is otherwise properly charged, or in the