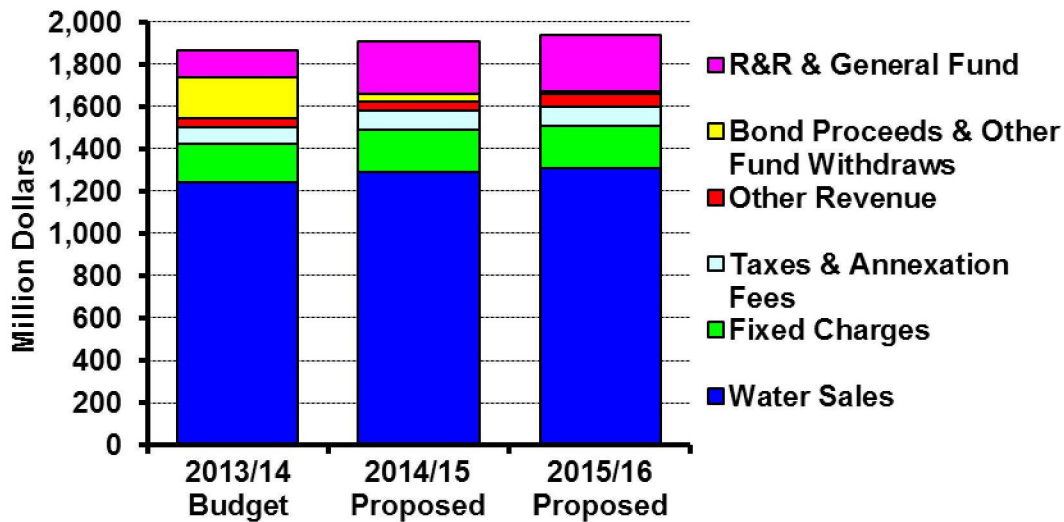


**Biennial Budget Summary
FY 2014/15 & 2015/16**

The proposed biennial budget for fiscal years 2014/15 and 2015/16 (FY 2014/15 and FY 2015/16) provides funding for Metropolitan’s key priorities while meeting or exceeding all financial policy guidelines, with proposed overall rate increases of 1.5 percent in each year of the proposed biennial budget. The proposed overall rate increases of 1.5 percent are at their lowest level in the past ten years.

The biennial budget presents the sources and uses of funds. The budget is developed and monitored on a modified accrual basis. Revenues and expenses are recognized in the period they are earned and incurred. Depreciation and amortization are not included; payment of debt service is included. The modified-accrual basis of accounting provides a better match of revenues and expenses for budgeting and reporting.

Figure 1. Sources of Funds



SOURCES OF FUNDS

Estimated revenues from water sales, fixed charges (readiness-to-serve charge and capacity charge), taxes and annexation fees, and other miscellaneous income (interest income, power recovery, etc.) are projected to be \$1.63 billion for FY 2014/15 and \$1.66 billion for FY 2015/16. For FY 2014/15, this is \$80.3 million more than the FY 2013/14 budget, and for FY 2015/16, this is \$32.1 million more

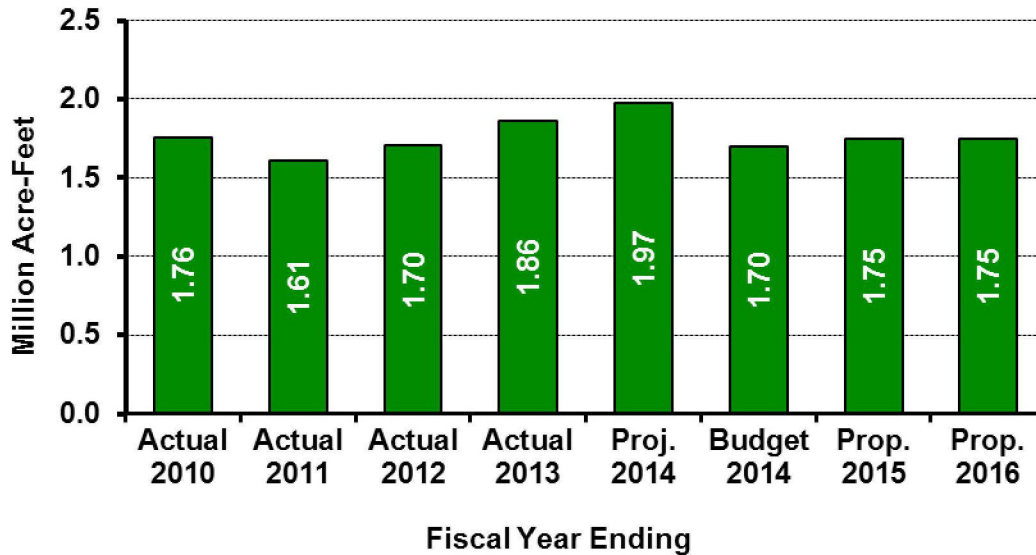
than FY 2014/15. The increase in revenues is due to increases in water rates and charges in calendar year 2015 and calendar year 2016 and maintaining the ad valorem tax rate at .0035 percent of assessed valuations. Figure 1 shows the major sources of funds. Summaries of sources and uses of funds are shown in Tables 6, 7 and 8 at the end of this section. A description of each revenue source is included in the Glossary of Terms.

Water Sales

Revenues from water sales are budgeted at \$1,290.6 million in FY 2014/15 and \$1,310.8 million in FY2015/16, and are based on rates and charges adopted by the Board for January 1, 2014. In addition, water rates and charges are proposed to increase by 1.5 percent

overall effective January 1, 2015 and 1.5 percent overall effective January 1, 2016. Water sales for both 2014/15 and 2015/16 are estimated to be 1.75 million acre-feet (MAF), an increase of 50 thousand acre-feet (TAF) from the FY 2013/14 budget.

Figure 2. Water Sales Trend



The FY 2014/15 fiscal year water sales include 1.57 MAF of firm sales and 181 thousand acre-feet (TAF) of Exchange Water. Treated sales are estimated to be 910 TAF, or 52 percent of total sales in FY 2014/15. The FY 2015/16 fiscal year water sales include 1.57 MAF of firm sales and 179 TAF of Exchange Water. Treated sales are estimated to be 898 TAF, or 51 percent of total sales in FY 2015/16. Figure 2 shows the trend of water sales.

Taxes and Annexation Fees

Revenues from taxes and annexation fees, which will be used to pay voter-approved debt service on general obligation bonds and a portion of the capital costs of the State Water Project (SWP), are estimated to be \$90.2 million in FY 2014/15 and \$92.2 million in FY 2015/16. The ad valorem tax rate is assumed to remain at the current level of .0035 percent of assessed value; assessed

valuations are projected to increase by 2.5 percent each fiscal year.

Fixed Charges

Fixed charges include the Capacity Charge and Readiness-to-Serve Charge. In FY 2014/15, these charges are estimated to generate \$37.5 million and \$162.0 million, respectively. In FY 2015/16, these charges are estimated to generate \$43.3 million and \$155.0 million, respectively. In total this represents a \$17.3 million increase from the FY 2013/14 to FY 2014/15, and a \$0.7 million decrease from the FY 2014/15 to the FY 2015/16 budget.

Other Revenue

Interest earnings are estimated to total \$16.2 million and \$27.9 million for FY 2014/15 and FY 2015/16 respectively (including trust accounts and construction funds), primarily due to higher assumed interest rates.

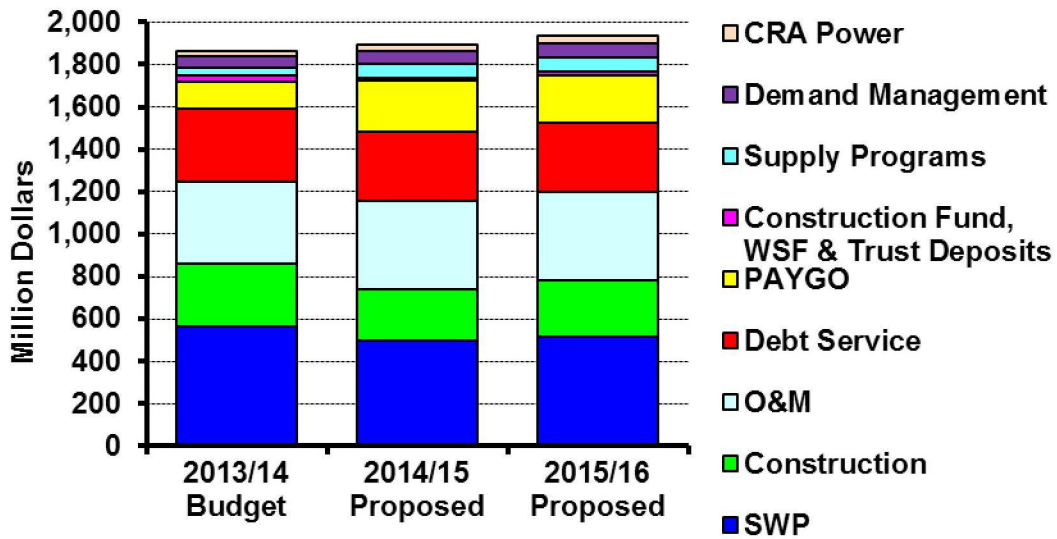
Receipts from hydroelectric and Colorado River Aqueduct (CRA) power sales are estimated to be \$19.3 million for FY 2014/15 and \$18.9 million for FY 2015/16.

Other Sources

For FY 2014/15 and FY 2015/16 Metropolitan does not plan to issue anynew debt. The

funding requirements of the CIP will be met from current operating revenues (i.e., budgeted PAYGO) and by drawing down the R&R fund balance. In FY 2014/15, a total of \$1.89 billion will be available for expenditures and other obligations and in FY 2015/16 this figure will increase to \$1.93billion.

Figure 3. Uses of Funds



USES OF FUNDS

Total uses of funds are \$1.89 billion for FY 2014/15 and \$1.93 billion for FY 2015/16. Figure 3 shows the breakdown of expenditures and other obligations that make up the Uses of Funds.

Colorado River Aqueduct Power

CRA power costs are projected to be \$29.2 million in FY 2014/15 and \$36.5 million in FY 2015/16 based on pumping 882 TAF and 876 TAF, respectively, through the CRA. FY 2015/16 is \$7.3 million higher despite similar pumping as a result of the need to purchase supplemental energy.

State Water Project

State Water Project (SWP) expenditures are budgeted at \$495.7 million for FY 2014/15 and \$515.0 million in FY 2015/16. This is based on total deliveries of 1.03 MAF for

FY 2014/15, of which 94 TAF are received via exchange, and 1.02 TAF for FY 2015/16, of which 94 TAF are received via exchange.

SWP power costs are expected to be \$183.8 million for FY 2014/15 and \$194.0 million for FY 2015/16 and include the cost of pumping 912 TAF and 907 TAF respectively.

For FY 2014/15, the average total unit cost of SWP power is expected to be about \$202 per acre-foot, which includes \$18 per acre-foot for fixed power costs and \$183 per acre-foot for variable pumping costs. For FY 2015/16, the average total unit cost of SWP power is expected to be about \$214 per acre-foot, primarily for variable pumping costs.

SWP minimum operations, maintenance, power, and replacement charges are estimated to be about \$183.4 million in both FY 2014/15

and FY 2015/16. FY 2014/15 capital charges are expected to decrease \$19.5 million from the FY 2013/14 budget but then increase \$6.7 million in FY 2015/16. The initial decrease reflects incorporation of rate management credits into the forecast of SWP costs. Rate management credits result from a provision of the State Water Contract that provides for the reduction of capital charges based on differences between the Department of Water Resources' collections from the SWP contractors and the actual amounts paid for capital-related charges.

Demand Management Costs

Metropolitan provides financial assistance to its member agencies for the development of local water recycling and groundwater recovery projects through the Local Resource Program (LRP). Metropolitan also provides financial assistance for the development of conservation programs through the Conservation Credits Program (CCP).

As part of the LRP, Metropolitan entered into agreements to provide financial assistance to water-recycling projects, principally for landscape irrigation, groundwater recharge, and industrial uses. Metropolitan expects to provide incentives for the production of about 187 TAF of recycled water in each of FY 2014/15 and FY 2015/16.

Metropolitan also entered into agreements to provide financial assistance to projects to treat contaminated groundwater for potable uses. Metropolitan expects to provide incentives for the production of about 77 TAF of recovered groundwater in each of FY 2014/15 and FY 2015/16.

The CCP provides financial assistance to customers in Metropolitan's service area for water conservation programs. The budget for CCP provides rebate funding for residential, commercial, industrial, and landscape conservation activities. The FY 2014/15 and FY 2015/16 funding for CCP is budgeted at \$20 million per year.

The CCP and LRP programs reduce the need to transport water into the Metropolitan service area or within Metropolitan's distribution system.

OPERATIONS AND MAINTENANCE

The FY 2013/14 operations and maintenance (O&M) budget has been restated to reflect the redistribution of a portion of the \$10 million in OPEB funding in FY 2013/14 to salaries and benefits in the same manner that retirement-related expenses are reflected in the FY 2014/15 and FY 2015/16 budgets. The O&M portion, or \$8.4 million of the \$10 million OPEB funding, was redistributed to the Department budgets with \$1.6 million remaining in Other O&M. The FY 2013/14 Restated budget also includes an additional \$0.2M of Ethics department expenses authorized by the Board in August 2013.

The FY 2014/15 O&M budget, including operating equipment purchases, is \$413.7 million. This is \$23.2 million, or 6.0 percent, higher than the FY 2013/14 restated budget of \$390.5 million. The FY 2015/16 O&M budget is \$417.6 million, an increase of \$3.9 million, or 0.9 percent. Table 1 summarizes the O&M budget by expenditure type. A more detailed discussion of significant factors impacting the O&M budget follows Table 1.

Table 1.2014/15 Operations & Maintenance Annual Budget (dollars) by Expenditure Type

	2013/14 Restated Budget	2014/15 Proposed	2015/16 Proposed	2013/14 Restated Budget vs. 2014/15 Proposed	2014/15 Proposed vs. 2015/16 Proposed
Salaries & Benefits (1)	244,650.9	264,694.7	267,409.5	20,043.9	2,714.7
Chemicals, Solids, and Power (2)	25,413.4	26,565.7	27,644.2	1,152.3	1,078.5
Outside Services	41,232.5	43,426.4	43,814.2	2,193.9	387.8
Materials & Supplies (3)	24,807.5	25,379.9	25,767.7	572.4	387.8
Other	47,234.5	46,004.0	44,760.4	(1,230.5)	(1,243.6)
Operating Equipment	7,124.6	7,640.9	8,190.3	516.3	549.4
Total	390,463.4	413,711.7	417,586.2	23,248.3	3,874.5

Totals may not foot due to rounding

(1) Includes overhead credit for construction and savings from liability reduction

(2) Costs associated with treatment only.

(3) Without chemicals associated with treatment plants.

FY 2014/15 O&M Budget

The proposed FY 2014/15 O&M budget includes \$413.7 million for labor and benefits, water treatment chemicals, power, and solids handling, materials and supplies, professional services, and operating equipment purchases. This is \$23.2 million, or 6.0 percent, higher than the FY 2013/14 restated budget of \$390.5 million due primarily to an increase in retirement-related benefit costs and merit increases for qualified employees, variable treatment costs, and outside services.

Salaries and Benefits – Labor costs, not including those charged to construction, are \$264.7 million. This is \$20.0 million, or 8 percent, higher than the FY 2013/14 restated budget of \$244.6 million. This increase is primarily the result of an increase in retirement-related benefit costs and merit increases for qualified employees; three additional positions for Water Systems Operations, funding of two additional positions in the Bay-Delta program and funding additional positions to assist with succession planning.

Salaries not including fringe benefits or the overhead credit are 4 percent higher than the FY 2013/14 restated budget. Fringe benefits are \$10.7 million, or 11.1 percent higher, than the FY 2013/14 restated budget primarily as a

result of full funding of the annual actuarial required contribution (ARC) for Metropolitan's Other Post-Employment Benefits (OPEB) liability. Future annual ARC amounts are mitigated by a proposed additional deposit to the OPEB Trust of \$100 million in FY 2013/14. The FY 2015/16 budget reflects \$7.2 million reduction in the anticipated ARC due to this deposit.

The total personnel complement for the FY 2014/15 budget is 1,905 authorized positions, including 19 agency and district temporary full-time equivalents (FTEs), and reflects an increase of 2 net positions from the FY 2013/14 budget. Total regular authorized employee positions are 137 positions below the FY 2008/09 budget. The proposed FY 2014/15 budget assumes a vacancy rate of approximately 3.2 percent and 3 regular employee positions remain unfunded.

Other O&M– Outside services is anticipated to increase \$2.2 million in FY 2014/15 primarily as a result of an increase for security equipment maintenance and Emergency Maintenance System (EMS) storage costs.

Chemicals, solids, and power reflect the cost of the water treatment process and are anticipated to increase by \$1.1 million in FY 2014/15, driven by an overall increase in

chemical unit commodity prices and higher electricity rates.

FY 2015/16 O&M Budget

The proposed FY 2015/16 O&M budget is \$417.6 million, an increase of \$3.9 million, or 1 percent, compared to the FY 2014/15 budget. This increase is primarily due to merit increases for qualified employees, increase in fringe benefit costs, and forecasted increases in chemical and power costs to operate the treatment plants.

Salaries and Benefits – The FY 2015/16 O&M labor budget includes \$7.2 million of anticipated savings on retirement related benefit costs as a result of the proposed \$100 million deposit to the OPEB Trust in FY 2013/14.

The FY 2015/16 O&M labor budget is about \$2.7 million higher than the FY 2014/15 budget driven primarily by an increase in overall fringe benefit costs and merit increases

for qualified employees offset by savings on retirement related benefits costs.

Salaries not including fringe benefits or the overhead credit are 2 percent higher than the FY 2014/15 budget. Fringe benefits are only 0.3 percent lower than the FY 2014/15 budget as a result of the \$7.2 million in anticipated savings on retirement related benefit costs.

The total budgeted personnel complement for FY 2015/16 is reduced by 1 position to 1,904 positions, including 19 agency and district temporary FTEs. The proposed FY 2015/16 budget assumes a vacancy rate of approximately 3.2 percent and 3 regular employee positions remain unfunded.

Other O&M –The cost of chemicals, power, and sludge disposal incurred in the water treatment process is anticipated to increase by \$1.1 million in FY 2015/16 driven primarily by modest inflationary pressure on chemical commodity prices and electricity rates.

Figure 4. Departmental Budget by Expenditure Type

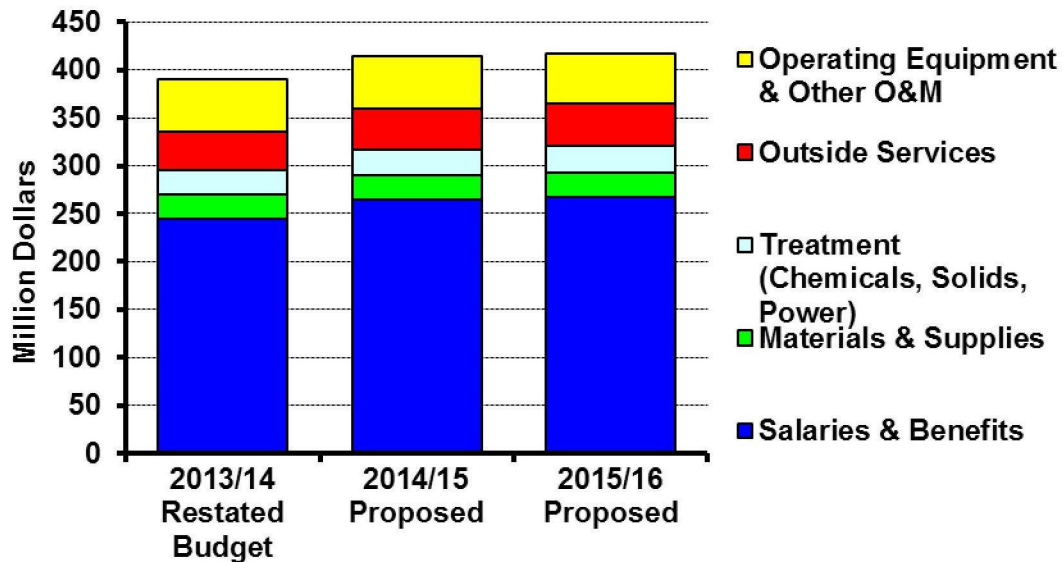


Figure 4 summarizes the total departmental O&M budget by expenditure type, of which 66 percent is for salaries and benefits.

Figure 5 depicts the distribution of the departmental O&M by organization without other O&M, the overhead credit, and

operating equipment. Including treatment costs, the Water System Operations (WSO) Group accounts for 55 percent of the total departmental budget for both FY 2014/15 and FY 2015/16. A summary of the O&M budget by organization is shown in Table 2.

**Figure 5. Departmental Budget by Organization
(without Other O&M, operating equipment, and overhead credit)**

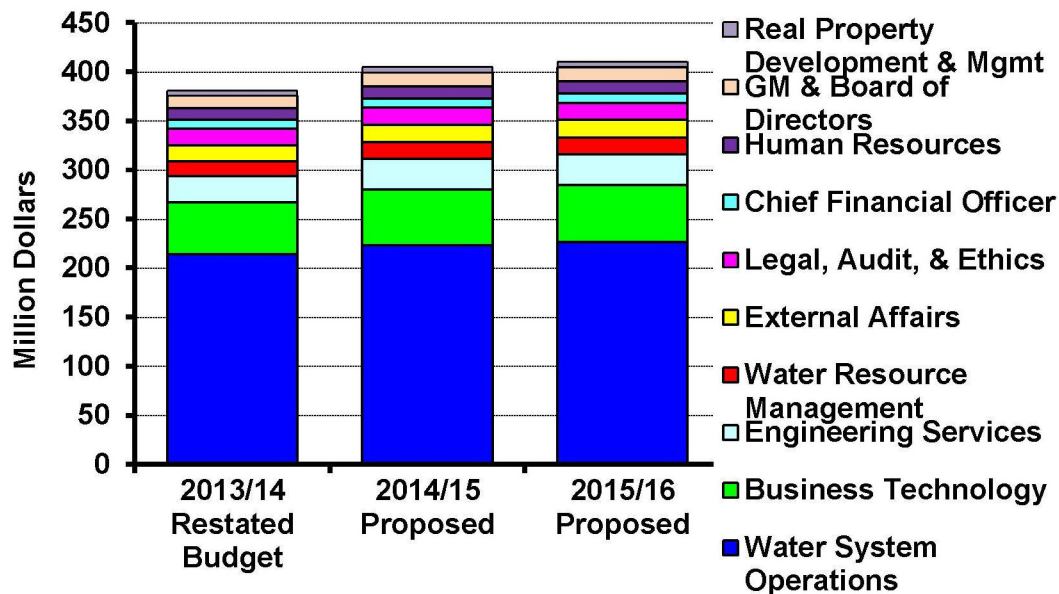


Table 2. Operations & Maintenance Budget by Organization

Departmental Units	2013/14 Restated Budget	2014/15 Proposed	2015/16 Proposed	2013/14 Restated Budget vs. 2014/15 Proposed	%	2014/15 Proposed vs. 2015/16 Proposed	%
Office of the General Manager	\$ 12,854.2	\$ 14,482.4	\$ 14,676.6	\$ 1,628.2	12.7%	\$ 194.2	1.3%
Water System Operations w/o Variable Treatment	188,578.0	196,619.7	198,816.1	8,041.7	4.3%	2,196.4	1.1%
Water Resource Management	15,272.8	17,120.7	17,157.9	1,848.0	12.1%	37.1	0.2%
Engineering Services	26,289.7	31,125.3	31,457.0	4,835.6	18.4%	331.7	1.1%
Business Technology	53,167.8	56,848.2	57,776.7	3,680.4	6.9%	928.5	1.6%
Real Property Development & Mgmt	4,797.5	5,564.5	5,554.3	767.1	16.0%	(10.2)	(0.2%)
Human Resources	11,865.2	12,364.7	12,380.6	499.5	4.2%	15.9	0.1%
Office of the Chief Financial Officer	8,901.4	9,390.7	9,646.8	489.2	5.5%	256.2	2.7%
External Affairs	16,456.4	17,883.9	18,048.1	1,427.5	8.7%	164.2	0.9%
Subtotal - General Manager's Dep.	338,182.9	361,400.0	365,514.0	23,217.1	6.9%	4,114.0	1.1%
General Counsel	13,355.0	12,970.0	13,228.5	(385.0)	(2.9%)	258.5	2.0%
General Auditor	2,811.7	3,016.8	3,072.0	205.1	7.3%	55.2	1.8%
Ethics Office	846.4	1,040.5	1,040.4	194.1	22.9%	(0.0)	(0.0%)
Overhead Credit from Construction	(20,806.9)	(18,744.3)	(19,547.7)	2,062.6	(9.9%)	(803.5)	4.3%
Total Departmental Budget	334,389.0	359,683.0	363,307.3	25,294.0	7.6%	3,624.2	1.0%
Other O&M							
PC Replacement	3,525.0	-	-	(3,525.0)	(100.0%)	-	NA
CCP Vendor Administration	1,589.1	1,550.0	1,550.0	(39.1)	(2.5%)	-	NA
Performance Programs	673.0	673.0	673.0	-	NA	-	NA
Association Dues	4,981.0	5,065.9	5,184.8	84.9	1.7%	118.9	2.3%
Contingency	2,057.1	-	-	(2,057.1)	(100.0%)	-	NA
Insurance	9,566.6	11,344.0	9,800.0	1,777.4	18.6%	(1,544.0)	(13.6%)
Leases	532.6	565.0	600.0	32.4	6.1%	35.0	6.2%
Property Taxes	612.0	624.2	636.7	12.2	2.0%	12.5	2.0%
Subtotal - Other	23,536.4	19,822.1	18,444.5	(3,714.3)	(15.8%)	(1,377.6)	(6.9%)
TOTAL OPERATIONS & MAINTENANCE	357,925.4	379,505.1	381,751.8	21,579.7	6.0%	2,246.6	0.6%
Operating Equipment	7,124.6	7,640.9	8,190.3	516.3	7.2%	549.4	7.2%
Variable Treatment	25,413.4	26,565.7	27,644.2	1,152.3	4.5%	1,078.5	4.1%
GRAND TOTAL	\$ 390,463.4	\$ 413,711.7	\$ 417,586.2	\$ 23,248.3	6.0%	\$ 3,874.5	0.9%

Totals may not foot due to rounding

LABOR

Total authorized positions (including temporary workers) for FY 2014/15 and FY 2015/16 are 1,905 and 1,904 positions respectively. Total O&M personnel are up by 2 district temporary positions (rounded) to 1,905 in 2014/15 and drop 1 regular full time position to a total of 1,904 in FY 2015/16. Positions dedicated to capital work are expected to decrease slightly during the biennium while positions dedicated to O&M

will increase slightly. The proposed FY 2014/15 and FY 2015/16 budget assumes a vacancy rate of approximately 3.2 percent and 3 positions remain unfunded in each budget year. Therefore, funded positions are lower than the authorized complement.

The personnel complement is broken down on Tables 3 and 4.

Table 3. Regular and Temporary Positions

	2012/13 Budget	2013/14 Budget	2014/15 Proposed	2015/16 Proposed	2013/14 Budget vs. 2014/15 Proposed	2014/15 Proposed vs. 2015/16 Proposed
Regular Full Time Positions	1,883	1,881	1,886	1,885	5	-1
District Temporary Positions	19	18	19	19	2	0
Agency Temporary Positions	6	5	-	-	-5	0
Total	1,908	1,904	1,905	1,904	2	-1

Totals may not foot due to rounding.

Table 4. O&M and Capital Staffing Levels

	2013/14 Budget	2014/15 Proposed	2015/16 Proposed
O&M Positions			
Regular Full Time Positions	1,598	1,608	1,604
District & Agency Temporary Positions	20	19	19
Total O&M	1,618	1,627	1,623
Capital Positions			
Regular Full Time Positions	283	278	281
District & Agency Temporary Positions	3	-	-
Total Capital	286	278	281
GRAND TOTAL	1,904	1,905	1,904

Totals may not foot due to rounding.

Supply Programs

Major supply program expenditures for FY 2014/15 and FY 2015/16 are estimated to be \$65.5 million and \$66.5 million respectively and include (may not foot due to rounding):

- \$12.2 million in FY 2014/15 and \$12.6 million in FY 2015/16 for operating and maintaining the IID/MWD conservation agreement;
- \$27.2 million in FY 2014/15 and \$21.1 million in FY 2015/16 for Colorado Programs;
- \$14.3 million in FY 2014/15 and \$20.1 million in FY 2015/16 for Central Valley Storage Programs;
- \$8.6 million in FY 2014/15 and \$9.4 million in FY 2015/16 for the Palo Verde Irrigation District (PVID) Land Management Program; and,
- \$3.2 million in FY 2014/15 and \$3.2 million in FY 2015/16 for transfers and in-basin programs.

ANNUAL CAPITAL INVESTMENT PLAN

The CIP budget for FY 2014/15 and FY 2015/16 is estimated to be \$245.4 million and \$267.9 million respectively. It is proposed to be funded by current operating revenues (i.e., budgeted PAYGo) and by drawing down the R&R fund balance. The FY 2014/15 capital budget is \$49.2 million lower than the FY 2013/14 budget and the FY 2015/16 capital budget is \$22.5 million higher than the FY 2014/15 budget.

The two largest areas of expenditures in the FY 2014/15 and FY 2015/16 CIP are Infrastructure Reliability and Water Quality. It is currently anticipated that infrastructure expenditures will continue to grow as more facilities reach the end of their service life.

Cash Funded Capital

The CIP is proposed to be funded by current operating revenues (budgeted PAYGo) and by drawing down the R&R fund balance. The PAYGo funding for FY 2014/15 has been

budgeted at \$245 million. In FY 2015/16, PAYGo funding has been budgeted at \$221 million and in addition to a \$47 million draw from the R&R fund will fund the \$268 million CIP.

Debt Service

For FY 2014/15 and FY 2015/16 Metropolitan does not plan to issue any new debt. Debt service payments in FY 2014/15 are budgeted to be \$325.8 million and include \$23.2 million in G.O. bond debt service, \$297.5 million in revenue bond debt service, \$3.9 million in variable rate debt administration costs (liquidity, remarketing fees, and broker-dealer fees), and \$1.3 million for State Revolving Fund Loan payments. Total debt service costs in FY 2014/15 are expected to be \$17.6 million less than the FY 2013/14 budget.

Debt service payments in FY 2015/16 are budgeted to be \$324.7 million and include \$23.3 million in G.O. bond debt service, \$296.4 million in revenue bond debt service, \$3.7 million in variable rate debt administration costs (liquidity, remarketing fees, and broker-dealer fees), and \$1.3 million for State Revolving Fund Loan payments. Total debt service costs in FY 2015/16 are expected to be \$1.1 million less than the FY 2014/15 budget.

Metropolitan currently has \$4.5 billion in outstanding debt. Of this amount, \$4.3 billion is revenue bond debt, of which 9 percent is in an unhedged variable rate mode.

Reserve Transfers

The FY 2014/15 budget forecasts an \$5.6 million decrease in reserves by June 30, 2015 and includes the Water Rate Stabilization Fund (WRSF) and the Revenue Remainder Fund. In addition, the Treatment Surcharge Stabilization Fund (TSSF) is expected to decrease \$4.4 million and the Water Stewardship Fund (WSF) is expected to decrease by \$9.5 million.

The FY 2015/16 budget forecasts a \$4.8 million increase in reserves by June 30, 2016 and includes the Water Rate Stabilization Fund (WRSF) and the Revenue Remainder Fund. In addition the Treatment Surcharge Stabilization Fund (TSSF) is expected to remain at zero and

the Water Stewardship Fund (WSF) is expected to decrease by \$8.8 million.

FUND BALANCES AND RESERVE LEVELS

Metropolitan operates as a single enterprise fund for financial statements and budgeting purposes. Through its administrative code, Metropolitan identifies a number of accounts, which are referred to as funds, to separately track uses of monies for specific purposes as summarized in Table 5. Figure 6 shows the distribution of these funds by type.

Fund balances are budgeted to be \$1.52 billion at June 30, 2015. Of that total, \$834.2 million is restricted by bond covenants, contracts, or board policy, and \$683.8 million is unrestricted. In addition, fund balances are budgeted to be \$1.49 billion at June 30, 2016. Of that total, \$852.3 million is restricted by bond covenants,

contracts, or board policy, and \$633.4 million is unrestricted.

On June 30, 2015, the minimum and target reserve fund targets are estimated to be \$204.9 million and \$487.0 million, respectively. Based on projected revenues and expenditures, it is estimated that the balance in the WRSF and Revenue Remainder Fund will total about \$490.5 million, about \$8.5 million above the target.

On June 30, 2016, the minimum and target reserve fund targets are estimated to be \$205.4 million and \$489.6 million, respectively. Based on projected revenues and expenditures, it is estimated that the balance in the WRSF and Revenue Remainder Fund will total about \$495.3 million, about \$5.7 million over the target.

Table 5. Projected Fund Balances (dollars in millions)

	Restricted		Unrestricted		Total
	Contractual	Board	Designated	Undesignated	
2014/15 Proposed					
Operating Funds	173.4	216.4	-	-	389.8
Debt Service Funds	309.0	-	-	-	309.0
Construction Funds	18.4	-	153.5	-	171.9
Reserve Funds*	-	-	-	490.5	490.5
Rate Stabilization Funds**	-	-	38.8	-	38.8
Trust and Other Funds	67.0	50.1	-	0.9	118.0
Total June 30, 2015	567.7	266.5	192.3	491.4	1,518.0
2015/16 Proposed					
Operating Funds	179.1	222.4	-	-	401.5
Debt Service Funds	314.8	-	-	-	314.8
Construction Funds	18.9	-	106.7	-	125.6
Reserve Funds*	-	-	-	495.3	495.3
Rate Stabilization Funds**	-	-	30.5	-	30.5
Trust and Other Funds	67.0	50.1	-	0.9	118.0
Total June 30, 2016	579.8	272.5	137.1	496.2	1,485.7

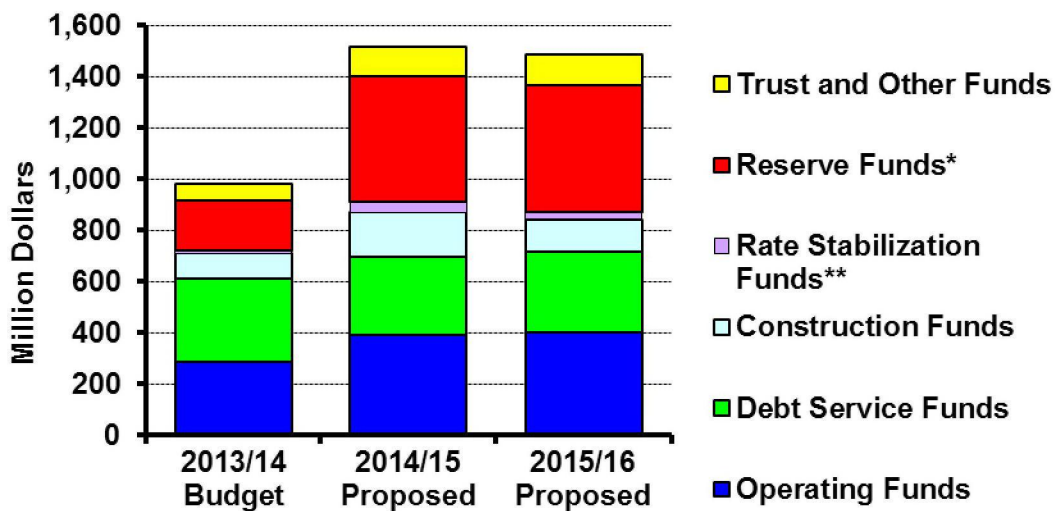
Based on modified accrual accounting.

Totals may not foot due to rounding.

* includes Water Rate Stabilization Fund and Revenue Remainder Fund.

** includes Water Stewardship Fund and Treatment Surcharge Stabilization Fund

Figure 6. Fund Distribution by Type



* includes Water Rate Stabilization Fund and Revenue Remainder Fund.

** includes Water Stewardship Fund and Treatment Surcharge Stabilization Fund

Table 6. Sources and Uses of Funds (dollars in millions)

	2013/14 Budget	2013/14 Projected	2014/15 Proposed	2015/16 Proposed	2014/15 Proposed Compared to	2015/16 Proposed Compared to
					2013/14 Budget	2014/15 Proposed
USES OF FUNDS						
Expenses						
State Water Contract	\$ 564.0	\$ 426.0	\$ 495.7	\$ 515.0	\$ (68.3)	\$ 19.3
Supply Programs	37.0	76.5	65.5	66.5	28.5	0.9
Colorado River Power	24.9	24.9	29.2	36.5	4.3	7.3
Debt Service	343.4	369.0	325.8	324.7	(17.6)	(1.1)
Demand Management	53.6	53.6	62.2	61.7	8.5	(0.5)
Departmental O&M	326.3	336.1	359.7	363.3	33.4	3.6
Treatment Chemicals, Solids & Power	26.4	26.4	26.6	27.6	0.2	1.1
Other O&M	37.5	128.0	27.5	26.6	(10.0)	(0.8)
Sub-total Expenses	1,413.3	1,440.6	1,392.1	1,421.9	(21.1)	29.8
Capital Investment Plan	294.6	200.0	245.4	267.9	(49.2)	22.5
Fund Deposits						
Water Transfer Fund	-	95.0	-	-	-	-
R&R and General Fund	125.0	225.0	245.4	221.0	120.4	(24.4)
Revenue Bond Construction	2.9	-	-	-	(2.9)	-
Water Stewardship Fund	0.3	14.1	-	-	(0.3)	-
Treatment Surcharge Stabilization Fund	-	-	-	0.4	-	0.4
Interest for Construction & Trust Funds	0.9	0.2	0.1	0.4	(0.8)	0.3
Increase in Required Reserves	28.2	8.6	9.9	18.2	(18.3)	8.3
Increase in Water Rate Stabilization Fund	-	-	-	4.3	-	4.3
Sub-total Fund Deposits	157.3	342.9	255.5	244.3	98.1	(11.1)
TOTAL USES OF FUNDS	\$ 1,865.2	\$ 1,983.5	\$ 1,893.0	\$ 1,934.1	\$ 27.8	\$ 41.1
SOURCES OF FUNDS						
Revenues						
Taxes	\$ 80.1	\$ 81.1	\$ 90.2	\$ 92.2	\$ 10.1	\$ 2.0
Annexations	1.0	-	-	-	(1.0)	-
Interest Income	14.1	7.7	16.2	27.9	2.1	11.7
Hydro Power	20.9	17.0	19.3	18.9	(1.7)	(0.4)
Fixed Charges (RTS & Capacity Charge)	182.1	182.1	199.5	198.8	17.4	(0.7)
Water Sales Revenue	1,240.7	1,437.5	1,290.0	1,308.4	49.2	18.4
Miscellaneous Revenue	6.1	6.1	10.2	11.3	4.1	1.1
Bond Proceeds and Reimbursements	178.6	-	-	-	(178.6)	-
Sub-total Revenues	1,723.7	1,731.7	1,625.4	1,657.5	(98.4)	32.1
Fund Withdrawals						
R&R and General Fund	125.0	130.0	245.4	267.9	120.4	22.5
Bond Funds for Construction	-	70.0	-	-	-	-
Water Stewardship Fund	-	-	9.5	8.8	9.5	(0.7)
Treatment Surcharge Stabilization Fund	-	0.5	4.4	-	4.4	(4.4)
Decrease in Required Reserves	1.5	-	-	-	(1.5)	-
Decrease in Water Rate Stabilization Fund	14.9	51.3	8.4	-	(6.6)	(8.4)
Sub-total Fund Withdrawals	141.5	251.8	267.6	276.6	126.1	9.0
TOTAL SOURCES OF FUNDS	\$ 1,865.2	\$ 1,983.5	\$ 1,893.0	\$ 1,934.1	\$ 27.8	\$ 41.1

Totals may not foot due to rounding.

Table 7. June 30, 2015 Sources and Uses by Fund (dollars in millions)

Fiscal Year Ending June 30th, 2015 (\$ in Millions)	All Funds	Operating Funds							Debt Service Funds	Stabilization Funds		Reserve Funds (1)	Construction Funds		Trust & Other Funds
		General	Water Revenue	O&M	Water Standby	Water Transfer	Self-Insured Retention	State Contract		Water Stewardship	Water Treatment Surcharge Stab.		R&R	Revenue Bond Construction	
Beginning of Year Balance	1,530.1	117.0	-	169.2	0.6	119.9	24.9	68.2	323.1	48.2	4.4	496.1	153.5	4.0	0.9
USES OF FUNDS															
Expenses															
State Water Contract	495.7	-	-	360.8	-	-	-	134.9	-	-	-	-	-	-	-
Supply Programs	65.5	-	-	65.5	-	-	-	-	-	-	-	-	-	-	-
Colorado River Power	29.2	-	-	29.2	-	-	-	-	-	-	-	-	-	-	-
Debt Service	325.8	1.3	-	3.9	-	-	-	-	320.7	-	-	-	-	-	-
Demand Management	62.2	-	-	62.2	-	-	-	-	-	-	-	-	-	-	-
Departmental O&M	359.7	-	-	359.7	-	-	-	-	-	-	-	-	-	-	-
Treatment Chemicals, Sludge & Power	26.6	-	-	26.6	-	-	-	-	-	-	-	-	-	-	-
Other O&M	27.5	7.6	-	19.8	-	-	-	-	-	-	-	-	-	-	-
Sub-total Expenses	1,392.1	8.9	-	927.6	-	-	-	134.9	320.7	-	-	-	-	-	-
Capital Investment Plan	245.4	15.7	-	-	-	-	-	-	-	-	-	-	229.8	-	-
Fund Deposits															
R&R and General Fund	245.4	15.7	-	-	-	-	-	-	-	-	-	-	229.8	-	-
Revenue Bond Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Stewardship Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment Surcharge Stabilization Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest for Construction & Trust Funds	0.1	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.0
Increase in Required Reserves	9.9	-	-	4.2	-	-	-	2.8	0.1	-	-	2.8	-	-	-
Increase in Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Fund Deposits	255.5	15.7	-	4.2	-	-	-	2.8	0.1	-	-	2.8	229.8	0.1	0.0
TOTAL USES OF FUNDS	1,893.0	40.2	-	931.8	-	-	-	137.7	320.8	-	-	2.8	459.5	0.1	0.0
SOURCES OF FUNDS															
Revenues															
Taxes	90.2	-	-	-	-	-	-	67.0	23.2	-	-	-	-	-	-
Annexations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	16.2	1.3	-	2.0	0.0	1.4	0.3	0.8	3.6	0.5	0.0	4.4	1.8	0.1	0.0
Hydro Power	19.3	-	19.3	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Charges (RTS & Capacity Charge)	199.5	-	199.5	-	-	-	-	-	-	-	-	-	-	-	-
Water Sales Revenue	1,290.0	-	1,290.0	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue	10.2	10.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Revenues	1,625.4	11.6	1,508.8	2.0	0.0	1.4	0.3	67.8	26.7	0.5	0.0	4.4	1.8	0.1	0.0
Fund Withdrawals															
Transfer Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&R and General Fund	245.4	15.7	-	-	-	-	-	-	-	-	-	-	229.8	-	-
Bond Funds for Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Stewardship Fund	9.5	-	-	-	-	-	-	-	-	9.5	-	-	-	-	-
Treatment Surcharge Stabilization Fund	4.4	-	-	-	-	-	-	-	-	-	4.4	-	-	-	-
Decrease in Required Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in Rate Stabilization Fund	8.4	-	-	-	-	-	-	-	-	-	-	8.4	-	-	-
Sub-total Fund Withdrawals	267.6	15.7	-	-	-	-	-	-	-	9.5	4.4	8.4	229.8	-	-
TOTAL SOURCES OF FUNDS	1,893.0	27.2	1,508.8	2.0	0.0	1.4	0.3	67.8	26.7	10.0	4.4	12.7	231.5	0.1	0.0
Inter-Fund Transfers	-	13.0	(1,508.8)	929.8	(0.0)	(1.4)	(0.3)	69.9	279.8	(10.0)	(4.4)	(9.9)	228.0	14.2	-
End of Year Balance	1,518.0	117.0	-	173.4	0.6	119.9	24.9	71.0	309.0	38.8	0.0	490.5	153.5	18.4	0.9

Totals may not foot due to rounding

(1) Includes Water Rate Stabilization Fund and Revenue Remainder Fund

Table 8. June 30, 2016 Sources and Uses by Fund (dollars in millions)

Fiscal Year Ending June 30th, 2016 (\$ in Millions)	All Funds	Operating Funds							Debt Service Funds	Stabilization Funds		Reserve Funds (1)	Construction Funds		Trust & Other Funds
		General	Water Revenue	O&M	Water Standby	Water Transfer	Self-Insured Retention	State Contract		Water Stewardship	Water Treatment Surcharge Stab.		R&R	Revenue Bond Construction	
Beginning of Year Balance	1,518.0	117.0	-	173.4	0.6	119.9	24.9	71.0	309.0	38.8	0.0	490.5	153.5	18.4	0.9
USES OF FUNDS															
Expenses															
State Water Contract	515.0	-	-	373.7	-	-	-	141.3	-	-	-	-	-	-	-
Supply Programs	66.5	-	-	66.5	-	-	-	-	-	-	-	-	-	-	-
Colorado River Power	36.5	-	-	36.5	-	-	-	-	-	-	-	-	-	-	-
Debt Service	324.7	1.3	-	3.7	-	-	-	-	319.7	-	-	-	-	-	-
Demand Management	61.7	-	-	61.7	-	-	-	-	-	-	-	-	-	-	-
Departmental O&M	363.3	-	-	363.3	-	-	-	-	-	-	-	-	-	-	-
Treatment Chemicals, Sludge & Power	27.6	-	-	27.6	-	-	-	-	-	-	-	-	-	-	-
Other O&M	26.6	8.2	-	18.4	-	-	-	-	-	-	-	-	-	-	-
Sub-total Expenses	1,421.9	9.5	-	951.4	-	-	-	141.3	319.7	-	-	-	-	-	-
Capital Investment Plan	267.9	12.5	-	-	-	-	-	-	-	-	-	-	255.3	-	-
Fund Deposits															
R&R and General Fund	221.0	12.5	-	-	-	-	-	-	-	-	-	-	208.5	-	-
Revenue Bond Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Stewardship Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment Surcharge Stabilization Fund	0.4	-	-	-	-	-	-	-	-	-	0.4	-	-	-	-
Interest for Construction & Trust Funds	0.4	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.0
Increase in Required Reserves	18.2	-	-	5.7	-	-	-	6.0	6.0	-	-	0.5	-	-	-
Increase in Rate Stabilization Fund	4.3	-	-	-	-	-	-	-	-	-	-	4.3	-	-	-
Sub-total Fund Deposits	244.3	12.5	-	5.7	-	-	-	6.0	6.0	-	0.4	4.8	208.5	0.4	0.0
TOTAL USES OF FUNDS	1,934.1	34.5	-	957.1	-	-	-	147.3	325.7	-	0.4	4.8	463.8	0.4	0.0
SOURCES OF FUNDS															
Revenues															
Taxes	92.2	-	-	-	-	-	-	68.9	23.3	-	-	-	-	-	-
Annexations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	27.9	2.4	-	3.6	0.0	2.4	0.5	1.5	6.2	0.7	0.0	7.7	2.6	0.4	0.0
Hydro Power	18.9	-	18.9	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Charges (RTS & Capacity Charge)	198.8	-	198.8	-	-	-	-	-	-	-	-	-	-	-	-
Water Sales Revenue	1,308.4	-	1,308.4	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue	11.3	11.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Revenues	1,657.5	13.6	1,526.0	3.6	0.0	2.4	0.5	70.4	29.5	0.7	0.0	7.7	2.6	0.4	0.0
Fund Withdrawals															
Transfer Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&R and General Fund	267.9	12.5	-	-	-	-	-	-	-	-	-	-	255.3	-	-
Bond Funds for Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Stewardship Fund	8.8	-	-	-	-	-	-	-	-	8.8	-	-	-	-	-
Treatment Surcharge Stabilization Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in Required Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in Rate Stabilization Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Fund Withdrawals	276.6	12.5	-	-	-	-	-	-	-	8.8	-	-	255.3	-	-
TOTAL SOURCES OF FUNDS	1,934.1	26.2	1,526.0	3.6	0.0	2.4	0.5	70.4	29.5	9.5	0.0	7.7	258.0	0.4	0.0
Inter-Fund Transfers	-	8.3	(1,526.0)	953.5	(0.0)	(2.4)	(0.5)	76.9	296.1	(9.5)	0.4	(2.9)	205.8	0.2	-
End of Year Balance	1,485.7	117.0	-	179.1	0.6	119.9	24.9	77.0	314.8	30.0	0.5	495.3	106.7	18.9	1.0

Totals may not foot due to rounding

(1) Includes Water Rate Stabilization Fund and Revenue Remainder Fund