

Westlands Water District
Annual Report 2001-2002



Westlands Farmers Feeding the World

2001-2002 Board of Directors

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This annual report explores the global markets for crops grown in the Westlands Water District. Westlands is proud to support the farmers and communities that help feed and clothe our nation and the world.

General Manager's Report

Anual reports are a time to look backwards, reflecting on the achievements and the struggles of the prior year. At Westlands, looking backwards is difficult to do, not because it's painful or unpleasant – it's just not in our nature. We would much rather keep our eyes focused on the future.

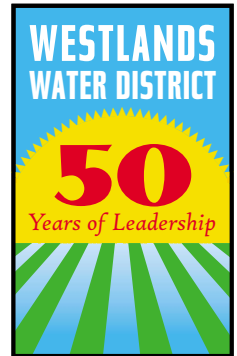


We get our forward-looking attitude from the farmers we serve, who have kept their eyes on the future through both difficult times and years of abundance. At the same time we reflect on the past water year, we are preparing to celebrate the District's 50th anniversary. It is a testament to the vision and leadership of the farmers and land owners who formed the Westlands Water District 50 years ago that we continue to lead the way in water policy, water conservation, productivity, efficiency and in defending the rights and honor of farmers. For these reasons, we've selected the theme "50 Years of Leadership" to help us celebrate our 50th anniversary in the year ahead.

The 2001-2002 annual report pays tribute to the role Westlands farmers play in providing the world with the finest food and fiber crops. Again, it is a way of focusing on the future and not the past.

Globalization continues to exert enormous pressures on commodity prices. Westlands farmers have modified their operations to remain productive and profitable amid these pressures. Yet, this same globalization is opening new markets, and Westlands farmers will remain competitive as they adapt and compete in tomorrow's global markets.

This report also addresses the proposed retirement of as much as 200,000 acres of land from irrigated agriculture in the District. The land retirement proposal is the result of the chronic drainage problems and water shortages that we have experienced over the years. Rather than succumb to these challenges, the land retirement proposal is an attempt to adapt to changing political and economic conditions. Retiring otherwise productive land is painful for farmers, but it is one way we can help make sure that Westlands farmers will remain productive in the future.



Westlands engaged in several successful court challenges during the 2001-2002 water year. Perhaps more importantly, water users on the west side of the San Joaquin Valley are beginning to find a fairer and more even handed approach toward water issues in Washington and Sacramento. Perhaps it's the fruit of 50 years of leadership.

Thomas W. Birmingham
General Manager



A Historical Overview

Early west side pioneers were more than farmers – they were visionaries. When they first settled the west side in the 1800s, they found a warm, rich but exceptionally arid area. Something about this region made them stay. And something made them farm.

These early pioneers had the vision to picture the land’s potential and they knew the region could thrive, given a reliable water supply. They knew that the rich alluvial soils were capable of great crop production and that many more farmers and communities could prosper from this bountiful land – if only they could find the necessary water. Even these far-seeing pioneers, however, may not have realized that the dry and barren land they discovered would one day become one of the most productive, efficient farming regions in the world.

Irrigated agriculture began on the west side around 1915. In 1942, landowners organized to develop a water supply system. On September 8, 1952, Westlands Water District was established to serve agricultural water users throughout the region. Federal water deliveries began under a contract with the U.S. Bureau of Reclamation upon completion of the San Luis Canal in 1968.

Something about this region made them stay. And something made them farm.

Fifty years later, the District leads the nation in irrigable acreage, with more than 570,000 acres of some of the most productive soils in the world. Westlands provides water to 600 family-owned farms growing diversified crops on farms that average 850 acres in size.

Before the District began receiving water from the Central Valley Project, farmers primarily grew grain crops such as wheat and barley. Today, Westlands farmers produce more than 60 different high quality commercial food and fiber crops sold for the fresh, dry, canned and frozen food markets – domestic and export.

Vegetable production in Westlands continues to increase as the traditional “salad bowl” growing areas on the state’s central coast face increasing population growth and urbanization.

Westlands farmers produced nearly \$900 million worth of food and fiber commodities last year, generating approximately \$2.7 billion in farm-related economic activity for Fresno and Kings counties.

The production agriculture and value-added processing facilities throughout Westlands are a major source of employment for the communities on the west side. More than 50,000 people live and work in communities dependent on the District’s agricultural economy.



President John F. Kennedy speaking at ground breaking ceremonies for the San Luis Unit, Central Valley Project, August 18, 1962.



Westlands Evaluates Land Retirement

Westlands Water District has been severely impacted by drainage problems. Irrigation water imported from the Delta contains high levels of salt. A shallow layer of Corcoran Clay underlies some west side lands and prevents water from filtering deep into the ground. With no place to drain, the salty water has built up above the clay layers and reached the surface, impairing crop root zones, reducing yields and diminishing land productivity.

The federal government was aware of this drainage problem prior to the District's formation. Once the San Luis Unit of the Central Valley Project was established, Congress directed the Secretary of the Interior to provide drainage service to west side farmers as part of their contractual agreement for CVP water supplies. When Westlands entered into its supply agreement with the U.S. Bureau of Reclamation, the Bureau promised to provide drainage services. Nevertheless, delivering on that promise has been difficult.

Current economic and political conditions pose challenges for the federal government to fulfill its obligation.

In February of 2001, the 9th Circuit Court of Appeals affirmed the federal government's obligation to provide drainage. This decision prompted former Secretary of the Interior Bruce Babbitt to approach Westlands with a proposed land retirement program, where up to 200,000 acres of west side farmland would be removed from irrigable agriculture and the federal government would be relieved of its obligation to provide drainage service.

While Westlands continues its efforts to ensure west side landowners receive the service they are entitled to, the District also recognizes the constraints that hinder such services. Current economic and political conditions create significant obstacles for the federal government to fulfill its obligation. As such, the District has entered into negotiations with the Department of the Interior concerning the proposed land retirement program.

Recognizing the retirement of land on the west side could have far-reaching impacts, Westlands hired a team of consultants to perform an economic impact analysis on potential effects land retirement may have on the District, landowners, the communities and the regional economy. Following a public comment period, the final analysis will be released in 2003.

The general outlines of the land retirement proposal are as follows:

- The U.S. government would purchase up to 200,000 acres of drainage-impacted lands, permanently removing them from irrigated agricultural production.
- The lands would be owned by the District and managed as wildlife habitat or for some other beneficial use.
- The District would receive a new, more reliable water supply contract for 805,000 acre feet of water per year rather than its current contract for 1.15 million acre feet of water per year.
- The U.S. government would be relieved of its obligation to provide drainage services to the District.
- The District would dismiss an existing application to appropriate and use water from the San Joaquin River.



The Year in Review

During the 2001-2002 water year, Westlands embarked on several initiatives to meet the realities and demands of changing public policies concerning water, land and environmental regulations. Our goal was, and is today, to meet these challenges and adapt to these changes in ways that are fair to everyone involved. We continue to pursue this goal in a manner that will result in the greatest benefits to all and, above all, allow hard working family farmers in the District to continue to do what they do best – feed and clothe the world.

Proposition 13

Through the 2001 state water bond, Proposition 13, The District received \$5 million for water conservation projects. The District is using the funds for programs aimed at enhancing water conservation throughout the region. Remaining funds will be directed to the Irrigation System Improvement Program to assist water users in improving their irrigation systems, and increasing on-farm irrigation efficiency.

Reauthorization of CALFED

The District maintained ongoing discussions with Congressional representatives concerning the federal reauthorization of CALFED, a program focused on improving California's water distribution system. In 2001, CALFED reauthorization legislation passed through the House Resources Committee. The legislation required the Secretary of Interior, in accordance with the Record of Decision (ROD), to operate the Central Valley Project in a manner that provides south-of-Delta CVP agricultural water service contractors with at least 70 percent of their existing contract in a normal year. Discussions with Congressional office officials will continue through next year concerning reauthorization language to ensure Interior's and the Bureau's operation of the CVP in a manner consistent with existing agreements.

(b)(2) Water Decision

The District has continued its effort to encourage accurate accounting of the Central Valley Project Improvement Act environmental water distribution of 800,000 acre-feet commonly referred to as (b)(2) water. In April

of 2001, the Department of Interior released a revised "(b)(2) Expenditure Summary" that indicated the Bureau of Reclamation used between 933,000 and 952,000 acre-feet of CVP water for (b)(2) purposes during the period from October 1, 2000 to September 30, 2001. District staff prepared an application for a temporary restraining order to enjoin Interior from using more than 800,000 acre-feet of CVP water for (b)(2) purposes. District staff also developed a white paper on the discretion that exists under CVPIA that would result in a more adequate, reliable water supply for all south-of-Delta water users. It is anticipated that this case will be resolved in the upcoming year.

Trinity Flow Study

U.S. District Judge Oliver Wanger granted the District's injunction to limit increases to flows for the Trinity River for 2001. District staff began working with energy interests in California to analyze a potential alternative to provide additional water to the Trinity River while minimizing impacts to the water users and energy providers. Staff also participated in discussions with Central Valley Project Water Association, Sacramento Municipal Utilities District and Northern California Power Authority to develop strategies for dealing with the court ordered supplemental environmental impact study. At year's end, the litigation was ongoing as the Bureau prepared a Supplemental Environmental Impact Statement.

Lemoore Naval Air Station Detachment

In an effort to improve long-term water supply reliability for District farmers, Westlands proposed the detachment of the Lemoore Naval Air Station from its service area. An





environmental review was initiated to identify all potential impacts of the station's detachment before moving forward.

Contract Renewal

The District began negotiations with the United States Bureau of Reclamation for renewal of the 1963 water service and provisional water service contracts. The Central Valley Project Drafting Committee met with Reclamation staff during the year to review concept papers on contract provisions including a water supply shortages provision and rights to subsequent renewals. The negotiations are anticipated to continue well into the next fiscal year.

Sagoupe v. Westlands

Settlement negotiations continued in the water rights dispute between Area I and Area II water users in Westlands. The dispute involves different water allocations for water users in the area encompassed by Westlands when it was formed and lands that were later merged to the district from the West Plains Water Storage District in 1965.

Sumner Peck Ranch, Inc. v. Bureau of Reclamation

The Sumner Peck litigation involves claims by landowners as a result of the federal government's failure to meet its drainage service obligation. The Bureau of Reclamation held a public meeting in November 2001 to accept comments on the scope of a proposed Environmental Impact Statement regarding drainage solutions. Settlement negotiations between the federal government, Westlands and other Peck litigants were scheduled to begin as Westlands concluded its 2001-2002 fiscal year.

Delta Smelt

Studies by wildlife and fisheries biologists discovered increasing numbers of the delta smelt in recent years, suggesting the fish, listed as endangered under the Endangered Species Act, has either rebounded or never required protected status in the first place. Westlands worked with the California Farm Bureau Federation to develop a joint approach to seeking a delisting of the delta smelt by the U.S. Fish & Wildlife Service (USFWS). The service was expected to review the smelt's status based on the data collected since the initial listing decision in 1993.

Sacramento Splittail

The USFWS solicited public comment in October of 2001 on the potential listing of the splittail for protection under the Endangered Species Act. Westlands expressed concern that the listing could have adverse impacts to exports to south-of-Delta water users.

Our goal was, and is today, to meet these challenges and adapt to these changes in ways that are fair to everyone involved.

East Bay Municipal Utility District

Westlands joined the San Luis & Delta Mendota Water Authority, Santa Clara Valley Water District and Contra Costa Water District in a petition challenging East Bay Municipal Utility District's (EBMUD) plan to divert water from the Sacramento River at Freeport. Diversion of the water would have an adverse effect on water supplies for all west side CVP contractors and is of considerable concern to the District.



The Communities

In the 2001-2002 water year, Westlands renewed its commitment to the communities in and near the District's boundaries. In addition to its ongoing support of community programs and initiatives, Westlands hired a community outreach coordinator to serve as a representative to the various communities including Huron, Coalinga, Five Points, Helm, Cantua Creek, Kerman, San Joaquin, Tranquillity, Mendota, Lemoore and Firebaugh.

The District continues to work with community leaders including elected officials, school district administrators and economic development representatives through outreach programs and educational activities to broaden understanding of community challenges and goals. It is the District's hope that through continued involvement in west side communities it can improve the way of life for the many residents whose livelihood is based on the viability of farming in the Westlands Water District.

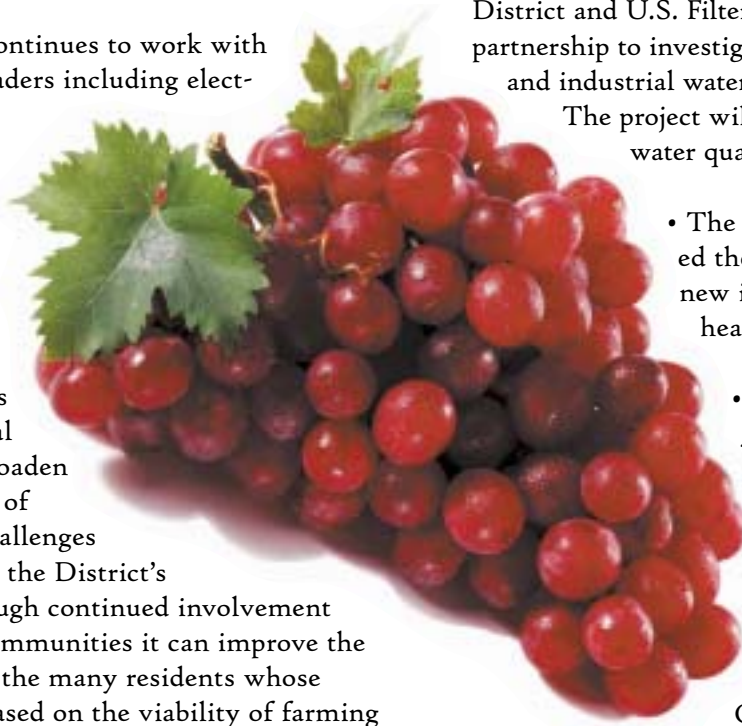
The District is proud to salute the west side communities for their achievements and applauds their many accomplishments in the past year.

Westlands is dedicated to promoting the health and happiness of west side communities and looks forward to working with the communities as they pursue new opportunities in the future.

- The City of Mendota, Westlands Water District and U.S. Filter Company formed a partnership to investigate a new municipal and industrial water supply for Mendota. The project will address the city's water quality issues.

- The City of Huron initiated the development of a new industrial park in the heart of the city.

- The City of San Joaquin demonstrated foresight and vision in planning a new energy production facility for the Central Valley in partnership with Calpine Corporation.



The communities' ongoing commitment to improved quality of life is a testament to the leadership that has become synonymous with the region.

Westlands is dedicated to promoting the health and happiness of the west side and looks forward to working with the communities as they pursue new opportunities in the future.

Water Supply

The 2001-2002 water year began with an initial water supply forecast from the U.S. Bureau of Reclamation of 15 percent for Westlands farmers. If wet weather conditions continued, it was proposed that the initial allocation could be closer to 20-30 percent. However, dry weather conditions prevailed and District farmers ultimately received only 49 percent of their allocation in the 2001-2002 water year. The remainder of the District's supplies ultimately came from water purchases and groundwater pumping.

In April of 2001, a group of 21 Sacramento River Settlement Contractors entered into agreements with the United States Bureau of Reclamation and Westlands Water District for 2001 operations. These agreements, referred to as the 2001 Forbearance Agreements, established an objective - to provide water to meet Westlands' critical needs resulting from dry conditions and regulatory constraints. The contractors agreed to withhold diversion of water under their Sacramento River Settlement Contracts to make 160,000 acre-feet of water available to Reclamation for the purpose of providing addi-



tional water supplies to Westlands. The water became available because Northern California Rice Growers had chosen to fallow land due to poor market conditions.

Annual Water Rates

The dry year conditions and reduced water supply resulted in increased water rates for Westlands water users. The rates were based on CVP water plus additional supplies from other sources including purchases from outside the District. Total costs for water in the 2001-2002 fiscal year ranged from \$38.69 to \$116.27 per acre-foot. Increases in rates ranged from \$6 to \$8 per acre-foot for agricultural water over last year. Municipal and industrial water user costs were \$160.87 per acre-foot.

Annual Budget

The Westlands Board of Directors adopted a budget after adjustments of \$73.1 million for the 2001-2002 fiscal year, representing the significant decrease in projected water supply and associated costs that provide funding for the operations, maintenance and administration of the District.

Central Valley Project Contract Water Supply* 1989/90 Through 2000/01

Year	Allocation Date	Amount	Allocation Date	Amount	Allocation Date	Amount	Allocation Date	Amount	Final Contract Supply
1989/90	Feb-89	100 %							100 %
1990/91	Feb-90	50 %							50 %
1991/92	Feb-91	25 %							25 %
1992/93	Feb-92	15 %	Mar-92	10 %					25 %
1993/94	Feb-93	25 %	Mar-93	15 %	Apr-93	10 %			50 %
1994/95	Feb-94	35 %					Jun-94	7.51%	42.51%
1995/96	Feb-95	75 %			Apr-95	25 %			100 %
1996/97	Feb-96	60 %	Mar-96	20 %	Apr-96	5 %	May-96	10 %	95 %
1997/98	Feb-97	100 %	Apr-97	-10 %					90 %
1998/99	Feb-98	80 %	Mar-98	5 %	Apr-98	15 %			100 %
1999/00	Feb-99	70 %							70 %
2000/01	Feb-00	50 %	Mar-00	10 %	Jul-00	5 %			65 %
2001/02	Feb-01	15 %	Mar-01	25 %	May-01	5 %	Oct-01	4 %	49 %

Westlands Farmers

Westlands' crops can be found far beyond District boundaries. As the trend toward globalization increases, many of the commodities grown in Westlands are distributed to mature and emerging markets throughout the world.

California's agricultural exports represent more than 20 percent of total U.S. agricultural exports. Exports are a critical part of California agriculture. In reality, California produces six of the top 10 export products in the U.S. These products are dairy, grapes, beef, cotton, lettuce and almonds.

Westlands is a world leader in producing many of the top export commodities for California including beef, cotton, almonds and lettuce. West side farmers cater to the world's needs by ensuring their products reach every corner of the world. Consumer purchasing power continues to grow with economic stability, increasing demand for high-valued imported products from the more than 6 billion consumers worldwide.

Seven of the top 10 export markets for California and Westlands commodities are Asian countries including Japan, Hong Kong and Taiwan. Asia also continues to be the area of greatest growth for exports. In the year 2000, Hong Kong was among the leading agricultural export markets for table grapes and almonds, and continues to expand due to an increasing demand for high value products. Experts estimate that west side crops such as almonds and cotton will continue to realize a steady increase in

export value due to increased production and expanding world markets.

West side agriculture is an important contributor to California exports and the state's economic prosperity. This annual report explores a portion of the global markets where high quality Westlands' crops are enjoyed.



Lettuce

Canada relies heavily on the U.S. to provide the majority of its lettuce. California's statewide exports of lettuce to Canada alone accounted for \$102 million dollars in 1999. Recognizing that for two months in the spring and two months in the fall each year, 95% of all head lettuce being sold comes from Westlands farmers, it is likely that residents of Quebec, Canada often have the opportunity to enjoy a salad from the heart of the San Joaquin Valley.



Garlic

Even though Gilroy has distinguished itself as the "Garlic Capital of the World," Westlands actually farms more than twice the amount of garlic acreage than Santa Clara County. Westlands farmers contribute 52 percent of the state's garlic planting of which a large number is exported to countries throughout the world including Canada, Mexico, United Kingdom and the European Union.

Feeding the World



Pistachios

Approximately 50 percent of all pistachio shipments are exported to countries throughout the world including Japan, Korea, China, Malaysia, the Philippines, Thailand, Canada and the United Kingdom. More than 57 million pounds of pistachios were exported from California last year and Westlands contributed five percent of that total.

Westlands is a world leader in producing many of the top export commodities for California including beef, cotton, almonds and lettuce.



Cotton

"San Joaquin Valley" cotton is a highly demanded commodity around the globe. Westlands farmers produce cotton with strong fibers favored by several manufacturers of fine fabrics and high quality products in countries such as Japan, Hong Kong and Taiwan. In 1999, Fresno County exported nearly 160,000 tons of cotton and the number has climbed steadily each year.

The Center for International Trade & Development, State Center Community College District, Fresno County Farm Bureau and California Department of Food and Agriculture provided several of the statistics included in this report.



Almonds

Western Europe and Asia each consumed approximately 100 million pounds of almonds last year. These and several other countries receive much of their almond supply from Westlands farmers - who farm more than 30,000 acres of almonds each year.



Grapes

According to a recent report by the Export Center at Fresno City College and the Fresno County Farm Bureau, the state receives more than \$1 billion in revenue from grape exports each year. More than 50 percent of the state's wine, table and raisin grapes are grown in the Central Valley - Fresno County alone exports more than 300,000 tons of grapes and grape products each year to destinations such as Canada, Australia, Japan, Mexico, Hong Kong, Taiwan, South Korea and the United Kingdom.

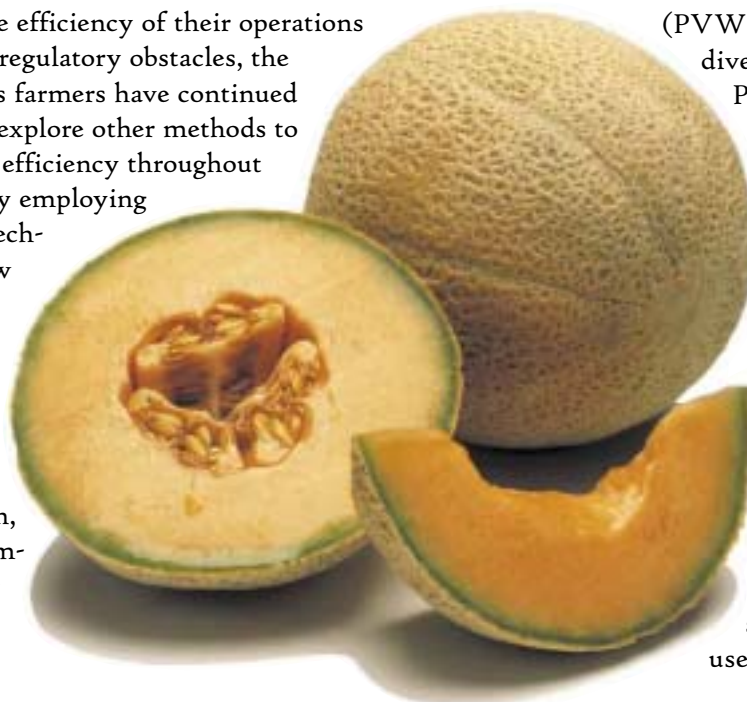
Water Efficiency & Innovation

Throughout its history, Westlands Water District has experienced several ups and downs in its mission to maintain a reliable water supply for its water users. A five-year drought, environmental regulations and the Central Valley Project Improvement Act implementation are among the many factors contributing to the ongoing water supply uncertainty.

To improve the efficiency of their operations and overcome regulatory obstacles, the District and its farmers have continued to proactively explore other methods to increase water efficiency throughout the District. By employing conservation techniques and new technologies such as Global Positioning Satellite systems and drip/micro-spray irrigation, Westlands farmers are making every drop count.

The farmers' innovative conservation measures have helped alleviate some of the problems associated with drainage-impacted land and have resulted in lower on-farm production costs, increased crop yields and increased crop quality – despite a limited energy supply.

Throughout the year, the District introduced several initiatives to further its water conservation and efficiency efforts.



Mobile Lab Program

The District signed an agreement with the San Luis & Delta-Mendota Water Authority for pump and irrigation system evaluation. The cost of the program is shared with the District, the authority and water users. The detailed results of the evaluation are provided directly to the water user.

Pleasant Valley Recharge

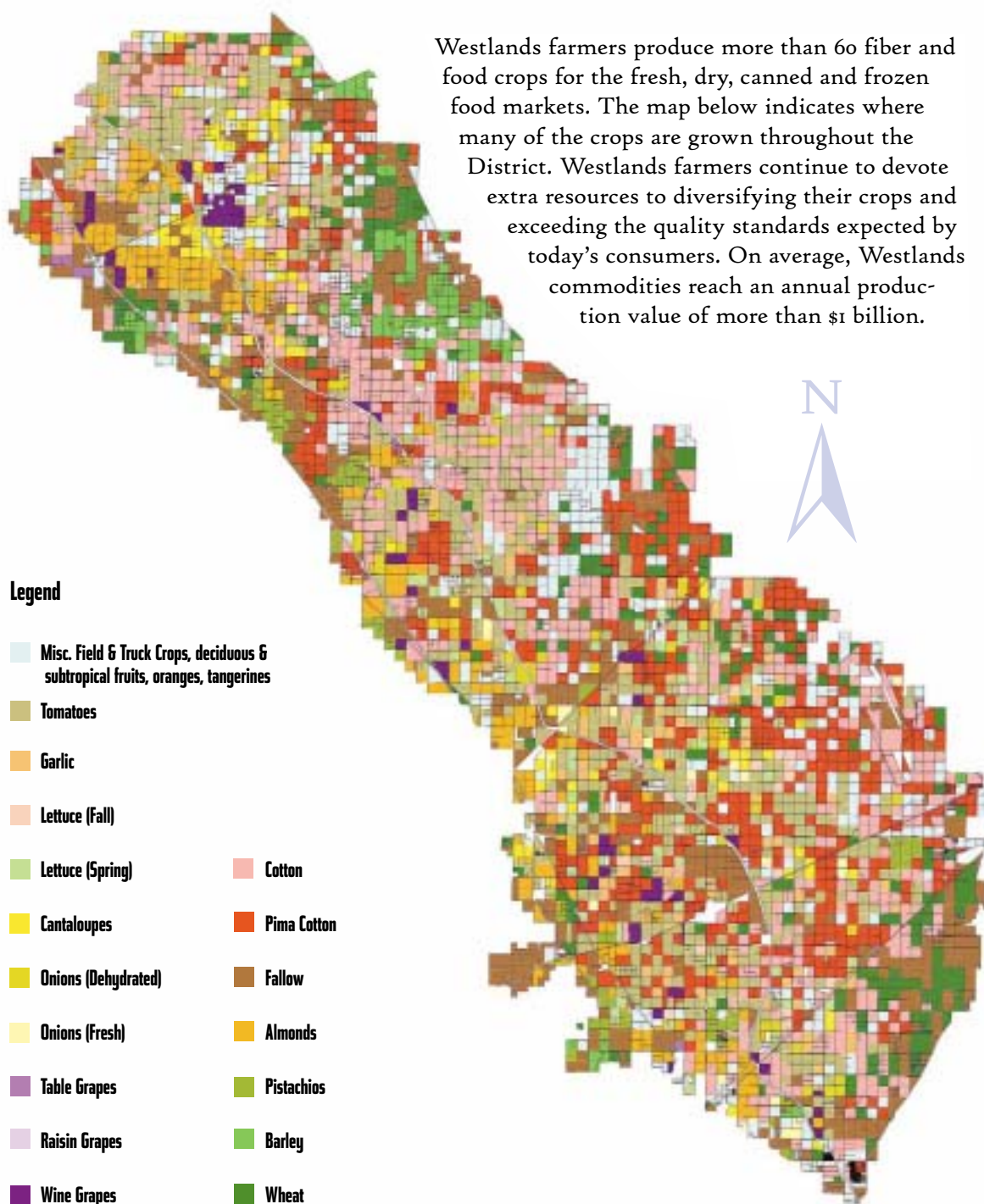
Pleasant Valley Water District (PVWD) is proposing to divert water from the Pleasant Valley Canal and bank the water in PVWD's groundwater basin. Under this project, Westlands may be able to bank water during rescheduling to avoid water supply losses. Westlands and PVWD are working to reduce the cost of the project and identify water sources that could be used for the project.

Irrigation System Improvement Programs

The application period for the Irrigation System Improvement Program (ISIP) funding began in August of 2001. Approximately \$200,000 to \$1 million was available for new applicants. In addition, the District received a Proposition 13 grant for approximately \$4 million that will be used to fund the ISIP program. Modifications to the program to enhance security provisions of the lease-purchase contracts with the water users were implemented.

Westlands Water District 2001-2002 Crop Map

Westlands farmers produce more than 60 fiber and food crops for the fresh, dry, canned and frozen food markets. The map below indicates where many of the crops are grown throughout the District. Westlands farmers continue to devote extra resources to diversifying their crops and exceeding the quality standards expected by today's consumers. On average, Westlands commodities reach an annual production value of more than \$1 billion.



Legend

- | | |
|--|-------------|
| Misc. Field & Truck Crops, deciduous & subtropical fruits, oranges, tangerines | Cotton |
| Tomatoes | Pima Cotton |
| Garlic | Fallow |
| Lettuce (Fall) | Almonds |
| Lettuce (Spring) | Pistachios |
| Cantaloupes | Barley |
| Onions (Dehydrated) | Wheat |
| Onions (Fresh) | |
| Table Grapes | |
| Raisin Grapes | |
| Wine Grapes | |



Annual Crop Report

The planting of Acala cotton acreage was significantly less than that of the prior year, with only a little more than 98,000 acres planted in 2001, down from 180,000 acres in 2000.

Nevertheless, a more than 30 percent increase of Pima cotton acreage was reflective of the higher price farmers received for this variety. No significant acreage changes occurred with

permanent plantings such as almonds, grapes and pistachios, however, the District saw the number of fallowed acres increase from 46,748 in 2000 to 73,802 in 2001. The shift can be attributed to reduced water supply reliability, the ongoing uncertainty of the agricultural economy and natural crop rotation.

Crop Acreage Report 2001

Crop	Acres ¹	Crop	Acres ¹
Alfalfa-Hay	9,701	Nectarines	30
Alfalfa-Seed	2,214	Oats	371
Almonds	31,683	Olives	312
Apples	707	Onions-Dehydrated	8,647
Apricots	598	Onions-Fresh	3,232
Artichokes	26	Oranges	216
Asparagus	655	Parsley	412
Barley	15,110	Pasture	1,739
Beans-Dry	589	Peaches	223
Beans-Garbanzo	8,320	Peppers-Misc.	1,790
Beans-Green	629	Pistachios	9,333
Broccoli	3,394	Pomegranates	1,234
Cabbage	165	Prunes	229
Cantaloupes	14,025	Radicchio	22
Carrots-Bulk	283	Safflower	4,409
Cauliflower	43	Seed Crop-Misc.	2,048
Cherries	143	Spinach	75
Corn-Field	395	Sugar Beets	5,007
Corn-Sweet	3,621	Tangerines	50
Corn Nuts	145	Tomatoes-Fresh	3,209
Cotton-Lint-Acala/Upland	98,354	Tomatoes-Proc.	81,913
Cotton-Lint-Pima	90,215	Walnuts	356
Cucumbers	204	Watermelons	1,454
Eucalyptus	53	Wheat	35,150
Garlic	15,146	NB Trees & Vines ²	4,359
Grains-Sorghum	2,680	Fallow	73,802
Grapefruit	38	Nonharvested ³	1,818
Grapes-Table	1,055		
Grapes-Wine	9,111	Subtotal	577,057
Honeydews	2,513	Double Crop	12,783
Jojoba	11	Total ⁴	564,274
Lettuce-Fall	9,225		
Lettuce-Spring	13,911		
Melons-Mixed	658		
Mustard	47		

¹ USDA-CFSA net cropped acreages

² Nonbearing trees and vines

³ Includes experimental and nursery crops

⁴ Total net cropped acreage in Westlands, excluding feed lots, commercial, residential, and industrial areas

Westlands Water District Financial Statement



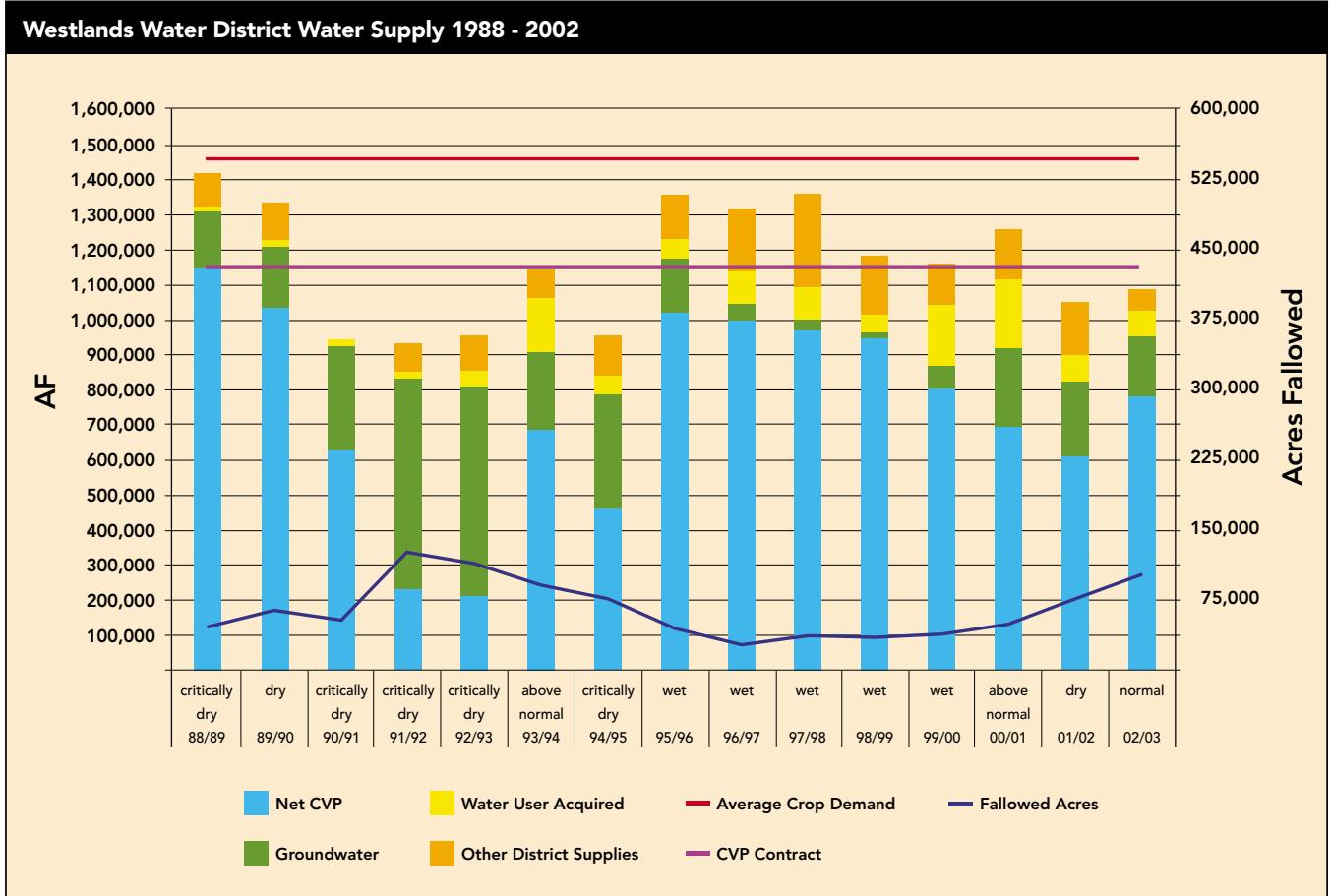
Balance Sheets

	As of February 28,	
	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 38,465,218	\$ 29,602,814
Accounts receivable - water users and others	12,718,890	11,921,956
Operating supplies	2,765,921	2,694,698
Prepaid water cost and other current assets	9,193,137	12,071,748
	<u>63,143,166</u>	<u>56,291,216</u>
 Utility plant, net of accumulated depreciation:	 139,122,665	 142,066,124
 Other assets:		
Restricted assets	40,111,029	32,368,271
Advances to water users	855,000	900,000
Real property held for future use	9,151,467	9,347,765
Water rights, net of accumulated amortization	16,697,673	17,231,989
Long-term notes and other financing receivables	5,049,536	5,824,220
Debt issue costs, net of accumulated amortization	910,538	958,574
	<u>72,775,243</u>	<u>66,630,819</u>
 Total assets	 <u>\$ 275,041,074</u>	 <u>\$ 264,988,159</u>
 Liabilities and Fund Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 18,660,148	\$ 16,264,204
Accrued payroll and related liabilities	557,593	559,404
Deferred revenue	3,705,771	2,443,568
Current maturities of debt borrowings	5,173,683	5,122,316
	<u>28,097,195</u>	<u>24,389,492</u>
 Debt borrowings, net of current maturities	 101,708,837	 106,882,514
Payable from restricted assets	35,960,798	28,875,513
Water exchange payable and other deposits from water users	1,746,108	1,790,044
	<u>167,512,938</u>	<u>161,937,563</u>
 Fund equity	 <u>107,528,136</u>	 <u>103,050,596</u>
 Total liabilities and fund equity	 <u>\$ 275,041,074</u>	 <u>\$ 264,988,159</u>



Statements of Revenues and Expenses

	Year Ended February 28,	
	2002	2001
Operating Revenues		
Irrigation water sales	\$ 68,152,632	\$ 58,215,823
Municipal and industrial water sales	782,342	678,068
Land-based charges	2,065,180	1,475,983
Other operating revenue	696,074	572,534
Total operating revenues	71,696,228	60,942,408
 Operating Expenses		
Water purchases	49,471,679	44,861,291
Pumping	226,645	256,788
Transmission and distribution	13,209,198	6,358,027
Customer accounts	1,535,717	1,565,743
General and administrative	5,893,154	4,748,359
Depreciation and amortization	3,657,431	3,653,359
Other operating expenses	285,139	250,185
Total operating expenses	74,278,963	61,693,752
Income (loss) from operations	(2,582,735)	(751,344)
 Non-operating Gains and Losses		
Grants and related revenue	307,455	16,450
Investment income	2,024,294	2,395,743
Interest expense	(1,947,062)	(1,993,202)
Contract repayment	3,876,291	5,205,435
COP 1999A repayment	2,768,558	3,041,393
Miscellaneous	30,739	37,267
Total non-operating gains and losses	7,060,275	8,703,086
Net income	\$ 4,477,540	\$ 7,951,742



Over the past 10 years, the Westlands Water District has experienced a regulatory drought. When CVP supplies decrease, the District's 600 family farmers must supplement their water supply through water purchases from outside the District, increased groundwater pumping and by managing crop demand through land fallowing.