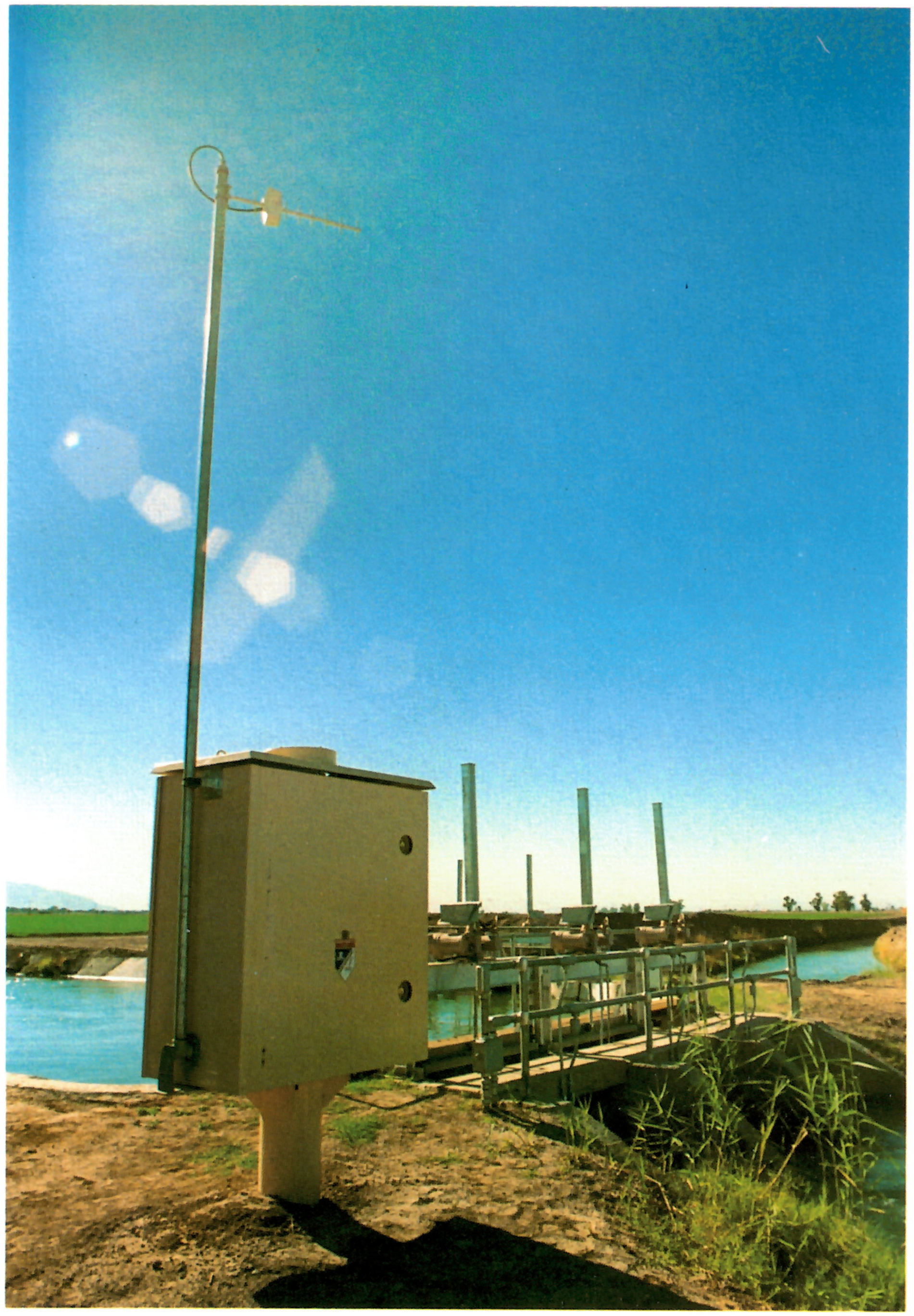
1990 Annual Report
Imperial Irrigation District

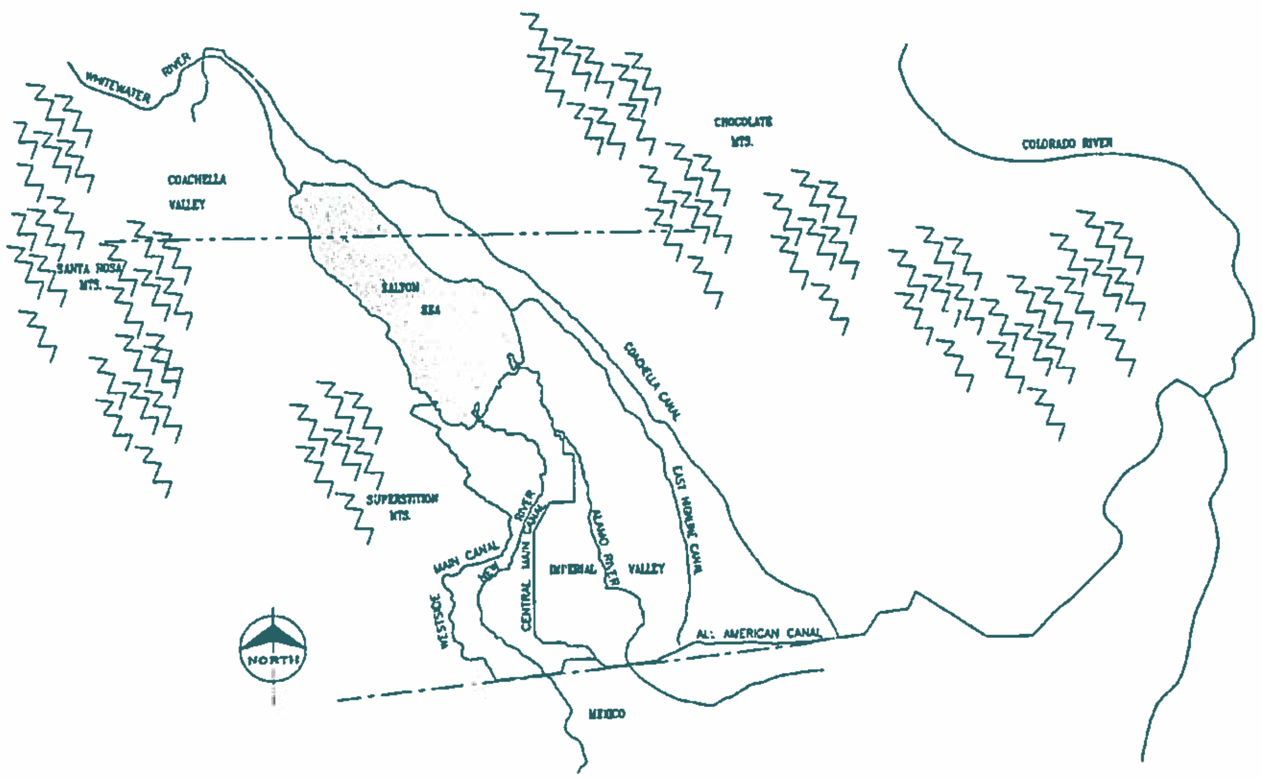


cover photo: A microprocessor equipped with a radio antenna monitors this automated portion of the Acacia Canal near Calexico.

1990 - A Year of Rapid Advancement

Between upgrading the electric system to keep ahead of a dynamic service area and automating the water delivery system to become a leading agency in water conservation, this year's advances outdistance any in the District's 79-year history.

IID Service Area



About the District

Headquartered in Imperial County, in the lower southeastern corner of California, the Imperial Irrigation District is a public utility for water and electrical service. Organized in 1911 under the California Irrigation District Act, the District is governed by a five-person Board of Directors.

The District is the irrigation and domestic supplier of water for nine cities and approximately 500,000 acres of irrigated farm land. The District annually diverts about 2.6 million acre-feet of water from the Colorado River at Imperial Dam, which is transported by gravity through the 80-mile-long All-American Canal and a 1,600-mile canal system. The District also operates and maintains a 1,400-mile drainage network.

The District entered the power business in 1936 to utilize the hydroelectric generation potential on the All-American Canal.

By 1943, the District became the source of electric energy for a 6,471-square-mile service area, including Imperial Valley, Coachella Valley and a small portion of San Diego County. These areas comprise one of the major agricultural centers in the state.

To provide electric service to its 75,000 customers, the District operates and maintains its own electric system, which includes generation, transmission and distribution facilities. The District also purchases power from outside sources and participates in other utility arrangements for low cost energy.

The District is one of the largest employers in Imperial Valley, with about 1,000 professional, technical, skilled and nonskilled employees. The goal for all who work at this public utility is to provide efficient, localized service at the lowest possible cost to water and power consumers.

Charles L. Shreves
General Manager

The year 1990 was a busy and productive year for the Imperial Irrigation District. We weathered some unusual storms that kept our personnel on call for many weary nights. We also made rapid strides in some technical developments for both the power and water systems.

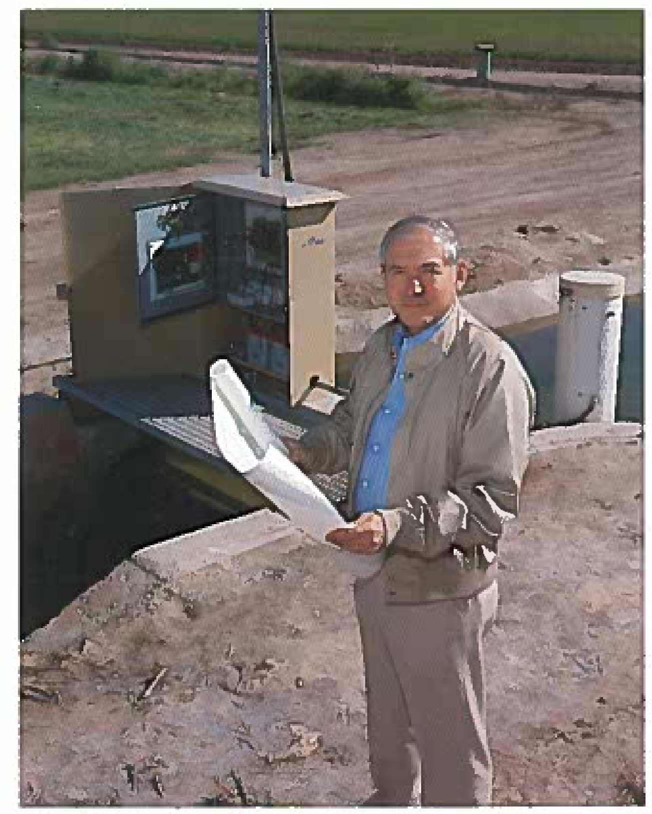
During a four-month stretch, from June to September, several windstorms ripped through the desert and our electric transmission system. Six miles of the District's 230-kV transmission line was heavily damaged, restricting our ability to wheel alternative energy out of the Imperial Valley. With tremendous cooperation from all involved, we were able, fortunately, to restore full service through a temporary line within two weeks.

Upgrading of the District's electric system continued in 1990, with the conversion of a 92-kV line to 161-kV running from El Centro to La Quinta. Two new substations also took form in the Coachella area. On the generation side, a repowering project was initiated at the El Centro Steam Plant, which will eventually yield an additional capacity of 82 megawatts.

New operational and administrative facilities were constructed in the La Quinta area for serving the Coachella Valley. Crews will be mobilized from this efficient and centrally located complex early next year.

Automation of the water delivery system began in 1990 and involved our personnel from both the water and power departments to set up the elaborate communications and control network. The highly technical and sophisticated system was combined with other projects throughout the year including concrete lining the earthen canals, installing non-leak gates and instituting new operating regulations to facilitate water conservation.

The District, jointly with the Metropolitan Water District of Southern California and the Environmental Defense Fund, was honored with the Irrigation Association's 1990 National Water



and Energy Conservation Award. The award recognizes the IID/MWD Water Conservation Agreement as a unique contribution to the future of the irrigation industry and the conservation of water.

All of the progress made by the District was made possible by our dedicated employees. Their professionalism and award-winning performance made 1990 a year of "rapid advancement" for the Imperial Irrigation District.

Charles L. Shreves

Fred Fong

In March, IID officials traveled from California to meet with New York financial rating agencies and bond insurance companies prior to the sale of $103,815,000 in Certificates of Participation for Imperial Irrigation District's 1990 Electric System Project. The meetings resulted in a higher than expected increase in IID's credit ratings. Moody's Investor Service raised the District's rating to Aa from A. Standard & Poor's raised the rating to A+ from an A. Because of the new ratings, the District saved at least $500,000 in interest on the certificates.

The 1990 Electric System Project was designed to meet the increasing demand for electric service in the District's service area. Included in the Project is a $62.5 million repowering of the El Centro Steam Plant, which is expected to increase the generating capacity there by 82 megawatts. The District is also purchasing a 75-megawatt steam plant and a 25-megawatt gas turbine unit near Yuma, Arizona, which will cost approximately $23 million.

Beyond the generation requirements for the District's electric load, are the facilities needed to deliver the power to its customers. Six $1.6 to $2 million substations along with upgrades to transmission lines are among the other construction projects to be financed.

The peak load on the IID system in 1990 was 545 megawatts. The summer's heat wave plagued power suppliers all over the Southwest, where because of the drought, there had been less hydrogeneration. In an attempt to avoid buying higher cost energy, the District embarked on

several energy conservation and load management advertising campaigns, which helped to even the demand on some of the hot weather days.

A 92-kV transmission line was successfully converted in May to 161-kV, running from El Centro to a new substation at Avenue 58 in La Quinta, an upgrade that will strengthen the District's service for the Coachella Valley.

A freak summer wind storm in the desert at the north end of the Salton Sea felled 23 steel lattice towers, damaging six miles of the District's 104-mile 230-kV transmission line that carries 375 megawatts of geothermal and other alternative energy out of the Imperial Valley to the Southern California Edison system near Indio. The storm was generated by a tropical hurricane moving North out of the Gulf of California June 9. IID rerouted about a third of the geothermal companies' production through its system while crews worked on an emergency basis to construct a temporary replacement line. The full geothermal load was placed on the new line within two weeks due to a tremendous amount of cooperation among the Bureau of Land Management, U.S. Fish & Wildlife, California Fish & Game, Southern California Edison, Irby Construction Company and IID employees who worked around the clock to accomplish the job so quickly.

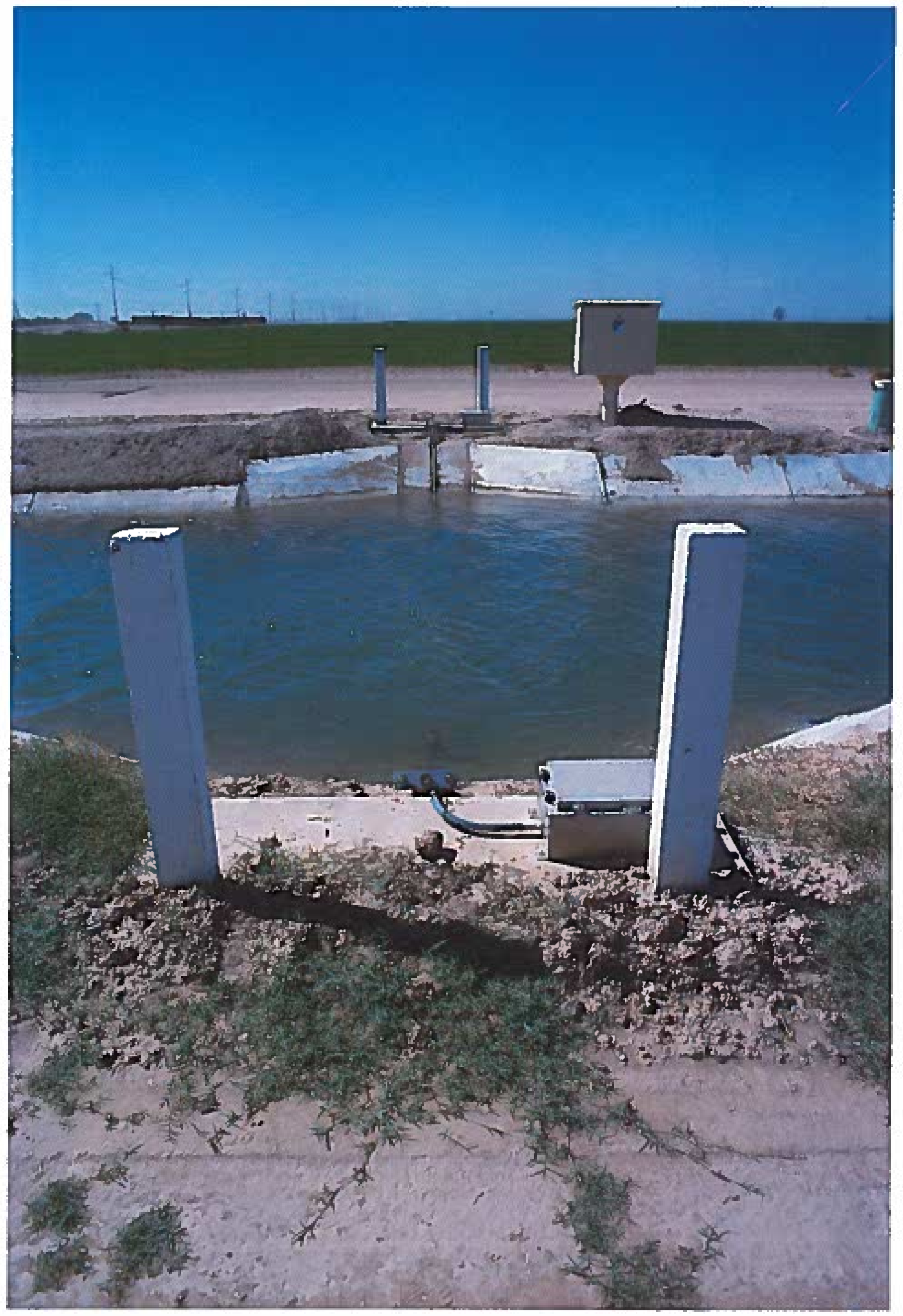
By the end of 1990, two more new substations and an operations/administrative complex in the Coachella Valley were near completion. Imperial Valley personnel were completing the first year's canal system automation work under the IID/MWD Water Conservation Program.

Although the Imperial Irrigation District escaped the worst of California's fourth year of drought, the District in 1990 began implementation of one of the most innovative and aggressive conservation programs ever undertaken by a water district. The conservation program was developed in an agreement with the Metropolitan Water District of Southern California, which will fund the projects and make use of the conserved water.

Construction began in February, and by the end of the year approximately 26,700 acre-feet of newly conserved water was made available through the conservation projects. The entire program is expected to conserve 106,000 acre-feet of water annually by 1994.

Perhaps the most intriguing part of the water conservation program is the automation of the delivery system. With the numerous small sites to be automated, such as canal gates and checks, it became evident early on, that a highly technical communications system needed to be developed. Each automated location is equipped with a slave radio to communicate with master radios at five microwave sites. The data is then converted for microwave relay back to the District's Water Control Center where it is changed into an analog signal and interpreted by a personal computer. It took two years of research and development to perfect this unique and sophisticated system, and successful implementation began in 1990.

In response to the State's pending water crisis, the IID also initiated a voluntary water conservation program in 1990 to reduce consumptive use within the District during the drought.



One very popular operational program during 1990 was the District's new 12-hour delivery service, which added flexibility for growers' water orders. Grower participation exceeded expectations, which resulted in even more water savings on the farm.

The results of the IID's five-year Tailwater Recovery Demonstration Program were released in September and indicated that pumpback systems are a viable alternative to promote agricultural water conservation in Imperial Valley. Impacts of the operation of pumpback systems on soil salinity, however, were not conclusive.

Several new on-farm water conservation systems, such as tailwater pumpback systems, drip irrigation systems and level basin irrigation, designed and to be operated by the grower, were selected in 1990 to be funded under the water conservation program.

Drip irrigation workshops were held during the year and the IID agreed to participate in a $1 million subsurface drip irrigation study to be performed over the next five years.

Water safety education and work to place canals underground in populated areas received continued emphasis in 1990. The District entered into several pipelining agreements with developers and cities to make residential areas safe from open canals.

In October, the Irrigation Association, at its annual meeting, presented the 1990 National Water and Energy Conservation Award jointly to the IID and the MWD. The award recognizes the IID/MWD Water Conservation Agreeement as a "unique contribution to the future of the irrigation industry and the conservation of water."

Biological Aquatic Plant Management

In a world dependent on chemical pest control, the District has pioneered the way instead for biological control of weeds in its canal system. Weed-eating grass carp were introduced by an IID-led research team and have been successfully used in local control of the noxious weed, hydrilla.

In addition to preserving water quality that could otherwise be damaged by a chemical weed control method, the IID program protects the balance of the resident fish population by using non-reproducing fish. More than 20,000 of the sterile fish were produced at the IID's grass carp hatchery in 1990. There, biologists artificially induce spawning, treat the eggs to produce sterility and raise the young fish in tanks and ponds. From the hatchery, the fish are planted in local canals and reservoirs to keep them free of weeds.

Water Conservation

With water conservation come many concerns about the resulting changes to environmental resources. Among the concerns in the Imperial Valley is the effect the reduction of water flowing into the Salton Sea will have on the Sea's elevation and salinity. IID continues to support the efforts of the Salton Sea Task Force to determine economically justifiable methods of maintaining and/or improving the resources in and around the Sea. IID has also helped fund additional studies to test the feasibility of evaporation pond and solar pond technologies to control the Sea's elevation and salinity.

For water conservation projects such as the concrete-lining of earthen canals, the IID prepares environmental documents to provide public notice of any anticipated impacts. IID is working closely with California's Department of Fish & Game and the U.S. Fish & Wildlife Service to develop mitigation programs for IID projects. Carter Reservoir features an area designed specifically for fish habitat, and another proposed reservoir will contain enhanced fisheries habitat and a test site for waterfowl habitat development.

Transmission System

Construction of new substations and transmission lines presents other environmental considerations. Even maintaining a line amid desert archeological artifacts and endangered species habitat can be a delicate task. The IID works closely with the responsible agencies involved to identify and protect these valuable historical sites.

Extensive field work and cooperation with the Bureau of Land Management and U.S. Fish and Wildlife Service was necessary after this summer's windstorm downed IID's 230-kV transmission line. The area impacted, Salt Creek, is one of the most environmentally sensitive locations in Imperial Valley. Salt Creek is the site of ancient Indian artifacts and habitat for several endangered species of fish and wildlife, including the desert pupfish and clapper rail. Before any clean up activities began, IID personnel met with the other agencies to walk the six miles of downed line and

Yuma Clapper Rail

identify the sensitive areas so that neither artifacts nor habitat would be disturbed.

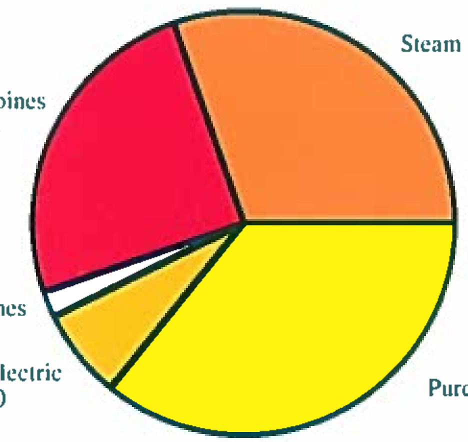
Energy Conservation

Customers of the District are offered $100 rebates for the installation of new energy-saving heat pumps or evaporative coolers. The program was initiated in 1990 and is expected to contribute toward reducing the District's energy load.

Residential and commercial energy audits are conducted routinely by District personnel in both Imperial and Coachella valleys. Time-of-use meters were installed during the summer of 1990 at 200 test residences and businesses to study energy consumption habits. Time-of-use systems are designed to help decrease a utility's peak energy demand and could be another option in IID's future efforts to conserve energy.

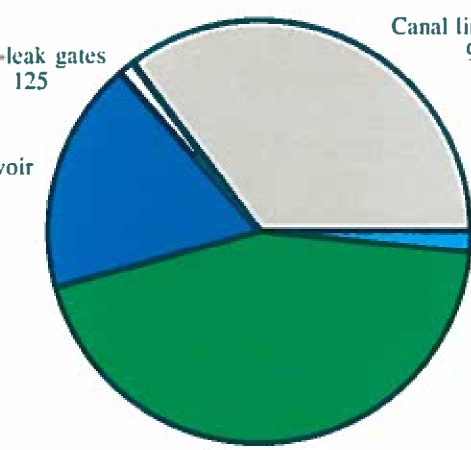
Power Resources
(Megawatts)

Total 1990 capacity: 592 megawatts



Water Conserved
(Acre-Feet)

26,700 AF of new water conserved in 1990



Calderon, Jaham & Osborn
KPMG Peat Marwick
a joint venture

Certified Public Accountants
1236 State Street
El Centro, CA 92243
(619) 352-6022

Independent Auditors' Report

The Board of Directors
Imperial Irrigation District:

We have audited the accompanying combined balance sheets of Imperial Irrigation District as of December 31, 1990 and 1989 and the related combined statements of income, changes in District equity and cash flows for the years then ended. These combined financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Imperial Irrigation District as of December 31, 1990 and 1989 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

March 1, 1991

KPMG Peat Marwick
Calderon, Jaham, & Osborn

IMPERIAL IRRIGATION DISTRICT

COMBINED BALANCE SHEETS

December 31, 1990 and 1989

ASSETS	1990 Water Department	1990 Power Department	1990 Combined	1989 Water Department	1989 Power Department	1989 Combined
CURRENT ASSETS:						
Cash and investments	$ 1,394,169	$ 8,021,836	$ 9,416,005	$ 356,087	$ 1,542,165	$ 1,898,252
Trade accounts receivable	5,076,535	15,295,855	20,372,390	5,144,195	14,053,393	19,197,588
Less allowance for doubtful accounts	126,498	1,929,695	2,056,193	252,000	1,755,000	2,007,000
Net trade accounts receivable	4,950,037	13,366,160	18,316,197	4,892,195	12,298,393	17,190,588
Other receivables	-0-	-0-	-0-	-0-	4,000,000	4,000,000
Inventories:						
Fuel oil	-0-	3,383,344	3,383,344	-0-	3,761,557	3,761,557
Materials and supplies	524,304	7,023,984	7,548,288	537,668	3,426,115	3,963,783
Prepaid expenses and deferred charges	75,952	52,510	128,462	31,467	28,766	60,233
Total current assets	6,944,462	31,847,834	38,792,296	5,817,417	25,056,996	30,874,413
CASH AND INVESTMENTS, RESTRICTED AS TO USE AND ALLOCATED FOR:						
Debt service	322,385	22,660,352	22,982,737	282,488	11,029,935	11,312,423
Construction	200,000	98,526,597	98,726,597	-0-	35,470,366	35,470,366
Self-insurance	4,020,000	3,520,000	7,540,000	3,520,000	3,020,000	6,540,000
Other	7,930,250	9,135,819	17,066,069	-0-	4,841,379	4,841,379
	12,472,635	133,842,768	146,315,403	3,802,488	54,361,680	58,164,168
UTILITY PLANT, at cost:						
Plant in service	172,981,075	442,389,741	615,370,816	148,119,003	379,913,760	528,032,763
Less accumulated depreciation	42,691,348	144,014,721	186,706,069	39,043,331	130,351,650	169,394,981
	130,289,727	298,375,020	428,664,747	109,075,672	249,562,110	358,637,782
Construction in process	384,810	1,111,160	1,495,970	141,130	10,317,304	10,458,434
	130,674,537	299,486,180	430,160,717	109,216,802	259,879,414	369,096,216
	$150,091,634	$465,176,782	$615,268,416	$118,836,707	$339,298,090	$458,134,797

IMPERIAL IRRIGATION DISTRICT

COMBINED BALANCE SHEETS

December 31, 1990 and 1989

LIABILITIES AND DISTRICT EQUITY	1990 Water Department	1990 Power Department	1990 Combined	1989 Water Department	1989 Power Department	1989 Combined
CURRENT LIABILITIES:						
Current maturities of long-term debt	$ 1,031,487	$ 7,290,801	$ 8,322,288	$ 743,912	$ 3,800,801	$ 4,544,713
Accounts payable	2,573,007	7,887,401	10,460,408	1,394,664	7,175,758	8,570,422
Accrued interest payable	22,012	1,987,086	2,009,098	13,467	641,705	655,172
Accrued compensation and payroll taxes	407,305	407,305	814,610	1,094,921	186,777	1,281,698
Accrued vacation and sick leave	1,926,682	1,741,601	3,668,283	1,543,630	1,525,871	3,069,501
Deferred revenues	2,454,399	-0-	2,454,399	2,340,772	-0-	2,340,772
Total current liabilities	8,414,892	19,314,194	27,729,086	7,131,366	13,330,912	20,462,278
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:						
Other accrued expenses, noncurrent portion	3,623,000	2,459,500	6,082,500	3,463,000	2,729,500	6,192,500
Advances and deposits from customers	335,000	1,094,633	1,429,633	215,109	1,042,822	1,257,931
Refundable to customers	-0-	6,746,076	6,746,076	-0-	3,669,342	3,669,342
	3,958,000	10,300,209	14,258,209	3,678,109	7,441,664	11,119,773
LONG-TERM DEBT:						
Certificates of Participation	-0-	134,254,485	134,254,485	-0-	43,110,000	43,110,000
All-American Canal obligation	1,991,872	122,402	2,114,274	2,701,671	163,203	2,864,874
Bonds payable	2,136,302	-0-	2,136,302	1,533,104	-0-	1,533,104
Capital lease	734,875	-0-	734,875	-0-	-0-	-0-
	4,863,049	134,376,887	139,239,936	4,234,775	43,273,203	47,507,978
DEFERRED CREDITS AND OTHER LIABILITIES:						
Advances for construction	-0-	68,144	68,144	-0-	73,237	73,237
Accrued vacation and sick leave, noncurrent portion	944,764	1,162,029	2,106,793	928,207	888,112	1,816,319
	944,764	1,230,173	2,174,937	928,207	961,349	1,889,556
Total liabilities	18,180,705	165,221,463	183,402,168	15,972,457	65,007,128	80,979,585
DISTRICT EQUITY:						
Contributions in aid of construction	22,393,399	59,171,015	81,564,414	3,822,408	57,229,962	61,052,370
Retained earnings:						
Undesignated	97,151,139	107,990,121	205,141,260	95,298,814	163,489,289	258,788,103
Designated retained earnings — restricted assets	12,472,635	133,842,768	146,315,403	3,802,488	54,361,680	58,164,168
Total retained earnings	109,623,774	241,832,889	351,456,663	99,101,302	217,850,969	316,952,271
Net unrealized loss on investments	(106,244)	(1,048,585)	(1,154,829)	(59,460)	(789,969)	(849,429)
Total District equity	131,910,929	299,955,319	431,866,248	102,864,250	274,290,962	377,155,212
	$150,091,634	$465,176,782	$615,268,416	$118,836,707	$339,298,090	$458,134,797

See accompanying notes to combined financial statements.

IMPERIAL IRRIGATION DISTRICT

COMBINED STATEMENTS OF INCOME

Years Ended December 31, 1990 and 1989

	1990			1989		
	Water Department	Power Department	Combined	Water Department	Power Department	Combined
OPERATING REVENUES:						
Power sales	$ -0-	$131,569,302	$131,569,302	$ -0-	$130,286,813	$130,286,813
Water sales	29,192,420	-0-	29,192,420	30,085,615	-0-	30,085,615
Water availability charge	1,963,527	-0-	1,963,527	1,992,368	-0-	1,992,368
Interdepartmental charges:						
Use of All-American Canal	1,118,599	(1,118,599)	-0-	934,699	(934,699)	-0-
Power sales	(648,956)	648,956	-0-	(667,433)	667,433	-0-
Other	-0-	6,665,086	6,665,086	-0-	5,738,117	5,738,117
	31,625,590	137,764,745	169,390,335	32,345,249	135,757,664	168,102,913
OPERATING EXPENSES:						
Cost of fuel	-0-	17,586,598	17,586,598	-0-	16,984,795	16,984,795
Purchased power	-0-	59,701,222	59,701,222	-0-	60,852,201	60,852,201
Other power expenses	-0-	15,202,789	15,202,789	-0-	12,448,219	12,448,219
Operation and maintenance of All-American Canal	1,889,086	-0-	1,889,086	1,359,796	-0-	1,359,796
Operation and maintenance of irrigation system and dams	14,161,854	-0-	14,161,854	13,661,757	-0-	13,661,757
General and administration expense	8,865,121	11,295,897	20,161,018	10,928,765	11,789,788	22,718,553
Provision for depreciation	2,435,647	11,513,271	13,948,918	2,234,328	10,422,297	12,656,625
	27,351,708	115,299,777	142,651,485	28,184,646	112,497,300	140,681,946
Net operating income	4,273,882	22,464,968	26,738,850	4,160,603	23,260,364	27,420,967
NONOPERATING REVENUES (EXPENSES):						
Interest income	975,823	10,006,547	10,982,370	215,438	3,329,209	3,544,647
Interest expense	(81,458)	(8,489,595)	(8,571,053)	(933,963)	(3,379,696)	(4,313,659)
Other income	5,381,350	-0-	5,381,350	-0-	4,000,000	4,000,000
Other expenses	(27,125)	-0-	(27,125)	(291,585)	-0-	(291,585)
	6,248,590	1,516,952	7,765,542	(1,010,110)	3,949,513	2,939,403
Net income	$ 10,522,472	$ 23,981,920	$ 34,504,392	$ 3,150,493	$ 27,209,877	$ 30,360,370

See accompanying notes to combined financial statements.

IMPERIAL IRRIGATION DISTRICT

COMBINED STATEMENTS OF CHANGES IN DISTRICT EQUITY

Years Ended December 31, 1990 and 1989

	1990		
	Water Department	Power Department	Combined
RETAINED EARNINGS:			
Balance at January 1, 1990	$ 99,101,302	$ 217,850,969	$ 316,952,271
Net income	10,522,472	23,981,920	34,504,392
Balance at December 31, 1990	109,623,774	241,832,889	351,456,663
CONTRIBUTIONS IN AID OF CONSTRUCTION:			
Balance at January 1, 1990	3,822,408	57,229,962	61,052,370
Contributions received	19,438,850	3,901,156	23,340,006
Less amortization	(867,859)	(1,960,103)	(2,827,962)
Balance at December 31, 1990	22,393,399	59,171,015	81,564,414
NET UNREALIZED LOSS ON INVESTMENTS	(106,244)	(1,048,585)	(1,154,829)
Total District equity at December 31, 1990	$ 131,910,929	$ 299,955,319	$ 431,866,248

	1989		
	Water Department	Power Department	Combined
RETAINED EARNINGS:			
Balance at January 1, 1989	$ 95,950,809	$ 190,641,092	$ 286,591,901
Net income	3,150,493	27,209,877	30,360,370
Balance at December 31, 1989	99,101,302	217,850,969	316,952,271
CONTRIBUTIONS IN AID OF CONSTRUCTION:			
Balance at January 1, 1989	3,997,124	56,438,286	60,435,410
Contributions received	110,949	2,633,945	2,744,894
Less amortization	(285,665)	(1,842,269)	(2,127,934)
Balance at December 31, 1989	3,822,408	57,229,962	61,052,370
NET UNREALIZED LOSS ON INVESTMENTS	(59,460)	(789,969)	(849,429)
Total District equity at December 31, 1989	$ 102,864,250	$ 274,290,962	$ 377,155,212

See accompanying notes to combined financial statements.

IMPERIAL IRRIGATION DISTRICT

COMBINED STATEMENTS OF CASH FLOWS

Years Ended December 31, 1990 and 1989

	1990			1989		
	Water Department	Power Department	Combined	Water Department	Power Department	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income	$ 10,522,472	$ 23,981,920	$ 34,504,392	$ 3,150,493	$ 27,209,877	$ 30,360,370
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization	4,066,237	14,293,848	18,360,085	3,188,814	12,837,062	16,025,876
Gain on disposal of property	(56,328)	(13,089)	(69,417)	-0-	-0-	-0-
Gain (loss) on sale of investments	12,874	(151,350)	(138,476)	-0-	-0-	-0-
(Increase) decrease in assets and increase (decrease) in liabilities:						
Trade accounts receivable	(57,842)	(1,067,767)	(1,125,609)	398,460	(2,882,709)	(2,484,249)
Other receivables	-0-	4,000,000	4,000,000	-0-	(4,000,000)	(4,000,000)
Inventories	13,364	(3,219,656)	(3,206,292)	(135,907)	1,099,711	963,804
Prepaid expenses and deferred charges	(44,485)	(23,744)	(68,229)	(1,275)	235,394	234,119
Accounts payable	1,178,343	711,643	1,889,986	811,524	(2,287,312)	(1,475,788)
Accrued interest payable	8,545	1,345,381	1,353,926	(2,834)	(43,100)	(45,934)
Accrued compensation and payroll taxes	(687,616)	220,528	(467,088)	518,363	44,229	562,592
Accrued vacation and sick leave	399,609	489,647	889,256	408,856	315,326	724,182
Deferred revenues	113,627	-0-	113,627	32,473	-0-	32,473
Other accrued expenses	160,000	(270,000)	(110,000)	900,000	1,250,000	2,150,000
Refundable to customers	-0-	3,076,734	3,076,734	-0-	(960,716)	(960,716)
Net cash provided by operating activities	15,628,800	43,374,095	59,002,895	9,268,967	32,817,762	42,086,729
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures, net	(25,204,259)	(53,994,791)	(79,199,050)	(6,999,190)	(32,672,889)	(39,672,079)
(Increase) decrease in restricted assets	(8,670,147)	(79,481,088)	(88,151,235)	(2,306,591)	3,987,142	1,680,551
Net cash used in investing activities	(33,874,406)	(133,475,879)	(167,350,285)	(9,305,781)	(28,685,747)	(37,991,528)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from issuance of long-term debt	1,452,494	101,345,013	102,797,507	-0-	-0-	-0-
Principal payments of long-term debt	(859,688)	(6,751,329)	(7,611,017)	(758,289)	(3,592,919)	(4,351,208)
Increase (decrease) in advances and deposits	119,891	46,718	166,609	(192,392)	(235,370)	(427,762)
Increase (decrease) in contributions in aid of construction, net	18,570,991	1,941,053	20,512,044	(174,716)	791,676	616,960
Net cash provided by (used in) financing activities	19,283,688	96,581,455	115,865,143	(1,125,397)	(3,036,613)	(4,162,010)
Net increase (decrease) in cash	1,038,082	6,479,671	7,517,753	(1,162,211)	1,095,402	(66,809)
Cash and investments at beginning of year	356,087	1,542,165	1,898,252	1,518,298	446,763	1,965,061
Cash and investments at end of year	$ 1,394,169	$ 8,021,836	$ 9,416,005	$ 356,087	$ 1,542,165	$ 1,898,252
Supplementary cash flow information — interest paid (including amounts capitalized of $483,900 in 1990 and $566,300 in 1989)	$ 80,123	$ 7,538,341	$ 7,618,464	$ 59,423	$ 3,981,689	$ 4,041,112

See accompanying notes to combined financial statements.

IMPERIAL IRRIGATION DISTRICT

NOTES TO COMBINED FINANCIAL STATEMENTS

Years Ended December 31, 1990 and 1989

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Imperial Irrigation District (the District) is a public entity organized in 1911 under the Irrigation District Law (codified at Division 11 of the California Water Code). The District has the powers under the law to, among other things, provide irrigation and electric service within its geographic boundaries. In connection therewith, the District has the powers of eminent domain to contract, to construct works, to fix rates and charges for commodities or services furnished and to incur indebtedness.

The District is governed by a five-member Board of Directors elected by the citizens. An appointed general manager oversees daily operations.

Basis of Presentation

Separate accounting records are maintained for the Water and Power Departments of the Imperial Irrigation District. The account classifications used by the District for accounting and financial reporting purposes are comparable to those used by other irrigation districts and electric utilities. Such account classifications used by the Power Department are specified by the Uniform System of Accounts as prescribed by the U.S. Federal Energy Regulatory Commission. The account classifications of the Water Department were adopted to facilitate computations required by a provision of the All-American Canal contract.

Both account classification structures conform to generally accepted accounting principles consistent with enterprise fund accounting. The accounting records of the District are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized when incurred, regardless of when paid. The effects of interdepartmental transactions have not been eliminated at the individual department level, as the Board of Directors of the District believes that the operating results of such departments should remain segregated for management review and rate setting purposes. Such segregation is also required for evidence of compliance with debt agreements relating to the District's outstanding Certificates of Participation.

Utility Plant

Utility plant is stated at cost, which includes labor, materials, interest capitalized during the construction period, purchased services and certain overhead items. Water and electric plant retirements are removed from the accounts at cost, together with the related accumulated depreciation. Any gains or losses resulting from retirements are recorded as nonoperating revenues or expenses.

The District has an undivided interest in power generation stations and transmission systems that are jointly owned with several utilities. The operating agreement under which the facilities were constructed provided that each participant provide its own construction financing. The District's proportionate share of construction and improvement costs for such jointly owned facilities is included in the appropriate category of utility plant. The District incurs certain minimum operating costs on jointly owned facilities, whether or not it is able to take delivery of its proportionate share of energy generated. Such expenses incurred are included in the accompanying statements of income.

Depreciation

Buildings, vehicles, equipment, drainage structures, canal linings and canal structures owned by the Water Department and Power Department are depreciated on a straight-line basis over their estimated useful lives. Expenditures which materially increase utility plant lives are capitalized, while costs of maintenance and repairs are charged to expense as incurred.

Inventories

Inventories consisting of fuel oil, materials and supplies are recorded at cost on a first-in, first-out weighted-average basis.

Revenues

The principal customers of the Water Department are farm operators and cities, who in turn resell such water to their customers. The Water Department's customers are billed at the end of each month for sales made during the month. In addition, each landowner pays an annual water availability fee that is based upon acreage held within the District. Customers of the Power Department are billed on a cyclic basis. Water and power revenues are recorded when billed, except for the water availability fee which is billed in December but recorded as revenue ratably throughout the year; accordingly, such billings are considered to be deferred revenues. Unbilled water and electric service revenues are not considered significant.

Refundable to Customers

Fuel costs billed to power customers in excess of actual fuel costs incurred are considered refundable to the customer. Such costs are refunded through subsequent reductions of fuel costs billed.

Restricted Assets

Restricted funds represent allocations of cash balances pursuant to provisions of the All-American Canal contract, the covenants of the Certificates of Participation and for other purposes specified by the Board of Directors.

Cash and Investments

The District invests its idle cash on a daily basis. Certain of these investments are in bank certificates of deposit. Other investments consist primarily of Federally backed securities and a deposit with the State Treasurer's Local Agency Investment Fund.

Such investments are stated at the lower of cost or market value.

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 2 - Cash and Investments

The District's investment policies allow for investments in obligations of U.S. Treasury and other Federal agencies, State Treasury and other state and local governmental agencies, bankers' acceptances, commercial paper, mortgage securities and the State Treasurer's Local Agency Investment Fund.

Investments held by the District are reported at the lower of cost or market. At December 31, 1990, the accompanying combined financial statements reflect a net unrealized loss of $1,154,829. This decline in value is largely due to increased interest rates at year-end over those earned on the investments. The District management believed that such declines are temporary and accordingly has made no provision for a permanent decline in the accompanying combined financial statements.

	Category 1	Category 2	Category 3	Not Required to categorize	Market value
Cash deposits	$ 3,190,272	$ 202,378	$11,214,812	$ -0-	$14,607,462
INVESTMENTS:					
U.S. Treasury obligations	6,127,310	4,573,274	-0-	-0-	10,700,584
U.S. agency obligations	63,110,106	1,546,469	-0-	-0-	64,656,575
Mortgage securities	826,723	10,469,397	-0-	-0-	11,296,120
Medium-term corporate notes	-0-	48,101,306	-0-	-0-	48,101,306
Commercial paper	-0-	-0-	986,542	-0-	986,542
Mutual funds	-0-	-0-	-0-	1,882,819	1,882,819
Local Agency Investment Fund	-0-	-0-	-0-	3,500,000	3,500,000
Total investments	70,064,139	64,690,446	986,542	5,382,819	141,123,946
Total cash deposits and investments	$73,254,411	$64,892,824	$12,201,354	$ 5,382,819	$155,731,408

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end, as such categories are defined by the Governmental Accounting Standards Board. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its independent agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the District's name.

Note 3 - Interdepartmental Transactions

Although the Water and Power Departments of the District maintain separate accounting records, there are certain interdepartmental transactions. Significant transactions primarily involve charges by the Water Department to the Power Department for the use of water to generate electricity on the canal system and for the use of buildings, vehicles and equipment.

The interdepartmental charge for use of water in the All-American Canal to generate electricity is based upon the amount authorized by the Board of Directors in 1976 and 1988.

Charges for use of buildings, vehicles and equipment are based upon a pro rata distribution of costs of related maintenance operation and depreciation.

General and administrative expenses of the District are allocated between departments, with the majority of the expenses allocated 50% to the Power Department and 50% to the Water Department.

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 4 - Utility Plant

UTILITY PLANT IS COMPRISED OF THE FOLLOWING:

	1990 Water Department	1990 Power Department	1990 Combined	1989 Water Department	1989 Power Department	1989 Combined
Land and land rights	$ 6,739,355	$ 5,392,248	$ 12,131,603	$ 6,743,105	$ 4,760,346	$ 11,503,451
Structures and improvements	5,676,370	56,058,661	61,735,031	4,670,214	42,567,841	47,238,055
Canals	82,737,054	-0-	82,737,054	66,860,904	-0-	66,860,904
Drainage	30,335,755	-0-	30,335,755	28,987,393	-0-	28,987,393
All-American Canal	23,863,478	-0-	23,863,478	23,863,478	-0-	23,863,478
Conservation equipment	961,834	-0-	961,834	1,061,834	-0-	1,061,834
Dredges and field equipment	7,709,423	1,130,585	8,840,008	4,773,159	1,011,002	5,784,161
Automobiles and trucks	5,977,846	8,399,510	14,377,356	4,834,784	7,334,949	12,169,733
Other plant equipment	6,366,890	22,261,372	28,628,262	3,975,810	18,834,635	22,810,445
Steam plant equipment	-0-	26,168,105	26,168,105	-0-	25,631,738	25,631,738
Hydroelectric generating equipment	-0-	21,030,769	21,030,769	-0-	20,809,678	20,809,678
Gas turbines	-0-	21,092,135	21,092,135	-0-	21,092,135	21,092,135
Transmission plant	-0-	146,482,093	146,482,093	-0-	129,674,004	129,674,004
Distribution plant	-0-	130,777,611	130,777,611	-0-	104,601,686	104,601,686
Reservoirs and dams	2,613,070	3,596,652	6,209,722	2,348,322	3,595,746	5,944,068
Plant in service	$172,981,075	$442,389,741	$615,370,816	$148,119,003	$379,913,760	$528,032,763

LESS ACCUMULATED DEPRECIATION:

	1990 Water Department	1990 Power Department	1990 Combined	1989 Water Department	1989 Power Department	1989 Combined
Balance at beginning of year	$ 39,043,331	$130,351,650	$169,394,981	$ 36,699,730	$118,429,778	$155,129,508
Add:						
Depreciation expense	3,198,378	12,333,745	15,532,123	2,903,149	10,994,793	13,897,942
Amortization	867,859	1,960,103	2,827,962	285,665	1,842,269	2,127,934
Less retirements, net	418,220	630,777	1,048,997	845,213	915,190	1,760,403
Balance at end of year	42,691,348	144,014,721	186,706,069	39,043,331	130,351,650	169,394,981
Net book value	$130,289,727	$298,375,020	$428,664,747	$109,075,672	$249,562,110	$358,637,782

DEPRECIATION AND AMORTIZATION EXPENSE FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989, RESPECTIVELY, ARE ALLOCATED AS FOLLOWS:

	1990 Water Department	1990 Power Department	1990 Combined	1989 Water Department	1989 Power Department	1989 Combined
Included in operation and maintenance expenses	$ 762,731	$ 820,474	$ 1,583,205	$ 668,821	$ 572,496	$ 1,241,317
Provision for depreciation	2,435,647	11,513,271	13,948,918	2,234,328	10,422,297	12,656,625
Total depreciation	3,198,378	12,333,745	15,532,123	2,903,149	10,994,793	13,897,942
Amortization	867,859	1,960,103	2,827,962	285,665	1,842,269	2,127,934
Total depreciation and amortization	$ 4,066,237	$ 14,293,848	$ 18,360,085	$ 3,188,814	$ 12,837,062	$ 16,025,876

Note 5 - Long-Term Debt

LONG-TERM DEBT CONSISTS OF THE FOLLOWING:

	1990				
	Water Department		Power Department		
	Current portion	Long-term	Current portion	Long-term	Total
Certificates of Participation (note 6)	$ -0-	$ -0-	$ 4,045,000	$ 39,065,000	$ 43,110,000
Certificates of Participation — 1990 (note 6)	-0-	-0-	3,205,000	95,189,485	98,394,485
All-American Canal obligation (note 7)	709,800	1,991,671	40,801	122,402	2,864,874
Water bonds payable (note 8)	57,837	2,136,303	-0-	-0-	2,194,140
Obligation under capital lease (note 9)	263,850	734,875	-0-	-0-	998,725
	$ 1,031,487	$ 4,863,049	$ 7,290,801	$134,376,887	$147,562,224

	1989				
	Water Department		Power Department		
	Current portion	Long-term	Current portion	Long-term	Total
Certificates of Participation (note 6)	$ -0-	$ -0-	$ 3,760,000	$43,110,000	$46,870,000
All-American Canal obligation (note 7)	709,800	2,701,671	40,801	163,203	3,615,475
Water bonds payable (note 8)	34,112	1,533,104	-0-	-0-	1,567,216
Obligation under capital lease (note 9)	-0-	-0-	-0-	-0-	-0-
	$ 743,912	$ 4,234,775	$ 3,800,801	$43,273,203	$52,052,691

IMPERIAL IRRIGATION DISTRICT

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 6 - Certificates of Participation

1983 Issue

The proceeds from a $65,000,000 issue of Certificates of Participation (Certificates) were used to finance: the District's ownership interest in a portion of the Southwest Powerlink between the Palo Verde Nuclear Power Plant (Palo Verde) and its Imperial Valley Substation, transmission facilities between Palo Verde and the Imperial Valley Substation, equipment to facilitate the controlling and dispatching of the District's power resources, and certain hydroelectric generating facilities to be utilized by the District.

The Certificates are payable annually on May 1. Interest is payable semiannually on May 1 and November 1, with interest rates ranging from 5.0% to 8.8%.

The Certificates' terms of obligation indenture require maintenance of certain financial ratios with which the District has complied for 1990 and 1989.

A summary of debt service for the Certificates of Participation is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
May 1, 1991	$ 4,045,000	$ 3,411,484	$ 7,456,484
May 1, 1992	4,355,000	3,080,540	7,435,540
May 1, 1993	4,700,000	2,715,990	7,415,990
May 1, 1994	5,085,000	2,317,155	7,402,155
May 1, 1995	5,500,000	1,880,420	7,380,420
Thereafter	19,425,000	2,580,045	22,005,045
	$ 43,110,000	$ 15,985,634	$ 59,095,634

1990 Issue

In April 1990, the District issued Certificates of Participation (Certificates) in the amount of $103,815,000 to finance: the retrofitting of a generating unit at the District's El Centro Steam Plant, the purchase of an existing steam-electric generating unit and combustion turbine-electric generating unit, the construction of an office facility, and additions and improvements to the District's transmission and distribution facilities, including normal additions and extensions.

Certificates in the form of current interest certificates mature from 1990 through 2009, inclusive, with interest of 5.8% to 7.8% payable semiannually. Certificates in the form of capital appreciation certificates mature from 2000 through 2004 for which interest compounds semiannually but is not paid until maturity or earlier redemption. These certificates were recorded net of discount of $2,395,515 attributable to capital appreciation certificates.

The Certificates' terms of the obligation indenture require maintenance of certain financial ratios with which the District has complied.

A summary of debt service for the District's Certificates of Participation is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 1991	$ 3,205,000	$ 6,367,208	$ 9,572,208
November 1, 1992	3,395,000	6,174,908	9,569,908
November 1, 1993	3,605,000	5,966,115	9,571,115
November 1, 1994	3,830,000	5,740,802	9,570,802
November 1, 1995	4,070,000	5,497,597	9,567,597
Thereafter	82,685,000	48,327,425	131,012,425
	$ 100,790,000	$ 78,074,055	$ 178,864,055

Note 7 - All-American Canal Contract

Pursuant to the terms of the Boulder Canyon Project, the All-American Canal contract dated December 1, 1932, and the amendment and supplement to that contract dated March 4, 1952, the District assumed an initial obligation of $25,020,000 to the Federal Government. This amount represents the District's share of the All-American Canal system construction costs. This obligation has been allocated to the Water and Power Departments based on the relative cost of each department's respective utility plant located on the All-American Canal system. Except for the combined annual payments of $750,600 through 1994, no other amounts are due to the Federal Government for water supplied to the District. The contract contains no provision for the payment of interest by the District, and no rate has been imputed. The unpaid balance at December 31, 1990 and 1989 was $2,864,874 and $3,615,475, respectively. (See note 5.)

The District receives its entire water supply for its irrigation system from the Federal Government under this contract. Deliveries of water and use of the All-American Canal are guaranteed, in perpetuity, to the District as long as the provisions of the contract are met.

Under the All-American Canal contract and certain other agreements, the District has the right to avail itself of hydroelectric generation from the water flow through the Canal, subject to the sharing of certain derived revenues with another water district. The most significant of such sharing arrangements is with the Coachella Valley County Water District (Coachella). In 1934, Coachella leased its power rights on the Canal to the District for a period of 99 years. Expenses under this agreement are paid to the Federal Government for the credit of Coachella and are regarded as payments made under the District's normal obligation under the All-American Canal contract.

Note 8 - Bonds Payable

In 1988, pursuant to the State of California Clean Water Bond Law of 1984, the State of California loaned the District $1,600,000 to pay costs associated with a water conservation program. The amounts are payable in semiannual installments on April 1 and October 1 until the principal is repaid. Interest accrues at 4.013% per annum.

In 1990, the State of California loaned the District an additional $680,000 to pay for eligible project costs, therefore increasing the total obligation to $2,280,000, of which $85,860 has been paid as of December 31, 1990.

The debt service on such obligation is as follows:

	Principal	Interest	Total Debt Service
1991	$ 57,837	$ 87,474	$ 145,311
1992	60,181	85,130	145,311
1993	62,620	82,691	145,311
1994	65,159	80,152	145,311
1995	67,800	77,512	145,311
Thereafter	1,880,543	800,047	2,680,590
	$ 2,194,140	$ 1,213,006	$ 3,407,146

IMPERIAL IRRIGATION DISTRICT
NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 9 - Capital Lease

During 1990, the District acquired two caterpillar excavators and three caterpillar tractors through a lease-purchase agreement. They also acquired property in El Centro through a lease-purchase agreement extending over a ten-year period.

A summary of the lease payments is as follows:

	Caterpillar	George Bell property
1991	$ 278,688	$ 51,157
1992	278,688	53,416
1993	159,202	53,416
1994	-0-	53,416
1995	-0-	53,416
1996	-0-	53,416
1997	-0-	53,416
1998	-0-	53,416
1999	-0-	53,416
2000	-0-	4,452
	716,578	482,937
Less interest portion	66,673	134,117
	$ 649,905	$ 348,820

Note 10 - Employee Benefit Plan

The District has a defined benefit pension plan (the Plan) covering substantially all of its employees. Under the terms of the Plan, employees are eligible to participate after completing six months of continuous service. Employees become 20% vested in the Plan after four years of service, and after attaining the age of 40, participants continue to vest an additional 20% for every 4 years of service.

The District's contribution to the Plan is determined by the aggregate-entry-age-normal-cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. Contributions made by the District and retirement benefits vary depending upon the age of the employee at the date of entry into the Plan, the average basic salary attained and the employee's retirement age.

The District's contributions to the Plan were as follows:

	DECEMBER 31	
	1990	1989
Normal Cost	$ 1,264,235	$ 1,081,000
Unfunded actuarial accrued liability	766,442	615,000
Total contributions	$ 2,030,677	$ 1,696,000

Retirement benefits are payable beginning at age 65 based on 75% of the employee's Basic Monthly Salary. Vested employees may retire at or after age 55 and receive reduced retirement benefits provided 10 years of continuous service has been achieved. Benefits are payable based on the actuarial equivalent of accrued benefits. The plan also includes death and disability benefits.

A summary of the financial position of the plan at January 1, 1990 and 1989, the most recent actuarial data available, is as follows:

	JANUARY 1	
	1990	1989
Pension benefit obligation:		
Inactive employees:		
Retirees	$ 55,368	$ 52,860
Vested terminated	38,205	85,815
Disabled/death	-0-	-0-
	93,573	138,675
Active employees:		
Accumulated employee contributions	5,205,643	5,334,855
Employer-paid vested benefits	12,860,921	8,862,146
Employer-paid nonvested benefits	2,443,313	2,024,101
	20,509,877	16,221,102
Total pension benefit obligation	20,603,450	16,359,777
Net assets available for benefits	25,605,788	23,501,467
Net assets in excess of pension benefit obligation	$ 5,002,338	$ 7,141,690

The term "pension benefit obligation" reflects the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, estimated to be payable in the future as a result of employee service to date. Significant assumptions used to determine the pension benefit obligation and the actuarial accrued liability include:

- A rate of return on the investment of present and future assets of 8%
- Salary increases of 6% per year compounded annually
- Loading for expenses: 2% of gross cost
- Retirement age of 65.

Certain historical trend information is summarized as follows:

	DECEMBER 31	
	1990	1989
Covered payroll	$ 33,682,560	$ 29,945,040
Employer contribution as a percentage of covered payroll	7.00%	5.66%

Amounts charged to operations were $2,591,488 and $1,868,436 for 1990 and 1989, respectively.

IMPERIAL IRRIGATION DISTRICT

NOTES TO COMBINED FINANCIAL STATEMENTS, CONTINUED

Note 11 - Commitments and Contingencies

Litigation

In the ordinary course of operations, the District is the subject of claims and litigation from outside parties. After consultation with legal counsel, the District believes that adequate provision has been made for the costs, if any, of the ultimate outcome of the legal proceedings, such that these matters will not materially affect the District's combined financial condition.

Self-Insurance

The District is fully self-insured for workers' compensation claims and employee medical care benefits. At December 31, 1990 and 1989, the District accrued $2,082,500 and $2,692,500, respectively, for estimated claims to be paid in the future. In addition, the District is partially self-insured for general claims and carries excess insurance coverage for general liability. At December 31, 1990 and 1989, the District accrued $4,000,000 and $3,500,000 respectively, for estimated claims. Such amounts have been included in other accrued expenses in the accompanying combined balance sheets.

Take or Pay Contract

The District has an energy and capacity contract with Southern California Public Power Authority (SCPPA), a joint powers authority organized under the laws of the State of California. Under the contract, the District purchases 6.5% of the energy generated by SCPPA's 5.91% ownership in the Palo Verde Nuclear Project (the Project), a nuclear-fueled generating station. Under the terms of the contract, the District must make certain minimum payments, whether or not the District receives power, based upon the debt service requirements of the Project. The District's estimates of such minimum payments are:

1991	$ 5,694,851
1992	5,695,182
1993	5,694,676
1994	5,695,081
1995	5,694,744
Thereafter	5,695,037
	$34,169,571

The District makes monthly payments to SCPPA for its portion of costs, which include charges for decommissioning the nuclear power plant. Such charges are recorded by the District as cost of fuel in the accompanying combined statements of income.

Energy Supply Purchase Commitment

The District has an energy supply contract with El Paso Electric Company. The agreement terminates April 30, 2002. The purchase commitment is all energy supplied under the contract up to 100 megawatts. All energy over 100 megawatts is to be charged at a fixed rate. The District's estimated yearly purchase commitment under this agreement is as follows:

1991	$21,948,000
1992	23,640,000
1993	23,640,000
1994	23,640,000
1995	23,589,000

Heber-Mirage Transmission Project

The District entered into an agreement with several independent small power producers operating in the Imperial Valley. The agreement provided for the construction of the Heber-Mirage Transmission Project (Project) consisting of a new electric transmission line and alternative energy resource facility. The Project was funded entirely by the participants and completed in 1988. The total extent of the participants' funding contributions, as provided for by the agreement, totaled $65,188,400.

In exchange for such funding contributions to construct the Project, the District agreed to grant each participant transmission credits equal to the total amount of their respective contributions, including finance costs and other fees. These transmission credits are used to offset periodic energy billings for power generated by the Project and sold to the participants, and expire after 15 years from the completion date of the Project.

Postretirement Benefits

The District provides health and life insurance benefits for retired employees upon reaching normal retirement age while working for the District. Such benefits, which are not significant in relation to total administrative expenses, are recorded as an expense as claims are paid and amounted to approximately $619,900 and $488,000 for 1990 and 1989, respectively.

Note 12 - Metropolitan Water District

In January 1990, the District received approximately $18,343,000 from the Metropolitan Water District of Southern California (MWD), to initiate a water conservation program. The purpose of the payment is to provide capital for District-constructed water conservation Projects in the Imperial Valley. The amount received in January 1990, represents the estimated capital and annual direct costs that the District incurred during the first year of the program. Thereafter, the District will be reimbursed for approved amounts through the year 2028. In return for such payments, MWD will be entitled to receive the water that is estimated to be conserved as a result of the implemented conservation measures.

During the year, the District received an additional $4,600,000 from MWD that is included in other restricted cash and has been set aside for indirect costs.

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