



COLORADO RIVER AUTHORITY

Statements of Cash Receipts and Disbursements
(Cash Basis)

June 30, 2008 and 2007

(With Independent Auditors' Report Thereon)



KPMG LLP
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355 South Grand Avenue
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Independent Auditors' Report

The Members
Colorado River Authority:

We have audited the accompanying statements of cash receipts and disbursements of the Colorado River Authority (the Authority) for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the Authority and the trustee for its funds, The Metropolitan Water District of Southern California. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of cash receipts and disbursements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of cash receipts and disbursements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statements of cash receipts and disbursements. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the accompanying note to the statements of cash receipts and disbursements, these financial statements present a summary of cash activity of the Authority prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Colorado River Authority for the years ended June 30, 2008 and 2007, on the basis of accounting described in the accompanying note to the statements of cash receipts and disbursements.

KPMG LLP

October 21, 2008

COLORADO RIVER AUTHORITY
Statements of Cash Receipts and Disbursements
(Cash Basis)

Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Receipts:		
Contributions from supporting agencies	\$ 42,100	81,401
	<u>42,100</u>	<u>81,401</u>
Disbursements:		
Travel and conference expenses	(30,855)	(34,005)
Newsletter/releases	(7,020)	(4,357)
Total disbursements	<u>(37,875)</u>	<u>(38,362)</u>
Net change in cash	4,225	43,039
Cash at the beginning of the year	<u>269,758</u>	<u>226,719</u>
Cash at the end of the year	<u>\$ 273,983</u>	<u>269,758</u>

See accompanying note to the statements of cash receipts and disbursements.

COLORADO RIVER AUTHORITY

Note to the Statements of Cash Receipts and Disbursements
(Cash Basis)

June 30, 2008 and 2007

Reporting Entity and Summary of Significant Accounting Policies

The Colorado River Authority (the Authority) is a voluntary, unincorporated Authority of Southern California public agencies formed in 1947. The Authority's purpose is to engage in study, research, and information dissemination among the people of California and representatives of Congress and the State Legislature, relative to California's rights to water and other resources from the Colorado River. By means of a joint powers agreement signed May 13, 1947, the six major California public agencies with Colorado River water rights and interests agreed to jointly sponsor and support the Authority. Through the Authority's membership, these agencies conduct an educational and informative campaign in furtherance of their interests and the interests of the people of California in the waters from the Colorado River system. An executive committee, composed of a representative from each of the six agencies, and commonly referred to as the Colorado River Authority Six Agency Committee (the Committee), was created by the agreement for the purposes of approving an annual plan of activities by the Authority and authorizing expenditures in accordance with the plan.

Pursuant to the agreement, The Metropolitan Water District of Southern California (Metropolitan) acts as the trustee for the funds furnished by the agencies in support of the Authority. The agreement specifies that such moneys will be placed in a special account designated "Colorado River Authority Account." Disbursements from the account are made by Metropolitan in accordance with the agreement and the procedures approved by the Committee on November 17, 1976.

The Authority's policy is to prepare its statements of cash receipts and disbursements on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements of cash receipts and disbursements are not intended to present the Authority's financial position and results of operations in conformity with U.S. generally accepted accounting principles.