

**Comprehensive Annual Financial Report
of the San Juan Water District**

For the Fiscal Year Ended June 30, 2009

Prepared by

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**SAN JUAN WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2009 AND 2008**

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INTRODUCTORY SECTION



September 9, 2009

Members of the Board of Directors
San Juan Water District

Directors:

The San Juan Water District is required by State statute to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to present the Comprehensive Annual Financial Report (CAFR) for the San Juan Water District (the District) for the fiscal year ended June 30, 2009. The information presented in this CAFR is intended to provide financial information with all the disclosures necessary to enable the District's customers, investment community and general public to assess the District's financial condition.

This report contains management's representations concerning the finances of the District. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to both protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Marcia Fritz & Company, a firm of licensed certified public accountants with which the District contracts for these services. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2009, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and is intended to be read in conjunction with it. The District's MD&A can be located immediately following the independent auditor's report.

The CAFR is organized into Introductory, Financial, Supplementary Information and Statistical sections. The Introductory section includes this letter of transmittal, a List of Elected and Appointed Officials, District's organizational chart and Certificate of Achievement for Excellence in Financial Reporting awarded by the GFOA. The Financial section includes: Independent Auditor's Report on the District's basic financial statements, MD&A; basic financial statements, including the Statement of Net Assets, Statement of Activities, Statement of Cash Flows and Notes to the Basic Financial Statements. Supplementary information consists of Schedule of Administrative and General Expenses and Schedule of Operations—Budget and Actual. The financial statements are prepared in accordance with GAAP. The Statistical section summarizes selected unaudited general financial and operational information of the District.

District Profile

History

The District was formed as a result of petitions being presented to the Board of Supervisors of Sacramento and Placer Counties by Citrus Heights Water District, Fair Oaks Water District, Orangevale Water Company and a group of homeowners in South Placer County. An election was held within the boundaries of the sponsoring districts on February 10, 1954. At this election, voters approved the formation of the San Juan Water District by nearly a two-thirds majority and elected five Directors. The District is a community services district formed under Section 60000 et seq., Title 5, Division 3 of the California Government Code.

The District provides water on a wholesale and retail basis to an area of approximately 17 square miles for retail and 46 square miles for wholesale (which includes the retail area) in Sacramento and Placer Counties. The District's wholesale operation consists of negotiating water contracts; operating a surface water treatment plant and storage, pumping and transmission facilities (which deliver water to five wholesale entities), and providing the administrative support related to those activities. Retail operations consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,343 retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County), and providing the administrative, customer service, conservation and engineering support related to those activities.

Accounting System and Budgetary Controls

The District's accounting records are maintained using the accrual basis of accounting. The revenues of the District are recognized when they are earned and the expenses are recognized when they are incurred.

The District staff works with the Finance and Administrative Services Division to develop the annual budget. The process begins in January and managers develop their budget requests needed to fulfill the District's mission, goals and objectives for the next fiscal year. The Finance and Administrative Services Division prepares the proposed budget and provides a copy of the Wholesale and Retail budgets separately to the Finance Committee, making any necessary adjustments arising from that review. Then the Finance and Administrative Services Manager presents the separate proposed budgets to the Board of Directors in May or June for their review. The public hearing on each proposed budget is held at the next Board of Directors meeting, with anticipated finalization and adoption scheduled for the following meeting or at least no later than June 30th. The budget is used as a management tool for projecting and measuring revenues and expenses.

Mission Statement

The District's mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it. The District prides itself in providing excellent customer service to all its customers, internal and external.

Water Supply

The Districts' existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of the Central Valley Project water. The third water source is a contract with Placer County Water Agency for 25,000 acre-feet of water. The District has completed the process of long-term water contract negotiations with the U. S. Bureau of Reclamation for the Central Valley Project water resulting in a 40 year long-term contract.

All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau Folsom Pumping Plant. Total raw water delivery for the fiscal year was 58,001 acre-feet.

Water Efficiency

The District has long been a proponent and practitioner of cost effective water efficiency programs. The implementation of these programs has been highly successful, continually striving to meet the standards for Urban Water Efficiency Best Management Practices (BMP) set by the Sacramento Area Water Forum Agreement, California Urban Water Conservation Council, California Department of Water Resources, and U.S. Bureau of Reclamation Central Valley Project Improvement Act.

Some of the District's more innovative water efficiency programs are:

- ☞ Water Bucks School Program, which created a mutually beneficial partnership with local elementary schools to develop water awareness within the classrooms;
- ☞ Landscape Irrigation Reviews to assist customers to maintain attractive water efficient landscapes for their property; and
- ☞ Cooperative Efforts and the Regional Water Efficiency Management Program. The District and other wholesale agencies have pursued a cooperative process for other water suppliers to share regional water efficiency efforts.

The benefits include more cost-effective and efficient water conservation programs for an expanding number of participating water providers, and increased customer awareness of the importance of water efficiency for future reliable water supplies.

Water Treatment Plant

The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities consist of two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Upgrades and improvements to the plant adding a solids handling facility have been completed to ensure efficiency and productivity to meet the required demands of its customers and federal and state regulatory requirements.

With a capacity of 120 million gallons per day, the plant receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all District customers. From the water treatment plant, the water flows into the 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 214 miles of transmission and distribution pipelines, which transport the high quality, treated water to wholesale and retail customers.

During the fiscal year, to meet the District's goal of water system reliability, the hydraulic improvement project has been ongoing in coordination with the US Army Corps of Engineers. This project is being funded by a combination of the proceeds of the 2003 Certificates of Participation, District reserves and federal funding. In addition, other projects are underway in the next fiscal year to improve and efficiently maintain water systems that are more than 30 years old, including pipelines and the chlorine containment facility.

Enterprise Operations

The District is comprised of two separate enterprise operations with distinct functions:

1. The Wholesale Operation's primary responsibilities are: acquire and maintain source of supply water contracts, treatment of surface drinking water, and storage and delivery of water to contracting wholesale water agencies.
2. The Retail Operation's primary responsibilities are: maintain source of water supply received from the Wholesale Agency, storage, transmission and distribution of water to retail customers at a reasonable cost, construct and maintain transmission and distribution pipeline systems as recommended by the Retail Master Plan, provide engineering oversight to District projects and new connections to the system, provide customer service, develop and monitor conservation programs.

The financial management and accounting for the two enterprise operations is recorded separately however, for financial reporting purposes they are presented in a consolidated report. As additional information, the accounting for the two operations on a budget versus actual basis is provided.

Factors Affecting Financial Condition

Economic Outlook

The District is located in Northern California approximately 20 miles Northeast of Sacramento and between the Cities of Folsom and Roseville. While over the years the region as a whole has been successful in attracting new high-tech companies and expansion of existing companies, the statewide and national economic conditions have caused a slowing in development. The housing downturn as well as financial market deterioration has created more caution related to expansion and the economy. The District's Retail Service Area (RSA) has again experienced a very moderate, low growth rate in recent years as reflected in the increase of new service connections. There were approximately 29 new service connections for the current fiscal year, which represents a growth rate of approximately .28% for the year. The national housing turmoil and resulting foreclosures in the RSA has caused the District to implement solutions for ensuring that water bills due on vacant and foreclosed properties are collected prior to closing of sale and escrow on these properties. This number has remained manageable and the District has been able to collect these monies through communication with realtors, banks, escrow companies and new property owners.

Overall, the current and future financial stability of the District is positive with the existing revenue sources remaining stable. Retail revenues are currently received entirely through a metered rate system. As the result of a federal mandate, the entire District became 100% metered effective January 1, 2005 and began billing all customers on a metered rate. Until that time, customers had been voluntarily switching to metered billing based upon rate comparisons provided on water bills for metered versus flat rate billing. There are new conservation related billing structures that will work toward having 70% of revenues received from the volumetric portion of the water rates. This will be incorporated into the District's water rates and does not pose a concern for the collection of total revenues as it will remain cost of service.

Long-term Financial Planning

Over the years, in order to ensure funds are available to meet both operating and capital needs, the District (for both Wholesale and Retail Operations) has begun the financial planning process with development of a Master Plan containing a review of current infrastructure that recommends projects for a twenty to thirty year period. The District next estimates current and future operating needs then works with a rate consultant to develop a water rate study and financial plan.

Both the Wholesale and Retail Financial Plans were updated in 2008 by the Reed Group, Inc. Water rates from those plans were implemented on January 1, 2009. The prior plans were developed in 2007, but required an update due to increased capital needs for shortage planning, water reliability planning and loss of federal funds for capital projects. The Wholesale Water Rates will increase an average of 8% due to the significant nature of capital projects and debt issuance required with a minimal operational increase. The Retail Water Rates will increase an average of 7% due to capital projects with a minimal operational increase.

Cash Management

The District's cash consists of funds for operating, non-operating and reserves designated for capital improvement and other District programs. These funds are invested following the guidelines of the investment policy adopted by the Board of Directors and in accordance with the California Government Code. The investment policy is aimed toward obtaining the highest yield feasible, provided that all investments first meet the criteria established for safety and liquidity.

During the year funds were invested primarily in the State of California Local Agency Investment Fund (LAIF), certificates of deposit, medium term corporate notes and U.S. agency securities held in a third party custodial account on behalf of the District. Maturities of these securities range from liquid to five years.

The average yield on investments was 4.481%, with rates of return ranging from 1.49% on demand deposit accounts, 3.11% on liquid LAIF funds to 4.90% on 5+ year funds. With financial markets experiencing significant turmoil, interest rates are expected to hold or slip slightly in the coming fiscal year resulting in lower interest earnings for the District.

Risk Management

The District has its property, general liability, errors and omission, and automobile insurance with the Association of California Water Agency/Joint Powers Insurance Authority (ACWA/JPIA), a pooled self-insurance group. As of June 30, 2009 the District was insured with the ACWA/JPIA workers' compensation insurance program with a modification rate 73%.

All contractors doing work for the District are required to furnish certificates of insurance for general liability, automobile liability, professional liability, workers' compensation and indemnification clauses.

The District has a defined safety program for employees that provides guidelines, regular safety meetings and training sessions conducted by administrative services for reinforcement of safety conduct in the work place. In addition, the District provides staff safety incentive days off, up to a maximum of three, when there are no lost-time accidents. On October 12, 2006 a lost time accident reset the safety anniversary date and District employees are currently eligible for one safety day off per year.

Pension and Other Post Employment Benefits (OPEB)

The District sponsors a multi-employer defined benefit pension plan for all full-time, permanent employees through the California State Public Employees Retirement System (CalPERS). Both employer costs and tax-deferred member contributions are currently paid by the District to the system on a monthly basis. An actuarial report is prepared by CalPERS actuaries annually to calculate the annual required contribution rates for the next two years which are used by the District to fund the plan. Due to the fact that the District had less than 100 employees, in 2005 CalPERS required the District to become a member of the risk pool associated with the plan's benefit formula. According to CalPERS, risk sharing pools dramatically reduce or eliminate the large fluctuations in an employer's retirement contribution rate caused by unexpected demographic events.

In addition to the pension plan, the District offers two voluntary IRS Section 457 Deferred Compensation Plans to which all full-time regular employees are eligible to contribute. These plans are held with Variable Annuity Life Insurance Company and Annuity Investors Life Insurance Company. All funds contributed to these plans come from the individual employees enrolled in the plan with no District match.

The District provides post employment healthcare benefits to retirees and their dependents. As of the end of the current fiscal year, there were eighteen retired employees receiving these benefits which are currently financed on a pay-as-you-go basis. GAAP does not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Beginning with Fiscal Year 2009, the District will be required by Governmental Accounting Standards Board (GASB) Statement No. 45 to report the actuarially determined liability for the post employment healthcare benefits. The District has worked with EFI Actuaries to fulfill this requirement and is in the process of developing a plan for future funding.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Juan Water District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports. This is the third recent consecutive year that the District has received this award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

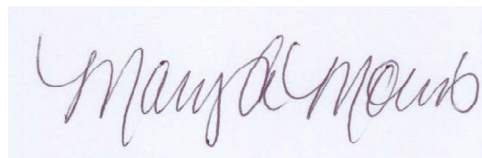
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the entire staff of Finance and Administrative Services, Retail Operations (Conservation, Customer Service, Engineering Services, and Field Services), and Wholesale Operations. This specifically includes the continuing support of the Board of Directors of the District in the planning and implementation of the financial affairs of the District.

Sincerely,

A handwritten signature in cursive script that reads "Shauna Lorance". The signature is written in dark ink on a light blue background.

Shauna Lorance
General Manager

A handwritten signature in cursive script that reads "Mary A. Morris". The signature is written in dark ink on a light blue background.

Mary A. Morris
Finance & Administrative Services Manager

**SAN JUAN WATER DISTRICT
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2009**

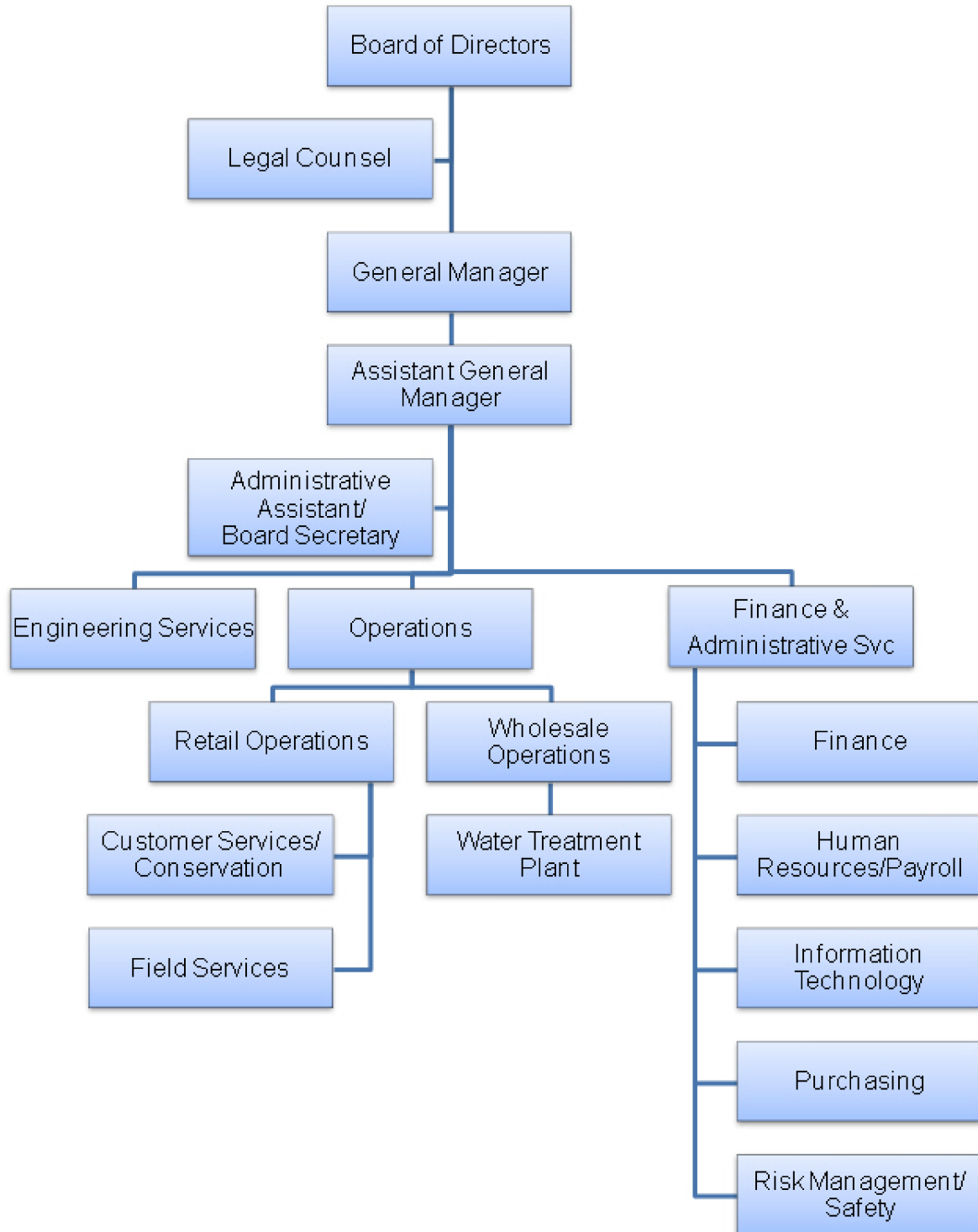
BOARD OF DIRECTORS - ELECTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Current Term</u>
President	Bob Walters	12/2006 - 12/2010
Vice President	Dave Peterson	12/2006 - 12/2010
Director	Edward J. "Ted" Costa	12/2006 - 12/2010
Director	Kenneth H. Miller	12/2008 - 12/2012
Director	Pamela Tobin	12/2008 - 12/2012

STAFF - APPOINTED OFFICIALS

General Manager	Shauna L. Lorance
Assistant General Manager	Keith B. Durkin
Administrative Assistant/Board Secretary	Teri Hart
Finance and Administrative Services Manager	Mary A. Morris
Operations Manager	Rick Hydrick
Customer Services/Conservation Manager	Judy A. Gagnier
Engineering Services Manager	Rob Watson
Field Services Manager	George Machado
Water Treatment Plant Manager	Bill Sadler

**SAN JUAN WATER DISTRICT
ORGANIZATION CHART
JUNE 30, 2009**



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

San Juan Water District
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "K. L. R.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery", positioned above the title "Executive Director".

Executive Director

FINANCIAL SECTION



MARCIA FRITZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
5530 Birdcage St., Suite 105
Citrus Heights, CA 95610-7698
(916) 966-9366 • Fax (916) 966-8743

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Juan Water District
Granite Bay, California

We have audited the accompanying basic financial statements of the San Juan Water District (the District) as of June 30, 2009 and 2008 for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with accounting principles 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2009 and 2008 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2009, on our consideration of San Juan Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 14 - 22 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the required information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information listed in the table of contents is presented for the purposes of additional analysis and are not a required part of the basic financial statements of the San Juan Water District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us, accordingly, we express no opinion on this information.

Marcia Fritz & Company
September 9, 2009

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

In order to enhance the information provided in the letter of transmittal, management offers this narrative overview and analysis of the financial activities of the San Juan Water District (the District) for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider the information here in conjunction with that transmittal letter, which can be found on pages 1 - 8 of this report. The information is intended to provide a better understanding of the District's financial operations and performance.

Financial Highlights

Several key points are important when reading the District's CAFR:

- ☞ At the end of the fiscal year, assets exceeded liabilities by \$68,136,106 (net assets) as compared with \$69,919,048 in the prior year. This amount is comprised of investments in capital assets, restricted and unrestricted net assets. Of the total amount, \$20,659,128 is considered unrestricted and available to meet the District's ongoing obligations. This amount was \$27,894,578 in the prior year. However, the majority of these funds have been designated for specific projects which will be required for replacement of capital facilities.
- ☞ Total net assets decreased by \$1,782,942, compared to an increase of \$1,395,870 in the prior fiscal year. The significant reason for this decrease was lower connection fees as development and new connections have slowed down. In the prior year, the increase was due to increased investment earnings and restoration of the property tax received from the counties.
- ☞ Operating revenues increased by \$1,495,664, which is due to a 16% rate increase in wholesale water rates, a 9% rate increase in retail water rates (for capital improvement program funding), a reduction in revenue with one wholesale agency unable to take water due to the low lake level and continued conservation efforts. In the prior year, operating revenues increased by \$452,711 which was due to an 8% rate increase in wholesale water rates and a 13% rate increase in retail water rates.
- ☞ Non-operating revenues decreased by \$803,019, as the combined result of: 1) lower number of connections and corresponding revenue as development has slowed, and 2) increased interest revenues and property taxes. In the prior year, non-operating revenues decreased by \$514,811, as a result of: 1) restoration of property tax revenues following two years of the ERAF shift, and 2) increased interest revenues.

Overview of the Financial Statements

The four sections of the District's financial statements are: 1) introductory section, 2) financial section, 3) supplementary information section, and 4) statistical section.

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Introductory Section - This includes the letter of transmittal, List of Elected and Appointed Officials, organization chart, and the Certificate of Achievement for Excellence in Financial Reporting awarded by the GFOA.

Financial Section - This section includes the independent auditor's report, management's discussion and analysis and basic financial statements. The District's basic financial statements are comprised of the Statements of Net Assets, Statements of Activities, and Statements of Cash Flows. The Statement of Net Assets presents information on all assets and liabilities, with the difference between the two reported as net assets. When evaluated over a period of time, increases or decreases in net assets may serve as an indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities reflect the revenues and expenses for the fiscal year ended. The Statement of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing activities. The notes to the basic financial statements provide in depth information that is vital to gaining a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 28.

Supplementary Information Section - In addition to the basic financial statements and accompanying notes, this report also provides additional information on administrative and general expenses and budget versus actual.

Statistical Section - The statistical section provides additional information not contained in the financial section on District activities.

Financial Analysis of the District

As a government agency, the District is not in the business to make a profit as a private company would be. In contrast, the District has two major goals, which are:

- ☞ Recovering the cost of providing services to its constituents, and
- ☞ Securing the financial resources needed to maintain and improve the capital facilities used in providing those services.

The financial statements assist a reader in determining whether the District is meeting these goals. In general, net assets provide a realistic indicator of a government's financial position. For the fiscal year ending June 30, 2009, assets exceeded liabilities by \$68,136,106. In the prior year, assets exceeded liabilities by \$69,919,048.

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Statements of Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current Assets	\$ 13,314,186	\$ 18,246,611	\$ 13,338,320
Restricted Assets	37,023,282	7,468,278	7,466,413
Property, Plant & Equipment	65,265,094	55,081,679	55,894,402
Other Assets	<u>6,023,354</u>	<u>11,878,313</u>	<u>15,365,862</u>
TOTAL ASSETS	<u>\$ 121,625,916</u>	<u>\$ 92,674,881</u>	<u>\$ 92,064,997</u>
Current Liabilities	\$ 4,318,746	\$ 2,995,303	\$ 2,636,622
Long-Term Liabilities	49,171,064	19,760,530	20,905,197
Total Liabilities	<u>53,489,810</u>	<u>22,755,833</u>	<u>23,541,819</u>
Invested in Capital Assets, Net of Related Debt	42,545,198	40,225,803	40,198,780
Restricted Net Assets	4,931,780	1,798,667	1,747,260
Unreserved/Unrestricted Net Assets	<u>20,659,128</u>	<u>27,894,578</u>	<u>26,577,138</u>
Total Net Assets	<u>68,136,106</u>	<u>69,919,048</u>	<u>68,523,178</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 121,625,916</u>	<u>\$ 92,674,881</u>	<u>\$ 92,064,997</u>

The largest portion of the District's net assets, 58%, reflects its investment in property, plant and equipment (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. In the prior year, investment in capital assets represented 59% of net assets with the same percentage in the fiscal year prior to that. The District utilizes its property, plant and equipment to serve its customers; therefore, these assets are not available for future spending. While the District's investment in property, plant and equipment is reported net of related debt, be aware that the funds needed to repay this debt must be contributed from other sources, since the property, plant and equipment themselves cannot be used to liquidate these liabilities.

In addition, restricted net assets, 3%, are subject to external restriction on how they may be used (specifically, for debt service on the 2003 and 2009 Certificates of Participation (COPs)). The remaining unrestricted net assets, 39%, may be utilized to meet the District's ongoing obligations and future facility improvements or replacements. The stability of unrestricted net assets is an indicator that the financial condition of the District remains strong.

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

The decrease of \$1,782,942 in total net assets is representative of increases in revenues and capital contributions offset by the payoff of the CalPERS side fund liability. This \$4M payment will save the District approximately \$1.6M in interest that would have been charged at the set rate of the retirement fund of 7.75%. In the prior fiscal year, the increase of \$1,395,870 in total net assets is represented by the increases in revenues and capital contributions. The property taxes were restored from the prior two years of ERAF shifts. In the fiscal year two years prior, the increase in total net assets of \$2,038,764 was due to increases in revenues with property taxes restored from the prior two years of ERAF shifts and capital contributions.

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Statement of Activities

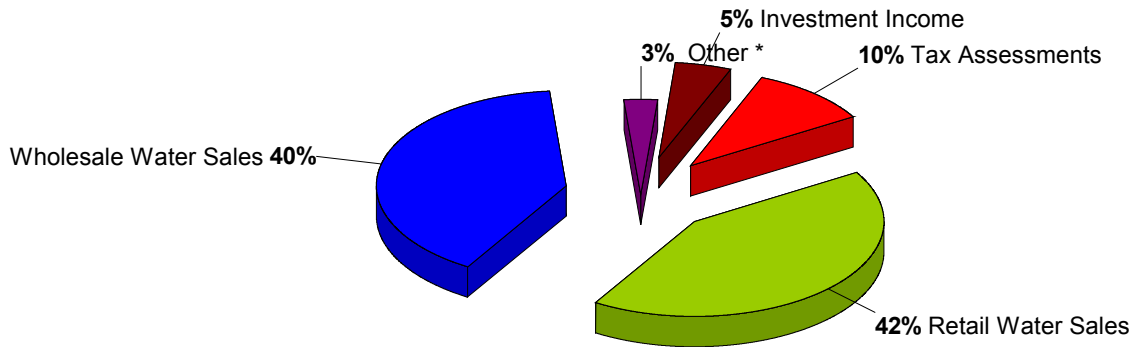
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues:			
Wholesale Water Sales	\$ 7,111,208	\$ 6,410,653	\$ 6,228,302
Retail Water Sales	7,542,865	6,766,658	6,575,947
Other	147,769	128,867	72,819
Non-operating Revenues:			
Tax Assessments	1,822,166	1,835,558	1,790,198
Investment Income	847,510	1,561,139	1,384,866
Capital Contributions	131,801	1,043	179,148
Connections and Annexations	45,699	174,865	926,276
Other	<u>179,605</u>	<u>126,437</u>	<u>74,660</u>
Total Revenues	<u>17,828,623</u>	<u>17,005,220</u>	<u>17,232,216</u>
Operating Expenses:			
Administrative and General	2,161,541	2,387,564	2,076,744
Conservation	636,509	503,713	410,944
Customer Service	689,023	679,121	594,245
Engineering	359,576	319,227	449,841
Pumping & Telemetry	663,975	580,370	623,259
Source of Supply	3,221,008	3,240,902	3,173,789
Transmission & Distribution	1,639,125	1,731,271	1,628,992
Water Treatment	2,211,536	2,223,995	2,146,066
Interest Expense	249,251	268,108	285,117
Depreciation	3,089,211	2,959,528	3,154,287
Retirement Benefit Fund	4,143,338	-	-
Non-Operating Expenses			
Bond and Note Interest	455,802	602,286	554,914
Other	<u>91,670</u>	<u>113,265</u>	<u>95,254</u>
Total Expenses	<u>19,611,565</u>	<u>15,609,350</u>	<u>15,193,452</u>
Change in Net Assets	<u>(1,782,942)</u>	<u>1,395,870</u>	<u>2,038,764</u>
Beginning Net Assets	<u>69,919,048</u>	<u>68,523,178</u>	<u>66,484,414</u>
Total Net Assets	<u>\$ 68,136,106</u>	<u>\$ 69,919,048</u>	<u>\$ 68,523,178</u>

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

The \$1,495,664 increase in operating revenues is due to rate increases for both wholesale and retail customers offset by reduced water use. In the prior fiscal year, the increase of \$429,110 in operating revenues is primarily due to rate increases, reduction in use by one wholesale agency and conservation efforts. The District believes that customer-driven conservation efforts are both motivated by efficient use of natural resources and the economic downturn that has potentially created a financial need for using less water in order to save on household and business costs. In the prior year, operating revenues increased by \$1,371,995, which was primarily due to rate increases again offset by reduced water use.

The \$803,019 decrease in non-operating revenues is a result of reduced investment income due to market conditions and spending of capital reserves for projects, as well as a continued slowing of new connections. This compares to a \$514,811 decrease in the prior fiscal year which was the result of fewer new connections offset by increased property taxes and increased interest income. In the prior year, non-operating revenues increase by \$1,537,045 resulting from restoration of the property taxes and increased interest income.

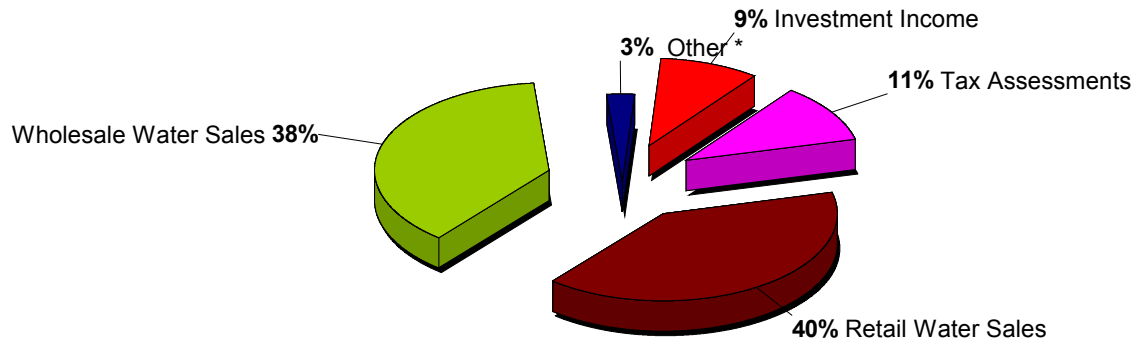
2009 Revenues by Source



* Other, Other 1%, Capital Contributions 1%, Connections and Annexations 0%, Other 1%

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

2008 Revenue by Source



* Other, Other 1%, Capital Contributions 0%, Connections and Annexations 1%, Other 1%

The \$4,170,294 increase in operating expenses is due to the payoff of the CalPERS side fund liability and inflation increases for items such as treatment chemicals and maintenance construction supplies. In the prior fiscal year, operating expenses increased by \$350,518 which was the result of: inflation increases, level of service improvements and completion of maintenance. The prior year increase in operating expenses of \$1,920,414 is a combination of: inflation increases, vacant positions being filled, level of service improvements and completion of maintenance.

Though the District continually seeks cost-efficient methods of providing service and completing capital projects, this year and coming years have placed even greater emphasis on saving money due to the continued slowing economy. The District held off for as long as possible in filling some key positions that were vacated during the year so that the Board of Directors could make long-term decisions related to employee benefits.

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Property, Plant and Equipment and Debt Administration

Property, Plant & Equipment

The District's investment in property, plant and equipment as of June 30, 2009, net of accumulated depreciation, is \$65,265,094. This investment includes land, buildings, water treatment plant and distribution system, construction in progress, vehicles, equipment, office equipment and furniture. As of June 30, 2008, this amount was \$55,081,679. The increase from the prior fiscal year of \$10,183,415 is due to several large construction projects. At June 30, 2009, the District had \$1,869,036 in construction commitments outstanding. At June 30, 2008, the District had \$5,102,631 in construction commitments outstanding.

New subdivision and commercial development within the retail service area has experienced a major slowing in growth. The outlook for the next fiscal year 2009-2010 shows a continuing slow growth trend with some vacant land currently being developed. Additional information on property, plant and equipment can be located in note 4 of the Notes to the Basic Financial Statements.

Debt Administration

As of June 30, 2009, the District had four different debt issues outstanding in an aggregate amount of \$49,555,615. Of this amount, \$1,390,670 represents the current portion due in Fiscal Year 2009-2010. In the prior year, there were three outstanding debt issues in an aggregate amount of \$20,000,013, with \$954,401 representing the portion due in Fiscal Year 2008-2009. For more information on long-term liabilities, refer to note 6 of the Notes to the Basic Financial Statements. The increase is due to a \$30,510,000 Certificate of Participation debt issuance completed on June 30, 2009 with a 30-year term.

Outstanding Debt Issues

	<u>2009</u>	<u>2008</u>	<u>2007</u>
2009 Certificates of Participation	\$30,510,000	\$ -	\$ -
2003 Certificates of Participation	18,835,000	19,765,000	20,660,000
1977 Economic Development Administration Loan	193,826	213,251	231,751
California Energy Commission Loan	<u>16,789</u>	<u>21,762</u>	<u>26,453</u>
Total Outstanding Debt	<u>\$49,555,615</u>	<u>\$20,000,013</u>	<u>\$20,918,204</u>

MBIA Indemnity Corporation insures the payment of the principal and interest on the 2003 Certificates of Participation. Standard & Poor's Ratings Group and Moody's Rating Services had given the COP a rating of "AAA" with the issuance of bond insurance by MBIA Indemnity Corporation. Pursuant to the Trust Agreement, with the recent downgrading of MBIA the District was required to file a disclosure reporting significant events and had completed this immediately following the event. For the 2009 Certificates of Participation, the District received an underlying credit rating of "AA", outlook stable from both Standard & Poor's Ratings Group and Fitch Ratings.

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

Economic Factors and Next Year's Budgets and Rates

The local economy has continued to experience slow growth combined with turmoil in the housing and financial markets during the fiscal year. Interest rates are holding and sometimes dropping slightly which will provide lower investment earnings in the next year. The Consumer Price Index (CPI) decreased .3% over the prior 12 months. The District currently expects to continue to receive its share of the 1% property tax revenue, but is carefully monitoring the activity of the State of California for potential reallocation of these funds. Proposition 1A protected these funds to the extent that the State can only borrow them for a period of three years and must re-pay them including interest, but there is still a general concern given the State's economic situation. Although these are used for capital improvements and not for operations, any loss of these funds would require re-evaluation of capital projects costs and scheduling to calculate the impact to the District.

These factors were taken into consideration during preparation of the Fiscal Year 2009-2010 Budget. As approved by the Board of Directors, the District's Wholesale Water Rates are scheduled to increase an average of 8% on January 1, 2010 and the Retail Water Rates will increase 7% on January 1, 2010. These increases are required to fund the capital improvement program and cover the cost of providing water service to the District's customers.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance and Administrative Services Manager, San Juan Water District, 9935 Auburn-Folsom Road, Granite Bay, CA 95746.

BASIC FINANCIAL STATEMENTS

**SAN JUAN WATER DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008**

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 10,722,899	\$ 15,295,740
Accounts receivable (Note 3)	1,804,729	1,869,314
Accrued interest and taxes receivable (Note 3)	136,553	302,766
Amounts recoverable under long-term water sales contracts	290,304	282,240
Inventory	49,879	71,823
Prepaid expenses	<u>309,822</u>	<u>424,728</u>
Total Current Assets	13,314,186	18,246,611
Noncurrent Assets		
Restricted Assets		
Cash and cash equivalents (Note 2)	32,187,605	5,543,772
Investments (Note 2)	4,835,677	1,924,506
Property, Plant & Equipment, Net (Note 4)	<u>65,265,094</u>	<u>55,081,679</u>
Total Restricted Assets	102,288,376	62,549,957
Other Assets		
Investments (Note 2)	3,767,315	9,731,460
Amounts recoverable under long-term water sales contracts	1,139,712	1,430,016
Investment in electrical power (Note 5)	380,779	393,911
Deferred charges-unamortized bond expenses & other (Note 6)	<u>735,548</u>	<u>322,926</u>
Total Other Assets	6,023,354	11,878,313
Total Noncurrent Assets	<u>108,311,730</u>	<u>74,428,270</u>
TOTAL ASSETS	<u>\$ 121,625,916</u>	<u>\$ 92,674,881</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,810,676	\$ 979,849
Accrued interest	329,610	343,559
Customer/developer deposits	87,868	78,663
Deferred income	26,534	23,131
Due to other governments	55,430	88,828
Deposits held for other governments	227,669	227,669
Compensated absences (Note 6)	390,289	299,203
Current portion of long-term debt (Note 6)	<u>1,390,670</u>	<u>954,401</u>
Total Current Liabilities	4,318,746	2,995,303
Long-Term Liabilities		
Long-term debt (Note 6)	48,829,234	19,324,761
Compensated absences (Note 6)	<u>341,830</u>	<u>435,769</u>
Total Long-Term Liabilities	49,171,064	19,760,530
Total Liabilities	<u>53,489,810</u>	<u>22,755,833</u>
Net Assets (Note 7)		
Invested in capital assets, net of related debt	42,545,198	40,225,803
Restricted for:		
Debt services	4,931,780	1,798,667
Unrestricted	<u>20,659,128</u>	<u>27,894,578</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 121,625,916</u>	<u>\$ 92,674,881</u>

The accompanying notes to the financial statements are an integral part of this statement.

**SAN JUAN WATER DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Water sales-wholesale		
Water charges to retail area	\$ 2,451,426	\$ 2,314,165
Citrus Heights Water District	2,012,487	1,811,982
Fair Oaks Water District	1,271,557	1,253,795
Sacramento Suburban Water District	535,920	310,646
Orangevale Mutual Water Company	514,575	456,115
City of Folsom	309,733	252,995
Granite Bay Golf Club	15,510	10,590
City of Roseville	-	365
Total Water Sales-Wholesale	<u>7,111,208</u>	<u>6,410,653</u>
Water sales-retail	7,542,865	6,766,658
Other	<u>147,769</u>	<u>128,867</u>
Total Operating Revenues	<u>14,801,842</u>	<u>13,306,178</u>
Operating Expenses		
Source of Supply		
Water charged to retail service area	2,451,426	2,314,165
Placer County Water Agency	300,750	330,625
US Bureau of Reclamation	165,088	281,606
Wheeling	180,597	213,942
Bureau pumping	107,174	90,214
Energy assessments	527	537
Other	15,446	9,813
Depreciation	3,089,211	2,959,528
Administration and general	2,161,541	2,387,564
Water treatment	2,211,536	2,223,995
Transmission and distribution	1,639,125	1,731,271
Customer service	689,023	679,121
Pumping and telemetry	663,975	580,370
Engineering	359,576	319,227
Conservation	636,509	503,713
Interest expense	249,251	268,108
Retirement benefit fund	<u>4,143,338</u>	<u>-</u>
Total Operating Expenses	<u>19,064,093</u>	<u>14,893,799</u>
Net Income (Loss) From Operations	(4,262,251)	(1,587,621)
Nonoperating Revenues		
Tax assessments	1,822,166	1,835,558
Investment income	847,510	1,561,139
Connections and annexations	45,699	174,865
Other	<u>179,605</u>	<u>126,437</u>
Total Nonoperating Revenues	<u>2,894,980</u>	<u>3,697,999</u>
Nonoperating Expenses		
Bond and note interest	455,802	602,286
Other	<u>91,670</u>	<u>113,265</u>
Total Nonoperating Expenses	<u>547,472</u>	<u>715,551</u>
Net Income (Loss) Before Capital Contributions	<u>(1,914,743)</u>	<u>1,394,827</u>
Capital Contributions	<u>131,801</u>	<u>1,043</u>
Change in Net Assets	<u>(1,782,942)</u>	<u>1,395,870</u>
Net Assets at Beginning of Year	<u>69,919,048</u>	<u>68,523,178</u>
Net Assets at End of Year	<u>\$ 68,136,106</u>	<u>\$ 69,919,048</u>

The accompanying notes to the financial statements are an intergral part of this statement.

**SAN JUAN WATER DISTRICT
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Cash receipts from customers	\$ 14,920,650	\$ 13,252,948
Cash paid to suppliers for goods and services	(5,616,074)	(6,776,027)
Cash paid to employees for services	(9,494,416)	(4,929,710)
Customer Deposits Received	68,020	52,500
Customer Deposits Returned	<u>(55,412)</u>	<u>(72,941)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(177,232)</u>	<u>1,526,770</u>
Cash Flows from Noncapital Financing Activities		
Other income/expenses received	80,487	139,188
Tax assessments received	<u>1,810,170</u>	<u>1,835,559</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,890,657</u>	<u>1,974,747</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(13,288,750)	(2,146,805)
Proceeds from sale of capital assets	20,707	-
Payments received on amounts recoverable under water sales contracts	282,240	271,488
Payments received for direct debt obligations	228,746	-
Payments on long-term debt	(954,401)	(918,191)
Proceeds from debt issuance	27,972,105	-
Debt issuance costs	(435,512)	-
Interest paid	(647,007)	(612,941)
Connection and annexation income	45,699	174,865
Capital contributions	<u>131,801</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>13,355,628</u>	<u>(3,231,584)</u>
Cash Flows from Investing Activities		
Purchases of investments	(3,000,000)	(9,968,860)
Proceeds from sale and maturity of investments	9,000,000	13,295,000
Investment Income	<u>1,001,939</u>	<u>1,417,819</u>
Net Cash Provided by (Used for) Investing Activities	<u>7,001,939</u>	<u>4,743,959</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>22,070,992</u>	<u>5,013,892</u>
Cash and Cash Equivalents at Beginning of Year	<u>20,839,512</u>	<u>15,825,620</u>
Cash and Cash Equivalents at End of Year	<u>\$ 42,910,504</u>	<u>\$ 20,839,512</u>

The accompanying notes to the financial statements are an integral part of this statement.

**SAN JUAN WATER DISTRICT
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
Reconciliation of Net Income (Loss) from Operations to Cash Provided by (Used for) Operating Activities		
Net loss from operations	\$ (4,262,251)	\$ (1,587,621)
Adjustments to reconcile net loss from operations to net cash provided by operating activities		
Depreciation and amortization	3,105,108	2,959,528
Loss (gain) on disposal of assets	10,799	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	155,610	(53,236)
(Increase) decrease in inventory	21,945	(2,774)
(Increase) decrease in prepaid Expenses	114,906	53,092
(Increase) decrease in deferred charges	(39,346)	32,778
Increase (decrease) in accounts payable	739,639	78,497
Increase (decrease) customer/developer deposits	9,205	(20,441)
Increase (decrease) deferred income	3,403	(2,211)
Increase (decrease) due to other governments	(33,397)	(21,914)
Increase (decrease) compensated absences	<u>(2,853)</u>	<u>91,072</u>
Net Cash Provided by (Used for) Operating Activities	\$ <u>(177,232)</u>	\$ <u>1,526,770</u>
 Noncash Activities		
Change in fair value of investments	\$ 35,855	\$ (153,609)
Receipt of contributed assets	\$ 131,801	\$ 1,043
 Reconciliation of Cash and Cash Equivalents to Balance Sheet		
Unrestricted cash and cash equivalents	10,722,899	15,295,740
Restricted cash and cash equivalents	<u>32,187,605</u>	<u>5,543,772</u>
Total Cash and Cash Equivalents	\$ <u>42,910,504</u>	\$ <u>20,839,512</u>

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the San Juan Water District (the District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As allowed by the GASB, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. The more significant of the District's accounting policies are described below.

Reporting Entity - The San Juan Water District (the District) was incorporated March 4, 1954 as a community service district under community service district law of the State of California (Section 60000 et. seq., Title 5, Division 3 of the California Government Code). The District is governed by a five member Board of Directors elected by the voters within the District for staggered, four year terms, every two years. The District provides water to retail customers in Sacramento and Placer Counties and sells water on a wholesale basis to other agencies. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the San Juan Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation - Fund Accounting - The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net assets for the enterprise fund represents the amount available for future operations.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net assets is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as deferred revenues until earned.

Earned but unbilled water services are accrued as revenue. Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance.

These lines are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized as pipelines, reservoirs, pumping stations and buildings.

Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Operating expenses include source of supply expenses, the cost of sales and services, administrative expenses, depreciation on property, plant and equipment and the portion of interest expense on 2003 Certificates of Participation used to refund the 1993 Certificates of Participation used for operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Principles - The Board of Directors does not operate under any legal budgeting constraints. Budget integration is employed as a management control device. Budgets are formally adopted by the Board and take effect on each July 1.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Overhead Allocation - The quarterly overhead expense of maintaining vehicles, equipment, small tools and radios is charged to construction jobs and maintenance operations performed by District forces, all prorated on a man-hour basis. In addition, administrative overhead in the amount of 15% of the total cost is added to all jobs to recover associated costs.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash and cash equivalents include demand deposits, money market funds and California Local Agency Investment Funds (LAIF).

Restricted Assets - Certain proceeds of the District's long-term debt are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "reserve" account is used to report resources set aside to make up potential future deficiencies in the 2003 Certificates of Participation debt service. Certain unspent debt proceeds are restricted to specific capital projects by the applicable debt covenant. Restricted assets also include certain employee withholdings.

Property, Plant & Equipment - Property, Plant & Equipment are recorded at historical cost if purchased or constructed. Donated assets are valued at estimated fair value on the date received. Depreciation is calculated using the straight line method over the following estimated useful lives:

Description	Estimated Life
Building and structures	5-33 years
Machinery and equipment	3-15 years
Plant and pipelines	33 years

The cost of maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operations when incurred. It is the District's policy to capitalize all property, plant and equipment with a cost of more than \$5,000. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Inventory - Inventories are stated at the lower of cost, on a weighted average method, or market. Inventories consist of materials and supplies.

Bond Premiums and Issuance Costs - Bond premiums, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes - The District receives property taxes from both Sacramento and Placer Counties. Property tax receivables are recorded in the fiscal year for which the tax is levied based on the assessed value as of March 1 of the preceding fiscal year. They become a lien on the first day of the levy year they are levied. Secured property tax is levied on January 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. At that time, delinquent accounts are assessed a penalty of 10%. Accounts that remain unpaid on June 30 are charged an additional 12% per month. Unsecured property tax is levied on July 1 and due on July 31, and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

The District elected to receive the property taxes from the Counties under the Teeter Bill. Under this program the District receives 100% of the levied property taxes in periodic payments with the Counties assuming responsibility for delinquencies.

Compensated Absences - The District's policy allows employees to accumulate earned but unused vacation and sick leave which will be paid to employees upon separation from the District's service, subject to a vesting policy. The cost of vacation and sick leave is recorded in the period incurred.

Deferred Income - Deferred income represents revenues received for wholesale and retail sales that have not been earned as of June 30, 2009 and 2008.

Water Charge to the Retail Service Area - For accounting purposes a charge is made to the retail area for water used at a wholesale rate. This amount is recorded as income to the wholesale unit and as expense to the retail area.

Segment Information - The District's management has determined the District consists of one operating segment.

Reclassification - Certain 2008 amounts have been reclassified to conform with the 2009 financial statement presentation.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 and 2008 are classified in the accompanying financial statements as follows:

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$10,722,899	\$15,295,740
Restricted cash and cash equivalents	32,187,605	5,543,772
Restricted investments	4,835,677	1,924,506
Investments	<u>3,767,315</u>	<u>9,731,460</u>
Total cash and investments	<u>\$51,513,496</u>	<u>\$32,495,478</u>

Cash and investments as of June 30, 2009, and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Cash on hand	350	350
Deposits with financial institutions	<u>402,388</u>	<u>698,037</u>
Total cash and cash equivalents	<u>402,738</u>	<u>698,387</u>
Money market mutual funds	9,668,965	445,498
Investments in Local Agency Investment Fund (LAIF)	37,390,192	19,411,345
U.S. agency securities	1,535,005	7,529,515
Medium term corporate notes	2,516,596	2,486,227
Guaranteed investment contracts	<u>-</u>	<u>1,924,506</u>
Total investments	<u>51,110,758</u>	<u>31,797,091</u>
Total cash and investments	<u>\$51,513,496</u>	<u>\$32,495,478</u>

Investment policy - Investments, with the exception of LAIF, are reported at fair value. California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. During the year ended June 30, 2009, the District's permissible investments included the following instruments:

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 2: CASH AND INVESTMENTS (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One issuer</u>
U.S. Treasury obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Bankers acceptances	180 days	20%	20%
High grade commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	50%
LAIF	N/A	None	None
Time deposits	5 years	10%	50%
Medium term corporate notes	5 years	30%	50%
Money market mutual funds	N/A	15%	10%
Mortgage pass-through securities	5 years	20%	20%
Collateralized mortgage obligations	5 years	20%	20%
Mortgage-backed or other pay-through bonds	5 years	20%	20%
Equipment leased-back certificates	5 years	20%	20%
Consumer receivable pass-through certificates	5 years	20%	50%
Consumer receivable-backed bonds	5 years	20%	50%

*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements - Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The 2003 Revenue Certificates of Participation debt agreement contains certain provisions that address interest rate risk and credit risk, but not concentration of credit risk, including 1) the authorization of the investment of the debt service reserve in guaranteed investment contracts required to be held by foreign banks, domestic or Canadian life insurance companies, wholly-owned and guaranteed financial institution subsidiaries of one of the above mentioned institutions or a domestic financial guaranty insurance company or affiliate with a minimum unsecured debt or financial strength rating of AAA by nationally recognized statistical rating organization; 2) a specified maturity date of February 1, 2033; and 3) a requirement that if such provider's unsecured debt or financial strength rating falls below AA-, the guaranteed investment contracts must be collateralized with U.S. Treasury Obligations, or senior debt or mortgage pass-through Obligations of GNMA, FNMA or FHLMC. No collateralized mortgage obligations are allowed for these providers and collateral levels must be at least 104% of the principal and accrued interest on the guaranteed investment contracts if the collateral type is U.S. Treasury Obligations or Obligations of GNMA and at least 105% if the collateral type is Obligations of FNMA or FHLMC.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
U.S. agency securities	\$ 1,535,005	\$ 1,007,190	\$ 527,815	\$ -	\$ -
Medium term corporate notes	2,516,595	-	1,515,505	1,001,090	-
LAIF	9,890,192	9,890,192	-	-	-
Money market mutual funds	4,737,184	4,737,184	-	-	-
Held by bond trustee:					
LAIF	27,500,000	27,500,000	-	-	-
Money market mutual funds	<u>4,931,782</u>	<u>4,931,782</u>	-	-	-
Total investments	<u>\$51,110,758</u>	<u>\$48,066,348</u>	<u>\$ 2,043,320</u>	<u>\$ 1,001,090</u>	<u>\$ -</u>

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 2: CASH AND INVESTMENTS (Continued)

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Not Rated</u>
U.S. agency securities	\$ 1,535,005	N/A	\$ 1,535,005	\$ -
Medium term corporate notes	2,516,595	A	2,516,595	-
LAIF	9,890,192	N/A	-	9,890,192
Money market mutual funds	4,737,184	A	4,737,184	-
Held by bond trustee:				
LAIF	27,500,000	N/A	-	27,500,000
Money market mutual funds	<u>4,931,782</u>	A	<u>4,931,782</u>	<u>-</u>
Total investments	<u>\$51,110,758</u>		<u>\$13,720,566</u>	<u>\$37,390,192</u>

Concentration of Credit Risk - The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 50% of total investments, with the exception of U.S. Treasury obligations, U.S. agency securities and LAIF. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage	U.S. agency securities	\$ 527,815
Federal Farm Credit Bank	U.S. agency securities	1,007,190
General Electric Corp	Medium Term Corporate Notes	2,018,020

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 2: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2009, the carrying amount of the District's deposits was \$798,369 and the balance in financial institutions was \$881,557. Of the balance in financial institutions, \$349,937 was covered by federal depository insurance and supplemental insurance held by the investment broker and \$531,620 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2009, District investments in the following investment types were held by a third party custodian (trustee) separate from the broker-dealer used to buy the securities:

Investment Type	Reported Amount
U.S. agency securities	\$ 1,535,005
Medium term corporate notes	2,516,595
Money market mutual funds	9,601,220

Investment in LAIF - LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$70,024,464,151 managed by the State Treasurer. Of that amount, 100% is invested in non-derivative financial products. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 3: ACCOUNTS RECEIVABLE

Receivables as of June 30:

	2009	2008
Wholesale Customers	\$ 330,970	\$ 511,551
Retail Customers	1,466,233	1,348,895
Retail Collections	3,811	3,872
Cavitt Stallman	11,614	12,721
Miscellaneous	80	254
Less: Allowance for Doubtful Accounts	(7,979)	(7,979)
Accounts Receivable, net	\$ 1,804,729	\$ 1,869,314
Interest	\$ -	\$ 39,816
Interest - LAIF	53,002	167,404
Property Taxes	83,551	95,546
Total Accrued Interest and Taxes Receivable	\$ 136,553	\$ 302,766

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 4: PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment activity for the year ended June 30, 2009 was as follows:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers and Adjustments</u>	<u>June 30, 2009</u>
Property, plant and equipment not being depreciated:					
Land	\$ 616,743	\$ -	\$ -	\$ -	\$ 616,743
Construction in progress	<u>2,923,703</u>	<u>12,894,261</u>	<u>-</u>	<u>(929,414)</u>	<u>14,888,550</u>
Total property, plant and equipment not being depreciated	<u>3,540,446</u>	<u>12,894,261</u>	<u>-</u>	<u>(929,414)</u>	<u>15,505,293</u>
Property, plant and equipment being depreciated:					
Pipelines, reservoirs, pumping stations and buildings	92,269,725	98,425	-	929,414	93,297,564
Vehicles and equipment	<u>3,162,688</u>	<u>296,064</u>	<u>(113,859)</u>	<u>-</u>	<u>3,344,893</u>
Total property, plant and equipment being depreciated	<u>95,432,413</u>	<u>394,489</u>	<u>(113,859)</u>	<u>929,414</u>	<u>96,642,457</u>
Less accumulated depreciation for:					
Pipelines, reservoirs, pumping stations and buildings	(41,609,292)	(2,847,282)	-	-	(44,456,574)
Vehicles and equipment	<u>(2,281,888)</u>	<u>(241,929)</u>	<u>97,735</u>	<u>-</u>	<u>(2,426,082)</u>
Total accumulated depreciation	<u>(43,891,180)</u>	<u>(3,089,211)</u>	<u>97,735</u>	<u>-</u>	<u>(46,882,656)</u>
Total Property, plant and equipment being depreciated, net	<u>51,541,233</u>	<u>(2,694,722)</u>	<u>(16,124)</u>	<u>929,414</u>	<u>49,759,801</u>
Property, plant and equipment, net	<u>\$ 55,081,679</u>	<u>\$ 10,199,539</u>	<u>\$ (16,124)</u>	<u>\$ -</u>	<u>\$ 65,265,094</u>

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 4: PROPERTY, PLANT & EQUIPMENT (Continued)

Property, plant and equipment activity for the year ended June 30, 2008 was as follows:

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers and Adjustments</u>	<u>June 30, 2008</u>
Property, plant and equipment not being depreciated:					
Land	\$ 586,380	\$ 30,363	\$ -	\$ -	\$ 616,743
Construction in progress	<u>2,491,153</u>	<u>1,792,428</u>	<u>-</u>	<u>(1,359,878)</u>	<u>2,923,703</u>
Total property, plant and equipment not being depreciated	<u>3,077,533</u>	<u>1,822,791</u>	<u>-</u>	<u>(1,359,878)</u>	<u>3,540,446</u>
Property, plant and equipment being depreciated:					
Pipelines, reservoirs, pumping stations and buildings	90,831,115	78,732	-	1,359,878	92,269,725
Vehicles and equipment	<u>2,917,406</u>	<u>245,282</u>	<u>-</u>	<u>-</u>	<u>3,162,688</u>
Total property, plant and equipment being depreciated	<u>93,748,521</u>	<u>324,014</u>	<u>-</u>	<u>1,359,878</u>	<u>95,432,413</u>
Less accumulated depreciation for:					
Pipelines, reservoirs, pumping stations and buildings	(38,825,284)	(2,784,008)	-	-	(41,609,292)
Vehicles and equipment	<u>(2,106,368)</u>	<u>(175,520)</u>	<u>-</u>	<u>-</u>	<u>(2,281,888)</u>
Total accumulated depreciation	<u>(40,931,652)</u>	<u>(2,959,528)</u>	<u>-</u>	<u>-</u>	<u>(43,891,180)</u>
Total property, plant and equipment being depreciated, net	<u>52,816,869</u>	<u>(2,635,514)</u>	<u>-</u>	<u>1,359,878</u>	<u>51,541,233</u>
Property, plant and equipment, net	<u>\$ 55,894,402</u>	<u>\$ (812,723)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,081,679</u>

NOTE 5: INVESTMENT IN ELECTRICAL POWER

The District participates in the California-Oregon Transmission Project (Project), a Joint Powers Authority (JPA), which is a project of the Department of Energy, Western Area Power Administration. The Project is governed by a Management Committee, which is chaired by a representative of the Transmission Agency of Northern California with each participant in the project having representation on the Management Committee.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 5: INVESTMENT IN ELECTRICAL POWER (Continued)

The District applied as a Community Services District and a Central Valley Project Contractor, and received allocation of 1MW (megawatt) of power (capacity and associated energy) in exchange for an investment as a participant in the construction of the transmission line. Subsequent to the original allocation from the Department of Energy, the District purchased an additional 1 MW of power from Trinity County Public Utility District. The cost of the purchase was \$75,000, plus a prorated share in the construction of the transmission line.

Through a partial assignment of the District's California-Oregon Transmission Project entitlement to the Department of Energy, Western Area Power Administration, the District receives preferential energy rates and a discount on the US Bureau of Reclamation pumping from Folsom Lake. The District has a 0.13 % equity interest in the net assets of the Project as defined in the Long-Term Participation Agreement. The District also has an obligation to finance 0.13% of the net losses of the Project; it also has the right to receive 0.13% of the operating results of the Project income. The District is billed monthly for its share of the operations and maintenance costs of the Project, which totaled approximately \$537 and \$728 during the years ended June 30, 2009 and 2008, respectively. The District's net investment and its share of the operating results of the Project are reported as Investment in Electrical Power. The Project unaudited interim financial statements for the year ended June 30, 2008, are available from the California-Oregon Transmission Project at P.O. Box 15140, Sacramento, CA, 95866. The following is the summarized unaudited financial information for the Project as of and for the years ended June 30, 2009 and 2008:

	Unaudited 2009	2008
Balance sheet		
Assets	<u>\$313,539,768</u>	<u>\$322,425,527</u>
Liabilities	14,181,790	13,216,196
Net assets	<u>299,357,978</u>	<u>309,209,331</u>
Liabilities and net assets	<u>\$313,539,768</u>	<u>\$322,425,527</u>
Income statement		
Operating revenues	\$ 10,229,859	\$ 9,108,165
Operating expenses	<u>20,730,298</u>	<u>19,446,861</u>
Operating loss	(10,500,439)	(10,338,696)
Nonoperating revenue – interest and other	<u>30,176</u>	<u>94,162</u>
Change in net assets	\$ (10,470,263)	\$ (10,244,534)
District's share of change in net assets for period	\$ (13,132)	\$ (13,656)

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 6: LONG-TERM LIABILITIES

Long term debt consisted of the following for the years ended June 30, 2009 and 2008,

	2009	2008
2009 REVENUE CERTIFICATES OF PARTICIPATION		
On June 30, 2009, the District issued Revenue Certificates of Participation in the amount of \$30,510,000 to fund certain capital improvements secured by a lien on all revenues on the District. Principal payments are due on February 1 through 2039 and range from \$10,000 to \$3,015,000, with semi-annual interest payments due on February 1 and August 1 through February 1, 2033 that range from \$90,450 to \$1,008,477. Interest rates range from 3% to 6%.	\$ 30,510,000	\$ -
2003 REVENUE CERTIFICATES OF PARTICIPATION		
Issued on June 25, 2003 in the amount of \$23,995,000 to advance refund the 1993 Revenue Certificates of Participation and fund certain capital improvements secured by a lien on all revenues on the District. Principal payments, ranging from \$475,000 to \$1,455,000 due on February 1 through 2033, and semi-annual interest payments, ranging from \$25,294 to \$446,731, due on February 1 and August 1 through February 1, 2033. Interest rates ranging from 2% to 4.75%	18,835,000	19,765,000
1977 ECONOMIC DEVELOPMENT ADMINISTRATION LOAN		
Entered into on September 14, 1977 related to a 1977 Drought Act Loan. Interest rate is 5%. Face value of \$512,000, annual principal and interest payments of \$30,088 due through July 2016, with a final payment of \$29,149 due July 2017.	193,826	213,251
CALIFORNIA ENERGY COMMISSION ADVANCE		
Advance received on October 4, 2000 related to the Energy Efficiency Improvements project. Interest rate is 5.9%. Face value of \$47,553, semiannual principal and interest payments of \$3,094 due through June 22, 2012.	<u>16,786</u>	<u>21,762</u>
Total	<u>49,555,612</u>	<u>20,000,013</u>
Less: Current portion	<u>(1,390,670)</u>	<u>(954,401)</u>
Total	<u>48,164,942</u>	<u>19,045,612</u>
Add: Unamortized premium	759,105	415,265
Less: Deferred amount on refunding	<u>(94,813)</u>	<u>(136,116)</u>
Total Long-term debt	<u>\$ 48,829,234</u>	<u>\$ 19,324,761</u>

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 6: LONG-TERM LIABILITIES (Continued)

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
2009 Revenue Certificates of Participation	\$ -	\$30,510,000	\$ -	\$30,510,000	\$ 405,000
2003 Revenue Certificates of Participation	19,765,000	-	(930,000)	18,835,000	960,000
1977 Economic Development Administration Loan	213,251	-	(19,425)	193,826	20,396
California Energy Commission Advance	<u>21,762</u>	<u>-</u>	<u>(4,973)</u>	<u>16,789</u>	<u>5,274</u>
	<u>\$20,000,013</u>	<u>\$30,510,000</u>	<u>\$ (954,398)</u>	<u>\$49,555,615</u>	<u>\$ 1,390,670</u>
Compensated absences	<u>\$ 734,972</u>	<u>\$ 387,436</u>	<u>\$ (390,289)</u>	<u>\$ 732,119</u>	<u>\$ 390,289</u>
	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>Due Within One Year</u>
2003 Revenue Certificates of Participation	\$20,660,000	\$ -	\$ (895,000)	\$19,765,000	\$ 930,000
1977 Economic Development Administration Loan	231,751	-	(18,500)	213,251	19,425
California Energy Commission Advance	<u>26,453</u>	<u>-</u>	<u>(4,691)</u>	<u>21,762</u>	<u>4,976</u>
	<u>\$20,918,204</u>	<u>\$ -</u>	<u>\$ (918,191)</u>	<u>\$20,000,013</u>	<u>\$ 954,401</u>
Compensated absences	<u>\$ 643,900</u>	<u>\$ 390,275</u>	<u>\$ (299,203)</u>	<u>\$ 734,972</u>	<u>\$ 299,203</u>

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 6: LONG-TERM LIABILITIES (Continued)

The following is a schedule of maturities for long-term debt at June 30, 2009:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,390,670	\$ 1,810,145	\$ 3,200,815
2011	1,022,005	2,480,007	3,502,012
2012	1,053,410	2,448,652	3,502,062
2013	1,488,611	2,411,339	3,899,950
2014	904,794	2,351,558	3,256,352
2015 - 2019	5,026,125	11,165,911	16,192,036
2020 - 2024	6,175,000	9,916,900	16,091,900
2025 - 2029	7,865,000	8,232,850	16,097,850
2030 - 2034	11,180,000	5,978,475	17,158,475
2035 - 2039	<u>13,450,000</u>	<u>2,515,200</u>	<u>15,965,200</u>
Total	<u>\$ 49,555,615</u>	<u>\$ 49,311,037</u>	<u>\$ 98,866,652</u>

The District is required by its 2003 and 2009 Revenue Certificates of Participation to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 115% of debt service payments on any future debt issued and deposit the net revenues in a revenue fund pledged for such future debt service payments.

In June 2003, the District utilized proceeds of the 2003 Revenue Certificates of Participation to advance refund outstanding 1993 Revenue Certificates of Participation, which were fully retired. The advance refunding resulted in a difference between the reacquisition price and the net acquisition price of the old debt of \$434,092. This deferred amount on refunding, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations over the original life of the 1993 Certificates of Participation through February 13, 2013.

The District participated with four other water districts in a cooperative transmission pipeline project, two of which also participated in the 1993 Revenue Certificates of Participation to finance their share of the pipeline costs. Their share of the 1993 Revenue Certificates of Participation proceeds totaled \$4,661,845. Although the 1993 Revenue Certificates of Participation were refunded, a portion of the scheduled debt maturities in the previous table continue to be partially offset by amounts recoverable under long-term water sales contracts from Fair Oaks Water District and Orangevale Mutual Water Company. The following is a schedule of maturities for the amounts recoverable from these agencies:

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 6: LONG-TERM LIABILITIES (Continued)

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 290,304	\$ 49,782	\$ 340,086
2011	298,368	41,073	339,441
2012	306,432	32,122	338,554
2013	<u>534,912</u>	<u>21,396</u>	<u>556,308</u>
Total	<u>\$ 1,430,016</u>	<u>\$ 144,373</u>	<u>\$ 1,574,389</u>

NOTE 7: NET ASSETS

Restrictions - Restricted net assets consist of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net assets consisted of the debt service reserve on the 2003 and 2009 Certificates of Participation of \$4,931,780 and \$1,798,667 at June 30, 2009 and 2008, respectively.

Board Designations - Designations of unrestricted net assets may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. The following is a summary of designated net asset balances at June 30:

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 7: NET ASSETS (Continued)

	<u>2009</u>	<u>2008</u>
Reserve for replacement of vehicles, equipment and facilities	\$ 7,589,947	\$ 6,109,098
Chlorine containment project	293,299	2,700,000
Funds for retail service area construction of pipeline, pump stations, storage facilities, and service connections	2,323,842	2,189,562
Operating Reserves	2,573,689	2,391,727
Hinkle Reservoir lining replacement reserve	2,205,129	2,155,129
Rate stabilization reserve	1,000,000	1,000,000
Reserve for employees' vacation and sick leave	732,119	734,971
Kokila reservoir lining replacement reserve	316,738	306,738
Hydraulic improvement project	276,305	3,369,599
Developers' deposits for construction and inspection	110,764	111,330
PERS rate stabilization reserve	-	4,000,000
Other post employment benefits fund	313,955	-
Economic Development Administration loan sinking fund	30,000	30,000
Self-insurance reserve	<u>20,000</u>	<u>20,000</u>
Total designated net assets	<u>17,785,787</u>	<u>25,118,154</u>
Unrestricted net assets	<u>2,873,341</u>	<u>2,776,424</u>
Total unrestricted and designated net assets	<u>\$20,659,128</u>	<u>\$27,894,578</u>

NOTE 8: EMPLOYEES' RETIREMENT PLAN

Plan Description - The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. All permanent full and part time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve consecutive months full-time equivalent monthly pay. Copies of the PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 8: EMPLOYEES' RETIREMENT PLAN (Continued)

Funding Policy - Active plan members are required to contribute 8% of their annual covered salary. The District makes the contributions required for District employees on their behalf and for their account. The District was required to contribute at an actuarially determined rate of 26% and 26.587% for the years ended June 30, 2009 and 2008, respectively. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost - For the years ending June 30, 2009 and 2008, the District incurred annual pension costs of \$1,070,832 and \$1,064,338, respectively. The required contribution was determined as part of the June 30, 2007 actuarial valuation using entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary in duration of service ranging from 3.25% to 14.45% for miscellaneous members and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a three year period (smoothed market value). The plan's excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007 was 16 years.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2007	1,027,617	100 %
June 30, 2008	1,064,338	100 %
June 30, 2009	1,070,832	100 %

The funded status information for the risk pool in which the District belongs is as follows:

<u>Actuarial Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio (AVA/AL)</u>	<u>Annual Covered Payroll</u>	<u>UL as % of Covered Payroll</u>
June 30, 2005	\$499,323,280	\$405,480,805	\$ 93,842,475	81.2 %	\$108,618,321	86.4 %
June 30, 2006	620,492,183	501,707,110	118,785,073	80.9 %	126,049,770	94.2 %
June 30, 2007	699,663,524	576,069,687	123,593,827	82.3 %	139,334,562	88.7 %

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits, the District provides certain healthcare benefits for retired employees through CalPERS. During the fiscal year, the District implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Plan Description

The District's defined benefit post-employment healthcare plan provides premium coverage for medical benefits to eligible retired District employees and survivor dependents as defined by their participating tier (first or second) and coverage level (basic or Medicare supplement). Participants have the choice of enrolling in one of several health plans. At June 30, 2009, twenty-one retired employees/survivor dependents meet those eligibility requirements. Benefit provisions are established and may be amended by District within applicable legal standards.

	<u>First Tier</u>	<u>Second Tier</u>
Implementation Date	Prior to 2/1/09	2/1/2009
Benefit Eligibility	Service or disability retirement from District	
Vesting	5 Years, 100%	10 to 20 Years, 50% – 100%
Maximum Contribution	\$1,949.56	\$1,949.56
Average Contribution	\$ 858.82	No retirees yet

Funding Policy

The obligation of the District to contribute to the plan is established and may be amended by the Board. Currently, employees are not required to contribute to the plan to the extent they are fully vested. If they are not 100% vested, they would be required to contribute the balance to fully cover the premium. The District is required to report the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC was determined as part of the July 1, 2008 actuarial valuation and the current ARC rate is 5.82 percent of annual covered payroll.

The District's contributions have historically been financed on a pay-as-you-go basis and thus the District has previously only recognized the cost of providing those benefits by expensing the annual insurance premiums, which amounted to \$184,476 and \$191,848 for the years ended June 30, 2009 and 2008, respectively. The District has determined that there will be an irrevocable trust established to prefund the other post-employment benefit annual required contribution ("ARC") and is in the process of selecting one.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation as of June 30, 2009:

Annual required contribution (ARC) and annual OPEB cost		\$	525,594
Contributions made:			
District portion of current year premiums paid	211,639		
District funding to be placed in trust once established	313,955		
Total contributions			525,594
Net OPEB obligation - end of year		\$	-
Percentage of annual OPEB cost contributed			100 %

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation
June 30, 2009	\$ 525,594	\$ 525,594	100 %	\$ -

Fiscal year ended June 30, 2009 was the year of implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District has elected to implement the statement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

Funding Progress and Funded Status

Schedule of Funding Progress for OPEB.

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2009	\$ 5,668,522	\$ 313,955	\$ 5,354,567	5.5 %	\$ 3,459,152	154.8 %

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.75 percent investment rate of return, (net of administrative expenses) and an annual healthcare cost trend rate of 4.2% initially, with a range beginning at 9% in 2010 and decreasing to 5% from 2013 forward. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level amount over the participants' working lifetime. The AAL is the cumulative value, on the valuation date, of prior service costs. For retirees, the AAL is the present value of all projected benefits.

The ARC under this method equals the normal cost plus the amortization of the unfunded AAL over a thirty (30) year period. The Plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 10: INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability property damage and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. ACWA/JPIA may be terminated at any time by written consent of three-fourths of voting members at which time the members may be required to pay their share of any additional amount of premium in accordance with loss allocation formulas for final disposition of all claims and losses covered by the joint powers agreement. The ACWA/JPIA's financial statements are available at 5620 Birdcage Street, Suite 200, Citrus Heights, CA 95610-7632.

The District's deductibles and maximum coverage are as follows:

<u>Coverage</u>	<u>ACWA/JPIA</u>	<u>Commercial Insurance</u>	<u>Deductible</u>
General and Auto Liability(includes public officials liability)	\$ 1,000,000	\$39,000,000	None
Property Damage	50,000	50,000,000	\$ 1,000
Fidelity	100,000		1,000
Workers Compensation liability	2,000,000	Statutory	None
Employers liability	2,000,000	Statutory	None

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008**

NOTE 11: COMMITMENTS AND CONTINGENCIES

As of June 30, 2009, the District had the following commitments for capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Auburn Folsom Widening-South Phase	\$ 335,186
Water Treatment Plant Hydraulics Improvements	723,900
USBR Raw Water Bypass Pipeline	27,128
USBR Bypass Pipeline Project	11,902
72" USBR Bypass Pipeline Project	462,352
Hydraulic Project Modeling	26,600
Wholesale Metering Improvement Project	202,970
Groundwater Substitution Consulting	10,203
Chlorination System Improvement Project	<u>68,794</u>
	<u>\$ 1,869,035</u>

Other Litigation The District is involved in other litigation concerning the completion of water projects. The ultimate outcome of such litigation is not presently determinable, and the District believes that such matters will not have a material adverse impact upon the District's financial position based upon information available at the present time.

SUPPLEMENTARY INFORMATION

**SAN JUAN WATER DISTRICT
SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Total</u>	<u>Wholesale</u>	<u>Retail</u>
Salaries and benefits	\$ 1,584,949	\$ 852,309	\$ 732,640
Audit/consulting	100,721	63,851	36,870
Buildings and grounds	50,793	13,610	37,183
Shop Supplies	13,586	-	13,586
Other/Landscaping	58,807	13,607	45,200
Directors' fees/expenses	40,838	20,419	20,419
Elections expense	2,201	1,826	375
Insurance	72,636	33,385	39,251
Legal	150,954	119,694	31,260
Meetings/conventions	26,855	15,176	11,679
Office supplies/expense	203,916	128,693	75,223
Public relations	142,796	75,178	67,618
Telephone/radio	28,226	9,122	19,104
Utilities	19,912	11,770	8,142
Hazardous waste	<u>1,808</u>	<u>28</u>	<u>1,780</u>
Subtotal	<u>2,498,998</u>	<u>1,358,668</u>	<u>1,140,330</u>
Less overhead allocation	<u>(337,457)</u>	<u>(80,971)</u>	<u>(256,486)</u>
Net Administrative and General Expenses	<u>\$ 2,161,541</u>	<u>\$ 1,277,697</u>	<u>\$ 883,844</u>

**SAN JUAN WATER DISTRICT
SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Total</u>	<u>Wholesale</u>	<u>Retail</u>
Salaries and benefits	\$ 1,674,806	\$ 909,447	\$ 765,359
Audit/consulting	94,458	78,501	15,957
Buildings and grounds	-	-	-
Shop Supplies	32,510	-	32,510
Other/Landscaping	31,765	31,765	-
Directors' fees/expenses	49,714	24,857	24,857
Elections expense	-	-	-
Insurance	103,391	47,184	56,207
Legal	133,014	90,223	42,791
Meetings/conventions	30,636	18,315	12,321
Office supplies/expense	232,099	131,504	100,595
Public relations	207,495	108,484	99,011
Telephone/radio	25,551	7,174	18,377
Utilities	20,374	12,777	7,597
Hazardous waste	<u>502</u>	<u>61</u>	<u>441</u>
Subtotal	<u>2,636,315</u>	<u>1,460,292</u>	<u>1,176,023</u>
Less overhead allocation	<u>(248,751)</u>	<u>(45,264)</u>	<u>(203,487)</u>
Net Administrative and General Expenses	<u>\$ 2,387,564</u>	<u>\$ 1,415,028</u>	<u>\$ 972,536</u>

**SAN JUAN WATER DISTRICT
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
WHOLESALE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Wholesale</u>		Variance with Final Budget Positive (Negative)
	<u>Actual</u>	<u>Final Budget</u>	
Operating Revenues			
Water Sales - Wholesale			
Water charges to retail areas	\$ 2,451,426	\$ 2,590,562	\$ (139,136)
Citrus Heights Water District	2,012,487	2,175,387	(162,900)
Fair Oaks Water District	1,271,557	1,451,151	(179,594)
Sacramento Suburban Water District	535,920	-	535,920
Orangevale Mutual Water Company	514,575	510,115	4,460
City of Folsom	309,733	296,844	12,889
Granite Bay Gold Club	15,510	14,000	1,510
City of Roseville	-	-	-
Total Water Sales - Wholesale	<u>7,111,208</u>	<u>7,038,059</u>	<u>73,149</u>
Water sales - retail	-	-	-
Other	<u>80,500</u>	<u>118,000</u>	<u>(37,500)</u>
Total Operating Revenues	<u>7,191,708</u>	<u>7,156,059</u>	<u>35,649</u>
Operating Expenses			
Source of Supply			
Water charged to retail service area	-	-	-
Placer County Water Agency	300,750	395,750	(95,000)
US Bureau of Reclamation	165,088	247,410	(82,322)
Wheeling	180,597	194,660	(14,063)
Bureau pumping	107,174	74,298	32,876
Energy assessments	527	2,000	(1,473)
Other	15,446	10,300	5,146
Administrative and general	1,274,012	1,563,154	(289,142)
Water treatment	2,211,536	2,373,012	(161,476)
Transmission and distribution	147,159	176,781	(29,622)
Customer service	-	-	-
Pumping and telemetry	482,270	569,577	(87,307)
Engineering	-	-	-
Conservation	172,379	191,684	(19,305)
Interest expense	-	-	-
Retirement benefit fund	<u>2,071,669</u>	<u>-</u>	<u>2,071,669</u>
Total Operating Expenses Excluding Depreciation	<u>7,128,607</u>	<u>5,798,626</u>	<u>1,329,981</u>
Net Income (Loss) from Operations Excluding Depreciation	63,101	<u>\$ 1,357,433</u>	<u>\$ (1,294,332)</u>
Depreciation	<u>1,620,680</u>		
Net Income (Loss) from Operations	<u>\$ (1,557,579)</u>		

**SAN JUAN WATER DISTRICT
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
RETAIL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Retail</u>		Variance with Final Budget Positive (Negative)
	<u>Actual</u>	<u>Final Budget</u>	
Operating Revenues			
Water Sales - Wholesale			
Water charges to retail areas	\$ -	\$ -	\$ -
Citrus Heights Water District	-	-	-
Fair Oaks Water District	-	-	-
Sacramento Suburban Water District	-	-	-
Orangevale Mutual Water Company	-	-	-
City of Folsom	-	-	-
Granite Bay Gold Club	-	-	-
City of Roseville	-	-	-
Total Water Sales - Wholesale	<u>-</u>	<u>-</u>	<u>-</u>
Water sales - retail	7,542,865	8,004,455	(461,590)
Other	<u>67,269</u>	<u>129,100</u>	<u>(61,831)</u>
Total Operating Revenues	<u>7,610,134</u>	<u>8,133,555</u>	<u>(523,421)</u>
Operating Expenses			
Source of Supply			
Water charged to retail service area	2,451,426	2,590,562	(139,136)
Placer County Water Agency	-	-	-
US Bureau of Reclamation	-	-	-
Wheeling	-	-	-
Bureau pumping	-	-	-
Energy assessments	-	-	-
Other	-	-	-
Administrative and general	887,529	1,074,668	(187,139)
Water treatment	-	-	-
Transmission and distribution	1,491,966	1,597,478	(105,512)
Customer service	689,023	597,685	91,338
Pumping and telemetry	181,705	141,651	40,054
Engineering	359,576	509,345	(149,769)
Conservation	464,130	533,705	(69,575)
Interest expense	249,251	589,173	(339,922)
Retirement benefit fund	<u>2,071,669</u>	<u>-</u>	<u>2,071,669</u>
Total Operating Expenses Excluding Depreciation	<u>8,846,275</u>	<u>7,634,267</u>	<u>1,212,008</u>
Net Income (Loss) from Operations Excluding Depreciation	(1,236,141)	\$ <u>499,288</u>	\$ <u>(1,735,429)</u>
Depreciation	<u>1,468,531</u>		
Net Income (Loss) from Operations	<u>\$ (2,704,672)</u>		

**SAN JUAN WATER DISTRICT
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
TOTAL
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Total</u>		
	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenues			
Water Sales - Wholesale			
Water charges to retail areas	\$ 2,451,426	\$ 2,590,562	\$ (139,136)
Citrus Heights Water District	2,012,487	2,175,387	(162,900)
Fair Oaks Water District	1,271,557	1,451,151	(179,594)
Sacramento Suburban Water District	535,920	-	535,920
Orangevale Mutual Water Company	514,575	510,115	4,460
City of Folsom	309,733	296,844	12,889
Granite Bay Gold Club	15,510	14,000	1,510
City of Roseville	-	-	-
Total Water Sales - Wholesale	<u>7,111,208</u>	<u>7,038,059</u>	<u>73,149</u>
Water sales - retail	7,542,865	8,004,455	(461,590)
Other	<u>147,769</u>	<u>247,100</u>	<u>(99,331)</u>
Total Operating Revenues	<u>14,801,842</u>	<u>15,289,614</u>	<u>(487,772)</u>
Operating Expenses			
Source of Supply			
Water charged to retail service area	2,451,426	2,590,562	(139,136)
Placer County Water Agency	300,750	395,750	(95,000)
US Bureau of Reclamation	165,088	247,410	(82,322)
Wheeling	180,597	194,660	(14,063)
Bureau pumping	107,174	74,298	32,876
Energy assessments	527	2,000	(1,473)
Other	15,446	10,300	5,146
Administrative and general	2,161,541	2,637,822	(476,281)
Water treatment	2,211,536	2,373,012	(161,476)
Transmission and distribution	1,639,125	1,774,259	(135,134)
Customer service	689,023	597,685	91,338
Pumping and telemetry	663,975	711,228	(47,253)
Engineering	359,576	509,345	(149,769)
Conservation	636,509	725,389	(88,880)
Interest expense	249,251	589,173	(339,922)
Retirement benefit fund	<u>4,143,338</u>	<u>-</u>	<u>4,143,338</u>
Total Operating Expenses Excluding Depreciation	<u>15,974,882</u>	<u>13,432,893</u>	<u>2,541,989</u>
Net Income (Loss) from Operations Excluding Depreciation	(1,173,040)	\$ <u>1,856,721</u>	\$ <u>(3,029,761)</u>
Depreciation	<u>3,089,211</u>		
Net Income (Loss) from Operations	<u>\$ (4,262,251)</u>		

STATISTICAL SECTION

**SAN JUAN WATER DISTRICT
STATISTICAL SECTION**

This part of the San Juan Water District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health.

Financial Trends 60 - 61

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

Revenue Capacity 62 - 63

These schedules contain information to help the reader assess the district's most significant local revenue source.

Debt Capacity 68

These schedules presents information to help the reader assess the affordability of the district's current level of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information 69

These schedules offer demographic and economic indicators to help the reader understand the environment within the district's financial activities take place and to help make comparisons over time.

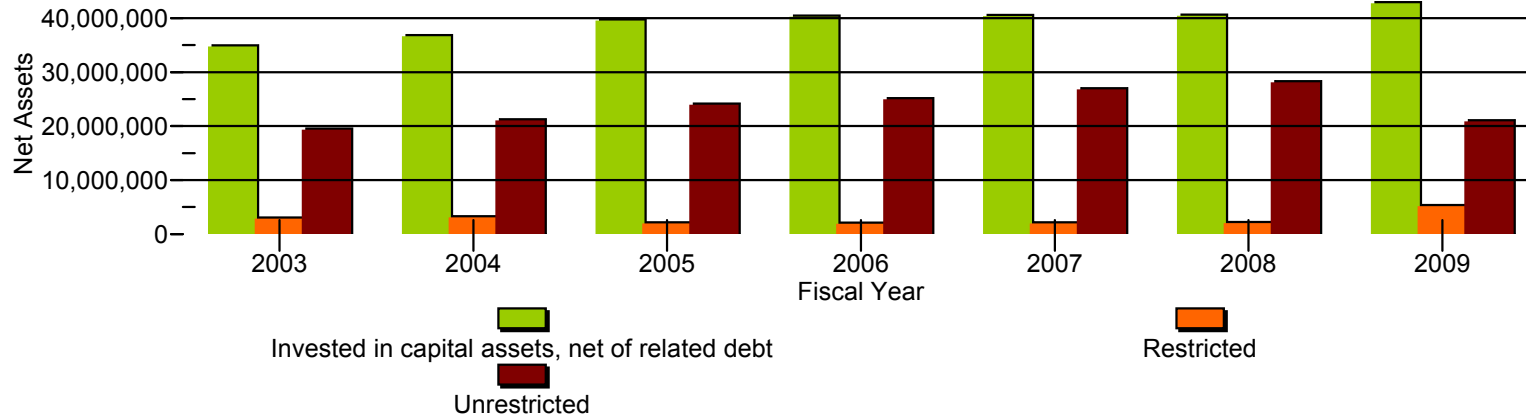
Operating Information 70 - 73

These schedules contain information about the district's operation and resources to help the reader understand how the district's financial information relates to the services the district provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**SAN JUAN WATER DISTRICT
NET ASSETS BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)**

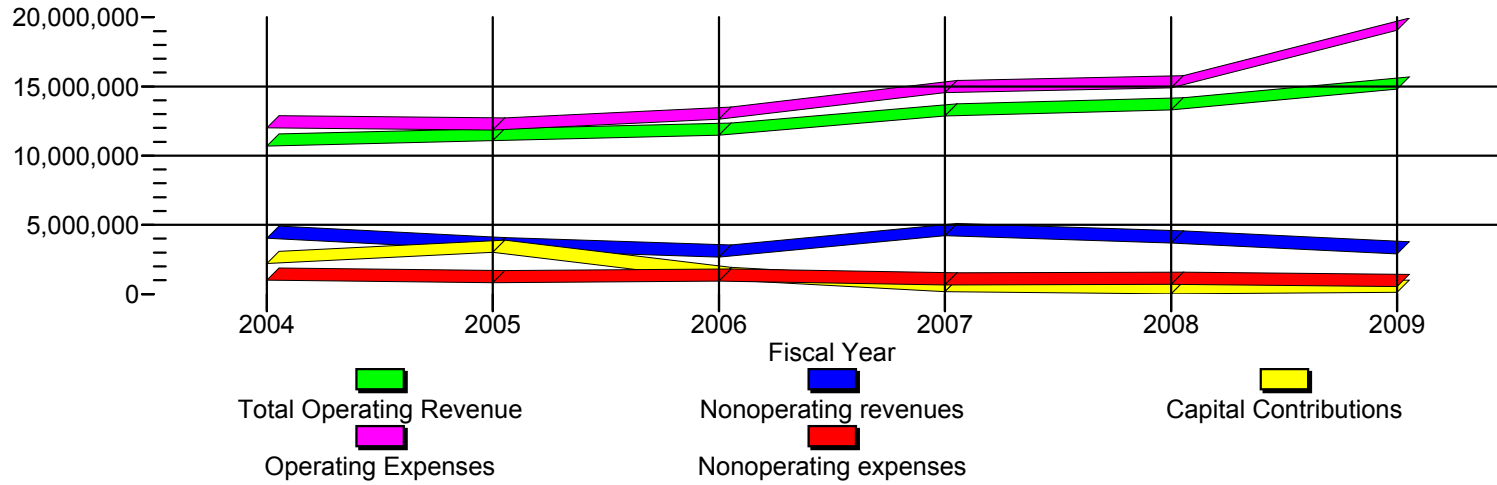


	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Fiscal Year 2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net Assets:							
Invested in capital assets, net of related debt	\$ 34,535,992	\$ 36,450,715	\$ 39,346,360	\$ 40,061,013	\$ 40,198,780	\$ 40,225,803	\$ 42,545,198
Restricted	2,650,354	2,893,502	1,745,910	1,694,605	1,747,260	1,798,667	4,931,780
Unrestricted	<u>19,122,813</u>	<u>20,864,605</u>	<u>23,752,127</u>	<u>24,728,796</u>	<u>26,577,138</u>	<u>27,894,578</u>	<u>20,659,128</u>
Total net assets	<u>\$ 56,309,159</u>	<u>\$ 60,208,822</u>	<u>\$ 64,844,397</u>	<u>\$ 66,484,414</u>	<u>\$ 68,523,178</u>	<u>\$ 69,919,048</u>	<u>\$ 68,136,106</u>

Source: District Finance and Administrative Services Division

Note: The District implemented GASB 34 during the fiscal year June 30, 2003 - Information prior to that date is not available.

**SAN JUAN WATER DISTRICT
CHANGES IN NET ASSETS
(ACCRUAL BASIS OF ACCOUNTING)**



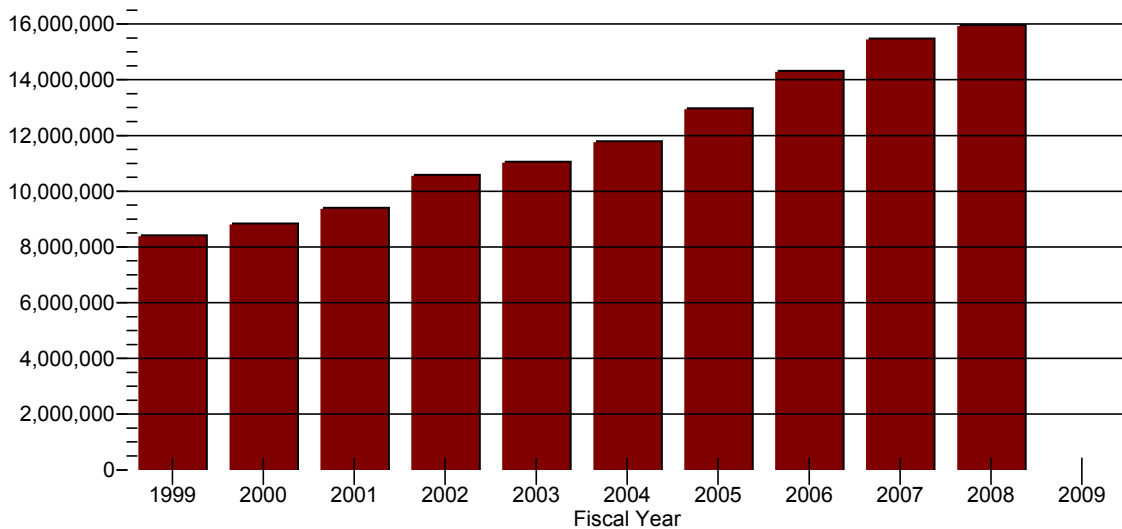
	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Operating Revenue						
Wholesale	\$ 5,243,288	\$ 5,744,760	\$ 5,769,324	\$ 6,228,302	\$ 6,410,653	\$ 7,111,208
Retail	5,414,979	5,285,572	5,668,705	6,575,947	6,766,658	7,542,865
Other	31,815	52,836	43,443	49,218	128,867	147,769
Total Operating Revenue	<u>10,690,082</u>	<u>11,083,168</u>	<u>11,481,472</u>	<u>12,853,467</u>	<u>13,306,178</u>	<u>14,801,842</u>
Operating Expenses	12,019,491	11,835,475	12,622,867	14,543,281	14,893,799	19,064,093
Net Loss From Operations	(1,329,409)	(752,307)	(1,141,395)	(1,689,814)	(1,587,621)	(4,262,251)
Nonoperating revenues	4,040,058	3,190,015	2,675,765	4,212,810	3,697,999	2,894,980
Nonoperating expenses	1,013,406	810,514	942,717	663,380	715,551	547,472
Net Income Before Capital Contributions	1,697,243	1,627,194	591,653	1,859,616	1,394,827	(1,914,743)
Capital Contributions	2,202,420	3,008,381	1,048,364	179,148	1,043	131,801
Change in Net Assets	<u>\$ 3,899,663</u>	<u>\$ 4,635,575</u>	<u>\$ 1,640,017</u>	<u>\$ 2,038,764</u>	<u>\$ 1,395,870</u>	<u>\$ (1,782,942)</u>

Source: District Finance and Administrative Services Division

Note: The District implemented GASB 34 during the fiscal year June 30, 2003 - Information prior to that date is not available.

**SAN JUAN WATER DISTRICT
 ASSESSED ACTUAL VALUE - TAXABLE PROPERTY
 (ACCRUAL BASIS OF ACCOUNTING)
 LAST TEN FISCAL YEARS
 (in thousands)**

Fiscal Year	Secured Assessed Value	Unsecured Assessed Value	Total Assessed Value	Total Property Tax Revenue	Total Direct Tax Rate
1999	\$ 8,163,896	\$ 194,067	\$ 8,357,963	\$ 1,708	0.020 %
2000	8,567,796	213,269	8,781,065	1,858	0.021 %
2001	9,142,049	195,485	9,337,534	2,061	0.022 %
2002	10,319,900	203,522	10,523,422	2,249	0.021 %
2003	10,792,241	205,675	10,997,916	2,142	0.019 %
2004	11,542,718	191,345	11,734,063	2,576	0.022 %
2005	12,702,143	207,714	12,909,857	505	0.004 %
2006	14,025,002	235,440	14,260,442	644	0.005 %
2007	15,183,026	237,318	15,420,344	1,790	0.012 %
2008	15,828,403	73,208	15,901,611	-	- %
2009	-	-	-	-	- %



Source: County of Placer
 County of Sacramento

Note:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**SAN JUAN WATER DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Taxpayer</u>	<u>2009</u>		<u>2000</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Steadfast/Sunrise LLC	\$ 114,174,050	0.94 %	\$ -	- %
VIF & Lyon Oak Creek LLC	62,002,929	0.51	-	-
MP Birdcage Marketplace LLC	57,216,905	0.47	25,577,629	-
The Realty Associates Fund VIII LP	53,091,000	0.44	25,577,629	-
Rollingwood Commons Apartments LLC	41,132,421	0.34	-	-
Sacto Fair Oaks Blvd Apartments LLC	32,278,852	0.27	-	-
Grove at Sunrise LLC	28,390,066	0.23	-	-
PK I Cable Park LP	27,646,400	0.23	-	-
Wal Mart Real Estate Business Trust	27,073,102	0.22	-	-
Lowes HIW Inc.	25,835,588	0.21	-	-
Sacto Winding Way Apartments LLC	23,960,010	0.20	-	-
Marshall Field Stores Inc.	23,555,522	0.19	18,223,684	-
Fair Oaks Fountains LLC	22,888,800	0.19	-	-
Woo Family Investment Properties	22,732,521	0.19	-	-
Sears Roebuck & Company	22,571,754	0.19	12,331,769	-
Ronald P. & Maureen A. Ashley	21,529,565	0.18	-	-
Costco Wholesale Corporation	21,366,938	0.18	-	-
Madison & Sunrise Associates LLC	20,792,772	0.17	-	-
1158 Page Street LLC	19,500,000	0.16	-	-
Demmon Family Partnership	19,154,814	0.16	-	-
National Life and Accident Insurance Co.	-	-	26,084,865	0.16
Hunting Square Limited LP	-	-	13,495,521	0.16
The Fairways Apts-Wdc & DLC Sequola Fairways	-	-	30,221,383	0.35
Folsom Ranch Apartments	-	-	23,603,700	0.28
Macy's Sunac Properties Corp/Federated Stores	-	-	21,143,016	-
California Family Health Bldg & Medical	-	-	14,061,741	0.16
Lake Pointe Apartments	-	-	12,900,000	0.15
Total	\$ 572,719,959	4.73 %	\$ 223,220,937	1.26 %

Source: California Municipal Statistics, Inc.

2008-09 Total Secured Assessed Valuation

1999-00 Total Secured Assessed Valuation: \$8,567,796,118.00

**SAN JUAN WATER DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS - BONDED DEBT
LAST TEN FISCAL YEARS**

Fiscal Year End	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 848,314	\$ 926,159	109.2 %	\$ -	\$ 926,159	109.2 %
2001	861,537	991,970	115.1 %	-	991,970	115.1 %
2002	861,537	1,118,024	129.8 %	-	1,118,024	129.8 %
2003	704,095	884,843	125.7 %	-	884,443	125.7 %
2004	916,353	1,204,749	131.5 %	-	1,204,749	131.5 %
2005	-	45,799	- %	-	45,799	- %
2006	-	1,956	- %	-	1,956	- %
2007	-	-	- %	-	-	- %
2008	-	-	- %	-	-	- %
2009	-	-	- %	-	-	- %

Sources: Sacramento County Auditor-Controller and Placer County Auditor-Controller

(1) Includes only tax revenue for bonded debt. The 1998 General Obligation Bonds were repaid in 2004.

**SAN JUAN WATER DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Certificates of Participation	Economic Development Admin Loan	California Energy Commission Loan	Total Primary Government	Population	Debt Per Capita
2000	\$ 4,455,000	\$ 6,820,000	\$ 338,798	\$ -	\$ 11,613,798	162,000	71.69
2001	3,645,000	6,465,000	325,651	47,553	10,483,204	163,000	64.31
2002	2,785,000	6,095,000	311,846	46,231	9,238,077	185,000	49.94
2003	1,905,000	23,995,000	297,351	42,720	26,240,071	188,400	139.28
2004	980,000	23,225,000	282,131	39,006	24,526,137	181,584	135.07
2005	-	22,390,000	266,150	35,063	22,691,213	185,996	122.00
2006	-	21,535,000	249,370	30,883	21,815,253	188,786	115.56
2007	-	20,660,000	231,751	26,453	20,918,204	191,051	109.49
2008	-	19,765,000	213,251	21,762	20,000,013	193,554	103.33
2009	-	49,345,000	193,826	16,787	49,555,613	196,089	252.72

Sources: San Juan Water District Finance & Administrative Services Division

Note: Details regarding the District's debt can be found in note 6 of the financial statements.

**SAN JUAN WATER DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

General Bonded Debt Outstanding

Fiscal Year	General Obligation Bonds	Total	Actual Taxable Value of Property	Percentage of Actual Value (a) of Property	Population (b)	Debt Per Capita (c)
2000	\$ 4,455	\$ 4,455	\$ 8,567,796	0.052 %	162,000	\$ 27.50
2001	3,645	3,645	9,142,049	0.040 %	163,000	22.36
2002	2,785	2,785	10,319,900	0.027 %	185,000	15.05
2003	1,905	1,905	10,792,241	0.018 %	188,400	10.11
2004	980	980	11,542,718	0.008 %	181,584	5.40
2005	-	-	12,702,143	- %	185,996	-
2006	-	-	14,025,002	- %	188,786	-
2007	-	-	15,183,026	- %	191,051	-
2008	-	-	15,828,403	- %	193,554	-
2009	-	-	-	- %	196,089	-

(a) Property in the District is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to the actual value.

(b) Population data were provided by Placer and Sacramento Counties

(c) The 1998 General Obligation Bonds were repaid in 2004.

Source: San Juan Water District Finance & Administrative Services Division and Placer and Sacramento Counties

**SAN JUAN WATER DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2009**

2008-09 Assessed Valuation:	\$ 16,757,892,186
Redevelopment Incremental Valuation:	<u>228,942,088</u>
Adjusted Assessed Valuation:	\$ 16,528,950,098

Direct and Overlapping Tax and Assessment Debt	Total Debt	Percent Applicable (1)	District's Share of Debt
Los Rios Community College District	\$ 149,310,000	8.053 %	\$ 12,023,934
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	42,966,422	11.980 %	5,147,377
San Juan Unified School District	273,716,182	36.724 %	100,519,531
Placer Union High School District	38,154,040	4.649 %	1,773,781
Roseville Joint Union High School District	104,150,355	17.284 %	18,001,347
Eureka Union School District	7,179,716	68.895 %	4,946,465
Loomis Union School District	6,970,000	18.299 %	1,275,440
Roseville City School District	35,059,045	0.719 %	252,075
City of Folsom	20,665,000	14.017 %	2,896,613
City of Folsom Assessment District No. 90-1	1,940,000	100.000 %	1,940,000
Sacramento Area Flood Control District Operation and Maintenance Assessment District	4,165,000	13.569 %	565,149
California Statewide Community Development Authority Obligations	314,187	100.000 %	314,187
San Juan Suburban Water District	-	100.000 %	-
Total Direct and Overlapping Tax and Assessment Debt	\$ 684,589,947		\$ 149,655,899

Overlapping General Fund Debt

Sacramento County General Fund Obligations	\$ 359,109,528	9.757 %	\$ 34,384,737
Sacramento County Pension Obligations	934,025,232	9.575 %	89,432,916
Sacramento County Board of Education Certificates of Participation	11,150,000	9.575 %	1,067,613
Placer County General Fund Obligations	53,830,000	2.873 %	4,238,036
Placer County Office of Education Certificates of Participation	2,525,000	7.873 %	198,793
Los Rios Community College District	6,695,000	8.053 %	539,148
Sierra Joint Community College District Certificates of Participation	16,015,000	5.786 %	926,628
Folsom-Cordova Unified School District Certificates of Participation	38,430,000	7.601 %	2,921,064
San Juan Unified School District Certificates of Participation	2,209,911	36.724 %	811,568
Roseville Joint Union High School District Certificates of Participation	4,345,000	17.284 %	750,990
Eureka Union School District Certificates of Participation	6,105,000	68.895 %	4,206,040
Other School District Certificates of Participation	28,940,000	Various	1,372,847
City of Folsom Certificates of Participation	15,050,000	14.017 %	2,109,559
City of Roseville Certificates of Participation	21,870,000	2.770 %	605,799
Sacramento Metropolitan Fire District Pension Obligations	66,648,975	19.523 %	13,011,879
Orangevale Recreation and Park District Certificates of Participation	1,490,000	99.962 %	1,489,434
Sunrise Recreation and Park District Certificates of Participation	7,305,000	36.030 %	2,631,992
Placer Mosquito and Vector Control District Certificates of Participation	5,000,000	7.873 %	<u>393,650</u>
Total Gross Overlapping General Fund Debt			\$ 161,092,693
Less: Sacramento County self-supporting obligations			<u>712,380</u>
Total Net Overlapping General Fund Debt			\$ 160,380,313

Gross Combined Total Debt (2)	\$ 310,748,592
Net Combined Total Debt	\$ 310,036,212

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the district.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:

Direct Debt	-	%
Total Direct and Overlapping Tax and Assessment Debt	0.89	%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt	1.88	%
Net Combined Total Debt	1.88	%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$ -

**SAN JUAN WATER DISTRICT
RATIO OF ANNUAL DEBT SERVICE EXPENSES
FOR ALL DEBT TO TOTAL GENERAL EXPENSES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenses (a)	Ratio of Debt Service to Total General Expenses
2000	\$ 1,142,520	\$ 636,991	\$ 1,779,511	\$ 8,508,609	20.91 %
2001	1,178,148	611,177	1,789,325	9,476,781	18.88 %
2002	1,245,127	543,956	1,789,083	10,897,592	16.42 %
2003	1,283,006	486,864	1,769,870	11,693,478	15.14 %
2004	1,713,934	1,134,404	2,848,338	11,898,493	23.94 %
2005	1,834,924	1,043,472	2,878,396	11,602,517	24.81 %
2006	875,960	916,858	1,792,818	12,648,726	14.17 %
2007	897,049	948,978	1,846,027	14,366,884	12.85 %
2008	918,191	863,197	1,781,388	14,738,945	12.09 %
2009	954,401	826,187	1,780,588	18,844,042	9.45 %

(a) Total general expenses are total expenses excluding interest expense. Details regarding the District's outstanding debt can be found in note 6 to the financial statements.

Sources: San Juan Water District Finance & Administrative Services Division

**SAN JUAN WATER DISTRICT
TEN LARGEST RETAIL CUSTOMERS
CURRENT YEAR AND ONE YEAR AGO**

Customer	2008 - 2009			2007 - 2008		
	Total Revenue	Rank	% of Revenue	Total Revenue	Rank	% of Revenue
Roseville Joint Union High School	\$ -	-	- %	\$ 18,424	1	0.29 %
Rolling Greens Estates LLC	-	-	- %	14,732	2	0.23 %
Bushnells Landscape Creations	-	-	- %	11,407	3	0.18 %
Granite Bay Business Park	-	-	- %	10,581	4	0.17 %
Eureka Union School District/Cavitt Jr High	-	-	- %	10,228	5	0.16 %
Sierra Valley Real Estate	-	-	- %	9,569	6	0.15 %
Eureka Union School District/Oakhills	-	-	- %	8,861	7	0.14 %
Otow Revocable Living Trust	-	-	- %	8,728	8	0.14 %
Placer County Department of Facility Services	-	-	- %	8,715	9	0.14 %
Maison Chapeaux	-	-	- %	7,624	10	0.12 %
Total	\$ -		- %	\$ 108,869		1.72 %

Sources: San Juan Water District Customer Services Department

Note: The District began collecting this data in fiscal year 2007-2008.

**SAN JUAN WATER DISTRICT
WHOLESALE WATER PRODUCTION
LAST TEN FISCAL YEARS**
(in million gallons)

Monthly Production	2008- 2009	2007- 2008	2006- 2007	2005- 2006	2004- 2005	2003- 2004	2002- 2003	2001- 2002	2000- 2001	1999- 2000
July	2,937	2,563	3,099	3,255	3,110	3,175	3,181	3,242	3,173	2,818
August	2,917	2,409	3,226	3,101	3,053	2,938	2,901	3,099	3,114	2,489
September	2,427	1,907	2,932	2,670	2,787	2,909	2,577	2,642	2,545	2,169
October	1,646	1,170	2,116	2,166	1,852	2,403	2,004	2,164	1,824	1,893
November	857	878	1,138	1,466	1,014	1,151	1,117	1,217	1,169	1,158
December	764	661	968	1,048	1,039	980	1,015	938	1,063	861
January	728	559	1,065	881	933	922	946	929	1,083	751
February	631	537	962	819	831	793	852	856	972	850
March	620	1,325	1,308	812	1,035	1,293	1,146	1,070	1,194	1,102
April	1,405	2,021	1,732	980	1,313	2,057	1,130	1,587	1,534	1,800
May	1,854	2,639	1,793	2,510	1,926	2,870	1,845	2,481	2,759	1,989
June	<u>2,112</u>	<u>2,791</u>	<u>2,323</u>	<u>3,004</u>	<u>2,696</u>	<u>3,101</u>	<u>3,019</u>	<u>3,001</u>	<u>2,956</u>	<u>2,940</u>
Annual Total	<u>18,898</u>	<u>9,460</u>	<u>22,662</u>	<u>22,712</u>	<u>15,589</u>	<u>24,592</u>	<u>17,733</u>	<u>23,226</u>	<u>23,386</u>	<u>20,820</u>
Average Monthly Water Production	<u>1,575</u>	<u>1,622</u>	<u>1,889</u>	<u>1,893</u>	<u>1,799</u>	<u>2,049</u>	<u>1,811</u>	<u>1,936</u>	<u>1,949</u>	<u>1,735</u>
Average Daily Water Production	<u>51.8</u>	<u>53.3</u>	<u>62.1</u>	<u>62.2</u>	<u>59.1</u>	<u>67.4</u>	<u>59.5</u>	<u>63.6</u>	<u>64.1</u>	<u>57.0</u>

Sources: San Juan Water District Wholesale Operations Division

**SAN JUAN WATER DISTRICT
WHOLESALE WATER SYSTEM DEMOGRAPHICS AND STATISTICS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Facilities:										
# of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Plant Capacity (MGD)	120	120	120	120	120	120	120	120	120	120
# of Pumping Stations	-	-	-	-	-	-	-	-	-	-
# of Storage Tanks/Reservoirs	-	-	-	-	-	-	-	-	-	-
<hr/>										
Water Supply Available:										
Pre-1914 Water Rights	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
USB/CVP Water										
Contract	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200
PCWA Contract	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total Water Supply Available	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>	<u>82,200</u>
<hr/>										
Water Supply Delivered:										
Pre-1914 Water Rights	33,330	33,183	31,539	28,205	36,761	30,761	35,476	35,402	32,539	33,000
USB/CVP Water										
Contract	10,855	11,481	9,571	4,585	5,225	7,013	5,947	9,908	7,884	-
PCWA Contract	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Total Water Supply Delivered	<u>69,185</u>	<u>69,664</u>	<u>66,110</u>	<u>57,790</u>	<u>66,986</u>	<u>62,774</u>	<u>66,423</u>	<u>70,310</u>	<u>65,423</u>	<u>58,000</u>
<hr/>										
Production (average in acre feet):										
Five Year	58,700	60,241	64,438	67,616	68,703	70,319	70,217	69,559	68,168	64,669
Ten Year	54,200	54,970	57,604	60,302	61,486	64,520	64,992	67,421	68,044	67,248
Fifteen Year	54,400	54,936	55,940	57,071	57,861	59,578	60,211	62,200	62,948	63,263
Twenty Year	51,300	53,085	54,574	56,762	57,354	58,399	58,937	59,626	59,885	60,140
<hr/>										
Connections: (1)										
San Juan Water District (retail)	9,407	9,725	9,992	10,200	10,079	10,256	10,306	10,339	10,359	10,359
Citrus Heights Water District	18,912	18,929	19,120	-	19,302	19,254	19,486	19,498	19,573	19,600
Fair Oaks Water District	13,217	13,441	13,588	13,554	13,577	13,544	13,848	14,469	14,474	14,484
Orange Vale Water Company	5,164	5,119	5,195	5,209	5,277	5,324	5,518	5,566	5,572	5,600
City of Folsom	<u>15,520</u>	<u>16,638</u>	<u>17,758</u>	<u>18,547</u>	<u>18,364</u>	<u>18,659</u>	<u>18,764</u>	<u>19,208</u>	<u>19,459</u>	<u>20,499</u>
Total Connections	<u>62,220</u>	<u>63,852</u>	<u>65,653</u>	<u>47,510</u>	<u>66,599</u>	<u>67,037</u>	<u>67,922</u>	<u>69,080</u>	<u>69,437</u>	<u>70,542</u>
<hr/>										
Population	162,000	163,000	185,000	188,400	181,584	185,996	188,786	191,051	193,554	196,089

**SAN JUAN WATER DISTRICT
RETAIL WATER SYSTEM DEMOGRAPHICS AND STATISTICS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Facilities:										
Miles of Main Line	135	143	144	165	203	210	213.5	213.5	213.5	214.0
# of Pumping Stations	3	3	3	3	3	3	3	3	3	3
# of Storage Tanks/Reservoirs	3	3	3	3	3	3	3	3	3	3
<hr/>										
Connections:										
Single-Family Residential	-	-	-	-	-	9,710	9,753	9,752	9,770	9,770
Multi-Family Residential	-	-	-	-	-	118	118	117	120	120
Commercial	-	-	-	-	-	183	190	217	215	215
Institutional	-	-	-	-	-	12	11	11	11	11
Landscape Irrigation	-	-	-	-	-	221	222	230	231	231
Agricultural Irrigation (Strawberries)	-	-	-	-	-	4	4	4	4	4
Other (Sewer lift/pump stations)	-	-	-	-	-	8	8	8	8	8
Total Connections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,256</u>	<u>10,306</u>	<u>10,339</u>	<u>10,359</u>	<u>10,359</u>
<hr/>										
Consumption: (1)										
Single-Family Residential	-	-	-	-	-	-	5,043,423	5,680,870	5,392,177	5,020,192
Multi-Family Residential	-	-	-	-	-	-	90,785	99,732	92,353	96,145
Commercial	-	-	-	-	-	-	155,681	173,631	167,395	149,209
Institutional	-	-	-	-	-	-	98,444	104,898	103,931	93,052
Landscape Irrigation	-	-	-	-	-	-	425,275	503,444	501,790	453,918
Agricultural Irrigation (Strawberries)	-	-	-	-	-	-	5,361	4,531	501,790	8,144
Other (Sewer lift/pump stations)	-	-	-	-	-	-	886	1,200	8,808	802
Total Consumption	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,819,855</u>	<u>6,568,306</u>	<u>6,768,244</u>	<u>5,821,462</u>
<hr/>										
Population	162,000	163,000	185,000	188,400	181,584	185,996	188,786	191,051	193,554	196,089

(1) Beginning on January 1, 2005, the District was fully metered; data prior to that time is not available.

**SAN JUAN WATER DISTRICT
STAFFING - CERTIFICATES - LICENSES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>Full-Time Equivalent Employees as of June 30</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Last Ten Fiscal Years by Function/Program										
Executive	3	3	3	3	3	3	3	3	3	3
Conservation	5	5	5	3	3	3	3.5	3.5	3.5	3.5
Customer Service	4	3	4	4	4	3	3	3	3	3.5
Engineering Services	4	4	4	4	4	3	3	3	3	3.5
Field Services	20	18	17	18	16	15	16	17	17	17
Finance/Admin Services	3	3	3	3	3	4	4	5	5	5
Water Treatment Operations	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>49</u>	<u>46</u>	<u>46</u>	<u>45</u>	<u>44</u>	<u>41</u>	<u>42.5</u>	<u>44.5</u>	<u>44.5</u>	<u>45.5</u>

Actual Versus Budget

	<u>FY 2009</u>		<u>FY 2000</u>	
	<u>Filed as of June 30</u>	<u>Budgeted</u>	<u>Filed as of June 30</u>	<u>Budgeted</u>
Executive	3	3	3	-
Conservation	3.5	3.5	5	-
Customer Service	3	3	3	-
Engineering Services	3	3	4	-
Field Services	17	17	18	-
Finance/Admin Services	5	5	3	-
Water Treatment Operations	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Total	<u>44.5</u>	<u>44.5</u>	<u>46</u>	<u>-</u>

Certificates and Licenses

	<u>June 30, 2009</u>
California Department of Health Services Water Distribution Operator	
Grade 1	2
Grade 2	3
Grade 3	7
Grade 4	11
Grade 5	2
California Department of Health Services Water Treatment Operator	
Grade 1	-
Grade 2	5
Grade 3	3
Grade 4	2
Grade 5	1
AWWA Cross-Connection Control Program	-
California Professional Civil Engineer's License	3
California Certified Municipal Treasurer	1
California Special District Administrator	1

Sources: San Juan Water District Finance & Administrative Services Department

Note: The 2005 Human Resources Mater Plan re-allocated positions within the District and added two positions.