

Comprehensive Annual Financial Report

of the San Juan Water District

For the Fiscal Year Ended June 30, 2011

Prepared by

*Mary A. Morris, Finance and Administrative Services Manager
Sue Amentler, Accountant
Toni Darr, Accounting Technician III*



SAN JUAN WATER DISTRICT
9935 Auburn-Folsom Road
Granite Bay, California 95746
(916) 791-0115
www.sjwd.org

This page intentionally left blank

Table of Contents

Introductory Section	Page
Letter of Transmittal	1
List of Elected and Appointed Officials	7
Organization Chart	8
Certificate of Achievement for Excellence in Financial Reporting	10
Financial Section	
Independent Auditor’s Report	11
Management’s Discussion and Analysis	12
Basic Financial Statements	
Statement of Net Assets.....	19
Statement of Activities.....	20
Statement of Cash Flows.....	21
Notes to the Basic Financial Statements	23
Supplementary Information	
Schedule of Administrative and General Expenses –June 30, 2011 ...	47
Schedule of Administrative and General Expenses – June 30, 2010 ..	47
Schedule of Operations – Budget and Actual.....	48
Total.....	48
Wholesale	49
Retail.....	50
Statistical Tables	
Statistical Section Table of Contents	52
Net Assets by Component	53
Changes in Net Assets	54
Wholesale Water Rates and Connection Fees	55
Retail Water Rates and Connection Fees.....	56
Retail Water Sales by Type	57
Ten Largest Retail Customers	58
Property Tax Levies and Collections – Bonded Debt	59
Principal Property Tax Payers.....	60
Assessed Actual Value of Taxable Property	61
Ratios of Outstanding Debt by Type.....	62
Ratios of General bonded Debt Outstanding.....	63
Computation of Direct and Overlapping Bonded Debt.....	64
Ratio of Annual Debt Service Expenses	65
Debt Service Coverage.....	66

Table of Contents

Principal Employers for Counties Served.....	67
Demographic and Economic Statistics	68
Staffing – Certificates - Licenses by Function/Program	69
Wholesale Water System Capital Asset and Operating Indicators.....	70
Wholesale Water Production	71
Retail Water System Capital Asset and Operating Indicators	72
Retail Water Connection Fee Report Gov’t Code Section 66013(d)(e)	73

Introduction

This page intentionally left blank

September 9, 2011

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 (District) for the fiscal year ended June 30, 2011. 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, 2011, 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, 2011, 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 require 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 transmittal letter 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 Introduction, Financial, Supplementary Information and Statistical sections. The Introductory section includes this transmittal letter, a list of principal 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 financial statements; MD&A; June 30, 2011 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 (Unaudited) 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, Orange Vale 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 10,368 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 and 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, external and internal.

Water Supply

The District's 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 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 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 of Reclamation Folsom Pumping Plant. Total raw water delivery for the fiscal year was 59,495 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 and the District continually strives to meet the standards of the California Urban Water Conservation Council's (CUWCC) Best Management Practices (BMPs) that are required by the Sacramento Area Water Forum Agreement, California legislation SBx7x, the California Department of Water Resources, and the U.S. Bureau of Reclamation Central Valley Project Improvement Act.

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

- ◆ Water Conservation Poster Contest and Calendar – For over 15 years San Juan Water District has collaborated with four of its retail water suppliers and local elementary schools to promote an annual water conservation poster contest.
- ◆ Rebate Program – Provides residential customers High-Efficiency Washing Machine and Hot Water Demand System rebates; provides commercial and residential customers with High Efficiency Toilet and Irrigation Efficiency rebates.
- ◆ Free Programs – Assist customers with Residential Meter Retrofit Program; Irrigation Support that includes Landscape Workshops; provide Landscape Water budgets; and maintain an on-site library for customers to check out books about soil aeration, mulches, drip irrigation, water efficient landscaping, fertilizers, water education information for children and more. Free pamphlets on these topics are also available.
- ◆ Water Efficient Landscape (WEL) Garden – Located behind San Juan Water District's office are gardens to inspire visitors to create a landscape that looks beautiful every season. The garden demonstrates efficient irrigation and non-water using materials to create a beautiful landscape.

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 include two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Major upgrades and improvements to the plant in 2005 and 2009 added a solids handling facility and a new chlorine storage and handling facility to the plant. These two projects along with other capital projects increased efficiency and productivity to meet the required demands of customers and improved operations to help meet Federal and State regulatory requirements.

With a capacity of approximately 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, the District completed capital improvement projects to meet the District's goal of water system reliability: replaced aging tube settlers and launders in the North and South Sedimentation and Flocculation basins; rehabilitated the severely spalled concrete walls; installed a new 72" and 60" diameter steel pipeline from the Bureau's Pump Station at Folsom Dam to the Hinkle Wye continuing to the City of Roseville tie-in; installed a new high efficiency solar power array designed to supply approximately 90% of the power needs to feed the Peterson Water Treatment Plant, Hinkle Pump Station, and Field Operations Building; installed new 72" and 60" Pipelines to provide redundancy and additional operational control for delivering treated water to and from Hinkle Reservoir. In addition, other projects are underway in the next fiscal year to improve and efficiently maintain water systems that in many cases are more than 30 years old, including pipelines and instrumentation and control systems.

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 a safe and reliable source of water supply through contracts; treatment of surface drinking water; storage and delivery of water to contracting wholesale water agencies; construct and maintain treatment and water storage systems as recommended by the Wholesale Master Plan.
2. The Retail Operation's primary responsibilities are: maintain a safe and reliable 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 number of new service connections. There were approximately 5 fewer service connections for the current fiscal year, which represents a negative growth rate of approximately .0482% 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 realtor, 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. New conservation related billing structures, referred to as Best Management Practices (BMP) 11, intend to work toward having 70% of revenues received from the volumetric portion of the water rates. Using the alternative Canadian Model which is available, only 30% of revenues are required to be received from volumetric portion of rates and the District meets this standard as it is actually 41%. The District will continue to actively monitor legislation related to this and other rate structure requirements. Any rate structure alterations would be discussed by the Board of Directors and follow noticing requirements of Proposition 218.

Long-term Financial Planning

In order to ensure funds are available to meet both operating and capital needs, the District (for both Wholesale and Retail Operations) established a financial planning process with development of a Master Plan that contains a review of current infrastructure, and 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 2010 and 2011, respectively, by the Reed Group, Inc. While there was a recommended 5% increase for Wholesale, the plan did not recommend a water rate increase for Retail in 2012. There were cost-saving measures implemented by staff as well as unanticipated revenues that offset the need to increase rates. In accordance with prior plans, operating, capital and reserve requirement needs, the adopted Fiscal Year 2010-2011 budgets, the Board approved a Wholesale Water Rate increase of 5% and a Retail Water Rate increase of 2%, effective January 1, 2011. Wholesale Water Rate

increases are due to the significant nature of capital projects and debt service required (minimal operational increase required). Retail Water Rate increases are due to capital projects (minimal operational increase required).

Relevant Financial Policies

Effective in June 2011, the Board of Director's changed the District's policy related to the California Public Employees' Retirement System (PERS) Employer Paid Member Contribution (EPMC). Previously, the 8% EPMC was paid by the District on behalf of the employee and now employees are making the full 8% contribution.

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, 2010. This was the fourth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's 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,

Shauna Lorance
General Manager

Mary A. Morris
Finance & Administrative Services Manager

San Juan Water District
List of Elected and Appointed Officials
June 30, 2011

Board of Directors – Elected Officials

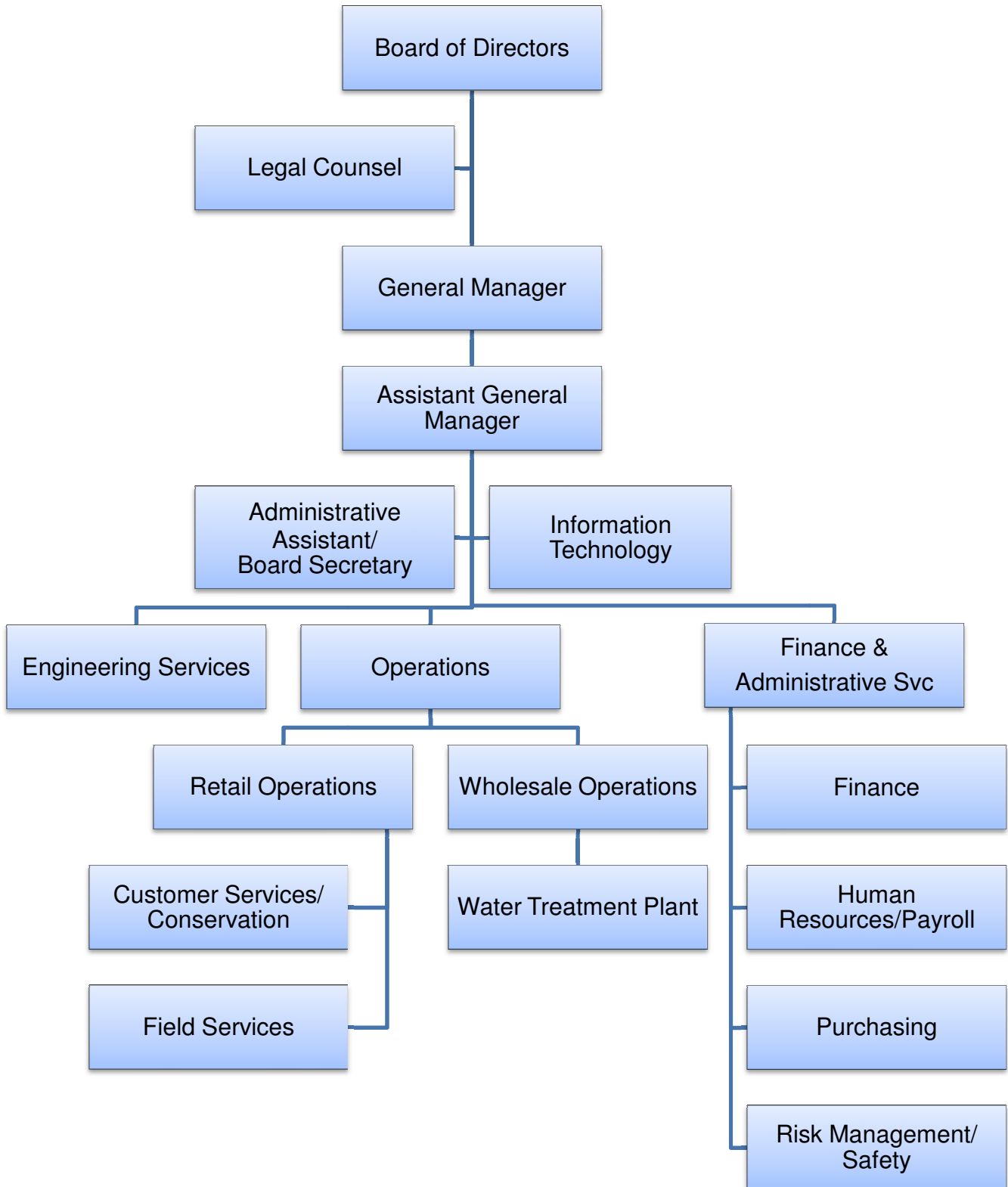
<u>Title</u>	<u>Name</u>	<u>Current Term</u>
President	Edward J. "Ted" Costa	12/2010 – 12/2014
Vice President	Pamela Tobin	12/2008 – 12/2012
Director	Kenneth H. Miller	12/2008 – 12/2012
Director	Dave Peterson	12/2010 – 12/2014
Director	Bob Walters	12/2010 – 12/2014

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 Manager	Judy A. Johnson
Engineering Services Manager	Rob Watson
Field Services Manager	George Machado
Water Treatment Plant Superintendent	Bill Sadler

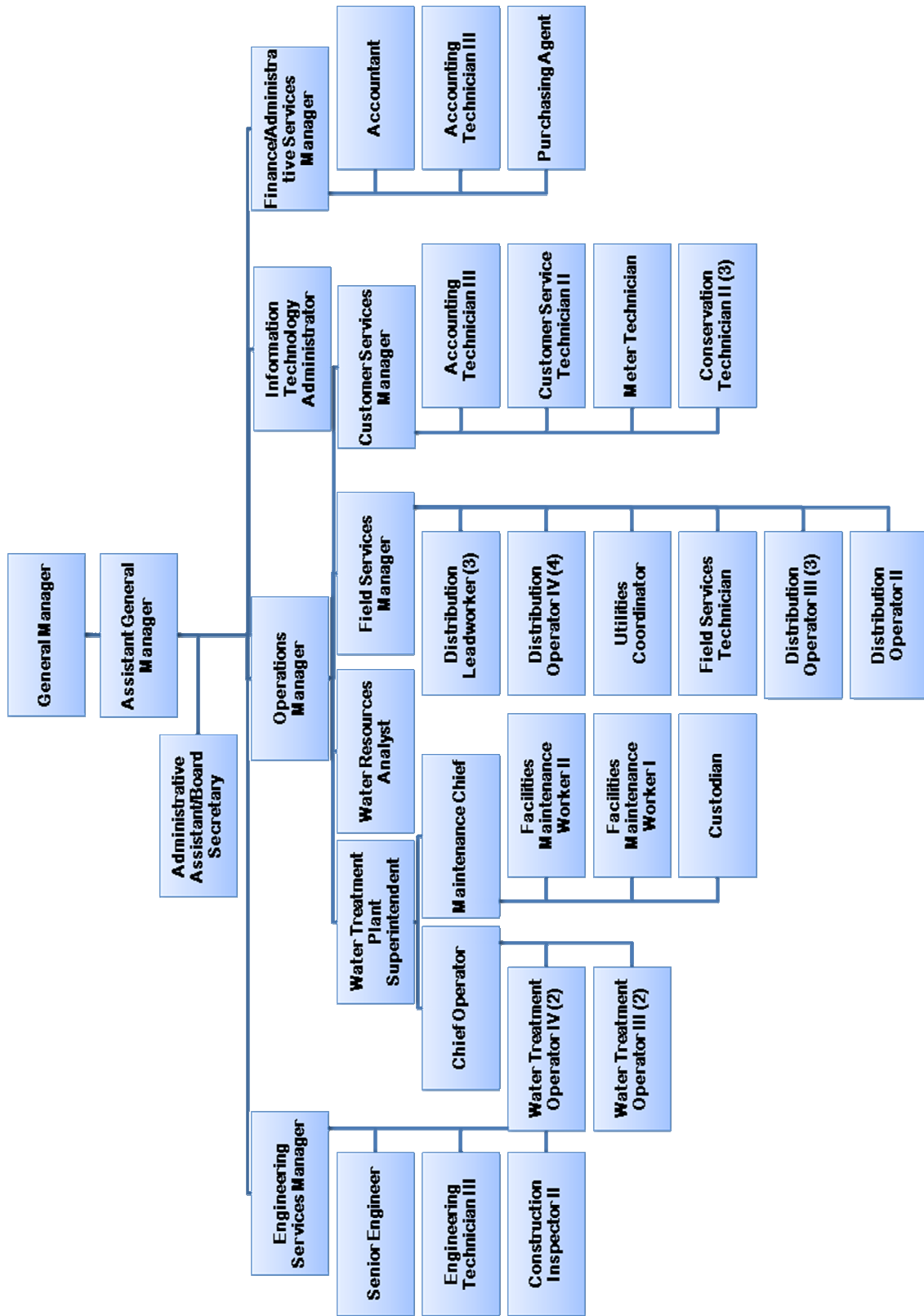


San Juan Water District
Organization Chart
June 30, 2011





San Juan Water District
 Organization Chart
 June 30, 2011



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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Financial Section

CPAs with *Personality*



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, 2011 and 2010 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2011 and 2010 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, 2011, 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 12-18 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 audits were 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 audits 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, 2011

5530 Birdcage Street, Suite 105
Citrus Heights, CA 95610 P: (916) 966-9366 F: (916) 966-8743
www.Fritzco.net

This page intentionally left blank

Management's Discussion and Analysis

In order to enhance the information provided in the transmittal letter, management offers this narrative overview and analysis of the financial activities of the San Juan Water District (District) for the fiscal year ended June 30, 2011. We encourage readers to consider the information here in conjunction with that transmittal letter, which can be found on pages 1-6 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 \$71,974,145 (net assets) as compared with \$69,889,967 in the prior year. This amount is comprised of investments in capital assets, restricted and unrestricted net assets. Of the total amount, \$20,112,276 is considered unrestricted and available to meet the District's ongoing obligations. This amount was \$21,465,443 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 increased by \$2,084,178, compared to the prior year increase of \$1,753,861 in the prior fiscal year. The major reason for the prior year increase was the completion of capital projects. In the current year, the increase is due to capital contribution revenue for a cooperative construction project and revenues higher than projected.
- Operating revenues increased by \$724,745, which is due to a 5% rate increase in wholesale water rates, a 2% rate increase in retail water rates (for capital improvement program funding), a reduction in revenue due to continuing impacts of the economy and a wet water year. In the prior year, operating revenues increased by \$197,026, which was due to an 8% rate increase in wholesale water rates, a 5% rate increase in retail water rates (for capital improvement program funding), a reduction in revenue due to the low lake level and continued conservation efforts.
- Non-operating revenues decreased by \$1,178,319 due to lower investment earnings as the direct result of the recessionary economy, decrease in capital contribution due to completion of a cooperative construction with a higher level of activity in the prior year and lower property tax revenues due to decreased assessment values. In the prior year, non-operating revenues increased by \$1,802,868 as a result of: 1) lower number of connections and corresponding revenue as develop has slowed, and 2) increased capital contribution revenue due to cooperative construction project.

Overview of the Financial Statements

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

Introductory Section - This includes the letter of transmittal, Certificate of Achievement for Excellence in Financial Reporting awarded by the GFOA, list of Board of Directors and Staff, and organization chart.

Financial Section - This section includes the 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 Statements of Activities reflects the revenues and expenses for the fiscal year ended. The Statements of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing activities. The notes 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 18.

Supplemental 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, 2011, assets exceeded liabilities by \$71,974,145. In the prior year, assets exceeded liabilities by \$69,889,967.

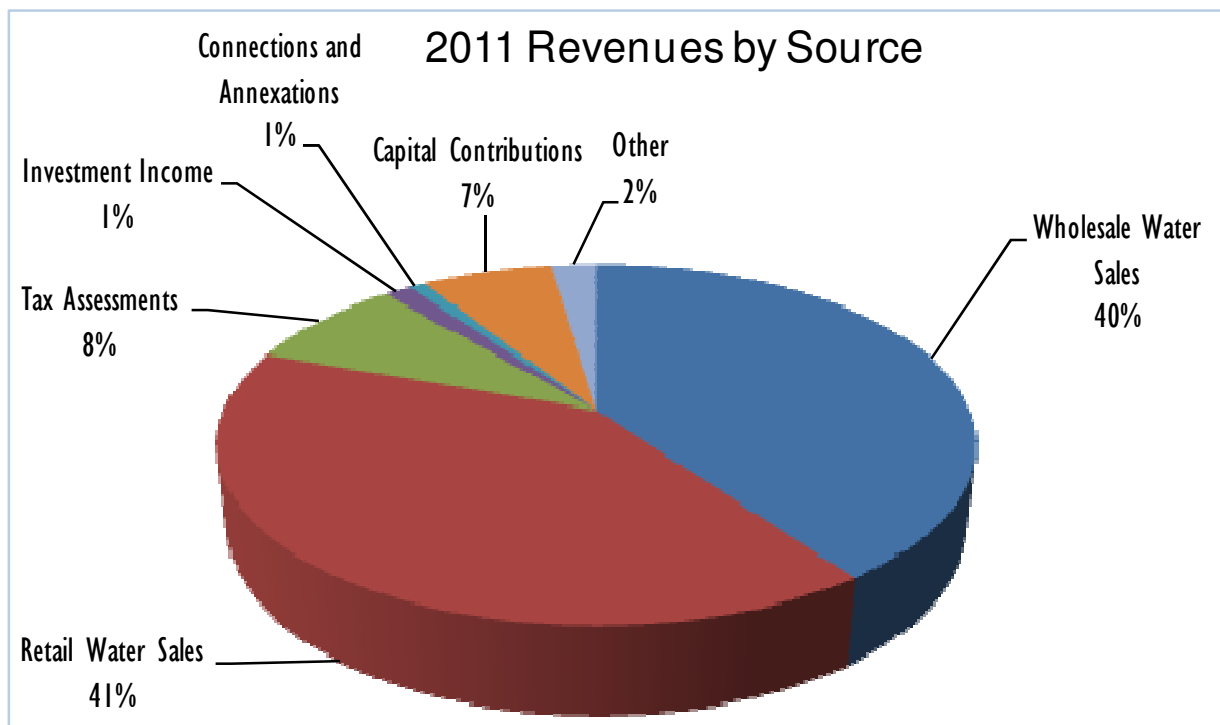
Statements of Net Assets

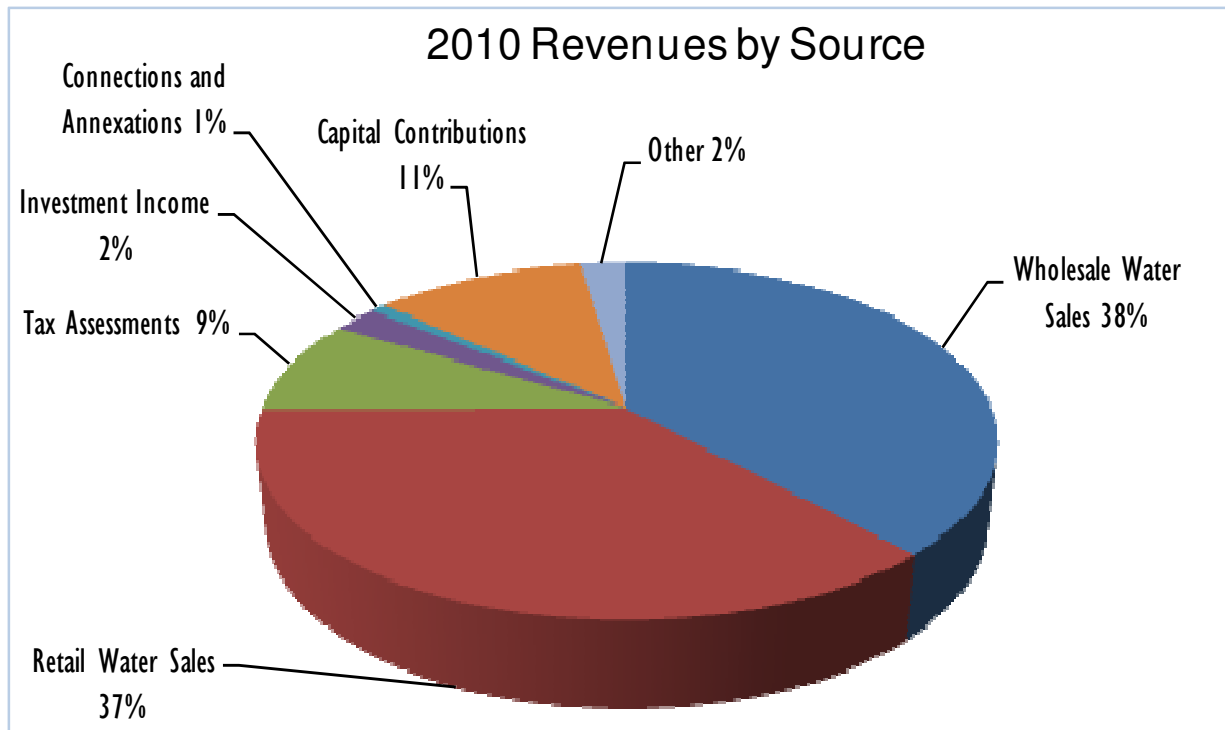
	2011	2010	Change	2009	Change
Current Assets	\$ 19,763,408	\$ 11,287,455	\$ 8,475,953	\$ 13,314,186	\$ (2,026,731)
Restricted Assets	16,485,507	30,838,327	(14,352,820)	37,023,282	(6,184,955)
Capital Assets, Net	83,182,028	75,067,143	8,114,885	65,265,094	9,802,049
Other Assets	6,605,161	6,744,099	(138,938)	6,023,354	720,745
Total Assets	\$126,036,104	\$123,937,024	\$2,099,080	\$121,625,916	\$2,311,108
Current Liabilities	\$ 6,780,035	\$ 5,882,062	\$ 897,973	\$ 4,318,746	\$ 1,563,316
Long-Term Liabilities	47,281,924	48,164,995	(883,071)	49,171,064	(1,006,069)
Total Liabilities	\$ 54,061,959	\$ 54,047,057	\$ 14,902	\$ 53,489,810	\$ 557,247
Invested in capital assets, net of related debt	47,026,193	43,492,739	3,533,454	42,545,198	947,541
Restricted net assets	4,835,676	4,931,780	(96,104)	4,931,780	-
Unrestricted	20,112,276	21,465,448	(1,353,172)	20,659,128	806,320
Net Assets	71,974,145	69,889,967	2,084,178	68,136,106	1,753,861
Total Liabilities and Net Assets	\$ 126,036,104	\$ 123,937,024	\$ 2,099,080	\$ 121,625,916	\$ 2,311,108

The largest portion of the District's net assets, 65%, reflects its investment in capital assets (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 62% of net assets with the same percentage in the fiscal year prior to that. The District utilizes capital assets to serve its customers; therefore, these assets are not available for future spending. While the District's investment in capital assets is reported net of related debt, be aware that the funds needed to repay this debt must be contributed from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, restricted net assets, 7%, are subject to external restriction on how they may be used (specifically, for debt service on the 2003 Certificates of Participation (COPs)). The remaining unrestricted net assets, 28%, 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.

The increase of \$2,084,178 in total net assets is representative of increases in revenues and capital contributions offset by reduced non-operating revenues. In the prior fiscal year, the increase of \$1,753,861 in total net assets was due to increase in capital contributions offset by reduced operating and non-operating revenues. In the fiscal year two years prior, the decrease of \$1,781,942 was due to a \$4M retirement fund payoff which saved the District approximately \$1.6M in interest that would have been charged at the set rate of the retirement fund of 7.75%.





Graphical representations of total District revenues demonstrate the generally stable revenue streams with exception of capital contributions which can vary significantly from year-to-year and would most often equal zero.

Operating revenue increased by \$724,745 due to rate increases for both wholesale and retail customers and a slight rebound in water use. In the prior fiscal year, the increase of \$197,026 was due to rate increases for both wholesale and retail customers offset by reduced water use. 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.

Statements of Activities

	2011	2010	Change	2009	Change
Operating Revenues					
Wholesale Water Sales	\$ 7,764,982	\$ 7,554,793	\$ 210,189	\$ 7,111,208	\$ 443,585
Retail Water Sales	7,834,917	7,299,989	534,928	7,542,865	(242,876)
Other	123,714	144,086	(20,372)	147,769	(3,683)
Total Operating Revenues	<u>\$ 15,723,613</u>	<u>\$ 14,998,868</u>	<u>\$ 724,745</u>	<u>\$ 14,801,842</u>	<u>\$ 197,026</u>
Nonoperating Revenues					
Tax assessments	1,597,524	1,687,204	(89,680)	1,822,166	(134,962)
Investment income	271,233	475,140	(203,907)	847,510	(372,370)
Capital Contributions	1,283,677	2,172,250	(888,573)	131,801	2,040,449
Connections and annexations	163,541	163,266	275	45,699	117,567
Other	335,355	331,789	3,566	179,605	152,184
Total Nonoperating Revenues	<u>3,651,330</u>	<u>4,829,649</u>	<u>(1,178,319)</u>	<u>3,026,781</u>	<u>1,802,868</u>
Total Revenues	<u>\$ 19,374,943</u>	<u>\$ 19,828,517</u>	<u>\$ (453,574)</u>	<u>\$ 17,828,623</u>	<u>\$ 1,999,894</u>
Operating Expenses					
Administration and general	2,431,343	2,458,413	(27,070)	2,161,541	296,872
Conservation	617,614	635,946	(18,332)	636,509	(563)
Customer service	658,999	666,816	(7,817)	689,023	(22,207)
Engineering	342,523	317,454	25,069	359,576	(42,122)
Pumping and telemetry	590,723	545,977	44,746	663,975	(117,998)
Source of Supply	2,820,911	3,284,932	(464,021)	3,221,008	63,924
Transmission and distribution	1,657,517	1,764,549	(107,032)	1,639,125	125,424
Water treatment	2,118,922	2,171,923	(53,001)	2,211,536	(39,613)
Depreciation	3,024,662	3,058,880	(34,218)	3,088,211	(29,331)
Interest expense	-	-	-	-	-
Retirement Benefit Fund	377,057	742,340	(365,283)	4,143,338	(3,400,998)
Total Operating Expenses	<u>14,640,271</u>	<u>15,647,230</u>	<u>(1,006,959)</u>	<u>18,813,842</u>	<u>(3,166,612)</u>
Nonoperating Expenses					
Bond and note interest	2,591,472	2,359,167	232,305	705,053	1,654,114
Other	59,022	68,259	(9,237)	91,670	(23,411)
Total Nonoperating Expenses	<u>2,650,494</u>	<u>2,427,426</u>	<u>223,068</u>	<u>796,723</u>	<u>1,630,703</u>
Total Expenses	<u>17,290,765</u>	<u>18,074,656</u>	<u>(783,891)</u>	<u>19,610,565</u>	<u>(1,535,909)</u>
Change in Net Assets	2,084,178	1,753,861	330,317	(1,781,942)	3,535,803
Net Assets at Beginning of year	69,889,967	68,136,106	1,753,861	69,919,048	(1,782,942)
Net Assets at End of Year	<u>\$ 71,974,145</u>	<u>\$ 69,889,967</u>	<u>\$ 2,084,178</u>	<u>\$ 68,137,106</u>	<u>\$ 1,752,861</u>

The \$1,178,319 decrease in non-operating revenues is a result of reduced investment income due to market conditions, continued slowing of new connections and lower capital contribution revenue. This compares to the prior year's \$1,802,868 increase in non-operating revenues attributed to increased capital contributions. Two years prior, non-operating revenues decreased by \$611,259 which was the 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.

The \$1,006,959 decrease in operating expenses is due to reduced source of supply costs due to lower water use and retirement benefit (OPEB) costs due to single year of ARC reflected. In the prior fiscal year, operating expenses decreased by \$3,166,612 due to inflation increases for items such as treatment chemicals and maintenance construction supplies without the one-time payoff of the retirement benefit fund.

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.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2011, net of accumulated depreciation, is \$83,182,028. This investment includes land, buildings, water treatment plant and distribution system, construction in progress, vehicles, equipment, office equipment and furniture. As of June 30, 2010, this amount was \$75,067,143. The increase from the prior fiscal year of \$8,114,885 is due to several large construction projects. At June 30, 2011, the District had \$588,778 in construction commitments outstanding. At June 30, 2010, the District had \$1,869,036 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 2011-2012 shows a continuing slow growth trend with some vacant land currently being developed. Additional information on capital assets can be located in Note 3 of the Notes to the Basic Financial Statements beginning on Page 29 and 30.

Debt Administration

As of June 30, 2011, the District had four different debt issues outstanding in an aggregate amount of \$47,142,938. Of this amount, \$1,053,410 represents the current portion due in Fiscal Year 2011-2012. In the prior year, there were three outstanding debt issues in an aggregate amount of \$48,164,943, with \$1,000,589 representing the portion due in Fiscal Year 2010-2011. For more information on Long-Term Liabilities, refer to Note 5 of the Notes to the Basic Financial Statements beginning on Page 32.

Outstanding Debt Issues				
Year Ended June 30	2011	2010	2009	
2009 Certificates of Participation	\$ 30,095,000	\$ 30,105,000	\$ 30,510,000	
2003 Certificates of Participation	16,890,000	17,875,000	18,835,000	
1977 Economic Development Administration Loan	152,014	173,430	193,826	
California Energy Commission Loan	5,924	11,513	16,789	
Total	\$ 47,142,938	\$ 48,164,943	\$ 49,555,615	

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. This rating was upgraded to "AA+" by Fitch Ratings in 2010 and affirmed in July 2011.

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 2011-2012 Budget. As approved by the Board of Directors, the District's Wholesale Water Rates are scheduled to remain unchanged with no increase on January 1, 2012 and the Retail Water Rates will remain unchanged with no increase on January 1, 2012. Several factors made holding rates possible including: higher than anticipated revenues, lower costs due to cost savings measures and a favorable bidding climate on capital improvement projects. The current rates are required to fund the capital improvement program and cover the costs 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.

This page is intentionally left blank.

Basic Financial Statements

SAN JUAN WATER DISTRICT
STATEMENT OF NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 16,665,927	\$ 6,643,994
Accounts receivable	2,301,048	3,738,612
Accrued interest and taxes receivable	65,911	209,662
Current portion of amounts recoverable under long-term water sales contracts	306,432	302,195
Inventory	66,811	72,653
Prepaid expenses	357,279	320,339
Total Current Assets	19,763,408	11,287,455
Noncurrent Assets		
Restricted Assets		
Cash and cash equivalents	11,649,830	26,002,650
Investments	4,835,677	4,835,677
Capital Assets, Net	83,182,028	75,067,143
Total Restricted Assets	99,667,535	105,905,470
Other Assets		
Investments	5,061,750	4,810,705
Amounts recoverable under long-term water sales contracts	534,912	841,344
Investment in electrical power	355,461	368,899
Deferred charges-unamortized bond expenses and other	653,038	723,151
Total Other Assets	6,605,161	6,744,099
Total Noncurrent Assets	106,272,696	112,649,569
TOTAL ASSETS	\$ 126,036,104	\$ 123,937,024
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 4,179,217	\$ 3,206,253
Accrued interest	1,016,995	1,029,474
Customer/developer deposits	25,448	44,743
Deferred income	15,984	22,834
Due to other governments	10	-
Deposits held for other governments	227,669	227,669
Compensated absences	261,302	350,500
Current portion of long-term debt	1,053,410	1,000,589
Total Current Liabilities	6,780,035	5,882,062
Long-Term Liabilities		
Long-term debt	46,728,453	47,754,286
Compensated absences	553,471	410,709
Total Long-Term Liabilities	47,281,924	48,164,995
Total Liabilities	54,061,959	54,047,057
Net Assets		
Invested in capital assets, net of related debt	47,026,193	43,492,739
Restricted	4,835,676	4,931,780
Unrestricted	20,112,276	21,465,448
	71,974,145	69,889,967
TOTAL LIABILITIES AND NET ASSETS	\$ 126,036,104	\$ 123,937,024

SAN JUAN WATER DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010

	2011	2010
Operating Revenues		
Water sales-wholesale		
Water charges to retail area	\$ 2,283,825	\$ 2,682,220
Citrus Heights Water District	2,105,684	1,759,274
Fair Oaks Water District	1,523,874	1,653,967
Sacramento Suburban Water District	961,467	453,261
Orangevale Mutual Water Company	622,698	642,095
City of Folsom	260,176	342,163
Granite Bay Golf Club	7,258	8,006
City of Roseville	-	13,807
Total Water Sales-Wholesale	7,764,982	7,554,793
Water sales-retail	7,834,917	7,299,989
Other	123,714	144,086
Total Operating Revenues	15,723,613	14,998,868
Operating Expenses		
Source of Supply		
Water charged to retail service area	2,283,825	2,682,220
Placer County Water Agency	300,000	300,000
US Bureau of Reclamation	47,411	23,187
Wheeling	90,448	192,692
Bureau pumping	89,836	79,177
Other	9,391	7,656
Depreciation	3,024,662	3,058,880
Administration and general	2,431,343	2,458,413
Water treatment	2,118,922	2,171,923
Transmission and distribution	1,657,517	1,764,549
Customer service	658,999	666,816
Pumping and telemetry	590,723	545,977
Engineering	342,523	317,454
Conservation	617,614	635,946
Retirement Benefit Fund (OPEB)	377,057	742,340
Total Operating Expenses	14,640,271	15,647,230
Net Income (Loss) From Operations	1,083,342	(648,362)
Nonoperating Revenues		
Tax assessments	1,597,524	1,687,203
Investment income	271,233	475,140
Connections and annexations	163,541	163,266
Other	335,355	331,789
Total Nonoperating Revenues	2,367,653	2,657,398
Nonoperating Expenses		
Bond and note interest	2,591,472	2,359,166
Other	59,022	68,259
Total Nonoperating Expenses	2,650,494	2,427,425
Net Income Before Capital Contributions	800,501	(418,389)
Capital Contributions	1,283,677	2,172,250
Change in Net Assets	2,084,178	1,753,861
Net Assets at Beginning of year	69,889,967	68,136,106
Net Assets at End of Year	\$ 71,974,145	\$ 69,889,967

SAN JUAN WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010

	2011	2010
<u>Cash Flows from Operating Activities:</u>		
Receipts from customers	\$ 17,364,501	\$ 13,096,641
Payments to suppliers for goods and services	(5,849,891)	(7,984,660)
Payments to employees for services	(4,834,147)	(4,117,511)
Customer Deposits Received	32,353	3,500
Customer Deposits Returned	(51,648)	(46,625)
Net Cash Provided by Operating Activities	6,661,168	951,345
<u>Cash Flows from Noncapital Financing Activities:</u>		
Grants received	17,618	61,312
Tax assessments received	1,464,248	1,769,020
Net Cash Provided by Noncapital Financing Activities	1,481,866	1,830,332
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Purchases of capital assets	(11,139,546)	(12,874,001)
Proceeds from sale of capital assets	95,562	12,874
Payments received on amounts recoverable under water sales contracts	302,195	290,304
Payments received for direct debt obligations	110,027	45,448
Principal payments on long-term debt	(1,022,005)	(1,390,670)
Interest payments on long-term debt	(2,601,567)	(886,328)
Connection and annexation income	163,541	163,266
Capital Contributions	1,283,677	2,172,250
Net Cash Used for Capital and Related Financing Activities	(12,808,116)	(12,466,857)
<u>Cash Flows from Investing Activities:</u>		
Purchases of investments	(5,000,000)	(5,973,853)
Proceeds from sale and maturity of investments	5,000,000	4,973,852
Investment Income	334,196	421,320
Net Cash Provided (used) by Investing Activities	334,196	(578,681)
Net Increase in Cash and Cash Equivalents	(4,330,886)	(10,263,861)
Cash and Cash equivalents at beginning of year	32,646,643	42,910,504
Cash and Cash Equivalents at end of year	\$ 28,315,757	\$ 32,646,643
<u>Financial Statement Presentation:</u>		
Cash and cash equivalents	\$ 16,665,927	\$ 6,643,993
Restricted cash and cash equivalents	11,649,830	26,002,650
Total Cash and Cash Equivalents	\$ 28,315,757	\$ 32,646,643

SAN JUAN WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010

	2011	2010
Reconciliation of Net Loss from Operations to Cash used for Operating Activities		
Net Operating Income (Loss)	\$ 1,083,342	\$ (1,466,784)
Adjustments to reconcile net income (loss) from operations to net cash provided by operating activities:		
Depreciation and amortization	3,143,768	3,058,880
Gain on disposal of capital assets	13,761	12,874
Changes in assets and liabilities:		
(Increase) Decrease in Accounts receivable	1,437,564	(1,933,883)
(Increase) Decrease in Inventory	5,842	(22,774)
(Increase) Decrease in Electrical Investment	13,438	
(Increase) Decrease in Prepaid Expenses	(36,940)	(10,517)
(Increase) Decrease in Deferred charges		(8,867)
Increase (Decrease) in Accounts payable	718,970	476,195
Increase (Decrease) in Salaries payable	253,994	919,386
Increase (Decrease) in Customer/developer deposits	(19,295)	(43,125)
Increase (Decrease) in Deferred income	(6,850)	(3,700)
Increase (Decrease) in Due to other governments	10	(55,430)
Increase (Decrease) in Compensated absences	53,564	29,090
	<u>\$ 6,661,168</u>	<u>\$ 951,345</u>
<u>Non-cash Activities</u>		
Change in fair value of investments	\$ 39,070	\$ 43,390
Receipt of contributed assets	\$ 1,283,677	\$ 2,172,250

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. Summary of Significant Accounting Policies

The basic financial statements of the San Juan Water District (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 Suburban 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 represent the amount available for future operations.

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.

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. Summary Of Significant Accounting Policies (Continued)

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 capital assets. 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.

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.

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

1. Summary Of Significant Accounting Policies (Continued)

Capital Assets: Capital assets 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:

<u>Description</u>	<u>Estimated Life</u>
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 capital assets 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.

Property Taxes: The District receives property taxes from both Sacramento and Placer Counties. Property taxes receivable 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 percent 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: It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. These benefits will be paid to employees upon separation from service from the District in accordance with the vesting policy. The cost of vacation and sick pay are accrued in the period earned with an offsetting liability in compensated absences. The current portion is calculated as the amount that is estimated to be used during the next year and the remaining is included in the long-term liabilities.

Deferred Income: Deferred income represents revenues received for wholesale and retail sales that have not been earned as of June 30, 2011 and 2010.

SAN JUAN WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

1. Summary Of Significant Accounting Policies (Continued)

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.

2. Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments

Cash and investments as of June 30, 2011 and 2010 are classified in the accompanying financial statements as follows:

Cash and investments as of June 30, 2011 and 2010 consisted of the following:

	2011	2010
Cash and cash equivalents	\$ 16,665,927	\$ 6,643,994
Restricted cash and cash equivalents	11,649,830	26,002,650
Restricted investments	4,835,677	4,835,677
Investments	5,061,750	4,810,705
Total Cash and Investments	<u>\$ 38,213,184</u>	<u>\$ 42,293,026</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, 2011, the District's permissible investments included the following instruments:

	2011	2010
Cash on hand	\$ 350	\$ 350
Deposits with financial institutions	1,136,701	846,021
Total Cash and Cash Equivalents	<u>1,137,051</u>	<u>846,371</u>
Money market mutual funds	6,553,681	7,468,699
Investments in Local Agency Investment fund (LAIF)	25,460,702	28,882,966
US agency securities	3,999,870	2,513,595
Medium-term corporate notes	1,061,880	2,581,395
Guaranteed investment contracts	-	-
Total Investments	<u>\$ 37,076,133</u>	<u>\$ 41,446,655</u>
Total Cash and Investments	<u>\$ 38,213,184</u>	<u>\$ 42,293,026</u>

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

**2. Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments
(Continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One issuer
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.

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.

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

**2. Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments
(Continued)**

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, 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:

	Remaining Maturity (in Months)				
	Total	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
U.S. agency securities	\$ 3,999,870			\$ 3,999,870	\$ -
Medium-term corporate notes	1,061,880		1,061,880		
LAIF	13,834,683	13,834,683			
Money market mutual funds	1,718,004	1,718,004			
<u>Held by bond trustee:</u>					
LAIF	11,626,019	11,626,019			
Money market mutual funds	4,835,677	4,835,677			
Total Investments	\$37,076,133	\$32,014,383	\$ 1,061,880	\$ 3,999,870	\$ -

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.

	Total	Minimum		
		Legal Rating	AAA	Not Rated
U.S. agency securities	\$ 3,999,870	N/A	\$ 3,999,870	
Medium-term corporate notes	1,061,880	A	1,061,880	
LAIF	13,834,683	N/A		\$ 13,834,683
Money market mutual funds	1,718,004	A	1,718,004	
<u>Held by bond trustee:</u>				
LAIF	11,626,019	N/A		11,626,019
Money market mutual funds	4,835,677	A	4,835,677	
Total Investments	\$ 37,076,133		\$ 11,615,431	\$ 25,460,702

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

**2. Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments
(Continued)**

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:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. agency security	\$ 2,982,960
Federal Home Loan Banks	U.S. agency security	1,016,910
General Electric Corporation	Medium-term corporate note	1,061,880

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, 2011, the carrying amount of the District's deposits was \$1,136,701. In accordance with State law (Government Code Section 53630), deposits are covered by federal depository insurance corporation, supplemental insurance held by the investment broker and collateralized as required 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, 2011 and 2010, all of the District's deposits with financial institutions in excess of federal depository insurance corporation limits were held in collateralized accounts. As of June 30, 2011, 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	\$ 3,999,870
Medium-term corporate notes	1,061,880
Money market mutual funds	6,553,681

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 \$23,983,771,875 managed by the State Treasurer. Of that amount, 100% is invested in non-

SAN JUAN WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

**2. Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments
 (Continued)**

derivative financial products. The Local Investment Advisory Board (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.

3. Accounts Receivable

	2011	2010
Wholesale Customers	\$ 1,061,658	\$ 2,538,903
Retail Customers	1,234,030	1,193,402
Retail Collections	3,811	3,811
Cavitt Stallman	9,484	10,454
Miscellaneous	44	21
Less: Allowance for Doubtful Accounts	(7,979)	(7,979)
Accounts Receivable, net	\$ 2,301,048	\$ 3,738,612
Interest - LAIF	\$ 33,820	\$ 44,925
Property Taxes	32,091	165,367
Total Accrued Interest and Taxes Receivable	\$ 65,911	\$ 210,292

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

4. Capital Assets

Capital asset activity for the years ended June 30, 2011 and 2010 was as follows:

	June 30, 2010	Additions	Disposals	Transfers	June 30, 2011
Capital Assets, not being depreciated:					
Land	\$ 572,670	\$ -	\$ -	\$ -	\$ 572,670
Construction in progress	26,731,562	10,966,697		(26,116,357)	11,581,902
Total Capital Assets, not being depreciated	27,304,232	10,966,697	-	(26,116,357)	12,154,572
Capital Assets, being depreciated:					
Pipelines, reservoirs, pumping	47,079,501			14,192,586	61,272,087
Water Treatment Plant	31,124,736	35,757		10,440,808	41,601,301
Land Improvements	464,044				464,044
Reservoirs	6,181,890			510,346	6,692,236
Pumping Stations	7,905,578			76,300	7,981,878
Buildings	1,498,415			66,404	1,564,819
Vehicles and Equipment	3,458,884	137,092	(95,563)	829,913	4,330,326
Total Capital Assets, being depreciated	97,713,048	172,849	(95,563)	26,116,357	123,906,691
Less accumulated depreciation					
Pipelines, reservoirs, pumping	(23,552,720)	(1,355,707)			(24,908,427)
Water Treatment Plant	(14,483,620)	(996,685)			(15,480,305)
Land Improvements	(243,703)	(26,967)			(270,670)
Reservoirs	(5,268,290)	(139,483)			(5,407,773)
Pumping Stations	(2,537,002)	(248,162)			(2,785,164)
Buildings	(980,121)	(46,397)			(1,026,518)
Vehicles and Equipment	(2,884,681)	(211,260)	95,563		(3,000,378)
Total accumulated depreciation	(49,950,137)	(3,024,661)	95,563	-	(52,879,235)
Total Capital Assets, being depreciated, net	47,762,911	(2,851,812)	-	26,116,357	71,027,456
Total Capital Assets, being depreciated, net	\$ 75,067,143	\$ 8,114,885	\$ -	\$ -	\$ 83,182,028

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

4. Capital Assets (Continued)

	June 30, 2009	Additions	Disposals	Transfers	June 30, 2010
Capital Assets, not being depreciated:					
Land	\$ 616,743	\$ -	\$ -	\$ (44,073)	\$ 572,670
Construction in progress	14,888,550	12,704,588		(861,576)	26,731,562
Total Capital Assets, not being depreciated	15,505,293	12,704,588	-	(905,649)	27,304,232
Capital Assets, being depreciated:					
Pipelines, reservoirs, pumping	46,233,237		(12,762)	859,026	47,079,501
Water Treatment Plant	31,125,716		(980)		31,124,736
Land Improvements	419,571			44,473	464,044
Reservoirs	6,173,470			8,420	6,181,890
Pumping Stations	7,905,578				7,905,578
Buildings	1,439,992	58,423			1,498,415
Vehicles and Equipment	3,344,893	110,990		3,001	3,458,884
Total Capital Assets, being depreciated	96,642,457	169,413	(13,742)	914,920	97,713,048
Less accumulated depreciation					
Pipelines, reservoirs, pumping	(23,272,196)	(807,541)		527,017	(23,552,720)
Water Treatment Plant	(13,680,600)	(901,615)		98,595	(14,483,620)
Land Improvements	(187,645)	(41,710)		(14,348)	(243,703)
Reservoirs	(4,538,069)	(444,270)		(285,951)	(5,268,290)
Pumping Stations	(1,937,355)	(425,517)		(174,130)	(2,537,002)
Buildings	(909,050)	(58,594)		(12,477)	(980,121)
Vehicles and Equipment	(2,357,741)	(379,630)	667	(147,977)	(2,884,681)
Total accumulated depreciation	(46,882,656)	(3,058,877)	667	(9,271)	(49,950,137)
Total Capital Assets, being depreciated, net	49,759,801	(2,889,464)	(13,075)	905,649	47,762,911
Total Capital Assets, being depreciated, net	\$ 65,265,094	\$ 9,815,124	\$ (13,075)	\$ -	\$ 75,067,143

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.

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 one additional megawatt of power from Trinity County Public Utility District. The cost of the purchase

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

5. Investment In Electrical Power (Continued)

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 percent 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 \$110 and \$537 during the years ended June 30, 2011 and 2010, 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, 2011 are available from the California-Oregon Transmission Project at P.O. Box 15140, Sacramento, CA, 95866.

The following is the summarized financial information for the Project as of and for the years ended June 30, 2011(unaudited) and 2010:

	Unaudited 2011	Unaudited 2010
Balance Sheet:		
Assets	\$ 294,959,303	\$ 306,937,876
Liabilities	14,593,997	16,491,921
Net assets	280,365,306	290,445,955
Liabilities and net assets	\$ 294,959,303	\$ 306,937,876
Income Statement:		
Operating revenues	\$ 11,002,428	\$ 9,593,726
Operating expenses	21,593,240	20,128,486
Operating Loss	(10,590,812)	(10,534,760)
Nonoperating revenue - interest and other	2,014	5,037
Change in net assets	(10,588,798)	(10,529,723)
District's share of change in net assets for period	(13,438)	(11,880)

6. Long-Term Liabilities

As of June 30, 2011, the District has four components of outstanding debt described below.

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%.

2003 Revenue Certificates of Participation

On June 25, 2003, the District issued Revenue Certificates of Participation in the amount of \$23,995,000 to advance refund the 1993 Revenue Certificates of Participation and to fund

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

6. Long-Term Liabilities (Continued)

certain capital improvements secured by a lien on all revenues on the District. Principal payments are due on February 1 through 2033 and range from \$475,000 to \$1,455,000, with semi-annual interest payments due on February 1 and August 1 through February 1, 2033 that range from \$25,294 to \$446,731. Interest rates range from 2% to 4.75%.

1977 Economic Development Administration (“EDA”) Loan

On September 14, 1977, the District entered into a loan agreement in the amount of \$512,000 with the EDA related to 1977 Drought Act. The interest rate is 5% with annual principal and interest payments of \$30,088 and \$29,149 due July 1 through 2016 and 2017, respectively.

California Energy Commission Advance

This advance in the amount of \$47,553 was received on October 4, 2000 and is related to the Energy Efficiency Improvements project. The interest rate is 5.9% with semi-annual principal and interest payments of \$3,094 due through June 22, 2012.

Long-term debt consisted of the following for years ending June 30, 2011 and 2010:

	2011	2010
2009 Revenue Certificates of Participation	\$ 30,095,000	\$ 30,105,000
2003 Revenue Certificates of Participation	16,890,000	17,875,000
1977 Economic Development Administration Loan	152,014	173,430
California Energy Commission Advance	5,924	11,513
Total	<u>\$ 47,142,938</u>	<u>\$ 48,164,943</u>
Less: Current portion	(1,030,924)	(1,000,589)
Total	46,112,014	47,164,354
Add: Unamortized premium	669,717	720,159
Less: Deferred amount on refunding	(30,792)	(130,228)
Long-term debt	<u>\$ 46,750,939</u>	<u>\$ 47,754,285</u>

The District’s long-term liability activity during the years ended June 30, 2011 and 2010 was:

	June 30, 2010	Additions	Reductions	June 30, 2011	Due Within One Year
2009 Revenue Certificates of Participation	\$ 30,105,000	\$ -	\$ (10,000)	\$ 30,095,000	\$ 10,000
2003 Revenue Certificates of Participation	17,875,000		(985,000)	16,890,000	1,015,000
1977 Economic Development Administration Loan	173,430		(21,417)	152,013	-
California Energy Commission Advance	11,513		(5,588)	5,925	5,924
Total bonds and notes payable	<u>\$ 48,164,943</u>	<u>\$ -</u>	<u>\$ (1,022,005)</u>	<u>\$ 47,142,938</u>	<u>\$ 1,030,924</u>
Compensated absences	<u>\$ 761,209</u>	<u>\$ 414,449</u>	<u>\$ (360,885)</u>	<u>\$ 814,773</u>	<u>\$ 261,302</u>

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

6. Long-Term Liabilities (Continued)

	June 30, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
2009 Revenue Certificates of Participation	\$ 30,510,000	\$ -	\$ (405,000)	\$ 30,105,000	\$ 10,000
2003 Revenue Certificates of Participation	18,835,000		(960,000)	17,875,000	985,000
1977 Economic Development Administration Loan	193,826		(20,396)	173,430	
California Energy Commission Advance	16,787		(5,274)	11,513	5,589
Total bonds and notes payable	<u>\$ 49,555,613</u>	<u>\$ -</u>	<u>\$ (1,390,670)</u>	<u>\$ 48,164,943</u>	<u>\$ 1,000,589</u>
Compensated absences	<u>\$ 732,119</u>	<u>\$ 132,247</u>	<u>\$ (103,157)</u>	<u>\$ 761,209</u>	<u>\$ 350,000</u>

The following is a schedule of maturities for long-term debt at June 30, 2011:

2009 Revenue Certificates of Participation

Year Ended June 30	Principal	Interest	Total
2012	\$ 10,000	1,708,075	\$ 1,718,075
2013	10,000	1,707,675	1,717,675
2014	405,000	1,707,275	2,112,275
2015	415,000	1,691,075	2,106,075
2016	430,000	1,672,400	2,102,400
2017-2021	2,500,000	8,022,625	10,522,625
2022-2026	3,260,000	7,256,663	10,516,663
2027-2031	4,240,000	6,280,925	10,520,925
2032-2036	10,290,000	4,586,200	14,876,200
2037-2039	8,535,000	1,044,300	9,579,300
Total	<u>\$ 30,095,000</u>	<u>\$ 35,677,213</u>	<u>\$ 65,772,213</u>

2003 Revenue Certificates of Participation

Year Ended June 30	Principal	Interest	Total
2012	\$ 1,015,000	732,713	\$ 1,747,713
2013	1,455,000	697,188	2,152,188
2014	475,000	638,988	1,113,988
2015	495,000	619,988	1,114,988
2016	515,000	602,663	1,117,663
2017-2021	2,890,000	2,688,113	5,578,113
2022-2026	3,535,000	2,042,050	5,577,050
2027-2031	4,430,000	1,144,750	5,574,750
2032-2033	2,080,000	149,388	2,229,388
Total	<u>\$ 16,890,000</u>	<u>\$ 9,315,838</u>	<u>\$ 26,205,838</u>

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

6. Long-Term Liabilities (Continued)

1977 Economic Development Administration Loan

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	-	\$ -
2013	22,487	7,601	30,087
2014	23,611	6,476	30,087
2015	24,792	5,296	30,087
2016	26,031	4,056	30,087
2017	27,333	2,755	30,087
2018	27,761	1,388	29,149
Total	<u>\$ 152,014</u>	<u>\$ 27,572</u>	<u>\$ 179,586</u>

California Energy Commission Advance

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,924	264	\$ 6,452
Total	<u>\$ 5,924</u>	<u>\$ 264</u>	<u>\$ 6,452</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, 2011 AND 2010

6. Long-Term Liabilities (Continued)

Year Ended June 30	Principal	Interest	Total
2012	\$ 306,432	32,122	\$ 338,554
2013	534,912	21,396	556,308
Total	<u>\$ 841,344</u>	<u>\$ 53,518</u>	<u>\$ 894,862</u>

7. Invested in Capital Assets, Net of Related Debt

	2011	2010
Capital Assets, gross	\$ 136,061,263	\$ 125,017,280
Less: Accumulated Depreciation	(52,879,235)	(49,950,137)
Net Capital Assets	\$ 83,182,028	\$ 75,067,143
Less: Debt Used for Capital Purposes	(47,781,863)	(48,754,874)
Add: Unspent Debt Proceeds	11,626,019	17,180,459
Invested In Capital Assets, Net of Related Debt	<u>\$ 47,026,184</u>	<u>\$ 43,492,728</u>

8. Restricted Net Assets

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 \$4,835,676 and \$4,931,780 at June 30, 2011 and 2010, respectively.

	2011			2010		
	Wholesale	Retail	Total	Wholesale	Retail	Total
2003 COP Reserve Fund	\$1,388,206	\$ 536,300	\$1,924,506	\$1,247,489	\$ 773,017	\$2,020,506
2009 COP Reserve Fund	1,863,149	1,048,021	2,911,170	1,863,253	1,048,021	2,911,274
Restricted Net Assets	<u>\$3,251,355</u>	<u>\$1,584,321</u>	<u>\$4,835,676</u>	<u>\$3,110,742</u>	<u>\$1,821,038</u>	<u>\$4,931,780</u>

9. Un Restricted Net Assets

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, 2011 AND 2010

9. Un Restricted Net Assets (Continued)

	Wholesale		Retail		Total	
	2011	2010	2011	2010	2011	2010
Capital Reserves	\$3,078,672	\$ 4,753,402	\$ 4,512,905	\$2,922,979	\$ 7,591,577	\$ 7,676,381
Connection Reserves	129,542	109,421	2,559,282	2,400,925	2,688,824	2,510,346
Operating Reserves	892,147	1,139,986	1,350,059	1,408,789	2,242,206	2,548,775
Hinkle Reservoir lining replacement reserve	2,318,547	2,255,129	0	0	2,318,547	2,255,129
Rate Stabilization Reserve	1,000,000	1,000,000	0	0	1,000,000	1,000,000
Reserve for employees' vacation/sick leave	368,573	338,740	446,200	422,469	814,773	761,209
Emergency Capital Reserves	0	0	591,202	587,705	591,202	587,705
Kokila Reservoir lining replacement reserve	0	0	338,682	326,738	338,682	326,738
Developers' deposits-construction/inspection	0	0	47,983	68,724	47,983	68,724
Other Post Employment Benefits Fund/PERS	706,955	415,526	706,955	415,526	1,413,910	831,052
Economic Development Administration	0	0	30,000	30,000	30,000	30,000
Self-insurance reserve	10,000	10,000	10,000	10,000	20,000	20,000
Total designated net assets	\$8,504,436	\$10,022,204	\$10,593,268	\$8,593,855	\$19,097,704	\$18,616,059
Unrestricted net assets	983,410	2,470,726	386,221	378,662	1,369,631	2,849,388
assets	\$9,487,846	\$12,492,930	\$10,979,489	\$8,972,517	\$20,467,335	\$21,465,447

10. Deferred Compensation Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. This information is reported in accordance with the Internal Revenue Code on participating employee's W2s. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. The District is not provided with market value of all plan assets held in trust by the four deferred compensation plans.

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

11. 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.

SAN JUAN WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

11. Employees' Retirement Plan (Continued)

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 (Tier 1) and thirty-six (Tier 2) 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.

Funding Policy - Active plan members are required to contribute 8% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account, which amounted to \$299,309 and \$282,215 for the years ended June 30, 2011 and 2010, respectively. For Tier 1, the District was required to contribute at an actuarially determined rate of 12.725% and 12.01% for the years ended June 30, 2011 and 2010, respectively. For Tier 2, the District was required to contribute at an actuarially determined rate of 12.052% and 11.698% for the years ended June 30, 2011 and 2010, 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, 2011 and 2010, the District incurred annual pension costs of \$482,714 and \$429,259, respectively. The required contribution was determined as part of the June 30, 2009 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 3.55% 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, 2009 was 18 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed
June 30, 2009	\$789,262	100%
June 30, 2010	\$429,259	100%
June 30, 2011	\$482,714	100%

SAN JUAN WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2011 AND 2010

11. Employees' Retirement Plan (Continued)

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

Actuarial Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as % of Covered Payroll
June 30, 2004	\$ 42,658,282	\$ 33,456,019	\$ 92,002,263	78.4%	\$ 90,667,029	101.5%
June 30, 2005	\$ 499,323,280	\$ 405,480,805	\$ 93,842,475	81.2%	\$ 108,618,321	86.4%
June 30, 2007	\$ 699,663,524	\$ 576,069,687	\$ 123,593,827	82.3%	\$ 139,334,562	88.7%
June 30, 2008	\$ 776,166,719	\$ 641,167,624	\$ 134,999,095	82.6%	\$ 155,115,302	87.0%
June 30, 2009	\$ 883,394,429	\$ 694,384,975	\$ 189,009,454	78.6%	\$ 161,972,631	116.7%

12. Other Post-Employment Benefits (OPEB)

Plan Description - The District's single-employer, defined benefit post-employment healthcare plan provides medical premium coverage to eligible retired District employees and survivor dependents as defined by their participating tier (first or second) and coverage level (basic or medicare supplement) with a choice of several plans. This is contracted with the California Public Employees' Retirement System (CalPERS) through the Public Employees' Medical and Hospital Care Act (PEMHCA). In 2009, 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. No separate financial report is prepared on this plan.

At June 30, 2011, twenty-one retired employees/survivor dependents meet those eligibility requirements. Benefit provisions are established and may be amended by District within applicable legal standards.

	First Tier	Second Tier
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	\$2,161.60	\$2,161.60
Average Contribution	\$ 788.61	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.

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

12. Other Post-Employment Benefits (OPEB) (Continued)

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 \$195,901 and \$174,840 for the years ending June 30, 2011 and 2010, respectively. However, 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 setting those funds aside within District reserves until established.

Annual OPEB Cost - 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, 2011 and prior:

Three-Year Trend Information

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Current Year Premiums	Reserved OPEB Trust Contribution	Percentage Reserved	Net Ending Unreserved OPEB Obligation
June 30, 2009	\$ 525,594	\$ 525,594	\$ 211,639	\$ 313,955	100%	\$ -
June 30, 2010	572,958	572,958	174,840	398,118	100%	\$ -
June 30, 2011	572,958	572,958	195,901	377,057	100%	\$ -

The funded status of the plan if the trust had been established and reserves transferred to the trust as of June 30, 2011 would be:

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as % of Covered Payroll
June 30, 2009	\$ 5,668,522	\$ 313,955	\$ 5,354,567	5.5%	\$ 3,459,152	154.8%
June 30, 2010	\$ 5,668,522	\$ 742,340	\$ 4,926,182	13.1%	\$ 3,579,329	137.6%
June 30, 2011	\$ 5,668,522	\$ 1,119,397	\$ 4,549,125	19.7%	\$ 3,813,394	119.3%

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

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

12. Other Post-Employment Benefits (OPEB) (Continued)

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 2011 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 closed thirty (30) year period. The UAAL is amortized as a level percentage of projected pay. 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.

13. 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:

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

13. Insurance (Continued)

Coverage Limits:

Amount	Amount	Provider	Funding Source
<i>General & Auto Liability (includes public officials liability)</i>			
\$ -	\$ 1,000,000	ACWA/JPIA	Shared risk pool
1,000,001	11,000,000	Everest Reinsurance Company	Shared risk pool
11,000,001	20,000,000	Ironshore Specialty Insurance Company	Shared risk pool
20,000,001	40,000,000	Allied World National Assurance Company	Shared risk pool
40,000,001	60,000,000	Great American Assurance Company	Shared risk pool
<i>Property Damage</i>			
\$ -	\$ 1,000	ACWA/JPIA (Mobile Equipment/Vehicles)	Deductible
-	10,000	ACWA/JPIA (Buildings)	Deductible
10,001	100,000	ACWA/JPIA	Shared risk pool
<i>Property Damage</i>			
\$ -	\$ 1,000	Self-insured	Deductible
1,001	100,000	ACWA/JPIA	Shared risk pool
<i>Fidelity</i>			
\$ -	\$ 1,000	Self-insured	Deductible
1,001	100,000	ACWA/JPIA	Shared risk pool
<i>Workers Compensation Liability</i>			
\$ -	\$ 2,000,000	ACWA/JPIA	Shared risk pool
<i>Employers Liability</i>			
\$ -	\$ 2,000,000	ACWA/JPIA	Shared risk pool

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.

14. New Governmental Accounting Standards

New pronouncements issued by the Governmental Accounting Standards Board ("GASB") are listed below with the impact to the District, if known at the time of completion of the CAFR.

Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions

Effective for periods beginning after June 15, 2010 (early implementation encouraged). The provisions of this statement should be applied retroactively by restating fund balance for all periods presented. This pronouncement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting information in reporting fund balance information is indentifying amounts that are considered non-spendable, such as fund balance associated with inventories. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific accounts can be spent. The District has no governmental funds at June 30, 2011.

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

14. New Governmental Accounting Standards (*Continued*)

Statement No. 55 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

Issued in March 2009 and effective upon its issuance, this pronouncement incorporated the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP Hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP and the framework for selecting those principles. This pronouncement had no effect on the financial statements of the District for the year ended June 30, 2011.

Statement No. 56 - *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*

Issued in March 2009 and effective upon its issuance, this standard does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. This pronouncement addresses three issues not included in the authoritative literature that establishes accounting principles - related party transactions, going concern considerations, and subsequent events. This pronouncement had no effect on the financial statements of the District for the year ended June 30, 2011.

Statement No. 57 - *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*

The provisions of this statement related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. The District will likely continue with the use of an external actuary firm to prepare the OPEB actuarial valuation.

Statement No. 58 - *Accounting and Financial Reporting for Chapter 9 Bankruptcies*

The provisions of this statement are effective for periods beginning after June 15, 2009 (retroactive application is required for all prior periods presented during which a government was in bankruptcy). The objective of this statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The District is not petitioning for bankruptcy protection as of June 30, 2011.

Statement No. 59 - *Financial Instruments Omnibus*

The provisions of this statement are effective for financial statements for periods beginning after June 15, 2010 (earlier application is encouraged). The objective of this statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. There is no impact to the District.

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

14. New Governmental Accounting Standards (*Continued*)

Statement No. 60 - Accounting and Financial Reporting for Service Concession Arrangements Effective Date

The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011 (generally required to be applied retroactively for all periods presented). The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The District has no service concession arrangements as of June 30, 2011.

Statement No. 61 - The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34

The provisions of this statement are effective for financial statements for periods beginning after June 15, 2012 (earlier application is encouraged). This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The District does not have any component units and is not considered a component unit of another entity as of June 30, 2011.

Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2011 (earlier application is encouraged). The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in these pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." As the District follows applicable standards, there is no impact as of June 30, 2011.

Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011 (earlier application encouraged). This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. This statement arose from Statement 60 and 64, which do not apply to the District.

Statement No. 64 - Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53

The provisions of this statement are effective for financial statements for periods beginning after June 15, 2011 (earlier application encouraged). The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria

SAN JUAN WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

14. New Governmental Accounting Standards (Continued)

that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The District has no swap agreements as of June 30, 2011.

15. Commitments and Contingencies

As of June 30, 2011 and 2010, the District had the following commitments for capital improvements:

Capital Project	Remaining Construction Commitment	
	June 30, 2011	June 30, 2010
72" USBR Bypass Pipeline Project	\$ -	\$ 447,038
Water Treatment Plant Hydraulics Improvements	-	90,146
FO 40" Transmission Main	250,642	51,594
Treated Water/Bypass Pipeline Project	902,883	-
	-	-
Total	<u>\$ 1,153,525</u>	<u>\$ 588,778</u>

Additional Information Section

This page intentionally left blank

San Juan Water District
Schedule of Administrative and General Expenses
For the Year Ended June 30, 2011

	Total	Wholesale	Retail
Salaries and benefits	\$ 1,633,628	\$ 882,405	\$ 751,223
Audit/consulting	266,486	232,583	33,903
Shop Supplies	22,929	-	22,929
Other/Landscaping	27,683	14,793	12,890
Directors' fees/expenses	52,016	26,008	26,008
Elections expense	2,404	2,029	375
Insurance	52,244	23,847	28,397
Legal	235,757	188,351	47,406
Meetings/conventions	21,689	12,739	8,950
Office supplies/expenses	212,287	141,713	70,574
Public relations	130,478	52,208	78,270
Telephone/Radio	28,312	9,057	19,255
Utilities	22,857	12,701	10,156
Hazardous waste	975	-	975
Subtotal	<u>2,709,745</u>	<u>1,598,434</u>	<u>1,111,311</u>
Less overhead allocation	<u>(278,402)</u>	<u>(202,955)</u>	<u>(75,447)</u>
Net Totals	<u>\$ 2,431,343</u>	<u>\$ 1,395,479</u>	<u>\$ 1,035,864</u>

San Juan Water District
Schedule of Administrative and General Expenses
For the Year Ended June 30, 2010

	Total	Wholesale	Retail
Salaries and benefits	\$ 1,616,370	\$ 858,665	\$ 757,705
Audit/consulting	151,215	128,835	22,380
Buildings and Grounds	204	204	-
Shop Supplies	21,143	-	21,143
Other/Landscaping	40,009	13,575	26,434
Directors' fees/expenses	34,602	17,301	17,301
Elections expense	-	-	-
Insurance	20,304	8,052	12,252
Legal	190,907	157,259	33,648
Meetings/conventions	31,390	18,206	13,184
Office supplies/expenses	236,367	148,101	88,266
Public relations	152,954	67,949	85,005
Telephone/Radio	30,823	10,925	19,898
Utilities	21,357	12,816	8,541
Hazardous waste	169	-	169
Subtotal	<u>2,547,814</u>	<u>1,441,888</u>	<u>1,105,926</u>
Less overhead allocation	<u>(89,401)</u>	<u>(65,173)</u>	<u>(24,228)</u>
Net Totals	<u>\$ 2,458,413</u>	<u>\$ 1,376,715</u>	<u>\$ 1,081,698</u>

This page intentionally left blank

San Juan Water District
Schedule of Operations - Budget and Actual
Wholesale and Retail Combined
For the Year Ended June 30, 2011

	Total		Variance With Final Budget Positive (Negative)
	Actual	Final Budget	
Operating Revenues			
Water charges to retail area	\$ 2,283,825	\$ 2,411,484	\$ (127,659)
Citrus Heights Water District	2,105,684	1,998,364	107,320
Fair Oaks Water District	1,523,875	1,705,887	(182,012)
Sacramento Suburban Water District	961,467	-	961,467
Orangevale Mutual Water Company	622,698	641,331	(18,633)
City of Folsom	260,176	314,900	(54,724)
Granite Bay Golf Club	7,258	10,000	(2,742)
Total Water Sales - Wholesale	7,764,983	7,081,966	683,017
Water Sales - retail	7,834,917	7,350,726	484,191
Other	113,859	600,000	(486,141)
Total Operating Revenues	15,713,759	15,032,692	681,067
Operating Expenses			
Source of Supply			
Water charged to retail area	2,283,825	2,411,484	(127,659)
Place County Water Agency	300,000	309,000	(9,000)
U.S. Bureau of Reclamation	47,411	200,000	(152,589)
Wheeling	90,448	200,000	(109,552)
Bureau pumping	89,836	80,000	9,836
Other	9,281	40,000	(30,719)
Energy assessments	110	2,000	(1,890)
Administrative and general	2,431,343	2,413,560	17,783
Water treatment	2,118,921	2,142,672	(23,751)
Transmission and distribution	1,657,517	1,785,233	(127,716)
Customer service	658,999	562,061	96,938
Pumping and telemetry	590,723	637,817	(47,094)
Engineering	342,523	648,083	(305,560)
Conservation	617,614	822,184	(204,570)
Retirement Benefit Fund	377,057	368,377	8,680
Pilot Water Project	-	450,000	(450,000)
Total Operating Expenses Excluding Depreciation	11,615,608	13,072,471	(1,456,863)
Net Income (Loss) From Operations Excluding Depreciation	4,098,151	\$ 1,960,221	\$ (775,796)
Depreciation	3,024,662		
Net Income from Operations	\$ 1,073,489		

San Juan Water District
Schedule of Operations - Budget and Actual
Wholesale
For the Year Ended June 30, 2011

	Wholesale		Variance With Final Budget Positive (Negative)
	Actual	Final Budget	
Operating Revenues			
Water charges to retail area	\$ 2,283,825	\$ 2,411,484	\$ (127,659)
Citrus Heights Water District	2,105,684	1,998,364	107,320
Fair Oaks Water District	1,523,875	1,705,887	(182,012)
Sacramento Suburban Water District	961,467	-	961,467
Orangevale Mutual Water Company	622,698	641,331	(18,633)
City of Folsom	260,176	314,900	(54,724)
Granite Bay Golf Club	7,258	10,000	(2,742)
Total Water Sales - Wholesale	7,764,983	7,081,966	683,017
Water Sales - retail			-
Other	15,505	500,000	(484,495)
Total Operating Revenues	7,780,488	7,581,966	198,522
Operating Expenses			
Source of Supply			
Water charged to retail area			-
Place County Water Agency	300,000	309,000	(9,000)
U.S. Bureau of Reclamation	47,411	200,000	(152,589)
Wheeling	90,448	200,000	(109,552)
Bureau pumping	89,836	80,000	9,836
Other	9,281	40,000	(30,719)
Energy assessments	110	2,000	(1,890)
Administrative and general	1,395,479	1,298,389	97,090
Water treatment	2,118,921	2,142,672	(23,751)
Transmission and distribution	60,959	214,627	(153,668)
Customer service	-	-	-
Pumping and telemetry	250,270	472,732	(222,462)
Engineering	43,446	184,125	(140,679)
Conservation	215,043	281,295	(66,252)
Retirement Benefit Fund	188,529	175,000	13,529
Pilot Water Project	-	450,000	(450,000)
Total Operating Expenses Excluding Depreciation	4,809,733	6,049,840	(1,240,107)
Net Income (Loss) From Operations Excluding Depreciation	2,970,755	\$ 1,532,126	\$ (1,041,585)
Depreciation	1,570,143		
Net Income from Operations	\$ 1,400,612		

San Juan Water District
Schedule of Operations - Budget and Actual
Retail
For the Year Ended June 30, 2011

	Retail		Variance With Final Budget Positive (Negative)
	Actual	Final Budget	
Operating Revenues			
Water charges to retail area			\$ -
Citrus Heights Water District			-
Fair Oaks Water District			-
Sacramento Suburban Water District			-
Orangevale Mutual Water Company			-
City of Folsom			-
Granite Bay Golf Club			-
Total Water Sales - Wholesale	-	-	-
Water Sales - retail	7,834,917	7,350,726	484,191
Other	98,354	100,000	(1,646)
Total Operating Revenues	<u>7,933,271</u>	<u>7,450,726</u>	<u>482,545</u>
Operating Expenses			
Source of Supply			
Water charged to retail area	2,283,825	2,411,484	(127,659)
Place County Water Agency			-
U.S. Bureau of Reclamation			-
Wheeling			-
Bureau pumping			-
Other			-
Energy assessments			-
Administrative and general	1,035,864	1,115,171	(79,307)
Water treatment			-
Transmission and distribution	1,596,558	1,570,606	25,952
Customer service	658,999	562,061	96,938
Pumping and telemetry	340,453	165,085	175,368
Engineering	299,077	463,958	(164,881)
Conservation	402,571	540,889	(138,318)
Retirement Benefit Fund	188,528	193,377	(4,849)
Pilot Water Project	-	-	-
Total Operating Expenses Excluding Depreciation	<u>6,805,875</u>	<u>7,022,631</u>	<u>(216,756)</u>
Net Income (Loss) From Operations Excluding Depreciation	1,127,396	<u>\$ 428,095</u>	<u>\$ 265,789</u>
Depreciation	<u>1,454,519</u>		
Net Income from Operations	<u>\$ (327,123)</u>		

This page intentionally left blank

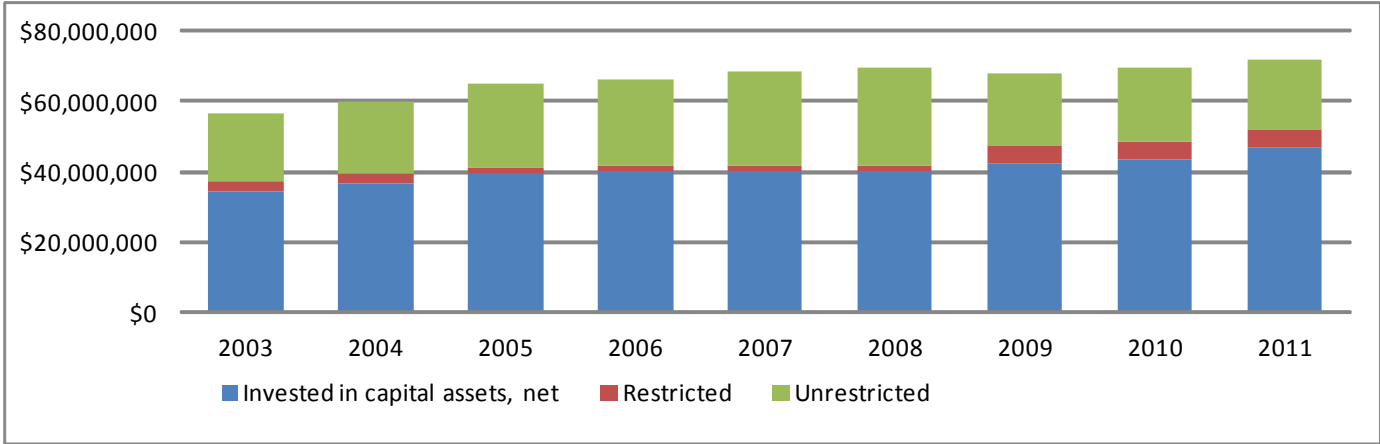
Statistical Section

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 district’s overall financial health.

Contents	Page
Financial Trends	53
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	55
These schedules contain information to help the reader assess the district’s most significant local revenue sources: wholesale water rates, retail water rates and property taxes.	
Debt Capacity	59
These schedules present information to help the reader assess the affordability of the district’s current levels of outstanding debt and the district’s ability to issue additional debt in the future.	
Demographic and Economic Information.....	67
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information.....	69
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs. Government Code Section 66013(d) and (e) Report is included in this section.	

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)**



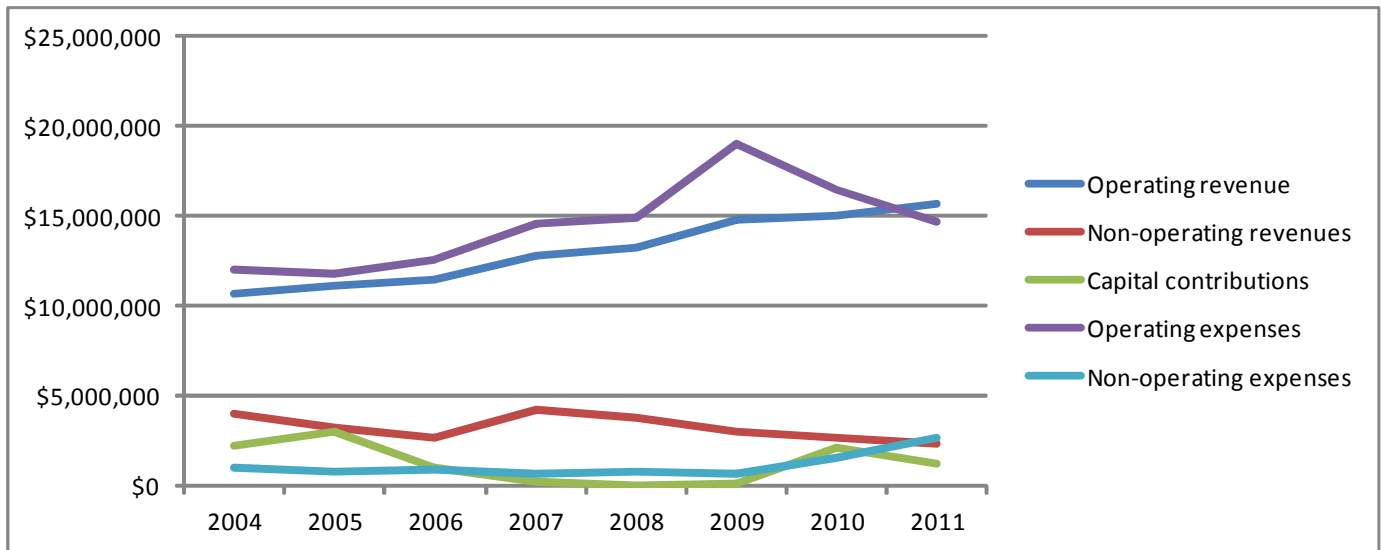
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Net Assets:										
Invested in capital assets, net	\$34,535,992	\$36,450,715	\$39,346,360	\$40,061,013	\$40,198,780	\$40,225,803	\$42,545,198	\$43,492,739	\$47,026,193	
Restricted	2,650,354	2,893,502	1,745,910	1,694,605	1,747,260	1,798,667	4,704,111	4,931,780	4,835,676	
Unrestricted	19,122,813	20,864,605	23,752,127	24,728,796	26,577,138	27,894,578	20,886,799	21,465,447	20,112,276	
Total net assets	\$56,309,159	\$60,208,822	\$64,844,397	\$66,484,414	\$68,523,178	\$69,919,048	\$68,136,108	\$69,889,966	\$71,974,145	

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	2010	2011
<u>Operating Revenues:</u>								
Wholesale Revenue	\$ 5,243,288	\$ 5,744,760	\$ 5,769,324	\$ 6,228,302	\$ 6,410,654	\$ 7,111,207	\$ 7,554,791	\$ 7,764,982
Retail Revenue	5,414,979	5,285,572	5,668,705	6,575,947	6,766,657	7,542,865	7,299,989	7,834,917
Other Revenue	31,815	52,836	43,443	49,218	48,498	147,769	144,086	123,714
Total Operating Revenue	10,690,082	11,083,168	11,481,472	12,853,467	13,225,809	14,801,841	14,998,866	15,723,613
Operating Expenses:	12,019,491	11,835,475	12,622,867	14,543,281	14,893,792	19,062,904	16,465,647	14,640,270
Net loss from operations	(1,329,409)	(752,307)	(1,141,395)	(1,689,814)	(1,667,983)	(4,261,063)	(1,466,781)	1,083,343
Nonoperating revenues	4,040,058	3,190,015	2,675,765	4,212,810	3,808,095	3,036,346	2,665,689	2,367,655
Nonoperating expenses	1,013,406	810,514	942,717	663,380	745,278	690,024	1,617,298	2,650,494
Net income before capital contributions	1,697,243	1,627,194	591,653	1,859,616	1,394,834	(1,914,741)	(418,390)	800,504
Capital contributions	2,202,420	3,008,381	1,048,364	179,148	1,043	131,801	2,172,250	1,283,677
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>\$ 1,395,877</u>	<u>\$(1,782,940)</u>	<u>\$ 1,753,860</u>	<u>\$ 2,084,181</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
Wholesale Water Rates and Connection Fees
 Last Ten Years Effective January 1

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Uniform Commodity Rate (UCR):										
	\$ 66.61	\$ 74.37	\$ 77.16	\$ 85.03	\$ 93.44	\$ 100.31	\$ 102.85	\$ 115.19	\$ 127.86	\$ 90.60
Citrus Heights Water District	40.36	44.22	48.77	53.74	59.07	63.26	69.31	77.71	86.25	90.60
Fair Oaks Water Company	40.36	44.22	48.77	53.74	59.07	63.26	69.31	77.71	86.25	90.60
Orange Vale Water Company	40.36	44.22	48.77	53.74	59.07	63.26	69.31	77.71	86.25	90.60
City of Folsom	90.42	90.42	90.42	90.42	90.42	130.61	130.61	146.28	162.37	90.60
Annual Service Charge:										
San Juan Water District Retail	\$ 382,669	\$ 242,000	\$ 259,000	\$ 285,000	\$ 335,000	\$ 335,000	\$ 237,742	\$ 266,271	\$ 295,561	\$ 311,080
Citrus Heights Water District	325,681	249,000	275,000	303,000	357,000	357,000	297,343	333,024	369,657	367,450
Fair Oaks Water Company	274,556	190,000	210,000	231,000	272,000	272,000	204,388	228,915	254,095	208,340
Orange Vale Water Company	89,471	66,900	73,800	81,800	95,600	95,600	66,885	74,911	83,151	80,300
City of Folsom	-	-	-	-	37,700	37,700	26,360	26,360	32,771	35,160
Annual Debt Service Charge:										
San Juan Water District Retail	\$ -	\$ 178,500	\$ 215,500	\$ 216,100	\$ 215,500	\$ 215,500	\$ 443,901	\$ 618,403	\$ 563,089	\$ 563,594
Citrus Heights Water District	-	205,500	251,700	252,200	251,600	251,600	534,537	738,294	621,614	627,938
Fair Oaks Water Company	-	150,750	185,000	185,400	184,900	184,900	320,878	444,071	415,185	385,416
Orange Vale Water Company	-	46,275	56,800	56,900	56,800	56,800	103,854	143,636	173,021	166,458
City of Folsom	-	-	-	14,100	14,100	14,100	48,972	48,972	50,104	59,659
Connection Fees (implemented in 2008):										
Up to 1" Meter							\$ 312	\$ 319	\$ 337	\$ 344
1 1/2" Meter							520	531	560	572
2" Meter							1,040	1,062	1,121	1,145
3" Meter							1,664	1,699	1,793	1,832
4" Meter							3,328	3,398	3,585	3,663
6" Meter							5,200	5,309	5,602	5,724
8" Meter							13,000	13,273	14,004	14,309
10" Meter							18,720	19,113	20,166	20,606
12" Meter							30,160	30,793	32,490	33,199
							44,720	45,659	48,175	49,226

Note: The Annual Debt Service Charge begin with the 2nd Quarter of 2003.

Source: District Finance and Administrative Services Division

San Juan Water District

Retail Water Rates and Connection Fees

Last Ten Years Effective January 1 Beginning 2007 (Effective September 1 Prior To)

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Commodity Rate/CCF:										
Residential										
0 to 20 ccf	\$ 0.69	\$0.26	\$0.27	\$0.28	\$0.28	\$ 0.34	\$ 0.37	\$ 0.40	\$ 0.43	\$ 0.44
21 to 200 ccf	1.92	0.45	0.46	0.47	0.47	0.57	0.62	0.68	0.73	0.74
201+ ccf	3.00	0.31	0.32	0.33	0.33	0.40	0.44	0.48	0.51	0.52
Commercial		0.38	0.39	0.40	0.40	0.49	0.53	0.53	0.62	0.63
Daily Base Charge (fixed based on meter size):										
Up to 1"	\$0.6940	\$0.78	\$0.80	\$0.82	\$0.82	\$ 0.89	\$ 0.97	\$ 1.06	\$ 1.13	\$ 1.15
1 1/2"	1.9173	2.15	2.19	2.26	2.26	2.37	2.58	2.81	3.01	3.07
2"	3.0030	3.36	3.43	3.53	3.53	3.78	4.12	4.49	4.80	4.90
3"	5.8982	6.61	6.74	6.94	6.94	7.51	8.19	8.93	9.56	9.75
4"	9.1550	10.25	10.46	10.77	10.77	11.72	12.77	13.92	14.89	15.19
6"						23.40	25.51	27.81	29.76	30.36
8"						42.09	45.88	50.01	53.51	54.58
10"						67.79	73.89	80.54	86.18	87.90
12"						100.50	109.55	119.41	127.77	130.32
Fire District	3.4173	3.83	3.91	4.03	4.03	4.55	4.96	5.41	5.79	5.90
Daily Base Charge for Private Fire Lines (fixed based on meter size):										
4"	\$0.2517	\$0.28	\$0.29	\$0.30	\$0.30	\$ 0.34	\$ 0.37	\$ 0.40	\$ 0.43	\$ 0.44
6"	0.3777	0.42	0.43	0.44	0.44	0.50	0.55	0.60	0.64	0.65
8"	0.5040	0.56	0.57	0.59	0.59	0.67	0.73	0.80	0.86	0.88
10"	0.6293	0.70	0.71	0.73	0.73	0.82	0.89	0.97	1.04	1.05
Connection Fees (in addition, new connections also pay a Wholesale Connection fee listed in Wholesale Rates):										
Up to 1" Meter						\$11,533	\$ 11,891	\$ 12,164	\$ 12,834	\$ 13,488
1 1/2" Meter						23,065	23,780	24,327	25,667	26,974
2" Meter						36,904	38,048	38,923	41,068	43,159
3" Meter						73,808	76,096	77,846	82,135	86,318
4" Meter						115,325	118,900	120,806	127,462	133,953
6" Meter						230,651	237,801	243,270	256,674	269,744
8" Meter						415,179	428,050	437,895	462,023	485,550
10" Meter						668,900	689,636	705,498	744,371	782,275
12" Meter						991,817	1,022,563	1,046,082	1,103,721	1,159,924

Source: District Finance and Administrative Services Division

**San Juan Water District
Retail Water Sales by Type
Last Ten Fiscal Years**

Fiscal Year	Residential	Commercial	Total Water Sales	Total Water Deliveries (CCF)
2002	\$ 3,918,997	473,476	\$ 4,392,473	
2003	\$ 4,445,790	486,339	\$ 4,932,129	
2004	\$ 4,643,848	750,094	\$ 5,393,942	
2005	\$ 4,626,374	649,889	\$ 5,276,263	
2006	\$ 4,962,285	689,690	\$ 5,651,975	5,819,855
2007	\$ 5,738,787	817,126	\$ 6,555,913	6,558,306
2008	\$ 5,868,469	879,339	\$ 6,747,808	6,267,424
2009	\$ 6,580,530	946,169	\$ 7,526,699	5,821,462
2010	\$ 6,372,458	919,104	\$ 7,291,562	5,078,489
2011	\$ 6,821,008	1,000,370	\$ 7,821,378	5,038,636

Source: District Finance and Administrative Services Division

**San Juan Water District
Ten Largest Retail Customers
Current Year and Three Years Ago**

Customer	Fiscal Year					
	2011			2008		
	Total Revenue	Rank	% of Revenue	Total Revenue	Rank	% of Revenue
Roseville Joint Union High School	\$ 18,029	1	0.24%	\$ 18,424	1	0.29%
Rolling Greens Estates LLC	13,879	2	0.18%	14,732	2	0.23%
Granite Bay Business Park	12,248	3	0.16%	10,581	4	0.17%
California State Dept of Parks & Rec	11,244	4	0.15%			
City of Folsom/Davies Park	11,021	5	0.14%			
Sierra Valley Real Estate	10,975	6	0.14%	9,569	6	0.15%
Placer County Department of Facility Svc	10,147	7	0.13%	8,715	9	0.14%
Bushnells Landscape Creations	10,077	8	0.13%	11,407	3	0.18%
Maison Chapeaux	9,259	9	0.12%	7,624	10	0.12%
Otow Revocable Living Trust	8,029	10	0.11%	8,728	8	0.14%
Eureka Union School District/Cavitt Jr High				10,228	5	0.16%
Eureka Union School District/Oakhills				8,861	7	0.14%
Total	\$ 114,908		1.51%	\$ 108,869		1.71%

Source: District Customer Services Department

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

**San Juan Water District
Property Tax Levies and Collections - Bonded Debt
Last Ten 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
2002	\$ 861,537	\$ 1,118,024	129.8%	0	\$ 1,118,024	129.8%
2003	704,095	884,843	125.7%	0	884,843	125.7%
2004	916,353	1,204,749	131.5%	0	1,204,749	131.5%
2005	-	45,799	0.0%	0	45,799	0.0%
2006	-	1,956	0.0%	0	1,956	0.0%
2007	-	-	0.0%	0	-	0.0%
2008	-	-	0.0%	0	-	0.0%
2009	-	-	0.0%	0	-	0.0%
2010	-	-	0.0%	0	-	0.0%
2011	-	-	0.0%	0	-	0.0%

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

Notes: Includes tax revenue for bonded debt only; 1998 General Obligation Bonds were repaid in 2004.

**San Juan Water District
Principal Property Taxpayers
Current Year and Ten Years Ago**

Taxpayer	Primary Land Use	2011		2002	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Steadfast Sunrise LLC	Commercial	\$ 114,761,141	1.00%	\$ -	0.00%
MP Birdcage Marketplace LLC	Shopping Center	57,788,574	0.51	25,577,629	
The Realty Associates Fund VIII LP	Shopping Center	53,363,989	0.47	-	
VIF & Lyon Oak Creek LLC	Apartments	50,261,544	0.44	-	
Rollingwood Commons Apartments LLC	Apartments	29,934,859	0.26	-	
Grove at Sunrise LLC	Apartments	28,526,113	0.25	-	
PK I Cable Park LP	Commercial	26,186,126	0.23	-	
Marshall Field Stores Inc.	Commercial	23,300,272	0.20	18,223,684	
Sacto Fair Oaks Blvd Apartments LLC	Apartments	22,836,093	0.20	-	
Theodore Mitchell	Commercial	22,319,605	0.20	-	
Costco Wholesale Corporation	Commercial	21,363,137	0.19	-	
Sears Roebuck & Company	Commercial	21,043,423	0.18	12,331,769	
Madison & Sunrise Associates LLC	Commercial	20,899,681	0.18		
Lowes HIW Inc.	Commercial	20,351,932	0.18	-	
Fair Oaks Promenade LLC	Commercial	20,247,994	0.18	-	
Wal Mart Real Estate Business Trust	Commercial	19,850,000	0.17	-	
Salishan Apartments LP	Apartments	19,156,700	0.17		
First Acorn LLC	Commercial	19,046,125	0.17		
Fair Oaks Fountains LLC	Apartments	18,842,835	0.16	-	
Placer Partners LLC	Commercial	18,682,569	0.16		
The Fairways Apts-Wdc & DLC Sequola Fairways				30,221,383	0.35
National Life and Accident Insurance Co.				26,084,865	
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
Hunting Square Limited LP				13,495,521	0.16
Lake Pointe Apartments				12,900,000	0.15
Total		\$ 628,762,712	5.50%	\$ 197,643,308	2.31%

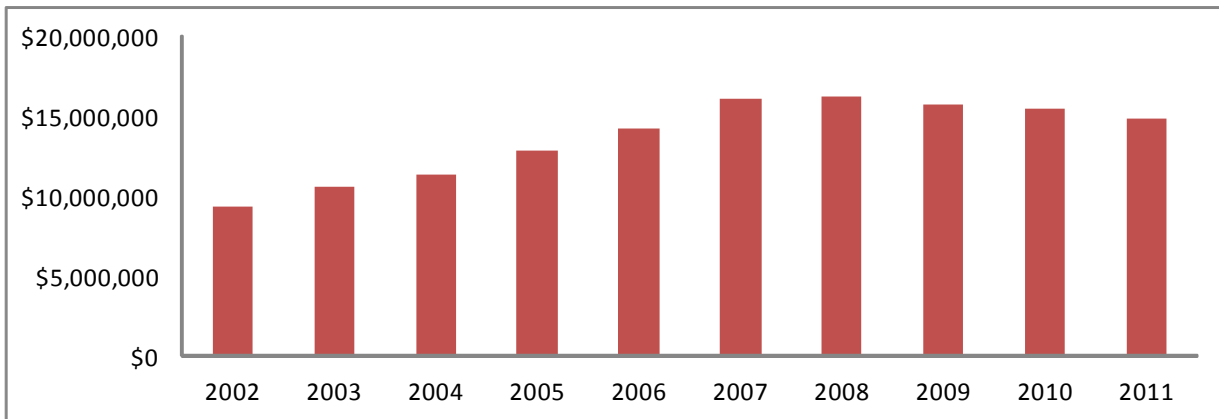
Source: California Municipal Statistics, Inc.

2010-11 Total Secured Assessed Valuation: \$11,441,620,340

2001-2002 Total Secured Assessed Valuation: \$8,567,796,118

San Juan Water District
Assessed Actual Value - Taxable Property
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Secured Assessed Value	Unsecured Assessed Value	Total Assessed Value	Total Property Tax Revenue	Total Direct Tax Rate
2002	\$ 9,336,667	\$ 199,500	\$ 9,536,167	\$ 2,249	0.024%
2003	10,630,343	211,386	10,841,729	2,142	0.020%
2004	11,392,975	200,789	11,593,764	2,576	0.022%
2005	12,819,457	214,569	13,034,026	505	0.004%
2006	14,234,265	227,710	14,461,975	644	0.004%
2007	16,073,386	268,952	16,342,338	1,790	0.011%
2008	16,248,701	73,486	16,322,187	1,835	0.011%
2009	15,701,866	74,471	15,776,337	1,822	0.012%
2010	15,454,819	67,677	15,522,496	1,687	0.011%
2011	14,900,077	63,928	14,964,005	1,565	0.010%



Source: County of Placer and 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
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 Debt	Percentage of Personal Income	Per Capita
2002	\$ 2,785,000	\$ 6,095,000	\$ 311,846	\$ 46,231	\$ 9,238,077	24.82%	\$49.94
2003	1,905,000	23,995,000	297,351	42,720	26,240,071	67.89%	139.28
2004	980,000	23,225,000	282,131	39,006	24,526,137	60.13%	135.07
2005	-	22,390,000	266,150	35,063	22,691,213	52.21%	122.00
2006	-	21,535,000	249,370	30,883	21,815,253	47.78%	115.56
2007	-	20,660,000	231,751	26,453	20,918,204	43.30%	109.49
2008	-	19,765,000	213,251	21,762	20,000,013	39.87%	103.33
2009	-	49,345,000	193,826	16,787	49,555,613	91.47%	252.72
2010	-	47,980,000	173,430	11,513	48,164,943		267.58
2011	-	46,985,000	152,013	5,924	47,142,937		261.11

Source: San Juan Water District Finance & Administrative Services Division

Note: Details regarding the District's debt can be found in the notes to 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 Taxable Value^a of Property	Population^b	Debt Per Capita^c
2002	\$ 2,785	\$ 2,785	\$ 9,536,167	0.029%	185,000	\$ 15.05
2003	1,905	1,905	10,841,729	0.018%	188,400	10.11
2004	980	980	11,593,764	0.008%	181,584	5.40
2005	-	0	13,034,026	0.000%	185,996	-
2006	-	0	14,461,975	0.000%	188,786	-
2007	-	0	16,342,338	0.000%	191,051	-
2008	-	0	16,322,187	0.000%	193,554	-
2009	-	0	15,776,337	0.000%	196,089	-
2010	-	0	15,522,496	0.000%	180,000	-
2011	-	0	14,964,005	0.000%	180,543	-

^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
Placer and Sacramento Counties

**San Juan Water District - Computation of Direct and Overlapping Bonded Debt
June 30, 2011**

2010-11 Assessed Valuation:	\$ 15,655,719,927
Redevelopment Incremental Valuation:	280,789,026
Adjusted Assessed Valuation:	<u>\$ 15,374,930,901</u>

<u>Direct and Overlapping Tax and Assessment Debt</u>	<u>Total Debt 6/30/2011</u>	<u>Percent Applicable (1)</u>	<u>District's Share of Debt 6/30/2011</u>
Los Rios Community College District	\$ 322,910,000	8.216%	\$ 26,530,286
Folsom-Cordova Unified School District School Facilities Improvement District No	39,276,422	11.782%	4,627,548
San Juan Unified School District	314,697,791	36.637%	115,295,830
Placer Union High School District	35,754,040	4.507%	1,611,435
Roseville Joint Union High School District	98,905,474	17.394%	17,203,618
Eureka Union School District	5,887,137	71.348%	4,200,355
Loomis Union School District	6,315,000	17.846%	1,126,975
Roseville City School District	31,795,289	0.715%	227,336
City of Folsom	14,900,000	13.768%	2,051,432
City of Folsom Assessment District No. 90-1	1,705,000	100.000%	1,705,000
Sacramento Area Flood Control District Operation and Maintenance Assessmen	2,690,000	13.905%	374,045
California Statewide Community Development Authority Obligations	303,375	100.000%	303,375
San Juan Suburban Water District	-	100.000%	-
Total Direct and Overlapping Tax and Assessment Debt	<u>\$ 875,139,528</u>		<u>\$ 175,257,235</u>

Ratios to 2010-11 Assessed Valuation

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.12%

Overlapping General Fund Debt

Sacramento County General Fund Obligations	\$ 355,019,478	9.835%	\$ 34,916,166
Sacramento County Pension Obligations	916,167,653	9.835%	90,105,089
Sacramento County Board of Education Certificates of Participation	9,950,000	9.835%	978,583
Placer County General Fund Obligations	49,360,000	7.797%	3,848,599
Placer County Office of Education Certificates of Participation	2,260,000	7.797%	176,212
Los Rios Community College District Certificates of Participation	6,310,000	8.216%	518,430
Sierra Joint Community College District Certificates of Participation	13,505,000	5.712%	771,406
Folsom-Cordova Unified School District Certificates of Participation	29,155,000	7.386%	2,153,388
San Juan Unified School District Certificates of Participation	1,732,857	36.637%	634,867
Roseville Joint Union High School District Certificates of Participation	3,475,000	17.394%	604,442
Eureka Union School District Certificates of Participation	5,310,000	71.348%	3,788,579
Other School District Certificates of Participation	25,545,000	Various	1,131,482
City of Folsom Certificates of Participation	12,730,000	13.768%	1,752,666
City of Roseville Certificates of Participation	19,845,000	2.763%	548,317
Sacramento Metropolitan Fire District Pension Obligations	64,388,975	19.907%	12,817,913
Orangevale Recreation and Park District Certificates of Participation	780,000	99.964%	779,719
Sunrise Recreation and Park District Certificates of Participation	7,030,000	37.027%	2,602,998
Placer Mosquito and Vector Control District Certificates of Participation	4,665,000	7.797%	363,730
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT	<u>\$ 1,527,228,963</u>		<u>\$ 158,492,586</u>
Less: Sacramento County self-supporting obligations			695,335
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<u>\$ 157,797,251</u>
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 333,749,821
TOTAL NET OVERLAPPING DEBT			\$ 333,054,486
GROSS COMBINED TOTAL DEBT (2)			\$ 333,749,821
NET COMBINED TOTAL DEBT			\$ 333,054,486

(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 Adjusted Assessed Valuation:

Gross Combined Total Debt	2.17%
Net Combined Total Debt	2.17%
STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11:	\$ -

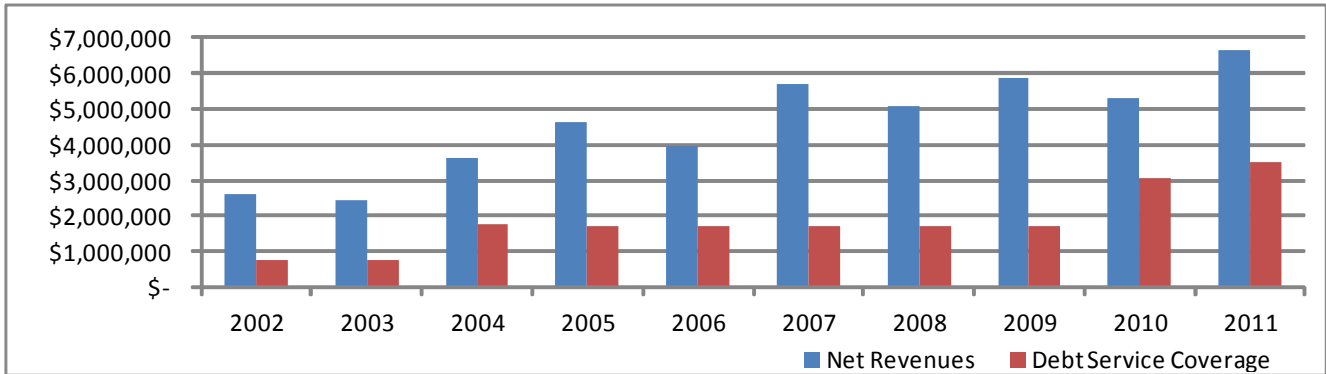
San Juan Water District
Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenses (1)	Ratio of Debt Service to Total General Expenses
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	18,906,512	9.42%
2010	1,390,670	1,810,145	3,200,815	15,715,490	20.37%
2011	1,024,924	2,465,408	3,490,332	14,143,017	24.68%

Source: San Juan Water District Finance & Administrative Services Division

Note: (1) Total general expenses are total expenses excluding interest expense. Details regarding the District's outstanding debt can be found in the notes to the financial statements.

**San Juan Water District
Debt Service Coverage
Last Ten Fiscal Years**



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Retail Water Sales	\$ 4,398,481	\$ 4,940,654	\$ 5,414,979	\$ 5,285,572	\$ 5,668,705	\$ 6,575,947	\$ 6,766,658	\$ 7,542,865	\$ 7,299,989	\$ 7,834,917
Wholesale Water Sales	4,432,350	4,721,626	5,243,288	5,744,760	5,769,324	6,228,302	6,410,653	7,111,208	7,865,283	7,764,982
Connections/Annexations	270,996	406,592	315,512	224,993	306,605	926,276	174,865	45,699	163,266	163,541
Property Tax Revenue	1,141,881	1,257,017	1,370,861	458,819	643,882	1,790,197	1,835,558	1,822,166	1,687,204	1,597,524
Investment Income	707,185	474,741	479,746	659,455	867,082	1,384,866	1,561,139	847,510	468,099	271,233
Other	526,153	357,430	701,005	1,853,784	901,639	160,689	255,298	327,374	484,166	335,357
Total	\$ 11,477,046	\$ 12,158,060	\$ 13,525,391	\$ 14,227,383	\$ 14,157,237	\$ 17,066,277	\$ 17,004,171	\$ 17,696,822	\$ 17,968,007	\$ 17,967,554
Operation & Maintenance Costs										
Source of Supply	\$ 2,404,478	\$ 2,644,823	\$ 2,865,957	\$ 2,965,677	\$ 2,704,782	\$ 3,173,789	\$ 3,240,902	\$ 3,221,008	\$ 3,284,931	\$ 2,820,910
Pumping and Telemetry	681,984	598,394	692,185	594,962	551,418	623,259	580,370	663,975	542,837	590,217
Water Treatment	1,318,743	1,518,716	1,616,340	1,689,104	2,003,075	2,146,066	2,223,995	2,211,536	2,171,923	2,119,426
Transmission/Distribution	1,035,010	1,480,290	1,201,061	1,353,547	1,249,430	1,629,065	1,731,271	1,639,125	1,767,690	1,657,517
Administration/General	1,935,654	2,033,951	1,975,784	1,297,828	2,040,731	1,986,027	2,387,564	2,161,541	3,199,146	2,450,651
Customer Service	410,268	550,880	505,118	606,320	599,116	594,680	679,121	689,023	666,916	658,999
Conservation	365,194	434,527	334,962	351,467	383,433	501,649	503,713	636,509	637,461	617,917
Engineering	269,177	329,770	325,821	398,573	397,717	449,342	319,227	359,576	317,451	342,523
Other	426,588	104,135	370,416	357,962	287,268	285,117	268,108	249,251	76,552	59,022
Total	\$ 8,847,096	\$ 9,695,486	\$ 9,887,644	\$ 9,615,440	\$ 10,216,970	\$ 11,388,994	\$ 11,934,271	\$ 11,831,544	\$ 12,664,907	\$ 11,317,182
Net Revenues	\$ 2,629,950	\$ 2,462,574	\$ 3,637,747	\$ 4,611,943	\$ 3,940,267	\$ 5,677,283	\$ 5,069,900	\$ 5,865,278	\$ 5,303,100	\$ 6,650,372
Debt Service										
2009 COPs									\$ 1,272,129	\$ 1,718,275
2003 COPs	\$ -	\$ -	\$ 1,704,572	\$ 1,662,019	\$ 1,665,319	\$ 1,668,219	\$ 1,661,969	\$ 1,648,383	1,733,552	1,732,488
1993 COPs	696,909	695,629	-	-	-	-	-	-	-	-
EDA Loan	30,088	30,088	30,088	30,088	30,088	30,088	30,088	30,088	30,088	30,088
CEC Advance	6,188	6,188	6,188	6,188	6,188	6,188	6,188	6,188	6,188	6,188
Total	\$ 733,185	\$ 731,905	\$ 1,740,848	\$ 1,698,295	\$ 1,701,595	\$ 1,704,495	\$ 1,698,245	\$ 1,684,659	\$ 3,041,957	\$ 3,487,039
Debt Service Coverage	3.59	3.36	2.09	2.72	2.32	3.33	2.99	3.48	1.74	1.91

Source: San Juan Water District Finance & Administrative Services Division

**San Juan Water District
Principal Employers for Counties Served
Current Year and Four Years Ago (Nine Years Ago - Placer)**

Employer	Fiscal Year					
	2010			2006		
	Number of Employees	Rank	% of Total Employed	Number of Employees	Rank	% of Total Employed
<u>County of Sacramento</u>						
State of California	73,243	1	12.26%	67,467	1	10.42%
Sacramento County	11,260	2	1.89%	14,408	2	2.23%
Sutter Health Sacramento Sierra Region	8,702	3	1.46%			
University of California, Davis/US Davis Health	8,500	4	1.42%	7,901	3	1.22%
CHW/Mercy Health Care	6,976	5	1.17%	4,897	10	0.76%
Kaiser Permanente	6,414	6	1.07%	6,656	6	1.03%
Elk Grove Unified School District	6,391	7	1.07%			
Intel Corporation	6,000	8	1.00%	7,000	4	1.08%
Sacramento Municipal Utility District	5,057	9	0.85%			
San Juan Unified School District	4,900	10	0.82%	5,775	8	0.89%
Los Rios Community College District				7,000	4	1.08%
City of Sacramento				6,000	7	0.93%
				5,105	9	0.79%
Total	137,443		23.01%	132,209		20.43%
Total Employed in Sacramento County	597,258			647,300		

Employer	Fiscal Year					
	2010			2001		
	Number of Employees	Rank	% of Total Employed	Number of Employees	Rank	% of Total Employed
<u>County of Placer</u>						
Kaiser Permanente	3,064	1	1.94%	1,349	7	1.01%
Hewlett-Packard Co.	2,500	2	1.59%	6,000	1	4.50%
Placer County	2,400	3	1.52%	2,600	2	1.95%
Union Pacific Railroad Co. Inc.	2,000	4	1.27%	1,218	8	0.91%
Sutter Health	1,983	5	1.26%	1,428	6	1.07%
Northstar-At-Tahoe	1,500	6	0.95%			
Thunder Valley Casino Resort	1,412	7	0.90%			
City of Roseville	1,282	8	0.81%	989	10	0.74%
PRIDE Industries, Inc.	1,135	9	0.72%	1,540	4	1.16%
Raley's	1,006	10	0.64%	1,463	5	1.10%
NEC Electronics America, Inc.				1,609	3	1.21%
Artesyn Solutions, Inc.				1,200	9	0.90%
Total	18,282		11.60%	19,396		14.55%
Total Employed in Placer County	157,540			133,333		

Note: Information is not available specific to San Juan Water District service area, so counties served are shown.

Source:

Sacramento Business Journal
California State Employment Development Department

**San Juan Water District
Demographic and Economic Statistics
Last Ten Fiscal Years**

	Wholesale Population	Retail Population	Total Personal Income	Per Capital Personal Income	Unemployment Rate
2002	185,000	28,228	\$ 37,225,183	\$ 29,386	5.60%
2003	188,400	28,734	\$ 38,649,539	\$ 29,686	6.10%
2004	181,584	28,776	\$ 40,789,349	\$ 30,686	5.70%
2005	185,996	29,056	\$ 43,462,957	\$ 32,192	5.00%
2006	188,786	30,442	\$ 45,653,787	\$ 33,521	4.70%
2007	191,051	30,512	\$ 48,313,850	\$ 35,197	5.20%
2008	193,554	30,605	\$ 50,157,252	\$ 36,340	6.80%
2009	196,089	30,578	\$ 54,177,837	\$ 39,076	11.30%
2010	180,000	30,641	Not yet available		12.40%
2011	180,548	30,615	Not yet available		12.30%

Note:

Wholesale population includes estimates of of Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, San Juan Water District Retail and City of Folsom (served by San Juan Water District Wholesale).

Source:

San Juan Water District Urban Water Management Plan; California State Department of Finance; California State Employment Development Department

San Juan Water District
Staffing - Certificates - Licenses by Function/Program
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Last Ten Fiscal Years by Function/Program										
Executive	3	3	3	3	3	3	3	3	3	3
Conservation	5	3	3	3	3.5	3.5	3.5	3.5	5	5
Customer Service	4	4	4	3	3	3	3	3	3	3
Engineering Services	4	4	4	3	3	3	3	3.5	4	4
Field Services	17	18	16	15	16	17	17	17	15	15
Finance/Administrative Services	3	3	3	4	4	5	5	5	5	5
Water Treatment Operations	10	10	11	10	10	10	10	10	10	10
Total	46	45	44	41	42.5	44.5	44.5	45	45	45

Actual Versus Budgeted

	FY 2001		FY 2011	
	Filled as of	Budgeted	Filled as of	Budgeted
	June 30		June 30	
Executive	3	3	3	3
Conservation	5	5	5	5
Customer Service	3	3	3	3
Engineering Services	4	4	4	4
Field Services	18	18	15	15
Finance/Administrative Services	3	3	5	5
Water Treatment Operations	10	10	10	10
Total	46	46	45	45

Certificates and Licenses

	June 30, 2011
California Department of Health Services Water Distribution Operator	
Grade 1	1
Grade 2	2
Grade 3	8
Grade 4	11
Grade 5	2
California Department of Health Services Water Treatment Operator	
Grade 1	0
Grade 2	6
Grade 3	1
Grade 4	4
Grade 5	1
AWWA Cross-Connection Control Program	
California Professional Civil Engineer's License	4
California Certified Municipal Treasurer	1
California Special District Administrator	1

Source: San Juan Water District Finance & Administrative Services Division

Note: The 2005 Human Resource Master Plan re-allocated positions within the District and added 2 positions.

San Juan Water District
Wholesale Water System Capital Asset and Operating Indicators
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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 ARVs										71
# of Blow-offs										52
# of Fire Hydrants										13
# of Valves										21
# of Pumping Stations ⁽¹⁾	3	3	3	3	3	3	3	3	3	-
# of Storage Tanks/Reservoirs	2	2	2	2	2	2	2	2	2	2

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
USBR/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	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total Water Supply	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200

Water Supply Delivered:										
Pre-1914 Water Rights	31,539	28,205	36,761	30,761	35,476	35,402	32,539	28,999	30,364	32,732
USBR/CVP Water Contract	9,571	4,585	5,225	7,013	5,947	9,908	7,884	7,022	418	1,211
PCWA Contract	11,503	13,037	13,980	11,998	11,802	12,249	12,818	11,301	9,075	8,574
Total Water Supply Delivered	52,613	45,827	55,966	49,772	53,225	57,559	53,241	47,322	39,857	42,517

Production (average in acre feet):										
Five Year	64,438	67,616	68,703	70,319	70,217	69,559	68,168	64,669	61,047	59,005
Ten Year	57,604	60,302	61,486	64,520	64,992	67,421	68,044	67,248	65,683	64,455
Fifteen Year	55,940	57,071	57,861	59,578	60,211	62,200	62,948	63,263	63,363	63,880
Twenty Year	54,574	56,762	57,354	58,399	58,937	59,626	59,885	60,140	59,945	60,385

Connections: ⁽²⁾										
San Juan Water District (retail)	9,992	10,200	10,079	10,288	10,306	10,339	10,345	10,348	10,373	10,368
Citrus Heights Water District	19,120	19,249	19,302	19,265	19,486	19,498	19,573	19,547	19,573	19,541
Fair Oaks Water District	13,588	13,554	13,577	13,544	13,848	14,469	14,474	14,134	14,128	14,480
Orange Vale Water Company	5,195	5,209	5,277	5,324	5,518	5,566	5,572	5,498	5,528	5,572
City of Folsom									981	981
Total Connections	47,895	48,212	48,235	48,421	49,158	49,872	49,964	49,527	50,583	50,942

Population ⁽³⁾	185,000	188,400	181,584	185,996	188,786	191,051	193,554	196,089	180,000	180,548
----------------------------------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

⁽¹⁾ Pump stations were assigned directly to Retail beginning January 1, 2011. Prior to that, costs were recovered through the Wholesale Rate charged to SJWD Retail.

⁽²⁾ Connections in Italic are projected as that agency's fiscal year end is 12/31.

⁽³⁾ The District updated population statistics in its 2010 Urban Water Management Plan.

Source: San Juan Water District Finance & Administrative Services Division, Engineering Services and Wholesale Operations

San Juan Water District
Wholesale Water Production by Month
Last Ten Fiscal Years
(in million gallons)

Month	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
July	3,242	3,181	3,175	3,110	3,255	3,099	2,563	2,937	2,292	3,240
August	3,099	2,901	2,938	3,053	3,101	3,226	2,409	2,917	2,095	3,126
September	2,642	2,577	2,909	2,787	2,670	2,932	1,907	2,427	1,844	2,607
October	2,164	2,004	2,403	1,852	2,166	2,116	1,170	1,646	1,413	1,873
November	1,217	1,117	1,151	1,014	1,466	1,138	878	857	1,059	786
December	938	1,015	980	1,039	1,048	968	661	764	679	780
January	929	946	922	933	881	1,065	559	728	722	719
February	856	852	793	831	819	962	537	631	673	619
March	1,070	1,146	1,293	1,035	812	1,308	1,325	620	538	617
April	1,587	1,130	2,057	1,313	980	1,732	2,021	1,405	577	1,186
May	2,481	1,845	2,870	1,926	2,510	1,793	2,639	1,854	1,285	1,793
June	3,001	3,019	3,101	2,696	3,004	2,323	2,791	2,112	2,544	2,042
Annual Total	23,226	21,733	24,592	21,589	22,712	22,662	19,460	18,898	15,721	19,388
Average Monthly Water Production	1,936	1,811	2,049	1,799	1,893	1,889	1,622	1,575	1,310	1,616
Average Daily Water Production	63.6	59.5	67.4	59.1	62.2	62.1	53.3	51.8	43.1	53.1

Source: San Juan San Juan Water District Wholesale Operations Division

San Juan Water District
Retail Water System Capital Asset and Operating Indicators
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Facilities:										
Miles of Main Line	144	165	203	210	213.5	213.5	213.5	214	214	214
# of ARVs										768
# of Blow-offs										788
# of Fire Hydrants										1,412
# of Valves										2,761
# of Pumping Stations	5	5	5	5	5	5	5	5	5	8
# of Storage Tanks/Reservoirs	3	3	3	3	3	3	3	3	3	3
Connections:										
Single-Family Residential				9,746	9,753	9,752	9,756	9,761	9,778	9,780
Multi-Family Residential				118	118	117	121	121	119	119
Commercial				187	190	217	215	215	239	238
Institutional				12	11	11	11	11	11	11
Landscape Irrigation				213	222	230	230	228	214	208
Agricultural Irrigation				4	4	4	4	4	4	4
Other				8	8	8	8	8	8	8
Total Connections	9,992	10,200	10,079	10,288	10,306	10,339	10,345	10,348	10,373	10,368
Total New Connections	267	208	(121)	209	18	33	6	3	25	(5)
Consumption (units of ccf): ⁽¹⁾										
Single-Family Residential				5,043,423	5,680,870	5,392,177	5,020,192	4,369,153	4,327,393	
Multi-Family Residential				90,785	99,732	92,353	96,145	87,162	80,391	
Commercial				155,681	173,631	167,395	149,209	171,923	197,402	
Institutional				98,444	104,898	103,931	93,052	81,364	68,920	
Landscape Irrigation				425,275	503,444	501,790	453,918	358,816	355,991	
Agricultural Irrigation				5,361	4,531	8,808	8,144	9,282	7,612	
Other				886	1,200	970	802	789	927	
Total Consumption	-	-	-	-	5,819,855	6,568,306	6,267,424	5,821,462	5,078,489	5,038,636
Average Daily Consumption	-	-	-	-	15,945	17,995	17,171	15,949	13,914	13,804
Population	28,228	28,734	28,776	29,056	30,442	30,512	30,605	30,578	30,641	30,615

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

Source: San Juan Water District Customer Services and Engineering Services Departments

**San Juan Water District
Retail Water Connection Fee Report
Per Government Code Section 66013(d) and (e)
Fiscal Year Ended June 30, 2011**

Connection Fees, beginning balance		\$ 2,400,925
Connection Fees Collected	\$ 144,071	
Interest Earned	<u>16,446</u>	
Fees Available	160,517	
Applied to:		
Capital Costs Funded	\$ 65,910	
Refunds	<u>-</u>	
Total Funds Applied	65,910	
Net Changes for the Year		<u>94,607</u>
Connection Fees, ending balance		<u><u>\$ 2,495,532</u></u>

California Government Code (CGC) Section 66013 (c) requires the District to place capital facilities connection fees received and any interest income earned from the investment of these monies in a separate capital facilities fund. These monies are to be used solely for the purposes for which they were collected and not commingled with other District funds.

CGC Section 66013(d) requires the District to make certain information available to the public within 180 days after the close of each fiscal year. CGC Section 66013(e) allows the required information to be included in the District's annual financial report. The Retail Water Connection Fee Report meets this requirement.

Capacity fees are imposed for initiating water connection service by the District at the request of the customer. No fees are imposed upon real property or upon person as an incident of property ownership, but rather as a condition of service.

The District's 10-year Capital Improvement Plan shows these connection fees will be utilized in the amount of \$2,495,532 for growth/expansion related capital projects in addition to \$9,229,925 estimated to be received during the period for new connections.

Source: San Juan Water District Finance & Administrative Services Division