

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006



San Juan Water District  
9935 Auburn-Folsom Road  
Granite Bay, California 95746  
(916) 791-0115  
[www.sjwd.org](http://www.sjwd.org)

Prepared by the Finance and Administrative Services Department

October 11, 2006

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, 2006. 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 Richardson & 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, 2006, 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, 2006, 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 auditors' report.

The CAFR is organized into Introductory, Financial, Required Supplementary Information and Statistical sections. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes: Independent Auditor's Report on the District's financial statements; MD&A; June 30, 2006 basic financial statements, including the balance sheets, statements of revenues, expenses and changes in net assets, statements of cash flows and notes to the basic financial statements. Required supplementary information consists of the schedule of funding progress of the District's contribution to PERS. Additional information consists of schedules of administrative and general expenses and operations—budget and actual. The financial statements are

prepared in accordance with GAAP. The Statistical section summarizes selected unaudited general financial 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 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 45 square miles for wholesale 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 10,306 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 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 Department to develop the annual budget. The Finance and Administrative Services Department first provides a copy of the proposed budget to the Finance Committee, making any necessary adjustments arising from that review. Then the Finance and Administrative Services Manager presents the proposed budget to the Board of Directors for their review. The public hearing on the proposed budget is held at the next Board of Directors meeting, with anticipated finalization and adoption scheduled for the following meeting. The budget is used as a management tool for projecting and measuring revenues and expenses.

### Mission Statement

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

### Water Supply

The Districts' existing water supply consists of four 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 fourth 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 Folsom Pumping Plant. Total raw water delivery for the fiscal year was 69,706 acre-feet.

### Water Efficiency

The District has long been a proponent and practitioner of cost effective water efficiency programs. The implementation of these programs has been highly successful, continually striving to meet the standards for Urban Water Efficiency Best Management Practices (BMPs) set by the Sacramento Area Water Forum Agreement, the California Urban Water Conservation Council, 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 Bucks School Program, which created a mutually beneficial partnership with local elementary schools to develop water awareness within the classrooms;
- ☞ Landscape Irrigation Reviews to assist customers to maintain attractive water efficient landscapes for their property; and
- ☞ Cooperative Efforts and the Regional Water Efficiency Management Program. The District and other wholesale agencies have pursued a cooperative process for other water suppliers to share regional water efficiency efforts.

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

### Water Treatment Plant

The District's water treatment facilities was constructed in three phases and completed between the years of 1975 to 1983. The facilities consist of two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Upgrades and improvements to the plant are ongoing to ensure efficiency and productivity to meet the required demands of its customers and Federal and State regulatory requirements.

During the fiscal year there has been a major project at the water treatment plant for betterments which will meet increased regulatory standards. This project is being funded up front with the proceeds of the 2003 Certificates of Participation. In addition, the District has received Proposition 13 Grant funding reimbursement for half of the project cost.

The Sidney N. Peterson Water Treatment Plant, with a capacity of 120 million gallons per day, receives delivery of raw water directly from Folsom Dam outlets. At the treatment plant, 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 213.5 miles of transmission and distribution pipelines, which transport the high quality, treated water to wholesale and retail customers.

### Enterprise Operations

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

1. The Wholesale Operation's primary responsibilities are to acquire and maintain source of water contracts, treatment of surface water and storage and delivery of water to contracting wholesale water agencies.
2. The Retail Operation's primary responsibilities are to maintain a source of water supply from the Wholesale Agency, storage, transmission and distribution of water to the retail customers at a reasonable cost, provide customer service and maintain the transmission and distribution pipeline system throughout the Retail Service Area. The Retail Operations is also responsible for constructing new facilities as recommended by the San Juan Water District Retail Master Plan. The Retail Master Plan is in the process of being updated.

The accounting for the two entities' operations is separated, however, for financial report purposes they are presented in a consolidated report.

## **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. The region has been successful in attracting new high-tech companies and expansion of existing companies. Economic conditions for the region are very favorable. The District has experienced a steady growth rate in recent years as reflected in the increase of new service connections. There were approximately 50 new service connections for the current fiscal year, which represents a growth rate of approximately .49% for the year. The District is optimistic about future development within the retail service area.

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.

### Long-term financial planning

To provide the necessary resources to meet operating costs and provide a ten-year capital improvement finance plan, the District contracted with the Reed Group, Inc. in 2002 to review the existing wholesale water rates structure. The outcome resulted in a comprehensive plan, which included proposed rate increases and capital financing recommendations. The first rate increase from the report was approved by the Board of Directors and used in wholesale water billings beginning April 1, 2003. All family agencies participated in development of this report which contributed to the soundness, as well as the quality of the information.

To provide the necessary resources to meet operating costs, the District had an outside consulting firm review the existing rates structure. The findings from the review and study were that retail rates for both metered and flat rate needed to be updated. The consulting firm, with assistance of a Customer Rate Resource Committee, presented their findings and recommendations to the Board of Directors for their review and consideration. The five year financial and rate structure for the Retail Service Area was accepted on June 28, 2000. The Board of Directors adopted, by Ordinance, the Water Rate Study and Rate Structure on November 15, 2001. The rates were effective January 1, 2001. The Wholesale Water Rate Study prepared by the Reed Group reviewed the wholesale water rate increases impact to the retail service area and proposed an increase to retail water rates that went into effect on September 1, 2003.

The District is in the 5th year of the master wholesale meter replacement and upgrade program during the prior fiscal year. The new meters have the capability of measuring the full profile of the transmission pipelines. This technology improves the accuracy of measuring water deliveries to wholesale agencies. A solids handling facility for the water treatment plant was substantially completed during the fiscal year.

### Cash Management

The District invests operating, non-operating and reserves for capital improvement funds following the guidelines of the Investment Policy adopted by the Board of Directors and the California Government Code. The Investment Policy attempts to obtain the highest yield, provided that all investments meet the criteria established for safety and liquidity.

During the year funds were invested primarily in the State of California Local Agency Investment Fund, Certificates of Deposit, Medium Term Corporate Notes and U.S. Agency Securities held in a third party custodial account on behalf of the District. Maturities of these securities range from liquid to 5 years, with the 2003 Certificates of Participation debt service reserve fund held in a guaranteed investment contract maturing in 27 years.

The average yield on investments was 3.75%, with rates of return ranging from .78% on liquid funds to 4.90% on 5+ year funds. Interest rates may continue to rise in the coming fiscal year, bringing additional investment opportunity to the District.

#### Risk Management

The District has its property, general liability, errors and omission, and automobile insurance with the Association of California Water Agency/Joint Powers Insurance Authority (ACWA/JPIA), a pooled self-insurance group. As of June 30, 2006 the District was insured with the ACWA/JPIA workers' compensation insurance program with a modification rate 73%.

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

The District has a defined safety program, which provides guidelines, regular safety meetings and training sessions conducted by human resources and other departments for reinforcement of safety conduct in the work place. In addition, the District provides staff safety incentive days off, up to a maximum of three, when there are no lost-time accidents. Effective August 29, 2005, staff had earned three safety days; however, on April 21, 2006 a lost time accident returned the number of safety days to earn to zero. The employee was not seriously injured and the new anniversary date for safety days will be April 22, 2006.

#### Pension and other post employment benefits

The District retirement program remains with the California State Public Employees Retirement System (PERS). The District currently pays both employer costs and tax-deferred member contributions to the system on a monthly basis. A PERS Actuarial Report is prepared by a PERS actuary to calculate the future contribution rates for the next two years.

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

In addition, the District offers two voluntary IRS Section 457 Deferred Compensation Plans to which all full-time regular employees are eligible to contribute. These plans are held with Variable Annuity Life Insurance Company and Annuity Investors Life Insurance Company.

#### **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, 1996. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

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

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services of the entire staff of the Finance and Administrative Services, Conservation, Customer Service, Engineering, Field Services and Water Treatment Departments. 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  
Comprehensive Annual Financial Report  
June 30, 2006

**BOARD OF DIRECTORS**

**Edward J. "Ted" Costa**  
President

**Pamela Tobin**  
Vice President

**Dorothy Kilgore**  
Director

**Kenneth H. Miller**  
Director

**Dave Peterson**  
Director

**STAFF**

**Shauna L. Lorance**  
General Manager

**Keith B. Durkin**  
Assistant General Manager

**Sue Makimoto**  
Secretary to the Board of Directors

**Mary A. Morris**  
Finance and Administrative Services Manager

**Rick Hydrick**  
Retail Operations Manager

**Judy A. Gagnier**  
Customer Service Manager

**Rob Watson**  
Engineering Services Manager

**George Machado**  
Field Services Manager

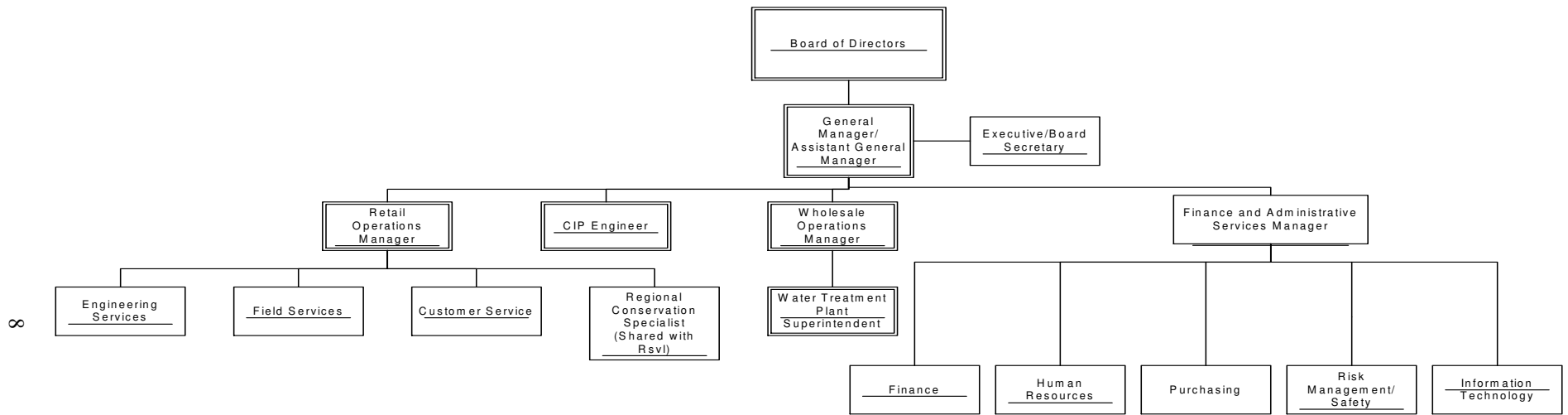
**Michael J. O'Bleness**  
Wholesale Operations Manager

**Bill Sadler**  
Water Treatment Plant Superintendent





SAN JUAN WATER DISTRICT  
Comprehensive Annual Financial Report  
June 30, 2006  
Organization Chart



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative overview and analysis of the financial activities of the San Juan Water District (District) for the fiscal year ended June 30, 2006 has been prepared by the management to enhance the information provided in the transmittal letter. It is intended to be read in conjunction with that letter and should 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 \$66,484,414 (net assets) as compared with \$64,844,397 in the prior year. This amount is comprised of investments in capital assets, restricted and unrestricted net assets. Of the total amount, \$24,728,796 is considered unrestricted and available to meet the District's ongoing obligations. This amount was \$23,752,127 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 \$1,640,017, compared to an increase of \$4,635,575 in the prior fiscal year. The significant reasons for this increase are the entitlement transfer revenue that was received last year and not this year, as well as a smaller amount of grant revenue received this year as capital contributions. In the prior year, the main reason for this increase was an increase in capital assets for the Water Treatment Plant Betterments.
- Operating revenues increased by \$398,304, which is due to an 8% rate increase in wholesale water revenues and a 3% rate increase in retail water revenues. In the prior year, operating revenues increased by \$393,086, which was due to an 8% rate increase in wholesale water revenues, a 3% rate increase in retail water revenues, and a reduction in water use due to wet year conditions.
- Non-operating revenues decreased by \$514,250, as the combined result of: 1) entitlement transfer revenue in the prior year that was not applicable this year, and 2) increased property tax and interest revenues. In the prior year, non-operating revenues decreased by \$858,043, as a result of: 1) the elimination of the special assessment for the 1998 General Obligation bond, which has been paid off, and 2) decreased property tax revenue associated with the ERAF property tax shift.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### *Introductory Section*

This includes the table of contents, letter of transmittal, list of Board of Directors and Staff, and organization chart.

#### *Financial Section*

This section includes the auditor's report, management's discussion and analysis, basic financial statements, required supplementary information, and additional information. The District's basic financial statements are comprised of the Balance Sheet, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. The Balance Sheet presents information on all assets and liabilities, with the difference between the two reported as net assets. When evaluated over a period of time, increases or decreases in net assets may serve as an indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Assets reflect the revenues and expenses for the fiscal year ended. The Statement of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing

activities. The notes 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 19. Required supplementary information consists of the schedule of funding progress of the District's contribution to PERS. In addition to the basic financial statements and accompanying notes, this report also provides additional information on administrative and general expenses.

#### *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, 2006, assets exceeded liabilities by \$66,484,414. In the prior year, assets exceeded liabilities by \$64,844,397

#### **San Juan Water District Balance Sheet**

	2006	2005	2004
Current Assets	\$12,507,289	\$11,257,531	\$14,471,108
Restricted Assets	8,251,475	11,591,081	18,936,854
Capital Assets	55,786,815	52,635,616	45,475,268
Other Assets	14,613,465	14,887,423	8,805,515
<b>Total Assets</b>	<b>\$91,159,044</b>	<b>\$90,371,651</b>	<b>\$87,688,745</b>
Current Liabilities	2,916,295	2,933,532	4,017,892
Long-Term Liabilities	21,758,335	22,593,722	23,462,031
<b>Total Liabilities</b>	<b>\$24,674,630</b>	<b>\$25,527,254</b>	<b>\$27,479,923</b>
Invested in Capital Assets, Net of Related Debt	\$40,061,013	\$39,346,360	\$36,450,715
Restricted Net Assets	1,694,605	1,745,910	2,893,502
Unrestricted Net Assets	24,728,796	23,752,127	20,864,605
<b>Total Net Assets</b>	<b>\$66,484,414</b>	<b>\$64,844,397</b>	<b>\$60,208,822</b>
<b>Total Liabilities and Net Assets</b>	<b>\$91,159,044</b>	<b>\$90,371,651</b>	<b>\$87,688,745</b>

The largest portion of the District's net assets (60%) 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 60% of net assets. 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 (3%) 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 (37%) may be utilized to meet the District's ongoing obligations and future facility

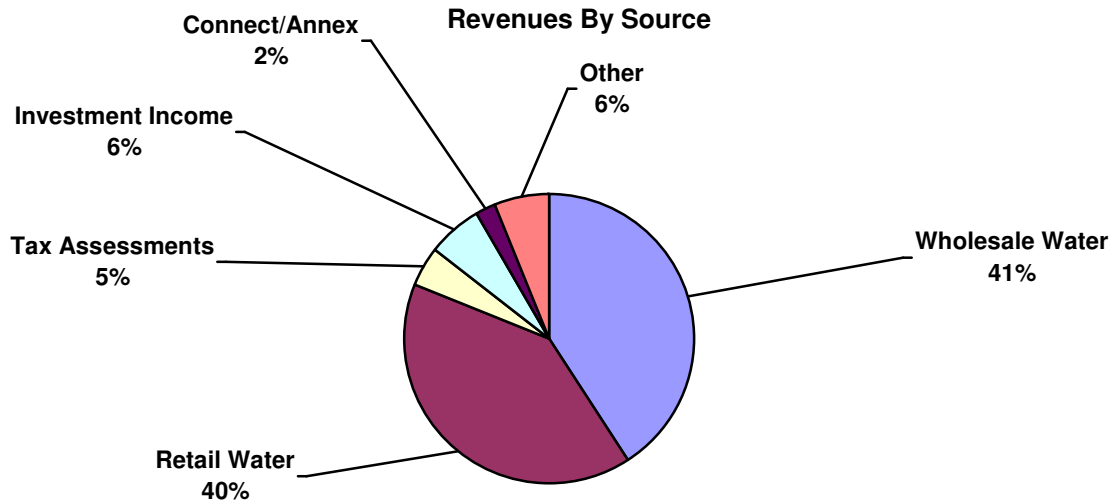
improvements or replacements. The increase in unrestricted net assets is an indicator that the financial condition of the District improved.

The increase of \$1,640,017 in total net assets is represented by the increases in revenues and capital contributions. The District was awarded a grant to fund a portion of the Water Treatment Plant Betterments and has recognized approximately \$6 million in association with the amount reimbursable to date. In the prior fiscal year, the increase of \$4,635,575 was due to the receipt of entitlement transfer revenue and grant revenues received as capital contributions.

**Statement of Revenues, Expenses and Changes in Net Assets  
For the Years Ended**

	2006	2005	2004
Operating Revenues	\$11,481,472	\$11,083,168	\$10,690,082
Non-operating Revenues	2,675,765	3,190,015	4,040,058
<b>Total Revenues</b>	<b>\$14,157,237</b>	<b>\$14,273,183</b>	<b>\$14,730,140</b>
Operating Expenses	\$10,216,970	\$9,552,938	\$9,763,001
Depreciation	2,405,897	2,282,537	2,256,490
Non-Operating Expenses	942,717	810,514	1,013,406
<b>Total Expenses</b>	<b>\$13,565,584</b>	<b>\$12,645,989</b>	<b>\$13,032,897</b>
Net Income Before Capital Contributions	\$591,653	\$1,627,194	\$1,697,243
Capital Contributions	1,048,364	3,008,381	2,202,420
<b>Change in Net Assets</b>	<b>\$1,640,017</b>	<b>\$4,635,575</b>	<b>\$3,899,663</b>
Beginning Net Assets	64,844,397	60,208,822	56,309,159
<b>Total Net Assets</b>	<b>\$66,484,414</b>	<b>\$64,844,397</b>	<b>\$60,208,822</b>

The increase of \$398,304 in operating revenues is primarily due to rate increases and offset by reduced water use. In the prior year, operating revenues increased by \$393,086, which was due to a combination of an 8% rate increase in wholesale water revenues, a 3% rate increase in retail water revenues, and a reduction in water use due to wet year conditions. The \$514,250 decrease in non-operating revenues resulted from a combination of entitlement transfer revenue that was applicable in the prior fiscal year and not in the current fiscal year, increased property taxes and interest income. In the prior year, non-operating revenues decreased by \$858,043, as a result of: 1) the elimination of the special assessment for the 1998 General Obligation bond, which has been paid off, and 2) decreased property tax revenue associated with the ERAF property tax shift.



**Operating Revenues  
For the Years Ended**

	2006	2005	2004
Wholesale Water	\$5,769,324	\$5,744,760	\$5,243,288
Retail Water	5,668,705	5,285,572	5,414,979
Other	43,443	52,836	31,815
<b>Total Operating Revenues</b>	<b>\$11,481,472</b>	<b>\$11,083,168</b>	<b>\$10,690,082</b>

**Operating Expenses Excluding Depreciation  
For the Years Ended**

	2006	2005	2004
Source of Supply	\$2,704,782	\$2,965,677	\$2,866,023
Administration and general	2,040,731	1,297,828	1,975,784
Water Treatment	2,003,075	1,689,104	1,616,340
Transmission and distribution	1,249,430	1,353,547	1,201,061
Customer Service	599,116	606,320	505,118
Pumping and Telemetry	551,418	594,962	692,185
Engineering	397,717	398,573	325,821
Conservation	383,433	351,467	334,962
Interest	287,268	295,460	245,707
<b>Total Operating Expenses</b>	<b>\$10,216,970</b>	<b>\$9,552,938</b>	<b>\$9,763,001</b>

The \$664,032 increase in operating expenses is the result of: inflation increases, vacant positions being filled, and completion of maintenance. The prior year decrease in operating expenses of \$210,063 is a combination of: inflation increases, reduced personnel costs for vacant positions, reduced energy costs and maintenance to be completed in fiscal year 2006.

**BUDGET HIGHLIGHTS**

Differences between the original and final budgeted amounts resulted from:

- Increased property tax and interest revenues resulting in additional non-operating revenues of \$565,000;
- Decreased water revenues associated with reduced water use (conservation and/or wet year conditions); and

- Decreased source of supply costs resulting from reduced water use.

District managers are encouraged to request only the budget amounts they believe will be necessary to fund their programs for the fiscal year, without regard to maintaining a specific budget level from year-to-year. This is done to avoid creating an environment in which programs are budgeted at a specific level for fear of losing funds in future years, thereby leaving idle resources unspent that might have been utilized for other District programs or activities.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### Capital Assets

The District's investment in capital assets as of June 30, 2006, net of accumulated depreciation, is \$55,786,815. This investment includes land, buildings, water treatment plant and distribution system, construction in progress, vehicles, equipment, office equipment and furniture. As of June 30, 2005, this amount was \$52,635,616. The increase from the prior fiscal year of \$3,151,199 is largely due to pump station improvements started during the fiscal year. At June 30, 2006, the District had \$1,815,108 in construction commitments outstanding. As of June 30, 2004, the investment in capital assets was \$45,475,268. The increase from the prior fiscal year of \$7,160,348 was largely due to the water treatment plant betterments started during the fiscal year. At June 30, 2005, the District had \$3,660,000 in construction commitments outstanding.

New subdivision and commercial development within the Retail Service Area has experienced a continuing growth trend. During the fiscal year 2005-2006, the District accepted capital contributions by developers for donated systems with a combined value of \$46,698. Capital contributions in the prior year totaled \$64,064. Capital contributions for the fiscal year 2003-2004 totaled \$164,028. The outlook for the next fiscal year 2006-2007 shows a continuing growth trend with some vacant land currently being developed. Additional information on capital assets can be located in Note C of the Notes to the Basic Financial Statements beginning on Page 25.

##### Debt Administration

As of June 30, 2006, the District had three different debt issues outstanding in an aggregate amount of \$21,815,253. Of this amount, \$897,049 represents the current portion due in Fiscal Year 2006-2007. In the prior year, there were four outstanding debt issues in an aggregate amount of \$22,691,213, with \$875,959 representing the portion due in Fiscal Year 2005-2006. For more information on Long-Term Liabilities, refer to Note E of the Notes to the Basic Financial Statements beginning on Page 27.

#### **Outstanding Debt Issues**

	2006	2005	2004
2003 Certificates of Participation	\$21,535,000	\$22,390,000	\$23,225,000
1998 General Obligation Refunding Bonds	\$ 0	\$ 0	\$980,000
1977 Economic Development Administration Loan	\$249,370	\$266,150	\$282,131
California Energy Commission Loan	\$30,883	\$35,063	\$39,006

MBIA Indemnity Corporation insures the payment of the principal and interest on the 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.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The local economy has experienced growth during the fiscal year, with a positive outlook. Interest rates are rising, which will provide enhanced investment opportunity in the next year. The Consumer Price Index (CPI) increased 2.8% over the prior 12 months. The District expects to regain the \$1,055,000 of the 1% property tax revenue that it receives for the next fiscal year. The reduction was anticipated in the 10 year financial plan completed during Fiscal Year 2003, so it had been factored into the capital improvements program where these funds are utilized.

These factors were taken into consideration during preparation of the Fiscal Year 2006-2007 Budget. As approved by the Board of Directors, the District's Wholesale Water Rates are scheduled to increase 8% on January 1, 2007 and the Retail Water Rates will increase at the Board approved amount on January 1, 2007. These increases are required to fund the capital improvement program and maintain pace with inflation.

**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.

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SAN JUAN WATER DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
June 30, 2006

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## INDEPENDENT AUDITOR'S REPORT

To the 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, 2006 and 2005 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2006 and 2005 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.

The Management's Discussion and Analysis and Schedule of Funding Progress of Pension Plan on pages 10 to 15 and 34, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the required information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, additional information and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

*Richardson & Company*

September 6, 2006

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## BASIC FINANCIAL STATEMENTS

SAN JUAN WATER DISTRICT

BALANCE SHEETS

June 30, 2006 and 2005

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,963,407	\$ 8,359,320
Accounts receivable - water sales, services and standby charges, net	1,912,019	1,684,893
Grants receivable	440,737	372,077
Accrued interest and taxes receivable	308,998	241,403
Current portion of amounts recoverable under long-term water sales contracts	266,112	258,048
Inventory	81,619	70,786
Prepaid expenses	534,397	271,004
	12,507,289	11,257,531
RESTRICTED ASSETS		
Cash and cash equivalents	6,326,969	9,666,575
Investments	1,924,506	1,924,506
CAPITAL ASSETS, NET	55,786,815	52,635,616
OTHER ASSETS		
Investments	11,842,932	11,623,641
Amounts recoverable under long-term water sales contracts	1,983,744	2,249,856
Investment in electrical power	415,434	427,856
Deferred charges	371,355	586,070
	\$ 91,159,044	\$ 90,371,651
	\$ 91,159,044	\$ 90,371,651
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,107,062	\$ 1,195,135
Accrued interest	365,151	372,278
Customer/developer deposits	85,026	77,801
Deferred income	52,448	46,540
Due to other governments	181,890	138,728
Deposits held for other governments	227,669	227,091
Current portion of long-term debt	897,049	875,959
	2,916,295	2,933,532
LONG-TERM LIABILITIES		
Long-term debt	21,155,722	22,024,855
Compensated absences	602,613	568,867
	24,674,630	25,527,254
NET ASSETS		
Invested in capital assets, net of related debt	40,061,013	39,346,360
Restricted	1,694,605	1,745,910
Unrestricted	24,728,796	23,752,127
	66,484,414	64,844,397
	\$ 91,159,044	\$ 90,371,651

The accompanying notes are an integral part of these financial statements.

SAN JUAN WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2006 and 2005

	2006	2005
<b>OPERATING REVENUES</b>		
Water sales - wholesale		
Water charges to retail area	1,904,460	1,968,604
Citrus Heights Water District	1,631,011	1,446,190
Fair Oaks Water District	1,091,643	1,180,023
Sacramento Suburban Water District	631,099	627,943
Orangevale Mutual Water Company	338,936	320,892
City of Folsom	162,486	192,535
Granite Bay Golf Club	9,689	8,573
Total Water Sales - Wholesale	5,769,324	5,744,760
Water sales - retail	5,668,705	5,285,572
Other	43,443	52,836
<b>TOTAL OPERATING REVENUES</b>	11,481,472	11,083,168
<b>OPERATING EXPENSES</b>		
Source of supply		
Water charged to retail area	1,904,460	1,968,604
Placer County Water Agency	345,110	397,752
U.S. Bureau of Reclamation	208,255	266,596
Wheeling	143,651	171,755
Bureau pumping	60,930	122,029
Other	41,345	33,588
Energy assessments	1,031	5,353
Depreciation	2,405,897	2,282,537
Administrative and general	2,040,731	1,297,828
Water treatment	2,003,075	1,689,104
Transmission and distribution	1,249,430	1,353,547
Customer service	599,116	606,320
Pumping and telemetry	551,418	594,962
Engineering	397,717	398,573
Conservation	383,433	351,467
Interest expense	287,268	295,460
<b>TOTAL OPERATING EXPENSES</b>	12,622,867	11,835,475
<b>NET LOSS FROM OPERATIONS</b>	(1,141,395)	(752,307)
<b>NONOPERATING REVENUES</b>		
Entitlement transfer revenue		1,354,405
Tax assessments	643,882	504,619
Investment income	867,082	659,455
Connections and annexations	306,605	224,993
Other	858,196	446,543
<b>TOTAL NONOPERATING REVENUES</b>	2,675,765	3,190,015
<b>NONOPERATING EXPENSES</b>		
Bond and note interest	629,590	748,012
Other	313,127	62,502
<b>TOTAL NONOPERATING EXPENSES</b>	942,717	810,514
<b>NET INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	591,653	1,627,194
<b>CAPITAL CONTRIBUTIONS</b>		
<b>CHANGE IN NET ASSETS</b>	1,640,017	4,635,575
Net assets at beginning of year	64,844,397	60,208,822
<b>NET ASSETS AT END OF YEAR</b>	\$ 66,484,414	\$ 64,844,397

The accompanying notes are an integral part of these financial statements.



SAN JUAN WATER DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2006 and 2005

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 11,267,479	\$ 10,634,121
Cash paid to suppliers for goods and services	(5,954,180)	(5,553,641)
Cash paid to employees for services	(4,361,749)	(3,995,537)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>951,550</b>	<b>1,084,943</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Other income/expenses received	557,491	398,551
Tax assessments received	625,857	522,745
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,183,348</b>	<b>921,296</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Change in advance for pipeline construction		497,670
Purchases of capital assets	(5,528,976)	(9,378,821)
Proceeds from sale of capital assets	22,055	14,917
Payments received on amounts recoverable under water sales contracts	258,048	252,672
Payments on long-term debt	(875,960)	(1,834,924)
Interest paid	(636,717)	(765,136)
Connection and annexation income	306,605	224,993
Capital contributions received	933,006	5,969,037
<b>NET CASH USED BY CAPITAL AND         RELATED FINANCING ACTIVITIES</b>	<b>(5,521,939)</b>	<b>(5,019,592)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,000,000)	(8,728,018)
Proceeds from sale and maturity of investments	505,441	2,189,312
Investment income	1,146,081	490,335
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>651,522</b>	<b>(6,048,371)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,735,519)</b>	<b>(9,061,724)</b>
Cash and cash equivalents at beginning of year	18,025,895	27,087,619
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 15,290,376</b>	<b>\$ 18,025,895</b>

(Continued )

SAN JUAN WATER DISTRICT  
STATEMENTS OF CASH FLOWS (Continued)  
For the Years Ended June 30, 2006 and 2005

	2006	2005
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO CASH USED FOR OPERATING ACTIVITIES</b>		
Net loss from operations	\$ (1,141,395)	\$ (752,307)
Adjustments to reconcile net loss from operations to net cash provided by operating activities		
Depreciation and amortization	2,471,616	2,339,376
Gain on disposal of capital assets	(16,077)	(14,917)
Changes in assets and liabilities:		
Accounts receivable	(227,126)	(461,115)
Inventory	(10,833)	7,903
Prepaid expenses	(263,393)	(41,816)
Deferred charges	189,513	139,659
Accounts payable	(88,073)	(120,339)
Customer/developer deposits	7,225	6,778
Deferred income	5,908	5,290
Due to other governments	(9,561)	
Compensated absences	33,746	(23,569)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 951,550</b>	<b>\$ 1,084,943</b>
<b>NONCASH ACTIVITIES</b>		
Change in fair value of investments	\$ (275,268)	\$ 159,206
Receipt of contributed assets	\$ 46,698	\$ 64,064
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET</b>		
Unrestricted cash and cash equivalents	\$ 8,963,407	\$ 8,359,320
Restricted cash and cash equivalents	6,326,969	9,666,575
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 15,290,376</b>	<b>\$ 18,025,895</b>

The accompanying notes are an integral part of these financial statements.

## SAN JUAN WATER DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2006 and 2005

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

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

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

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

Earned but unbilled water services are accrued as revenue. Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized as pipelines, reservoirs, pumping stations and buildings.

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and the portion of interest expense on 2003 Certificates of Participation used to refund the 1998 General Obligation Bonds used for operating expenses. All revenues and expenses not meeting this definition are reported as nonoperating 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.

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:

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

The cost of maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operations when incurred. It is the District’s policy to capitalize all capital assets with a cost of more than \$500. 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.

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 percent. Accounts that remain unpaid on June 30 are charged an additional 1½ 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: The District’s policy allows employees to accumulate earned but unused vacation and sick leave which will be paid to employees upon separation from the District’s service, subject to a vesting policy. The cost of vacation and sick leave is recorded in the period incurred. Management considers all compensated absences to be long-term since the current portion of compensated absences is not significant.

Deferred Income: Deferred income represents revenues received for wholesale and retail sales that have not been earned as of June 30, 2006 and 2005.

Water Charge to Retail 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.

NOTE B--CASH AND INVESTMENTS

Cash and investments as of June 30, 2006 and 2005 are classified in the accompanying financial statements as follows:

	2006	2005
Cash and cash equivalents	\$ 8,963,407	\$ 8,359,320
Restricted cash and cash equivalents	6,326,969	9,666,575
Restricted investments	1,924,506	1,924,506
Investments	11,842,932	11,623,641
Total cash and investments	\$ 29,057,814	\$ 31,574,042

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE B—CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2006 and 2005 consisted of the following:

	2006	2005
Cash on hand	\$ 350	\$ 350
Deposits with financial institutions	1,411,383	4,297,550
Total cash and cash equivalents	1,411,733	4,297,900
Money market mutual funds	849,069	290,110
Investments in Local Agency Investment Fund (LAIF)	13,029,574	13,437,885
U.S. agency securities	11,154,714	10,823,754
Medium term corporate notes	688,218	799,887
Guaranteed investment contracts	1,924,506	1,924,506
Total investments	27,646,081	27,276,142
Total cash and investments	\$ 29,057,814	\$ 31,574,042

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, 2006, the District's permissible investments included the following instruments:

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	15%	N/A	10%
Mortgage pass-through securities	5 years	20%	50%
Collateralized mortgage obligations	5 years	20%	50%
Mortgage-backed or other pay-through bonds	5 years	20%	50%
Equipment leased-back certificates	5 years	20%	50%
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.

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE B—CASH AND INVESTMENTS (Continued)

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.

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

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

	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
U.S. agency securities	\$ 11,154,714	\$ 2,486,045	\$ 4,630,980	\$ 4,037,689	
Medium term corporate notes	688,218	99,152	589,066		
LAIF	6,760,041	6,760,041			
Money market mutual funds	798,578	798,578			
Held by bond trustee:					
LAIF	6,269,533	6,269,533			
Money market mutual funds	50,491	50,491			
Guaranteed investment contracts	1,924,506				\$ 1,924,506
Total	<u>\$ 27,646,081</u>	<u>\$ 16,463,840</u>	<u>\$ 5,220,046</u>	<u>\$ 4,037,689</u>	<u>\$ 1,924,506</u>

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE B—CASH AND INVESTMENTS (Continued)

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

	Total	Minimum Legal Rating	AAA	A	Not Rated
U.S. agency securities	\$ 11,154,714	N/A	\$ 11,154,714		
Medium term corporate notes	688,218	A	489,190	\$ 199,028	
LAIF	6,760,041	N/A			\$ 6,760,041
Money market mutual funds	798,578	A	798,578		
Held by bond trustee:					
LAIF	6,269,533	N/A			6,269,533
Money market mutual funds	50,491	A	50,491		
Guaranteed investment contracts	1,924,506	N/A			1,924,506
Total	<u>\$ 27,646,081</u>		<u>\$ 12,492,973</u>	<u>\$ 199,028</u>	<u>\$ 14,954,080</u>

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

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	U.S. agency securities	\$ 2,215,243
Federal Home Loan Bank	U.S. agency securities	4,050,574
Federal Home Loan Mortgage Corporation	U.S. agency securities	2,459,830
Federal National Mortgage Association	U.S. agency securities	2,429,067
Union Bank of California	Guaranteed investment contracts	1,924,506

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, 2006, the carrying amount of the District's deposits was \$1,411,383 and the balance in financial institutions was \$1,492,047. Of the balance in financial institutions, \$674,285 was covered by federal depository insurance and supplemental insurance held by the investment broker and \$817,762 was collateralized as required by State law



SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE B—CASH AND INVESTMENTS (Continued)

(Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2006, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Investment Type	Reported Amount
U.S. agency securities	\$ 11,154,714
Medium term corporate notes	688,218
Money market mutual funds	849,069
Guaranteed investment contracts	1,924,506

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 \$63,337,959,989 managed by the State Treasurer. Of that amount, 97.4 percent is invested in non-derivative financial products and 2.6 percent in derivative financial products and structured financial instruments. 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.

NOTE C—CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2006 and 2005 was as follows:

	Balance July 1, 2005	Additions	Disposals	Transfers And Adjustments	Balance June 30, 2006
Capital assets not being depreciated:					
Land	\$ 567,180	\$ 5,490			\$ 572,670
Construction in progress	11,733,461	5,225,880		\$ (663,059)	16,296,282
Total capital assets not being depreciated	12,300,641	5,231,370		(663,059)	16,868,952
Pipelines, reservoirs, pumping stations and buildings	73,165,253	128,324		663,059	73,956,636
Vehicles and equipment	2,668,993	215,980	\$ (82,379)		2,802,594
Total capital assets being depreciated	75,834,246	344,304	(82,379)	663,059	76,759,230
Less accumulated depreciation for:					
Pipelines, reservoirs, pumping stations and buildings	(33,601,011)	(2,248,194)			(35,849,205)
Vehicles and equipment	(1,898,260)	(170,303)	76,401		(1,992,162)
Total accumulated depreciation	(35,499,271)	(2,418,497)	76,401		(37,841,367)
Total capital assets being depreciated, net	40,334,975	(2,074,193)	(5,978)	663,059	38,917,863
Capital assets, net	\$ 52,635,616	\$ 3,157,177	\$ (5,978)	\$ -	\$ 55,786,815

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE C—CAPITAL ASSETS (Continued)

	Balance July 1, 2004	Additions	Disposals	Transfers And Adjustments	Balance June 30, 2005
Capital assets not being depreciated:					
Land	\$ 558,175	\$ 9,005			\$ 567,180
Construction in progress	4,045,702	7,915,264		\$ (227,505)	11,733,461
Total capital assets not being depreciated	4,603,877	7,924,269		(227,505)	12,300,641
Pipelines, reservoirs, pumping stations and buildings	71,637,748	1,300,000		227,505	73,165,253
Vehicles and equipment	2,510,683	218,616	\$ (60,306)		2,668,993
Total capital assets being depreciated	74,148,431	1,518,616	(60,306)	227,505	75,834,246
Less accumulated depreciation for:					
Pipelines, reservoirs, pumping stations and buildings	(31,563,735)	(2,037,276)			(33,601,011)
Vehicles and equipment	(1,713,305)	(245,261)	60,306		(1,898,260)
Total accumulated depreciation	(33,277,040)	(2,282,537)	60,306		(35,499,271)
Total capital assets being depreciated, net	40,871,391	(763,921)		227,505	40,344,975
Capital assets, net	\$ 45,475,268	\$ 7,160,348	\$ -	\$ -	\$ 52,635,616

NOTE D—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 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 percent of the net losses of the Project; it also has the right to receive 0.13 percent 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 \$1,031 and \$5,353 during the years ended June 30, 2006 and 2005, 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, 2006, are available from the California-Oregon Transmission Project at P.O. Box 15140, Sacramento, CA, 95866.

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE D—INVESTMENT IN ELECTRICAL POWER (Continued)

The following is the summarized unaudited financial information for the Project as of and for the years ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Balance sheet		
Assets	<u>\$ 343,472,318</u>	<u>\$ 346,932,093</u>
Liabilities	\$ 18,116,585	\$ 12,249,887
Net assets	<u>325,355,733</u>	<u>334,682,206</u>
Liabilities and net assets	<u>\$ 343,472,318</u>	<u>\$ 346,932,093</u>
Income statement		
Operating revenues	\$ 7,299,328	\$ 4,550,374
Operating expenses	<u>17,611,756</u>	<u>14,819,453</u>
Operating loss	(10,312,428)	(10,269,079)
Nonoperating revenue – interest and other	<u>88,414</u>	<u>45,065</u>
Change in net assets	<u>\$ (10,224,014)</u>	<u>\$ (10,224,014)</u>
District's share of change in net assets for period	<u>\$ (13,629)</u>	<u>\$ (13,629)</u>

NOTE E—LONG-TERM LIABILITIES

Long-term debt consisted of the following at June 30:

	<u>2006</u>	<u>2005</u>
<b>2003 REVENUE CERTIFICATES OF PARTICIPATION</b>		
Issued on June 25, 2003 in the amount of \$23,995,000 to advance refund the 1993 Revenue Certificates of Participation and fund certain capital improvements secured by a lien on all revenues on the District. Principal payments, ranging from \$475,000 to \$1,455,000 due on February 1 through 2033, and semi-annual interest payments, ranging from \$25,294 to \$446,731, due on February 1 and August 1 through February 1, 2033. Interest rates ranging from 2% to 4.75%.	\$ 21,535,000	\$ 22,390,000
<b>1977 ECONOMIC DEVELOPMENT ADMINISTRATION LOAN</b>		
Entered into on September 14, 1977 related to a 1977 Drought Act Loan. Interest rate is 5%. Face value of \$512,000, annual principal and interest payments of \$30,088 due through July 2016, with a final payment of \$29,149 due July 2017.	249,370	266,150

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE E—LONG-TERM LIABILITIES (Continued)

	<u>2006</u>	<u>2005</u>
<b>CALIFORNIA ENERGY COMMISSION ADVANCE</b>		
Advance received on October 4, 2000 related to the Energy Efficiency Improvements project. Interest rate is 5.9%. Face value of \$47,553, semi-annual principal and interest payments of \$3,094 due through June 22, 2012.	\$ 30,883	\$ 35,063
Total	<u>21,815,253</u>	<u>22,691,213</u>
Less: Current portion	<u>(897,049)</u>	<u>(875,959)</u>
	20,918,204	21,815,254
Add: Unamortized premium	477,542	509,950
Less: Deferred amount on refunding	<u>(240,024)</u>	<u>(300,349)</u>
Long-term debt	<u>\$ 21,155,722</u>	<u>\$ 22,024,855</u>

The activity of the District's long-term liabilities during the years ended June 30, 2006 and 2005 was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>	<u>Due Within One Year</u>
2003 Revenue Certificates of Participation	\$ 22,390,000		\$ (855,000)	\$ 21,535,000	\$ 875,000
1977 Economic Development Administration Loan	266,150		(16,780)	249,370	17,619
California Energy Commission Advance	<u>35,063</u>		<u>(4,180)</u>	<u>30,883</u>	<u>4,430</u>
	<u>\$ 22,691,213</u>	<u>\$ -</u>	<u>\$ (875,960)</u>	<u>\$ 21,815,253</u>	<u>\$ 897,049</u>
Compensated absences	<u>\$ 568,867</u>	<u>\$ 33,746</u>	<u>\$ -</u>	<u>\$ 602,613</u>	
	<u>\$ 23,259,080</u>	<u>\$ 33,746</u>	<u>\$ (875,960)</u>	<u>\$ 22,417,859</u>	<u>\$ 897,049</u>
	<u>\$ 23,225,000</u>		<u>\$ (835,000)</u>	<u>\$ 22,390,000</u>	<u>\$ 855,000</u>
1998 General Obligation Refunding Bonds	980,000		(980,000)		
1977 Economic Development Administration Loan	282,131		(15,981)	266,150	16,780
California Energy Commission Advance	<u>39,006</u>		<u>(3,943)</u>	<u>35,063</u>	<u>4,179</u>
	<u>\$ 24,526,137</u>	<u>\$ -</u>	<u>\$ (1,834,924)</u>	<u>\$ 22,691,213</u>	<u>\$ 875,959</u>
Compensated absences	<u>\$ 592,436</u>	<u>\$ (23,569)</u>	<u>\$ -</u>	<u>\$ 568,867</u>	
	<u>\$ 25,118,573</u>	<u>\$ (23,569)</u>	<u>\$ (1,834,924)</u>	<u>\$ 22,260,140</u>	<u>\$ 875,959</u>

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE E—LONG-TERM LIABILITIES (Continued)

The following is a schedule of maturities for long-term debt at June 30, 2006:

Year Ended June 30,	Principal	Interest	Total
2007	\$ 897,049	\$ 879,652	\$ 1,776,698
2008	918,191	848,280	1,766,471
2009	954,401	816,500	1,770,901
2010	985,670	789,668	1,775,338
2011	1,012,007	759,220	1,771,227
2012-2016	4,085,177	3,255,215	7,340,392
2017-2021	2,917,761	2,641,073	5,558,834
2022-2026	3,535,000	1,976,795	5,511,795
2027-2031	4,430,000	1,057,073	5,487,073
2032-2033	2,079,997	108,221	2,188,221
Total	<u>\$ 21,815,253</u>	<u>\$ 13,131,697</u>	<u>\$ 34,946,950</u>

The District is required by its 2003 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:

Year Ended June 30,	Principal	Interest	Total
2007	\$ 266,112	\$ 72,354	\$ 338,466
2008	271,488	63,172	334,660
2009	282,240	53,898	336,138
2010	290,304	46,153	336,457
2011	298,368	37,343	335,711
2012-2013	841,344	40,134	881,478
Total	<u>\$ 2,249,856</u>	<u>\$ 313,054</u>	<u>\$ 2,562,910</u>

NOTE F—NET ASSETS

Restrictions: Restricted net assets consist of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net assets consisted of the debt

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE F—NET ASSETS (Continued)

service reserve on the 2003 Certificates of Participation of \$1,694,605 and \$1,745,910 at June 30, 2006 and 2005, respectively.

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:

	2006	2005
Reserve for replacement of vehicles, equipment and facilities	\$ 7,827,094	\$ 8,990,162
Reserve for treatment plant facilities		721,318
Funds for retail service area construction of pipeline, pump stations, storage facilities, and service connections	1,523,148	1,630,085
Operating reserves	2,273,658	2,185,002
Hinkle Reservoir lining replacement reserve	2,005,129	1,955,129
Rate stabilization reserve	1,000,000	1,000,000
Reserve for employees' vacation and sick leave	602,611	578,683
Retail budgeted Master Plan projects carried over from prior fiscal year		30,000
Vulnerability assessment improvements		250,000
Kokila reservoir lining replacement reserve	276,738	266,738
Hydraulic improvement project	3,369,599	
Developers' deposits for construction and inspection	117,655	77,801
PERS rate stabilization reserve	809,000	809,000
Wholesale budgeted master plan projects carried from prior fiscal year		215,993
Economic Development Administration loan sinking fund	30,000	30,000
Self-insurance reserve	20,000	20,000
Total designated net assets	\$ 19,854,632	\$ 18,759,911

NOTE G—EMPLOYEES' RETIREMENT PLAN

Plan Description: The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. All permanent full and part time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable

for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve consecutive months full-time equivalent monthly pay. Copies of the PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

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. The District was required to contribute at an actuarially determined rate of 23.810% and 20.107% for the years ended June 30, 2006 and 2005, 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, 2006 and 2005, the District incurred annual pension costs of \$953,533 and \$801,169, respectively. The required contribution was determined as part of the June 30, 2003 actuarial valuation using entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return

SAN JUAN WATER DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE G—EMPLOYEES' RETIREMENT PLAN (Continued)

(net of administrative expenses); (b) projected salary increases that vary in duration of service ranging from 3.25% to 14.45% for miscellaneous members and (c) 3.00% cost of living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a three year period (smoothed market value). The plan's excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2003 was 17 years.

Three-Year Trend Information for the District		
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed
June 30, 2004	\$ 620,998	100%
June 30, 2005	\$ 801,169	100%
June 30, 2006	\$ 953,533	100%

NOTE H—POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits, the District provides certain healthcare benefits for retired employees through PERS. Substantially all of the District's full-time employees may become eligible for those benefits if they reach normal retirement age while working for the District. At June 30, 2006, nineteen retired employees/survivor dependents meet those eligibility requirements. The District's contributions are financed on a pay-as-you-go basis and thus the District recognizes the cost of providing those benefits by expensing the annual insurance premiums, which amounted to \$167,319 and \$119,431 for the years ended June 30, 2006 and 2005, respectively.

NOTE I—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, 2006 and 2005

NOTE I—INSURANCE (Continued)

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (includes public officials liability)	\$ 1,000,000	\$ 39,000,000	None
Property Damage	50,000	50,000,000	\$ 1,000 to 25,000
Fidelity	100,000		1,000
Workers Compensation liability	2,000,000	Statutory	None
Employers liability	2,000,000	Statutory	None

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

NOTE J—COMMITMENTS AND CONTINGENCIES

The District signed two contracts for \$3,660,388 with consultants for a pump station project under which \$3,036,586 of expenses were incurred and \$623,802 was committed but not expended at June 30, 2006. The District also signed a contract for \$1,191,306 with a contractor for a pipeline project where no expenses were incurred at June 30, 2006.



REQUIRED SUPPLEMENTARY INFORMATION

SAN JUAN WATER DISTRICT

SCHEDULE OF FUNDING PROGRESS OF PENSION PLAN (UNAUDITED)

June 30, 2006 and 2005

The information below, which is from the latest available actuarial valuation reports, shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the funded status of the accrued liability as a percentage of the annual covered payroll of the Risk Pool for the District's contribution to PERS as of June 30:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Covered Payroll
June 30, 2002	N/A	N/A	N/A	N/A	N/A	N/A
June 30, 2003	\$ 335,029,580	\$ 270,886,705	\$ 64,142,875	80.9%	\$ 75,357,937	85.1%
June 30, 2004	426,958,282	334,956,019	92,002,263	78.5%	90,667,029	101.5%

ADDITIONAL INFORMATION

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SAN JUAN WATER DISTRICT

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES

For the Year Ended June 30, 2006

	<u>Total</u>	<u>Wholesale</u>	<u>Retail</u>
Salaries and benefits	\$ 1,442,181	\$ 783,486	\$ 658,695
Audit/consulting	165,054	95,211	69,843
Buildings and grounds			
Office	35,037	18,922	16,115
Shop	117,351	22,229	95,122
Other/landscaping	16,428	117	16,311
Directors' fees/expenses	41,084	21,134	19,950
Education and training	10,594	1,588	9,006
Elections expense	595	595	
Insurance	81,961	38,116	43,845
Legal	117,248	72,190	45,058
Meetings/conventions	27,777	14,104	13,673
Office supplies/expenses	296,162	188,707	107,455
Public relations	106,151	54,281	51,870
Radio expense	21		21
Telephone	22,560	6,611	15,949
Utilities	7,309	3,686	3,623
Hazardous waste	1,892	190	1,702
SUBTOTAL	<u>2,489,405</u>	<u>1,321,167</u>	<u>1,168,238</u>
Less overhead allocation	<u>(448,674)</u>	<u>(39,679)</u>	<u>(408,995)</u>
NET TOTALS	<u>\$ 2,040,731</u>	<u>\$ 1,281,488</u>	<u>\$ 759,243</u>

SAN JUAN WATER DISTRICT

SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL

For the Year Ended June 30, 2006

	Total		
	Actual	Final Budget	Variance With Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>			
Water sales - wholesale			
Water charges to retail area	\$ 1,904,460	\$ 1,905,656	\$ (1,196)
Citrus Heights Water District	1,631,011	1,657,825	(26,814)
Fair Oaks Water District	1,091,643	1,166,004	(74,361)
Sacramento Suburban Water District	631,099	798,686	(167,587)
Orangevale Mutual Water Company	338,936	433,985	(95,049)
City of Folsom	162,486	120,892	41,594
Granite Bay Golf Club	9,689	7,094	2,595
Total Water Sales - Wholesale	5,769,324	6,090,142	(320,818)
Water sales - retail	5,668,705	5,594,380	74,325
Other	43,443	27,000	16,443
<b>TOTAL OPERATING REVENUES</b>	<b>11,481,472</b>	<b>11,711,522</b>	<b>(230,050)</b>
<b>OPERATING EXPENSES</b>			
Source of Supply			
Water charged to retail area	1,904,460	1,918,773	14,313
Placer County Water Agency	345,110	389,796	44,686
U.S. Bureau of Reclamation	208,255	445,285	237,030
Wheeling	143,651	163,197	19,546
Bureau pumping	60,930	72,000	11,070
Other	41,345	37,696	(3,649)
Energy assessments	1,031	10,000	8,969
Administrative and general	2,040,731	1,961,841	(78,890)
Water treatment	2,003,075	2,139,551	136,476
Transmission and distribution	1,249,430	1,269,270	19,840
Customer service	599,116	656,833	57,717
Pumping and telemetry	551,418	798,405	246,987
Engineering	397,717	425,541	27,824
Conservation	383,433	600,880	217,447
Interest expense	287,268	608,910	321,642
<b>TOTAL OPERATING EXPENSES</b>			
<b>EXCLUDING DEPRECIATION</b>	<b>10,216,970</b>	<b>11,497,978</b>	<b>1,281,008</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>			
<b>EXCLUDING DEPRECIATION</b>	<b>1,264,502</b>	<b>\$ 213,544</b>	<b>\$ 1,050,958</b>
Depreciation	2,405,897		
<b>NET LOSS FROM OPERATIONS</b>	<b>\$ (1,141,395)</b>		

Wholesale			Retail		
Actual	Final Budget	Variance With Final Budget Positive (Negative)	Actual	Budget	Variance With Final Budget Positive (Negative)
\$ 1,904,460	\$ 1,905,656	\$ (1,196)			
1,631,011	1,657,825	(26,814)			
1,091,643	1,166,004	(74,361)			
631,099	798,686	(167,587)			
338,936	433,985	(95,049)			
162,486	120,892	41,594			
9,689	7,094	2,595			
<u>5,769,324</u>	<u>6,090,142</u>	<u>(320,818)</u>			
			\$ 5,668,705	\$ 5,594,380	\$ 74,325
2,000	1,000	1,000	41,443	26,000	15,443
<u>5,771,324</u>	<u>6,091,142</u>	<u>(319,818)</u>	<u>5,710,148</u>	<u>5,620,380</u>	<u>89,768</u>
			1,904,460	1,918,773	14,313
345,110	389,796	44,686			
208,255	445,285	237,030			
143,651	163,197	19,546			
60,930	72,000	11,070			
41,345	37,696	(3,649)			
1,031	10,000	8,969			
1,281,488	1,323,626	42,138	759,243	638,215	(121,028)
2,001,330	2,139,551	138,221	1,745		(1,745)
79,596	120,159	40,563	1,169,834	1,149,111	(20,723)
			599,116	656,833	57,717
345,944	649,304	303,360	205,474	149,101	(56,373)
			397,717	425,541	27,824
73,624	99,491	25,867	309,809	501,389	191,580
			<u>287,268</u>	<u>608,910</u>	<u>321,642</u>
<u>4,582,304</u>	<u>5,450,105</u>	<u>867,801</u>	<u>5,634,666</u>	<u>6,047,873</u>	<u>413,207</u>
1,189,020	<u>\$ 641,037</u>	<u>\$ 547,983</u>	75,482	<u>\$ (427,493)</u>	<u>\$ 502,975</u>
<u>1,098,464</u>			<u>1,307,433</u>		
<u>\$ 90,556</u>			<u>\$ (1,231,951)</u>		

San Juan Water District  
 Net Assets by Component  
 (accrual basis of accounting)

	<u>Fiscal Year</u> <u>2003</u>	<u>Fiscal Year</u> <u>2004</u>	<u>Fiscal Year</u> <u>2005</u>	<u>Fiscal Year</u> <u>2006</u>
Net Assets:				
Invested in capital assets, net of related debt	\$34,535,992	\$36,450,715	\$39,346,360	\$40,061,013
Restricted	2,650,354	2,893,502	1,745,910	1,694,605
Unrestricted	19,122,813	20,864,605	23,752,127	24,728,796
Total net assets	<u>\$56,309,159</u>	<u>\$60,208,822</u>	<u>\$64,844,397</u>	<u>\$66,484,414</u>

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)**

	<b>Fiscal Year 2003</b>	<b>Fiscal Year 2004</b>	<b>Fiscal Year 2005</b>	<b>Fiscal Year 2006</b>
Operating Revenues:				
Wholesale Revenue	\$ 4,721,626	\$ 5,243,288	\$ 5,744,760	\$ 5,769,324
Retail Revenue	4,940,654	5,414,979	5,285,572	5,668,705
Other Revenue	51,577	31,815	52,836	43,443
Total Operating Revenue	9,713,857	10,690,082	11,083,168	11,481,472
Operating Expenses:	11,751,877	12,019,491	11,835,475	12,622,867
Net loss from operations	(2,038,020)	(1,329,409)	(752,307)	(1,141,395)
Nonoperating revenues	3,329,045	4,040,058	3,190,015	2,675,765
Nonoperating expenses	428,465	1,013,406	810,514	942,717
Net income before capital contributions	862,560	1,697,243	1,627,194	591,653
Capital contributions	382,314	2,202,420	3,008,381	1,048,364
Change in Net Assets	<u>\$ 1,244,874</u>	<u>\$ 3,899,663</u>	<u>\$ 4,635,575</u>	<u>\$ 1,640,017</u>

The District implemented GASB 34 during the Fiscal Year  
June 30, 2003 - Information prior to that date is not available

San Juan Water District  
Assessed Value and Actual Value of Taxable Property

**Last Ten Fiscal Years**  
**(in thousands of dollars)**

<b>Fiscal Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Assessed Value</b>	<b>Total Property Tax Revenue</b>	<b>Total Direct Tax Rate</b>
1997	\$ 7,649,395	\$ 183,256	\$ 7,832,651	\$ 1,189	0.015%
1998	7,731,567	185,020	7,916,587	1,828	0.023%
1999	8,163,896	194,067	8,357,963	1,708	0.020%
2000	8,567,796	213,269	8,781,065	1,858	0.021%
2001	9,142,049	195,485	9,337,534	2,061	0.022%
2002	10,319,900	203,522	10,523,422	2,249	0.021%
2003	10,792,241	205,675	10,997,916	2,142	0.019%
2004	11,542,718	191,345	11,734,063	2,576	0.022%
2005	12,702,143	207,714	12,909,857	505	0.004%
2006	14,025,002	235,440	14,260,442	644	0.005%

Source: County of Placer  
County of Sacramento

Note:

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

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

Taxpayer	2006		2000	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
MP Birdcage Marketplace LLC	\$47,625,852	0.34	\$25,577,629	
Lyon Oak Creek LLC	44,249,474	0.31		
Rollingwood North LLC	39,400,000	0.28		
Demmon Family Partnership	34,107,538	0.24		
Rollingwood Commons Apartments LLC	31,979,361	0.23		
National Life and Accident Insurance Co.	29,759,632	0.21	26,084,865	
CPF Renaissance Creek LLC	27,741,920	0.20		
Western Investment Real Estate Trust	26,895,004	0.19		
Garay LP & Mark M. Garay	23,148,900	0.16		
Theodore Mitchell	22,877,130	0.16		
The Fairways Apartments-Wdc & DLC Sequola Fairways			30,221,383	0.35
Folsom Ranch Apartments			23,603,700	0.28
Macy's Sunac Properties Corp & Federated Dept Stores			21,143,016	
Marshall Fields Stores & Target Greatland			18,223,684	
California Family Health Bldg & Medical			14,061,741	0.16
Huntington Square Apartments			13,495,521	0.16
Lake Pointe Apartments			12,900,000	0.15
Sears Roebuck & Co.			12,331,769	
<hr/>				
Total	<u>\$327,784,811</u>	<u>2.33%</u>	<u>\$197,643,308</u>	<u>2.31%</u>

Nine years ago is not available  
2000 is the oldest year available

2005-6 Total Secured Assessed Valuation: \$14,080,296,615

1999-00 Total Secured Assessed Valuation: \$8,567,796,118

Source: County Board of Equalization and Assessment

**San Juan Water District  
Property Tax Levies and Collections - Bonded Debt  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years(1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 315,406	\$ 315,406	100.0%	0	\$ 315,406	100.0%
1998	855,227	855,227	100.0%	0	855,227	100.0%
1999	812,741	840,111	103.4%	0	840,111	103.4%
2000	848,314	926,159	109.2%	0	926,159	109.2%
2001	861,537	991,970	115.1%	0	991,970	115.1%
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	45,799	
2006		1,956		0	1,956	

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

Notes:

1 - Information not available at the issuance of CAFR and will be added next year

2 - Includes only tax revenue for bonded debt. The 1998 General Obligation Bonds were repaid in 2004.

**San Juan Water District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Participation</b>	<b>Economic Development Admin Loan</b>	<b>California Energy Comm Adv</b>	<b>Total Primary Government</b>	<b>Population</b>	<b>Debt Per Capita</b>
1997					-	153,600	\$ -
1998					-	156,000	-
1999	\$ 5,245,000	\$ 7,160,000	\$ 351,320	-	\$ 12,756,320	162,000	78.74
2000	4,455,000	6,820,000	338,798	-	11,613,798	162,000	71.69
2001	3,645,000	6,465,000	325,651	\$ 47,553	10,483,204	163,000	64.31
2002	2,785,000	6,095,000	311,846	46,231	9,238,077	185,000	49.94
2003	1,905,000	23,995,000	297,351	42,720	26,240,071	188,400	139.28
2004	980,000	23,225,000	282,131	39,006	24,526,137	181,584	135.07
2005	-	22,390,000	266,150	35,063	22,691,213	185,996	122.00
2006	-	21,535,000	249,370	30,883	21,815,253	188,786	115.56

Note: Details regarding the District's debt can be found in the notes to the Districts financial statements.

Source: District Finance & Administrative Services Department

**San Juan Water District  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

Fiscal Year	<u>General Bonded Debt Outstanding</u>		Actual Taxable Value of Property	Percentage of Actual Taxable Value <sup>a</sup> of Property	Population	Debt Per Capita <sup>b</sup>
	General Obligation Bonds	Total				
1997	\$ 6,400	\$ 6,400	\$ 7,649,395	0.084%	153,600	\$ 41.67
1998	5,980	5,980	7,731,567	0.077%	156,000	38.33
1999	5,245	5,245	8,163,896	0.064%	162,000	32.38
2000	4,455	4,455	8,567,796	0.052%	162,000	27.50
2001	3,645	3,645	9,142,049	0.040%	163,000	22.36
2002	2,785	2,785	10,319,900	0.027%	185,000	15.05
2003	1,905	1,905	10,792,241	0.018%	188,400	10.11
2004	980	980	11,542,718	0.008%	181,584	5.40
2005	-	0	12,702,143	0.000%	185,996	-
2006	-	0	14,025,002	0.000%	188,786	-

**Notes:**

<sup>a</sup> Property in the District is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to the actual value.

<sup>b</sup> Population data were provided by Placer and Sacramento Counties

<sup>c</sup> The 1998 General Obligation Bonds were repaid in 2004.

Source: District Finance Administrative Services Department  
Placer and Sacramento Counties

SAN JUAN WATER DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
June 30, 2006

2006-05 Assessed Valuation:	\$14,315,739,128
Redevelopment Incremental Valuation	118,841,385
Adjusted Assessed Valuation:	\$14,196,897,743

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	% Applicable	Debt Outstanding June 30, 2006	Estimated Share of Overlapping Debt
Los Rios Community College District	8.470%	\$ 90,035,000	\$ 7,625,965
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	12.886%	47,626,422	6,137,141
San Juan Unified School District	37.045%	240,553,713	89,113,123
Placer Union High School	4.998%	40,559,040	2,027,141
Roseville Joint Union High School District	19.587%	60,249,260	11,801,023
Eureka Union School District	74.159%	9,418,163	6,984,415
Loomis Union School District	20.831%	7,850,000	1,635,234
Roseville City School District	0.839%	39,203,085	328,914
City of Folsom	15.064%	27,818,000	4,190,504
Sacramento Regional County Sanitation District	10.352%	3,210,000	332,299
City of Folsom Assessment District No. 90-1	100.000%	2,010,000	2,010,000
Sacramento Area Flood Control District Operation and Maintenance Assessment District	13.804%	4,570,000	630,843
<b>TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		573,102,683	132,816,600
Less: City of Folsom self-supporting bonds		10,997	-
<b>TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		573,091,686	132,816,600

<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>	%	Debt Outstanding	Debt
Sacramento County General Fund Obligations	10.023%	\$ 380,207,923	\$ 38,108,240
Sacramento County Pension Obligations	10.023%	954,721,975	95,691,784
Sacramento County Board of Education Certificates of Participation	10.023%	12,790,000	1,281,942
Placer County General Fund Obligations	9.240%	22,855,000	2,111,802
Placer County Office of Education Certificates of Participation	9.240%	2,885,000	266,574
Los Rios Community College District	8.470%	7,055,000	597,559
Sierra Joint Community College District Certificates of Participation	6.737%	10,700,000	720,859
Folsom-Cordova Unified School District Certificates of Participation	7.839%	7,845,000	614,970
San Juan Unified School District Certificates of Participation	37.045%	10,220,000	3,785,999
Roseville Joint Union High School District Certificates of Participation	19.587%	5,995,000	1,174,241
Eureka Union School District Certificates of Participation	74.159%	7,105,000	5,268,997
Other School District Certificates of Participation	Various	36,500,000	1,851,803
City of Folsom Certificates of Participation	15.064%	18,245,000	2,748,427
City of Roseville Certificates of Participation	4.588%	24,735,000	1,134,842
Fair Oaks Fire Protection District Certificates of Participation	100.000%	2,615,000	2,615,000
Orangevale Recreation and Park District Certificates of Participation	19.799%	68,773,975	13,616,559
Orangevale Recreation and Park District Certificates of Participation	99.958%	2,440,000	2,438,975
<b>TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		174,028,573	174,028,571
<b>GROSS COMBINED TOTAL DEBT</b>		306,845,175	306,845,171
<b>DISTRICT DIRECT DEBT</b>			21,815,253
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			\$ 328,660,424

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

<u>Ratios to 2005-05 Assessed Valuation:</u>	
Direct debt	0%
Total Gross Direct and Overlapping Tax and Assessment Debt	0.93
Total Net Direct and Overlapping Tax and Assessment Debt	0.93
Gross Combined Total Debt	2.16
Net Combined Total Debt	2.16

STATE SCHOOL BUILDING AID REPAYABLE AS OF JUNE 30, 2006: \$0  
Source: California Municipal Statistics, Inc.

San Juan Water District  
Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenses (1)	Ratio of Debt Service to Total General Expenses
1997	\$ 900,511	\$ 673,217	\$ 1,573,728	\$ 7,097,687	22.17%
1998	951,357	636,985	1,588,342	7,373,105	21.54%
1999	1,071,925	699,183	1,771,108	7,574,105	23.38%
2000	1,142,520	636,991	1,779,511	8,508,609	20.91%
2001	1,178,148	611,177	1,789,325	9,476,781	18.88%
2002	1,245,127	543,956	1,789,083	10,897,592	16.42%
2003	1,283,006	486,864	1,769,870	11,693,478	15.14%
2004	1,713,934	1,134,404	2,848,338	11,898,493	23.94%
2005	1,834,924	1,043,472	2,878,396	11,602,517	24.81%
2006	875,960	916,858	1,792,818	12,648,726	14.17%

Source: District Finance & Administrative Services Department

Notes:

1 - Total general expenses are total expenses except interest expense.

Details regarding the City's outstanding debt can be found in the notes to the financial statements



San Juan Water District  
Operating Information

Fiscal Year	Population	Average Daily Consumption (Mil per gal)	Average Consumption in Acre Feet				Miles of water main	Personnel
			5yr	10yr	15yr	20yr		
2000 (1)	162,000	65.0	58,700	54,200	54,400	51,300	135.0	49
2001	163,000	64.0	60,241	54,970	54,936	53,085	143.0	46
2002	185,000	65.2	64,438	57,604	55,940	54,574	144.0	46
2003	188,400	59.5	67,616	60,302	57,071	56,762	165.0	45
2004	181,584	70.5	68,703	61,486	57,861	57,354	203.0	44
2005	185,996	62.1	70,319	64,520	59,578	58,399	210.0	41
2006	188,786	62.7	70,217	64,992	60,211	58,937	213.5	42

Note:

(1) - Information prior to 2000 was not available