

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008



San Juan Water District
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Prepared by the Finance and Administrative Services Department

**SAN JUAN WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2008 AND 2007**

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September 5, 2008

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, 2008. The information presented in this CAFR is intended to provide financial information with all the disclosures necessary to enable the District's customers, investment community and general public to assess the District's financial condition.

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

The District's financial statements have been audited by Marcia Fritz & Company, a firm of licensed certified public accountants with which the District contracts for these services. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2008, 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, 2008, 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, Additional Information and Statistical sections. The Introductory section includes this transmittal letter, a list of principal officials, District's organizational chart and Certificate of Achievement for Excellence in Financial Reporting awarded by the GFOA. The Financial section includes: Independent Auditor's Report on the District's financial statements; MD&A; June 30, 2008 basic financial statements, including the Statement of Net Assets, Statement of Activities, Statement of Cash Flows and Notes to the Basic Financial Statements. Additional information consists of Schedule of Administrative and General Expenses (Unaudited) and Schedule of Operations—Budget and Actual. The financial statements are prepared in accordance with GAAP. The Statistical section summarizes selected unaudited general financial and operational information of the District.

District Profile

History

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

The District provides water on a wholesale and retail basis to an area of approximately 17 square miles for retail and 46 square miles (including the retail area) 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 10,359 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 Division to develop the annual budget. The Finance and Administrative Services Division 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 three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of Central Valley Project water. The third water source is a contract with Placer County Water Agency for 25,000 acre-feet of water. The District has completed the process of long-term water contract negotiations with the U. S. Bureau of Reclamation for Central Valley Project water resulting in a 40 year long-term contract.

All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau Folsom Pumping Plant. Total raw water delivery for the fiscal year was 59,725 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, California Urban Water Conservation Council, California Department of Water Resources, and U.S. Bureau of Reclamation Central Valley Project Improvement Act.

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

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

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

Water Treatment Plant

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

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

Water Treatment Plant (continued)

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

Enterprise Operations

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

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

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

Factors Affecting Financial Condition

Economic Outlook

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

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

Long-term Financial Planning

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

Both the Wholesale and Retail Financial Plans were updated in 2008 by the Reed Group, Inc. Water rates from those plans will be implemented on January 1, 2009. The prior plans were developed in 2007, but required an update due to increased capital needs for shortage planning, water reliability planning and loss of federal funds for capital projects. The wholesale water rates will increase an average of 19% due to the significant nature of capital projects and debt issuance required with the operational increase only accounting for approximately 3% of the total. The retail water rates will increase an average of 9% due to capital projects and dry year funding with the operational increase only accounting for approximately 3% of the total.

Cash Management

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

During the year funds were invested primarily in the State of California Local Agency Investment Fund ("LAIF"), Certificates of Deposit, Medium Term Corporate Notes and U.S. Agency Securities held in a third party custodial account on behalf of the District. Maturities of these securities range from liquid to five (5) years with the 2003 Certificates of Participation debt service reserve fund held in a guaranteed investment contract maturing in 25 years.

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

Risk Management

The District has its property, general liability, errors and omission, and automobile insurance with the Association of California Water Agency/Joint Powers Insurance Authority (ACWA/JPIA), a pooled self-insurance group. As of June 30, 2008 the District was insured with the ACWA/JPIA workers' compensation insurance program with a modification rate 65%.

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

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

Pension and other post employment benefits

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Juan Water District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports. This is the second recent consecutive year that the District has received this award.

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

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

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

Sincerely,

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

Shauna Lorance
General Manager

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

Mary A. Morris
Finance & Administrative Services Manager

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

BOARD OF DIRECTORS

Kenneth H. Miller
President

Bob Walters
Vice President

Edward J. "Ted" Costa
Director

Dave Peterson
Director

Pamela Tobin
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 Services Manager

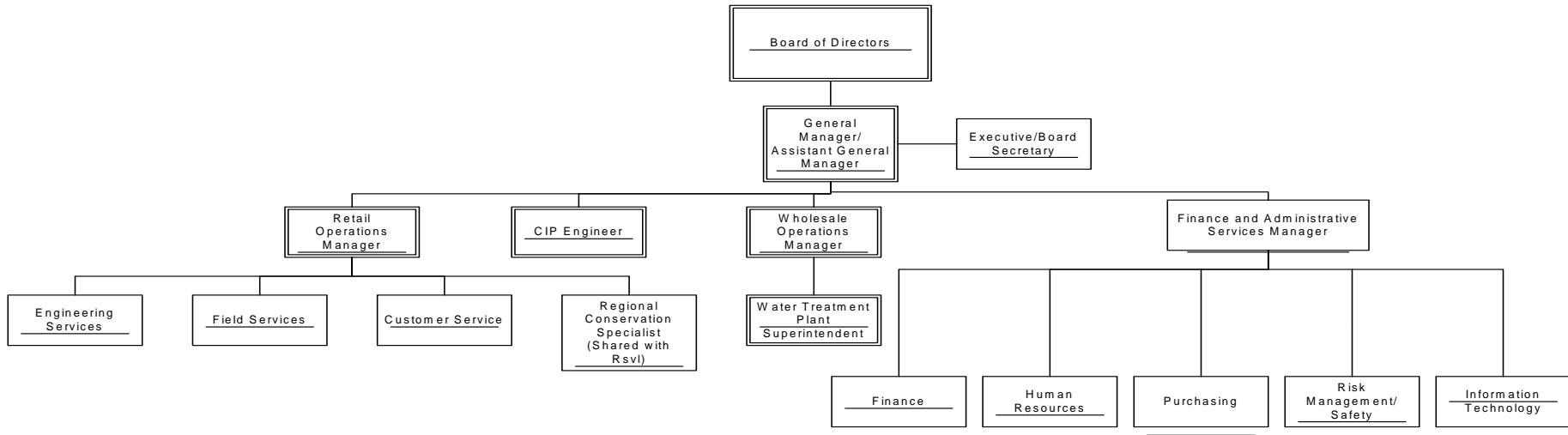
Rob Watson
Engineering Services Manager

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, 2008
ORGANIZATION CHART**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Juan Water District
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



MARCIA FRITZ & COMPANY

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Juan Water District
Granite Bay, California

We have audited the accompanying basic financial statements of the San Juan Water District (the District) as of June 30, 2008 and 2007 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, 2008 and 2007 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 on pages 13 to 17 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.


Citrus Heights, California
September 5, 2008


**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**


In order to enhance the information provided in the transmittal letter, management offers this narrative overview and analysis of the financial activities of the San Juan Water District (District) for the fiscal year ended June 30, 2008. We encourage readers to consider the information here in conjunction with that transmittal letter, which can be found on pages 1-7 of this report. The information is intended to provide a better understanding of the District's financial operations and performance.


Financial Highlights

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

-  At the end of the fiscal year, assets exceeded liabilities by \$69,919,048 (net assets) as compared with \$68,523,178 in the prior year. This amount is comprised of investments in capital assets, restricted and unrestricted net assets. Of the total amount, \$28,894,553 is considered unrestricted and available to meet the District's ongoing obligations. This amount was \$26,577,178 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 \$1,395,877, compared to an increase of \$2,038,764 in the prior fiscal year. The significant reason for this decrease was lower connection fees as development and new connections have slowed down. In the prior year, the increase was due to increased investment earnings and restoration of the property tax received from the counties.

-  Operating revenues increased by \$372,342, which is due to a 16% rate increase in wholesale water rates, a 9% rate increase in retail water rates (for capital improvement program funding), a reduction in revenue with one wholesale agency unable to take water due to the low lake level and continued conservation efforts. In the prior year, operating revenues increased by \$1,371,995, which was due to an 8% rate increase in wholesale water rates and a 13% rate increase in retail water rates.

-  Non-operating revenues decreased by \$404,714, as the combined result of: 1) lower number of connections and corresponding revenue as development has slowed, and 2) increased interest revenues and property taxes. In the prior year, non-operating revenues increased by \$1,537,045, as a result of: 1) restoration of property tax revenues following two years of the ERAF shift, and 2) increased interest revenues.

Overview of the Financial Statements

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

Introductory Section

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

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008 (CONTINUED)**

Financial Section

This section includes the auditor's report, management's discussion and analysis and basic financial statements. The District's basic financial statements are comprised of the Statement of Net Assets, Statement of Activities, and Statement of Cash Flows. The Statement of Net Assets presents information on all assets and liabilities, with the difference between the two reported as net assets. When evaluated over a period of time, increases or decreases in net assets may serve as an indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities reflect the revenues and expenses for the fiscal year ended. The Statement of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing activities. The notes 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 24.

Additional Information Section

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

Statistical Section

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

Financial Analysis of the District

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

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

The financial statements assist a reader in determining whether the District is meeting these goals. In general, net assets provide a realistic indicator of a government's financial position. For the fiscal year ending June 30, 2008, assets exceeded liabilities by \$69,919,048. In the prior year, assets exceeded liabilities by \$68,523,178.

Statement of Net Assets

	2008	2007
Current Assets	\$18,246,614	\$13,338,320
Restricted Assets	7,468,278	7,466,413
Capital Assets	55,005,169	55,894,402
Other Assets	11,954,823	15,365,862
Total Assets	<u>\$92,674,881</u>	<u>\$92,064,997</u>
Current Liabilities	2,696,100	2,636,622
Long-Term Liabilities	20,059,733	20,905,197
Total Liabilities	<u>\$22,755,833</u>	<u>\$23,541,819</u>
Invested in Capital Assets, Net of Related Debt	40,225,803	\$40,198,780
Restricted Net Assets	1,798,667	1,747,260
Unreserved/Unrestricted Net Assets	27,894,578	26,577,138
Total Net Assets	<u>\$69,919,048</u>	<u>\$68,523,178</u>
Total Liabilities and Net Assets	<u>\$92,674,881</u>	<u>\$92,064,997</u>

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008 (CONTINUED)**

The largest portion of the District's net assets, 58%, 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 59% 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, 39%, may be utilized to meet the District's ongoing obligations and future facility improvements or replacements. The stability of unrestricted net assets is an indicator that the financial condition of the District remains strong.

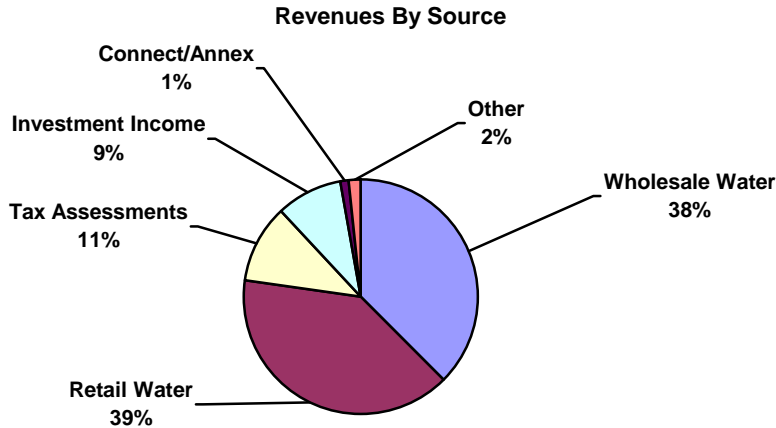
The increase of \$1,395,870 in total net assets is represented by the increases in revenues and capital contributions. The property taxes were restored from the prior two years of ERAF shifts. In the prior fiscal year, the increase in total net assets of \$2,038,764 was due to increases in revenues with property taxes restored from the prior two years of ERAF shifts and capital contributions.

Statement of Activities

	2008	2007
Operating Revenues:		
Wholesale Water Sales	\$6,410,653	\$6,228,302
Retail Water Sales	6,766,658	6,575,947
Other	48,498	49,218
Non-operating Revenues:		
Tax Assessments	1,835,559	1,790,197
Investment Income	1,561,139	1,384,866
Capital Contributions	1,043	179,148
Connections and Annexations	174,865	926,276
Other	206,800	111,471
Total Revenues	\$17,005,215	\$17,245,425
Operating Expenses:		
Administrative and General	\$2,387,564	\$1,986,027
Conservation	503,713	501,649
Customer Service	679,121	594,680
Engineering	319,227	449,342
Pumping & Telemetry	580,370	623,259
Source of Supply	3,240,902	3,173,789
Transmission & Distribution	1,731,271	1,629,065
Water Treatment	2,223,995	2,146,066
Interest Expense	268,108	285,117
Depreciation	2,959,528	3,154,287
Non-Operating Expenses		
Bond and Note Interest	602,286	554,914
Other	113,259	108,466
Total Expenses	\$15,609,344	\$15,206,661
Change in Net Assets	\$1,395,870	\$2,038,764
Beginning Net Assets	68,523,178	66,484,414
Total Net Assets	\$69,919,048	\$68,523,178

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008 (CONTINUED)**

The increase of \$372,342 in operating revenues is primarily due to rate increases, reduction in use by one wholesale agency and conservation efforts. In the prior year, operating revenues increased by \$1,371,995, which was primarily due to rate increases and offset by reduced water use. The \$434,448 decrease in non-operating revenues resulted from fewer new connections offset by increased property taxes and increased interest income. In the prior year, non-operating revenues increase by \$1,537,045 resulting from restoration of the property taxes and increased interest income.



The \$350,518 increase in operating expenses is the result of: inflation increases, level of service improvements and completion of maintenance. The prior year increase in operating expenses of \$1,174,024 is a combination of: inflation increases, vacant positions being filled, level of service improvements and completion of maintenance.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2008, net of accumulated depreciation, is \$55,081,679. This investment includes land, buildings, water treatment plant and distribution system, construction in progress, vehicles, equipment, office equipment and furniture. As of June 30, 2007, this amount was \$55,894,402. The decrease from the prior fiscal year of \$812,723 is largely due to continued normal depreciation of capital assets. At June 30, 2008, the District had \$5,102,631 in construction commitments outstanding. At June 30, 2007, the District had \$900,000 in construction commitments outstanding.

New subdivision and commercial development within the Retail Service Area has experienced a slowing in growth. During the fiscal year 2007-2008, the District accepted capital contributions by developers for donated systems with a combined value of \$1,043. Capital contributions in the prior year totaled \$179,148. The outlook for the next fiscal year 2008-2009 shows a continuing slow growth trend with *some* vacant land currently being developed. Additional information on capital assets can be located in Note 3 of the Notes to the Basic Financial Statements.

**SAN JUAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008 (CONTINUED)**

Debt Administration

As of June 30, 2008, the District had three different debt issues outstanding in an aggregate amount of \$20,000,013. Of this amount, \$954,401 represents the current portion due in Fiscal Year 2008-2009. In the prior year, there were three outstanding debt issues in an aggregate amount of \$20,915,204, with \$918,191 representing the portion due in Fiscal Year 2007-2008. For more information on Long-Term Liabilities, refer to Note 5 of the Notes to the Basic Financial Statements beginning on Page 32.

Outstanding Debt Issues

	2008	2007
2003 Certificates of Participation	\$19,765,000	\$20,660,000
1977 Economic Development Administration Loan	\$213,251	\$231,751
California Energy Commission Loan	\$21,762	\$26,453

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. Pursuant to the Trust Agreement, with the recent downgrading of MBIA the District was required to file a disclosure reporting significant events and had completed this immediately following the event.

Economic Factors and Next Year's Budgets and Rates

The local economy has experienced slow growth combined with turmoil in the housing and financial markets during the fiscal year. Interest rates are holding and sometimes dropping slightly which will provide lower investment earnings in the next year. The Consumer Price Index (CPI) increased 3.3% over the prior 12 months. The District expects to continue to receive its share of the 1% property tax revenue, but is carefully monitoring the activity of the State of California for potential reallocation of these funds. As these are used for capital improvements only, any loss of these funds will not have an impact to operations.

These factors were taken into consideration during preparation of the Fiscal Year 2008-2009 Budget. As approved by the Board of Directors, the District's Wholesale Water Rates are scheduled to increase an average of 19% on January 1, 2009 and the Retail Water Rates will increase 9% on January 1, 2009. 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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BASIC FINANCIAL STATEMENTS

**SAN JUAN WATER DISTRICT
STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,295,740	\$ 10,283,713
Accounts receivable	1,869,314	1,914,968
Accrued interest and taxes receivable	302,766	321,281
Amounts recoverable under long-term water sales contracts	282,240	271,488
Inventory	71,823	69,050
Prepaid expenses	424,728	477,820
Total Current Assets	18,246,611	13,338,320
Noncurrent Assets		
Restricted Assets		
Cash and cash equivalents	5,543,772	5,541,907
Investments	1,924,506	1,924,506
Capital Assets, Net	55,081,679	55,894,402
Total Restricted Assets	62,549,957	63,360,815
Other Assets		
Investments	9,731,460	12,903,991
Amounts recoverable under long-term water sales contracts	1,430,016	1,712,256
Investment in electrical power	393,911	402,908
Deferred charges-unamortized bond expenses and other	322,926	346,707
Total Other Assets	11,878,313	15,365,862
Total Noncurrent Assets	74,428,270	78,726,677
TOTAL ASSETS	\$ 92,674,881	\$ 92,064,997
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 979,849	\$ 901,359
Accrued interest	343,559	354,214
Customer/developer deposits	78,663	99,104
Deferred income	23,131	25,343
Due to other governments	88,828	110,742
Deposits held for other governments	227,669	227,669
Current portion of long-term debt	954,401	918,191
Total Current Liabilities	2,696,100	2,636,622
Long-Term Liabilities		
Long-term debt	19,324,761	20,261,297
Compensated absences	734,972	643,900
Total Long-Term Liabilities	20,059,733	20,905,197
Total Liabilities	22,755,833	23,541,819
Net Assets		
Invested in capital assets, net of related debt	40,225,803	40,198,780
Restricted for:		
Debt services	1,798,667	1,747,260
Unreserved, designated	25,118,154	23,825,490
Unrestricted	2,776,424	2,751,648
Total Liabilities and Net Assets	\$ 92,674,881	\$ 92,064,997

**SAN JUAN WATER DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
Operating Revenues		
Water sales-wholesale		
Water charges to retail area	\$ 2,314,165	\$ 2,124,752
Citrus Heights Water District	1,811,982	1,760,304
Fair Oaks Water District	1,253,795	1,186,321
Sacramento Suburban Water District	310,646	546,955
Orangevale Mutual Water Company	456,115	412,506
City of Folsom	252,995	182,296
Granite Bay Golf Club	10,590	14,151
City of Roseville	365	1,017
Total Water Sales-Wholesale	6,410,653	6,228,302
Water sales-retail	6,766,658	6,575,947
Other	48,498	49,218
Total Operating Revenues	13,225,809	12,853,467
Operating Expenses		
Source of Supply		
Water charged to retail service area	2,314,165	2,124,752
Placer County Water Agency	330,625	332,634
US Bureau of Reclamation	281,606	451,972
Wheeling	213,942	193,840
Bureau pumping	90,214	60,060
Energy assessments	537	728
Other	9,813	9,803
Depreciation	2,959,528	3,154,287
Administration and general	2,387,564	1,986,027
Water treatment	2,223,995	2,146,066
Transmission and distribution	1,731,271	1,629,065
Customer service	679,121	594,680
Pumping and telemetry	580,370	623,259
Engineering	319,227	449,342
Conservation	503,713	501,649
Interest expense	268,108	285,117
Total Operating Expenses	14,893,799	14,543,281
Net Loss From Operations	(1,667,990)	(1,689,814)
Nonoperating Revenues		
Tax assessments	1,835,558	1,790,197
Investment income	1,561,139	1,384,866
Connections and annexations	174,865	926,276
Other	206,800	111,471
Total Nonoperating Revenues	3,778,362	4,212,810
Nonoperating Expenses		
Bond and note interest	602,286	554,914
Other	113,259	108,466
Total Nonoperating Expenses	715,545	663,380
Net Income Before Capital Contributions	1,394,827	1,859,616
Capital Contributions	1,043	179,148
Change in Net Assets	1,395,870	2,038,764
Net Assets at Beginning of Year	68,523,178	66,484,414
Net Assets at End of Year	\$ 69,919,048	\$ 68,523,178

**SAN JUAN WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
Cash Flows from Operating Activities		
Cash receipts from customers	\$ 13,252,948	\$ 12,831,788
Cash paid to suppliers for goods and services	(6,776,027)	(6,732,946)
Cash paid to employees for services	(4,929,710)	(4,785,292)
Customer Deposits Received	52,500	42,265
Customer Deposits Returned	(72,941)	(28,187)
Net Cash Provided by Operating Activities	1,526,770	1,327,628
Cash Flows from Noncapital Financing Activities		
Other income/expenses received	139,188	449,815
Tax assessments received	1,835,559	1,790,197
Net Cash Provided by Noncapital Financing Activities	1,974,747	2,240,012
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(2,146,805)	(3,280,227)
Proceeds from sale of capital assets		12,280
Payments received on amounts recoverable under water sales contracts	271,488	266,112
Payments on long-term debt	(918,191)	(897,049)
Interest paid	(612,941)	(554,368)
Connection and annexation income	174,865	926,276
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,231,584)	(3,526,976)
Cash Flows from Investing Activities		
Purchases of investments	(9,968,860)	(3,600,000)
Proceeds from sale and maturity of investments	13,295,000	2,546,422
Investment Income	1,417,819	1,548,158
Net Cash Provided (used) by Investing Activities	4,743,959	494,580
Net Increase (Decrease) in Cash and Cash Equivalents	5,013,892	535,244
Cash and Cash Equivalents at Beginning of Year	15,825,620	15,290,376
Cash and Cash Equivalents at End of Year	\$ 20,839,512	\$ 15,825,620

**SAN JUAN WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Reconciliation of Net Loss from Operations to Cash used for Operating Activities		
Net loss from operations	\$ (1,667,990)	\$ (1,689,814)
Adjustments to reconcile net loss from operations to net cash		
Provided by operating activities		
Depreciation and amortization	2,959,528	3,154,287
Loss (gain) on disposal of assets		6,073
Changes in assets and liabilities:		
Accounts receivable	27,133	5,426
Inventory	(2,774)	12,569
Prepaid Expenses	53,092	56,577
Deferred charges	32,778	37,174
Accounts payable	78,497	(211,776)
Customer/developer deposits	(20,441)	14,078
Deferred income	(2,211)	(27,105)
Due to other governments	(21,914)	(71,148)
Compensated absences	91,072	41,287
	<u> </u>	<u> </u>
Net Cash Provided by Operating Activities	\$ 1,526,770	\$ 1,327,628
 Noncash Activities		
Change in fair value of investments	\$ (153,609)	\$ (163,738)
Receipt of contributed assets	\$ 1,043	\$ 179,148
 Reconciliation of Cash and Cash Equivalents to Balance Sheet		
Unrestricted cash and cash equivalents	\$ 15,295,741	\$ 10,283,713
Restricted cash and cash equivalents	5,543,772	5,541,907
	<u> </u>	<u> </u>
Total Cash and Cash Equivalents	\$ 20,839,513	\$ 15,825,620

SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has created the San Juan 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.

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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:

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

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Compensated Absences - The District's policy allows employees to accumulate earned but unused vacation and sick leave which will be paid to employees upon separation from the District's service, subject to a vesting policy. The cost of vacation and sick leave is recorded in the period incurred. 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, 2008 and 2007.

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

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

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2008 and 2007 are classified in the accompanying financial statements as follows:

	2008	2007
Cash and cash equivalents	\$ 15,295,740	\$ 10,283,713
Restricted cash and cash equivalents	5,543,772	5,541,907
Restricted investments	1,924,506	1,924,506
Investments	9,731,460	12,903,991
Total cash and investments	\$ 32,495,478	\$ 30,654,117

Cash and investments as of June 30, 2008, and 2007 consisted of the following:

	2008	2007
Cash on hand	\$ 350	\$ 350
Deposits with financial institutions	698,037	801,917
Total cash and cash equivalents	698,387	802,267
Money market mutual funds	445,498	895,681
Investments in Local Agency Investment Fund (LAIF)	19,411,345	14,127,672
U.S. agency securities	7,529,515	11,810,375
Medium term corporate notes	2,486,227	1,093,616
Guaranteed investment contracts	1,924,506	1,924,506
Total investments	31,797,091	29,851,850
Total cash and investments	\$ 32,495,478	\$ 30,654,117

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 2: CASH AND INVESTMENTS (continued)

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, 2008, 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	N/A	15%	10%
Mortgage pass-through securities	5 years	20%	20%
Collateralized mortgage obligations	5 years	20%	20%
Mortgage-backed or other pay-through bonds	5 years	20%	20%
Equipment leased-back certificates	5 years	20%	20%
Consumer receivable pass-through certificates	5 years	20%	50%
Consumer receivable-backed bonds	5 years	20%	50%

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

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

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 2: CASH AND INVESTMENTS (continued)

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

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

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

	Remaining Maturity (in Months)				
	Total	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
U.S. agency securities	\$ 7,529,515	\$ 6,007,640	-	\$ 1,521,875	-
Medium term corporate notes	2,486,227			2,486,227	
LAIF	14,911,517	14,911,517			
Money market mutual funds	396,387	396,387			
Held by bond trustee:					
LAIF	4,499,828	4,499,828			
Money market mutual funds	49,111	49,111			
Guaranteed investment contracts	1,924,506				1,924,506
Total investments	\$ 31,797,091	\$ 25,864,483	\$ -	\$ 4,008,102	\$ 1,924,506

SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 2: CASH AND INVESTMENTS (continued)

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

	Total	Minimum Legal	AAA	A	Not Rated
		Rating			
U.S. agency securities	\$ 7,529,515	N/A	\$ 7,529,515		
Medium term corporate notes	2,486,227	A	2,486,227		
LAIF	14,911,517	N/A			\$ 14,911,517
Money market mutual funds	396,387	A	396,387		
Held by bond trustee:					
LAIF	4,499,828	N/A			4,499,828
Money market mutual funds	49,111	A	49,111		
Guaranteed investment contracts	1,924,506	N/A			1,924,506
Total investments	\$ 31,797,091		\$ 10,461,240	\$ -	\$ 21,335,851

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	\$2,231,565
Federal Home Loan Bank	U.S. agency securities	4,122,739
Federal Home Loan Mortgage	U.S. agency securities	2,979,130
Federal National Mortgage Association	U.S. agency securities	2,469,460
Union Bank of California	Guaranteed investment contracts	1,924,506

SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 2: CASH AND INVESTMENTS (continued)

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

At June 30, 2008, the carrying amount of the District's deposits was \$798,369 and the balance in financial institutions was \$881,557. Of the balance in financial institutions, \$349,937 was covered by federal depository insurance and supplemental insurance held by the investment broker and \$531,620 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2008, District investments in the following investment types were held by a third party custodian (trustee) separate from the broker-dealer used to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. agency securities	\$ 7,529,515
Medium term corporate notes	2,486,227
Money market mutual funds	396,387
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 \$70,024,464,151 managed by the State Treasurer. Of that amount, 100% is invested in non-derivative financial products. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

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

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 3: CAPITAL ASSETS (continued)

Capital asset activity for the year ended June 30, 2007 was as follows:

	June 30, 2006	Additions	Disposals	Transfers and Adjustments	June 30, 2007
Capital assets not being depreciated:					
Land	\$ 572,670	\$ 13,710			\$ 586,380
Construction in progress	16,296,282	3,019,015		(16,824,144)	2,491,153
Total capital assets not being depreciated	16,868,952	3,032,725	-	(16,824,144)	3,077,533
Capital assets being depreciated:					
Pipelines, reservoirs, pumping stations and buildings	73,956,636	50,335		16,824,144	90,831,115
Vehicles and equipment	2,802,594	197,167	(82,355)		2,917,406
Total capital assets being depreciated	76,759,230	247,502	(82,355)	16,824,144	93,748,521
Less accumulated depreciation for:					
Pipelines, reservoirs, pumping stations and buildings	(35,849,205)	(2,976,079)			(38,825,284)
Vehicles and equipment	(1,992,162)	(178,208)	64,002		(2,106,368)
Total Accumulated depreciation	(37,841,367)	(3,154,287)	64,002	-	(40,931,652)
Total capital assets being depreciated, net	38,917,863	(2,906,785)	(18,353)	16,824,144	52,816,869
Capital Assets, net	\$ 55,786,815	\$ 125,940	\$ (18,353)	\$ -	\$ 55,894,402

NOTE 4: 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 an additional 1 MW of power from Trinity County Public Utility District. The cost of the purchase was \$75,000, plus a prorated share in the construction of the transmission line.

SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 4: INVESTMENT IN ELECTRICAL POWER (continued)

Through a partial assignment of the District's California-Oregon Transmission Project entitlement to the Department of Energy, Western Area Power Administration, the District receives preferential energy rates and a discount on the US Bureau of Reclamation pumping from Folsom Lake. The District has a 0.13 % equity interest in the net assets of the Project as defined in the Long-Term Participation Agreement. The District also has an obligation to finance 0.13% of the net losses of the Project; it also has the right to receive 0.13% of the operating results of the Project income. The District is billed monthly for its share of the operations and maintenance costs of the Project, which totaled approximately \$728 and \$1,031 during the years ended June 30, 2007 and 2006, 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, 2007, are available from the California-Oregon Transmission Project at P.O. Box 15140, Sacramento, CA, 95866. The following is the summarized unaudited financial information for the Project as of and for the years ended June 30, 2008 and 2007:

	Unaudited	
	2008	2007
Balance sheet		
Assets	\$ 322,425,527	\$ 332,884,762
Liabilities	13,216,196	16,926,166
Net assets	309,209,331	315,958,596
Liabilities and net assets	\$ 322,425,527	\$ 332,884,762
Income statement		
Operating revenues	\$ 9,108,165	\$ 7,854,293
Operating expenses	19,446,861	18,195,840
Operating loss	(10,338,696)	(10,341,547)
Nonoperating revenue – interest and other	94,162	117,533
Change in net assets	\$ (10,244,534)	\$ (10,224,014)
District's share of change in net assets for period	\$ (13,656)	\$ (13,629)

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 5: LONG-TERM LIABILITIES

Long term debt consisted of the following for the years ended June 30, 2008 and 2007,

	2008	2007
2003 REVENUE CERTIFICATES OF PARTICIPATION		
Issued on June 25, 2003 in the amount of \$23,995,000 to advance refund the 1993 Revenue Certificates of Participation and fund certain capital improvements secured by a lien on all revenues on the District. Principal payments, ranging from \$475,000 to \$1,455,000 due on February 1 through 2033, and semi-annual interest payemnts, 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%	\$ 19,765,000	\$ 20,660,000
1977 ECONOMIC DEVELOPMENT ADMINISTRATION LOAN		
Entered into on September 14, 1977 related to a 1977 Drought Act Loan. Interest rate is 5%. Face value of \$512,000, annual principal and interest payments of \$30,088 due through July 2016, with a final payment of \$29,149 due July 2017.	213,251	231,751
CALIFORNIA ENERGY COMMISSION ADVANCE		
Advance received on October 4, 2000 related to the Energy Efficiency Improvements project. Interest rate is 5.9%. Face value of \$47,553, semiannual principal and interest payments of \$3,094 due through June 22, 2012.	21,762	26,453
Total	20,000,013	20,918,204
Less: Current portion	(954,401)	(918,191)
Total	19,045,612	20,000,013
Add: Unamortized premium	415,265	445,846
Less: Deferred amount on refunding	(136,116)	(184,562)
Long-term debt	\$ 19,324,761	\$ 20,261,297

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 5: LONG-TERM LIABILITIES (continued)

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>Due Within One Year</u>
2003 Revenue Certificates of Participation	\$ 20,660,000		\$ (895,000)	\$ 19,765,000	\$ 930,000
1977 Economic Development Administration Loan	231,751		(18,500)	213,251	19,425
California Energy Commission Advance	26,453		(4,691)	21,762	4,976
	<u>\$ 20,918,204</u>	<u>\$ -</u>	<u>\$ (918,191)</u>	<u>\$ 20,000,013</u>	<u>\$ 954,401</u>
Compensated absences	<u>\$ 643,900</u>	<u>\$ 390,275</u>	<u>\$ (299,203)</u>	<u>\$ 734,972</u>	

	<u>June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>	<u>Due Within One Year</u>
2003 Revenue Certificates of Participation	\$ 21,535,000		\$ (875,000)	\$ 20,660,000	\$ 895,000
1977 Economic Development Administration Loan	249,370		(17,619)	231,751	18,500
California Energy Commission Advance	30,883		(4,430)	26,453	4,691
	<u>\$ 21,815,253</u>	<u>\$ -</u>	<u>\$ (897,049)</u>	<u>\$ 20,918,204</u>	<u>\$ 918,191</u>
Compensated absences	<u>\$ 602,613</u>	<u>\$ 245,685</u>	<u>\$ (204,398)</u>	<u>\$ 643,900</u>	

The following is a schedule of maturities for long-term debt at June 30,2008:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 954,401	\$ 826,187	\$ 1,780,588
2010	985,670	801,668	1,787,338
2011	1,012,005	771,532	1,783,537
2012	1,043,410	740,577	1,783,987
2013	1,478,611	703,664	2,182,275
2014-2018	2,680,916	3,017,857	5,698,773
2019-2023	3,125,000	2,450,250	5,575,250
2024-2028	3,860,000	1,717,400	5,577,400
2029-2033	4,860,000	713,925	5,573,925
Total	<u>\$ 20,000,013</u>	<u>\$ 11,743,060</u>	<u>\$ 31,743,073</u>

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 5: LONG-TERM LIABILITIES (continued)

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
2009	\$ 282,240	\$ 56,838	\$ 339,078
2010	290,304	49,782	340,086
2011	298,368	41,073	339,441
2012	306,432	32,122	338,554
2013	534,912	21,396	556,308
Total	\$ 1,712,256	\$ 201,211	\$ 1,913,467

NOTE 6: NET ASSETS

Restrictions - Restricted net assets consist of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net assets consisted of the debt service reserve on the 2003 Certificates of Participation of \$1,973,681 and \$1,974,929 at June 30, 2008 and 2007, respectively.

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 6: NET ASSETS (continued)

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:

	2008	2007
Reserve for replacement of vehicles, equipment and facilities	\$ 6,109,098	\$ 4,149,375
Chlorine containment project	2,700,000	3,650,000
Funds for retail service area construction of pipeline, pump stations, storage facilities, and service connections	2,189,562	2,094,567
Operating Reserves	2,391,727	2,391,727
Hinkle Reservoir lining replacement reserve	2,155,129	2,055,129
Rate stabilization reserve	1,000,000	1,000,000
Reserve for employees' vacation and sick leave	734,971	643,900
Kokila reservoir lining replacement reserve	306,738	286,738
Hydraulic improvement project	3,369,599	3,369,599
Developers' deposits for construction and inspection	111,330	134,455
PERS rate stabilization reserve	4,000,000	4,000,000
Economic Development Administration loan sinking fund	30,000	30,000
Self-insurance reserve	20,000	20,000
	\$ 25,118,154	\$ 23,825,490
Total designated net assets	\$ 25,118,154	\$ 23,825,490

NOTE 7: 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 for District employees on their behalf and for their account. The District was required to contribute at an actuarially determined rate of 26.587% and 25.62% for the years ended June 30, 2008 and 2007, respectively. The contribution requirements of plan members and the District are established and may be amended by PERS.

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 7: EMPLOYEES' RETIREMENT PLAN (continue)

Annual Pension Cost - For the years ending June 30, 2008 and 2007, the District incurred annual pension costs of \$1,064,338 and \$1,027,617, 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 (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, 2006 was 17 years.

Three-Year Trend Information for the District

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed
June 30, 2006	\$ 953,533	100%
June 30, 2007	\$ 1,027,617	100%
June 30, 2008	\$ 1,064,338	100%

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

Actuarial Valuation Date	Accued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as % of Covered Payroll
June 30, 2004	\$ 426,958,282	\$ 334,956,019	\$ 92,002,263	78.5%	\$ 90,667,029	101.5%
June 30, 2005	\$ 499,323,280	\$ 405,480,805	\$ 93,842,475	81.2%	\$ 108,618,321	86.4%
June 30, 2006	\$ 620,492,183	\$ 501,707,110	\$ 118,785,073	80.9%	\$ 126,049,770	94.2%

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 8: 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, 2008, eighteen retired employees/survivor dependents meet those eligibility requirements. At June 30, 2007, 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 \$178,591 and \$191,848 for the years ended June 30, 2008 and 2007, respectively.

NOTE 9: 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:

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
Fidelity	100,000		1,000
Workers Compensation liability	2,000,000	Statutory	None
Employers liability	2,000,000	Statutory	None

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

**SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 10: COMMITMENTS AND CONTINGENCIES

As of June 30, 2008, the District had the following commitments for capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
USBR Raw Water Bypass Pipeline	\$ 550,000
Chlorination Improvements	2,560,769
Auburn Folsom Widening	252,920
Barton Bridge at Miners Ravine Replacement	59,300
Wholesale Water Transimission System	329,642
Water Treatment Plant Hydraulics Improvement	1,350,000
	<hr/>
	\$ 5,102,631
	<hr/> <hr/>

SUPPLEMENTARY INFORMATION

SAN JUAN WATER DISTRICT
SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Total</u>	<u>Wholesale</u>	<u>Retail</u>
Salaries and benefits	\$ 1,660,973	\$ 895,614	\$ 765,359
Audit/consulting	94,457	78,501	15,957
Buildings and grounds			
Office	-	-	-
Shop	32,510	-	32,510
Other/Landscaping	31,765	31,765	-
Directors' fees/expenses	49,713	24,857	24,857
Education and training	4,825	-	4,825
Elections expense	-	-	-
Insurance	103,392	47,184	56,207
Legal	133,014	90,223	42,791
Meetings/conventions	30,636	18,315	12,321
Office supplies/expenses	232,099	131,504	100,595
Public relations	207,494	108,484	99,011
Telephone/Radio	25,551	7,174	18,377
Utilities	20,374	12,777	7,597
Hazardous waste	502	61	441
Subtotal	<u>2,627,307</u>	<u>1,446,458</u>	<u>1,180,849</u>
Less overhead allocation	<u>(248,751)</u>	<u>(45,264)</u>	<u>(203,487)</u>
Net Totals	<u>\$ 2,378,556</u>	<u>\$ 1,401,194</u>	<u>\$ 977,362</u>

SAN JUAN WATER DISTRICT
SCHEDULE OF OPERATIONS – BUDGET AND ACTUAL
WHOLESALE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008

	Wholesale		Variance With Final Budget Positive (Negative)
	Actual	Final Budget	
Operating Revenues			
Water Sales - Wholesale			
Water charges to retail area	\$ 2,314,165	\$ 2,319,000	\$ (4,835)
Citrus Heights Water District	1,811,982	2,107,000	(295,018)
Fair Oaks Water District	1,253,795	1,323,000	(69,205)
Sacramento Suburban Water District	310,646	-	310,646
Orangevale Mutual Water Company	456,115	431,000	25,115
City of Folsom	252,995	236,000	16,995
Granite Bay Golf Club	10,590	9,831	759
City of Roseville	365	-	365
Total Water Sales - Wholesale	6,410,653	6,425,831	(15,177)
Water Sales - retail			
Other	-	1,000	(1,000)
Total Operating Revenues	6,410,653	6,426,831	(16,177)
Operating Expenses			
Source of Supply			
Water charged to retail area			
Place County Water Agency	330,625	374,125	43,500
U.S. Bureau of Reclamation	281,606	347,158	65,552
Wheeling	213,942	193,398	(20,544)
Bureau pumping	90,214	71,546	(18,668)
Other	537	2,000	1,463
Energy assessments	9,813	29,196	19,383
Administrative and general	1,410,203	1,550,036	139,833
Water treatment	2,223,995	2,315,434	91,439
Transmission and distribution	164,578	168,239	3,661
Customer service	-	-	-
Pumping and telemetry	441,313	606,770	165,457
Engineering	-	-	-
Conservation	140,455	134,355	(6,100)
Interest Expense	-	-	-
Total Operating Expenses Excluding Depreciation	5,307,281	5,792,257	484,976
Net Income (Loss) From Operations Excluding Depreciation	1,103,371	\$ 634,574	\$ (501,153)
Depreciation	1,553,113		
Net Income from Operations	\$ (449,742)		

SAN JUAN WATER DISTRICT
SCHEDULE OF OPERATIONS – BUDGET AND ACTUAL
RETAIL (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Retail</u>		Variance With Final Budget Positive (Negative)
	Actual	Final Budget	
Operating Revenues			
Water Sales - Wholesale			
Water charges to retail area			\$ -
Citrus Heights Water District			-
Fair Oaks Water District			-
Sacramento Suburban Water District			-
Orangevale Mutual Water Company			-
City of Folsom			-
Granite Bay Golf Club			-
City of Roseville			-
Total Water Sales - Wholesale	-	-	-
Water Sales - retail	6,766,658	7,292,100	(525,442)
Other	48,498	137,000	(88,502)
Total Operating Revenues	6,815,156	7,429,100	(613,944)
Operating Expenses			
Source of Supply			
Water charged to retail area	2,314,165	2,319,269	5,104
Place County Water Agency			-
U.S. Bureau of Reclamation			-
Wheeling			-
Bureau pumping			-
Other			-
Energy assessments			-
Administrative and general	977,362	1,015,939	38,577
Water treatment			-
Transmission and distribution	1,566,693	1,522,121	(44,572)
Customer service	679,121	595,990	(83,131)
Pumping and telemetry	139,056	146,632	7,576
Engineering	319,227	489,645	170,418
Conservation	363,257	451,221	87,964
Interest Expense	268,108	601,110	333,002
Total Operating Expenses Excluding Depreciation	6,626,990	7,141,927	514,937
Net Income (Loss) From Operations Excluding Depreciation	188,166	\$ 287,173	\$ (1,128,881)
Depreciation	1,406,415		
Net Income from Operations	\$ (1,218,249)		

SAN JUAN WATER DISTRICT
SCHEDULE OF OPERATIONS – BUDGET AND ACTUAL
TOTAL (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2008

	Total		Variance With Final Budget Positive (Negative)
	Actual	Final Budget	
Operating Revenues			
Water Sales - Wholesale			
Water charges to retail area	\$ 2,314,165	\$ 2,319,000	\$ (4,835)
Citrus Heights Water District	1,811,982	2,107,000	(295,018)
Fair Oaks Water District	1,253,795	1,323,000	(69,205)
Sacramento Suburban Water District	310,646	-	310,646
Orangevale Mutual Water Company	456,115	431,000	25,115
City of Folsom	252,995	236,000	16,995
Granite Bay Golf Club	10,590	9,831	759
City of Roseville	365	-	365
Total Water Sales - Wholesale	6,410,653	6,425,831	(15,178)
Water Sales - retail	6,766,658	7,292,100	(525,442)
Other	48,498	138,000	(89,502)
Total Operating Revenues	13,225,809	13,855,931	(630,122)
Operating Expenses			
Source of Supply			
Water charged to retail area	2,314,165	2,319,269	5,104
Place County Water Agency	330,625	374,125	43,500
U.S. Bureau of Reclamation	281,606	347,158	65,552
Wheeling	213,942	193,398	(20,544)
Bureau pumping	90,214	71,546	(18,668)
Other	537	2,000	1,463
Energy assessments	9,813	29,196	19,383
Administrative and general	2,387,564	2,565,975	178,411
Water treatment	2,223,995	2,315,434	91,439
Transmission and distribution	1,731,271	1,690,360	(40,911)
Customer service	679,121	595,990	(83,131)
Pumping and telemetry	580,370	753,402	173,032
Engineering	319,227	489,645	170,418
Conservation	503,713	585,576	81,863
Interest Expense	268,108	601,110	333,002
Total Operating Expenses Excluding Depreciation	11,934,270	12,934,184	999,914
Net Income (Loss) From Operations Excluding Depreciation	1,291,538	\$ 921,747	\$ (369,791)
Depreciation	2,959,528		
Net Income (Loss) from Operations	\$ (1,667,990)		

STATISTICAL SECTION

**SAN JUAN WATER DISTRICT
STATISTICAL SECTION**

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

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

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

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

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

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

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

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

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

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Operating Revenues:					
Wholesale Revenue	\$ 5,243,288	\$ 5,744,760	\$ 5,769,324	\$ 6,228,302	\$ 6,410,653
Retail Revenue	5,414,979	5,285,572	5,668,705	6,575,947	6,766,658
Other Revenue	31,815	52,836	43,443	49,218	48,498
Total Operating Revenue	10,690,082	11,083,168	11,481,472	12,853,467	13,225,809
Operating Expenses:	12,019,491	11,835,475	12,622,867	14,543,281	14,893,799
Net loss from operations	(1,329,409)	(752,307)	(1,141,395)	(1,689,814)	(1,667,990)
Nonoperating revenues	4,040,058	3,190,015	2,675,765	4,212,810	3,778,362
Nonoperating expenses	1,013,406	810,514	942,717	663,380	715,545
Net income before capital contributions	1,697,243	1,627,194	591,653	1,859,616	1,394,827
Capital contributions	2,202,420	3,008,381	1,048,364	179,148	1,043
Change in Net Assets	\$ 3,899,663	\$ 4,635,575	\$ 1,640,017	\$ 2,038,764	\$ 1,395,870

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

**SAN JUAN WATER DISTRICT
 ASSESSED ACTUAL VALUE – TAXABLE PROPERTY
 (ACCRUAL BASIS OF ACCOUNTING)**

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

Fiscal Year	Secured Assessed Value	Unsecured Assessed Value	Total Assessed Value	Total Property Tax Revenue	Total Direct Tax Rate
1999	\$ 8,163,896	\$ 194,067	\$ 8,357,963	\$ 1,708	0.020%
2000	8,567,796	213,269	8,781,065	1,858	0.021%
2001	9,142,049	195,485	9,337,534	2,061	0.022%
2002	10,319,900	203,522	10,523,422	2,249	0.021%
2003	10,792,241	205,675	10,997,916	2,142	0.019%
2004	11,542,718	191,345	11,734,063	2,576	0.022%
2005	12,702,143	207,714	12,909,857	505	0.004%
2006	14,025,002	235,440	14,260,442	644	0.005%
2007	15,183,026	237,318	15,420,345	1,790	0.012%
2008	15,828,403	73,208	15,901,611	-	0.000%

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**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2007-08 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	VIF & Lyon Oak Creek LLC	Apartments	\$ 60,686,674	0.51%
2.	MP Birdcage Marketplace LLC	Shopping Center	56,095,009	0.47
3.	Rollingwood Commons Apartments LLC	Apartments	40,325,904	0.34
4.	Steadfast Sunrise I LLC	Commercial	39,314,542	0.33
5.	PK I Cable Park LP	Commercial	28,451,064	0.24
6.	Grove at Sunrise LLC	Apartments	27,840,649	0.24
7.	Wal Mart Real Estate Business Trust	Commercial	26,542,257	0.22
8.	Sacramento Hazel Ranch LLC	Apartments	23,400,000	0.20
9.	1158 Page State LLC	Apartments	23,235,600	0.20
10.	Sears Roebuck & Company	Commercial	22,517,509	0.19
11.	G.W. Williams Co.	Apartments	21,729,564	0.18
12.	Fair Oaks Fountains LLC	Apartments	21,512,391	0.18
13.	Trestle Regency LLC	Commercial	21,449,423	0.18
14.	Ronald P. & Maureen A. Ashley	Apartments	21,107,419	0.18
15.	Costco Wholesale Corporation	Commercial	21,027,889	0.18
16.	Madison & Sunrise Associates LLC	Shopping Center	20,385,076	0.17
17.	Marshall Field Stores Inc.	Commercial	20,173,340	0.17
18.	Demmon Family Partnership	Apartments	18,779,231	0.16
19.	Canyon Terrace Folsom LLC	Apartments	18,744,896	0.16
20.	PK I Northridge Plaza LP	Commercial	<u>17,952,000</u>	<u>0.15</u>
			<u>\$551,270,437</u>	<u>4.66%</u>

(1) 2007-08 Local Secured Assessed Valuation: \$11,820,595,126

JC:(\$300)

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

Fiscal Year End	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ⁽²⁾	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	
2007		-		0	-	
2008		-		0	-	

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

Notes:

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

(2) Information not available at the issuance of CAFR and will be added next year

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

Fiscal Year	General Obligation Bonds	Certificates of Participation	Economic Development Admin Loan	California Energy Commission Loan	Total Primary Government	Population	Debt Per Capita
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
2007	-	20,660,000	231,751	26,453	20,918,204	191,051	109.49
2008	-	19,765,000	213,251	21,762	20,000,013	193,554	103.33

Source: San Juan Water District Finance & Administrative Services Division

Note:

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

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

Fiscal Year	General Bonded Debt Outstanding		Actual Taxable Value of Property	Percentage of Actual Taxable Value ^a of Property	Population	Debt Per Capita ^b
	General Obligation Bonds	Total				
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	-
2007	-	0	15,183,026	0.000%	191,051	-
2008	-	0	15,828,403	0.000%	193,554	-

Notes:

^c The 1998 General Obligation Bonds were repaid in 2004.

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

^c Population data were provided by Placer and Sacramento Counties

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

**SAN JUAN WATER DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2008**

2007-08 Assessed Valuation:	\$ 16,391,941,507
Redevelopment Incremental Valuation:	167,032,853
Adjusted Assessed Valuation:	<u>\$ 16,224,908,654</u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2008	% Applicable (1)	District's Share of Debt 6/30/08
Los Rios Community College District	\$153,605,000	7.88%	\$12,097,930
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	44,626,422	12.058	5,381,054
San Juan Unified School District	286,814,253	36.95	105,977,866
Placer Union High School District	39,094,040	4.761	1,861,267
Roseville Joint Union High School District	106,278,456	17.122	18,196,997
Eureka Union School District	7,940,579	70.114	5,567,458
Loomis Union School District	7,275,000	18.54	1,348,785
Roseville City School District	36,536,694	0.72	263,064
City of Folsom	23,110,000	14.135	3,266,599
City of Folsom Assessment District No. 90-1	1,825,000	100	1,825,000
Sacramento Area Flood Control District Operation and Maintenance Assessment District	4,305,000	13.232	569,638
California Statewide Community Development Authority Obligations	319,312	100	319,312
San Juan Suburban Water District	0	100	0
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$156,674,970</u>

**SAN JUAN WATER DISTRICT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT (CONTINUED)
JUNE 30, 2008**

OVERLAPPING GENERAL FUND DEBT:

Sacramento County General Fund Obligations	\$375,620,383	9.29%	\$34,902,646
Sacramento County Pension Obligations	960,925,462	9.292	89,289,194
Sacramento County Board of Education Certificates of Participation	11,715,000	9.292	1,088,558
Placer County General Fund Obligations	55,960,000	7.972	4,461,131
Placer County Office of Education Certificates of Participation	2,650,000	7.972	211,258
Los Rios Community College District Certificates of Participation	6,880,000	7.876	541,869
Sierra Joint Community College District Certificates of Participation	17,155,000	5.856	1,004,597
Folsom-Cordova Unified School District Certificates of Participation	41,010,000	7.574	3,106,097
San Juan Unified School District Certificates of Participation	5,425,000	36.95	2,004,538
Roseville Joint Union High School District Certificates of Participation	4,760,000	17.122	815,007
Eureka Union School District Certificates of Participation	6,465,000	70.114	4,532,870
Other School District Certificates of Participation	32,900,000	Various	1,500,918
City of Folsom Certificates of Participation	16,150,000	14.135	2,282,803
City of Roseville Certificates of Participation	22,845,000	2.725	622,526
Sacramento Metropolitan Fire District Pension Obligations	67,513,975	19.136	12,919,474
Orangevale Recreation and Park District Certificates of Participation	1,820,000	99.962	1,819,308
Sunrise Recreation and Park District Certificates of Participation	7,435,000	35.131	2,611,990
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$163,714,784
Less: Sacramento County self-supporting obligations			707,818
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$163,006,966

GROSS COMBINED TOTAL DEBT

\$320,389,754 (2)

NET COMBINED TOTAL DEBT

\$319,681,936

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

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

Ratios to 2007-08 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.96%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt	1.97%
Net Combined Total Debt	1.97%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

YV:(\$425)

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
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%
2007	897,049	948,978	1,846,027	14,366,884	12.85%
2008	918,191	863,197	1,781,388	14,738,945	12.09%

Source: District Finance & Administrative Services Division

Notes:

(1) Total general expenses are total expenses excluding interest expense.

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

**SAN JUAN WATER DISTRICT
WHOLESALE WATER PRODUCTION**

Last Ten Fiscal Years
(in million gallons)

Monthly Production	2007- 2008	2006- 2007	2005- 2006	2004- 2005	2003- 2004	2002- 2003	2001- 2002	2000- 2001	1999- 2000	1998- 1999
July	2,563	3,099	3,255	3,110	3,175	3,181	3,242	3,173	2,818	3,008
August	2,409	3,226	3,101	3,053	2,938	2,901	3,099	3,114	2,489	3,092
September	1,907	2,932	2,670	2,787	2,909	2,577	2,642	2,545	2,169	2,457
October	1,170	2,116	2,166	1,852	2,403	2,004	2,164	1,824	1,893	1,797
November	878	1,138	1,466	1,014	1,151	1,117	1,217	1,169	1,158	915
December	661	968	1,048	1,039	980	1,015	938	1,063	861	1,020
January	559	1,065	881	933	922	946	929	1,083	751	940
February	537	962	819	831	793	852	856	972	850	775
March	1,325	1,308	812	1,035	1,293	1,146	1,070	1,194	1,102	959
April	2,021	1,732	980	1,313	2,057	1,130	1,587	1,534	1,800	1,292
May	2,639	1,793	2,510	1,926	2,870	1,845	2,481	2,759	1,989	2,463
June	2,791	2,323	3,004	2,696	3,101	3,019	3,001	2,956	2,940	2,776
Annual Total	19,460	22,662	22,712	21,589	24,592	21,733	23,226	23,386	20,820	21,494
Average Monthly Water Production	1,622	1,889	1,893	1,799	2,049	1,811	1,936	1,949	1,735	1,791
Average Daily Water Production	53.3	62.1	62.2	59.1	67.4	59.5	63.6	64.1	57.0	58.9

Source: San Juan Water District Wholesale Operations Division

**SAN JUAN WATER DISTRICT
WHOLESALE WATER CONSUMPTION**

Last Eight Fiscal Years
(in acre feet)

Fiscal Year	Average Total Consumption in Acre Feet			
	5yr	10yr	15yr	20yr
2000 ⁽¹⁾	58,700	54,200	54,400	51,300
2001	60,241	54,970	54,936	53,085
2002	64,438	57,604	55,940	54,574
2003	67,616	60,302	57,071	56,762
2004	68,703	61,486	57,861	57,354
2005	70,319	64,520	59,578	58,399
2006	70,217	64,992	60,211	58,937
2007	69,559	67,421	62,200	59,626
2008	68,168	68,044	62,948	59,885

Source: San Juan Water District Wholesale Operations Division

Note:

(1) Information prior to 2000 was not available

**SAN JUAN WATER DISTRICT
RETAIL WATER CONSUMPTION**

Demographics and Operating Information

Fiscal Year	Population	Number of Water Customers	Miles of Water Main
2000 ⁽¹⁾	162,000	9,407	135.0
2001	163,000	9,725	143.0
2002	185,000	9,992	144.0
2003	188,400	10,200	165.0
2004	181,584	10,079	203.0
2005	185,996	10,256	210.0
2006	188,786	10,306	213.5
2007	191,051	10,330	213.5
2008	193,554	10,359	213.5

Source: San Juan Water District Retail Operations Division

Note:

(1) Information prior to 2000 was not available

SAN JUAN WATER DISTRICT
FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION OR PROGRAM

Full-Time Equivalent Employees as of June 30

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Function/Program										
Executive	3	3	3	3	3	3	3	3.0	3.0	3.0
Conservation	3	5	5	5	3	3	3	3.5	3.5	3.5
Customer Service	3	4	3	4	4	4	3	3.0	3.0	3.0
Engineering Services	4	4	4	4	4	4	3	3.0	3.0	3.0
Field Services	19	20	18	17	18	16	15	16.0	17.0	17.0
Finance/Administrative Services	4	3	3	3	3	3	4	4.0	5.0	5.0
Water Treatment Operations	10	10	10	10	10	11	10	10.0	10.0	10.0
Total	46	49	46	46	45	44	41	42.5	44.5	44.5

Source: San Juan Water District Finance & Administrative Services Division

Note:

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