

WATER TRANSMISSION SYSTEM
 FY 10-11 WATER CHARGES PER ACRE-FOOT
 FOR PRIME CONTRACTORS

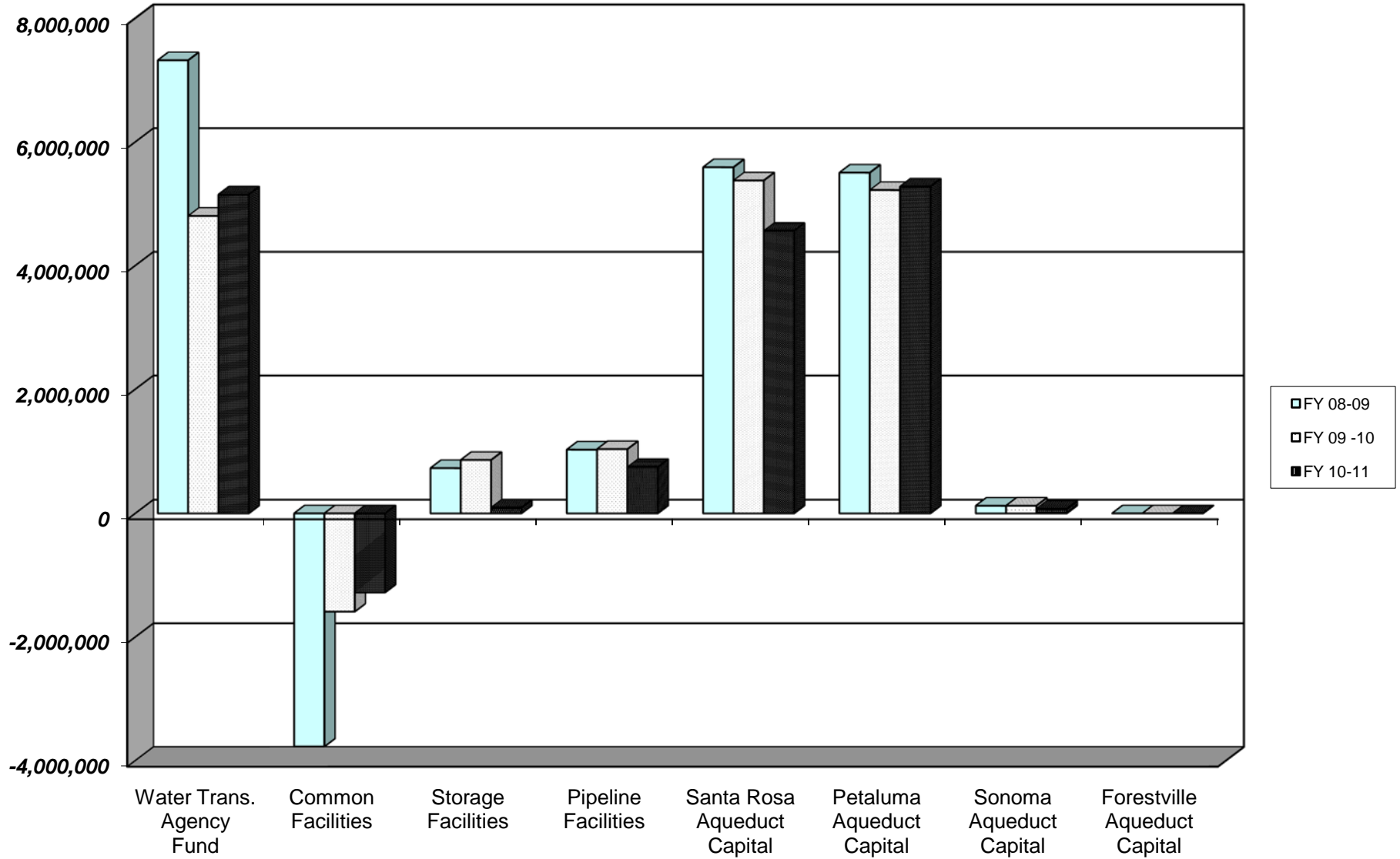
	SANTA ROSA AQUEDUCT	% INCR. (DECR.)	PETALUMA AQUEDUCT	% INCR. (DECR.)	SONOMA AQUEDUCT	% INCR. (DECR.)
2010/11	603.92	6.93%	603.92	6.93%	674.47	8.42%
2009/10	564.78		564.78		622.11	
2008/09	471.13		511.13		486.22	
2007/08	441.70		461.70		453.49	
2006/07	431.29		451.29		442.60	
2005/06	412.68		432.68		424.53	
2004/05	402.51		422.51		414.42	
2003/04	393.89		413.89		407.95	
2002/03	387.49		397.90		387.43	
2001/02	383.29		384.02		373.38	
2000/01	330.76		331.61		320.74	
1999/00	309.92		311.09		298.09	
1998/99	299.23		300.72		299.17	
1997/98	289.56		293.45		293.44	
1996/97	282.11		286.10		285.18	
1995/96	272.97		279.89		279.89	
1994/95	271.74		278.22		287.12	
1993/94	261.92		275.41		282.18	
1992/93	260.13		275.10		289.16	
1991/92	226.88		239.36		243.83	
1990/91	232.85		246.12		252.03	
1989/90	220.30		240.15		239.31	

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**WATER TRANSMISSION SYSTEM
FY 10-11 REVENUE SUMMARY CHART**

WATER CUSTOMER	FY 10-11 Budgeted Water Use (Acre- Feet)	FY 09 -10 Rate \$/Acre-Foot	FY 10-11 Proposed Rate \$/Acre-Foot	Dollar Change	Percent Change	FY 10-11 Revenue Change Due to Rate Change
Santa Rosa Aqueduct	17,061	\$564.78	\$603.92	\$39.14	6.9%	\$667,739.77
Petaluma Aqueduct	9,688	564.78	603.92	\$39.14	6.9%	\$379,182.18
Sonoma Aqueduct	7,029	622.11	674.47	\$52.36	8.4%	\$368,045.61
North Marin Water Dist.	7,376	611.90	654.90	\$43.00	7.0%	\$317,167.27
Marin Municipal – Third Off Peak	4,300	699.81	769.09	\$69.28	9.9%	\$297,905.53
Marin Municipal – Supplemental	2,884	658.14	707.91	\$49.77	7.6%	\$143,543.01
Forestville Aqueduct	413	564.78	603.92	\$39.14	6.9%	\$16,170.38
Wholesale/Municipal	1,008	746.54	809.36	\$62.82	8.4%	\$63,307.98
Surplus	94	581.33	620.75	\$39.42	6.8%	\$3,708.88
TOTAL	49,853					\$2,256,771

WATER TRANSMISSION SYSTEM FUNDS - ENDING FUND BALANCES



SONOMA COUNTY WATER AGENCY RATES FOR WATER DELIVERIES IN FY 10-11

[X] ESTIMATED [] OFFICIAL
To Be Approved by Board of Directors on April 21, 2009

CHARGE PER ACRE FOOT:

	<u>Santa Rosa Aqueduct</u>	<u>Petaluma Aqueduct</u>	<u>Sonoma Aqueduct</u>
<u>PRIME CONTRACTORS</u>			
O&M Charge [4.2]	\$430.13	\$430.13	\$430.13
Water Management Planning Sub-charge [4.13]	\$4.01	\$4.01	\$4.01
Watershed Planning/Restoration Sub-charge [4.14]	35.00	35.00	35.00
Recycled Water & Local Supply Sub-charge [4.15]	16.60	16.60	16.60
Water Conservation Sub-charge [4.16]	31.55	31.55	31.55
O&M Charge	<u>\$517.29</u>	<u>\$517.29</u>	<u>\$517.29</u>
<u>Capital Charges - to build fund balance for future projects</u>			
Aqueduct Facilities Capital Charges [4.6 e]			
<u>Bond & Loan Charges - to pay for existing debt service</u>			
Storage Facilities Capital Charge [4.7]	22.93	22.93	22.93
Common Facilities Capital Charge [4.8]	63.70	63.70	63.70
Aqueduct Facilities Capital Charges [4.6 b]			70.55
<i>Total Capital Charges</i>	<u>\$86.63</u>	<u>\$86.63</u>	<u>\$157.18</u>
TOTAL PRIME CONTRACTORS	\$603.92	\$603.92	\$674.47
<u>OTHER AGENCY CUSTOMERS/WHOLESALE CHARGES</u>			
<u>(WATER CO'S & PUBLIC AGENCIES)</u>			
O&M Charge	\$517.29	\$517.29	\$517.29
Capital Charges	86.63	86.63	157.18
Aqueduct Facilities Capital Charge	\$205.44	\$205.44	\$134.89
TOTAL OTHER AGENCY CUSTOMERS/WHOLESALE CHARGES (4.12)	<u>\$809.36</u>	<u>\$809.36</u>	<u>\$809.36</u>
<i>(120% OF HIGHEST PRIME)</i>			
<u>FORESTVILLE</u>			
O&M Charge [4.2] *	\$430.13		
Water Management Planning Sub-charge [4.13]	4.01		
Watershed Planning/Restoration Sub-charge [4.14]	35.00		
Recycled Water & Local Supply Sub-charge [4.15]	16.60		
Water Conservation Sub-charge [4.16]	31.55		
O&M Charge	<u>\$517.29</u>		
<u>Capital Charges</u>			
Aqueduct Facilities Capital Charges [4.6]	0.00		
Storage Facilities Capital Charge [4.7]	22.93		
Common Facilities Capital Charge [4.8]	63.70		
<i>Total Capital Charges</i>	<u>\$86.63</u>		
TOTAL FORESTVILLE	\$603.92		
* Forestville Water District exempt from Santa Rosa Aqueduct sub-charge from FY 06/07 to FY 16/17 [4.12].			
<u>NORTH MARIN WATER DISTRICT</u>			
O&M Charge		\$517.29	Note: N. Marin does not pay an Aq Capital Charge.
North Marin Bond & Loan Charge [4.9]		42.99	
Russian River Conservation Charge [4.18 (a)]		74.62	
Russian River Projects Charge [4.18 (b)]		<u>20.00</u>	
TOTAL NORTH MARIN WATER DISTRICT		654.90	
<u>THIRD OFF-PEAK (MARIN MUNICIPAL)</u>			
Highest Prime		\$674.47	
Russian River Conservation Charge		74.62	
Russian River Projects Charge		20.00	
TOTAL THIRD OFF-PEAK		<u>\$769.09</u>	
<u>SUPPLEMENTAL (MARIN MUNICIPAL)</u>			
O&M Charge		\$517.29	
Capital Charge [4.11 (b)]		96.00	
Russian River Conservation Charge		74.62	
Russian River Projects Charge		20.00	
TOTAL SUPPLEMENTAL		<u>\$707.91</u>	
<u>SURPLUS</u>			
Non-Municipal / Municipal [4.11 (a)]	\$620.75	\$620.75	\$620.75
<i>(120% of O&M Charge)</i>			

Town of Windsor is charged 120% of the highest charge for any other prime contractor on the Santa Rosa Aqueduct from FY 06/07 to FY 21/22 [4.17 (a)]. Town of Windsor pays all subcharges [4.13, 4.14, 4.15, and 4.16] on all water they divert from the Russian River using their equipment [4.17 (b)].

The applicable section of the Restructured Agreement has been indicated in brackets.

**SCHEDULE OF WATER DELIVERIES BY CUSTOMER GROUPS
PAST 36 MONTHS / 12 MONTHS AVERAGE**

		North Marin	Marin Municipal	Surplus	Prime	Water Comp.	Govt	Total
36	Jan-07	1,051.6	796.6	2.3	3,726.9	62.6	1.1	4,589.5
35	Feb-07	581.6	768.4	1.0	2,612.1	51.3	1.1	3,433.9
34	Mar-07	345.4	823.1	5.4	3,020.8	82.7	0.9	3,933.0
33	Apr-07	711.8	840.5	19.7	4,294.9	92.7	1.2	5,248.9
32	May-07	381.4	727.8	20.2	5,192.1	137.6	1.5	6,079.3
31	Jun-07	406.0	415.8	27.6	5,523.6	144.1	2.5	6,113.6
30	Jul-07	717.4	480.6	51.5	6,133.0	180.5	2.5	6,848.0
29	Aug-07	857.5	387.5	5.0	5,113.4	153.0	1.7	5,660.6
28	Sep-07	948.8	350.4	2.1	4,975.9	150.3	2.0	5,480.6
27	Oct-07	954.4	644.1	1.9	3,956.5	105.9	1.1	4,709.4
26	Nov-07	812.1	914.4	1.7	3,374.6	76.0	0.8	4,367.5
25	Dec-07	833.4	988.5	1.3	3,379.6	58.4	0.7	4,428.5
24	Jan-08	632.3	826.1	3.6	2,754.5	49.1	0.7	3,633.9
23	Feb-08	536.0	769.1	0.9	2,643.1	35.4	0.7	3,449.2
22	Mar-08	550.6	726.2	37.3	3,588.8	58.0	0.7	4,411.1
21	Apr-08	450.3	663.0	50.7	4,562.9	101.2	0.9	5,378.7
20	May-08	401.6	447.4	23.2	5,087.5	134.9	1.8	5,694.8
19	Jun-08	666.7	461.7	61.4	5,971.1	152.1	2.3	6,648.7
18	Jul-08	738.8	460.4	6.1	5,424.5	99.8	2.1	5,992.8
17	Aug-08	669.4	499.3	4.1	4,521.4	140.2	1.7	5,166.8
16	Sep-08	1,064.9	417.6	3.9	5,733.4	179.7	2.4	6,337.1
15	Oct-08	677.9	464.2	3.1	4,118.3	106.3	1.8	4,693.7
14	Nov-08	702.5	590.0	1.6	3,161.7	63.9	0.8	3,818.0
13	Dec-08	301.6	949.9	1.5	2,521.2	38.9	0.7	3,512.3
12	Jan-09	187.5	935.2	3.7	2,509.2	35.3	0.8	3,484.2
11	Feb-09	790.7	655.1	10.3	2,788.7	40.2	0.9	3,495.3
10	Mar-09	490.2	730.2	7.8	2,493.7	37.6	0.7	3,270.1
9	Apr-09	793.1	973.3	21.7	4,340.5	87.4	1.3	5,424.2
8	May-09	754.6	711.8	25.7	3,646.4	85.1	1.4	4,470.5
7	Jun-09	1,064.5	121.9	10.0	4,927.1	131.2	2.0	5,192.2
6	Jul-09	575.3	325.3	4.0	3,908.9	134.4	2.5	4,375.1
5	Aug-09	727.4	335.1	3.5	4,562.9	148.6	2.3	5,052.4
4	Sep-09	552.3	309.1	2.6	3,957.3	129.7	2.1	4,400.8
3	Oct-09	397.7	411.2	1.8	2,812.8	71.2	1.3	3,298.3
2	Nov-09	613.5	832.0	2.1	3,140.3	51.5	0.8	4,026.7
1	Dec-09	429.5	843.6	0.8	2,479.1	38.9	0.7	3,363.2
Total Deliveries		23,370.3	22,596.5	431.2	142,959.2	3,445.7	50.3	169,482.9
3-Year Annual Average		7,790.1	7,532.2	143.7	47,653.1	1,148.6	16.8	56,494.3
Past 12 Months		7,376.2	7,183.9	94.1	41,567.2	991.1	16.7	49,853.0

SONOMA COUNTY WATER AGENCY

ACTUAL WATER DELIVERY DISTRIBUTION BY AQUEDUCT (ACRE FEET)

PRIOR 12 MONTHS

	**** DELIVERING AQUEDUCT ****			TOTAL
	Santa Rosa	Petaluma	Sonoma	
DELIVERED TO:				
<u>CITY OF SANTA ROSA (A)</u>				
JAN 09	1,206.6	0.0	160.9	1,367.5
FEB 09	992.1	0.0	144.9	1,137.0
MAR 09	919.5	0.0	204.3	1,123.7
APR 09	1,536.8	0.0	376.1	1,912.8
MAY 09	1,417.5	0.0	247.7	1,665.2
JUN 09	1,803.2	0.0	327.3	2,130.5
JUL 09	1,571.2	0.0	307.9	1,879.1
AUG 09	1,958.0	0.0	163.2	2,121.2
SEP 09	1,773.3	0.0	137.2	1,910.5
OCT 09	972.6	0.0	293.0	1,265.6
NOV 09	964.5	0.0	281.6	1,246.1
DEC 09	919.4	0.0	216.2	1,135.5
TOTAL SANTA ROSA	16,034.5	0.0	2,860.3	18,894.8
<u>OTHER PRIME CONTRACTORS (B)</u>				
CITY OF PETALUMA	0.0	7,483.9		7,483.9
NORTH MARIN WATER DISTRICT		7,376.2		7,376.2
CITY OF ROHNERT PARK	249.5	2,276.7		2,526.2
CITY OF COTATI	7.2	737.2		744.4
TOWN OF WINDSOR	517.1			517.1
CITY OF SONOMA			1,838.0	1,838.0
VALLEY OF THE MOON DISTRICT			2,186.7	2,186.7
TOTAL OTHER PRIME CONTRACTORS	773.8	17,873.9	4,024.7	22,672.3
TOTAL DELIVERIES TO PRIMES	16,808.3	17,873.9	6,884.9	41,567.2
LESS: NORTH MARIN		(7,376.2)		(7,376.2)
TOTAL SONOMA COUNTY DELIVERIES	16,808.3	10,497.7	6,884.9	34,191.0

NOTE:

All amounts reflected in the above schedule are derived (via formula) from the water use summaries below.

The data entered below is derived from the water billing reports.

DATA ENTRY SHEET

**** DELIVERING AQUEDUCT ****				TOTAL
Santa Rosa	Petaluma	Forestville	Sonoma	

WATER DELIVERED TO:

CITY OF SANTA ROSA (A)

JAN 09	1,206.6	0.0	0.0	160.9	1,367.5
FEB 09	992.1	0.0	0.0	144.9	1,137.0
MAR 09	919.5	0.0	0.0	204.3	1,123.7
APR 09	1,536.8	0.0	0.0	376.1	1,912.8
MAY 09	1,417.5	0.0	0.0	247.7	1,665.2
JUN 09	1,803.2	0.0	0.0	327.3	2,130.5
JUL 09	1,571.2	0.0	0.0	307.9	1,879.1
AUG 09	1,958.0	0.0	0.0	163.2	2,121.2
SEP 09	1,773.3	0.0	0.0	137.2	1,910.5
OCT 09	972.6	0.0	0.0	293.0	1,265.6
NOV 09	964.5	0.0	0.0	281.6	1,246.1
DEC 09	919.4	0.0	0.0	216.2	1,135.5
TOTAL SANTA ROSA	16,034.5	0.0	0.0	2,860.3	18,894.8

CITY OF PETALUMA

JAN 09	443.6				443.6
FEB 09	422.8				422.8
MAR 09	444.8				444.8
APR 09	823.4				823.4
MAY 09	636.5				636.5
JUN 09	947.8				947.8
JUL 09	808.9				808.9
AUG 09	919.0				919.0
SEP 09	744.2				744.2
OCT 09	460.2				460.2
NOV 09	477.1				477.1
DEC 09	355.6				355.6
TOTAL PETALUMA	0.0	7,483.9	0.0	0.0	7,483.9

NORTH MARIN WATER DISTRICT

JAN 09	187.5				187.5
FEB 09	790.7				790.7
MAR 09	490.2				490.2
APR 09	793.1				793.1
MAY 09	754.6				754.6
JUN 09	1,064.5				1,064.5
JUL 09	575.3				575.3
AUG 09	727.4				727.4
SEP 09	552.3				552.3
OCT 09	397.7				397.7
NOV 09	613.5				613.5
DEC 09	429.5				429.5
TOTAL NORTH MARIN WATER	0.0	7,376.2	0.0	0.0	7,376.2

CITY OF ROHNERT PARK

JAN 09	35.8	145.7			181.5
FEB 09	30.2	120.3			150.5
MAR 09	9.5	130.9			140.5
APR 09	21.9	197.0			219.0
MAY 09	10.3	141.0			151.3
JUN 09	13.6	216.9			230.5
JUL 09	7.2	186.1			193.3
AUG 09	9.7	155.5			165.3
SEP 09	10.9	175.1			186.0
OCT 09	28.1	271.7			299.8
NOV 09	38.9	306.3			345.2
DEC 09	33.2	230.1			263.3
TOTAL CITY OF ROHNERT PARK	249.5	2,276.7	0.0	0.0	2,526.2

CITY OF COTATI

JAN 09	0.1	33.5			33.6
FEB 09	0.1	24.4			24.5
MAR 09	0.1	22.3			22.4
APR 09	0.7	138.9			139.7
MAY 09	0.6	50.2			50.8
JUN 09	1.2	83.6			84.8
JUL 09	1.1	70.0			71.1
AUG 09	1.4	95.4			96.8
SEP 09	1.0	78.9			79.9
OCT 09	0.4	49.2			49.5
NOV 09	0.3	49.2			49.5
DEC 09	0.2	41.6			41.8
TOTAL CITY OF COTATI	7.2	737.2	0.0	0.0	744.4

TOWN OF WINDSOR

JAN 09	45.2		0.0		45.2
FEB 09	40.0		0.0		40.0
MAR 09	42.4		0.0		42.4
APR 09	52.9		0.0		52.9
MAY 09	46.1		0.0		46.1
JUN 09	55.6		0.0		55.6
JUL 09	31.7		0.0		31.7
AUG 09	38.5		0.0		38.5
SEP 09	32.1		0.0		32.1
OCT 09	34.6		0.0		34.6
NOV 09	77.8		0.0		77.8
DEC 09	20.2		0.0		20.2
TOTAL TOWN OF WINDSOR	517.1	0.0	0.0	0.0	517.1

CITY OF SONOMA

JAN 09			105.6		105.6
FEB 09			83.6		83.6
MAR 09			88.6		88.6
APR 09			163.8		163.8
MAY 09			172.5		172.5
JUN 09			226.8		226.8
JUL 09			183.8		183.8
AUG 09			207.1		207.1
SEP 09			200.0		200.0
OCT 09			146.7		146.7
NOV 09			154.3		154.3
DEC 09			105.2		105.2
TOTAL CITY OF SONOMA	0.0	0.0	0.0	1,838.0	1,838.0

VALLEY OF THE MOON WATER DISTRICT

JAN 09				144.7	144.7
FEB 09				139.6	139.6
MAR 09				141.1	141.1
APR 09				235.9	235.9
MAY 09				169.4	169.4
JUN 09				186.6	186.6
JUL 09				165.8	165.8
AUG 09				287.7	287.7
SEP 09				252.3	252.3
OCT 09				158.7	158.7
NOV 09				176.9	176.9
DEC 09				128.1	128.1
TOTAL VALLEY OF THE MOON	0.0	0.0	0.0	2,186.7	2,186.7

<u>SUMMARY OF DELIVERY DATA</u>	**** DELIVERING AQUEDUCT ****				TOTAL
	Santa Rosa	Petaluma	Forestville	Sonoma	
TOTAL SANTA ROSA	16,034.5	0.0	0.0	2,860.3	18,894.8
TOTAL OTHER PRIME CONTRACTORS	773.8	17,873.9	0.0	4,024.7	22,672.3
TOTAL DELIVERIES TO PRIMES	16,808.3	17,873.9	0.0	507.3 7,392.3	41,567.2
<i>LESS NORTH MARIN</i>	0.0	(7,376.2)	0.0	0.0	(7,376.2)
TOTAL SONOMA COUNTY DELIVERIES	16,808.3	10,497.7	0.0	7,392.3	34,191.0

SONOMA COUNTY WATER AGENCY
WHOLESALE WATER CHARGE COMPARISONS
(Water Companies and Public Agencies)

THROUGH FISCAL YEAR 2010-11

<u>FISCAL YEAR</u>	<u>CHARGE PER ACRE FOOT</u>
1988-89	\$259.04
1989-90	264.17
1990-91	277.24
1991-92	268.21
1992-93	318.08
1993-94	310.40
1994-95	318.45
1995-96	327.14
1996-97	327.00
1997-98	340.17
1998-99	331.04
1999-00	373.31
2000-01	397.93
2001-02	460.82
2002-03	477.48
2003-04	496.67
2004-05	507.01
2005-06	519.22
2006-07	541.55
2007-08	554.04
2008-09	613.35
2009-10	746.54
2010-11	809.36

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Water Transmission System Agency Fund

Section/Index No:

675108

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	5,634,962	7,320,791		4,803,881		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	223,819	112,229	86,627	100,000	13,373	15.44%
1701 Interest Earned	0	645	0	0	0	N/A
1800 Rents /Concessions	450	0	0	0	0	N/A
1801 Rent - Real Estate	1	450	0	0	0	N/A
SUBTOTAL	224,270	113,324	86,627	100,000	13,373	15.44%
<u>INTERGOVERNMENTAL REVENUES</u>						
2400 State - Disaster Relief	0	145,568	0	0	0	N/A
2680 Federal - Disaster Relief	0	882,325	0	0	0	N/A
SUBTOTAL	0	1,027,893	0	0	0	N/A
<u>CHARGES FOR SERVICES</u>						
3666 Meter Service / Install	30,701	25,000	20,000	20,000	0	0.00%
3980 Revenue Applicable to PY	3,476	1,506	0	0	0	N/A
SUBTOTAL	34,177	26,506	20,000	20,000	0	0.00%
<u>MISCELLANEOUS REVENUES</u>						
4039 Sale - Power	1,049,974	700,000	1,300,000	875,000	(425,000)	(32.69%)
4040 Miscellaneous Revenues	1,752	0	0	0	0	N/A
4102 Donations/ Reimb.	8	0	10,000	0	(10,000)	(100.00%)
4109 Outdated Warrants	1,237	0	0	0	0	N/A
4161 Water Sales - O&M	19,366,538	19,543,857	23,006,836	23,379,787	372,951	1.62%
4162 Comm. Rev. Bd. Charge	1,672,022	2,140,510	2,479,916	2,242,129	(237,787)	(9.59%)
4163 Storage Rev. Bd. Charge	709,914	695,269	805,353	806,991	1,638	0.20%
4164 Sonoma Aq. Rev. Charge	726,381	249,210	293,367	294,115	748	0.25%
4166 SR Aq. Capital Charge	573,937	0	0	0	0	N/A
4167 Petaluma Aq. Cap. Chg.	852,497	0	0	0	0	N/A
4168 Sonoma Aq. Cap. Charge	121,469	0	0	0	0	N/A
4169 NM Revenue Bd. Charge	168,440	367,040	350,695	317,069	(33,626)	(9.59%)
4175 Water Mgmt Planning Sub-charge	182,898	753,278	824,720	200,000	(624,720)	(75.75%)
4176 Watershed Planning/Rest Sub-charge	317,484	1,744,854	1,910,900	1,744,854	(166,046)	(8.69%)
4177 Recycled Water & Local Supply Sub-charge	342,790	663,044	726,250	827,499	101,249	13.94%
4178 Water Conservation Sub-charge	1,652,411	1,445,736	1,583,000	1,572,999	(10,001)	(0.63%)
4303 State Grant	25,086	0	0	0	0	N/A
SUBTOTAL	27,764,838	28,302,798	33,291,037	32,260,443	(1,030,594)	(3.10%)
<u>OTHER FINANCING SOURCES</u>						
4625 Operating Transfer In	1,000,000	591,702	0	0	0	N/A
SUBTOTAL	1,000,000	591,702	0	0	0	N/A
TOTAL REVENUES	29,023,285	30,062,223	33,397,664	32,380,443	(1,017,221)	(3.05%)

Section Title:

Water Transmission System Agency Fund

Section/Index No:

675108

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6040 Communications	59,985	60,000	57,135	60,000	2,865	5.01%
6140 Maintenance - Equipment	927,294	1,050,000	1,072,481	976,000	(96,481)	(9.00%)
6180 Maintenance - Buildings	495,840	750,000	950,000	905,000	(45,000)	(4.74%)
6262 Laboratory Supplies	15,917	30,000	27,412	30,000	2,588	9.44%
6280 Memberships	70,764	75,000	85,000	75,000	(10,000)	(11.76%)
6410 Postage	59	1,000	2,750	1,000	(1,750)	(63.64%)
6461 Supplies / Expenses	76,751	80,000	56,641	80,000	23,359	41.24%
6512 Testing / Analysis	118,399	220,149	147,438	210,000	62,562	42.43%
6522 District Services	9,169	2,000	9,000	9,000	0	0.00%
6523 District Operations	10,820,013	10,800,000	9,627,665	10,450,000	822,335	8.54%
6553 Contract-Security Services	16,230	50,000	25,000	50,000	25,000	100.00%
6570 Consultant Services	860,688	1,500,000	826,245	1,110,000	283,755	34.34%
6610 Legal Services	33,842	75,000	52,500	50,000	(2,500)	(4.76%)
6800 Public/Legal Notices	10,394	10,000	5,000	10,000	5,000	100.00%
6820 Rents and Leases-Equip	68,602	70,000	54,992	70,000	15,008	27.29%
6880 Small Tools - Instruments	73,982	75,000	23,508	75,000	51,492	219.04%
6889 Software	5,029	25,000	50,000	25,000	(25,000)	(50.00%)
7201 Gas / Oil	5,146	5,000	5,000	5,000	0	0.00%
7206 Equipment Usage Charge	650,261	500,000	500,000	300,000	(200,000)	(40.00%)
7212 Chlorine Chem/Recorder	1,381,622	1,100,000	1,157,329	1,050,000	(107,329)	(9.27%)
7217 State Permits / Fees	24,262	25,000	30,000	25,000	(5,000)	(16.67%)
7250 Reimbursable Projects	3,046	0	10,000	0	(10,000)	(100.00%)
7296 FERC Fees / Costs	1,919	5,000	9,000	5,000	(4,000)	(44.44%)
7297 Riverfront Park Levee Maintenance	32,031	25,000	90,000	50,000	(40,000)	(44.44%)
7302 Travel Expense	17,639	20,000	15,000	20,000	5,000	33.33%
7303 Private Car Expense	2,239	2,500	5,000	2,500	(2,500)	(50.00%)
7320 Utilities	1,035	2,500	4,120	2,500	(1,620)	(39.32%)
7394 Power	4,928,287	5,000,000	5,812,419	5,250,000	(562,419)	(9.68%)
SUBTOTAL	20,710,445	21,558,149	20,710,635	20,896,000	185,365	0.90%
<u>OTHER CHARGES</u>						
7920 Interest Expense	0	0	0	120,618	120,618	N/A
7980 Depreciation	4,948,749	5,148,946	5,261,301	5,400,000	138,699	2.64%
8010 Contribution to Non-County	0	0	0	0	0	N/A
8090 Loss on Fixed Assets	179,346	0	0	0	0	N/A
SUBTOTAL	5,128,095	5,148,946	5,261,301	5,520,618	259,317	4.93%
<u>FIXED ASSETS</u>						
8510 Buildings / Improvements	0	0	0	0	0	N/A
8533 SCWA-New Metered Ser	0	20,000	20,000	20,000	0	0.00%
8560 Equipment	77,550	320,000	0	150,000	150,000	N/A
SUBTOTAL	77,550	340,000	20,000	170,000	150,000	750.00%
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	7,285,275	10,540,984	10,978,942	10,709,156	(269,786)	(2.46%)
SUBTOTAL	7,285,275	10,540,984	10,978,942	10,709,156	(269,786)	(2.46%)
<u>APPROP. FOR CONTINGENCIES</u>						
9000 Approp. for Contingencies	0	140,000	140,000	140,000	0	0.00%
SUBTOTAL	0	140,000	140,000	140,000	0	0.00%
TOTAL EXPENDITURES	33,201,365	37,728,079	37,110,878	37,435,774	324,896	0.88%

Section Title:

Water Transmission System Agency Fund

Section/Index No:

675108

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
Depreciation	4,948,749	5,148,946		5,400,000		
Outstanding Encumbrances - (Decrease) Fund Balance	(158,410)	0		0		
PY Encumbrances	0	0		0		
Change in Prudent Reserve	1,028,831	0		0		
Post Audit Adjustments-Payables	(200,000)	0		0		
Post Audit Adjustments-Receivables	65,393	0		0		
Post Audit Adjustments-Inventory	0	0		0		
Post Audit Adjustments-Prepaid Expense	0	0		0		
Increase in Recycled/Conservation Deposits	0	0		0		
Capitalized Interest	0	0		0		
Gain/Loss of Disposal of Fixed Asset	179,346	0		0		
Reclass of Prior Year Asset	0	0		0		

ENDING FUND BALANCE	7,320,791	4,803,881		5,148,550		
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*Operations and Maintenance 675108 Fund Balance Reserve Goal
Over/(Under) Goal*

6,007,530
(858,980)

FY 2010-11 BUDGET
Water Transmission System Agency Fund
ESTIMATED WATER DELIVERIES AND WATER SALES - O&M plus Surcharges
Sub-Object 4161

REVENUE CATEGORY	ESTIMATED ACRE FEET DELIVERED	ESTIMATED RATES	ESTIMATED REVENUE
<u>WATER SALES - O&M</u>			
1 PRIMES without Subcharges	41,567.2	430.13	17,879,292
2 OTHER AGENCY CUSTOMERS	1,007.8	722.20	727,807
3 MARIN MUNICIPAL (OFF-PEAK)	4,300.0	681.93	2,932,286
4 MARIN MUNICIPAL (SUPPLEMENTAL)	2,883.9	620.75	1,790,201
5 SURPLUS CUSTOMERS	94.1	533.59	50,201
TOTAL WATER SALES - O&M	49,853.0	N/A	\$23,379,787

Sub-Object 4175, 4176, 4177, and 4178

REVENUE CATEGORY	ESTIMATED ACRE FEET DELIVERED	ESTIMATED RATES	ESTIMATED REVENUE
<u>WATER SALES - Sub-charges</u>			
1a Water Management Planning Sub-charge [4.13]	49,853.0	4.01	200,000
1b Watershed Planning/Restoration Sub-charge [4.14]	49,853.0	35.00	1,744,854
1c Recycled Water & Local Supply Sub-charge [4.15]	49,853.0	16.60	827,499
1d Water Conservation Sub-charge [4.16]	49,853.0	31.55	1,572,999
TOTAL WATER SALES - Subcharges	49,853.0	N/A	\$4,345,352

Water Transmission System Agency Fund
Major Services & Supplies Expenditure Items

Sub-Object No. and Title	Actual FY 08-09	Adopted FY 09 -10	Requested FY 10-11	Difference	Percent Change
<u>6140 Maintenance - Equipment</u>	927,294	1,072,481	976,000	(96,481)	-9.0%
Decreased budget in 6140 due to lower expected expenses					
<u>6180 Maintenance - Projects</u>	495,840	950,000	905,000	(45,000)	-4.7%
See project list on page A-16 for detail. Budget decreased due to prioritization of project list.					
<u>6280 Memberships</u>	70,764	85,000	75,000	(10,000)	-11.8%
Lower Agency revenue in past year is expected to lower membership fees.					
<u>6461 Supplies / Expenses</u>	76,751	56,641	80,000	23,359	41.2%
The increase reflects the resumption of normal maintenance on all water transmission facilities.					
<u>6512 Testing / Analysis</u>	118,399	147,438	210,000	62,562	42.4%
Anticipated additional testing and increased costs for water quality monitoring					
<u>6523 District Operations</u>	10,820,013	9,627,665	10,450,000	822,335	8.5%
Reflects an increase due to resuming normal operation and maintenance of facilities . See A-17.					
<u>6570 Consultant Services</u>	860,688	826,245	1,110,000	283,755	34.3%
See Consultant Services Project List for detail on page A-17.					
<u>6610 Legal Services</u>	33,842	52,500	50,000	(2,500)	-4.8%
The budget reflects the dropping of legal actions brought by water contractors in the prior year.					
<u>7206 Equipment Usage Charge</u>	650,261	500,000	300,000	(200,000)	-40.0%
The fleet has been significantly reduced and the equipment usage charges reduced to reflect lower levels of depreciation and maintenance required.					
<u>7212 Chlorine Chemical / Recorder</u>	1,381,622	1,157,329	1,050,000	(107,329)	-9.3%
<u>7394 Power</u>	4,928,287	5,812,419	5,250,000	(562,419)	-9.7%
Reflects level of actual expenditures.					

FY 2010-11 BUDGET

Water Transmission System Agency Fund

	DESCRIPTION	PROJECT #	AMOUNT
	6180 - Maintenance / Buildings		
1	Kawana Booster Pump Mechanical Seal		65,000
2	Mirabel - Transformer Covers (Caissons 3, 4, & 5)		30,000
3	Mirabel - Potable Water Line	7092	150,000
4	Petaluma Aqueduct 24" Mainline Valve		100,000
5	Pond Flow Monitoring Instruments	7002	75,000
6	Wilford Booster Motor & Switch Upgrade		75,000
7	Wohler & Mirabel - Turbidimeters		100,000
8	Wohler & Mirabel - Fuel Storage Sump		40,000
9	Wohler Caustic Pump Spare		20,000
10			
11	Miscellaneous Small Expenses		250,000
12			
		6180 Total	\$ 905,000

**Water Transmission Agency Fund, #675108
Multi-Year Subobject Review
FY 2010-11 BUDGET**

Subobject Title	Subobject Number	Actual FY 04/05	Actual FY 05/06	Actual FY 06/07	Actual FY 07/08	Actual FY 08/09	Estimate FY 09/10	Budget FY 10/11
Maintenance - Equipment	6140	126,005	114,538	1,777,109	1,036,922	927,294	1,050,000	976,000
Maintenance - Bldg/Imp	6180	6,296,272	7,344,865	1,949,875	1,880,212	495,840	750,000	905,000
District Administration	6522	6,116,173	5,682,854	5,722,654	8,047	9,169	2,000	9,000
District Operations	6523	0	0	3,208,841	10,589,066	10,820,013	10,800,000	10,450,000
Total of the Four Cost Categories		\$ 12,538,451	\$ 13,142,257	\$ 12,658,479	\$ 13,514,247	\$ 12,252,316	\$ 12,602,000	\$ 12,340,000
<i>Percentage Change from Prior Year</i>			4.82%	-3.68%	6.76%	-3.21%	2.85%	-2.08%

These subobjects are combined to allow review of SCWA labor expenses. In mid-year FY 06/07, an accounting change was processed to isolate SCWA labor costs to subobject 6523. Prior to that accounting change, SCWA labor costs were included within subobjects 6140, 6180, and 6523.

Subobject Title	Subobject Number	Actual FY 04/05	Actual FY 05/06	Actual FY 06/07	Actual FY 07/08	Actual FY 08/09	Estimate FY 09/10	Budget FY 10/11
Consulting Service	6570	\$ 528,996	\$ 590,672	\$ 693,373	\$ 712,593	\$ 860,688	\$ 1,500,000	\$ 1,110,000
<i>Percentage Change from Prior Year</i>			11.66%	17.39%	2.77%	24.13%	74.28%	-26.00%

Itemized Detail for 6570 Consulting Services

DESCRIPTION	Budget FY10/11
IBM Hosting Services	125,000
LBNL Contract (TOUGH2 model)	125,000
USGS Water Quality (Diversion Facilities)	7111 150,000
Surface Water/Groundwater Model (HEC)	7258 160,000
Dry Creek Stream Guages	30,000
Engineering Studies (Ground Water Banking)	150,000
Operations Support - Chittaranjan Ray Assistance	15,000
Collector Capacity Study	250,000
Arc Flash Study for Booster Stations	25,000
Programmable Logic Control and Maintenance	15,000
Tank Inspection and Cleaning	50,000
Miscellaneous Small projects	15,000
6570 Total	\$ 1,110,000

Subobject Title	Subobject Number	Actual FY 04/05	Actual FY 05/06	Actual FY 06/07	Actual FY 07/08	Actual FY 08/09	Estimate FY 09/10	Budget FY 10/11
Power Usage Review	7394	\$ 5,944,375	\$ 2,814,786	\$ 3,237,565	\$ 5,930,313	\$ 4,928,287	\$ 5,000,000	\$ 5,250,000
<i>Percentage Change from Prior Year</i>			-52.65%	15.02%	83.17%	-16.90%	1.46%	5.00%

Water Transmission System Agency Fund
Local Supply / Recycled Water / Tier 2 Programs
Balance as of November 12, 2009

Contractor	10-Year Allocation	Amount Approved	Amount Disbursed	Balance Available
City of Rohnert Park	\$649,629	\$649,629	\$0	649,629
City of Petaluma	2,197,913	2,197,913	2,197,913	0
Valley of the Moon	627,875	627,875	627,875	0
North Marin Water District	1,846,726	1,846,726	1,846,726	0
City of Cotati	157,235	0	0	157,235
City of Santa Rosa	5,065,236	4,003,876	2,048,639	3,016,597
Forestville Water District	104,953	104,953	104,953	0
City of Sonoma	539,411	539,411	174,843	364,568
Marin Municipal WD	1,724,026	1,000,000	1,000,000	724,026
Town of Windsor	86,996	86,996	86,996	0
TOTAL	\$13,000,000	\$11,057,379	\$8,087,945	\$4,912,055

Program started June 30, 2000 - No end date specified.

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Storage Facilities

Section/Index No: 675405

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	642,787	731,732		863,929		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	15,338	6,197	678	7,560	6,882	1015.04%
SUBTOTAL	15,338	6,197	678	7,560	6,882	1015.04%

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	88,961	882,000	962,000	648,700	(313,300)	(32.57%)
SUBTOTAL	88,961	882,000	962,000	648,700	(313,300)	(32.57%)

TOTAL REVENUES	104,299	888,197	962,678	656,260	(306,418)	(31.83%)
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EXPENDITURES

OTHER CHARGES

7924 - Capital Interest	(4,425)	0	0	0	0	N/A
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FIXED ASSETS

8543 Petaluma Aque Relocation	0	0	0	1,200,000	1,200,000	N/A
9162 Kawana to Ralphine Tanks	2,418	26,000	225,000	225,000	0	0.00%
9168 Kawana Springs Tank # 2	12,906	10,000	0	0	0	N/A
9171 Oakmont Pipeline	30	720,000	720,000	0	(720,000)	(100.00%)
SUBTOTAL	15,354	756,000	945,000	1,425,000	480,000	50.79%

TOTAL EXPENDITURES	10,929	756,000	945,000	1,425,000	480,000	50.79%
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Outstanding Encumbrances - Net C	0	0				
Long Term Debt proceeds	0	0				
Capitalized Interest	(4,425)	0		0		

ENDING FUND BALANCE	731,732	863,929		95,189		
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**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Storage Facilities Revenue Bond - 2003A

Section/Index No:

675462

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	\$167,014	\$212,898		\$182,863		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	2,949	2,280	284	2,912	2,628	925.42%
1701 Interest Earned	6,588	0	0	0	0	N/A
SUBTOTAL	9,537	2,280	284	2,912	2,628	925.42%
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	357,082	356,840	356,840	357,755	915	0.26%
SUBTOTAL	357,082	356,840	356,840	357,755	915	0.26%
TOTAL REVENUES	366,619	359,120	357,124	360,667	3,543	0.99%
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	911	1,500	1,500	1,500	0	0.00%
6640 Debt Insurance Costs	2,822	2,822	2,822	2,822	0	0.00%
SUBTOTAL	3,733	4,322	4,322	4,322	0	0.00%
<u>OTHER CHARGES</u>						
7920 Interest	198,796	195,480	195,480	191,622	(3,858)	(1.97%)
7923 Discount / Bonds	319	319	319	319	0	0.00%
SUBTOTAL	199,115	195,799	195,799	191,941	(3,858)	(1.97%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	13,961	82,000	82,000	0	(82,000)	(100.00%)
SUBTOTAL	13,961	82,000	82,000	0	(82,000)	(100.00%)
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	107,069	110,175	110,175	114,828	4,653	4.22%
9209 Ent - Principal Clearing	(107,069)	(110,175)	(110,175)	(114,828)	(4,653)	4.22%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	216,809	282,121	282,121	196,263	(85,858)	(30.43%)
Increase in Bonds Payable	0	0		0		
Amort. of Bond Issuance Costs	3,141	3,141		3,141		
Principal Payment	(107,067)	(110,175)		(114,828)		
ENDING FUND BALANCE	\$212,898	\$182,863		\$235,580		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Storage Facilities Revenue Bonds 2006

Section/Index No: 675488

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	\$1,050,019	\$1,065,072		\$333,777		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	23,210	5,626	12,864	2,868	(9,996)	(77.71%)
1701 Interest Earned	2,979	0	0	0	0	N/A
SUBTOTAL	26,189	5,626	12,864	2,868	(9,996)	(77.71%)
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	450,693	448,514	448,514	449,236	722	0.16%
SUBTOTAL	450,693	448,514	448,514	449,236	722	0.16%
TOTAL REVENUES	476,882	454,140	461,378	452,104	(9,274)	(2.01%)
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	1,998	2,500	2,500	2,500	0	0.00%
6640 Debt Insurance Costs	4,576	4,576	4,576	4,576	0	0.00%
SUBTOTAL	6,574	7,076	7,076	7,076	0	0.00%
<u>OTHER CHARGES</u>						
7920 Interest	271,237	266,700	266,700	262,046	(4,654)	(1.75%)
7922 Premium-Call Bonds	(2,223)	0	0	0	0	N/A
SUBTOTAL	269,014	266,700	266,700	262,046	(4,654)	(1.75%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	75,000	800,000	880,000	225,000	(655,000)	(74.43%)
SUBTOTAL	75,000	800,000	880,000	225,000	(655,000)	(74.43%)
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	113,593	116,235	116,235	121,518	5,283	4.55%
9209 Ent - Principal Clearing	(113,593)	(116,235)	(116,235)	(121,518)	(5,283)	4.55%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	350,588	1,073,776	1,153,776	494,122	(659,654)	(57.17%)
Cost of Issuance	0			0		
Restricted Cash w/Fiscal Agent	0			0		
Increase in Bonds Payable	0	0		0		
Amort of Bond Premium	0	0		0		
Amort. of Bond Issuance Costs	2,353	4,576		4,576		
Long Term Debt Proceeds	0	0		0		
Principal Payment	(113,594)	(116,235)		(121,518)		
Post-Audit Adjustment - Closing COI Funds	0			0		
ENDING FUND BALANCE	\$1,065,072	\$333,777		\$174,817		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Pipeline Facilities

Section/Index No:

675413

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	4,698	1,030,634		1,039,311		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	24,623	8,677	566	10,530	9,964	1760.42%
SUBTOTAL	24,623	8,677	566	10,530	9,964	1760.42%
<u>INTERGOVERNMENTAL REVENUE</u>						
2852 Federal Grants	0	0	0	1,500,000	1,500,000	N/A
SUBTOTAL	0	0	0	1,500,000	1,500,000	N/A
<u>MISCELLANEOUS REVENUE</u>						
4102 Donations/Reimbursements	10,650	0	0	0	0	N/A
SUBTOTAL	10,650	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist - Transfer from Santa Rosa Aqueduct Fund 675207 \$325,000 and from the Petaluma Aqueduct Fund 675215 \$340,000	148,317	665,000	665,000	920,000	255,000	38.35%
SUBTOTAL	148,317	665,000	665,000	920,000	255,000	38.35%
TOTAL REVENUES	183,590	673,677	665,566	2,430,530	1,764,964	265.18%
EXPENDITURES						
<u>FIXED ASSETS</u>						
8543 Petaluma Aq Relocation - Kastania	2,772	0	0	0	0	N/A
9106 Santa Rosa Aqueduct Sections 2 & 3	534	0	0	370,000	370,000	N/A
9115 Wohler Santa Rosa Pipeline	530	325,000	325,000	0	(325,000)	(100.00%)
9128 Local Hazard Mitigation	0	0	0	2,000,000	2,000,000	N/A
9154 Petaluma Aqueduct	0	340,000	340,000	300,000	(40,000)	(11.76%)
XXXX Sonoma Pipeline	0	0	0	50,000	50,000	N/A
9163 Eldridge-Madrone Pipeline	0	0	0	0	0	N/A
9174 South Trans. Syst. Pipeline	170,754	0	0	0	0	N/A
SUBTOTAL	174,590	665,000	665,000	2,720,000	2,055,000	309.02%
<u>OTHER CHARGES</u>						
7924 Interest - Prior Year	(102,416)	0	0	0	0	N/A
SUBTOTAL	(102,416)	0	0	0	0	N/A
TOTAL EXPENDITURES	72,174	665,000	665,000	2,720,000	2,055,000	309.02%
Outstanding Encumbrances - Net Change	1,016,936	0				
Capitalized Interest	(102,416)	0				
ENDING FUND BALANCE	1,030,634	1,039,311		749,841		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Sonoma Aqueduct Revenue Bonds

Section/Index No: 675470

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	\$328,158	\$381,735		\$426,638		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	6,857	4,056	7,004	4,494	(2,510)	(35.84%)
1701 Interest Earned	5,418	0	0	0	0	N/A
SUBTOTAL	12,275	4,056	7,004	4,494	(2,510)	(35.84%)
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	293,564	293,367	293,367	294,115	748	0.25%
SUBTOTAL	293,564	293,367	293,367	294,115	748	0.25%
TOTAL REVENUES	305,839	297,423	300,371	298,608	(1,763)	(0.59%)
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	774	1,200	1,200	1,200	0	0.00%
6640 Debt Insurance Costs	2,320	2,320	2,320	2,320	0	0.00%
SUBTOTAL	3,094	3,520	3,520	3,520	0	0.00%
<u>OTHER CHARGES</u>						
7920 Interest	163,454	160,730	160,730	157,556	(3,174)	(1.97%)
7923 Discount / Bonds	262	262	262	262	0	0.00%
SUBTOTAL	163,716	160,992	160,992	157,818	(3,174)	(1.97%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	88,034	90,590	90,590	94,414	3,824	4.22%
9209 Ent - Principal Clearing	(88,034)	(90,590)	(90,590)	(94,414)	(3,824)	4.22%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	166,810	164,512	164,512	161,338	(3,174)	(1.93%)
Increase in Bonds Payable	0	0				
Amort. of Bond Issuance Costs	2,582	2,582		2,582		
Principal Payments on Bonds	(88,034)	(90,590)		(94,414)		
ENDING FUND BALANCE	\$381,735	\$426,638		\$472,076		

FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY

Section Title: Common Facilities

Section/Index No: 675421

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	811,701	(3,769,304)		(1,588,261)		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	25,517	(21,856)	23,246	(32,790)	(56,036)	(241.06%)
SUBTOTAL	25,517	(21,856)	23,246	(32,790)	(56,036)	(241.06%)
<u>Charges for Services</u>						
3980 Revenue Apply to PY	0	271	0	0	0	N/A
SUBTOTAL	0	271	0	0	0	N/A
<u>Miscellaneous Revenues</u>						
4040 Miscellaneous Revenue	4,000	0	0	0	0	N/A
SUBTOTAL	4,000	0	0	0	0	N/A
<u>ADMINISTRATIVE CONTROL</u>						
4200 ENT - LTD Proceeds	743,067	0	3,000,000	0	(3,000,000)	(100.00%)
4209 ENT - LTD Proc. Clearing	(743,067)	0	(3,000,000)	0	3,000,000	(100.00%)
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	2,578,500	3,295,728	1,801,700	2,545,399	743,699	41.28%
SUBTOTAL	2,578,500	3,295,728	1,801,700	2,545,399	743,699	41.28%
TOTAL REVENUES	2,608,017	3,274,143	1,824,946	2,512,609	687,663	37.68%
EXPENDITURES						
<u>Services and Supplies</u>						
6522 Dist Services	3,011	0	0	0	0	N/A
7206 Equipment Usage	1,012	0	0	0	0	N/A
SUBTOTAL	4,023	0	0	0	0	N/A
<u>OTHER CHARGES</u>						
7480 Exp Applicable to Prior Year	26,612	0	0	0	0	N/A
7924 Capital Interest	(811,023)	0	0	0	0	N/A
SUBTOTAL	(784,411)	0	0	0	0	N/A
<u>FIXED ASSETS</u>						
8528 Mirabel Generator	3,071,747	190,000	0	350,000	350,000	N/A
8529 Isolation Valves & Meters	484	6,000	0	50,000	50,000	N/A
8552 Forestville Storage Tank 1.14 (c) and (d)	611	0	0	103,500	103,500	N/A
9105 Mirabel Fish Screen Replacement	53,406	200,000	200,000	1,000,000	800,000	400.00%
9107 Air Valves	895,043	235,000	235,000	150,000	(85,000)	(36.17%)
9113 Wohler Site Improvement	736,784	85,000	57,100	200,000	142,900	250.26%
9128 Local Hazard Mitigation	28,393	30,000	250,000	350,000	100,000	40.00%

Section Title:

Common Facilities

Section/Index No:

675421

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
9130 Trans System Exp - Water Project EIR, Dry Creek Feasibility Study, Mirabel/Cotati Feasibility Study, Flow EIR, Spring Lake Groundwater, Phase II 12 kv Project	574,571	175,000	0	0	0	N/A
9152 Pump & Collector Capacity	112,539	1,450,000	830,000	0	(830,000)	(100.00%)
9175 Wohler Mirabel 12KV	1,370,156	22,000	0	0	0	N/A
9176 Mirabel - Cotati Pipeline	151	100	0	0	0	N/A
SUBTOTAL	6,843,885	2,393,100	1,572,100	2,203,500	631,400	40.16%
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	56,349	0	0	0	0	N/A
SUBTOTAL	56,349	0	0	0	0	N/A
TOTAL EXPENDITURES	6,119,846	2,393,100	1,572,100	2,203,500	631,400	40.16%
Loan	0	0		0		
Outstanding Encumbrances - Net Change	1,016,930	0		0		
Capitalized Interest	(811,023)	0		0		
Proceeds from State Loan & Other LT Debt	(1,696)	0		0		
Change in Deposit with Others	0	0		0		
Change in Contingent Liability	(1,300,000)	1,300,000				
PY CIP Adjustment - Reclass to PY Exp	26,613					
ENDING FUND BALANCE	(3,769,304)	(1,588,261)		(1,279,152)		

FY 2010-11 BUDGET
Common Facilities - Section 675421
Detailed Listing of Capital Projects

SUB-OBJECT DESCRIPTION	Project & Subsubject	FY 2010-11 BUDGET
8528 Mirabel Generator		
DESCRIPTION		
Mirabel Generator	TBD	350,000
	8528 Total	350,000
8529 Isolation Valves and Meters		
DESCRIPTION		
Isolation Valves	7379	50,000
	8529 Total	50,000
8552 Forestville Storage Tank		
DESCRIPTION		
Forestville Storage Tank	7255	103,500
	8552 Total	103,500
9105 Mirabel Fish Screen Replacement		
DESCRIPTION		
Fish Screen Replacement	7357	1,000,000
	9105 Total	1,000,000
9107 Air Valves		
DESCRIPTION		
Air Valves	7429	150,000
	9107 Total	150,000
9113 Wohler Site Improvement		
DESCRIPTION		
Wohler HazMat Storage Facility	TBD	0
Decommision Wohler Ponds	7358	200,000
	9113 Total	200,000
9128 Local Hazard Mitigation Projects		
DESCRIPTION		
Collector 3 and 5 Liquefaction Mitigation	TBD	350,000
	9128 Total	350,000

Total Common Facilities \$ 2,203,500

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Common Facilities Revenue Bonds - 2003 A

Section/Index No:

675454

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEG. FUND BALANCE	\$234,441	\$220,685		\$223,037		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	4,117	2,368	1	3,290	3,289	328908.00%
1701 Interest Earned	9,224	0	0	0	0	N/A
SUBTOTAL	13,341	2,368	1	3,290	3,289	328908.00%
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	499,339	498,999	498,999	500,280	1,281	0.26%
SUBTOTAL	499,339	498,999	498,999	500,280	1,281	0.26%
TOTAL REVENUES	512,680	501,367	499,000	503,570	4,570	0.92%
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	1,223	1,600	1,600	1,600	0	0.00%
6640 Debt Insurance Costs	3,951	3,951	3,951	3,951	0	0.00%
SUBTOTAL	5,174	5,551	5,551	5,551	0	0.00%
<u>OTHER CHARGES</u>						
7920 Interest	278,314	273,670	273,670	268,270	(5,400)	(1.97%)
7923 Discount / Bonds	446	446	446	446	0	0.00%
SUBTOTAL	278,760	274,116	274,116	268,716	(5,400)	(1.97%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	97,000	69,500	69,500	0	(69,500)	(100.00%)
SUBTOTAL	97,000	69,500	69,500	0	(69,500)	(100.00%)
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	149,897	154,245	154,245	160,759	6,514	4.22%
9209 Ent - Principal Clearing	(149,897)	(154,245)	(154,245)	(160,759)	(6,514)	4.22%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	380,934	349,167	349,167	274,267	(74,900)	(21.45%)
Increase in Bonds Payable	0	0		0		
Amort. of Bond Issuance Costs	4,397	4,397		4,397		
Long Term Debt Proceeds						
Principal Payment	(149,899)	(154,245)		(160,759)		
ENDING FUND BALANCE	\$220,685	\$223,037		\$295,978		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Common Facilities Revenue Bonds 2006

Section/Index No: 675496

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEG. FUND BALANCE	\$201,442	\$185,575		\$82,823		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	3,604	1,936	37	4,928	4,891	13218.16%
1701 Interest Earned	2,659	0	0	0	0	N/A
SUBTOTAL	6,263	1,936	37	4,928	4,891	13218.16%
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	404,725	400,482	1,187,354	401,125	(786,229)	(66.22%)
SUBTOTAL	404,725	400,482	1,187,354	401,125	(786,229)	(66.22%)
TOTAL REVENUES	410,988	402,418	1,187,391	406,052	(781,339)	(65.80%)
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	1,806	3,300	3,300	2,300	(1,000)	(30.30%)
6640 Debt Insurance Costs	4,085	5,085	5,085	4,085	(1,000)	(19.67%)
SUBTOTAL	5,891	8,385	8,385	6,385	(2,000)	(23.85%)
<u>OTHER CHARGES</u>						
7920 Interest	242,141	238,000	398,179	233,936	(164,243)	(41.25%)
7922 Premium-Call Bonds	(1,984)	0	0	0	0	N/A
SUBTOTAL	240,157	238,000	398,179	233,936	(164,243)	(41.25%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	81,500	160,100	160,100	0	(160,100)	(100.00%)
SUBTOTAL	81,500	160,100	160,100	0	(160,100)	(100.00%)
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	101,407	103,770	625,917	108,483	(517,434)	(82.67%)
9209 Ent - Principal Clearing	(101,407)	(103,770)	(625,917)	(108,483)	517,434	(82.67%)
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	327,548	406,485	566,664	240,321	(326,343)	(57.59%)
Cost of Issuance	0	0		0		
Restricted Cash w/Fiscal Agent	0	0		0		
Increase in Bonds Payable	0	0		0		
Amort of Bond Premium	(1,985)	0		0		
Amort. of Bond Issuance Costs	4,085	5,085		4,085		
Long Term Debt Proceeds	0	0		0		
Principal Payment	(101,407)	(103,770)		(108,483)		
Post-Audit Adjustment - Closing						
COI Funds	0	0		0		
ENDING FUND BALANCE	\$185,575	\$82,823		\$144,156		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: State Loan Debt Service Fund

Section/Index No: 675439

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	\$3,604,938	(\$35,922)		\$126,153		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	77,378	6,040	2,022	7,483	5,461	270.06%
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	77,378	6,040	2,022	7,483	5,461	270.06%
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	340,356	1,196,270	1,196,270	1,196,268	(2)	(0.00%)
SUBTOTAL	340,356	1,196,270	1,196,270	1,196,268	(2)	(0.00%)
TOTAL REVENUES	417,734	1,202,310	1,198,292	1,203,751	5,459	0.46%
EXPENDITURES						
<u>OTHER CHARGES</u>						
7930 Interest - LT Debt	438,782	421,880	421,880	404,475	(17,405)	(4.13%)
SUBTOTAL	438,782	421,880	421,880	404,475	(17,405)	(4.13%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	2,400,000	0	0	0	0	N/A
SUBTOTAL	2,400,000	0	0	0	0	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	601,450	618,355	618,355	635,758	17,403	2.81%
9209 Ent - Principal Clearing	(601,450)	(618,355)	(618,355)	(635,758)	(17,403)	2.81%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	2,838,782	421,880	421,880	404,475	(17,405)	(4.13%)
Principal Payment	(601,449)	(618,355)		(635,758)		
Change in Due to Other Gov	(618,363)					
ENDING FUND BALANCE	(\$35,922)	\$126,153		\$289,671		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: State Loan Reserve Fund

Section/Index No: 675447

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
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BEGINNING FUND BALANCE	\$0	\$0		\$0		
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REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	13,896	7,692	0	0	0	N/A
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	13,896	7,692	0	0	0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	119,641	119,628	119,628	119,627	(1)	(0.00%)
SUBTOTAL	119,641	119,628	119,628	119,627	(1)	(0.00%)
TOTAL REVENUES	133,537	127,320	119,628	119,627	(1)	(0.00%)

EXPENDITURES

OTHER FINANCING USES

8625 OT - W/in Special Dist	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	0	0	0	0	0	N/A
Reserve Unavail. for Budgeting	(133,537)	(127,320)		(119,627)		

ENDING FUND BALANCE	\$0	\$0		\$0		
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<u>Fund Balance Components at Beginning of</u>	7/1/08	7/1/09
Cash	\$598,191	\$731,728

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Capital Lease Financing

Section/Index No: 675371

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	\$0	\$700,000		\$0		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	0	7,156	0	7,030	7,030	N/A
1760 Investment Income	0	0	0	0	0	N/A
SUBTOTAL	0	7,156	0	7,030	7,030	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	700,000	0	0	0	0	N/A
SUBTOTAL	700,000	0	0	0	0	N/A
TOTAL REVENUES	700,000	7,156	0	7,030	7,030	N/A
EXPENDITURES						
<u>OTHER CHARGES</u>						
7920 Interest - LT Debt	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	0	707,156	0	0	0	N/A
SUBTOTAL	0	707,156	0	0	0	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	0	0	0	0	0	N/A
9209 Ent - Principal Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	0	707,156	0	0	0	N/A
Principal Payment	0	0		0		
ENDING FUND BALANCE	\$700,000	\$0		\$7,030		

A. ANNUAL DEBT SERVICE REQUIREMENTS

	Common Facilities	Storage Facilities	Sonoma Pipeline Facilities
2003 A Revenue Bond	675454	675462	675470
PRINCIPAL	\$160,759	\$114,828	\$94,414
INTEREST	268,270	191,622	157,556
FISCAL AGENT FEES	1,600	1,500	1,200
DEBT ISSUANCE COSTS	3,951	2,822	2,320
DISCOUNT/BONDS	446	319	262
Total Individual Bond Payments	435,026	311,091	255,752
Bond Reserve	65,254	46,664	38,363
Total Individual Bond Debt Service	500,280	357,755	294,115
2006 A Revenue Bond	675496	675488	
PRINCIPAL	\$108,483	\$121,518	
INTEREST	233,936	262,046	
FISCAL AGENT FEES	2,300	2,500	
DEBT ISSUANCE COSTS	4,085	4,576	
DISCOUNT/BONDS			
Total Individual Bond Payments	348,804	390,640	0
Bond Reserve	52,321	58,596	0
Total Individual Bond Debt Service	401,125	449,236	0
<u>1. 09/10 Financing Exp for Common Fac incl above until index established</u>	Mirabel Generators	TBD - Oakmont Pipeline	
PRINCIPAL	205,000		
INTEREST	120,618		
FISCAL AGENT FEES	0		
DEBT ISSUANCE COSTS	0		
Total Individual Bond Payments	325,618	0	0
Reserve	16,281	0	0
Total Individual Financing Debt Service	341,899	0	0
SRF LOAN	675439		
PRINCIPAL	635,758	N.A	N.A
INTEREST	404,475	N.A	N.A
USE OF SRF LOAN FUND BALANCE - 675439			
Reserve Requirement	156,035		
Total SRF Debt Service	1,196,268		
SRF LOAN RESERVE RESERVE	675447		
RESERVE	119,627	N.A	N.A
Total SRF Debt Service	1,315,895		
TOTAL DEBT SERVICE	\$2,559,198	\$806,991	\$294,115
LESS REV. FROM N. MARIN REV. BOND CHARGES	\$317,069		
REMAINING REVENUE REQUIREMENT	\$2,242,129	\$806,991	\$294,115

B. CALCULATIONS OF WATER RATES FOR FY 10-11

	Common Facilities Debt Service Charge	Storage Facilities Revenue Bonds Charge	Sonoma Pipeline Facilities Revenue Bonds Charge
REVENUE REQUIREMENT	\$2,242,129	\$806,991	\$294,115
APPLICABLE BASE WATER DELIVERIES IN A.F.	35,198.8	35,198.8	4,168.8
CHARGES PER ACRE-FEET	\$63.70	\$22.93	\$70.55

C. CALCULATIONS OF NORTH MARIN REVENUE BONDS CHARGE

REVENUE REQUIREMENT FOR COMMON FACILITIES DEBT SERVICE	2,559,198
N. MARIN'S SHARE (REV. REQMT. FOR COMMON FAC. DEBT SERVICE X (11.2/90.4))	317,069
ESTIMATED WATER DELIVERIES TO NORTH MARIN (IN A.F.)	7,376
NORTH MARIN REVENUE BONDS CHARGE	43

Common Facilities	
Total Debt Service	2,559,198
N. Marin's Share (11.2/90.4)	317,069
Estimated Water Deliveries to N. Marin	7,376.2
Applicable portion of the N. Marin R. Bonds Charge	\$42.99

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: North Marin Water Deposit

Section/Index No: 675512

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	11,910	12,285		12,461		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	375	176	217	125	(92)	(42.29%)
SUBTOTAL	375	176	217	125	(92)	(42.29%)

MISCELLANEOUS REVENUES

4625 OT - W/in Special Dist	0	0	0	76,300	76,300	N/A
SUBTOTAL	0	0	0	76,300	76,300	N/A

TOTAL REVENUES	375	176	217	76,425	76,208	35119.00%
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EXPENDITURES

OTHER CHARGES

8010 Contribution Non-Co Govt	0	0	0	76,300	76,300	N/A
SUBTOTAL	0	0	0	76,300	76,300	N/A

TOTAL EXPENDITURES	0	0	0	76,300	76,300	N/A
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ENDING FUND BALANCE	12,285	12,461		12,586		
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**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

Santa Rosa Aqueduct Capital Fund
675207

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	4,902,719	5,590,446		5,376,124		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	113,790	110,678	80,913	56,000	(24,913)	(30.79%)
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	113,790	110,678	80,913	56,000	(24,913)	(30.79%)

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	573,937	0	0	0	0	N/A
SUBTOTAL	573,937	0	0	0	0	N/A

TOTAL REVENUES	687,727	110,678	80,913	56,000	(24,913)	(30.79%)
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EXPENDITURES

OTHER FINANCING USES

8625 OT - W/in Special Dist	0	325,000	325,000	870,000	545,000	167.69%
SUBTOTAL	0	325,000	325,000	870,000	545,000	167.69%

TOTAL EXPENDITURES	0	325,000	325,000	870,000	545,000	167.69%
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ENDING FUND BALANCE	5,590,446	5,376,124		4,562,124		
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**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Petaluma Aqueduct Capital Fund
 Section/Index No: 675215

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	4,635,510	5,502,807		5,221,350		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	106,768	57,868	101,873	55,893	(45,980)	(45.13%)
1701 Interest Earned	0	675	0	0	0	N/A
SUBTOTAL	106,768	58,543	101,873	55,893	(45,980)	(45.13%)

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	852,497	0	0	0	0	N/A
SUBTOTAL	852,497	0	0	0	0	N/A

TOTAL REVENUES	959,265	58,543	101,873	55,893	(45,980)	(45.13%)
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EXPENDITURES

OTHER FINANCING USES

8625 OT - W/in Special Dist	91,968	340,000	340,000	0	(340,000)	(100.00%)
SUBTOTAL	91,968	340,000	340,000	0	(340,000)	(100.00%)

TOTAL EXPENDITURES	91,968	340,000	340,000	0	(340,000)	(100.00%)
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ENDING FUND BALANCE	5,502,807	5,221,350		5,277,243		
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FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY

Section Title: Sonoma Aqueduct Capital Fund
 Section/Index No: 675231

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	1,655	123,162		124,422		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	38	1,260	2,476	1,230	(1,246)	(50.32%)
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	38	1,260	2,476	1,230	(1,246)	(50.32%)
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	121,469	0	0	0	0	N/A
SUBTOTAL	121,469	0	0	0	0	N/A
TOTAL REVENUES	121,507	1,260	2,476	1,230	(1,246)	(50.32%)
EXPENDITURES						
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	0	0	0	50,000	50,000	N/A
SUBTOTAL	0	0	0	50,000	50,000	N/A
TOTAL EXPENDITURES	0	0	0	50,000	50,000	N/A
ENDING FUND BALANCE	123,162	124,422		75,652		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Water Management Planning

Section/Index No:

675710

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	248,309	345,561		1,000,893		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	6,309	3,752	5,288	4,700	(588)	(11.12%)
SUBTOTAL	6,309	3,752	5,288	4,700	(588)	(11.12%)
<u>Intergovernmental Revenue</u>						
2912 Town of Windsor	11,421	48,352	57,332	12,838	(44,494)	(77.61%)
SUBTOTAL	11,421	48,352	57,332	12,838	(44,494)	(77.61%)
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	182,898	753,278	824,720	200,000	(624,720)	(75.75%)
SUBTOTAL	182,898	753,278	824,720	200,000	(624,720)	(75.75%)
TOTAL REVENUES	200,628	805,382	887,340	217,538	(669,802)	(75.48%)
EXPENDITURES						
<u>Services and Supplies</u>						
6523 District Operations-Urban Wtr Mgmt Plan	12,546	0	674,720	475,000	(199,720)	(29.60%)
6570 Consultant Svs-Urban Wtr Mgmt Plan	2,944	50,000	50,000	350,000		
6610 Legal Services	79,488	100,000	100,000	125,000		
7303 Private Car Expense	6	50	0	0		
SUBTOTAL	94,984	150,050	824,720	950,000	(199,720)	(24.22%)
TOTAL EXPENDITURES	94,984	150,050	824,720	950,000	(199,720)	(24.22%)
Outstanding Encumbrances - Net Change	(8,392)					
ENDING FUND BALANCE	345,561	1,000,893		268,431		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

Watershed Planning/Restoration
675728

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	(163,217)	(573,222)		(975,400)		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	830	(3,742)	3,570	(3,828)	(7,398)	(207.22%)
SUBTOTAL	830	(3,742)	3,570	(3,828)	(7,398)	(207.22%)
<u>Intergovernmental Revenue</u>						
2912 Town of Windsor	19,826	112,000	132,840	112,000	(20,840)	(15.69%)
SUBTOTAL	19,826	112,000	132,840	112,000	(20,840)	(15.69%)
<u>Miscellaneous Revenues</u>						
4102 Donations/Reimbursements - SR Plain Groundwater	159,442	0	0	0	0	N/A
SUBTOTAL	159,442	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	317,484	1,744,854	1,910,900	1,744,854	(166,046)	(8.69%)
SUBTOTAL	317,484	1,744,854	1,910,900	1,744,854	(166,046)	(8.69%)
TOTAL REVENUES	497,582	1,853,112	2,047,310	1,853,026	(194,284)	(9.49%)
EXPENDITURES						
<u>Services and Supplies</u>						
6522 District Services	5,858	0	0	0	0	N/A
6523 District Operations - RRIFR Program	259,466	1,312,200	1,445,900	1,065,610	(380,290)	(26.30%)
6570 Consultant Services - RRIFR Program	418,510	943,090	465,000	701,025		
6610 Legal Services	8,241	0	0	0		
7206 Equipment Usage	2,368	0	0	0		
7303 Private Car Expense	0	0	0	0		
SUBTOTAL	694,443	2,255,290	1,910,900	1,766,635	(380,290)	(19.90%)
TOTAL EXPENDITURES	694,443	2,255,290	1,910,900	1,766,635	(380,290)	(19.90%)
Outstanding Encumbrances - Net Change	(213,144)					
ENDING FUND BALANCE	(573,222)	(975,400)		(889,009)		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Recycled Water and Local Supply
 Section/Index No: 675736

Subobject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	(201,970)	150,675		37,981		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	75,378	27,812	(711)	1,781	2,492	(350.49%)
SUBTOTAL	75,378	27,812	(711)	1,781	2,492	(350.49%)
<u>Intergovernmental Revenue</u>						
2912 Town of Windsor	21,406	42,560	50,487	53,116	2,629	5.21%
SUBTOTAL	21,406	42,560	50,487	53,116	2,629	5.21%
<u>MISCELLANEOUS REVENUE</u>						
4102 Donations/Reimbursements	90,000	200,258	200,258	125,000	(75,258)	(37.58%)
<i>SV GW Mgmt Plan, SR Plain GW Study & Mgmt Plan</i>						
SUBTOTAL	90,000	200,258	200,258	125,000	(75,258)	(37.58%)
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	419,179	663,044	726,250	827,499	101,249	13.94%
SUBTOTAL	419,179	663,044	726,250	827,499	101,249	13.94%
TOTAL REVENUES	605,963	933,674	976,284	1,007,396	31,112	3.19%
EXPENDITURES						
<u>Services and Supplies</u>						
6522 District Administration	2,462	0	0	0	0	N/A
6523 District Operations	105,500	428,808	428,808	430,000	1,192	0.28%
<i>SV GW Mgmt Plan, SR Plain GW Study & Mgmt Plan</i>						
6570 Consultant Services	115,059	430,000	461,000	522,500	61,500	13.34%
<i>SV GW Mgmt Plan, SR Plain GW Study & Mgmt Plan</i>						
6610 Legal Services	341	0	5,250	0	(5,250)	(100.00%)
7206 Equipment Usage	481	0	0	0	0	N/A
7277 Recycled Water Use	1,011,289	145,000	0	0	0	N/A
7303 Private Car Expense	110	0	0	0	0	N/A
SUBTOTAL	1,235,242	1,003,808	895,058	952,500	57,442	6.42%
TOTAL EXPENDITURES	1,235,242	1,003,808	895,058	952,500	57,442	6.42%
Outstanding Encumbrances - Net Change	1,003,160					
Change in Windsor Reserve	(21,236)	(42,560)		(53,116)		
ENDING FUND BALANCE	150,675	37,981		39,761		

**FY 2010-11 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

Water Conservation
675744

Subsubject Title	Actual 2008-09	Estimated 2009-10	Adopted 2009-10	Requested 2010-11	Difference	Percent Change
BEGINNING FUND BALANCE	(213,038)	240,627		261,938		
REVENUES						
USE OF MONEY / PROPERTY						
1700 Interest on Pooled Cash	32,738	4,816	31,413	(5,156)	(36,569)	(116.41%)
SUBTOTAL	32,738	4,816	31,413	(5,156)	(36,569)	(116.41%)
Intergovernmental Revenue						
2911 City of Santa Rosa	147,197	(57,562)	0	0	0	N/A
2912 Town of Windsor	104,911	92,800	110,045	100,969	(9,076)	(8.25%)
2914 City of Rohnert Park	67,549	0	0	0	0	N/A
2919 City of Sonoma	44,860	(5,943)	0	0	0	N/A
2951 North Marin Water District	125,515	(6,806)	0	0	0	N/A
2954 Town of Windsor	3,190	2	0	0	0	N/A
SUBTOTAL	493,222	22,491	110,045	100,969	(9,076)	(8.25%)
Miscellaneous Revenue						
3980 Revenue Applicable to Prior Ye	2,300	-	-	-	0	N/A
4040 Miscellaneous Revenue	874	678	-	-	0	N/A
4102 Donations/Reimbursements	73,240	0	0	0	0	N/A
4303 State Grants	13,740	0	0	74,000	74,000	N/A
SUBTOTAL	90,154	678	0	74,000	74,000	N/A
OTHER FINANCING SOURCES						
4625 OT - W/in Special Dist	1,652,411	1,706,736	1,844,000	1,572,999	(271,001)	(14.70%)
SUBTOTAL	1,652,411	1,706,736	1,844,000	1,572,999	(271,001)	(14.70%)
TOTAL REVENUES	2,268,525	1,734,721	1,985,458	1,742,812	(242,646)	(12.22%)
EXPENDITURES						
Services and Supplies						
6522 District Services	600	1,000	0	0	0	N/A
6523 District Operations	1,571,910	1,058,000	1,058,000	925,000	(133,000)	(12.57%)
6536 Business Environmental Allianc	0	50,000	50,000	50,000	0	0.00%
6570 Consultant Services	0	0	0	30,000	30,000	N/A
6584 Trade Shows - So Cty Fair	0	0	20,000	20,000	0	0.00%
6630 Audit Svs - Review of Prg	9,000	0	0	0	0	N/A
6800 Public Information	0	200,000	200,000	175,000	(25,000)	(12.50%)
7206 Equipment Usage	22,307	0	0	0	0	N/A
7247 Water Conservation	1,837,184	650,000	255,000	299,000	44,000	17.25%
7250 Reimbursable Projects	118,669	0	0	0	0	N/A
7303 Private Car Expense	8,429	0	0	0	0	N/A
SUBTOTAL	3,568,099	1,959,000	1,583,000	1,499,000	(84,000)	(5.31%)
Other Charges						
8010 Contribution to Non-County	0	0	0	74,000	74,000	N/A
SUBTOTAL	0	0	0	74,000	74,000	N/A
TOTAL EXPENDITURES	3,568,099	1,959,000	1,583,000	1,573,000	(10,000)	(0.63%)
Outstanding Encumbrances	1,851,335					
Change in Windsor Reserve	(98,096)	245,590		(100,969)		
ENDING FUND BALANCE	240,627	261,938		330,781		

FY 2010-11 BUDGET
SONOMA COUNTY WATER AGENCY
Operations and Maintenance Rate Computation

O & M REVENUE REQUIREMENT

ESTIMATED FISCAL YEAR 10/11 EXPENDITURES \$37,435,774

LESS:

Depreciation	5,400,000
Investment Income, Interest on Pooled Cash, Charges for Services	120,000
Power Sales	875,000
PWRPA Pre-paid Expense - FY 08/09 Rate Reduction- <i>One time only</i>	
Reserve Restoration Surcharge	0
Recycled Water funds (Sub-object 7277) taken from special reserve	0
Transfers Out	8,005,656

REVENUE REQUIREMENT (Net Expenditures)	\$23,035,118
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O & M ACRE FOOT BASE

AVERAGE DELIVERIES - PAST **12** MONTHS **49,853.0**

LESS:

Marin Municipal	7,183.9
Surplus (Irrigation)	94.1

TOTAL BASE DELIVERIES	42,575.0
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O & M RATE COMPUTATION:

Rate = Revenue Requirement - (Marin Muni Off Peak Deliveries x Highest Prime Rate)
- (Marin Muni Surplus Deliveries x (O&M Charge + Capital Charge))
Total Deliveries - Surplus Deliveries - Marin Muni Past 36 Months Deliveries

$$= \frac{23,035,118 - (4,300.00 \times 674.47) - (2,883.93 \times 620.75)}{49,853.0 - 94.1 - 7,183.9}$$

* = **\$430.13**

SONOMA COUNTY WATER AGENCY
RUSSIAN RIVER CONSERVATION CHARGE COMPUTATION

FISCAL YEAR 2010-11

PROPERTY ASSESSMENT VALUES AS OF FY 09 -10:

TAX CODE	ENTITY	SECURED	UNSECURED	TOTAL VALUE
14000	Forestville Co Water District	\$312,595,774	\$2,769,439	\$315,365,213
42800	City of Cotati	889,906,830	18,137,647	908,044,477
43500	City of Petaluma	7,372,195,051	432,535,243	7,804,730,294
43800	City of Rohnert Park	3,827,719,691	118,715,164	3,946,434,855
44500	City of Santa Rosa	18,213,857,671	668,697,067	18,882,554,738
45000	City of Sonoma	1,952,146,154	54,522,542	2,006,668,696
	Valley of the Moon Water District	2,560,676,896	22,526,019	2,583,202,915
	<i>TOTAL</i>	\$35,129,098,067	\$1,317,903,121	\$36,447,001,188

Notes:

- 1 Total value of secured and unsecured property in service areas of Prime Water Contractors of Sonoma County (see above) \$36,447,001,188

- 2 2009-10 Sonoma County tax rate per \$100 of full cash value assessed for payment of Warm Springs Dam Project Obligations 0.007

- 3 Total tax levied on citizens residing in service areas of Prime Water Contractors of Sonoma County, i.e., (Line 1/100) x Line 2 \$2,551,290

- 4 Total acre feet of water delivered to Prime Water Contractors of Sonoma County (not including North Marin) during the last 12 month period 34,190.98

- 5 Total Russian River Conservation Charge per Acre Foot (Line 3 / Line 4) \$74.62

Resolution No. _____
 County Administration Building
 Santa Rosa, CA

Date: _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA COUNTY WATER AGENCY
 ESTABLISHING WATER RATES AND CHARGES FOR AGENCY'S WATER TRANSMISSION SYSTEM
 FOR FISCAL YEAR 2010/2011. (4/5 Vote Required)

BE IT RESOLVED by the Board of Directors of the Sonoma County Water Agency that the following rates and charges be and they are hereby established as rates and charges for water service from the Sonoma County Water Agency's Water Transmission System for water delivered during Fiscal Year 2010/2011.

**CHARGES PER ACRE-FOOT FOR WATER USED FOR
 MUNICIPAL PURPOSES BY WATER CONTRACTORS ***

	Santa Rosa <u>Aqueduct</u>	Petaluma <u>Aqueduct</u>	Sonoma <u>Aqueduct</u>
Operations & Maintenance Charge	\$430.13	\$430.13	\$430.13
Water Management Planning Sub-charge	\$4.01	\$4.01	\$4.01
Watershed Planning/Restoration Sub-charge	\$35.00	\$35.00	\$35.00
Recycled Water & Local Supply Sub-charge	16.60	16.60	16.60
Water Conservation Sub-charge	\$31.55	\$31.55	\$31.55
SUBTOTAL	\$517.29	\$517.29	\$517.29
Revenue Bonds Charges			
Aqueduct Rev. Bonds Charge	0.00	0.00	70.55
Storage Fac. Rev. Bonds Charge	22.93	22.93	22.93
Common Fac. Rev. Bonds Charge	63.70	63.70	63.70
Aqueduct Capital Charge	0.00	0.00	0.00
TOTAL	\$603.92	\$603.92	\$674.47

* Water Contractors are the cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Windsor, and Sonoma, and the North Marin and Valley of the Moon Water Districts. All water contractors with the exception of North Marin Water District utilize the Agency's storage facilities. North Marin Water District does not pay a charge for storage.

WATER CHARGES TO OTHER THAN WATER CONTRACTORS

Monthly Meter Charge

1" meter or smaller	\$24.00
1½" meter	25.00
2" meter	26.00
3" meter	28.00
4" meter	29.00
6" meter	180.00
8" meter	197.00
10" meter	\$220.00

WHOLESALE CHARGE FOR WATER USED FOR MUNICIPAL PURPOSES **\$809.36 / A.F.**

Water purchased by private parties and water companies engaged in retail sale of water to others and all tax-supported public agencies.

FORESTVILLE CHARGE **\$603.92 / A.F.**

Forestville's charge is the same as the total charge for Prime Contractors for water delivered from the Santa Rosa aqueduct except for the first ten years following the Restructured Agreement for Water Supply, Forestville shall not pay the Santa Rosa Aqueduct Capital Charge. Forestville to begin paying the Santa Rosa Aqueduct Capital Charge in FY 17/18.

WINDSOR CHARGE **\$809.36 / A.F.**

Town of Windsor is charged 120% of the highest charge for any other prime contractor on the Santa Rosa Aqueduct from FY 06/07 to FY 21/22. Town of Windsor pays all subcharges on all water they divert from the Russian River using their equipment.

CHARGE FOR SURPLUS WATER

Non-Municipal use (primarily for irrigation)	meter charge +	\$620.75 / A.F.
Municipal use (groundwater recharge/recreational lakes)		\$620.75 / A.F.

CHARGE FOR FIRE SERVICE

Annual charge of \$300.00

Annual inspection and certification for back-flow prevention.

CHARGE FOR HYDRANT

Annual charge of \$64.00

Unmetered hydrants for fire protection.

CHARGE FOR THIRD OFF-PEAK SURPLUS WATER

\$769.09 / A.F.

Marin Municipal Water District includes Russian River Conservation and Project Charges.

CHARGE FOR SUPPLEMENTAL WATER

\$707.91 / A.F.

Marin Municipal Water District includes Russian River Conservation and Project Charges.

RUSSIAN RIVER CONSERVATION CHARGE
Applicable to North Marin and Marin Municipal Water Districts.

\$74.62 / A.F.

RUSSIAN RIVER PROJECTS CHARGE
Applicable to North Marin and Marin Municipal Water Districts.

\$20.00 / A.F.

NORTH MARIN REVENUE BONDS CHARGE
Applicable to North Marin Water District.

\$42.99 / A.F.

WATER SERVICE INSTALLATION CHARGES

- (1) All new installations (hydrants and meters) will be quoted on a case-by-case basis by the Agency.
- (2) Price for meters and hydrant, includes piping for a maximum distance from aqueduct of 10 feet.
- (3) Temporary Meter Installation - To be installed and disassembled by Agency. The backflow device shall be specified by the Agency, but may be provided by the applicant. Meter may be provided by the applicant. Testing of the backflow device and accuracy testing of the meter will be accomplished by the Agency. The temporary meter installation charge will be quoted by the Agency.

DIRECTORS:

Kerns: Zane: Kelley: Carrillo: Brown:

Ayes _____ Noes _____ Absent _____ Abstain _____

SO ORDERED

FY 2010-11 BUDGET
Water Transmission System
Operating Transfers (OT)

Fund	Index	FY 10-11	
		OT Out (8625)	OT In (4625)
Santa Rosa Capital Fund	675207	870,000	0
Petaluma Capital Fund	675215	0	0
Sonoma Capital Fund	675231	50,000	0
Sonoma Rev Bond Fund 2003	675470	0	294,115
Storage Rev Bond Fund 2003	675462	0	357,755
Storage Rev Bond Fund 2006	675488	225,000	449,236
Common Rev Bond Fund 2003	675454	0	500,280
Common Rev Bond Fund 2006	675496	0	401,125
State Loan Debt Service	675439	0	1,196,268
State Loan Reserve	675447	0	119,627
Agency Fund (Discretionary)		2,703,500	0
Agency Fund (Charges)	675108	8,005,656	0
Pipeline Facilities	675413	0	920,000
Storage Facilities	675405	0	648,700
Common Facilities	675421	0	2,545,399
North Marin	675512	0	76,300
Water Management Planning	675710		200,000
Watershed Planning./Restoration	675728		1,744,854
Recycled Water & Local Supply	675736		827,499
Water Conservation	675744		1,572,999
Total		11,854,156	11,854,156

FY 11-12 Water Transmission System Budget & Rates

Michael Gossman

Budget & Accounting Mgr

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Michael Thompson

Assistant General Manager

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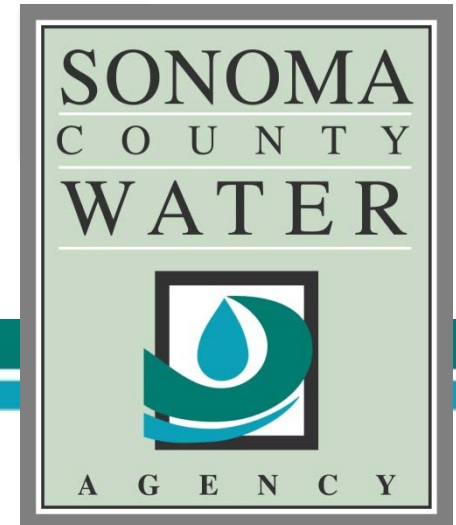
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Spencer Bader

Admin Division Manager

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Proposed FY 11-12 Rate Changes

	Santa Rosa Aqueduct	Petaluma Aqueduct	Sonoma Aqueduct
Rate Change	5.00%	5.00%	4.28%

Rate Setting Calculation

$$\frac{\text{Cost of Operations and Maintenance}}{\text{Water Sold}} = \text{Cost of Water (Dollars per acre-foot)}$$

Water Sold = Lesser of:

Average of last 3 years annual water deliveries

or

Last 12 months of actual water deliveries

Primary Factors Affecting Rate Increase

Factor	Impact on Rates (Approx.)
Reduced Deliveries*	+4.00%
Increase to Watershed Planning Rest. (B.O.)	+3.25%
“Minimum Prudent Reserve” Charge**	+0.75%
Net Reduction in Other Expenses	-3.00%
Overall Increase	+5.00%

*Note: 47,848 Ac Ft in the Prior 12 Months Vs. 49,853 Ac Ft used in the 10-11 rate calculation.

**The Prudent Reserve Target is \$5.17 million. Without a \$250,000 charge, the fund balance is estimated to fall below this target.

Key Areas of Reductions in O&M

Spending Area	Amount of Reduction
Overall Reduction in “Services and Supplies”	\$1,055,500
This Includes:	
Labor	\$400,000
Power	\$350,000
Consultant Services	\$9,000

Air Valve Project

- Project replaces original air valves with valves that have stainless steel bodies & Teflon inner parts to eliminate rusting.
- Will bring all air-valve venting above grade to eliminate potential cross contamination.



Old Style 2" Air Valve in Below Ground Vault



Installing New Upgraded Air Valves

Adding New Mainline Valves

- Part of this system reliability upgrade, includes new mainline isolation valves.
- Eliminates large gaps between valves when we need to isolate sections for maintenance or emergency leak repairs.
- This makes shut downs more efficient with less water loss and downtime.



New Butterfly Valve Lowered into Place



Newly installed valve

FY 11-12 Biological Opinion Projects

(Paid from Water Transmission and Watershed Planning/Restoration Funds)

<i>Project Management</i>	\$ 330,000
<i>Decision 1610 Change Petition</i>	930,680
<i>Estuary Management & Monitoring</i>	1,350,000
<i>Decommissioning Wohler Ponds (Completion)</i>	200,000
<i>Mirabel Dam Salmonid Monitoring Program</i>	201,000
Total	\$3,011,680

Proposed Rates for FY 11-12

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
O&M	\$ 439.04	\$ 439.04	\$ 439.04
Water Mgt Planning	4.18	4.18	4.18
Watershed Planning & Restoration	54.56	54.56	54.56
Recycled Water	18.13	18.13	18.13
Water Conservation	31.45	31.45	31.45
Total O&M	\$ 547.37	\$ 547.37	\$ 547.37
Capital Charges	0.00	0.00	0.00
Storage and Common Bond and Loan Charges	86.74	86.74	86.74
Sonoma Aqueduct Bond and Loan Charge			69.22
Total Prime Contractors Rates	\$ 634.11	\$ 634.11	\$ 703.33

Water Agency Rate Changes and Deliveries



Santa Rosa	6.66%	19.88%	6.93%	5.00%
Petaluma	10.71%	10.50%	6.93%	5.00%
Sonoma	7.22%	27.95%	8.42%	4.28%
Deliveries in Ac Ft	60,893	54,591	49,853	47,848

Next Steps

- **The Technical Advisory Committee unanimously recommended this budget on January 10th**
- **Vote by Water Advisory Committee – March 7th**
- **Adoption by the Board of Directors – April 19th**

FY 11-12 Water Transmission System Budget & Rates

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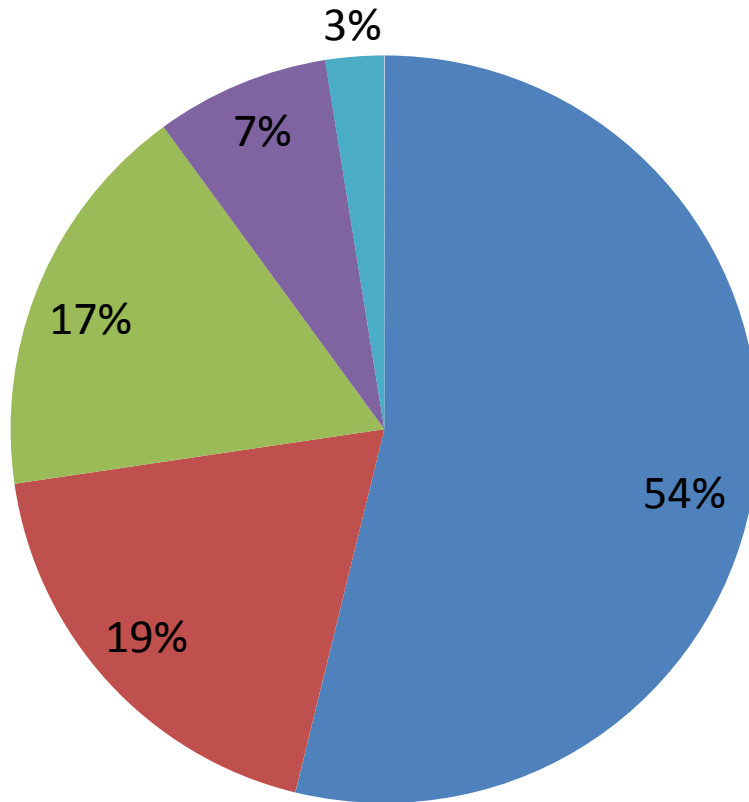
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Where the Money Goes

Expenditures - 5 Years



- Operations and Maintenance
- Electrical Power
- Water Conservation, Recycled Water, Local Supplies
- Engineering Support and Planning
- Watershed Restoration and ESA Compliance

Maintenance Projects

Description	Amount
Pond Flow Monitoring Instruments	75,000
Ralphine No 4 Cathodic Protection	144,000
Covers for Caissons 3, 4, & 5	15,000
Rebuild River Diversion System 100 HP Motor	20,000
Battery Service Agreement	9,000
Telemetry System Replacements (RTU) with SCADA pack	75,000
Test Equipment and Software	15,000
Wilfred Booster Motor & Switch Maintenance	75,000
Mirabel Caisson 4 - Electrical Maintenance	100,000
Transfer Switch Maintenance	25,000
Water System Instrument Spares	50,000
Water Treatment - Lab Process	90,000
Electrical & Mechanical Supplies	200,000
Wohler/Mirabel switchgear & transformer maintenance	60,000
Wohler Transformer Maintenance	25,000
Wohler/Mirabel and Warm Springs Dam 12 kV Pole Maintenance	80,000
Cassions and Laguna Wells	100,000
Miscellaneous Maintenance Projects	100,000
Total	\$1,258,000

Capital Improvement Projects

Project	Category	Amount
Santa Rosa Aqueduct - LHMP - Program Design	Pipeline	\$ 25,000
Petaluma Aqueduct - LHMP - Program Design	Pipeline	25,000
Petaluma Aqueduct Cathodic Protection	Pipeline	886,000
Sonoma Aqueduct - LHMP - Program Design	Pipeline	25,000
Pipeline Condition Assessments	Pipeline	200,000
Preliminary Alignment Eng Study (Reliability and Enhancement)	Storage	75,000
Kastania Check Valve Replacement	Storage	75,000
Isolation Valves	Common	150,000
Forestville Storage Tank	Common	722,000
Air Valves	Common	370,000
Decommission Wohler Ponds	Common	200,000
RDS Liquefaction Mitigation	Common	150,000
Collector Liquefaction Mitigation	Common	125,000
Russian River Crossing	Common	100,000
Mark West Creek Crossing	Common	10,000
Mirabel Dam Emergency Response Plan	Common	175,000
Collector 3 & 5 Liquefaction Mitigation Pre-Design	Common	50,000
Mirabel Potable Water Line	Common	150,000
Automated Meter Infrastructure	Common	200,000
		<u>\$ 3,713,000</u>

FY 11-12 Water Transmission Budget

Overview

The proposed budget for FY 2011–2012 will be based on accomplishing a focused set of goals, including the required elements of the Biological Opinion, continued implementation of hazard mitigation and reliability projects, and normal maintenance of facilities. Whenever possible, alternative sources of revenue, such as FEMA grants, will be used to finance capital projects. In the past year the Water Agency received funding of \$ 6.2 million from FEMA for projects including the Rogers Creek Fault crossing, up to 27 isolation valves, and the Russian River Crossing. Likewise, costs of the Biological Opinion continue to be carefully assigned across multiple funding sources and only those attributable to the Water Transmission System are included. Page numbers referenced refer to the Water Advisory Committee budget package.

Deliveries (Pages A-6 & A-7)

As required by the Restructured Agreement for Water Supply, the budget year forecast deliveries are based on the past 12 months actual deliveries or the 12 month average over the past 36 months, whichever is smaller. The 12 month actual deliveries through December 2010 were 47,848 acre feet and the annual average over the last 36 months was 52,385 acre feet. Therefore, 47,848 acre feet are used to calculate rates. This is a 4.02% drop in deliveries from the 49,853 acre feet used for the FY 2010-2011 budget and rates. The drop in water delivered continues to be a major factor resulting in increased rates. (Restructured Agreement Section 4.1)

Rates (Pages A-1 & A-5)

There are no Capital Charges in the budget for any aqueduct. The resulting rates are shown below:

Charge / Aqueduct	Santa Rosa	Petaluma	Sonoma
O&M	\$439.04	\$439.04	\$439.04
Water Mgt Planning	4.18	4.18	4.18
Watershed Planning & Restoration	54.56	54.56	54.56
Recycled Water	18.13	18.13	18.13
Water Conservation	31.45	31.45	31.45
Total O&M	\$ 547.37	\$ 547.37	\$ 547.37
Capital Charges	0.00	0.00	0.00
Storage and Common Bond and Loan Charges	86.74	86.74	86.74
Sonoma Aqueduct Bond Charge			69.22
Total Prime Contractors	\$ 634.11	634.11	703.33

▪ **Water Transmission System Fund**

▪ **Revenues (Page A-8)**

The revenues of the Water Transmission System Agency Fund are budgeted to increase by .40% or \$129,622 to \$32,660,794. These total revenues are comprised of numerous revenue categories, the biggest of which are water sales used to support operations and maintenance (O&M) activities. Interest income and power sales income are also budgeted to decrease due to low interest and power rates.

Revenue for the Watershed Planning and Restoration Charge, which is used for Biological Opinion projects in the main Russian River per the Restructured Agreement, is no longer capped at \$35 per acre foot and is increasing to \$2,610,680. (Restructured Agreement Section 4.14)

▪ **Expenses**

Expenses associated with ongoing operations and maintenance of the water transmission system are budgeted to decrease by \$737,162 (\$25,999,456 total O&M). Funding for capital projects, Water Management Planning, Watershed Planning and Restoration, Recycled Water and Local Supply and Water Conservation are budgeted to increase by \$2,012,957 (\$12,722,113 total capital project and sub fund costs). Overall expenses are budgeted to increase by \$1,305,795 or 3.47% to \$38,891,569. Each of the expense areas contributing to this increase is discussed below:

○ **Operations and Maintenance (Page A-9):**

O&M expenses are budgeted to **decrease** primarily because of reduced labor (\$400,000) and power (\$350,000) costs. These costs have decreased because of staffing reductions and expected lower power rates and decreased consumption.

○ **Water Management Planning (Page A-32):**

Water Management Planning fund is primarily used for the Urban Water Management Plan (UWMP) related activities. The 2010 UWMP should be substantially completed in FY2010-2011 and thus will require lower funding levels in FY2011-2012. The total budgeted expenses for this fund will decrease from \$950,000 in the current fiscal year to \$200,000 for FY 2011-2012. (Restructured Agreement Section 4.13)

○ **Watershed Planning and Restoration (Page A-33):**

This fund pays for Biological Opinion expenses related to the flows in the Russian River and the estuary. Per the Restructured Agreement the rate has been capped at \$35 per acre foot until FY 2011-2012. The fund has experienced expenses in excess of revenues up until now and is expected to end FY2010-2011 with a negative fund balance of - \$1,546,759. The charge for this fund is thus being increased to cover both the expected expenses and to restore a positive fund balance by the end of FY 2011-2012. Total budgeted expenses in the fund will increase from \$1,777,650 to \$2,610,680 because of increased staff time on required Biological Opinion projects (Decision 1610 and estuary management). The budget also reflects reduced use of consulting services. (Restructured Agreement Section 4.14)

- **Recycled Water and Local Supply (Page A-34)**

Recycled Water and Local Supply remains essentially unchanged from the prior year. No new LRT2 projects are proposed by the Water Contractors. Work continues on the Sonoma Valley and Santa Rosa Plain ground water studies. Water Agency staff is expected to spend \$100,000 less offset by an increase in consulting services of \$95,000 as these ground water studies continue. (Restructured Agreement Section 4.15)

- **Water Conservation (Page A-35 and A-39)**

Water Conservation pays for the Agency's regional activities related to water education and conservation. Revenues are declining because of \$74,000 decrease in a State Grant. Water conservation expenses are essentially unchanged from the previous fiscal year. (Restructured Agreement Section 4.16)

Capital Projects

- **Pipeline (Page A-18)**

- **Santa Rosa Aqueduct - LHMP - Program Design \$25,000**

Requested funds will be used to: 1) update the Local Hazard Mitigation Plan (LHMP), which is the key document required by FEMA to qualify for disaster mitigation funding; and 2) identify and develop project implementation strategies (alternatives) for individual mitigation projects listed in the current LHMP. This preliminary work will clarify the project scopes and alternatives for FEMA grant applications that the Water Agency is submitting annually. Similar budget requests will be required in the future as long as natural hazard mitigation projects continue to be implemented and grant funds sought.

- **Petaluma Aqueduct - LHMP - Program Design \$25,000**

Requested funds will be used to: 1) update the Local Hazard Mitigation Plan (LHMP), which is the key document required by FEMA to qualify for disaster mitigation funding; and 2) identify and develop project implementation strategies (alternatives) for individual mitigation projects listed in the current LHMP. This preliminary work will clarify the project scopes and alternatives for FEMA grant applications that the Water Agency is submitting annually. Similar budget requests will be required in the future as long as natural hazard mitigation projects continue to be implemented and grant funds sought.

- **Petaluma Aqueduct – Cathodic Protection \$886,000**

The Petaluma Aqueduct consist of 86,000 feet of 24-inch and 33-inch diameter cement mortar lined and coated steel pipe that was installed around 1962. It

extends from downtown Santa Rosa along the Northwestern Pacific Railroad tracks to Petaluma. The pipe does not meet corrosion protection levels set by National Association of Corrosion Engineers (NACE) Standards. In order to continue to protect the pipe from corroding, the Agency is planning to install an impressed cathodic protection system. It will be designed to protect the pipe for 20 years. This project should be completed before July 2012.

- **Sonoma Aqueduct - LHMP - Program Design \$25,000**

Requested funds will be used to: 1) update the Local Hazard Mitigation Plan (LHMP), which is the key document required by FEMA to qualify for disaster mitigation funding; and 2) identify and develop project implementation strategies (alternatives) for individual mitigation projects listed in the current LHMP. This preliminary work will clarify the project scopes and alternatives for FEMA grant applications that the Water Agency is submitting annually. Similar budget requests will be required in the future as long as natural hazard mitigation projects continue to be implemented and grant funds sought.

- **Pipeline Condition Assessments \$200,000**

Evaluate condition of transmission system pipelines using in-the-pipe technologies that may include closed-circuit TV inspection, acoustic, sonar, and laser profiling. Evaluation shall identify condition of mortar lining (e.g. remaining thickness) and presence of cracks or leaks. Assessments will be performed on the Sonoma and Santa Rosa Aqueducts and are budgeted at \$100,000 each.

- **Storage (Page A-15)**

- **Preliminary Alignment Eng Study (Reliability and Enhancement) \$75,000**

Conduct preliminary engineering and alignment study for a new reliability pipeline connecting the Kawana Tanks to the Ralphine Tanks and Sonoma Booster Pump Station. Ultimate project will enhance the reliability of water supply to east Santa Rosa and Sonoma Valley, particularly in regards to the current vulnerability of the existing pipeline under Spring Lake. Requested funds for FY 11-12 will enhance the previously budgeted funds in order to evaluate the future pipeline segment along the Farmer's Lane extension and the crossing of the Rodgers Creek Fault. Pending the findings of the preliminary engineering alignment study, subsequent budget requests will be submitted for environmental compliance, design, and construction. Overall project cost preliminarily estimated at \$31 million.

- **Kastania Check Valve Replacement \$75,000**

The existing check valve at this site is buried. This project work would provide access in the event of a failure and when maintenance is needed. The agency is

proposing to complete this project now because Cal-Trans is relocating a section of the pipeline in this area which will result in cost savings on this check valve replacement work.

▪ **Common (Pages A-20 thru A-22)**

○ **Isolation Valves \$150,000**

Requested funds will support environmental compliance efforts and preliminary design to facilitate the processing of the FEMA funding award (\$1.93 million) for this natural hazard mitigation project. The project will install isolation valves at various locations throughout the transmission system to improve response and system restoration due to damage from a major seismic event. Funds are needed to accommodate FEMA's schedule for preparing the environmental compliance documents and final grant award. Subsequent budget requests will be submitted in future fiscal years for design and construction. Total project cost is estimated at approximately \$2.6 million.

○ **Forestville Storage Tank \$722,000**

Requested funds will provide for the construction of a new 300,000 gallon storage tank to satisfy the transitional provisions applicable to Forestville outlined in the Restructured Agreement for Water Supply (Section 1.14) and to meet Forestville's schedule for constructing the tank.

○ **Air Valves \$370,000**

Requested funds will be provided for the continued replacement and upgrade of air/vacuum valves throughout the transmission system to comply with current regulatory requirements. Following Fiscal Year 10/11, approximately half of the air/vacuum valves will remain to be replaced and are programmed for replacement between FY 11-12 through FY 13-14 at an estimated cost of \$1.74 million.

○ **Decommission Wohler Ponds \$200,000**

The Biological Opinion for Water Supply, Flood Control Operations, and Channel Maintenance issued on September 24, 2008 includes Reasonable and Prudent Measure 6 (RPM) which requires that measures be undertaken to ensure that harm and mortality to listed salmonids from diversion operations, maintenance and fish screen replacement at Wohler and Mirabel are low. Item C under the RPM requires SCWA to decommission or modify the infiltration ponds at Wohler to prevent fish entrapment in the ponds during flood events. The project must be completed by September 24, 2011.

SCWA's approved plan for pond decommission is to remove all valves and grade the ponds and channels so that they will fill and drain without hindrance when the river

rises during flood events. All work must be completed during the summer of 2011 in order to meet the requirements of the BO.

- **RDS Liquefaction Mitigation \$150,000**

Requested funds will provide for conducting field investigation and study to identify preferred alternatives to mitigate liquefaction conditions at the RDS pumping facility and develop proposed project for future FEMA funding application. Grant application is anticipated to be submitted October 2012. Subsequent budget requests will be submitted in future fiscal years for grant support, environmental compliance, design, and construction. Total project cost is preliminarily estimated at approximately \$5 million, though project alternatives are not well defined at this time.

- **Collector 6 Liquefaction Mitigation \$125,000**

Requested funds will provide for conducting field investigation and study to identify preferred alternatives to mitigate liquefaction conditions at Collector 6 and develop proposed project for future FEMA funding application. Grant application is anticipated to be submitted October 2012. Subsequent budget requests will be submitted in future fiscal years for grant support, environmental compliance, design, and construction. Total project cost is preliminarily estimated at approximately \$1.5 million, though project alternatives are not well defined at this time.

- **Russian River Crossing \$100,000**

Requested funds will support environmental compliance efforts and preliminary design (esp. geotechnical investigation) to facilitate the processing of the FEMA funding award (\$2.95 million) for this natural hazard mitigation project. The project will construct a new or modified transmission system crossing at the Russian River to mitigate the risks of pipeline rupture due to liquefaction from a major seismic event. Funds are needed to accommodate FEMA's schedule for preparing the environmental compliance documents and final grant award. Subsequent budget requests will be submitted in future fiscal years for environmental compliance, design, and construction. Total project cost is estimated at approximately \$3.9 million.

- **Mark West Creek Crossing \$10,000**

Requested funds will provide for further project development and grant support efforts for pursuit of FEMA disaster mitigation funding. FEMA grant application was submitted October 2010. The project will construct a new or modified transmission system crossing at Mark West Creek to mitigate the risks of pipeline rupture due to

liquefaction from a major seismic event. Pending a favorable review for a potential \$2.81 million FEMA award, subsequent budget requests will be submitted in future fiscal years for environmental compliance, design, and construction. Total project cost is estimated at approximately \$3.75 million.

- **Mirabel Dam Emergency Response Plan \$175,000**

Requested funds will provide for the preparation of an emergency response plan and pre-design/strategy for longer-term repair or replacement of the Mirabel Dam in the event of a failure. The plan is being provided in response to water contractor request

- **Collector 3 & 5 Liquefaction Mitigation Pre-Design \$50,000**

Currently budgeted funds will provide for field investigation and study to identify preferred alternatives to mitigate liquefaction conditions at Collectors 3 & 5 and identify proposed project for FEMA funding application. FY 11-12 requested funds will provide for continued support for project development, environmental compliance, and FEMA grant application. Grant application is anticipated to be submitted October 2011. Subsequent budget requests will be submitted in future fiscal years for environmental compliance, design, and construction. Total project cost is preliminarily estimated at approximately \$3 million, though project alternatives are not well defined at this time.

- **Mirabel Potable Water Line \$150,000**

This is a line from Caisson 3 to the Mirabel storage area. This would supply water to the storage shed and supply water for a new fire hydrant. The existing hydrant is smaller than adequate for that site and causing problems with the chlorination of the water being pumped from the Mirabel site. Installing a line directly from the caisson eliminates that issue.

- **Automated Meter Infrastructure \$200,000**

This would install the infrastructure necessary to read all of our billing meters as well as providing continuous usage and flow data which will be instrumental in leak detection and resource management. This amount should be adequate to fund the remainder of the project.

FY 11-12 Prime Contractor Rates Summary

	CHARGE PER ACRE FOOT:		
	Santa Rosa Aqueduct	Petaluma Aqueduct	Sonoma Aqueduct
<u>O&M Charge [4.2]</u>	\$439.04	\$439.04	\$439.04
Water Management Planning Sub-charge [4.13]	4.18	4.18	4.18
Watershed Planning/Restoration Sub-charge [4.14]	54.56	54.56	54.56
Recycled Water & Local Supply Sub-charge [4.15]	18.13	18.13	18.13
Water Conservation Sub-charge [4.16]	31.45	31.45	31.45
O&M Charge	547.37	547.37	547.37
Capital Charges	0.00	0.00	0.00
Bond & Loan Charges	86.74	86.74	155.96
<u>TOTAL PRIME CONTRACTORS</u>	\$634.11	\$634.11	\$703.33
Increase from FY 10-11	5.00%	5.00%	4.28%

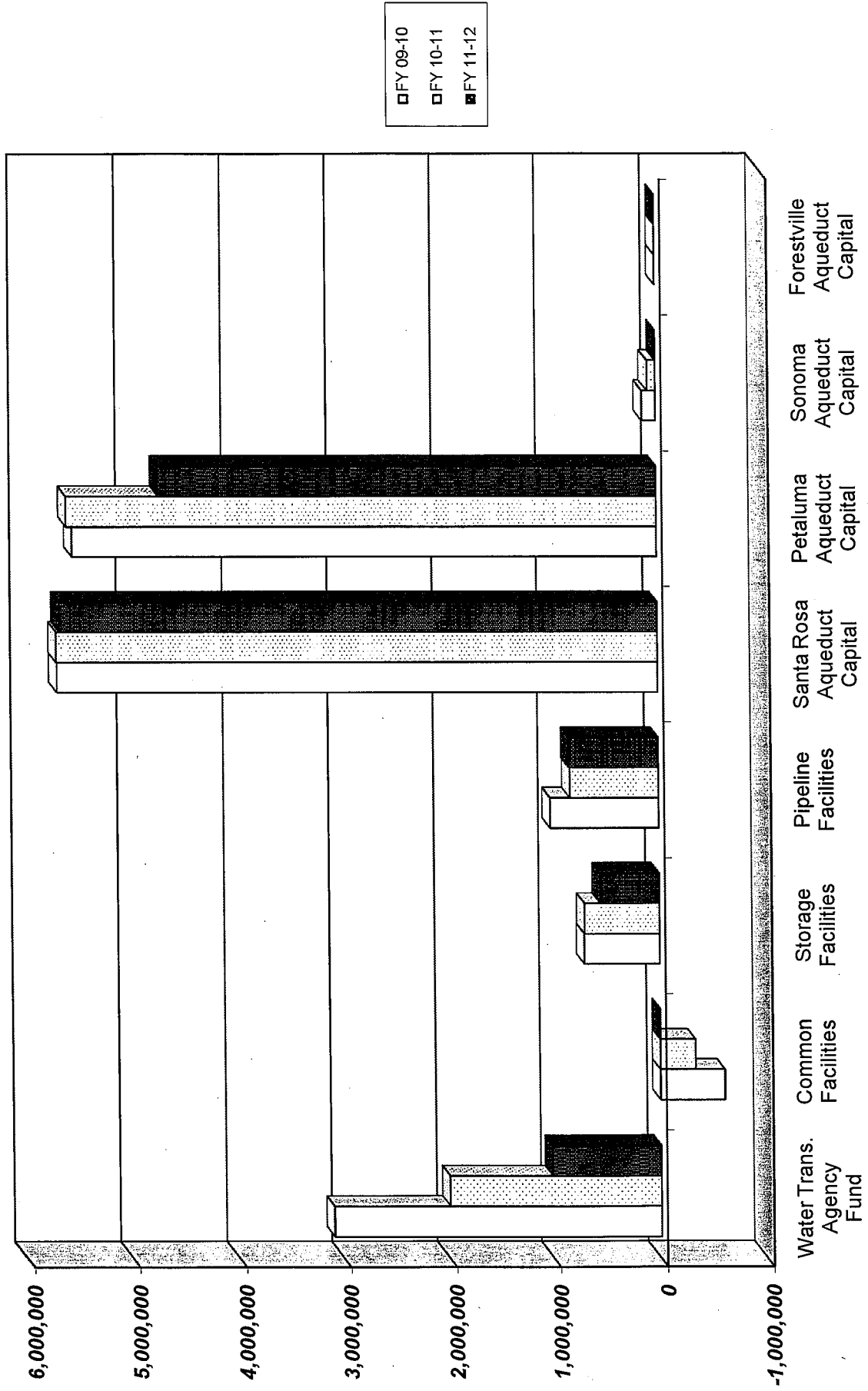
WATER TRANSMISSION SYSTEM
 FY 11-12 WATER CHARGES PER ACRE-FOOT
 FOR PRIME CONTRACTORS

	SANTA ROSA AQUEDUCT	% INCR. (DECR.)	PETALUMA AQUEDUCT	% INCR. (DECR.)	SONOMA AQUEDUCT	% INCR. (DECR.)
2011/12	634.11	5.00%	634.11	5.00%	703.33	4.28%
2010/11	603.92		603.92		674.47	
2009/10	564.78		564.78		622.11	
2008/09	471.13		511.13		486.22	
2007/08	441.70		461.70		453.49	
2006/07	431.29		451.29		442.60	
2005/06	412.68		432.68		424.53	
2004/05	402.51		422.51		414.42	
2003/04	393.89		413.89		407.95	
2002/03	387.49		397.90		387.43	
2001/02	383.29		384.02		373.38	
2000/01	330.76		331.61		320.74	

**WATER TRANSMISSION SYSTEM
FY 11-12 REVENUE SUMMARY CHART**

WATER CUSTOMER	FY 11-12 Budgeted Water Use (Acre- Feet)	FY 10-11 Rate \$/Acre-Foot	FY 11-12 Proposed Rate \$/Acre-Foot	Dollar Change	Percent Change
Santa Rosa Aqueduct	16,246	\$603.92	\$634.11	\$30.19	5.0%
Petaluma Aqueduct	9,256	603.92	634.11	\$30.19	5.0%
Sonoma Aqueduct	8,026	674.47	703.33	\$28.86	4.3%
North Marin Water Dist.	6,205	654.90	690.43	\$35.53	5.4%
Marin Municipal – Third Off Peak	4,300	769.09	795.60	\$26.51	3.4%
Marin Municipal – Supplemental	2,214	707.91	735.64	\$27.73	3.9%
Forestville Aqueduct	392	603.92	634.11	\$30.19	5.0%
Wholesale/Municipal	1,087	809.36	843.99	\$34.63	4.3%
Surplus	122	620.75	656.84	\$36.09	5.8%
TOTAL	47,848				

WATER TRANSMISSION SYSTEM FUNDS - ENDING FUND BALANCES



CHARGE PER ACRE FOOT:

	Santa Rosa Aqueduct	Petaluma Aqueduct	Sonoma Aqueduct
PRIME CONTRACTORS			
<u>O&M Charge [4.2]</u>	\$439.04	\$439.04	\$439.04
Water Management Planning Sub-charge [4.13]	\$4.18	\$4.18	\$4.18
Watershed Planning/Restoration Sub-charge [4.14]	54.56	54.56	54.56
Recycled Water & Local Supply Sub-charge [4.15]	18.13	18.13	18.13
Water Conservation Sub-charge [4.16]	31.45	31.45	31.45
O&M Charge	\$547.37	\$547.37	\$547.37
<u>Capital Charges - to build fund balance for future projects</u>			
Aqueduct Facilities Capital Charges [4.6 e]			\$0.00
<u>Bond & Loan Charges - to pay for existing debt service</u>			
Storage Facilities Capital Charge [4.7]	23.09	23.09	23.09
Common Facilities Capital Charge [4.8]	63.66	63.66	63.66
Aqueduct Facilities Capital Charges [4.6 b]			69.22
<i>Total Capital Charges</i>	\$86.74	\$86.74	\$155.96
TOTAL PRIME CONTRACTORS	\$634.11	\$634.11	\$703.33
OTHER AGENCY CUSTOMERS/WHOLESALE CHARGES			
<u>(WATER CO'S & PUBLIC AGENCIES)</u>			
O&M Charge	\$547.37	\$547.37	\$547.37
Capital Charges	86.74	86.74	155.96
Aqueduct Facilities Capital Charge	\$209.88	\$209.88	\$140.66
TOTAL OTHER AGENCY CUSTOMERS/WHOLESALE CHARGES (4.12) (120% OF HIGHEST PRIME)	\$843.99	\$843.99	\$843.99
FORESTVILLE			
O&M Charge [4.2] *	\$439.04		
Water Management Planning Sub-charge [4.13]	4.18		
Watershed Planning/Restoration Sub-charge [4.14]	54.56		
Recycled Water & Local Supply Sub-charge [4.15]	18.13		
Water Conservation Sub-charge [4.16]	31.45		
O&M Charge	\$547.37		
<u>Capital Charges</u>			
Aqueduct Facilities Capital Charges [4.6]	0.00		
Storage Facilities Capital Charge [4.7]	23.09		
Common Facilities Capital Charge [4.8]	63.66		
<i>Total Capital Charges</i>	\$86.74		
TOTAL FORESTVILLE	\$634.11		
* Forestville Water District exempt from Santa Rosa Aqueduct sub-charge from FY 06/07 to FY 16/17 [4.12].			
NORTH MARIN WATER DISTRICT			
O&M Charge		\$547.37	Note: N. Marin does
North Marin Bond & Loan Charge [4.9]		50.79	not pay an Aq
Russian River Conservation Charge [4.18 (a)]		72.27	Capital Charge.
Russian River Projects Charge [4.18 (b)]		20.00	
TOTAL NORTH MARIN WATER DISTRICT		690.43	
THIRD OFF-PEAK (MARIN MUNICIPAL)			
Highest Prime		\$703.33	
Russian River Conservation Charge		72.27	
Russian River Projects Charge		20.00	
TOTAL THIRD OFF-PEAK		\$795.60	687.27
SUPPLEMENTAL (MARIN MUNICIPAL)			
O&M Charge		\$547.37	
Capital Charge [4.11 (b)]		96.00	
Russian River Conservation Charge		72.27	
Russian River Projects Charge		20.00	
TOTAL SUPPLEMENTAL		\$735.64	
SURPLUS			
Non-Municipal / Municipal [4.11 (a)] (120% of O&M Charge)	\$656.84	\$656.84	\$656.84
Town of Windsor		\$760.93	
Town of Windsor is charged 120% of the highest charge for any other prime contractor on the Santa Rosa Aqueduct from FY 06/07 to FY 21/22 [4.17 (a)]. Town of Windsor pays all subcharges [4.13, 4.14, 4.15, and 4.16] on all water they divert from the Russian River using their equipment [4.17 (b)].			

The applicable section of the Restructured Agreement has been indicated in brackets.

**SCHEDULE OF WATER DELIVERIES BY AQUEDUCT
PAST 36 MONTHS / 12 MONTHS AVERAGE**

		DELIVERING AQUEDUCT				Monthly Total
		Santa Rosa	Petaluma	Forestville	Sonoma	
36	Jan-08	1,068.2	2,063.8	22.4	479.5	3,633.9
35	Feb-08	1,073.9	1,905.2	21.7	448.4	3,449.2
34	Mar-08	1,394.9	2,323.1	32.6	660.5	4,411.1
33	Apr-08	1,766.7	2,677.8	42.9	891.3	5,378.7
32	May-08	2,040.9	2,702.7	46.9	904.4	5,694.8
31	Jun-08	2,270.3	3,178.0	59.2	1,141.3	6,648.7
30	Jul-08	2,022.8	2,796.1	60.2	1,113.6	5,992.8
29	Aug-08	1,761.6	2,399.9	54.1	951.3	5,166.8
28	Sep-08	2,095.9	2,989.6	63.3	1,188.3	6,337.1
27	Oct-08	1,663.7	2,335.9	39.8	654.3	4,693.7
26	Nov-08	1,166.5	2,123.0	27.6	501.0	3,818.0
25	Dec-08	1,101.1	1,939.6	22.4	449.2	3,512.3
24	Jan-09	1,288.8	1,755.7	21.3	418.3	3,484.2
23	Feb-09	1,070.2	2,023.7	19.6	381.7	3,495.3
22	Mar-09	982.2	1,828.7	19.1	440.2	3,270.1
21	Apr-09	1,653.0	2,945.9	37.0	788.3	5,424.2
20	May-09	1,511.9	2,309.9	33.9	614.8	4,470.4
19	Jun-09	1,927.5	2,458.4	49.7	756.6	5,192.2
18	Jul-09	1,664.3	1,988.5	49.5	672.7	4,375.1
17	Aug-09	2,065.7	2,256.5	56.4	673.9	5,052.4
16	Sep-09	1,867.7	1,880.7	49.2	603.3	4,400.9
15	Oct-09	1,057.5	1,604.8	29.7	606.3	3,298.3
14	Nov-09	1,088.8	2,291.5	26.7	619.6	4,026.7
13	Dec-09	977.2	1,911.5	21.1	453.5	3,363.2
12	Jan-10	928.4	1,781.2	19.8	432.1	3,161.5
11	Feb-10	1,000.7	1,754.1	23.2	417.3	3,195.4
10	Mar-10	1,283.1	2,172.1	24.7	525.4	4,005.2
9	Apr-10	903.5	1,374.8	21.0	442.0	2,741.2
8	May-10	1,270.8	1,482.9	26.0	621.1	3,400.8
7	Jun-10	1,883.7	2,061.9	43.9	863.0	4,852.4
6	Jul-10	1,914.8	2,156.8	45.1	886.9	5,003.6
5	Aug-10	1,934.1	2,616.2	54.9	1,077.9	5,683.1
4	Sep-10	1,560.0	2,158.2	47.3	916.7	4,682.3
3	Oct-10	1,355.7	1,906.8	38.0	779.9	4,080.4
2	Nov-10	1,145.1	1,614.3	24.6	547.4	3,331.4
1	Dec-10	1,188.7	1,982.0	23.7	516.6	3,711.0
Total Deliveries		52,949.5	77,751.8	1,298.6	24,438.7	156,438.6
3-Year Annual Average		17,649.8	25,917.3	432.9	8,146.2	52,146.2
Past 12 Months		16,368.4	23,061.3	392.2	8,026.4	47,848.3
Total Deliveries		52,949.5	77,751.8	1,298.6	24,438.7	156,438.6
Less: North Marin			20,973.2			20,973.2
Marin Municipal			20,973.3			20,973.3
Sonoma Co. Deliveries		52,949.5	35,805.3	1,298.6	24,438.7	114,492.0
3-Year Annual Average		17,649.8	11,935.1	432.9	8,146.2	38,164.0

SONOMA COUNTY WATER AGENCY
 SCHEDULE OF ACTUAL PRIOR 12 MONTHS WATER DELIVERIES IN ACRE FEET (BY CUSTOMER TYPE)
 JANUARY 10 THROUGH DECEMBER 10 (Applicable Years as Indicated)

Aqueduct No.	JAN 10	FEB 10	MAR 10	APR 10	MAY 10	JUN 10	JUL 10	AUG 10	SEP 10	OCT 10	NOV 10	DEC 10	TOTAL
PRIMES													
1	1,074.5	1,063.3	1,363.6	1,002.9	1,403.2	2,069.8	2,139.2	2,280.9	1,867.5	1,584.0	1,321.9	1,343.6	18,514.4
2	324.0	324.0	432.5	398.3	571.3	899.0	864.4	979.9	802.2	682.3	454.2	425.7	7,157.9
2	393.0	340.8	462.5	332.1	422.6	723.8	748.2	880.0	702.5	576.4	166.7	456.0	6,204.6
2	257.5	254.6	328.7	110.9	137.3	220.2	250.1	307.5	291.3	291.8	239.7	284.3	2,973.8
2	35.3	34.1	43.0	35.3	48.9	76.3	77.6	93.1	79.3	56.6	34.8	31.4	646.0
1	7.6	97.2	48.7	42.5	44.4	44.8	46.4	49.9	49.9	40.5	26.2	25.8	523.9
4	98.5	92.4	114.8	99.0	166.1	239.7	216.0	268.2	221.2	186.4	105.6	100.5	1,908.5
4	128.4	125.5	153.2	122.8	159.4	233.3	231.4	273.2	230.1	194.1	181.8	162.9	2,196.1
	2,318.9	2,332.0	2,946.9	2,143.7	2,953.1	4,507.0	4,573.3	5,132.6	4,244.1	3,612.3	2,530.9	2,830.2	40,125.1
OTHER AGENCY CUSTOMERS													
1	13.9	1.1	24.4	31.1	36.2	56.5	58.8	57.8	48.9	41.8	19.4	26.2	416.1
2	10.1	9.0	11.5	11.0	12.4	21.2	20.5	24.2	20.0	16.6	12.0	11.7	180.3
4	1.9	2.4	3.0	3.2	5.0	7.8	8.7	10.9	9.5	8.0	3.6	2.5	66.5
4	0.3	0.3	0.3	0.3	0.5	1.2	1.0	4.9	0.8	0.4	0.3	0.2	10.3
3	20.3	23.5	24.9	21.6	26.4	44.9	45.8	55.7	47.9	38.5	24.7	23.8	398.1
1	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.6	0.4	0.2	0.2	0.1	3.4
2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	0.5	0.5	0.5	0.5	0.8	1.2	2.3	1.7	1.5	1.3	0.6	0.5	12.0
	47.2	37.1	64.9	67.7	81.4	133.2	137.5	155.8	129.1	106.9	60.8	65.1	1,086.6
OFF-PEAK CUSTOMERS													
2	794.6	825.1	972.1	514.5	350.2	205.2	280.1	373.6	295.7	351.6	737.5	814.1	6,514.4
SURPLUS CUSTOMERS													
1	0.0	0.0	19.2	13.8	2.9	3.0	5.7	9.1	6.7	4.6	0.5	0.0	65.6
2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	0.8	1.2	2.1	1.4	13.3	4.1	6.9	12.0	6.7	5.0	1.6	1.5	56.6
	0.8	1.2	21.3	15.2	16.2	7.1	12.6	21.0	13.4	9.6	2.2	1.5	122.2
TOTAL DELIVERIES													
	3,161.5	3,195.4	4,005.2	2,741.2	3,400.9	4,852.4	5,003.6	5,683.1	4,682.3	4,080.4	3,331.4	3,711.0	47,848.3

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Water Transmission System Agency Fund

Section/Index No:

675108

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	7,320,791	3,097,243		1,999,526		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	100,728	50,000	100,000	33,275	(66,725)	(66.73%)
1701 Interest Earned	645	0	0	0	0	N/A
1800 Rents /Concessions	0	0	0	0	0	N/A
1801 Rent - Real Estate	451	450	0	0	0	N/A
SUBTOTAL	101,824	50,450	100,000	33,275	(66,725)	(66.73%)
<u>INTERGOVERNMENTAL REVENUES</u>						
2400 State - Disaster Relief	145,568	0	0	0	0	N/A
2680 Federal - Disaster Relief	882,325	0	0	0	0	N/A
SUBTOTAL	1,027,893	0	0	0	0	N/A
<u>CHARGES FOR SERVICES</u>						
3666 Meter Service / Install	30,232	20,000	20,000	20,000	0	0.00%
3980 Revenue Applicable to PY	1,506	591	0	0	0	N/A
SUBTOTAL	31,738	20,591	20,000	20,000	0	0.00%
<u>MISCELLANEOUS REVENUES</u>						
4039 Sale - Power	761,488	875,000	875,000	800,000	(75,000)	(8.57%)
4040 Miscellaneous Revenues	8,064	2,096	0	0	0	N/A
4102 Donations/ Reimb.	39,935	0	0	0	0	N/A
4109 Outdated Warrants	262	0	0	0	0	N/A
4161 Water Sales - O&M	18,256,523	20,581,003	23,530,516	22,911,950	(618,566)	(2.63%)
4162 Comm. Rev. Bd. Charge	2,008,007	2,237,739	2,242,129	2,228,411	(13,718)	(0.61%)
4163 Storage Rev. Bd. Charge	652,230	805,516	806,991	808,229	1,238	0.15%
4164 Sonoma Aq. Rev. Charge	228,190	289,579	294,115	294,175	60	0.02%
4166 SR Aq. Capital Charge	58,751	63,282	0	66,445	66,445	N/A
4167 Petaluma Aq. Cap. Chg.	0	0	0	0	0	N/A
4168 Sonoma Aq. Cap. Charge	0	0	0	0	0	N/A
4169 NM Revenue Bd. Charge	274,207	266,734	317,069	315,129	(1,940)	(0.61%)
4175 Water Mgmt Planning Sub-charge	726,828	191,872	200,000	200,000	0	0.00%
4176 Watershed Planning/Rest Sub-charge	1,683,586	1,674,692	1,744,854	2,610,680	865,826	49.62%
4177 Recycled Water & Local Supply Sub-charge	639,763	794,282	827,499	867,500	40,001	4.83%
4178 Water Conservation Sub-charge	1,394,971	1,509,615	1,572,999	1,505,000	(67,999)	(4.32%)
4303 State Grant	0	0	0	0	0	N/A
SUBTOTAL	26,732,805	29,291,408	32,411,172	32,607,519	196,347	0.61%
<u>OTHER FINANCING SOURCES</u>						
4625 Operating Transfer In	1,823,875	0	0	0	0	N/A
SUBTOTAL	1,823,875	0	0	0	0	N/A
TOTAL REVENUES	29,718,135	29,362,449	32,531,172	32,660,794	129,622	0.40%

Section Title:

Water Transmission System Agency Fund

Section/Index No:

675108

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
EXPENDITURES						
SERVICES AND SUPPLIES						
6040 Communications	65,643	62,500	60,000	60,000	0	0.00%
6080 Household Expense	0	1,362	0	0	0	N/A
6140 Maintenance - Equipment	865,722	677,110	976,000	1,024,000	48,000	4.92%
6180 Maintenance - Buildings	272,670	194,262	905,000	234,000	(671,000)	(74.14%)
6262 Laboratory Supplies	22,232	30,000	30,000	20,000	(10,000)	(33.33%)
6280 Memberships	42,164	75,000	75,000	75,000	0	0.00%
6410 Postage	0	1,000	1,000	0	(1,000)	(100.00%)
6461 Supplies / Expenses	54,701	44,787	80,000	50,000	(30,000)	(37.50%)
6512 Testing / Analysis	114,867	210,000	210,000	175,000	(35,000)	(16.67%)
6522 District Services	6,344	9,000	9,000	0	(9,000)	(100.00%)
6523 District Operations	10,062,360	10,200,000	10,600,000	10,200,000	(400,000)	(3.77%)
6553 Contract-Security Services	25,894	50,000	50,000	50,000	0	0.00%
6570 Consultant Services	653,985	1,192,091	1,110,000	1,101,000	(9,000)	(0.81%)
6610 Legal Services	73,188	50,000	50,000	50,000	0	0.00%
6800 Public/Legal Notices	0	5,000	10,000	5,000	(5,000)	(50.00%)
6820 Rents and Leases-Equip	127,317	49,026	70,000	74,000	4,000	5.71%
6880 Small Tools - Instruments	47,726	75,000	75,000	70,000	(5,000)	(6.67%)
6889 Software	9,040	25,000	25,000	140,000	115,000	460.00%
7201 Gas / Oil	2,019	3,468	5,000	4,000	(1,000)	(20.00%)
7206 Equipment Usage Charge	682,092	570,724	300,000	600,000	300,000	100.00%
7212 Chlorine Chem/Recorder	897,247	1,000,000	1,050,000	1,050,000	0	0.00%
7217 State Permits / Fees	26,713	25,000	25,000	25,000	0	0.00%
7250 Reimbursable Projects	0	0	0	0	0	N/A
7296 FERC Fees / Costs	4,294	4,353	5,000	5,000	0	0.00%
7297 Riverfront Park Levee Maintenance	29,571	87,000	50,000	50,000	0	0.00%
7302 Travel Expense	12,493	15,000	20,000	20,000	0	0.00%
7303 Private Car Expense	1,939	561	2,500	2,500	0	0.00%
7320 Utilities	617	384	2,500	1,000	(1,500)	(60.00%)
7394 Power	3,739,941	4,605,156	5,250,000	4,900,000	(350,000)	(6.67%)
7480 Expense applicable to Prior Year	178,553	0	0	0	0	N/A
SUBTOTAL	18,019,332	19,267,224	21,046,000	19,990,500	(1,055,500)	(5.02%)
OTHER CHARGES						
7920 Interest Expense	0	120,618	120,618	58,956	(61,662)	(51.12%)
7924 Interest-PY	(692)	0	0	0	0	N/A
7980 Depreciation	5,148,946	5,287,938	5,400,000	5,500,000	100,000	1.85%
8010 Contribution to Non-County	0	0	0	0	0	N/A
8090 Loss on Fixed Assets	0	0	0	0	0	N/A
SUBTOTAL	5,148,254	5,408,556	5,520,618	5,558,956	38,338	0.69%
FIXED ASSETS						
8510 Buildings / Improvements	0	0	0	0	0	N/A
8533 SCWA-New Metered Ser	0	20,000	20,000	20,000	0	0.00%
8560 Equipment	155,435	1,055,000	150,000	430,000	280,000	186.67%
9482 Amortizable WIP	160,636	154,909	0	0	0	N/A
SUBTOTAL	316,071	1,229,909	170,000	450,000	280,000	164.71%
OTHER FINANCING USES						
8625 OT - W/in Special Dist	11,066,902	9,842,415	10,709,156	12,682,156	1,973,000	18.42%
SUBTOTAL	11,066,902	9,842,415	10,709,156	12,682,156	1,973,000	18.42%
APPROP. FOR CONTINGENCIES						

Section Title:

Water Transmission System Agency Fund

Section/Index No:

675108

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
9000 Approp. for Contingencies	0	0	140,000	140,000	0	0.00%
SUBTOTAL	0	0	140,000	140,000	0	0.00%
TOTAL EXPENDITURES	34,550,559	35,748,104	37,585,774	38,821,612	1,235,838	3.29%
Depreciation	5,148,946	5,287,938		5,500,000		
Outstanding Encumbrances - (Decrease) Fund Balance	(708,432)	0		0		
PY Encumbrances	0	0		0		
Change in Prudent Reserve	(3,830,946)	0		(250,000)		
Post Audit Adjustments-Payables	0	0		0		
Post Audit Adjustments-Receiveables	0	0		0		
Post Audit Adjustments-Inventory	0	0		0		
Post Audit Adjustments-Prepaid Expense	0	0		0		
Increase in Recycled/Conservation Deposits	0	0		0		
Capitalized Interest	(692)	0		0		
Gain/Loss of Disposal of Fixed Asset	0	0		0		
Reclass of Prior Year Asset	0	0		0		
ENDING FUND BALANCE	3,097,243	1,999,526		1,088,708		

*Operations and Maintenance 675108 Fund Balance Reserve Goal
Over/(Under) Goal*

5,159,864
9,790

Water Transmission System Agency Fund
Major Services & Supplies Expenditure Items

Sub-Object No. and Title	Actual FY 09-10	Adopted FY 10-11	Requested FY 11-12	Difference	Percent Change
<u>6140 Maintenance - Equipment</u> See Project List on page A-12 for detail.	865,722	976,000	1,024,000	48,000	4.9%
<u>6180 Maintenance - Projects</u> See project list on page A-12 for detail. Many of the projects included in the \$905,000 figure were later reclassified to Capital expenditures for accounting purposes, thus the dramatic decrease.	272,670	905,000	234,000	(671,000)	-74.1%
<u>6280 Memberships</u> No change from Prior year	42,164	75,000	75,000	0	0.0%
<u>6461 Supplies / Expenses</u> Reflects level of actual expenditures.	54,701	80,000	50,000	(30,000)	-37.5%
<u>6512 Testing / Analysis</u> Anticipated lower costs based on prior year actuals.	114,867	210,000	175,000	(35,000)	-16.7%
<u>6523 District Operations</u> Reflects MTO and held vacancies.	10,062,360	10,600,000	10,200,000	(400,000)	-3.8%
<u>6570 Consultant Services</u> See Consultant Services Project List for detail on page A-13.	653,985	1,110,000	1,101,000	(9,000)	-0.8%
<u>6610 Legal Services</u> No change from prior year.	73,188	50,000	50,000	0	0.0%
<u>7206 Equipment Usage Charge</u> Increased expenditures based on prior year actuals and maintenance required.	682,092	300,000	600,000	300,000	100.0%
<u>7212 Chlorine Chemical / Recorder</u> No change from prior year.	897,247	1,050,000	1,050,000	0	0.0%
<u>7394 Power</u> Reflects level of actual expenditures.	3,739,941	5,250,000	4,900,000	(350,000)	-6.7%
<u>8560 Equipment</u> Reflects change in how we account for some "maintenance" projects. Many projects that were previously budgeted under "6180" are now budgeted here.	155,435	150,000	430,000	280,000	186.7%

FY 2011-12 BUDGET

Water Transmission System Agency Fund

	DESCRIPTION - 6180 Maintenance Buildings	AMOUNT
1	Pond Flow Monitoring Instruments	75,000
2	Ralphine No 4 Cathodic Protection	144,000
3	Covers for Caissons 3, 4, and 5	15,000
6180 Total		\$ 234,000

	DESCRIPTION - Maintenance Equipment	AMOUNT
1	Rebuild River Diversion System 100 HP Motor	20,000
2	Battery Service Agreement	9,000
3	Telemetry System Replacements (RTU) with SCADA pack	75,000
4	Test Equipment and Software	15,000
5	Wilfred Booster Motor & Switch Maintenance	75,000
6	Mirabel Caisson 4 - Electrical Maintenance	100,000
7	Transfer Switch Maintenance	25,000
8	Water System Instrument Spares	50,000
9	Water Treatment - Lab Process	90,000
10	Electrical & Mechanical Supplies	200,000
11	Wohler/Mirabel switchgear & transformer maintenance	60,000
12	Wohler Transformer Maintenance	25,000
13	Wohler/Mirabel and Warm Springs Dam 12 kV Pole Maintenance	80,000
14	Cassions and Laguna Wells @ 52,0000 AF	100,000
15	Miscellaneous Maintenance Projects	100,000
6140 Total		\$ 1,024,000

**Water Transmission Agency Fund, #675108
Multi-Year Subobject Review
FY 2011-12 BUDGET**

Subobject Title	Subobject Number	Actual FY 04/05	Actual FY 05/06	Actual FY 06/07	Actual FY 07/08	Actual FY 08/09	Actual FY 09/10	Estimate FY 10/11	Budget FY 11/12
Maintenance - Equipment	6140	126,005	114,538	1,777,109	1,036,922	927,294	865,722	677,110	1,024,000
Maintenance - Bldg/Imp	6180	6,296,272	7,344,865	1,949,875	1,880,212	495,840	272,670	194,262	234,000
District Administration	6522	6,116,173	5,682,854	5,722,654	8,047	9,169	6,344	9,000	0
District Operations	6523	0	0	3,208,841	10,589,086	10,820,013	10,062,360	10,200,000	10,200,000
Total of the Four Cost Categories		\$ 12,538,451	\$ 13,142,257	\$ 12,658,479	\$ 13,514,247	\$ 12,252,316	\$ 11,207,096	\$ 11,080,372	\$ 11,458,000
Percentage Change from Prior Year			4.82%	-3.68%	6.76%	-3.21%	-6.53%	-1.13%	3.41%

These subobjects are combined to allow review of SCWA labor expenses. In mid-year FY 06/07, an accounting change was processed to isolate SCWA labor costs to subobject 6523. Prior to that accounting change, SCWA labor costs were included within subobjects 6140, 6180, and 6523.

Subobject Title	Subobject Number	Actual FY 04/05	Actual FY 05/06	Actual FY 06/07	Actual FY 07/08	Actual FY 08/09	Actual FY 09/10	Estimate FY 10/11	Budget FY 11-12
Consulting Service	6570	\$ 528,996	\$ 590,672	\$ 693,373	\$ 712,593	\$ 860,688	\$ 653,985	\$ 1,192,091	\$ 1,101,000
Percentage Change from Prior Year			11.66%	17.39%	2.77%	20.78%	-5.68%	82.28%	-7.64%

Itemized Detail for 6570 Consulting Services

DESCRIPTION	Budget FY 11-12
Energy Optimization	100,000
USGS Water Quality (Diversion Facilities) and SW/GW Studies	115,000
Rate Study	75,000
Surface Water/Groundwater Model (HEC)	125,000
Dry Creek Stream Gauges	35,000
Engineering Services	110,000
Operations Support	15,000
IRWMPs	71,000
Legislative Advocacy	115,000
Acc Flash Study for Booster Stations	25,000
Programmable Logic Control and Maintenance	15,000
Tank Inspection & Cleaning	50,000
Leak Detection - Pilot Project	75,000
Catholic Protection Design Agreements	50,000
Water Shortage Allocation Methodology	50,000
Groundwater Banking Feasibility-pilot studies	75,000
6570 Total	\$ 1,101,000

Subobject Title	Subobject Number	Actual FY 04/05	Actual FY 05/06	Actual FY 06/07	Actual FY 07/08	Actual FY 08/09	Actual FY 09/10	Estimate FY 10/11	Budget FY 11-12
Power Usage Review	7394	\$ 5,944,375	\$ 2,814,786	\$ 3,237,565	\$ 5,930,313	\$ 4,928,287	\$ 3,735,941	\$ 4,605,156	\$ 4,900,000
Percentage Change from Prior Year			-52.65%	15.02%	83.17%	-16.90%	-36.94%	23.13%	6.40%

Water Transmission System Agency Fund
Local Supply / Recycled Water / Tier 2 Programs

Balance as of May 3, 2010

Contractor	10-Year Allocation	Amount Approved	Amount Disbursed	Balance Available
City of Rohnert Park	\$649,629	\$649,629	\$0	649,629
City of Petaluma	2,197,913	2,197,913	2,197,913	0
Valley of the Moon	627,875	627,875	627,875	0
North Marin Water District	1,846,726	1,846,726	1,846,726	0
City of Cotati	157,235	0	0	157,235
City of Santa Rosa	5,065,236	4,003,876	2,048,639	3,016,597
Forestville Water District	104,953	104,953	104,953	0
City of Sonoma	539,411	539,411	174,843	364,568
Marin Municipal WD	1,724,026	1,000,000	1,000,000	724,026
Town of Windsor	86,996	86,996	86,996	0
TOTAL	\$13,000,000	\$11,057,379	\$8,087,945	\$4,912,055

Program started June 30, 2000 - No end date specified.

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Storage Facilities

Section/Index No: 675405

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	731,732	695,194		690,746		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	5,884	7,560	7,560	4,070	(3,490)	(46.16%)
SUBTOTAL	5,884	7,560	7,560	4,070	(3,490)	(46.16%)
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	726,832	435,000	648,700	0	(648,700)	(100.00%)
SUBTOTAL	726,832	435,000	648,700	0	(648,700)	(100.00%)
TOTAL REVENUES	732,716	442,560	656,260	4,070	(652,190)	(99.38%)
EXPENDITURES						
<u>OTHER CHARGES</u>						
7924 - Capital Interest	(24,398)	0	0	0	0	N/A
<u>FIXED ASSETS</u>						
8510 Buildings/Improvements	1,809	230,000	0	0	0	N/A
8543 Petaluma Aque Relocation	40,369	12,008	0	75,000	75,000	N/A
9162 Kawana to Ralphine Tanks	1,979	205,000	225,000	75,000	(150,000)	(66.67%)
9168 Kawana Springs Tank # 2	8,036	0	0	0	0	N/A
9171 Oakmont Pipeline	716,953	0	0	0	0	N/A
SUBTOTAL	769,146	447,008	225,000	150,000	(75,000)	(33.33%)
TOTAL EXPENDITURES	744,748	447,008	225,000	150,000	(75,000)	(33.33%)
Outstanding Encumbrances - Net C	2,681	0				
Long Term Debt proceeds	0	0				
Capitalized Interest	(24,398)	0		0		
CIP Adjustment	(2,789)					
ENDING FUND BALANCE	695,194	690,746		544,816		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Storage Facilities Revenue Bond - 2003A

Section/Index No:

675462

Subject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	\$212,898	\$256,883		\$259,600		
REVENUES						
USE OF MONEY / PROPERTY						
1700 Interest on Pooled Cash	1,476	2,912	2,912	1,304	(1,609)	(55.24%)
1701 Interest Earned	117	0	0	0	0	N/A
SUBTOTAL	1,593	2,912	2,912	1,304	(1,609)	(55.24%)
ADMINISTRATIVE CONTROL						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
OTHER FINANCING SOURCES						
4625 OT - W/in Special Dist	356,840	357,755	357,755	358,508	753	0.21%
SUBTOTAL	356,840	357,755	357,755	358,508	753	0.21%
TOTAL REVENUES	358,433	360,667	360,667	359,811	(856)	(0.24%)
EXPENDITURES						
SERVICES AND SUPPLIES						
6635 Fiscal Agent Fees	765	1,500	1,500	1,500	0	0.00%
6640 Debt Insurance Costs	2,822	2,822	2,822	2,822	0	0.00%
SUBTOTAL	3,587	4,322	4,322	4,322	0	0.00%
OTHER CHARGES						
7920 Interest	195,477	191,622	191,622	187,622	(4,000)	(2.09%)
7923 Discount / Bonds	319	319	319	319	0	0.00%
SUBTOTAL	195,796	191,941	191,941	187,941	(4,000)	(2.08%)
OTHER FINANCING USES						
8625 OT - W/in Special Dist	8,036	50,000	0	0	0	N/A
SUBTOTAL	8,036	50,000	0	0	0	N/A
ADMIN. CONTROL ACCOUNT						
9200 Ent - Principal	110,172	114,828	114,828	119,483	4,655	4.05%
9209 Ent - Principal Clearing	(110,172)	(114,828)	(114,828)	(119,483)	(4,655)	4.05%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	207,419	246,263	196,263	192,263	(4,000)	(2.04%)
Increase in Bonds Payable	0	0		0		
Amort. of Bond Issuance Costs	3,141	3,141		3,141		
Principal Payment	(110,170)	(114,828)		(119,483)		
ENDING FUND BALANCE	\$256,883	\$259,600		\$310,806		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Storage Facilities Revenue Bonds 2006

Section/Index No:

675488

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	\$1,065,072	\$416,963		\$98,003		
REVENUES						
USE OF MONEY / PROPERTY						
1700 Interest on Pooled Cash	6,307	2,868	2,868	4,065	1,197	41.72%
1701 Interest Earned	147	0	0	0	0	N/A
SUBTOTAL	6,454	2,868	2,868	4,065	1,197	41.72%
ADMINISTRATIVE CONTROL						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
OTHER FINANCING SOURCES						
4625 OT - W/in Special Dist	448,514	449,236	449,236	449,721	485	0.11%
SUBTOTAL	448,514	449,236	449,236	449,721	485	0.11%
TOTAL REVENUES	454,968	452,104	452,104	453,786	1,682	0.37%
EXPENDITURES						
SERVICES AND SUPPLIES						
6635 Fiscal Agent Fees	1,352	2,500	2,500	2,500	0	0.00%
6640 Debt Insurance Costs	4,575	4,576	4,576	4,576	0	0.00%
SUBTOTAL	5,927	7,076	7,076	7,076	0	0.00%
OTHER CHARGES						
7920 Interest	266,694	262,046	262,046	257,184	(4,862)	(1.86%)
7922 Premium-Call Bonds	(2,223)	0	0	0	0	N/A
SUBTOTAL	264,471	262,046	262,046	257,184	(4,862)	(1.86%)
OTHER FINANCING USES						
8625 OT - W/in Special Dist	718,796	385,000	225,000	0	(225,000)	(100.00%)
SUBTOTAL	718,796	385,000	225,000	0	(225,000)	(100.00%)
ADMIN. CONTROL ACCOUNT						
9200 Ent - Principal	116,234	121,518	121,518	126,802	5,284	4.35%
9209 Ent - Principal Clearing	(116,234)	(121,518)	(121,518)	(126,802)	(5,284)	4.35%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	989,194	654,122	494,122	264,260	(229,862)	(46.52%)
Cost of Issuance	0			0		
Restricted Cash w/Fiscal Agent	0			0		
Increase in Bonds Payable	0	0		0		
Amort of Bond Premium	0	0		0		
Amort. of Bond Issuance Costs	2,352	4,576		4,576		
Long Term Debt Proceeds	0	0		0		
Principal Payment	(116,235)	(121,518)		(126,802)		
Post-Audit Adjustment - Closing COI Funds	0			0		
ENDING FUND BALANCE	\$416,963	\$98,003		\$165,303		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Pipeline Facilities

Section/Index No:

675413

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	1,030,634	1,013,236		823,766		
REVENUES						
USE OF MONEY / PROPERTY						
1700 Interest on Pooled Cash	9,396	10,530	10,530	5,698	(4,832)	-45.89%
SUBTOTAL	9,396	10,530	10,530	5,698	(4,832)	-45.89%
INTERGOVERNMENTAL REVENUE						
2852 Federal Grants	0	250,000	1,500,000	0	(1,500,000)	-100.00%
SUBTOTAL	0	250,000	1,500,000	0	(1,500,000)	-100.00%
MISCELLANEOUS REVENUE						
4102 Donations/Reimbursements	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
OTHER FINANCING SOURCES						
4625 OT - W/in Special Dist	9,316	100,000	920,000	1,161,000	241,000	26.20%
SUBTOTAL	9,316	100,000	920,000	1,161,000	241,000	26.20%
TOTAL REVENUES	18,712	360,530	2,430,530	1,166,698	(1,263,832)	(52.00%)
EXPENDITURES						
FIXED ASSETS						
9106 Santa Rosa Aqueduct Sections 2 & 3	0	50,000	370,000	322,000	(48,000)	(12.97%)
9115 Wohler Santa Rosa Pipeline	190	0	0	0	0	N/A
9128 Local Hazard Mitigation	32,537	250,000	2,000,000	0	(2,000,000)	(100.00%)
9154 Petaluma Aqueduct	6,252	200,000	300,000	714,000	414,000	138.00%
9192 Sonoma Pipeline	0	50,000	50,000	125,000	75,000	150.00%
SUBTOTAL	38,979	550,000	2,720,000	1,161,000	(1,559,000)	(57.32%)
OTHER CHARGES						
7924 Interest - Prior Year	(113,247)	0	0	0	0	N/A
SUBTOTAL	(113,247)	0	0	0	0	N/A
TOTAL EXPENDITURES	(74,268)	550,000	2,720,000	1,161,000	(1,559,000)	(57.32%)
Outstanding Encumbrances - Net Change	28,627	0				
Capitalized Interest	(113,247)	0				
CIP Adjustment	(25,758)					
ENDING FUND BALANCE	1,013,236	823,766		829,464		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Sonoma Aqueduct Revenue Bonds

Section/Index No:

675470

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	\$381,735	\$426,295		\$471,734		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	3,062	4,494	4,494	2,233	(2,261)	(50.31%)
1701 Interest Earned	96	0	0	0	0	N/A
SUBTOTAL	3,158	4,494	4,494	2,233	(2,261)	(50.31%)
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	293,367	294,115	294,115	294,175	60	0.02%
SUBTOTAL	293,367	294,115	294,115	294,175	60	0.02%
TOTAL REVENUES	296,525	298,609	298,609	296,408	(2,201)	(0.74%)
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	654	1,200	1,200	1,200	0	0.00%
6640 Debt Insurance Costs	2,320	2,320	2,320	2,320	0	0.00%
SUBTOTAL	2,974	3,520	3,520	3,520	0	0.00%
<u>OTHER CHARGES</u>						
7920 Interest	160,725	157,556	157,556	153,780	(3,776)	(2.40%)
7923 Discount / Bonds	262	262	262	262	0	0.00%
SUBTOTAL	160,987	157,818	157,818	154,042	(3,776)	(2.39%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	0	0	0	50,000	50,000	N/A
SUBTOTAL	0	0	0	50,000	50,000	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	90,586	94,414	94,414	98,242	3,828	4.05%
9209 Ent - Principal Clearing	(90,586)	(94,414)	(94,414)	(98,242)	(3,828)	4.05%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	163,961	161,338	161,338	207,562	46,224	28.65%
Increase in Bonds Payable	0	0				
Amort. of Bond Issuance Costs	2,582	2,582		2,582		
Principal Payments on Bonds	(90,586)	(94,414)		(98,242)		
ENDING FUND BALANCE	\$426,295	\$471,734		\$464,920		

FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY

Section Title: Common Facilities

Section/Index No: 675421

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	(3,769,304)	(602,378)		(326,924)		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash:	(26,232)	(32,790)	(32,790)	(1,100)	31,690	(96.65%)
SUBTOTAL	(26,232)	(32,790)	(32,790)	(1,100)	31,690	(96.65%)

Intergovernmental Revenue

4304 Federal Grant	0	255,132	0	0	0	N/A
SUBTOTAL	0	255,132	0	0	0	N/A

Charges for Services

3980 Revenue Apply to PY	271	0	0	0	0	N/A
SUBTOTAL	271	0	0	0	0	N/A

Miscellaneous Revenues

4040 Miscellaneous Revenue	20	0	0	0	0	N/A
SUBTOTAL	20	0	0	0	0	N/A

ADMINISTRATIVE CONTROL

4200 ENT - LTD Proceeds	0	0	0	0	0	N/A
4209 ENT - LTD Proc. Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	3,109,806	2,290,267	2,545,399	2,727,708	182,309	7.16%
SUBTOTAL	3,109,806	2,290,267	2,545,399	2,727,708	182,309	7.16%

TOTAL REVENUES	3,083,865	2,512,609	2,512,609	2,726,608	213,999	8.52%
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EXPENDITURES

Services and Supplies

6522 Dist Services	0	0	0	0	0	N/A
7206 Equipment Usage	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A

OTHER CHARGES

7480 Exp Applicable to Prior Year	0	0	0	0	0	N/A
7924 Capital Interest	(767,983)	0	0	0	0	N/A
SUBTOTAL	(767,983)	0	0	0	0	N/A

FIXED ASSETS

8510 Buildings / Improvements	0	0	0	350,000	350,000	N/A
8528 Mirabel Generator	312,846	350,000	350,000	0	(350,000)	(100.00%)
8529 Isolation Valves & Meters	82,527	50,000	50,000	150,000	100,000	200.00%
8552 Forestville Storage Tank 1.14 (c) and (d)	0	104,250	103,500	722,000	618,500	597.58%
9105 Mirabel Fish Screen Replacement	97,169	1,003,514	1,000,000	0	(1,000,000)	(100.00%)
9107 Air Valves	343,350	179,000	150,000	370,000	220,000	146.67%

Section Title:

Common Facilities

Section/Index No:

675421

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
9113 Wohler Site Improvement	104,575	200,000	200,000	200,000	0	0.00%
9128 Local Hazard Mitigation	0	350,000	350,000	610,000	260,000	74.29%
9130 Trans System Exp - Water Project EIR, Dry Creek Feasibility Study, Mirabel/Cotati Feasibility Study, Flow EIR, Spring Lake Groundwater, Phase II 12 kv Project	142,095	334	0	0	0	N/A
9152 Pump & Collector Capacity	1,412,231	57	0	0	0	N/A
9175 Wohler Mirabel 12KV	10,479	0	0	0	0	N/A
9176 Mirabel - Cotati Pipeline	86	0	0	0	0	N/A
SUBTOTAL	2,505,358	2,237,155	2,203,500	2,402,000	198,500	9.01%
OTHER FINANCING USES						
8625 OT - W/in Special Dist	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	1,737,375	2,237,155	2,203,500	2,402,000	198,500	9.01%
Loan	0	0		0		
Outstanding Encumbrances - Net Change	1,081,320	0		0		
Capitalized Interest	(767,983)	0		0		
Proceeds from State Loan & Other LT Debt	0	0		0		
Change in Deposit with Others	28,546	0		0		
Change in Contingent Liability	1,300,000	0				
PY CIP Adjustment - Reclass to PY Exp	178,553					
ENDING FUND BALANCE	(602,378)	(326,924)		(2,316)		

FY 2011-12 BUDGET
Common Facilities - Section 675421
Detailed Listing of Capital Projects

SUB-OBJECT DESCRIPTION	Project & Subobject	FY 2011-12 BUDGET
8510 Buildings and Improvements		
DESCRIPTION		
Mirabel Potable Water Line		150,000
Automated Meter Infrastructure	TBD	200,000
	8528 Total	350,000
8528 Mirabel Generator		
DESCRIPTION		
Mirabel Generator	TBD	0
	8528 Total	0
8529 Isolation Valves and Meters		
DESCRIPTION		
Isolation Valves	7379	150,000
	8529 Total	150,000
8552 Forestville Storage Tank		
DESCRIPTION		
Forestville Storage Tank	7255	722,000
	8552 Total	722,000
9107 Air Valves		
DESCRIPTION		
Air Valves	7429	370,000
	9107 Total	370,000
9113 Wohler Site Improvement		
DESCRIPTION		
Wohler HazMat Storage Facility	TBD	0
Decommision Wohler Ponds	7358	200,000
	9113 Total	200,000
9128 Local Hazard Mitigation Projects		
DESCRIPTION		
RDS Liquefaction Mitigation		150,000
Collector 6 Liquefaction Mitigation		125,000
RR Crossing		100,000
MW Creek Crossing		10,000
Mirabel Dam Emergency Response Plan		175,000
Collector 3 and 5 Liquefaction Mitigation	TBD	50,000
	9128 Total	610,000

Total Common Facilities \$ 2,402,000

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Common Facilities Revenue Bonds - 2003 A

Section/Index No: 675454

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEG. FUND BALANCE	\$220,685	\$222,543		\$295,484		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	1,121	3,290	3,290	1,238	(2,053)	(62.39%)
1701 Interest Earned	164	0	0	0	0	N/A
SUBTOTAL	1,285	3,290	3,290	1,238	(2,053)	(62.39%)
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	498,999	500,280	500,280	500,380	100	0.02%
SUBTOTAL	498,999	500,280	500,280	500,380	100	0.02%
TOTAL REVENUES	500,284	503,570	503,570	501,617	(1,953)	(0.39%)
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	1,019	1,600	1,600	1,600	0	0.00%
6640 Debt Insurance Costs	3,950	3,951	3,951	3,951	0	0.00%
SUBTOTAL	4,969	5,551	5,551	5,551	0	0.00%
<u>OTHER CHARGES</u>						
7920 Interest	273,667	268,270	268,270	261,840	(6,430)	(2.40%)
7923 Discount / Bonds	446	446	446	446	0	0.00%
SUBTOTAL	274,113	268,716	268,716	262,286	(6,430)	(2.39%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	69,500	0	0	0	0	N/A
SUBTOTAL	69,500	0	0	0	0	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	154,241	160,759	160,759	167,276	6,517	4.05%
9209 Ent - Principal Clearing	(154,241)	(160,759)	(160,759)	(167,276)	(6,517)	4.05%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	348,582	274,267	274,267	267,837	(6,430)	(2.34%)
Increase in Bonds Payable	0	0		0		
Amort. of Bond Issuance Costs	4,397	4,397		4,397		
Long Term Debt Proceeds						
Principal Payment	(154,241)	(160,759)		(167,276)		
ENDING FUND BALANCE	\$222,543	\$295,484		\$366,385		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Common Facilities Revenue Bonds 2006

Section/Index No: 675496

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEG. FUND BALANCE	\$185,575	\$118,970		\$180,304		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	863	4,928	4,928	825	(4,103)	(83.26%)
1701 Interest Earned	131	0	0	0	0	N/A
SUBTOTAL	994	4,928	4,928	825	(4,103)	(83.26%)
<u>ADMINISTRATIVE CONTROL</u>						
4200 Long Term Debt Proceeds	0	0	0	0	0	N/A
4209 Long Term Debt Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	400,482	401,125	401,125	401,557	432	0.11%
SUBTOTAL	400,482	401,125	401,125	401,557	432	0.11%
TOTAL REVENUES	401,476	406,053	406,053	402,382	(3,671)	(0.90%)
EXPENDITURES						
<u>SERVICES AND SUPPLIES</u>						
6635 Fiscal Agent Fees	1,230	2,300	2,300	2,300	0	0.00%
6640 Debt Insurance Costs	4,085	4,085	4,085	4,085	0	0.00%
SUBTOTAL	5,315	6,385	6,385	6,385	0	0.00%
<u>OTHER CHARGES</u>						
7920 Interest	238,085	233,936	233,936	229,596	(4,340)	(1.86%)
7922 Premium-Call Bonds	(1,984)	0	0	0	0	N/A
SUBTOTAL	236,101	233,936	233,936	229,596	(4,340)	(1.86%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	125,000	0	0	0	0	N/A
SUBTOTAL	125,000	0	0	0	0	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	103,766	108,483	108,483	113,199	4,716	4.35%
9209 Ent - Principal Clearing	(103,766)	(108,483)	(108,483)	(113,199)	(4,716)	4.35%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	366,416	240,321	240,321	235,981	(4,340)	(1.81%)
Cost of Issuance	0	0		0		
Restricted Cash w/Fiscal Agent	0	0		0		
Increase in Bonds Payable	0	0		0		
Amort of Bond Premium	(1,984)	0		0		
Amort. of Bond Issuance Costs	4,085	4,085		4,085		
Long Term Debt Proceeds	0	0		0		
Principal Payment	(103,766)	(108,483)		(113,199)		
Post-Audit Adjustment - Closing						
COI Funds	0	0		0		
ENDING FUND BALANCE	\$118,970	\$180,304		\$237,591		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: State Loan Debt Service Fund

Section/Index No: 675439

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	(\$35,922)	\$105,354		\$268,872		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	2,637	7,483	7,483	3,641	(3,842)	(51.34%)
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	2,637	7,483	7,483	3,641	(3,842)	(51.34%)
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	1,196,270	1,196,268	1,196,268	1,196,268	(0)	(0.00%)
SUBTOTAL	1,196,270	1,196,268	1,196,268	1,196,268	(0)	(0.00%)
TOTAL REVENUES	1,198,907	1,203,751	1,203,751	1,199,909	(3,842)	(0.32%)
EXPENDITURES						
<u>OTHER CHARGES</u>						
7930 Interest - LT Debt	421,863	404,475	404,475	386,587	(17,888)	(4.42%)
SUBTOTAL	421,863	404,475	404,475	386,587	(17,888)	(4.42%)
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	618,368	635,758	635,758	653,646	17,888	2.81%
9209 Ent - Principal Clearing	(618,368)	(635,758)	(635,758)	(653,646)	(17,888)	2.81%
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	421,863	404,475	404,475	386,587	(17,888)	(4.42%)
Principal Payment	(618,369)	(635,758)		(653,646)		
Change in Due to Other Gov	(17,399)					
ENDING FUND BALANCE	\$105,354	\$268,872		\$428,548		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Capital Lease Financing

Section/Index No: 675371

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	\$700,000	\$0	\$0	\$7,030		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	6,205	7,030	7,030	1,925	(5,105)	(72.62%)
1760 Investment Income	0	0	0	0	0	N/A
SUBTOTAL	6,205	7,030	7,030	1,925	(5,105)	(72.62%)
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
TOTAL REVENUES	6,205	7,030	7,030	1,925	(5,105)	(72.62%)
EXPENDITURES						
<u>OTHER CHARGES</u>						
7920 Interest - LT Debt	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	706,205	0	0	0	0	N/A
SUBTOTAL	706,205	0	0	0	0	N/A
<u>ADMIN. CONTROL ACCOUNT</u>						
9200 Ent - Principal	0	0	0	0	0	N/A
9209 Ent - Principal Clearing	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	706,205	0	0	0	0	N/A
Principal Payment	0	0		0		
ENDING FUND BALANCE	\$0	\$7,030		\$8,955		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: State Loan Reserve Fund

Section/Index No: 675447

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	\$0	\$0		\$0		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	6,540	6,700	0	4,373	4,373	N/A
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	6,540	6,700	0	4,373	4,373	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	119,628	119,627	119,627	119,627	(0)	(0.00%)
SUBTOTAL	119,628	119,627	119,627	119,627	(0)	(0.00%)
TOTAL REVENUES	126,168	126,327	119,627	123,999	4,372	3.65%

EXPENDITURES

OTHER FINANCING USES

8625 OT - W/in Special Dist	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A
TOTAL EXPENDITURES	0	0	0	0	0	N/A
Reserve Unavail. for Budgeting	(126,168)	(126,327)		(123,999)		

ENDING FUND BALANCE	\$0	\$0	\$0
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Fund Balance Components at Beginning of	7/1/09	7/1/10
Cash	\$731,728	\$857,896

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: North Marin Water Deposit

Section/Index No: 675512

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	12,285	12,433		12,558		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	148	125	125	94	(32)	(25.20%)
SUBTOTAL	148	125	125	94	(32)	(25.20%)

MISCELLANEOUS REVENUES

4625 OT - W/in Special Dist	0	0	76,300	0	(76,300)	(100.00%)
SUBTOTAL	0	0	76,300	0	(76,300)	(100.00%)

TOTAL REVENUES	148	125	76,425	94	(76,332)	(99.88%)
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EXPENDITURES

OTHER CHARGES

8010 Contribution Non-Co Govt	0	0	76,300	0	(76,300)	(100.00%)
SUBTOTAL	0	0	76,300	0	(76,300)	(100.00%)

TOTAL EXPENDITURES	0	0	76,300	0	(76,300)	(100.00%)
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ENDING FUND BALANCE	12,433	12,558		12,652		
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**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

Santa Rosa Aqueduct Capital Fund
675207

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	5,590,446	5,696,127		5,702,127		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	49,994	56,000	56,000	31,037	(24,963)	(44.58%)
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	49,994	56,000	56,000	31,037	(24,963)	(44.58%)

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	58,751	0	0	66,445	66,445	N/A
SUBTOTAL	58,751	0	0	66,445	66,445	N/A

TOTAL REVENUES	108,745	56,000	56,000	97,482	41,482	74.08%
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EXPENDITURES

OTHER FINANCING USES

8625 OT - W/in Special Dist	3,064	50,000	870,000	125,000	(745,000)	(85.63%)
SUBTOTAL	3,064	50,000	870,000	125,000	(745,000)	(85.63%)

TOTAL EXPENDITURES	3,064	50,000	870,000	125,000	(745,000)	(85.63%)
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ENDING FUND BALANCE	5,696,127	5,702,127		5,674,609		
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**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title: Petaluma Aqueduct Capital Fund
 Section/Index No: 675215

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	5,502,807	5,545,740		5,601,633		

REVENUES

USE OF MONEY / PROPERTY

1700 Interest on Pooled Cash	49,185	55,893	55,893	30,382	(25,511)	(45.64%)
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	49,185	55,893	55,893	30,382	(25,511)	(45.64%)

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist	0	0	0	0	0	N/A
SUBTOTAL	0	0	0	0	0	N/A

TOTAL REVENUES	49,185	55,893	55,893	30,382	(25,511)	(45.64%)
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EXPENDITURES

OTHER FINANCING USES

8625 OT - W/in Special Dist	6,252	0	0	911,000	911,000	N/A
SUBTOTAL	6,252	0	0	911,000	911,000	N/A

TOTAL EXPENDITURES	6,252	0	0	911,000	911,000	N/A
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ENDING FUND BALANCE	5,545,740	5,601,633		4,721,015		
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**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

Sonoma Aqueduct Capital Fund
675231

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	123,162	124,254		75,484		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	1,092	1,230	1,230	682	(548)	(44.55%)
1701 Interest Earned	0	0	0	0	0	N/A
SUBTOTAL	1,092	1,230	1,230	682	(548)	(44.55%)
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	0	0	0	50,000	50,000	N/A
SUBTOTAL	0	0	0	50,000	50,000	N/A
TOTAL REVENUES	1,092	1,230	1,230	50,682	49,452	4020.49%
EXPENDITURES						
<u>OTHER FINANCING USES</u>						
8625 OT - W/in Special Dist	0	50,000	50,000	125,000	75,000	150.00%
SUBTOTAL	0	50,000	50,000	125,000	75,000	150.00%
TOTAL EXPENDITURES	0	50,000	50,000	125,000	75,000	150.00%
ENDING FUND BALANCE	124,254	75,484		1,166		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

Water Management Planning
675710

Subsubject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	345,561	431,015		316,025		
REVENUES						
USE OF MONEY / PROPERTY						
1700 Interest on Pooled Cash	3,655	4,700	4,700	3,157	(1,543)	(32.83%)
SUBTOTAL	3,655	4,700	4,700	3,157	(1,543)	(32.83%)
Intergovernmental Revenue						
2912 Town of Windsor	44,055	12,838	12,838	13,376	538	4.19%
SUBTOTAL	44,055	12,838	12,838	13,376	538	4.19%
OTHER FINANCING SOURCES						
4625 OT - W/in Special Dist	728,084	191,872	200,000	200,000	0	0.00%
SUBTOTAL	728,084	191,872	200,000	200,000	0	0.00%
TOTAL REVENUES	775,794	209,410	217,538	216,533	(1,005)	(0.46%)
EXPENDITURES						
Services and Supplies						
6180 Maintenance Bldg/Imp	1,333	0	0	0	0	N/A
6522 District Operations	348	0	0	0	0	N/A
6523 District Operations	54,058	124,219	475,000	75,000	(400,000)	(84.21%)
6570 Consultant Svs	14,002	75,000	350,000	50,000	(300,000)	(85.71%)
6610 Legal Services	312,833	125,000	125,000	75,000	(50,000)	(40.00%)
7206 Equipment Usage	127	131	0	0	0	N/A
7247 Water Conservation	0	0	0	0	0	N/A
7303 Private Car Expense	3	50	0	0	0	N/A
SUBTOTAL	382,704	324,400	950,000	200,000	(750,000)	(78.95%)
TOTAL EXPENDITURES	382,704	324,400	950,000	200,000	(750,000)	(78.95%)
Outstanding Encumbrances - Net Change	(307,636)					
ENDING FUND BALANCE	431,015	316,025		332,557		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:

Watershed Planning/Restoration

Section/Index No:

675728

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	(573,222)	(888,068)		(1,534,587)		
REVENUES						
<u>USE OF MONEY / PROPERTY</u>						
1700 Interest on Pooled Cash	(2,925)	(3,828)	(3,828)	1	3,829	(100.02%)
SUBTOTAL	(2,925)	(3,828)	(3,828)	1	3,829	(100.02%)
<u>Intergovernmental Revenue</u>						
2912 Town of Windsor	102,047	112,000	112,000	174,597	62,597	55.89%
SUBTOTAL	102,047	112,000	112,000	174,597	62,597	55.89%
<u>Miscellaneous Revenues</u>						
3980 Revenue applicable to prior year	686	0	0	0	0	N/A
4102 Donations/Reimbursements - SR Plain Groundwater	0	0	0	0	0	N/A
SUBTOTAL	686	0	0	0	0	N/A
<u>OTHER FINANCING SOURCES</u>						
4625 OT - W/in Special Dist	1,731,882	1,674,692	1,744,854	3,995,267	2,250,413	128.97%
SUBTOTAL	1,731,882	1,674,692	1,744,854	3,995,267	2,250,413	128.97%
TOTAL REVENUES	1,831,690	1,782,864	1,853,026	4,169,865	2,316,839	125.03%
EXPENDITURES						
<u>Services and Supplies</u>						
6040 Communications	0	1,494	0	0	0	N/A
6180 Maintenance Bldg/Imp	408	2,856	0	0	0	N/A
6430 Printing Services	0	7,122	0	0	0	N/A
6461 Supplies/Expenses	0	2,106	0	0	0	N/A
6512 Testing/Analysis	1,547	66,750	0	0	0	N/A
6522 District Services	56,029	90,156	0	0	0	N/A
6523 District Operations - RRIFR Program	1,314,449	1,303,612	1,065,610	2,176,180	1,110,570	104.22%
6570 Consultant Services - RRIFR Program	392,106	871,070	701,025	404,500	(296,525)	(42.30%)
6610 Legal Services	36,346	28,452	0	30,000	30,000	N/A
6800 Public/Legal Notices	0	5,544	0	0	0	N/A
6880 Small Tools/Instruments	0	6,078	0	0	0	N/A
6889 Software	0	11,714	0	0	0	N/A
6890 Hardware	0	1,200	0	0	0	N/A
7206 Equipment Usage	25,483	30,263	0	0	0	N/A
7303 Private Car Expense	627	966	0	0	0	N/A
SUBTOTAL	1,826,995	2,429,383	1,766,635	2,610,680	844,045	47.78%
TOTAL EXPENDITURES	1,826,995	2,429,383	1,766,635	2,610,680	844,045	47.78%
Outstanding Encumbrances - Net Change	(319,541)					
ENDING FUND BALANCE	(888,068)	(1,534,587)		24,598		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

Recycled Water and Local Supply
675736

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	150,675	253,654		307,936		
REVENUES						
USE OF MONEY / PROPERTY						
1700 Interest on Pooled Cash	21,926	1,781	1,781	14,685	12,904	724.54%
SUBTOTAL	21,926	1,781	1,781	14,685	12,904	724.54%
Intergovernmental Revenue						
2912 Town of Windsor	38,778	53,116	53,116	58,017	4,901	9.23%
SUBTOTAL	38,778	53,116	53,116	58,017	4,901	9.23%
MISCELLANEOUS REVENUE						
4102 Donations/Reimbursements	180,478	125,000	125,000	80,000	(45,000)	(36.00%)
4303 State Grant	8,306	0	0	0	0	N/A
SUBTOTAL	188,784	125,000	125,000	80,000	(45,000)	(36.00%)
OTHER FINANCING SOURCES						
4625 OT - W/in Special Dist	645,572	794,282	827,499	867,500	40,001	4.83%
SUBTOTAL	645,572	794,282	827,499	867,500	40,001	4.83%
TOTAL REVENUES	895,060	974,179	1,007,396	1,020,202	12,806	1.27%
EXPENDITURES						
Services and Supplies						
6040 Communications	0	798	0	0	0	N/A
6410 Postage	0	150	0	0	0	N/A
6430 Printing Supplies	0	62,844	0	0	0	N/A
6461 supplies/Expenses	0	684	0	0	0	N/A
6522 District Administration	2,839	36,834	0	0	0	N/A
6523 District Operations	218,416	225,730	430,000	330,000	(100,000)	(23.26%)
<i>SV GW Mgmt Plan, SR Plain GW Study & Mgmt Plan</i>						
6570 Consultant Services	313,148	539,558	522,500	617,500	95,000	18.18%
<i>SV GW Mgmt Plan, SR Plain GW Study & Mgmt Plan</i>						
6610 Legal Services	872	0	0	0	0	N/A
7206 Equipment Usage	278	183	0	0	0	N/A
7277 Recycled Water Use	903,939	0	0	0	0	N/A
7303 Private Car Expense	0	0	0	0	0	N/A
SUBTOTAL	1,439,492	866,781	952,500	947,500	(5,000)	(0.52%)
Other Charges						
7924 - Interest PY	(1,751)	0	0	0	0	N/A
SUBTOTAL	(1,751)	0	0	0	0	N/A
Capital Assets						
9482 Amortizable WIP	142,603	0	0	0	0	N/A
SUBTOTAL	142,603	0	0	0	0	N/A
TOTAL EXPENDITURES	1,580,344	866,781	952,500	947,500	(5,000)	(0.52%)
Outstanding Encumbrances - Net Change	828,792					
Capital interest	(1,751)	0				
Change in Windsor Reserve	(38,778)	(53,116)		(58,017)		
ENDING FUND BALANCE	253,654	307,936		322,621		

**FY 2011-12 BUDGET
BEGINNING AND ENDING CASH SUMMARY**

Section Title:
Section/Index No:

**Water Conservation
675744**

Subobject Title	Actual 2009-10	Estimated 2010-11	Adopted 2010-11	Requested 2011-12	Difference	Percent Change
BEGINNING FUND BALANCE	240,627	186,161		42,066		
REVENUES						
USE OF MONEY / PROPERTY						
1700 Interest on Pooled Cash	3,489	(5,156)	(5,156)	3,658	8,814	(170.95%)
SUBTOTAL	3,489	(5,156)	(5,156)	3,658	8,814	(170.95%)
Intergovernmental Revenue						
2911 City of Santa Rosa	7,688	0	0	0	0	N/A
2912 Town of Windsor	84,554	100,969	100,969	100,651	(318)	(0.31%)
2914 City of Rohnert Park	5,028	0	0	0	0	N/A
2919 City of Sonoma	3,062	0	0	0	0	N/A
2951 North Marin Water District	6,534	0	0	0	0	N/A
2954 Town of Windsor	2	0	0	0	0	N/A
SUBTOTAL	106,868	100,969	100,969	100,651	(318)	(0.31%)
Miscellaneous Revenue						
3980 Revenue Applicable to Prior Ye	-	-	-	-	0	N/A
4040 Miscellaneous Revenue	678	-	-	-	0	N/A
4102 Donations/Reimbursements	3,492	0	0	0	0	N/A
4303 State Grants	188,800	0	74,000	0	(74,000)	(100.00%)
SUBTOTAL	192,970	0	74,000	0	(74,000)	(100.00%)
OTHER FINANCING SOURCES						
4625 OT - W/in Special Dist	1,485,736	1,509,615	1,572,999	1,505,000	(67,999)	(4.32%)
SUBTOTAL	1,485,736	1,509,615	1,572,999	1,505,000	(67,999)	(4.32%)
TOTAL REVENUES	1,789,063	1,605,428	1,742,812	1,609,309	(133,503)	(7.66%)
EXPENDITURES						
Services and Supplies						
6020 Clothing	0	378	0	0	0	N/A
6522 District Services	7,790	258	0	0	0	N/A
6523 District Operations	1,043,021	925,000	925,000	900,000	(25,000)	(2.70%)
6536 Business Environmental Allianc	0	50,000	50,000	50,000	0	0.00%
6570 Consultant Services	0	30,000	30,000	10,000	(20,000)	(66.67%)
6584 Trade Shows - So Cty Fair	0	10,000	20,000	20,000	0	0.00%
6630 Audit Svs - Review of Prg	0	0	0	0	0	N/A
6800 Public Information	0	0	175,000	0	(175,000)	(100.00%)
7022 Public Relations	89,470	175,000	0	165,000	165,000	N/A
7206 Equipment Usage	11,440	6,586	0	0	0	N/A
7247 Water Conservation	444,641	449,896	299,000	360,000	61,000	20.40%
7250 Reimbursable Projects	27,021	0	0	0	0	N/A
7303 Private Car Expense	2,205	1,436	0	0	0	N/A
SUBTOTAL	1,625,588	1,648,554	1,499,000	1,505,000	6,000	0.40%
Other Charges						
8010 Contribution to Non-County	0	0	74,000	0	(74,000)	(100.00%)
SUBTOTAL	0	0	74,000	0	(74,000)	(100.00%)
TOTAL EXPENDITURES	1,625,588	1,648,554	1,573,000	1,505,000	(68,000)	(4.32%)
Outstanding Encumbrances	(200,403)					
Change in Windsor Reserve	(17,538)	(100,969)		(100,651)		
ENDING FUND BALANCE	186,161	42,066		45,724		

REVENUE BOND / STATE LOAN CHARGES - WATER RATES AND ESTIMATED REVENUES FOR FY 11-12

A. ANNUAL DEBT SERVICE REQUIREMENTS

	Common Facilities	Storage Facilities	Sonoma Pipeline Facilities
2003 A Revenue Bond	675454	675462	675470
PRINCIPAL	\$167,276	\$119,483	\$98,242
INTEREST	261,840	187,622	153,780
FISCAL AGENT FEES	1,600	1,500	1,200
DEBT ISSUANCE COSTS	3,951	2,822	2,320
DISCOUNT/BONDS	446	319	262
Total Individual Bond Payments	435,113	311,746	255,804
Bond Reserve	65,267	46,762	38,371
Total Individual Bond Debt Service	500,380	358,508	294,175
2006 A Revenue Bond	675496	675488	
PRINCIPAL	\$113,199	\$126,802	
INTEREST	229,596	257,184	
FISCAL AGENT FEES	2,300	2,500	
DEBT ISSUANCE COSTS	4,085	4,576	
DISCOUNT/BONDS			
Total Individual Bond Payments	349,180	391,062	0
Bond Reserve	52,377	58,659	0
Total Individual Bond Debt Service	401,557	449,721	0
<u>1. 09/10 Financing Exp for Common Fac incl above until index established</u>	Mirabel Generators	TBD - Oakmont Pipeline	
PRINCIPAL	266,752		
INTEREST	58,956		
FISCAL AGENT FEES	0		
DEBT ISSUANCE COSTS	0		
Total Individual Bond Payments	325,708	0	0
Reserve	0	0	0
Total Individual Financing Debt Service	325,708	0	0
SRF LOAN	675439		
PRINCIPAL	653,646	N.A	N.A
INTEREST	386,587	N.A	N.A
USE OF SRF LOAN FUND BALANCE - 675439			
Reserve Requirement	156,035		
Total SRF Debt Service	1,196,268		
SRF LOAN RESERVE	675447		
RESERVE	119,627	N.A	N.A
Total SRF Debt Service	1,315,895		
TOTAL DEBT SERVICE	\$2,543,540	\$808,229	\$294,175
LESS REV. FROM N. MARIN REV. BOND CHARGES	\$315,129		
REMAINING REVENUE REQUIREMENT	\$2,228,411	\$808,229	\$294,175

B. CALCULATIONS OF WATER RATES FOR FY 11-12

	Common Facilities Debt Service Charge	Storage Facilities Revenue Bonds Charge	Sonoma Pipeline Facilities Revenue Bonds Charge
REVENUE REQUIREMENT	\$2,228,411	\$808,229	\$294,175
APPLICABLE BASE WATER DELIVERIES IN A.F.	35,007.3	35,007.3	4,250.0
CHARGES PER ACRE-FEET	\$63.66	\$23.09	\$69.22

C. CALCULATIONS OF NORTH MARIN REVENUE BONDS CHARGE

REVENUE REQUIREMENT FOR COMMON FACILITIES DEBT SERVICE	2,543,540
N. MARIN'S SHARE (REV. REQMT. FOR COMMON FAC. DEBT SERVICE X (11.2/90.4))	315,129
ESTIMATED WATER DELIVERIES TO NORTH MARIN (IN A.F.)	6,205
NORTH MARIN REVENUE BONDS CHARGE	51

Common Facilities	
Total Debt Service	2,543,540
N. Marin's Share (11.2/90.4)	315,129
Estimated Water Deliveries to N. Marin	6,204.6
Applicable portion of the N. Marin R. Bonds Charge	\$50.79

FY 2011-12 BUDGET
SONOMA COUNTY WATER AGENCY
Operations and Maintenance Rate Computation

O & M REVENUE REQUIREMENT

ESTIMATED FISCAL YEAR 10/11 EXPENDITURES	\$38,821,612
 <i>LESS:</i>	
Depreciation	5,500,000
Investment Income, Interest on Pooled Cash, Charges for Services	53,275
Power Sales	800,000
PWRPA Pre-paid Expense - FY 08/09 Rate Reduction- <i>One time only</i>	
"Mandatory Prudent Reserve" charge	(250,000)
Recycled Water funds (Sub-object 7277) taken from special reserve	0
Transfers Out	10,280,156
	10,280,156
REVENUE REQUIREMENT (Net Expenditures)	\$22,438,181

O & M ACRE FOOT BASE

AVERAGE DELIVERIES - PAST 12 MONTHS	47,848.3
 <i>LESS:</i>	
Marin Municipal	6,514.4
Surplus (Irrigation)	122.1
	122.1
TOTAL BASE DELIVERIES	41,211.8

<u>O & M RATE COMPUTATION:</u>	
Rate = Revenue Requirement - (Marin Muni Off Peak Deliveries x Highest Prime Rate)	
- (Marin Muni Surplus Deliveries x (O&M Charge + Capital Charge))	
Total Deliveries - Surplus Deliveries - Marin Muni Past 36 Months Deliveries	
= $\frac{22,438,181 - (4,300.00 \times 687.27) - (2,214.43 \times 627.31)}{47,848.3 - 122.1 - 6,514.4}$	
* = \$439.04	

SONOMA COUNTY WATER AGENCY
RUSSIAN RIVER CONSERVATION CHARGE COMPUTATION

FISCAL YEAR 2011-12

PROPERTY ASSESSMENT VALUES AS OF FY 10-11:

<u>TAX CODE</u>	<u>ENTITY</u>	<u>SECURED</u>	<u>UNSECURED</u>	<u>TOTAL VALUE</u>
14000	Forestville Co Water District	\$306,609,960	\$4,419,306	\$311,029,266
42800	City of Cotati	832,214,435	18,050,668	850,265,103
43500	City of Petaluma	7,273,095,720	390,379,918	7,663,475,638
43800	City of Rohnert Park	3,650,282,745	114,595,601	3,764,878,346
44500	City of Santa Rosa	17,358,422,777	657,897,183	18,016,319,960
45000	City of Sonoma	1,909,445,614	54,616,669	1,964,062,283
	Valley of the Moon Water District	2,433,066,812	17,417,996	2,450,484,808
	<i>TOTAL</i>	\$33,763,138,063	\$1,257,377,341	\$35,020,515,404

Notes:

- 1 Total value of secured and unsecured property in service areas of Prime Water Contractors of Sonoma County (see above) \$35,020,515,404

- 2 2009-10 Sonoma County tax rate per \$100 of full cash value assessed for payment of Warm Springs Dam Project Obligations 0.007

- 3 Total tax levied on citizens residing in service areas of Prime Water Contractors of Sonoma County, i.e., (Line 1/100) x Line 2 \$2,451,436

- 4 Total acre feet of water delivered to Prime Water Contractors of Sonoma County (not including North Marin) during the last 12 month period 33,920.54

- 5 Total Russian River Conservation Charge per Acre Foot (Line 3 / Line 4) \$72.27

**FY 2011-12 BUDGET
CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Water Transmission

Section Title: Water Conservation

Character Title: Use of Money and Property Character No.: 675744-17

1700 Interest on Pooled Cash	
This account records interest on pooled cash held for the Agency by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.	
Estimated Average Cash Balance	665,000
Projected Interest Rate	0.55%
Projected/Planned Interest on Pooled Cash	\$3,658

Character Title: Intergovernmental Revenues Character No.: 675744-20

2912 Town of Windsor	
This item records revenue earned from the Town of Windsor for water diverted from the Russian River using the Town's equipment. Restructured Agreement 4.17b	

Character Title: Miscellaneous Revenues Character No.: 675744-40

4303 State Grants	
This is for an anticipated Grant from CA Dept of Water Resources	

Character Title: Other Financing Sources Character No.: 675744-46

4625 OT - W/in Special Dist - BOS		\$1,505,000
This item records transfers of funds from the O&M fund to provide for planned expenditures.		

Character Title: Services and Supplies Character No.: 675744-60

6523 District Operation		
This item is requested to provide for the charging of salaries, benefits and overhead costs for staff assigned to projects budgeted within the Water Conservation Fund.		
Water education Seasonal Staffing	7247	875,000
LID		25,000
		20,000
		\$ 900,000
6536 Business Environmental Alliance		
Agreement with the Economic Development Board		50,000
	2319-22, 7190	\$ 50,000
6570 Consulting Services		
LID		0
		10,000
		\$ 10,000
6584 Trade Shows		
Sonoma County Fair	7189	0
		20,000
		\$ 20,000
7022 Public Relations		
Public Information and ACWA Campaign	7189	0
		165,000
		\$ 165,000
7247 Water Conservation		
School Education Program		0
QWEL English & Spanish		280,000
Seminars, Workshops, and Training		20,000
Greywater Curriculum		15,000
Wholesaler Support		15,000
Green Business Program		10,000
		20,000
		0
		0
		\$ 360,000

Character Title: Other Charges Character No.: 675744-75

8010 Contribution Non-County Governments		\$0
This item is request to pass DWR grant monies through to other governments		

FY 2011-12 BUDGET
Water Transmission System
Operating Transfers (OT)

Fund	Index	FY 11-12	
		OT Out (8625)	OT In (4625)
Santa Rosa Capital Fund	675207	125,000	66,445
Petaluma Capital Fund	675215	911,000	0
Sonoma Capital Fund	675231	125,000	0
Sonoma Rev Bond Fund 2003	675470	50,000	294,175
Storage Rev Bond Fund 2003	675462	0	358,508
Storage Rev Bond Fund 2006	675488	0	449,721
Common Rev Bond Fund 2003	675454	0	500,380
Common Rev Bond Fund 2006	675496	0	401,557
State Loan Debt Service	675439	0	1,196,268
State Loan Reserve	675447	0	119,627
Agency Fund (Discretionary)		2,402,000	0
Agency Fund (Charges)	675108	10,280,156	0
Pipeline Facilities	675413	0	1,161,000
Storage Facilities	675405	0	0
Common Facilities	675421	0	2,727,708
North Marin	675512	0	0
Water Management Planning	675710		200,000
Watershed Planning./Restoration	675728		3,995,267
Recycled Water & Local Supply	675736		867,500
Water Conservation	675744		1,505,000
Total		13,893,156	13,843,156

FY 11-12
Proposed Water Rates

	FY 10-11 (Actual)	FY 11-12 (Proposed)	% Change
O&M Charge	430.13	439.04	2.1%
Water Management Planning Sub-Charge	4.01	4.18	4.2%
Watershed Planning/Restoration Sub-Charge	35.00	54.56	55.9%
Recycled Water Sub-Charge	16.60	18.13	9.2%
Water Conservation Sub-Charge	31.55	31.45	-0.3%
Total O&M Charge	517.29	547.37	5.8%

Santa Rosa Aqueduct Rate

O&M Charge	517.29	547.37	5.8%
Storage Facilities Capital Charge [4.7]	22.93	23.09	0.7%
Common Facilities Capital Charge [4.8]	63.70	63.66	-0.1%
TOTAL	603.92	634.11	5.0%

Petaluma Aqueduct Rate

O&M Charge	517.29	547.37	5.8%
Storage Facilities Capital Charge [4.7]	22.93	23.09	0.7%
Common Facilities Capital Charge [4.8]	63.70	63.66	-0.1%
TOTAL	603.92	634.11	5.0%

Sonoma Aqueduct Rate

O&M Charge	517.29	547.37	5.8%
Storage Facilities Capital Charge [4.7]	22.93	23.09	0.7%
Common Facilities Capital Charge [4.8]	63.70	63.66	-0.1%
Aqueduct Facilities Capital Charges [4.6 b]	70.55	69.22	-1.9%
TOTAL	674.47	703.33	4.28%

January 6, 2011

SONOMA COUNTY WATER AGENCY
(A Component Unit of the County of Sonoma)

Independent Auditor's Reports, Management's
Discussion and Analysis, Basic Financial
Statements, Required Supplementary Information, and
Other Supplementary Information

For the Fiscal Year Ended June 30, 2010

**SONOMA COUNTY WATER AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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**SONOMA COUNTY WATER AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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To the Board of Directors
Sonoma County Water Agency
Santa Rosa, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Sonoma County Water Agency (Water Agency), a component unit of the County of Sonoma, California, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Water Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Water Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Water Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Sonoma County Water Agency, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note D to the basic financial statements, effective July 1, 2009, the Water Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010 on our consideration of the Water Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents 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 information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Water Agency's basic financial statements. The accompanying combining financial statements listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Macinnis & O'Connell LLP

Certified Public Accountants

Sacramento, California
November 30, 2010

Management's Discussion and Analysis

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

As management of the Sonoma County Water Agency (the "Water Agency"), we offer readers of the Water Agency's financial statements this narrative overview and analysis of the financial activities of the Water Agency for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the Water Agency's financial statements and the accompanying notes to the financial statements.

Financial Highlights

- The assets of the Water Agency exceeded its liabilities at the close of the most recent fiscal year by \$354,293,885 (net assets). Of this amount \$38,620,121 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$806,646 during the current fiscal year. The Water Agency's governmental activities realized an increase in net assets of \$4,433,972 while its business-type activities reported a decrease of \$3,627,326.
- As of the close of the current fiscal year, the Water Agency's governmental funds reported combined ending fund balances of \$131,413,913, an increase of \$3,449,277. Approximately 30% of this total amount, \$39,399,842 is available for spending at the Water Agency's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund, which includes Spring Lake Park and the Waste/Recycled Water Loan fund, was \$9,276,537 or approximately 25% of total general fund expenditures, which amounted to \$36,618,331 for the fiscal year ended June 30, 2010.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Water Agency's basic financial statements. The Water Agency's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Water Agency's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Water Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Water Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Water Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Overview of the Financial Statements (continued)

Government-wide financial statements (continued)

Both the government-wide financial statements distinguish functions of the Water Agency that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Water Agency include general government, flood control, Warm Springs Dam, capital outlay and debt service. The business-type activities of the Water Agency include water transmission, water supply and sanitation services.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Water Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Water Agency can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Water Agency maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, special revenue funds (Flood Control and Warm Springs Dam), and the debt service fund, all of which are considered to be major funds.

The Water Agency adopts an annual appropriated budget for its general fund, special revenue funds, and debt service fund. Budgetary comparison statements have been provided for the general fund and special revenue funds, as required by generally accepted accounting principles, to demonstrate compliance with this budget.

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Overview of the Financial Statements (continued)

Proprietary funds

The Water Agency maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Agency uses enterprise funds to account for its water and sanitation services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Water Agency's various functions. The Water Agency uses an internal service fund to account for equipment, facilities rental and power activities. Because these services predominantly benefit business-type rather than governmental functions, they have been included within business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water transmission, water supply, and sanitation services, all of which are considered to be major funds. Information for the internal service funds is also provided in the proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Water Agency's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

Schedules presenting budgetary comparison information for the Water Agency's general fund and special revenue funds are supplementary information required by generally accepted accounting principles and immediately follows the notes to the basic financial statements.

Other Supplementary Information

Combining statements in connection with governmental funds and proprietary funds are presented immediately following the required supplementary information.

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Water Agency, assets exceeded liabilities by \$354,293,885 as of June 30, 2010.

The largest portion of the Water Agency's net assets (53%) reflects its investment in capital assets (e.g., land, construction in progress, infrastructure, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Water Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Water Agency's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Sonoma County Water Agency's
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2009	June 30, 2010	June 30, 2009*	June 30, 2010	June 30, 2009	June 30, 2010
Current and other assets	\$ 129,744,335	\$ 133,432,451	\$ 53,987,003	\$ 50,570,307	\$ 183,731,338	\$ 184,002,758
Capital assets	150,547,639	148,940,510	214,192,807	209,386,387	364,740,446	358,326,897
Total assets	280,291,974	282,372,961	268,179,810	259,956,694	548,471,784	542,329,655
Current liabilities	6,956,905	7,285,297	9,017,626	7,460,179	15,974,531	14,745,476
Noncurrent liabilities	109,453,564	106,772,187	69,556,450	66,518,107	179,010,014	173,290,294
Total liabilities	116,410,469	114,057,484	78,574,076	73,978,286	194,984,545	188,035,770
Invested in capital assets, net of related debt	41,035,367	42,182,070	147,384,624	146,238,805	188,419,991	188,420,875
Restricted	117,902,026	118,070,202	9,806,424	9,182,687	127,708,450	127,252,889
Unrestricted	4,944,112	8,063,205	32,414,686	30,556,916	37,358,798	38,620,121
Total net assets	\$ 163,881,505	\$ 168,315,477	\$ 189,605,734	\$ 185,978,408	\$ 353,487,239	\$ 354,293,885

* Certain amounts have been restated from amounts previously reported to reflect the implementation of GASB Statement No. 51.

A portion of the Water Agency's net assets, \$127,252,889 (36%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$38,620,121, may be used to meet the Water Agency's ongoing obligations to citizens and creditors.

As of June 30, 2010, the Water Agency reports positive balances in all categories of net assets for its separate governmental and business-type activities.

The Water Agency's net assets increased by \$806,646 during the fiscal year ended June 30, 2010. This increase is a net result of revenues exceeding expenses in the governmental activities offset by expenses exceeding revenues in the business-type activities.

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

**Sonoma County Water Agency's
Condensed Statement of Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	Fiscal Year Ended June 30,		Fiscal Year Ended June 30,		Fiscal Year Ended June 30,	
	2009	2010	2009*	2010	2009	2010
Revenues:						
Program Revenues:						
Charges for services	\$390,969	\$664,769	\$33,188,478	\$32,192,144	\$33,579,447	\$32,856,913
Operating grants and contributions	-	359,382	1,086,087	3,070,266	1,086,087	3,429,648
Capital grants and contributions	449,198	-	263,656	140,444	712,854	140,444
General Revenues:						
Property taxes	19,455,086	18,911,088	41,224	41,216	19,496,310	18,952,304
Investment earnings	6,197,798	6,074,946	1,208,115	408,379	7,405,913	6,483,325
Miscellaneous	261,518	-	90,655	80,934	352,173	80,934
Total revenues	26,754,569	26,010,185	35,878,215	35,933,383	62,632,784	61,943,568
Expenses:						
General government	2,678,374	2,435,380	-	-	2,678,374	2,435,380
Flood control	9,148,324	8,741,194	-	-	9,148,324	8,741,194
Warm Springs Dam	1,651,684	3,309,084	-	-	1,651,684	3,309,084
Interest on long-term debt	3,560,417	3,472,533	-	-	3,560,417	3,472,533
Water transmission	-	-	29,888,545	28,563,239	29,888,545	28,563,239
Water supply	-	-	6,220,325	9,342,303	6,220,325	9,342,303
Sanitation	-	-	5,298,049	5,273,189	5,298,049	5,273,189
Total expenses	17,038,799	17,958,191	41,406,919	43,178,731	58,445,718	61,136,922
Change in net assets before transfers	9,715,770	8,051,994	(5,528,704)	(7,245,348)	4,187,066	806,646
Transfers	(3,601,625)	(3,618,022)	3,601,625	3,618,022	-	-
Change in net assets	6,114,145	4,433,972	(1,927,079)	(3,627,326)	4,187,066	806,646
Net assets - beginning of year	157,767,360	163,881,505	191,532,813	189,605,734	349,300,173	353,487,239
Net assets - end of year	\$163,881,505	\$168,315,477	\$189,605,734	\$185,978,408	\$353,487,239	\$354,293,885

* Certain amounts have been restated from amounts previously reported to reflect the implementation of GASB Statement No. 51.

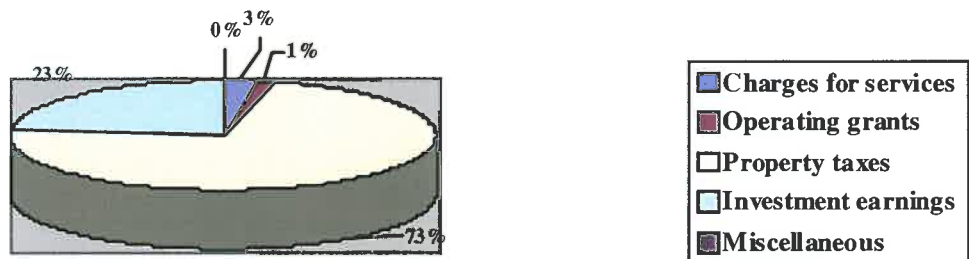
**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Governmental Activities

Governmental activities increased the Water Agency's net assets by \$4,433,972. Key elements of the Water Agency's governmental activities are identified below.

- Property tax revenues of \$18,911,088, including \$5,022,072 received for the purpose of debt retirement and satisfaction of maintenance related assurances with the US Army Corps of Engineers (USACE) for Warm Springs Dam.
- Investment earnings totaling \$6,074,946 was due primarily to a \$5,469,428 increase in the fair market value of the U.S. Treasury STRIPS held by the Water Agency's debt service fund for the repayment of the contract with the USACE for Warm Springs Dam. Absent the U.S. Treasury STRIPS, investment gains totaling \$605,518 were realized.
- Revenues for the fiscal year ended June 30, 2010 decreased by \$744,384 from the prior fiscal year while expenses increased by \$919,392 over the same period. The revenue decrease is due primarily to a decrease in property tax revenues due to decreased assessed property values. The expenditure increase is due primarily to increases in maintenance projects and studies in Warm Springs Dam for work outlined by the Biological Opinion related to the protection of endangered salmon species in Dry Creek and the Russian River (refer to Note Q to the basic financial statements).

Revenues by Source – Governmental Activities



Business-type activities

Business-type activities decreased the Water Agency's net assets by \$3,627,326. Key elements of the Water Agency's business-type activities are identified below.

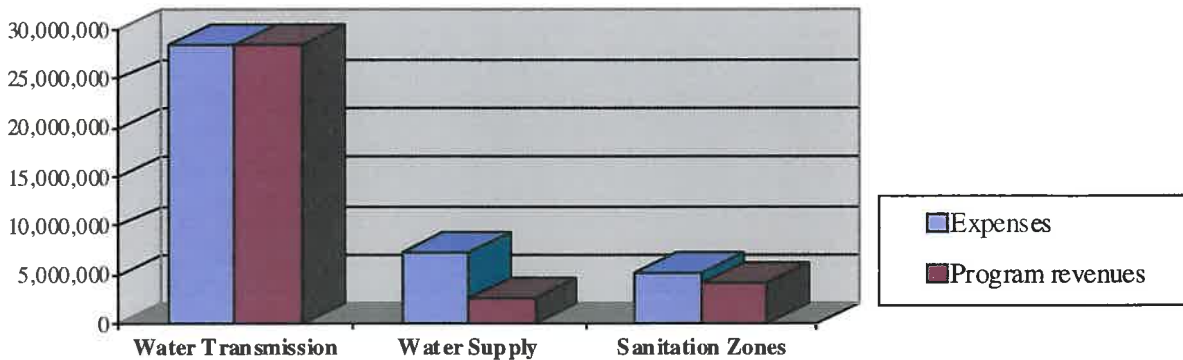
- Water sales revenues decreased \$847,888 from the prior fiscal year. This decrease was due primarily to a 16.5% decrease in total acre-feet sold during the year, offset by an average increase of 19.5% in water rates from the fiscal year ended June 30, 2009.
- Sewer service revenues increased due to increases in the annual rates combined with increases in the total Equivalent Single Family Dwellings (ESDs) serviced by the Water Agency's four sanitation zones.

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

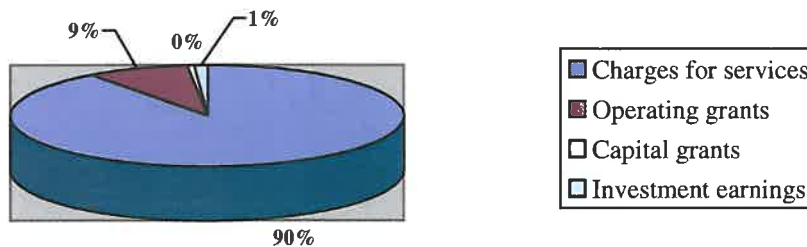
Business-type activities (continued)

- Operating Grants and contributions totaling \$3,070,266 were received during the fiscal year ended June 30, 2010. Grants include funding from the state towards Proposition 50 washer rebate programs, North San Pablo Bay restoration and California Energy Commission renewable energy project. Other contributions include funding agreements for water conservation projects and a storage pond use agreement with the Town of Windsor.
- Investment earnings for the fiscal year ended June 30, 2010 totaled \$408,379.
- Transfers from the Water Agency's General Fund totaling \$5,280,692 were received during the fiscal year ended June 30, 2010. These transfers were for the purpose of financing various projects related to recycled water (\$3,076,000), Russian River projects (\$434,398), expanded water conservation programs in various sanitation zones (\$313,000) and a refund of overhead charges (\$1,157,294). In addition, the Water Transmission fund returned \$1,000,000 to the General Fund due to a higher than anticipated balance in retained earnings and the Equipment Fund returned a net of \$662,670 to other business-type activities due to the Water Agency's intent to reduce its vehicle fleet. The net transfers for Business-type activities totaled \$3,618,022.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type activities



**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Financial Analysis of the Government's Funds

As noted earlier, the Water Agency uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental funds

The focus of the Water Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Water Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Water Agency's net resources available for spending at the end of the fiscal year.

As of June 30, 2010, the Water Agency's governmental funds reported combined ending fund balances of \$131,413,913, an increase of \$3,449,277 in comparison with the prior year. Approximately 30% of this total amount, \$39,399,842, constitutes unreserved, undesignated fund balance, which is available for spending at the Water Agency's discretion. The remaining fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed (1) to pay debt service, \$84,247,669, (2) to liquidate contracts and purchase orders of the prior period, \$6,509,562, (3) for contingencies, \$75,000, and (4) noncurrent assets.

The General Fund is the chief operating fund of the Water Agency. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund, including Spring Lake Park and the Waste/Recycled Water Loan Fund was \$9,276,537, while total fund balance reached \$11,048,426.

The special revenue funds, consisting of six (6) flood control zones and Warm Springs Dam, reported fiscal year end fund balances of \$23,442,322 and \$12,675,496, respectively, of which a total of \$30,123,305 is unreserved, \$110,000 is reserved for notes receivable and the remaining fund balance of \$5,884,513 reserved for encumbrances.

The Debt Service Fund has a total fund balance of \$84,247,669, all of which is reserved for the payment of debt service on the USACE contract for Warm Springs Dam.

Proprietary funds

The Water Agency's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Transmission Fund as of the fiscal year ended June 30, 2010 amounted to \$24,027,575. The Water Supply Fund reported a deficit balance in unrestricted net assets of (\$2,701,796) as the result of the required deferred revenue recognition (amortization) of Marin Municipal Water District's water rights payment. The Sanitation Fund reported unrestricted net assets of \$3,234,969. Other factors concerning the finances of these three funds have been previously addressed in the discussion of the Water Agency's business-type activities.

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget for the Water Agency's General Fund reflected an increase in budgeted appropriations, including transfers, of \$3,366,327, while budgeted revenues were decreased by \$431,237 during the fiscal year ended June 30, 2010.

The primary component of the increase in budgeted expenditures consists of a \$3,021,019 increase in appropriations for transfers. The Water Agency also increased budgeted services and supplies by \$1,114,563 and decreased budgeted salaries and benefits by \$833,255, a result of decreasing overall staff by seven positions.

The Water Agency's actual revenues exceeded the budgeted revenue estimates due primarily to a higher than anticipated property tax allocation. Actual expenditures were less than the budgeted estimates due primarily to reductions in facilities rent and lower than anticipated costs in consultant and legal services, reimbursable work, and transfers to other funds.

Capital Asset and Debt Administration

Capital assets

The Water Agency's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$358,326,897 (net of accumulated depreciation and amortization). This investment in capital assets includes land, intangible assets such as permanent easements, buildings and improvements, machinery and equipment, dams, collection systems and water storage rights.

Major capital asset events during the fiscal year ended June 30, 2010 included the completion of the following projects. The amounts shown represent the total life-to-date construction costs of each project.

Business Type Activities:

- Capital expansion within the Water Transmission fund included:

- Collector Six (final costs) - \$2,839,756
 - Oakmont Pipeline (final costs) - \$736,390
 - Kawana Springs Tank # 2 (residual costs) - \$478,836

- Capital expansion within the Sanitation Zones included:

- Sea Ranch Collection System Replacement - \$83,398
 - Penngrove Sewer Rehabilitation Project - \$524,239
 - Airport – Larkfield – Wikiup Microfiltration Enhancements \$437,090
 - Airport – Larkfield – Wikiup Irrigation Pump Replacements - \$95,939

- Capital expansion within the Equipment Facilities Internal Service Fund included:

- Administration Building – Video Monitor System - \$37,254

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Capital Asset and Debt Administration (continued)

**Sonoma County Water Agency's Capital Assets
(net of accumulated depreciation and amortization)**

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2009	June 30, 2010	June 30, 2009*	June 30, 2010	June 30, 2009	June 30, 2010
Water storage rights	\$ 102,371,000	\$ 102,371,000	\$ 4,996,395	\$ 4,996,395	\$ 107,367,395	\$ 107,367,395
Intangible assets	-	-	-	12,544	-	12,544
Land	1,550,209	1,573,126	11,021,314	11,021,314	12,571,523	12,594,440
Construction in progress	259,792	342,705	29,643,068	26,188,770	29,902,860	26,531,475
Infrastructure	44,170,529	42,608,443	166,492,684	-	210,663,213	42,608,443
Buildings and improvements	1,948,435	1,862,633	-	165,073,776	1,948,435	166,936,409
Machinery and equipment	247,674	182,603	2,039,346	2,093,588	2,287,020	2,276,191
Total net assets	\$ 150,547,639	\$ 148,940,510	\$ 214,192,807	\$ 209,386,387	\$ 364,740,446	\$ 358,326,897

* Certain amounts have been restated from amounts previously reported to reflect the implementation of GASB Statement No. 51.

Additional information on the Water Agency's capital assets can be found in Note H of this report.

Long-term debt

As of June 30, 2010, the Water Agency had a total of \$173,756,708 in outstanding debt. Of this amount \$334,000 comprises general obligation bonds which is backed by the full faith and credit of the Water Agency; \$15,097,740 is related to capital leases; \$29,855,000 in revenue bonds payable from the Water Agency's operating income; \$14,637,477 represents funds advanced to the Water Agency from the California Department of Water Resources; \$4,322,755 represents advances from Sonoma Valley County Sanitation District; \$106,758,440 is a federal long-term contract payable; and \$2,751,296 is comprised of amounts payable to employees for unused sick and vacation leave upon termination.

Sonoma County Water Agency's Outstanding Current and Long-Term Debt

	June 30,	June 30,	Change	
	2009	2010	\$	%
General obligation bonds	\$ 362,000	\$ 334,000	\$ (28,000)	-7.7%
Capital leases	16,102,078	15,097,740	(1,004,338)	-6.2%
Revenue bonds	30,635,000	29,855,000	(780,000)	-2.5%
Advances from other governments	19,967,446	18,960,232	(1,007,214)	-5.0%
Federal contract payable	109,512,272	106,758,440	(2,753,832)	-2.5%
Compensated absences	2,530,081	2,751,296	221,215	8.7%
Total	\$ 179,108,877	\$ 173,756,708	\$ (5,352,169)	-3.0%

The Water Agency's total debt decreased by \$5,352,169 (-3.0%) during the fiscal year ended June 30, 2010.

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Long-term debt (continued)

The outstanding total of general obligation bonds, capital leases, revenue bonds, advances from other governments and federal contract payable decreased by 7.7%, 6.2%, 2.5%, 5.0%, and 2.5%, respectively, during the fiscal year ended June 30, 2010 due to annual principal payments.

Compensated absences increased due to sick and vacation leave being earned and accrued in excess of the actual usage.

Additional information on the Water Agency's current and long-term debt can be found in Note K of this report.

Next Year's Budgets and Rates

During the fiscal year ended June 30, 2010, unreserved, undesignated fund balance in the General Fund increased to \$9,276,537. The Agency has appropriated \$1,188,940 of this amount for spending in the fiscal year ending June 30, 2011 budget.

Both the water and sewer rates were increased for the fiscal year ending June 30, 2011 budget. Water rates were increased by an average of 7.27%, while sewer rates increased an average of 7.69%.

Following are tables showing the rates charged per acre-foot of water used for municipal purposes by the water contractors, along with sanitation services rates and equivalent single family dwellings by sanitation zone.

**Charges per Acre-Foot for Water Used for
Municipal Purposes by Water Contractors**

	Santa Rosa Aqueduct	Petaluma Aqueduct	Sonoma Aqueduct
Operations and maintenance	\$ 517.29	\$ 517.29	\$517.29
Revenue bond charges:			
Aqueduct revenue bonds charge	0.00	0.00	70.55
Storage facility revenue bonds charge	22.93	22.93	22.93
Common facilities revenue bonds charge	63.70	63.70	63.70
Aqueduct capital charge	0.00	0.00	0.00
Total	\$ 603.92	\$ 603.92	\$674.47

**SONOMA COUNTY WATER AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Next Year's Budgets and Rates (continued)

Sewer Service Rate per Equivalent Single-Family Dwelling

	2009/10	2010/11	Change
Sanitation Zone			
Sea Ranch	\$ 824	\$ 878	6.55%
Penngrove	969	1,056	8.98%
Geyserville	752	805	7.05%
Airport-Larkfield-Wikiup	550	594	8.00%

**Number of Equivalent Single-Family Dwellings
by Sanitation Zone**

	2009/10	2010/11	Change
Sanitation Zone			
Sea Ranch	573	574	0.17%
Penngrove	514	514	0.00%
Geyserville	348	352	1.15%
Airport-Larkfield-Wikiup	3,623	3,667	1.21%

Request for Additional Information:

This financial report is designed to provide a general overview of the Water Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma County Auditor-Controller-Treasurer-Tax Collector's Office, Fiscal Services Division, 585 Fiscal Drive, Room 100, Santa Rosa, CA 95403.

Basic Financial Statements

**SONOMA COUNTY WATER AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2010**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current assets:			
Cash and investments	\$ 132,059,613	\$ 36,781,749	\$ 168,841,362
Accounts receivable	190,998	6,740,959	6,931,957
Notes receivable	110,000	-	110,000
Prepaid expenses	-	928,969	928,969
Internal balances	1,071,840	(1,071,840)	-
Total current assets	<u>133,432,451</u>	<u>43,379,837</u>	<u>176,812,288</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments with trustee	-	2,850,724	2,850,724
Cash - revenue bond funds	-	1,637,263	1,637,263
Cash - capital leases	-	1,049,502	1,049,502
Cash - capital projects	-	857,251	857,251
Total restricted assets	<u>-</u>	<u>6,394,740</u>	<u>6,394,740</u>
Deposits with others	-	13,000	13,000
Accounts receivable	-	250,000	250,000
Deferred charges	-	532,730	532,730
Capital assets, net			
Land	1,573,126	11,021,314	12,594,440
Construction in progress	342,705	26,188,770	26,531,475
Intangible asset - water storage rights	102,371,000	4,996,395	107,367,395
Intangible asset - other	-	12,544	12,544
Infrastructure	42,608,443	-	42,608,443
Buildings and improvements	1,862,633	165,073,776	166,936,409
Equipment	182,603	2,093,588	2,276,191
Total capital assets	<u>148,940,510</u>	<u>209,386,387</u>	<u>358,326,897</u>
Total noncurrent assets	<u>148,940,510</u>	<u>216,576,857</u>	<u>365,517,367</u>
Total assets	<u>282,372,961</u>	<u>259,956,694</u>	<u>542,329,655</u>

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

SONOMA COUNTY WATER AGENCY
STATEMENT OF NET ASSETS (CONTINUED)
JUNE 30, 2010

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES			
Current liabilities payable from unrestricted assets:			
Accounts payable and accrued expenses	1,986,265	3,595,527	5,581,792
Due to other governments	-	1,040,930	1,040,930
Compensated absences	128,830	-	128,830
Unearned revenue	32,273	164,228	196,501
Interest payable	2,295,285	-	2,295,285
Long-term contracts payable	2,842,644	-	2,842,644
Total current liabilities payable from unrestricted assets	<u>7,285,297</u>	<u>4,800,685</u>	<u>12,085,982</u>
Current liabilities payable from restricted assets:			
Deposits from others	-	4,230	4,230
Interest payable	-	786,962	786,962
General obligation bonds payable	-	30,000	30,000
Capital leases	-	1,049,502	1,049,502
Revenue bonds payable	-	788,800	788,800
Total current liabilities payable from restricted assets	<u>-</u>	<u>2,659,494</u>	<u>2,659,494</u>
Noncurrent liabilities:			
Compensated absences	2,622,466	-	2,622,466
General obligation bonds payable	-	304,000	304,000
Capital leases	-	14,048,238	14,048,238
Revenue bonds payable	-	28,824,061	28,824,061
Long-term contracts payable	103,915,796	-	103,915,796
Advances from other governments	-	17,919,302	17,919,302
Pollution remediation obligation	233,925	-	233,925
Unearned revenue	-	5,422,506	5,422,506
Total noncurrent liabilities	<u>106,772,187</u>	<u>66,518,107</u>	<u>173,290,294</u>
Total liabilities	<u>114,057,484</u>	<u>73,978,286</u>	<u>188,035,770</u>
NET ASSETS			
Invested in capital assets, net of related debt	42,182,070	146,238,805	188,420,875
Restricted for flood control	23,442,322	-	23,442,322
Restricted for Warm Springs Dam	12,675,496	-	12,675,496
Restricted for debt service	81,952,384	3,313,878	85,266,262
Restricted for capital projects	-	2,302,670	2,302,670
Restricted for recycled water and water conservation	-	3,566,139	3,566,139
Unrestricted	8,063,205	30,556,916	38,620,121
Total net assets	<u>\$ 168,315,477</u>	<u>\$ 185,978,408</u>	<u>\$ 354,293,885</u>

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

**SONOMA COUNTY WATER AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,435,380	\$ 600,971	\$ 134,804	\$ -	\$ (1,699,605)	\$ -	\$ (1,699,605)
Flood control	8,741,194	63,494	143,921	-	(8,533,779)	-	(8,533,779)
Warm Springs Dam	3,309,084	304	80,657	-	(3,228,123)	-	(3,228,123)
Interest on long-term debt	3,472,533	-	-	-	(3,472,533)	-	(3,472,533)
Total governmental activities	17,958,191	664,769	359,382	-	(16,934,040)	-	(16,934,040)
Business-type activities:							
Water transmission	28,563,239	27,197,878	1,269,488	-	-	(95,873)	(95,873)
Water supply	9,342,303	1,660,960	1,012,051	11,399	-	(6,657,893)	(6,657,893)
Sanitation	5,273,189	3,333,306	788,727	129,045	-	(1,022,111)	(1,022,111)
Total business-type activities	43,178,731	32,192,144	3,070,266	140,444	-	(7,775,877)	(7,775,877)
Total primary government	\$ 61,136,922	\$ 32,856,913	\$ 3,429,648	\$ 140,444	(16,934,040)	(7,775,877)	(24,709,917)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					13,889,016	-	13,889,016
Property taxes, levied for debt service and assurances					5,022,072	41,216	5,063,288
Unrestricted investment earnings					6,074,946	408,379	6,483,325
Gain on disposal of capital assets					-	80,934	80,934
Transfers					(3,618,022)	3,618,022	-
Total general revenues and transfers					21,368,012	4,148,551	25,516,563
Change in net assets					4,433,972	(3,627,326)	806,646
Net assets - beginning of year, as restated					163,881,505	189,605,734	353,487,239
Net assets - end of year					\$ 168,315,477	\$ 185,978,408	\$ 354,293,885

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

**SONOMA COUNTY WATER AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Special Revenue Funds</u>				Total Governmental Funds
	General	Flood Control	Warm Springs Dam	Debt Service	
Assets					
Cash and investments	\$ 10,161,631	\$ 23,939,532	\$ 13,710,781	\$ 84,247,669	\$ 132,059,613
Accounts receivable	177,998	13,000	-	-	190,998
Notes receivable	-	110,000	-	-	110,000
Advances to other funds	1,071,840	-	-	-	1,071,840
Total assets	\$ 11,411,469	\$ 24,062,532	\$ 13,710,781	\$ 84,247,669	\$ 133,432,451
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 330,770	\$ 620,210	\$ 1,035,285	\$ -	\$ 1,986,265
Unearned revenue	32,273	-	-	-	32,273
Total liabilities	363,043	620,210	1,035,285	-	2,018,538
Fund balances:					
Reserved for:					
Encumbrances	625,049	3,118,206	2,766,307	-	6,509,562
Debt service	-	-	-	84,247,669	84,247,669
Notes receivable	-	110,000	-	-	110,000
Advances to other funds	1,071,840	-	-	-	1,071,840
Unreserved:					
Designated for contingencies	75,000	-	-	-	75,000
Undesignated	9,276,537	20,214,116	9,909,189	-	39,399,842
Total fund balances	11,048,426	23,442,322	12,675,496	84,247,669	131,413,913
Total liabilities and fund balances	\$ 11,411,469	\$ 24,062,532	\$ 13,710,781	\$ 84,247,669	\$ 133,432,451

Reconciliation of the balance sheet for government funds to the statement of net assets:

Fund balances - total governmental funds	\$ 131,413,913
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds	148,940,510
Some liabilities are not due and payable in the current period, therefore, are not recorded in the funds as follows:	
Interest payable	(2,295,285)
Compensated absences	(2,751,296)
Pollution remediation obligation	(233,925)
Long-term contracts payable	(106,758,440)
Net assets of governmental activities (page 17)	<u>\$ 168,315,477</u>

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

SONOMA COUNTY WATER AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>				Total Governmental Funds
	General	Flood Control	Warm Springs Dam	Debt Service	
REVENUES					
Property taxes	\$ 6,448,966	\$ 7,440,050	\$ 5,022,072	\$ -	\$ 18,911,088
Investment earnings	110,145	199,851	141,758	5,623,192	6,074,946
Intergovernmental	234,556	143,921	80,657	-	459,134
Charges for services	407,982	-	-	-	407,982
Miscellaneous	93,237	63,494	304	-	157,035
Total revenues	<u>7,294,886</u>	<u>7,847,316</u>	<u>5,244,791</u>	<u>5,623,192</u>	<u>26,010,185</u>
EXPENDITURES					
Current:					
General government:					
Salaries and benefits	26,954,228	-	-	-	26,954,228
Services and supplies	9,621,806	-	-	-	9,621,806
Costs applied	(34,532,122)	-	-	-	(34,532,122)
Flood control:					
Services and supplies	-	7,179,108	-	-	7,179,108
Warm Springs Dam:					
Services and supplies	-	-	3,309,084	-	3,309,084
Capital outlay	42,297	82,913	-	-	125,210
Debt service:					
Principal	-	-	-	2,753,832	2,753,832
Interest and fiscal charges	-	-	-	3,531,740	3,531,740
Total expenditures	<u>2,086,209</u>	<u>7,262,021</u>	<u>3,309,084</u>	<u>6,285,572</u>	<u>18,942,886</u>
Excess (deficiency) of revenues over (under) expenditures	5,208,677	585,295	1,935,707	(662,380)	7,067,299
OTHER FINANCING SOURCES (USES)					
Transfers in	1,270,505	580,069	24,770	-	1,875,344
Transfers out	(5,493,366)	-	-	-	(5,493,366)
Total other financing sources (uses)	<u>(4,222,861)</u>	<u>580,069</u>	<u>24,770</u>	<u>-</u>	<u>(3,618,022)</u>
Net change in fund balances	985,816	1,165,364	1,960,477	(662,380)	3,449,277
Fund balances - beginning of year	10,062,610	22,276,958	10,715,019	84,910,049	127,964,636
Fund balances - end of year	<u>\$ 11,048,426</u>	<u>\$ 23,442,322</u>	<u>\$ 12,675,496</u>	<u>\$ 84,247,669</u>	<u>\$ 131,413,913</u>

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

**SONOMA COUNTY WATER AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds (page 20) \$ 3,449,277

Amounts reported for governmental activities in the statement of activities (page 18)
are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay.

Capital outlay	125,210
Depreciation expense	(1,732,339)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets	2,753,832
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Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Change in interest payable	59,207
Change in compensated absences	(221,215)

Change in net assets of governmental activities (page 18)	\$ 4,433,972
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The accompanying notes are an integral part of these financial statements.

**SONOMA COUNTY WATER AGENCY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010**

ASSETS	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Water Transmission</u>	<u>Water Supply</u>	<u>Sanitation</u>	<u>Total</u>	<u>Internal Service Funds</u>
Current assets:					
Cash and investments	\$ 24,031,051	\$ 1,826,008	\$ 2,913,217	\$ 28,770,276	\$ 8,011,473
Accounts receivable	4,655,568	1,246,971	812,007	6,714,546	26,413
Prepaid expenses	103,500	-	-	103,500	825,469
Total current assets	<u>28,790,119</u>	<u>3,072,979</u>	<u>3,725,224</u>	<u>35,588,322</u>	<u>8,863,355</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments with trustee	2,850,724	-	-	2,850,724	-
Cash - revenue bond funds	1,445,419	-	191,844	1,637,263	-
Cash - capital leases	-	-	-	-	1,049,502
Cash - capital projects	-	-	-	-	857,251
Total restricted assets	<u>4,296,143</u>	<u>-</u>	<u>191,844</u>	<u>4,487,987</u>	<u>1,906,753</u>
Deposits with others	13,000	-	-	13,000	-
Accounts receivable	-	250,000	-	250,000	-
Deferred charges	420,636	-	112,094	532,730	-
Capital assets, net					
Land	6,710,009	-	1,621,444	8,331,453	2,689,861
Construction in progress	18,797,283	626,135	778	19,424,196	6,764,574
Intangible asset - water storage rights	4,996,395	-	-	4,996,395	-
Intangible asset - other	-	-	12,544	12,544	-
Buildings and improvements	109,747,207	3,646,006	23,788,711	137,181,924	27,891,852
Equipment	267,202	7,317	54,514	329,033	1,764,555
Total capital assets	<u>140,518,096</u>	<u>4,279,458</u>	<u>25,477,991</u>	<u>170,275,545</u>	<u>39,110,842</u>
Total noncurrent assets	<u>145,247,875</u>	<u>4,529,458</u>	<u>25,781,929</u>	<u>175,559,262</u>	<u>41,017,595</u>
Total assets	<u>174,037,994</u>	<u>7,602,437</u>	<u>29,507,153</u>	<u>211,147,584</u>	<u>49,880,950</u>

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

SONOMA COUNTY WATER AGENCY
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-type Activities - Enterprise Funds				
	Water Transmission	Water Supply	Sanitation	Total	Internal Service Funds
LIABILITIES					
Current liabilities payable from unrestricted assets:					
Accounts payable and accrued expenses	1,890,936	473,162	293,333	2,657,431	938,096
Due to other governments	635,762	-	-	635,762	405,168
Unearned revenue	168	129,107	34,953	164,228	-
Total current liabilities payable from unrestricted assets	<u>2,526,866</u>	<u>602,269</u>	<u>328,286</u>	<u>3,457,421</u>	<u>1,343,264</u>
Current liabilities payable from restricted assets:					
Deposits from others	4,230	-	-	4,230	-
Interest payable	567,324	-	60,412	627,736	159,226
General obligation bonds payable	-	-	30,000	30,000	-
Capital leases	-	-	-	-	1,049,502
Revenue bonds payable	578,180	-	210,620	788,800	-
Total current liabilities payable from restricted assets	<u>1,149,734</u>	<u>-</u>	<u>301,032</u>	<u>1,450,766</u>	<u>1,208,728</u>
Noncurrent liabilities:					
General obligation bonds payable	-	-	304,000	304,000	-
Capital leases	-	-	-	-	14,048,238
Revenue bonds payable	23,979,130	-	4,844,931	28,824,061	-
Advances from other governments	14,001,714	-	-	14,001,714	3,917,588
Advances from other funds	-	-	-	-	1,071,840
Unearned revenue	-	5,422,506	-	5,422,506	-
Total noncurrent liabilities	<u>37,980,844</u>	<u>5,422,506</u>	<u>5,148,931</u>	<u>48,552,281</u>	<u>19,037,666</u>
Total liabilities	<u>41,657,444</u>	<u>6,024,775</u>	<u>5,778,249</u>	<u>53,460,468</u>	<u>21,589,658</u>
NET ASSETS					
Invested in capital assets, net of related debt	101,323,310	4,279,458	20,088,440	125,691,208	20,547,597
Restricted for:					
Debt service	2,292,170	-	131,432	2,423,602	890,276
Capital projects	1,445,419	-	-	1,445,419	857,251
Recycled water and water conservation	3,292,076	-	274,063	3,566,139	-
Unrestricted	24,027,575	(2,701,796)	3,234,969	24,560,748	5,996,168
Total net assets	<u>\$ 132,380,550</u>	<u>\$ 1,577,662</u>	<u>\$ 23,728,904</u>	<u>157,687,116</u>	<u>\$ 28,291,292</u>
Adjustment to reflect the net assets of the internal service funds reported as business-type activities				<u>28,291,292</u>	
Net assets of business-type activities				<u>\$ 185,978,408</u>	

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

SONOMA COUNTY WATER AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				
	Water Transmission	Water Supply	Sanitation	Total	Internal Service Funds
OPERATING REVENUE					
Water sales	\$ 26,192,490	\$ 1,575,011	\$ -	\$ 27,767,501	\$ -
Water services	30,232	-	-	30,232	-
Power sales	761,488	-	-	761,488	5,052,301
Flat charges	-	-	3,061,102	3,061,102	-
Sanitation services	-	-	165,389	165,389	-
Equipment rental	-	-	-	-	2,239,097
Real estate rental	-	-	50,000	50,000	3,021,230
Miscellaneous	213,668	85,949	56,815	356,432	23,241
Total operating revenue	<u>27,197,878</u>	<u>1,660,960</u>	<u>3,333,306</u>	<u>32,192,144</u>	<u>10,335,869</u>
OPERATING EXPENSES					
Services and supplies	22,527,848	6,915,634	3,217,406	32,660,888	8,321,776
Depreciation and amortization	5,166,700	188,398	1,140,466	6,495,564	1,455,780
Total operating expenses	<u>27,694,548</u>	<u>7,104,032</u>	<u>4,357,872</u>	<u>39,156,452</u>	<u>9,777,556</u>
Operating income (loss)	<u>(496,670)</u>	<u>(5,443,072)</u>	<u>(1,024,566)</u>	<u>(6,964,308)</u>	<u>558,313</u>
NONOPERATING REVENUES (EXPENSES)					
Taxes and assessments	-	-	41,216	41,216	-
Investment earnings	245,851	20,395	42,809	309,055	99,324
Interest expense	(645,260)	-	(243,721)	(888,981)	(651,177)
Conservation revenue	-	-	610,670	610,670	-
Conservation expense	-	-	(723,720)	(723,720)	-
Gain on sale of capital assets	-	-	-	-	80,934
Loss on disposal of capital assets	(178,552)	(2,271,825)	-	(2,450,377)	(6,984)
Intergovernmental revenue	1,269,488	1,023,450	178,057	2,470,995	-
Total nonoperating revenue (expenses), net	<u>691,527</u>	<u>(1,227,980)</u>	<u>(94,689)</u>	<u>(631,142)</u>	<u>(477,903)</u>
Income (loss) before capital contributions and transfers	<u>194,857</u>	<u>(6,671,052)</u>	<u>(1,119,255)</u>	<u>(7,595,450)</u>	<u>80,410</u>
Capital contributions - connection fees	-	-	117,045	117,045	-
Capital contributions - other	-	-	12,000	12,000	140,647
Transfers in	1,930,198	3,700,138	562,671	6,193,007	387,850
Transfers out	(1,000,000)	-	-	(1,000,000)	(1,962,835)
Change in net assets	<u>1,125,055</u>	<u>(2,970,914)</u>	<u>(427,539)</u>	<u>(2,273,398)</u>	<u>(1,353,928)</u>
Net assets - beginning of year as restated	<u>131,255,495</u>	<u>4,548,576</u>	<u>24,156,443</u>		<u>29,645,220</u>
Net assets - end of year	<u>\$ 132,380,550</u>	<u>\$ 1,577,662</u>	<u>\$ 23,728,904</u>		<u>\$ 28,291,292</u>
Adjustment to reflect the change in net assets of internal service funds reported as business-type activities				<u>(1,353,928)</u>	
Change in net assets of business-type activities				<u>\$ (3,627,326)</u>	

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

**SONOMA COUNTY WATER AGENCY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Water Transmission	Water Supply	Sanitation	Total	
Cash flows from operating activities:					
Cash receipts from customers	\$ 26,705,104	\$ 1,715,421	\$ 3,273,447	\$ 31,693,972	\$ -
Cash receipts from interfund services provided	-	-	-	-	10,335,816
Cash payments for interfund services used	(17,408,353)	(3,436,224)	(2,074,624)	(22,919,201)	(1,866,081)
Cash payments to suppliers	(5,236,341)	(3,591,138)	(1,146,701)	(9,974,180)	(5,713,956)
Conservation program outlays	-	-	(723,720)	(723,720)	-
Net cash provided by (used for) operating activities	<u>4,060,410</u>	<u>(5,311,941)</u>	<u>(671,598)</u>	<u>(1,923,129)</u>	<u>2,755,779</u>
Cash flows from noncapital financing activities:					
Taxes and assessments	-	-	41,216	41,216	-
Transfers in	1,930,198	3,700,138	562,671	6,193,007	387,850
Transfers out	(1,000,000)	-	-	(1,000,000)	(1,962,835)
Intergovernmental revenue	1,124,761	205,203	170,122	1,500,086	-
Net cash provided by (used for) noncapital financing activities	<u>2,054,959</u>	<u>3,905,341</u>	<u>774,009</u>	<u>6,734,309</u>	<u>(1,574,985)</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(4,011,660)	(470,495)	(112,599)	(4,594,754)	(1,219,326)
Principal paid on general obligation and revenue bonds	(560,000)	-	(248,000)	(808,000)	-
Principal paid on capital leases	-	-	-	-	(1,004,338)
Principal paid on advances from other funds	-	-	-	-	(162,027)
Principal paid on advances from other governments	(618,368)	-	-	(618,368)	(388,845)
Interest paid on long-term debt	(1,566,158)	-	(254,882)	(1,821,040)	(907,781)
Proceeds from sale of capital assets	-	-	-	-	274,346
Connection fees	-	-	117,045	117,045	-
Net cash used for capital and related financing activities	<u>(6,756,186)</u>	<u>(470,495)</u>	<u>(498,436)</u>	<u>(7,725,117)</u>	<u>(3,407,971)</u>
Cash flows from investing activities:					
Repayment on advances to other funds - principal	-	-	18,480	18,480	143,547
Repayment on advances to other funds - interest	-	-	776	776	6,026
Interest received	245,851	20,395	42,033	308,279	93,298
Net cash provided by investing activities	<u>245,851</u>	<u>20,395</u>	<u>61,289</u>	<u>327,535</u>	<u>242,871</u>
Net decrease in cash and cash equivalents	(394,966)	(1,856,700)	(334,736)	(2,586,402)	(1,984,306)
Cash and cash equivalents - beginning of year	<u>28,722,160</u>	<u>3,682,708</u>	<u>3,439,797</u>	<u>35,844,665</u>	<u>11,902,532</u>
Cash and cash equivalents - end of year	<u>\$ 28,327,194</u>	<u>\$ 1,826,008</u>	<u>\$ 3,105,061</u>	<u>\$ 33,258,263</u>	<u>\$ 9,918,226</u>
Reconciliation to the statement of net assets:					
Cash and investments	\$ 24,031,051	\$ 1,826,008	\$ 2,913,217	\$ 28,770,276	\$ 8,011,473
Restricted cash and investments	4,296,143	-	191,844	4,487,987	1,906,753
Cash and cash equivalents	<u>\$ 28,327,194</u>	<u>\$ 1,826,008</u>	<u>\$ 3,105,061</u>	<u>\$ 33,258,263</u>	<u>\$ 9,918,226</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (496,670)	\$ (5,443,072)	\$ (1,024,566)	\$ (6,964,308)	\$ 558,313
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Conservation program outlays	-	-	(723,720)	(723,720)	-
Depreciation and amortization	5,166,700	188,398	1,140,466	6,495,564	1,455,780
Change in assets and liabilities:					
Receivables, net	(492,774)	54,461	(59,859)	(498,172)	(53)
Prepaid expenses	-	-	-	-	664,794
Other liabilities	(900,000)	-	-	(900,000)	-
Accounts payable and accrued expenses	783,154	(111,728)	(3,919)	667,507	76,945
Net cash provided by (used for) operating activities	<u>\$ 4,060,410</u>	<u>\$ (5,311,941)</u>	<u>\$ (671,598)</u>	<u>\$ (1,923,129)</u>	<u>\$ 2,755,779</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets through accounts payable and other current liabilities	\$ 116,446	\$ 3,062	\$ 3,742	\$ 123,250	\$ 83,181
Increase in capital assets for capitalized interest	908,069	-	28,707	936,776	255,800
Contribution of capital assets	-	-	12,000	12,000	140,647
Loss on disposal of capital assets	(178,552)	(2,271,825)	-	(2,450,377)	(6,984)

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

**SONOMA COUNTY WATER AGENCY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2010**

ASSETS

Cash and investments	<u>\$ 14,100</u>
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LIABILITIES

Deposits from others	<u>\$ 14,100</u>
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The accompanying notes are an integral part of these financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Water Agency as follows:

- Note A. Defining the Financial Reporting Entity
- Note B. Summary of Significant Accounting Policies
- Note C. Stewardship, Compliance and Accountability
- Note D. Implementation of New Governmental Accounting Standard
- Note E. Restatement of Net Assets
- Note F. Cash and Investments
- Note G. Accounts Receivable
- Note H. Capital Assets
- Note I. Unearned Revenue
- Note J. Interfund Transactions
- Note K. Long-Term Obligations
- Note L. Pollution Remediation Obligation
- Note M. Employees' Retirement Plan
- Note N. Postemployment Benefits
- Note O. Related Party Transactions
- Note P. Risk Management
- Note Q. Commitments and Contingencies
- Note R. Economic Dependence
- Note S. Future Governmental Accounting Standards

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note A. Defining the Financial Reporting Entity

The Sonoma County Water Agency (the Water Agency) was created in 1949 by an act of the California Legislature. The Water Agency is a countywide special district responsible for domestic water supply delivery to eight prime contractors (the cities of Santa Rosa, Petaluma, Sonoma, Rohnert Park, and Cotati, the Town of Windsor, as well as Valley of the Moon Water District and the North Marin Water District). The Water Agency designs, constructs and maintains flood control facilities. The Water Agency began generating electrical energy in 1988. The Water Agency operates and maintains Spring Lake and Riverfront Parks via contract with the Sonoma County Regional Parks Department.

On January 1, 1995, as part of the countywide reorganization, seven county service areas were transferred from the County of Sonoma (the County) to the Water Agency. Since then, three sanitation zones have been reorganized and transferred to their own districts. The sanitation zones provide wastewater treatment, reclamation, and disposal services.

The Water Agency is governed by the Board of Supervisors of the County, who act ex-officio as the Board of Directors (Board) of the Water Agency. The exercise of this oversight responsibility causes the Water Agency to be an integral part of the County's reporting entity, and therefore, a component unit of the County. The Water Agency's basic financial statements are included in the County's Comprehensive Annual Financial Report.

Note B. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information on the Water Agency as a whole. These financial statements include the financial activities of the Water Agency's nonfiduciary activities. The effect of interfund activity has been removed from these financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees charged to external parties and charges for services provided.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Water Agency at fiscal year end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary fund, the fiduciary fund is excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The agency (fiduciary) fund financial statement applies the accrual basis of accounting, but does not have a measurement focus. All assets and all liabilities associated with the operations of the Water Agency are included on the statement of net assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Nonexchange transactions, in which the Water Agency receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and grants. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized in the year in which all eligibility requirements imposed by the provider have been satisfied. Eligibility requirements include timing requirements, which specify when the resources are required to be used or when use is first permitted; matching requirements, in which the Water Agency must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Water Agency on a reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Water Agency considers revenues to be available if they are collected within three hundred sixty five days of the end of the current period, except for property taxes which are considered available if collected within 60 days of the end of the year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pollution remediation obligations and claims and judgments, are recorded only when payment is due (matured). This approach differs from the manner in which the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

For its business-type activities and proprietary funds, the Water Agency applies all Governmental Accounting Standards Board (GASB) pronouncements and only Financial Accounting Standards Board (FASB) Statements and Interpretations, APB opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except for those that conflict with a GASB pronouncement. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP)

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Governments have the option of following private-sector guidance issued subsequent to November 30, 1989, as such, the Water Agency has elected not to follow private-sector guidance subsequent to November 30, 1989.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses include the cost of services and supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

The Water Agency's financial statements are presented utilizing the following major funds:

Governmental fund types: These are the funds through which most governmental functions typically are financed. The major funds included in this category are as follows:

General Fund: This fund is established to account for resources devoted to financing the general services that the Water Agency performs. General tax revenues and other sources of revenue used to finance the fundamental operations of the Water Agency are included in this fund. The fund is charged with all costs of operating the Water Agency for which a separate fund has not been established.

Special Revenue Funds: These funds are used to account for assets, liabilities, revenues and expenditures related to activities supported by specific taxes or other designated revenue sources. These funds are generally required by state, charter or ordinance to finance specific government functions.

Flood Control: This fund is established to account for the proceeds of specific revenue sources other than special assessments or major capital projects that are legally restricted to expenditures related to flood control. Six flood control zones account for the maintenance of existing flood control structures and the construction of new projects in the following areas: Zone 1A - Laguna Mark West, Zone 2A- Petaluma Basin, Zone 3A - Valley of the Moon, Zone 5A - Lower Russian River, Zone 7A - North Coast, Zone 8A - South Coast.

Warm Springs Dam: This fund is established to account for specific revenue sources, primarily taxes, for the purpose of accumulating resources to pay for the operation and maintenance costs of the Warm Springs Dam.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Debt Service Fund: This fund is established for the purpose of accumulating resources for the payment of principal and interest related to the Water Agency's contract with the U.S. Army Corps of Engineers for water supply storage space at Warm Springs Dam.

Proprietary fund types: These funds account for operations that are organized to be self-supporting through user charges. The major funds included in this category are as follows:

Water Transmission: This fund accounts for the transportation of water and generation of electrical power for services to eight prime contractors (the cities of Santa Rosa, Petaluma, Sonoma, Rohnert Park and Cotati, Valley of the Moon Water District, North Marin Water District, and the Town of Windsor).

Water Supply: This fund accounts for the water supply and erosion control activities along the Russian River to secure and defend the Water Agency's appropriative water rights. This fund also includes program costs to convert recycled water to beneficial use.

Sanitation: This fund accounts for the sanitation services and for the engineering, administration and operational services of four zones: Sea Ranch, Penngrove, Geyserville and Airport-Larkfield-Wikiup.

Additionally, the Water Agency reports the following fund types:

Internal Service Funds: These funds are established to account for the financing of goods or services provided by one department or agency to other departments of the Water Agency or other governmental units on a cost reimbursement basis. These activities are recorded as operating revenue in the internal services funds, while expenses to provide the services are recorded as operating expenses. Nonoperating revenue and expenses include investment earnings, interest expense and gain or loss on disposal of capital assets. The Water Agency maintains separate internal service funds for equipment, facilities and power resources.

Agency Fund: This fund is used to account for assets held by the Water Agency on behalf of others as their agent. This fund is custodial in nature and does not involve the measurement of the results from operations. Funds held are surety deposits pertaining to river access for gravel mining.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)*

Encumbrances

Encumbrance accounting is employed as an extension of the budgetary process. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash and Investments

The Water Agency's cash and investments are pooled with the Sonoma County Treasurer (Treasurer) except for restricted funds held by an outside trustee. The Treasurer also acts as a disbursing agent for the Water Agency. The fair value of the investments in the pool is determined quarterly. Realized and unrealized gains or losses and interest earned on pooled investments are allocated quarterly to the various funds based on the average daily cash balances for that quarter in the County Treasury Investment Pool (the Treasury Pool), an external investment pool. Interest earnings from cash and investments held with third party fiscal agents or trustees is recognized directly to the related fund.

The Water Agency's cash and investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, and is determined from published data provided by the exchanges, computerized pricing sources, the National Association of Securities Dealers' National Market System, securities custodians and other authoritative sources.

For purposes of the statement of cash flows for proprietary funds, the Water Agency considers all pooled cash and investments as cash and cash equivalents because the County Treasurer's investment pool is used as a demand deposit account. Cash with trustee and restricted cash and investments with a maturity of three months or less are also treated as cash and cash equivalents.

Accounts Receivable

The Water Agency's accounts receivable are reported at their estimated net realizable value and consist primarily of water sales to local water districts and cities. The Water Agency does not record an allowance for uncollectible receivables as it deems all receivables as fully collectible.

Restricted Assets - Proprietary Funds

Restricted assets in the Enterprise Funds represent cash and investments in the Water Transmission, and Sanitation funds that are restricted for debt service pursuant to various bond covenants. Restricted assets also include cash and investments in internal service funds for capital lease related expenses and capital projects.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

Deferred Charges

Deferred charges consist of unamortized debt issuance costs of \$532,730 as of June 30, 2010. These costs are amortized over the term of the related bond issuance using the straight-line method.

Capital Assets

Capital assets (including infrastructure and intangible assets) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and proprietary fund financial statements. Such assets are stated at cost or, if historical cost is not available, at the engineers estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. The Water Agency defines capital assets as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000 except for software assets. Software assets are recognized with an initial cost of more than \$100,000.

Capital assets used in operations are depreciated/amortized using the straight-line method over the estimated useful lives in the government-wide statements and proprietary funds. Estimated useful lives of capital assets are as follows: utility plant and equipment, 3 - 50 years and transmission system and reservoirs, 10-50 years, which are reported as buildings and improvements; ; infrastructure, 35 - 75 years; software, 7 years; temporary easements, 7 years. Water storage rights and permanent easements are not amortized due to their inexhaustible life. For further information regarding capital assets refer to Note H.

Capitalized Interest

Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed. Interest incurred is netted against interest earned on the invested proceeds over the same period only when proceeds of tax exempt debt is externally restricted for the acquisition or construction of specified assets.

Bond Discounts and Premiums and Deferred Amount on Refunding

Bond discounts and premiums are deferred and amortized using the straight-line method over the term of the outstanding bonds. Unamortized bond discounts reduce the carrying value of the related debt and unamortized bond premiums increase the carrying value of the related debt. Deferred amount on refunding of revenue bonds, results from the difference between the carrying amount of the defeased/refunded debt and its reacquisition price. Deferred amounts on refunding are amortized over the remaining life of the refunded debt or the remaining life of the newly issued debt, whichever is shorter. The unamortized portion of the deferred amount on refunding is reported as a direct reduction or addition to the carrying amount of the refunding debt.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

Unearned Revenue

In the government-wide financial statements and fund financial statements, unearned revenue represents amounts for which asset recognition criteria have been met, however, revenue recognition criteria have not been satisfied.

Compensated Absences

Water Agency employees are entitled to certain compensated absences based on their length of employment. Vacation pay, which may be generally accumulated up to six weeks, is payable upon termination. Sick leave may be accumulated without limitation. The monetary equivalent of 25% of all unused sick leave is vested and payable to employees who separate from the Water Agency for reasons other than disability.

Since vacation and sick leave balances do not require the use of current financial resources, no liability is recorded within the governmental funds. However, vacation and sick leave balances are reflected in the government-wide statement of net assets and are recorded in the period earned. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability amount for compensated absences includes the estimated employer liability for taxes and workers' compensation premiums.

Property Tax Revenue

Property taxes, including tax rates, are regulated by the State of California (the State) and are administered locally by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. The County is responsible for the allocation of property taxes to the Water Agency.

The County has adopted the Alternative Method of Property Tax Allocation known as the Teeter Plan. State Revenue and Taxation Code allows counties to distribute secured real property and supplemental property taxes on an accrual basis resulting in full payment to the Water Agency each fiscal year. Any subsequent delinquent payments and related penalties and interest will revert to the County.

Property taxes are recognized as revenue when levied in the government-wide statements and in governmental funds, as amounts are considered to be both measurable and available. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in the assessed valuations occur due to sales transactions or the completion of construction. Property tax collection and valuation information is disclosed in the County's comprehensive annual financial report.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

Net Assets and Fund Balance

Government-wide Financial Statements

Net assets consist of the following three components:

Invested in capital assets, net of related debt – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Invested in capital assets, net of related debt, excludes unspent debt proceeds.

Restricted net assets – These amounts represent external restrictions imposed by creditors, contributors, grantors, laws or regulations of other governments, constitutional provisions, and enabling legislation.

Unrestricted net assets – This amount consists of all net assets that do not meet the definition of invested in capital assets, net of related debt or restricted net assets.

Fund Financial Statements

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties to be used for specific purposes. Designations of fund balance represent tentative management plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intentions are subject to change in the future, and have not been legally authorized and may not result in expenditures. The following represents amounts which have been designated by the Water Agency's board for contingencies, which represent future unforeseen circumstances:

Fund balance designated for contingencies:

<u>General Fund</u>	<u>\$ 75,000</u>
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Interfund Transactions

Quasi-external transactions are accounted for as revenue, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note B. Summary of Significant Accounting Policies (continued)

Interfund Transactions (continued)

Costs applied as reported in the General Fund consist of expenditures incurred by the General Fund that have been allocated to the Water Agency's Special Revenue and Enterprise Funds. In addition, costs applied include amounts which have been reimbursed by the specific sanitation districts that have a contractual relationship with the Water Agency for certain expenses provided and reported in the General Fund. Transfers between governmental and proprietary funds are netted in conjunction with the reconciliation for reporting in the government-wide financial statements.

Connection Fees

Sewer connection fees represent fees received from developers and residents to connect to, or extend, existing trunk sewer systems. These fees are required to be used for capital purposes. Sewer and water connection fees are recorded as capital contributions in the enterprise funds, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Certain Nonexchange Transactions*.

Prudent Reserve

In March 2008 the Water Advisory Committee (WAC) adopted a resolution setting out guidelines for the collection, maintenance and use of prudent reserves in the Water Agency's Water Transmission enterprise fund. Amounts collected via the water rates for reserve are recommended to be set aside to be used in the event of catastrophic losses. The amount collected as of the fiscal year ended June 30, 2010 is \$3,830,946. This amount is included in the unrestricted net assets.

Estimates

The preparation of the basic financial statements requires management to make estimates and assumptions that affects certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note C. Stewardship, Compliance and Accountability

Budget and Budgetary Accounting

The Board adopts a budget annually to be effective July 1st for the ensuing fiscal year for all governmental and proprietary fund types. The General Manager is authorized to transfer budgeted amounts within any fund except for transfers between major expenditure classes or transfers between capital assets and operating expenses. Such transfers require approval by the County Administrator and/or Board. Revisions that change total appropriations must be approved by the Board. Annual appropriations that have not been encumbered lapse at fiscal year-end.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note D. Implementation of New Governmental Accounting Standard

Effective July 1, 2009, the Water Agency implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies in the accounting and financial reporting of such assets among state and local governments. This statement also provides authoritative guidance that specifically addresses the nature of the intangible assets including internally generated intangible assets.

The Water Agency is reporting non-amortizable intangible assets on its financial statements for the fiscal year ended June 30, 2010. The Water Agency's financial statements have been restated for prior periods for on-going development of software assets. Any temporary easements have been included within the related capital projects.

Note E. Restatement of Net Assets

Effective July 1, 2009, the Water Agency has restated and increased beginning net assets of business-type activities, Water Transmission enterprise fund, Water Supply enterprise fund and the internal service funds from amounts previously reported to comply with the implementation requirements of GASB Statement No. 51. In addition the Agency has identified and reclassified Water Storage Rights in the amount of \$4,996,395 from Buildings and Improvements to Intangible Assets within the Water Transmission Enterprise Fund and the Business-type Activities. The Water Agency has included intangible assets as a part of the capital assets disclosures in Note H. The restatements are summarized as follows.

	Business-type Activities	Water Transmission Fund	Water Supply Fund	Internal Service Funds
Net assets as of June 30, 2009, as originally reported	\$ 189,046,109	\$ 130,854,276	\$ 4,395,998	\$ 29,639,392
Restatements	559,625	401,219	152,578	5,828
Net assets as of July 1, 2009, as restated	<u>\$ 189,605,734</u>	<u>\$ 131,255,495</u>	<u>\$ 4,548,576</u>	<u>\$ 29,645,220</u>

Note F. Cash and Investments

Authorized Investments

The Water Agency follows the practice of pooling cash and investments of all funds with the Treasurer except for funds required to be held with third party fiscal agents or trustees under the provisions of bond indentures and lease agreements. The Investment Oversight Committee has regulatory oversight for all funds deposited in the Treasury Pool.

**SONOMA COUNTY WATER AGENCY
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note F. Cash and Investments (continued)

Authorized Investments (continued)

The Water Agency's pooled cash and investments are invested pursuant to investment policy guidelines established by the Treasurer and approved by the County Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, the types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer maturity terms. Permitted investments include the following:

- U.S. Treasury and Federal Agency securities
- Bonds and notes issued by local agencies
- Registered state warrants and municipal notes
- Negotiable certificates of deposit
- Bankers' acceptances
- Commercial paper
- Medium-term corporate notes
- Local Agency Investment Fund (State Pool) deposits
- Repurchase agreements
- Reverse repurchase agreements
- Mutual funds and money market mutual funds
- Collateralized mortgage obligations
- Collateralized time deposits
- Joint powers authority pools
- Investment Trust of California (Caltrust)

A copy of the County's Investment Policy is available upon request from the County Treasurer at 585 Fiscal Drive, Room 100, Santa Rosa, California, 95403.

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

Statement of net assets:	
Cash and investments	\$ 168,841,362
Cash and investments with trustee	2,850,724
Cash and investments restricted for revenue bond funds	1,637,263
Cash and investments restricted for capital leases	1,049,502
Cash and investments restricted for capital projects	857,251
Fiduciary funds:	
Cash and investments	14,100
<u>Total cash and investments</u>	<u>\$ 175,250,202</u>

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note F. Cash and Investments (continued)

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

Investment in County Treasury Pool:	
Unrestricted	\$ 91,955,218
Restricted for revenue bonds	1,637,263
Restricted for capital leases	1,049,502
Restricted for capital projects	1,543
Nonpooled cash and investments:	
Cash on hand	750
Deposit	7,852,087
Investments	69,047,407
Restricted for revenue bonds	2,850,724
Restricted for capital projects	855,708
Total cash and investments	\$ 175,250,202

As of June 30, 2010, the Water Agency's investments consisted of \$94,643,526 in the Treasury Pool managed by the Treasurer, which is not rated by credit rating agencies, and had a weighted average maturity of approximately 486 days. The credit rating and other information regarding specific investments maintained in the Treasury Pool as of June 30, 2010 are disclosed in the County's June 30, 2010 Comprehensive Annual Financial Report.

The Agency reported \$69,047,407 of nonpooled cash and investments in U.S. Treasury STRIPS, which represent funds that are to be used specifically for the repayment of the Water Agency's \$106,758,440 contract payable to the U.S. Army Corps of Engineers (refer to Note K).

The Agency also reports nonpooled cash and investments in a deposit with North Coast Bank in the amount of \$7,852,087, which satisfies requirements established by the California Department of Fish and Game.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. One of the ways that the County Treasurer manages the Water Agency's 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.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note F. Cash and Investments (continued)

The information about the sensitivity of the fair value of the Water Agency's investments to market interest rate fluctuations is provided by the following table:

Investment Type	Amount	Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
County treasury pool	\$ 94,643,525	\$ -	\$ 94,643,525	\$ -	\$ -
U.S. Treasury STRIPS	69,047,407	6,104,023	6,088,333	17,647,174	39,207,877
Money market mutual fund	3,706,433	3,706,433	-	-	-
Total	\$ 167,397,365	\$ 9,810,456	\$ 100,731,858	\$ 17,647,174	\$ 39,207,877

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 to a transaction, a government will not be able to recover the value of its investment or collateral securities that is in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- 1) 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 depository regulated under state law. 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.
- 2) California law also allows financial institutions to secure the Water Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.
- 3) The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

At June 30, 2010, the carrying amount and bank balance of the Water Agency's deposit was \$7,852,087. Of the bank balance, \$250,000 was covered by federal deposit insurance and \$7,602,087 was collateralized.

Concentration of Credit Risk

The investment policy of the Water Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by California Government Code. Other than the Water Agency's investments in U.S. Treasury STRIPS, which is not subject to concentration of credit risk, there were no nonpooled investments in any one issuer that represented 5% or more of the total fair value of the Water Agency's investments.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note F. 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. The Water Agency follows the County's policy to purchase investments with the minimum ratings required by the California Government Code. Presented below is the minimum rating required by (where applicable) the California Government Code, the County's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Minimum Legal Rating	Total	Exempt from Disclosure	Rating at year-end	
				AAA	Not Rated
County treasury pool	N/A	\$ 94,643,525	\$ -	\$ -	\$ 94,643,525
U.S. Treasury STRIPS	N/A	69,047,407	69,047,407	-	-
Money market mutual fund	AAA	3,706,433	-	3,706,433	-
Total		\$ 167,397,365	\$ 69,047,407	\$ 3,706,433	\$ 94,643,525

Note G. Accounts Receivable

Accounts receivable as of June 30, 2010 is comprised of the following:

	Accounts	Inter- governmental	Total
Governmental Activities:			
General Fund	\$ 27,648	\$ 150,350	\$ 177,998
Flood Control special revenue fund	13,000	-	13,000
Total Governmental Activities	\$ 40,648	\$ 150,350	\$ 190,998
Business-type Activities:			
Water Transmission enterprise fund	\$ 4,460,840	\$ 194,728	\$ 4,655,568
Water Supply enterprise fund	721,057	775,914	1,496,971
Sanitation enterprise fund	812,007	-	812,007
Internal Service Funds	26,413	-	26,413
Total Business-Type Activities	\$ 6,020,317	\$ 970,642	\$ 6,990,959

The Water Agency does not expect to collect \$250,000 of its accounts receivable recorded in the Water Supply Enterprise Fund within the next fiscal year.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note H. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	July 1, 2009, as restated	Additions	Retirements	Transfers	June 30, 2010
<i>Governmental activities:</i>					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,550,209	\$ 22,917	\$ -	\$ -	\$ 1,573,126
Construction in progress	259,792	82,913	-	-	342,705
Intangible assets:					
Water storage rights	102,371,000	-	-	-	102,371,000
Total capital assets not being depreciated/amortized	104,181,001	105,830	-	-	104,286,831
Capital assets, being depreciated:					
Infrastructure	64,834,097	-	-	-	64,834,097
Buildings and improvements	3,419,740	-	-	-	3,419,740
Equipment	1,037,264	19,380	-	-	1,056,644
Total capital assets, being depreciated	69,291,101	19,380	-	-	69,310,481
Less: accumulated depreciation for:					
Infrastructure	(20,663,568)	(1,562,086)	-	-	(22,225,654)
Buildings and improvements	(1,471,305)	(85,802)	-	-	(1,557,107)
Equipment	(789,590)	(84,451)	-	-	(874,041)
Total accumulated depreciation	(22,924,463)	(1,732,339)	-	-	(24,656,802)
Total capital assets, being depreciated, net	46,366,638	(1,712,959)	-	-	44,653,679
Total capital assets, net	\$ 150,547,639	\$ (1,607,129)	\$ -	\$ -	\$ 148,940,510

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note H. Capital Assets (continued)

	July 1, 2009, as restated	Additions	Retirements	Transfers	June 30, 2010
<i>Business-type activities</i>					
Capital assets, not being depreciated/amortized:					
Land	\$ 11,021,314	\$ -	\$ -	\$ -	\$ 11,021,314
Construction in progress	29,643,068	5,001,686	(2,457,361)	(5,998,623)	26,188,770
Intangible assets:					
Water storage rights	4,996,395	-	-	-	4,996,395
Permanent easements	-	12,544	-	-	12,544
Total capital assets not being depreciated/amortized	45,660,777	5,014,230	(2,457,361)	(5,998,623)	42,219,023
Capital assets, being depreciated:					
Buildings and improvements	240,973,600	-	-	5,998,623	246,972,223
Equipment	8,134,349	563,709	(835,922)	-	7,862,136
Total capital assets, being depreciated	249,107,949	563,709	(835,922)	5,998,623	254,834,359
Less: accumulated depreciation for:					
Buildings and improvements	(74,480,916)	(7,417,531)	-	-	(81,898,447)
Equipment	(6,095,003)	(509,467)	835,922	-	(5,768,548)
Total accumulated depreciation	(80,575,919)	(7,926,998)	835,922	-	(87,666,995)
Total capital assets, being depreciated, net	168,532,030	(7,363,289)	-	5,998,623	167,167,364
Total capital assets, net	\$ 214,192,807	\$ (2,349,059)	\$ (2,457,361)	\$ -	\$ 209,386,387

The total amount of interest capitalized into capital assets of business-type activities during the fiscal year ended June 30, 2010 amounted to \$1,192,576.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note H. Capital Assets (continued)

Depreciation expense was charged to functions within the governmental and business-type activities as follows:

Governmental activities:

General government	\$ 170,253
Flood control	1,562,086
Total depreciation expense - governmental activities	1,732,339

Business-type activities:

Water Transmission	\$ 5,148,948
Water Supply	188,398
Sanitation	1,133,872
Internal Service Funds	1,455,780
Total depreciation expense - business type activities	7,926,998

Intangible Asset – Warm Springs Dam Project

Pursuant to the Flood Control Act of 1962, a project was authorized for the construction of Warm Springs Dam and Lake Sonoma. The Warm Springs Dam has a total gross storage capacity of 381,000 acre-feet and total water supply storage of 355,000 acre-feet. The Water Agency has contracted for the right to the storage space for 212,000 acre-feet of water. The Water Agency uses the storage space to control and dispose of flood, storm and other waters. Since such flood control activities are a governmental function, the cost of the project has been capitalized as an inexhaustible intangible asset.

In March 1992, the cost of the project to the Water Agency was established at \$102,371,000. The estimated cost of the Water Agency's portion of the project is approximately 30% of the total project joint use construction costs and accrued interest. The liability for the contract is shown as a long-term contracts payable within the governmental activities (refer to Note K). Repayment of this obligation comes from the proceeds of a voter approved countywide levied property tax.

The project became operational for water supply on November 1, 1994. The Water Agency does not own any part of the tangible dam facilities. The payments under the contract only entitle the Water Agency to permanent water storage rights.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note I. Unearned Revenue

Revenue under a supplemental water supply agreement with the Marin Municipal Water District is deferred and recognized over the term of the agreement on a straight-line basis (nine years plus an additional forty years at the option of Marin Municipal Water District). As of June 30, 2010, unearned revenue in the Water Supply fund totaled \$5,551,613, of which the amount recognizable within one year is reported as a component of current liabilities in the accompanying statement of net assets. The annual amount that will be recognized as intergovernmental revenue over the term of the agreement is \$129,107.

The Airport Larkfield Wikiup sanitation zone entered into an agreement with the Town of Windsor for storage within the zone's reservoirs of up to 50 million gallons of tertiary-treated recycled water. The Town of Windsor pays an annual fee for the storage based on a water year which is defined as October 1 through September 30. As a result, one quarter of the revenue received, totaling \$34,953, is considered unearned. The General fund and Water Transmission fund has collected \$168 and \$32,273, respectively that will be recognized during the next fiscal year.

Note J. Interfund Transactions

A summary of interfund activity as of and for the fiscal year ended June 30, 2010 is as follows:

Interfund transfers

Transfer from	Transfer to	Amount	Purpose
General Fund	Flood Control	\$ 192,087	Refund of salary and overhead charges
General Fund	Warm Springs Dam Fund	20,587	Refund of salary and overhead charges
General Fund	Water Transmission Fund	825,148	Refund of salary and overhead charges
General Fund	Water Supply Fund	3,667,971	Funding for water supply projects and refund of salary and overhead charges
General Fund	Sanitation Fund	399,723	Funding for water conservation program and refund of salary and overhead charges
General Fund	Internal Service Funds	387,850	Funding for geothermal projects and refund of salary and overhead charges
Water Transmission Fund	General Fund	1,000,000	Return of unused funds transferred in 2009.
Internal Service Funds	General Fund	270,505	Refund of equipment rental charges
Internal Service Funds	Flood Control Fund	387,982	Refund of equipment rental charges
Internal Service Funds	Warm Springs Dam Fund	4,183	Refund of equipment rental charges
Internal Service Funds	Water Transmission Fund	1,105,050	Refund of equipment rental charges
Internal Service Funds	Water Supply Fund	32,167	Refund of equipment rental charges
Internal Service Funds	Sanitation Fund	162,948	Refund of equipment rental charges
Total transfers		\$ 8,456,201	

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note J. Interfund Transactions (continued)

The Water Agency entered into a Memorandum of Agreement effective July 1, 2007 with all funds under its direct management to form the Power Resources internal service fund. The purpose of the Power Resources fund is to pool electrical energy supplies, create a blended energy rate for all Water Agency activities and provide a broader base for financing future renewable energy projects. The Power Resources internal service fund entered into two interfund loans for the purchase of the existing photovoltaic facilities at the Water Agency's administration building and the Airport-Larkfield-Wikiup sewer treatment plant. These advances were paid in full during the fiscal year ended June 30, 2010.

In addition, the Power Resources internal service fund is eligible to draw up to \$1,000,000 per year for up to eight years from the Water Agency's general fund as needed to acquire electrical power assets and meet debt service payments. Repayment of these draws, together with accrued interest, is to begin in the fiscal year ending June 30, 2016 and continue until 2033. Interest is to accrue at the County's pooled investment rate of return. As of June 30, 2010, the Power Resources internal service fund has drawn \$1,000,000 from the general fund. Interest accrued as of the fiscal year ended June 30, 2010 amounted to \$71,840.

Advances from Other Funds

Advances from other funds recorded in the internal service funds consist of the following:

	Maturity Date	Interest Rates	Authorized & Issued	Outstanding June 30, 2010	Due Within One Year
General Fund	2033	1.935%	\$ 1,071,840	\$ 1,071,840	\$ -

Note K. Long-Term Obligations

Long-term obligations as of June 30, 2010, consist of the following:

	Governmental Activities	Business-type Activities
General obligation bonds	\$ -	\$ 334,000
Capital leases	-	15,097,740
Water revenue bonds payable	-	24,470,000
Water and wastewater revenue bonds payable	-	5,385,000
Advances from other governments	-	18,960,232
Long-term contracts payable	106,758,440	-
Compensated absences	2,751,296	-
Total	\$ 109,509,736	\$ 64,246,972

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note K. Long-Term Obligations (continued)

Governmental Activities:

Long-Term Contracts Payable:

	Maturity Date	Interest Rates	Authorized & Issued	Outstanding June 30, 2010
1986 Federal contract payable	2034	3.225%	\$ 102,371,000	\$ 106,758,440

Annual payments on the contract commenced on November 1, 1993, and will continue until 2034. The annual payments include principal and interest at a rate of 3.225%. The payments of principal and interest are currently funded by property tax revenues received by the Water Agency. The amount of the payments began at \$930,562 and increase to a maximum of \$6,285,571 annually until 2034.

Compensated Absences:

As of June 30, 2010, vested vacation and sick leave for Water Agency employees amounted to \$2,751,296. There were no compensated absences that are considered due or matured. The current amount reflected in the government-wide statement of net assets is an average of the actual payoff amount over the prior three fiscal years. Compensated absences are generally liquidated by the General Fund.

Business-type Activities:

General Obligation Bonds Payable:	Maturity Date	Interest Rates	Authorized & Issued	Outstanding June 30, 2010
<u>Sanitation Zones</u>				
1977 Penngrove	2017	5.00%	\$ 300,000	\$ 112,000
1980 Geyserville	2020	5.00%	500,000	222,000
Total general obligation bonds payable				\$ 334,000

Capital Leases:	Maturity Date	Interest Rates	Authorized & Issued	Outstanding June 30, 2010
Capital lease - Banc of America	2016	4.65%	\$ 8,800,000	\$ 6,213,226
Capital lease - Banc of America	2020	4.54%	2,000,000	1,366,495
Capital lease - Banc of America	2020	4.08%	2,750,000	2,113,597
Capital lease - Municipal Finance	2023	4.30%	5,835,000	5,404,422
Total capital leases				\$ 15,097,740

The Water Agency has entered into various lease agreements, as the lessee, for financing the acquisition of facilities and equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception of the lease. The Water Agency's capital lease activity is described on the following page.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note K. Long-Term Obligations (continued)

Business-type Activities (continued)

On July 1, 2003, the Water Agency purchased an office facility on Aviation Boulevard in Santa Rosa and financed the purchase with a capital lease with Banc of America. The Agency also signed two additional capital leases with Banc of America Leasing and Capital, LLC. The first lease was executed on June 23, 2005 for facilities improvements with a maturity on April 1, 2020. The second lease was executed on February 17, 2006 for the acquisition of solar paneling with a maturity date of October 1, 2020. On September 23, 2008 the Agency purchased an office/warehouse facility on Airport Boulevard and financed the purchase and improvements with a capital lease with Municipal Finance Corporation. Municipal Finance Corporation has assigned the lease to City National Bank.

The assets acquired under capital leases consist of the following as of June 30, 2010:

Buildings and improvements	\$ 24,409,445
Less: accumulated depreciation	(2,421,778)
Total	\$ 21,987,667

Water Revenue Bonds Payable:

	Maturity Date	Interest Rates	Authorized & Issued	Outstanding June 30, 2010
Water revenue bonds, 2003, series A	2032	2.00-5.00%	\$ 15,680,000	\$ 13,585,000
Less: deferred amount for unamortized discount				(22,070)
Water revenue bonds, 2006, series A	2036	4.00-5.00%	11,500,000	10,885,000
Add: deferred amount for unamortized premium				109,380
Total water revenue bonds payable, net				\$ 24,557,310

The 2003 Series A Bonds are special obligations of the Water Agency, payable solely from the net revenues of the Water Agency's water transmission system, and amounts on deposit in the related funds and accounts. Neither the full faith and credit nor the taxing power of the Water Agency is pledged to the payment of 2003 Series A Bonds or interest thereon. The bond proceeds were used to construct and equip certain facilities and improvements known as the Wohler/Forestville Pipeline, Kawana Springs Tank No. 2, the Eldridge to Madrone portion of the Annadel-Sonoma Pipeline, the funding of a reserve fund, and the payment of issuance costs. The facilities constructed with the 2003 Series A Bond proceeds are part of the water supply and transmission system project.

In July 2006, the Water Agency issued Water Revenue Bonds 2006 Series A for the purpose of acquiring and constructing certain facilities for, and improvements to, the transmission system, and to finance certain related costs.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note K. Long-Term Obligations (continued)

Business-type Activities (continued)

Water and Wastewater Revenue Bonds Payable:

	Maturity Date	Interest Rates	Authorized & Issued	Outstanding June 30, 2010
California Statewide Communities Development Authority (CSDCDA) 2005C revenue bonds	2027	2.70-5.00%	\$ 6,220,000	\$ 5,385,000
Add: deferred amount for unamortized premium				106,374
Less: deferred amount on refunding				(435,823)
Total water and wastewater revenue bonds payable, net				\$ 5,055,551

The terms covering the California Statewide Communities Development Authority (CSCDA) 2005C Water and Wastewater Revenue Bonds provide that the revenue be irrevocably pledged and deposited with a trustee for the security and payment of interest and principal on the bonds. In addition, this pledge shall constitute a first lien on the sanitation fund revenues and such other funds for the payment of the bonds. All funds and accounts held under this bond are required to be used for investments authorized by the CSCDA. Annual principal and interest payments are expected to require approximately 80% of net revenues. The total principal outstanding on the 2005C Water and Wastewater Revenue Bonds as of June 30, 2010 is \$5,385,000 and scheduled interest payments total \$2,374,253. Principal and interest paid for the fiscal year ended June 30, 2010 and total customer net revenues were \$457,481 and \$567,632, respectively. These bond proceeds are being used to finance a portion of the cost of upgrades to the Airport-Larkfield-Wikiup Sanitation Zone's treatment plant, wastewater pipelines, storage ponds and irrigation system in connection with the Storage, Reclamation and Treatment Facilities Project.

Advances from Other Governments:

	Maturity Date	Interest Rates	Authorized & Issued	Outstanding June 30, 2010
State Revolving Fund	2027	2.79%	\$ 15,857,295	\$ 14,637,477
Sonoma Valley County Sanitation District	2019	4.198%	5,442,922	4,322,755
Total advances from other governments				\$ 18,960,232

The Water Agency constructed a collector well located adjacent to the Russian River at Wohler Road. The State of California Department of Water Resources has loaned the Water Agency up to \$15,858,989 to assist in the financing of this project. As of June 30, 2010, the Water Agency has received loan funds in the amount of \$15,857,295. The project has been certified complete and principal repayment began during the fiscal year ended June 30, 2009.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note K: Long-Term Obligations (continued)

Business-type Activities (continued)

The Power Resources internal service fund entered into a loan with the Sonoma Valley County Sanitation District for the purchase of its existing photovoltaic facility. The loan amount was \$5,442,922 with an interest rate of 4.198% and a term of 12 years. The outstanding balance as of June 30, 2010 is \$4,322,755 with a current portion of \$405,168.

Changes in Long-Term Obligations

A summary of changes in long-term obligations for the fiscal year ended June 30, 2010 is as follows:

	July 1, 2009	Increases	Decreases	June 30, 2010	Amounts Due Within One Year
<u>Governmental activities:</u>					
Long-term contracts payable	\$ 109,512,272	\$ -	\$ (2,753,832)	\$ 106,758,440	\$ 2,842,644
Compensated absences	2,530,081	1,807,668	(1,586,453)	2,751,296	128,830
Total governmental activities	112,042,353	1,807,668	(4,340,285)	109,509,736	2,971,474
<u>Business-type activities:</u>					
General obligation bonds	362,000	-	(28,000)	334,000	30,000
Capital leases:					
Banc of America	6,663,181	-	(449,955)	6,213,226	471,120
Banc of America	1,472,385	-	(105,890)	1,366,495	110,752
Banc of America	2,271,996	-	(158,399)	2,113,597	164,928
Municipal Finance	5,694,516	-	(290,094)	5,404,422	302,702
Water revenue bonds:					
Series 2003A	13,930,000	-	(345,000)	13,585,000	355,000
Deferred amount for unamortized discount	(23,098)	-	1,028	(22,070)	(1,027)
Series 2006A	11,100,000	-	(215,000)	10,885,000	220,000
Deferred amount for unamortized premium	113,587	-	(4,207)	109,380	4,207
Water and wastewater revenue bonds:					
Series 2005C	5,605,000	-	(220,000)	5,385,000	230,000
Deferred amount for unamortized premium	112,631	-	(6,257)	106,374	6,257
Deferred amount on refunding	(461,460)	-	25,637	(435,823)	(25,637)
Advances from other governments:					
State Revolving Fund	15,255,845	-	(618,368)	14,637,477	635,762
Sonoma Valley CSD	4,711,600	-	(388,845)	4,322,755	405,168
Total business-type activities	66,808,183	-	(2,803,350)	64,004,833	2,909,232
Total	\$ 178,850,536	\$ 1,807,668	\$ (7,143,635)	\$ 173,514,569	\$ 5,880,706

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note K. Long-Term Obligations (continued)

Debt Service Requirements

The annual principal and interest requirements on the outstanding long-term obligations as of June 30, 2010 (excluding compensated absences), are as follows:

General obligation bonds

Fiscal year ending June 30,	Principal	Interest	Total
2011	\$ 30,000	\$ 16,400	\$ 46,400
2012	31,000	14,900	45,900
2013	32,000	13,325	45,325
2014	34,000	11,700	45,700
2015	35,000	10,000	45,000
2016-2020	172,000	22,825	194,825
Total general obligation bonds	\$ 334,000	\$ 89,150	\$ 423,150

Capital leases

Fiscal year ending June 30,	Principal	Interest	Total
2011	\$ 1,049,502	\$ 658,024	\$ 1,707,526
2012	1,096,701	610,824	1,707,525
2013	1,146,029	561,497	1,707,526
2014	1,197,581	509,945	1,707,526
2015	1,251,457	456,069	1,707,526
2016-2020	7,522,958	1,028,473	8,551,431
2011-2024	1,833,512	152,792	1,986,304
Total capital leases	\$ 15,097,740	\$ 3,977,624	\$ 19,075,364

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note K. Long-Term Obligations (continued)

Water revenue bonds

Fiscal year ending June 30,	Principal	Interest	Total
2011	\$ 575,000	\$ 1,124,035	\$ 1,699,035
2012	600,000	1,101,423	1,701,423
2013	625,000	1,076,923	1,701,923
2014	650,000	1,051,423	1,701,423
2015	675,000	1,024,923	1,699,923
2016-2020	3,810,000	4,672,036	8,482,036
2021-2025	4,730,000	3,724,388	8,454,388
2026-2030	5,925,000	2,477,146	8,402,146
2031-2035	5,530,000	912,750	6,442,750
2036-2037	1,350,000	68,250	1,418,250
Total water revenue bonds	\$ 24,470,000	\$ 17,233,297	\$ 41,703,297

Water and wastewater revenue bonds

Fiscal year ending June 30,	Principal	Interest	Total
2011	\$ 230,000	\$ 230,501	\$ 460,501
2012	235,000	222,944	457,944
2013	245,000	214,901	459,901
2014	255,000	206,274	461,274
2015	260,000	197,066	457,066
2016-2020	1,465,000	823,020	2,288,020
2021-2025	1,830,000	439,844	2,269,844
2026-2027	865,000	39,703	904,703
Total water and wastewater revenue bonds	\$ 5,385,000	\$ 2,374,253	\$ 7,759,253

Advances from other governments

Fiscal year ending June 30,	Principal	Interest	Total
2011	\$ 1,040,930	\$ 585,938	\$ 1,626,868
2012	1,075,823	551,046	1,626,869
2013	1,111,932	514,937	1,626,869
2014	1,149,303	477,566	1,626,869
2015	1,187,981	438,888	1,626,869
2016-2020	5,982,603	1,565,105	7,547,708
2021-2025	4,437,830	763,328	5,201,158
2026-2028	2,973,830	147,045	3,120,875
Total advances from other governments	\$ 18,960,232	\$ 5,043,853	\$ 24,004,085

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note K. Long-Term Obligations (continued)

Long-term contracts payable - 1986 Federal contract

Fiscal year ending June 30,	Principal	Interest	Total
2011	\$ 2,842,644	\$ 3,442,928	\$ 6,285,572
2012	2,934,319	3,351,252	6,285,571
2013	3,028,951	3,256,620	6,285,571
2014	3,126,635	3,158,937	6,285,572
2015	3,227,469	3,058,103	6,285,572
2016-2020	17,767,412	13,660,445	31,427,857
2021-2025	20,823,256	10,604,602	31,427,858
2026-2030	24,404,678	7,023,179	31,427,857
2031-2035	28,603,076	2,825,782	31,428,858
Total long-term contracts payable	\$ 106,758,440	\$ 50,381,848	\$ 157,140,288

Note L. Pollution Remediation Obligation

The Water Agency purchased a parcel as part of a litigation settlement in 2000 to resolve claims related to possible lead-contaminated fill used in connection with a Water Agency flood control project. As owner of the parcel, the Water Agency is responsible for clean-up costs related to the fill. The Water Agency has investigated the extent of lead contamination on the property and the adjacent area. The North Coast Regional Water Quality Control Board ("NC Regional Board") required the Water Agency to perform an updated Human Health Risk Assessment and an Ecological Risk Assessment as a condition of obtaining site closure for the parcel. The Water Agency submitted these assessments and a Closure Work Plan to the NC Regional Board in July 2008 and is awaiting a response from the NC Regional Board and the City of Santa Rosa Fire Department. The Closure Work Plan proposes to perform a lot line adjustment separating the front portion of the property where there are no human health issues based on the risk assessment so that the existing house can be put on the market and sold. For the back half of the property, the work plan proposes to incorporate the affected site into the City of Santa Rosa's bike path project changing the risk of human exposure so that no significant clean up will be required. It is anticipated that there will need to be annual monitoring and soil removal on the back half of the property, as well as a deed restriction and long-term easement. However, the NC Regional Board and the Santa Rosa Fire Department have not yet approved the work plan.

In accordance with GASB Statement No. 49, the Agency has estimated its potential pollution remediation liability as of June 30, 2010 by utilizing the expected cash flow technique. This methodology examined estimated costs for pre-clean up activities, remediation/clean-up activities, regulatory agency costs, and post remediation-monitoring costs. The estimated liability for the Agency as of June 30, 2010 is \$233,925.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note M. Employees' Retirement Plan

Plan Description

The Water Agency contributes to the County's cost sharing multiple-employer defined benefit pension plan (the Plan) that is administered by the Sonoma County Employees' Retirement Association (the Retirement Association), a public employee retirement system. The Water Agency joined the Retirement Association as of October 1, 1963. Substantially all full-time employees of the Water Agency participate in this plan. The Plan provides retirement, disability, death and survivor benefits and cost-of-living adjustments to plan members and beneficiaries. All permanent employees working at least half time of a full-time position for the Water Agency are eligible. Benefits are based on the employee's final average salary, years of service, and age at the time of retirement. The Plan is governed by the California Government Code, Title 3, Division 4, Part 3, Chapter 3. The Board of Retirement has the authority to establish and amend benefit provisions and these shall then be adopted by the County Board of Supervisors. The Retirement Association issues an annual financial report that includes financial statements and required supplementary information for the Plan which can be obtained by writing to the Sonoma County Employees' Retirement Association, 433 Aviation Blvd., Suite 100, Santa Rosa, CA 95403-1069.

The financial statements for the County (the primary government) contain additional financial information for the defined pension benefits, which is not presented here because the Water Agency's portion cannot be separated from the whole.

Funding Policy

Plan members were required to contribute between 7% - 14% of their annual covered salary, depending upon their age at their date of entry, of their annual covered salary as of June 30, 2010, 2009 and 2008. The Water Agency is required to contribute at an actuarially determined rate which was 22.02% for the fiscal year ended June 30, 2010. Contribution requirements of the Plan members and the Water Agency are established and may be amended by the Board of Retirement. The Water Agency's total payroll for covered employees for the plan years ended December 31, 2009, 2008, and 2007 was \$17,927,565, \$17,287,276, and \$16,214,538, respectively, which represents approximately 5.54%, 5.17%, and 5.56% respectively, of the Retirement Association's payroll for covered employees.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note M. Employees' Retirement Plan (continued)

Annual Pension Cost

The Water Agency's contributions to the Plan for the fiscal years ended 2010, 2009, and 2008 were \$3,764,270, \$3,224,051 and \$2,866,266 respectively, which was equal to its annual required contribution for each year.

Note N. Postemployment Benefits

Plan Description

The employee's of the Water Agency participate in the County administered postemployment healthcare plan (PH Plan), a cost sharing multiple-employer defined benefit postemployment healthcare plan. On June 30, 2008, the County established another postemployment health benefit (OPEB) trust with the Public Agency Retirement Services (PARS) which is used to accumulate resources to fund future benefits, however it does not represent the activities of the PH Plan. In addition, the County entered into a Memorandum of Understanding (MOU) with the Retirement Association to perform retiree health benefit administrative services, although retiree healthcare eligibility is determined by the Human Resources-Risk Management Division of the County.

The County offers either a defined benefit or defined contribution plan in accordance with County Salary Resolution No. 95-0926. Retirees may choose one of four medical plans for either the defined benefit or defined contribution plan. Authority to establish and amend benefit provisions of the PH Plan resides with the County Board of Supervisors. For purposes of accounting and financial reporting, the PH Plan is treated as a single employer plan as the majority of the participants are employees of the County.

Participants must retire from Water Agency service, be covered under a medical plan of the County at the time of retirement, and be eligible to receive a monthly pension from the Retirement Association's defined benefit pension plan at the time of retirement. Benefits are as follows:

- Employees hired prior to 1/1/1990 receive 'retiree plus family' coverage without any service requirements. Employees hired on or after 1/1/1990 but before 1/1/2009 (a) with ten years of Water Agency service are eligible to receive Water Agency subsidized 'retiree only' medical coverage or (b) with twenty years of Water Agency service are eligible to receive Water Agency-subsidized 'retiree and one dependent' medical coverage, with the retiree bearing the full cost of premiums for covering additional dependents.
- Effective 6/1/09, the Water Agency began to phase in a contribution maximum toward the cost of the PH Plan over a five year period. Retirees and the Water Agency share in the cost of monthly premium for medical coverage. The fiscal year 2008-2009 Water Agency contribution will be adjusted incrementally each year until it reaches a \$500 per month maximum contribution.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note N. Postemployment Benefits (continued)

Plan Description (continued)

After the phase in period has elapsed the Water Agency contributes the same dollar amount as it contributes toward the cost of the offered medical plans for active unrepresented Administrative Management employees. Retirees may enroll eligible dependents in the Water Agency's offered medical plan elected by the retiree, but the retiree is responsible for all premium costs in excess of the Water Agency's contribution. Effective 4/10/07, disability retirees are subject to the same service requirements as regular retirees.

For employees hired on or after 1/1/2009, the Water Agency contributes to a Defined Contribution Retiree Medical Benefit Plan for each employee in the form of a deposit into a Health Reimbursement Arrangement (HRA) account. Any eligible retiree and eligible dependent(s) may enroll in a County offered medical plan, but the retiree is responsible for all costs. Upon completion of two full years of consecutive Sonoma County regular service in pay status the Water Agency provides (a) an initial contribution of \$2,400 to an HRA account established in the employees name, the initial contribution of \$2,400 is based on full-time status and is prorated based on their allocated position and (b) contributes \$.58 per pay status hour, not including overtime, for each eligible employee. Once the employee has worked two full years of service and the initial contribution to their HRA account is made, there are no further service requirements and no requirement to be covered under a medical plan sponsored by the County at the time of retirement or in retirement to receive this benefit.

The Water Agency reimburses retirees a fixed amount of \$96.40 per month for Medicare Part B premiums, to encourage participation in Medicare for over-65 retirees.

Funding Policy

The PH Plan funding policy provides for periodic contributions by the Water Agency. The contribution rate is determined on an annual basis by an independent actuary and is authorized by the County Board of Supervisors. The contribution rate is based on the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the PH Plan over a period not to exceed thirty years.

The Water Agency recognizes expenditures for the cost of retiree health care benefits on a bi-weekly basis as part of the payroll process. The expenditures recognized are based upon the contribution rate which is applied to the Water Agency's covered payroll. The amount of supplemental health care premiums paid for the fiscal years ended June 30, 2010, 2009, and 2008 was \$1,237,947, \$1,214,844 and \$1,183,559, respectively. The premium payments recognized for the fiscal years ended June 30, 2010, 2009 and 2008, were equal to the Water Agency's annual required contribution.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note N. Postemployment Benefits (continued)

Funding Policy (continued)

The financial statements for the County (the primary government) contain the financial information for the postemployment benefits, which is not presented here because the Water Agency's share cannot be separated from the whole.

Note O. Related Party Transactions

The Water Agency is a special district under the Board of Supervisors, and as such, has the same board members as the County. The Water Agency manages and provides administration, engineering, operational, and maintenance services for the Occidental County Sanitation District, Russian River County Sanitation District, Sonoma Valley County Sanitation District and the South Park County Sanitation District, which are all component units of the County. Since, both the Water Agency and the four sanitation districts are component units of the County, the sanitation districts and the Water Agency are considered related parties.

The Water Agency allocates overhead costs to the sanitation districts via the use of an overhead rate charged on labor applicable to the districts. The overhead rate is reviewed periodically by management to determine its effectiveness. In addition, the Water Agency allocates other services to the districts based on project coding. A summary of the total costs charged to the sanitation districts by the Water Agency for the fiscal year ended June 30, 2010 is as follows:

Occidental County Sanitation District	\$ 514,535
Russian River County Sanitation District	2,226,996
Sonoma Valley County Sanitation District	6,021,320
South Park County Sanitation District	93,322
	\$ 8,856,173

The Water Agency continued to fund an expanded water conservation rebate program for the Occidental and Russian River County Sanitation Districts. Water Agency funding for this program during the fiscal year ended June 30, 2010 is as follows:

Occidental County Sanitation District	\$ 15,000
Russian River County Sanitation District	190,000
	\$ 205,000

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note O. Related Party Transactions (continued)

The Water Agency provided a refund to the Sonoma Valley County Sanitation District, the Occidental County Sanitation District and the Russian River County Sanitation District for administrative and overhead charges. The amounts refunded during the fiscal year ended June 30, 2010 are as follows:

Occidental County Sanitation District	\$	61,391
Sonoma Valley County Sanitation District		991,403
Russian River County Sanitation District		225,097
South Park County Sanitation District		33,020
		\$ 1,310,911

Also, for the fiscal year ended June 30, 2010, the Water Agency provided the Occidental County Sanitation District \$300,000 in funding to assist the District in meeting operating and construction expenses.

Note P. Risk Management

The Water Agency is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Water Agency is covered by the County's self-insurance program, which is accounted for in the County's Risk Management Internal Service Fund. The Water Agency is covered under this program for general liability, auto liability, public employees' performance/dishonesty and property insurance.

The County maintains a self-insured retention of \$1,000,000 per occurrence for general and automobile liability. Excess liability coverage is maintained through participation in the California State Association of Counties, Excess Insurance Authority (CSAC-EIA). Limits of this coverage are \$15,000,000.

The County also maintains public employee faithful performance/employee dishonesty coverage through a joint-purchase program provided by National Union Fire Insurance Company and administered by CSAC-EIA with limits of \$10,000,000 and a \$25,000 deductible.

The County maintains "All Risk" property insurance including flood and earthquake through participation in the CSAC-EIA Property Insurance Program. Limits of coverage are \$600,000,000 per occurrence including flood and \$80,000,000 per occurrence for earthquake. Deductibles for most perils are \$50,000 per occurrence, with flood at \$200,000 per county per occurrence and earthquake at 5% of total insured values per unit, per occurrence, subject to a \$500,000 minimum per occurrence. For losses within the deductible, the County maintains a deductible self-insured pool for losses in excess of \$5,000.

During the fiscal year ended June 30, 2010, the Water Agency paid annual premiums to the County for this insurance coverage in the amount of \$215,162. Settlements have not exceeded coverage for each of the past three fiscal years.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note Q. Commitments and Contingencies

Construction

The Water Agency has active construction projects as of June 30, 2010. The projects include expansion and/or improvements of several flood control, water storage and wastewater treatment facilities. As of June 30, 2010, the Water Agency's commitments to construction projects are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Flood Control:		
Zone 1A – Laguna Mark West	\$ 281,121	\$ -
Zone 2A – Petaluma Basin	61,584	-
Water storage facilities	142,378	25,000
Common facilities	15,144,599	42,468
Pipeline facilities	2,861,516	-
Internal service facilities	6,592,424	55,445
Water transmission facilities	648,790	-
ISF equipment	172,150	-
Sanitation facilities	778	4
Water supply facilities	626,135	49,138
Total	<u>\$ 26,531,475</u>	<u>\$ 172,055</u>

The balances spent-to-date includes both internal expenses and expenses paid to outside contractors. The remaining commitment balances relate to commitments with outside contractors only.

The commitments for water storage and related facilities are being financed by revenue bonds and a construction loan provided by the State of California Department of Water Resources secured by water and wastewater revenues. These projects are also being funded by existing resources from the business-type activities.

Pending Litigation, Claims and Assessments

The Water Agency is directly and indirectly involved in various claims, legal actions and complaints relating principally to violations of the Clean Water Act, environmental protection laws, property damage and disputes over water rights. The ultimate amount of liability is contingent upon the final settlement of these claims. The Water Agency is unable to determine the extent of such liabilities at this time and whether any may be covered by insurance.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note Q. Commitments and Contingencies (continued)

Other Regulatory Matters

In June 2005, the NC Regional Board issued an Administrative Civil Liability (ACL) to the Water Agency with a mandatory penalty for violations of effluent limitations that occurred during periods of discharge to receiving waters from January 2000 through August 2004. A mandatory penalty was assessed against the Water Agency. However, the majority of the penalty is eligible to be permanently suspended if the Executive Officer of the NC Regional Board determines that reasonable progress is being made toward completion of a compliance project and the suspended amount is spent toward completion of the compliance project within five years from the date of the ACL. Annual reports are being submitted to the NC Regional Board to report the progress on the selected compliance project.

In September 2008, the National Marine Fisheries Service issued a “Biological Opinion” analyzing the impact of the Water Agency’s existing water supply activities on three fish species listed under the federal Endangered Species Act (ESA), and containing a “Reasonable and Prudent Alternative” describing measures that the Water Agency must take over a 15-year period in order to obtain an incidental take statement under the federal ESA. The Agency intends to fund such obligations from several sources, including revenues from the Water Agency’s water transmission system and balances in the Water Agency’s Warm Springs Dam fund.

The Endangered Species Act also affects the manner and the extent to which the Water Agency can maintain flood control channels. Water Agency staff and its contractors cannot disrupt environmentally sensitive areas to perform flood control work to the levels that were appropriate in previous years. This development potentially increases the Water Agency's degree of exposure to individual property owners and possible litigation in the event of wet weather and any resulting flooding.

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note R. Economic Dependence

Four major customers purchased water from the Water Agency during the fiscal year ended June 30, 2010. Water sales revenue for the fiscal year ended June 30, 2010 and accounts receivable as of June 30, 2010 associated with those customers are as follows:

	Water Sales	% of Total Water Sales
City of Santa Rosa	\$ 9,903,759	35.67%
Marin Municipal	5,189,705	18.69%
City of Petaluma	3,792,756	13.66%
North Marin County	3,692,284	13.30%
	\$ 22,578,504	81.31%

	Accounts Receivable	% of Total Accounts Receivable
City of Santa Rosa	\$ 1,961,490	33.2%
Marin Municipal	759,632	12.9%
City of Petaluma	830,406	14.1%
North Marin County	701,469	11.9%
	\$ 4,252,997	72.1%

**SONOMA COUNTY WATER AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note S. Future Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has released the following new standard:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued in February 2009. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 improves the financial reporting by providing fund balance categories and classifications that will be more easily understood. The reserve component of fund balance will be eliminated and replaced with a restricted classification to enhance the consistency between information reported in the government-wide and the governmental fund financial statements to avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. GASB Statement No. 54 is effective for financial statements for fiscal years beginning after June 15, 2010.

The impact on the basic financial statements of the Water Agency of this pronouncement which has not yet been adopted, is unknown at this time.

Required Supplementary Information

**SONOMA COUNTY WATER AGENCY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final	See Note A	Final Budget
REVENUES				
Property taxes	\$ 6,552,172	\$ 6,120,935	\$ 6,448,966	\$ 328,031
Investment earnings	77,250	77,250	110,145	32,895
Intergovernmental	292,006	292,006	234,556	(57,450)
Charges for services	392,800	392,800	407,982	15,182
Miscellaneous	64,200	64,200	93,237	29,037
Total revenues	<u>7,378,428</u>	<u>6,947,191</u>	<u>7,294,886</u>	<u>347,695</u>
EXPENDITURES				
Current:				
Salaries and benefits	27,824,963	26,991,708	26,954,228	37,480
Services and supplies	12,235,576	13,350,139	9,503,544	3,846,595
Costs applied	(37,945,068)	(37,945,068)	(34,532,122)	(3,412,946)
Capital outlay	220,000	284,000	42,297	241,703
Contingencies	500,000	500,000	-	500,000
Total expenditures	<u>2,835,471</u>	<u>3,180,779</u>	<u>1,967,947</u>	<u>1,212,832</u>
Excess of revenues over expenditures	<u>4,542,957</u>	<u>3,766,412</u>	<u>5,326,939</u>	<u>1,560,527</u>
OTHER FINANCING USES				
Transfers in	-	1,270,878	1,270,505	(373)
Transfers out	(5,360,000)	(9,651,897)	(5,493,366)	4,158,531
Total other financing sources (uses)	<u>(5,360,000)</u>	<u>(8,381,019)</u>	<u>(4,222,861)</u>	<u>4,158,158</u>
Net changes in fund balance	<u>\$ (817,043)</u>	<u>\$ (4,614,607)</u>	1,104,078	<u>\$ 5,718,685</u>
GAAP basis difference - encumbrances			(118,262)	
Fund balance - beginning of year			<u>10,062,610</u>	
Fund balance - end of year			<u>\$ 11,048,426</u>	

**SONOMA COUNTY WATER AGENCY
FLOOD CONTROL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final	See Note A	Final Budget
REVENUES				
Property taxes	\$ 7,605,942	\$ 6,948,340	\$ 7,440,050	\$ 491,710
Investment earnings	211,750	211,750	199,851	(11,899)
Intergovernmental	77,597	77,597	143,921	66,324
Miscellaneous	35,000	35,000	63,494	28,494
Total revenues	<u>7,930,289</u>	<u>7,272,687</u>	<u>7,847,316</u>	<u>574,629</u>
EXPENDITURES				
Current:				
Services and supplies	12,726,432	13,952,608	5,643,052	8,309,556
Pollution remediation	301,604	301,604	-	301,604
Capital outlay	935,000	1,101,081	82,913	1,018,168
Total expenditures	<u>13,963,036</u>	<u>15,355,293</u>	<u>5,725,965</u>	<u>9,629,328</u>
Excess (deficiency) of revenues over (under) expenditures	(6,032,747)	(8,082,606)	2,121,351	(9,054,699)
Other Financing Sources				
Transfers in	-	580,069	580,069	-
Net changes in fund balance	<u>\$ (6,032,747)</u>	<u>\$ (7,502,537)</u>	2,701,420	<u>\$ (9,054,699)</u>
GAAP basis difference - encumbrances			(1,536,056)	
Fund balance - beginning of year			<u>22,276,958</u>	
Fund balance - end of year			<u>\$ 23,442,322</u>	

**SONOMA COUNTY WATER AGENCY
WARM SPRINGS DAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u> See Note A	<u>Final Budget</u>
REVENUES				
Property taxes	\$ 4,304,824	\$ 4,304,824	\$ 5,022,072	\$ 717,248
Investment earnings	10,500	10,500	141,758	131,258
Intergovernmental	43,011	43,011	80,657	37,646
Miscellaneous	-	-	304	304
Total revenues	<u>4,358,335</u>	<u>4,358,335</u>	<u>5,244,791</u>	<u>886,456</u>
EXPENDITURES				
Current:				
Services and supplies	4,044,920	6,710,503	3,517,422	3,193,081
Capital Outlay	2,922,459	3,805,784	-	3,805,784
Total expenditures	<u>6,967,379</u>	<u>10,516,287</u>	<u>3,517,422</u>	<u>6,998,865</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,609,044)</u>	<u>(6,157,952)</u>	<u>1,727,369</u>	<u>(6,112,409)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	24,770	24,770	-
Transfers out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	-	<u>2,000,000</u>
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(1,975,230)</u>	<u>24,770</u>	<u>2,000,000</u>
Net changes in fund balance	<u>\$ (4,609,044)</u>	<u>\$ (8,133,182)</u>	1,752,139	<u>\$ 9,885,321</u>
GAAP basis difference - encumbrances			208,338	
Fund balance - beginning of year			<u>10,715,019</u>	
Fund balance - end of year			<u>\$ 12,675,496</u>	

**SONOMA COUNTY WATER AGENCY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Note A. Budgetary Presentation

Budgetary data, as revised, is presented as required supplementary information for the General and Special Revenue Funds, since the operations of these funds are budgeted annually. Budgets are adopted on a non-GAAP basis. For purposes of budgetary presentation, actual GAAP expenditures have been adjusted to include current year encumbrances, to exclude expenditures against prior year encumbrances and to exclude other financing sources and off-setting expenditures related to capital lease additions. In addition, the budgetary presentation reflects the effect of reimbursements which are negative expenditures used to transfer costs between departments within the governmental funds. For GAAP purposes, reimbursements are recorded as expenditures/expenses in the reimbursing fund and as reductions to expenditures/expenses in the fund that is reimbursed. Reimbursements primarily consist of charges initially incurred by departments responsible for communications, vehicles and data processing and eventually applied to other funds.

The results of actual operations on a budgetary basis are reconciled to the results of operations on a GAAP basis as follows:

	General Fund	Special Revenue Funds		Total
		Flood Control	Warm Springs Dam	
Net change in fund balance	\$ 1,104,078	\$ 2,701,420	\$ 1,752,139	\$ 5,557,637
Expenditure charges against prior year encumbrances	(743,311)	(4,654,262)	(2,557,969)	(7,955,542)
Current year encumbrances	625,049	3,118,206	2,766,307	6,509,562
Net change in fund balance GAAP basis	\$ 985,816	\$ 1,165,364	\$ 1,960,477	\$ 4,111,657

Other Supplementary Information

**SONOMA COUNTY WATER AGENCY
COMBINING BALANCE SHEET
FLOOD CONTROL SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Flood Control Funds			
	Zone 1A Laguna Mark West	Zone 2A Petaluma Basin	Zone 3A Valley of the Moon	Zone 5A Lower Russian River
Assets				
Cash and investments	\$ 9,368,917	\$ 8,364,254	\$ 2,616,171	\$ 1,777,205
Accounts receivable	-	-	-	-
Notes receivable	-	-	110,000	-
Total assets	<u>\$ 9,368,917</u>	<u>\$ 8,364,254</u>	<u>\$ 2,726,171</u>	<u>\$ 1,777,205</u>
 Liabilities and fund balances				
Liabilities:				
Accounts payable	<u>\$ 464,975</u>	<u>\$ 79,676</u>	<u>\$ 63,008</u>	<u>\$ 3,684</u>
 Fund balances				
Reserved for encumbrances	2,199,133	634,570	275,574	2,279
Unreserved:				
Undesignated	<u>6,704,809</u>	<u>7,650,008</u>	<u>2,387,589</u>	<u>1,771,242</u>
Total fund balances	<u>8,903,942</u>	<u>8,284,578</u>	<u>2,663,163</u>	<u>1,773,521</u>
 Total liabilities and fund balances	 <u>\$ 9,368,917</u>	 <u>\$ 8,364,254</u>	 <u>\$ 2,726,171</u>	 <u>\$ 1,777,205</u>

**SONOMA COUNTY WATER AGENCY
COMBINING BALANCE SHEET (CONTINUED)
FLOOD CONTROL SPECIAL REVENUE FUNDS
JUNE 30, 2010**

Flood Control Funds			
Zone 7A North Coast	Zone 8A South Coast	Total Flood Control Funds	
\$ 75,700	\$ 1,737,285	\$ 23,939,532	Assets
13,000	-	13,000	Cash and investments
-	-	110,000	Accounts receivable
<u>\$ 88,700</u>	<u>\$ 1,737,285</u>	<u>\$ 24,062,532</u>	Notes receivable
			Liabilities and fund balances
<u>\$ 8,867</u>	<u>\$ -</u>	<u>\$ 620,210</u>	Liabilities:
			Accounts payable
6,650	-	3,118,206	Fund balances
			Reserved for encumbrances
73,183	1,737,285	20,324,116	Unreserved:
<u>79,833</u>	<u>1,737,285</u>	<u>23,442,322</u>	Undesignated
			Total fund balances
<u>\$ 88,700</u>	<u>\$ 1,737,285</u>	<u>\$ 24,062,532</u>	Total liabilities and fund balances

**SONOMA COUNTY WATER AGENCY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FLOOD CONTROL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Flood Control Funds			
	Zone 1A Laguna Mark West	Zone 2A Petaluma Basin	Zone 3A Valley of the Moon	Zone 5A Lower Russian River
REVENUES				
Property taxes	\$ 5,063,409	\$ 1,284,171	\$ 791,983	\$ 160,888
Investment earnings	76,942	70,629	21,994	14,959
Intergovernmental	95,231	21,283	21,293	4,797
Miscellaneous	50,494	-	-	-
Total revenues	<u>5,286,076</u>	<u>1,376,083</u>	<u>835,270</u>	<u>180,644</u>
EXPENDITURES				
Current:				
Services and supplies	5,649,647	872,240	609,352	33,996
Capital outlay	55,937	26,976	-	-
Total expenditures	<u>5,705,584</u>	<u>899,216</u>	<u>609,352</u>	<u>33,996</u>
Excess (deficiency) of revenues over (under) expenditures	(419,508)	476,867	225,918	146,648
OTHER FINANCING SOURCES				
Transfers in	<u>496,853</u>	<u>69,038</u>	<u>8,661</u>	<u>2,427</u>
Net change in fund balances	77,345	545,905	234,579	149,075
Fund balances - beginning of year	<u>8,826,597</u>	<u>7,738,673</u>	<u>2,428,584</u>	<u>1,624,446</u>
Fund balances - end of year	<u>\$ 8,903,942</u>	<u>\$ 8,284,578</u>	<u>\$ 2,663,163</u>	<u>\$ 1,773,521</u>

**SONOMA COUNTY WATER AGENCY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (CONTINUED)
 FLOOD CONTROL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Flood Control Funds</u>			
<u>Zone 7A North Coast</u>	<u>Zone 8A South Coast</u>	<u>Total Flood Control Funds</u>	
\$ -	\$ 139,599	\$ 7,440,050	REVENUES
682	14,645	199,851	Property taxes
-	1,317	143,921	Investment earnings
13,000	-	63,494	Intergovernmental
<u>13,682</u>	<u>155,561</u>	<u>7,847,316</u>	Miscellaneous
			Total revenues
			EXPENDITURES
			Current:
10,945	2,928	7,179,108	Services and supplies
-	-	82,913	Capital outlay
<u>10,945</u>	<u>2,928</u>	<u>7,262,021</u>	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
2,737	152,633	585,295	
			OTHER FINANCING SOURCES
3	3,087	580,069	Transfers in
2,740	155,720	1,165,364	Net change in fund balances
<u>77,093</u>	<u>1,581,565</u>	<u>22,276,958</u>	Fund balances - beginning of year
<u>\$ 79,833</u>	<u>\$ 1,737,285</u>	<u>\$ 23,442,322</u>	Fund balances - end of year

**SONOMA COUNTY WATER AGENCY
COMBINING STATEMENT OF NET ASSETS
SANITATION ENTERPRISE FUNDS
JUNE 30, 2010**

	Sanitation Funds				Total Sanitation Funds
	Sea Ranch	Penngrove	Geyserville	Airport Larkfield Wikiup	
ASSETS					
Current assets:					
Cash and investments	\$ 426,492	\$ 729,205	\$ 527,076	\$ 1,230,444	\$ 2,913,217
Accounts receivable, net	2,393	80,461	22,840	706,313	812,007
Total current assets	<u>428,885</u>	<u>809,666</u>	<u>549,916</u>	<u>1,936,757</u>	<u>3,725,224</u>
Noncurrent assets:					
Restricted assets					
Cash - revenue bond funds	-	14,009	56,274	121,561	191,844
Deferred charges	-	-	-	112,094	112,094
Capital assets, net					
Land	-	-	106,213	1,515,231	1,621,444
Construction in progress	-	-	-	778	778
Intangible assets - other	-	-	-	12,544	12,544
Buildings and improvements	678,530	1,161,689	764,693	21,183,799	23,788,711
Machinery and equipment	-	10,678	-	43,836	54,514
Total capital assets	<u>678,530</u>	<u>1,172,367</u>	<u>870,906</u>	<u>22,756,188</u>	<u>25,477,991</u>
Total noncurrent assets	<u>678,530</u>	<u>1,186,376</u>	<u>927,180</u>	<u>22,989,843</u>	<u>25,781,929</u>
Total assets	<u>1,107,415</u>	<u>1,996,042</u>	<u>1,477,096</u>	<u>24,926,600</u>	<u>29,507,153</u>
LIABILITIES					
Current liabilities payable from unrestricted assets:					
Accounts payable and accrued expenses	36,255	225,505	1,743	29,830	293,333
Unearned revenue	-	-	-	34,953	34,953
Total current liabilities payable from unrestricted assets	<u>36,255</u>	<u>225,505</u>	<u>1,743</u>	<u>64,783</u>	<u>328,286</u>
Current liabilities payable from restricted assets:					
Interest payable	-	1,867	-	58,545	60,412
General obligation bonds payable	-	12,000	18,000	-	30,000
Revenue bonds payable	-	-	-	210,620	210,620
Total current liabilities payable from restricted assets	<u>-</u>	<u>13,867</u>	<u>18,000</u>	<u>269,165</u>	<u>301,032</u>
Noncurrent liabilities:					
General obligation bonds payable	-	100,000	204,000	-	304,000
Revenue bonds payable	-	-	-	4,844,931	4,844,931
Total noncurrent liabilities	<u>-</u>	<u>100,000</u>	<u>204,000</u>	<u>4,844,931</u>	<u>5,148,931</u>
Total liabilities	<u>36,255</u>	<u>339,372</u>	<u>223,743</u>	<u>5,178,879</u>	<u>5,778,249</u>
NET ASSETS					
Invested in capital assets, net of related debt	678,530	1,060,367	648,906	17,700,637	20,088,440
Restricted for:					
Debt service	-	12,142	56,274	63,016	131,432
Recycled water and water conservation	-	7,386	19,527	247,150	274,063
Unrestricted	392,630	576,775	528,646	1,736,918	3,234,969
Total net assets	<u>\$ 1,071,160</u>	<u>\$ 1,656,670</u>	<u>\$ 1,253,353</u>	<u>\$ 19,747,721</u>	<u>\$ 23,728,904</u>

SONOMA COUNTY WATER AGENCY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
SANITATION ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Sanitation Funds				Total Sanitation Funds
	Sea Ranch	Penngrove	Geyserville	Airport Lakefield Wikiup	
OPERATING REVENUE					
Flat charges	\$ 472,646	\$ 488,192	\$ 253,529	\$ 1,846,735	\$ 3,061,102
Sanitation services	1,174	8,734	2,000	153,481	165,389
Real estate rental	-	-	-	50,000	50,000
Miscellaneous	-	-	-	56,815	56,815
Total operating revenue	<u>473,820</u>	<u>496,926</u>	<u>255,529</u>	<u>2,107,031</u>	<u>3,333,306</u>
OPERATING EXPENSES					
Services and supplies	414,369	532,794	236,650	2,033,593	3,217,406
Depreciation and amortization	88,571	36,600	85,081	930,214	1,140,466
Total operating expenses	<u>502,940</u>	<u>569,394</u>	<u>321,731</u>	<u>2,963,807</u>	<u>4,357,872</u>
Operating loss	<u>(29,120)</u>	<u>(72,468)</u>	<u>(66,202)</u>	<u>(856,776)</u>	<u>(1,024,566)</u>
NONOPERATING REVENUES (EXPENSES)					
Taxes and assessments	-	15,915	25,301	-	41,216
Investment earnings	4,232	13,355	5,054	20,168	42,809
Interest expense	-	-	(11,525)	(232,196)	(243,721)
Conservation program revenue	-	-	-	610,670	610,670
Conservation program expense	(97,615)	(44,311)	(12,613)	(569,181)	(723,720)
Intergovernmental revenue	-	140	171	177,746	178,057
Total nonoperating revenue (expenses), net	<u>(93,383)</u>	<u>(14,901)</u>	<u>6,388</u>	<u>7,207</u>	<u>(94,689)</u>
Loss before capital contributions and transfers	<u>(122,503)</u>	<u>(87,369)</u>	<u>(59,814)</u>	<u>(849,569)</u>	<u>(1,119,255)</u>
Capital contributions - connection fees	-	3,075	-	113,970	117,045
Capital contributions - other	-	-	-	12,000	12,000
Transfers in	13,635	24,217	36,846	174,973	249,671
Transfers in - conservation program	76,000	30,000	25,000	182,000	313,000
Change in net assets	<u>(32,868)</u>	<u>(30,077)</u>	<u>2,032</u>	<u>(366,626)</u>	<u>(427,539)</u>
Net assets - beginning of year	<u>1,104,028</u>	<u>1,686,747</u>	<u>1,251,321</u>	<u>20,114,347</u>	<u>24,156,443</u>
Net assets - end of year	<u>\$ 1,071,160</u>	<u>\$ 1,656,670</u>	<u>\$ 1,253,353</u>	<u>\$ 19,747,721</u>	<u>\$ 23,728,904</u>

**SONOMA COUNTY WATER AGENCY
COMBINING STATEMENT OF CASH FLOWS
SANITATION ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Sanitation Funds				Total Sanitation Funds
	Sea Ranch	Penngrove	Geyserville	Airport Larkfield Wikiup	
Cash flows from operating activities:					
Cash receipts from customers	\$ 476,899	\$ 478,958	\$ 246,563	\$ 2,071,027	\$ 3,273,447
Cash payments for interfund services used	(70,908)	(101,460)	(204,079)	(1,698,177)	(2,074,624)
Cash payments to suppliers	(341,659)	(406,569)	(35,959)	(362,514)	(1,146,701)
Conservation program outlays	(97,615)	(44,311)	(12,613)	(569,181)	(723,720)
Net cash used for operating activities	<u>(33,283)</u>	<u>(73,382)</u>	<u>(6,088)</u>	<u>(558,845)</u>	<u>(671,598)</u>
Cash flows from noncapital financing activities:					
Taxes and assessments	-	15,915	25,301	-	41,216
Transfers in	13,635	24,217	36,846	174,973	249,671
Transfers in - conservation program	76,000	30,000	25,000	182,000	313,000
Intergovernmental revenue	-	140	171	169,811	170,122
Net cash provided by noncapital financing activities	<u>89,635</u>	<u>70,272</u>	<u>87,318</u>	<u>526,784</u>	<u>774,009</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(72,369)	(17,114)	-	(23,116)	(112,599)
Principal paid on long-term debt	-	(11,000)	(17,000)	(220,000)	(248,000)
Interest paid on long-term debt	-	(5,875)	(11,525)	(237,482)	(254,882)
Connection fees	-	3,075	-	113,970	117,045
Net cash used for capital and related financing activities	<u>(72,369)</u>	<u>(30,914)</u>	<u>(28,525)</u>	<u>(366,628)</u>	<u>(498,436)</u>
Cash flows from investing activities:					
Repayment on advances to other funds - principal	-	-	-	18,480	18,480
Repayment on advances to other funds - interest	-	-	-	776	776
Interest received	4,232	13,355	5,054	19,392	42,033
Net cash provided by investing activities	<u>4,232</u>	<u>13,355</u>	<u>5,054</u>	<u>38,648</u>	<u>61,289</u>
Net increase (decrease) in cash and cash equivalents	(11,785)	(20,669)	57,759	(360,041)	(334,736)
Cash and cash equivalents - beginning of year	438,277	763,883	525,591	1,712,046	3,439,797
Cash and cash equivalents - end of year	<u>\$ 426,492</u>	<u>\$ 743,214</u>	<u>\$ 583,350</u>	<u>\$ 1,352,005</u>	<u>\$ 3,105,061</u>
Reconciliation to the statement of net assets:					
Cash and investments	\$ 426,492	\$ 729,205	\$ 527,076	\$ 1,230,444	\$ 2,913,217
Restricted cash and investments	-	14,009	56,274	121,561	191,844
Cash and cash equivalents	<u>\$ 426,492</u>	<u>\$ 743,214</u>	<u>\$ 583,350</u>	<u>\$ 1,352,005</u>	<u>\$ 3,105,061</u>
Reconciliation of operating loss to net cash used for operating activities:					
Operating loss	\$ (29,120)	\$ (72,468)	\$ (66,202)	\$ (856,776)	\$ (1,024,566)
Adjustments to reconcile operating loss to net cash used for operating activities:					
Conservation program outlays	(97,615)	(44,311)	(12,613)	(569,181)	(723,720)
Depreciation and amortization	88,571	36,600	85,081	930,214	1,140,466
Change in assets and liabilities:					
Receivables, net	3,079	(17,968)	(8,966)	(36,004)	(59,859)
Accounts payable and accrued expenses	1,802	24,765	(3,388)	(27,098)	(3,919)
Net cash used for operating activities	<u>\$ (33,283)</u>	<u>\$ (73,382)</u>	<u>\$ (6,088)</u>	<u>\$ (558,845)</u>	<u>\$ (671,598)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets through accounts payable	\$ 3,742	\$ -	\$ -	\$ -	\$ 3,742
Increase in capital assets for capitalized interest	-	5,692	-	23,015	28,707
Contribution of capital assets - designated easements	-	-	-	12,000	12,000

**SONOMA COUNTY WATER AGENCY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICES FUNDS
JUNE 30, 2010**

	<u>Internal Service Funds</u>		<u>Total Internal Service Funds</u>
	<u>Equipment Facilities</u>	<u>Power Resources</u>	
ASSETS			
Current assets:			
Cash and Investments	\$ 6,960,044	\$ 1,051,429	\$ 8,011,473
Accounts receivable	26,360	53	26,413
Prepaid expenses	-	825,469	825,469
Total current assets	<u>6,986,404</u>	<u>1,876,951</u>	<u>8,863,355</u>
Noncurrent assets:			
Restricted assets			
Cash - capital leases	773,823	275,679	1,049,502
Cash - capital projects	857,251	-	857,251
Total restricted assets	<u>1,631,074</u>	<u>275,679</u>	<u>1,906,753</u>
Capital assets, net			
Land	2,689,861	-	2,689,861
Construction in progress	6,670,024	94,550	6,764,574
Buildings and improvements	12,757,243	15,134,609	27,891,852
Machinery and equipment	1,752,396	12,159	1,764,555
Total capital assets	<u>23,869,524</u>	<u>15,241,318</u>	<u>39,110,842</u>
Total noncurrent assets	<u>25,500,598</u>	<u>15,516,997</u>	<u>41,017,595</u>
Total assets	<u>32,487,002</u>	<u>17,393,948</u>	<u>49,880,950</u>
LIABILITIES			
Current liabilities payable from unrestricted assets:			
Accounts payable and accrued expenses	142,194	795,902	938,096
Due to other governments	-	405,168	405,168
Total current liabilities payable from unrestricted assets	<u>142,194</u>	<u>1,201,070</u>	<u>1,343,264</u>
Current liabilities payable from restricted assets:			
Interest payable	122,161	37,065	159,226
Capital leases	773,823	275,679	1,049,502
Total current liabilities payable from restricted assets	<u>895,984</u>	<u>312,744</u>	<u>1,208,728</u>
Noncurrent liabilities:			
Capital leases	10,843,826	3,204,412	14,048,238
Advances from other governments	-	3,917,588	3,917,588
Advances from other funds	-	1,071,840	1,071,840
Total noncurrent liabilities	<u>10,843,826</u>	<u>8,193,840</u>	<u>19,037,666</u>
Total liabilities	<u>11,882,004</u>	<u>9,707,654</u>	<u>21,589,658</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,109,126	7,438,471	20,547,597
Restricted for:			
Debt service	651,662	238,614	890,276
Capital projects	857,251	-	857,251
Unrestricted	5,986,959	9,209	5,996,168
Total net assets	<u>\$ 20,604,998</u>	<u>\$ 7,686,294</u>	<u>\$ 28,291,292</u>

SONOMA COUNTY WATER AGENCY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Internal Service Funds</u>		<u>Total Internal Service Funds</u>
	<u>Equipment Facilities</u>	<u>Power Resources</u>	
OPERATING REVENUE			
Power sales	\$ -	\$ 5,052,301	\$ 5,052,301
Equipment rental	2,239,097	-	2,239,097
Real estate rental	3,021,230	-	3,021,230
Miscellaneous	1,914	21,327	23,241
Total operating revenue	<u>5,262,241</u>	<u>5,073,628</u>	<u>10,335,869</u>
OPERATING EXPENSES			
Services and supplies	3,276,484	5,045,292	8,321,776
Depreciation	1,046,736	409,044	1,455,780
Total operating expenses	<u>4,323,220</u>	<u>5,454,336</u>	<u>9,777,556</u>
Operating income (loss)	<u>939,021</u>	<u>(380,708)</u>	<u>558,313</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	91,091	8,233	99,324
Interest expense	(285,549)	(365,628)	(651,177)
Gain on sale of capital assets	80,934	-	80,934
Loss on disposal of capital assets	-	(6,984)	(6,984)
Total nonoperating expenses, net	<u>(113,524)</u>	<u>(364,379)</u>	<u>(477,903)</u>
Income (loss) before capital contributions and transfers	<u>825,497</u>	<u>(745,087)</u>	<u>80,410</u>
Capital contributions - other	140,647	-	140,647
Transfers in	379,942	7,908	387,850
Transfers out	<u>(1,962,835)</u>	<u>-</u>	<u>(1,962,835)</u>
Change in net assets	<u>(616,749)</u>	<u>(737,179)</u>	<u>(1,353,928)</u>
Net assets - beginning of year, as restated	<u>21,221,747</u>	<u>8,423,473</u>	<u>29,645,220</u>
Net assets - end of year	<u>\$ 20,604,998</u>	<u>\$ 7,686,294</u>	<u>\$ 28,291,292</u>

**SONOMA COUNTY WATER AGENCY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Internal Service Funds</u>		<u>Total Internal Service Funds</u>
	<u>Equipment Facilities</u>	<u>Power Resources</u>	
Cash flows from operating activities:			
Cash receipts from interfund services provided	\$ 5,262,241	\$ 5,073,575	\$ 10,335,816
Cash payments for interfund services used	(1,579,091)	(286,990)	(1,866,081)
Cash payments to suppliers	(1,678,980)	(4,034,976)	(5,713,956)
Net cash provided by operating activities	<u>2,004,170</u>	<u>751,609</u>	<u>2,755,779</u>
Cash flows from noncapital financing activities:			
Transfers in	379,942	7,908	387,850
Transfers out	(1,962,835)	-	(1,962,835)
Net cash provided by (used for) noncapital financing activities	<u>(1,582,893)</u>	<u>7,908</u>	<u>(1,574,985)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,151,013)	(68,313)	(1,219,326)
Principal paid on capital leases	(740,048)	(264,290)	(1,004,338)
Principal paid on advances from other funds	-	(162,027)	(162,027)
Principal paid on advances from other governments	-	(388,845)	(388,845)
Interest paid on long-term debt	(546,445)	(361,336)	(907,781)
Proceeds from sale of capital assets	274,346	-	274,346
Net cash used for capital and related financing activities	<u>(2,163,160)</u>	<u>(1,244,811)</u>	<u>(3,407,971)</u>
Cash flows from investing activities:			
Repayment on advances to other funds - principal	143,547	-	143,547
Repayment on advances to other funds - interest	6,026	-	6,026
Interest received	85,065	8,233	93,298
Net cash provided by investing activities	<u>234,638</u>	<u>8,233</u>	<u>242,871</u>
Net decrease in cash and cash equivalents	(1,507,245)	(477,061)	(1,984,306)
Cash and cash equivalents - beginning of year	10,098,363	1,804,169	11,902,532
Cash and cash equivalents - end of year	<u>\$ 8,591,118</u>	<u>\$ 1,327,108</u>	<u>\$ 9,918,226</u>
Reconciliation to the statement of net assets:			
Cash and investments	\$ 6,960,044	\$ 1,051,429	\$ 8,011,473
Restricted cash and investments	1,631,074	275,679	1,906,753
Cash and cash equivalents	<u>\$ 8,591,118</u>	<u>\$ 1,327,108</u>	<u>\$ 9,918,226</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 939,021	\$ (380,708)	\$ 558,313
Reconciliation of operating income (loss) to net cash provided by operating activities			
Depreciation	1,046,736	409,044	1,455,780
Change in assets and liabilities:			
Receivables, net	-	(53)	(53)
Prepaid expenses	-	664,794	664,794
Accounts payable and accrued expenses	18,413	58,532	76,945
Net cash provided by operating activities	<u>\$ 2,004,170</u>	<u>\$ 751,609</u>	<u>\$ 2,755,779</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets through accounts payable	\$ 83,181	\$ -	\$ 83,181
Increase in capital assets for capitalized interest	253,211	2,589	255,800
Increase in intangible assets for contribution	140,647	-	140,647
Loss on disposal of capital assets	-	(6,984)	(6,984)

Other Report



To the Board of Directors
Sonoma County Water Agency
Santa Rosa, California

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Sonoma County Water Agency (Water Agency), as of and for the year ended June 30, 2010, which collectively comprise the Water Agency’s basic financial statements and have issued our report thereon dated November 30, 2010. Our report contained an explanatory paragraph describing the Water Agency’s implementation of a new governmental accounting standard, effective July 1, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Water Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water Agency’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Water Agency’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Water Agency’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management of the Water Agency, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macinnis Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
November 30, 2010

SONOMA COUNTY WATER AGENCY RATES FOR WATER DELIVERIES IN FY 13-14

ESTIMATED OFFICIAL
 Approved by Board of Directors on April 16, 2013

CHARGE PER ACRE FOOT:

	<u>Santa Rosa Aqueduct</u>	<u>Petaluma Aqueduct</u>	<u>Sonoma Aqueduct</u>
<u>PRIME CONTRACTORS</u>			
O&M Charge [4.2]	\$449.06	\$449.06	\$449.06
Water Management Planning Sub-charge [4.13]	\$0.93	\$0.93	\$0.93
Watershed Planning/Restoration Sub-charge [4.14]	\$81.20	\$81.20	\$81.20
Recycled Water & Local Supply Sub-charge [4.15]	\$24.23	24.23	24.23
Water Conservation Sub-charge [4.16]	\$33.53	33.53	33.53
O&M Charge	\$588.95	\$588.95	\$588.95
<u>Capital Charges - to build fund balance for future projects</u>			
Aqueduct Facilities Capital Charges [4.6 e]	\$29.00	\$29.00	\$29.00
<u>Bond & Loan Charges - to pay for existing debt service</u>			
Storage Facilities Capital Charge [4.7]	21.04	21.04	21.04
Common Facilities Capital Charge [4.8]	66.31	66.31	66.31
Aqueduct Facilities Capital Charges [4.6 b]			63.45
<i>Total Capital Charges</i>	\$87.35	\$87.35	150.80
TOTAL PRIME CONTRACTORS	\$705.30	\$705.30	\$768.75
Charge without LRT2 and voluntary AQ capital Charge	\$666.30	\$666.30	\$729.75
<u>OTHER AGENCY CUSTOMERS/WHOLESALE CHARGES</u>			
<u>(WATER CO'S & PUBLIC AGENCIES)</u>			
O&M Charge	\$588.95	\$588.95	\$588.95
Capital Charges	87.35	87.35	150.80
Aqueduct Facilities Capital Charge	\$246.20	\$246.20	\$182.75
TOTAL OTHER AGENCY CUSTOMERS/WHOLESALE CHARGES (4.12)	\$922.50	\$922.50	\$922.50
(120% OF HIGHEST PRIME)			
<u>FORESTVILLE</u>			
O&M Charge [4.2] *	\$449.06		
Water Management Planning Sub-charge [4.13]	0.93		
Watershed Planning/Restoration Sub-charge [4.14]	81.20		
Recycled Water & Local Supply Sub-charge [4.15]	24.23		
Water Conservation Sub-charge [4.16]	33.53		
O&M Charge	\$588.95		
<u>Bond & Loan Charges - to pay for existing debt service</u>			
Aqueduct Facilities Capital Charges [4.6]	0.00		
Storage Facilities Capital Charge [4.7]	21.04		
Common Facilities Capital Charge [4.8]	66.31		
<i>Total Capital Charges</i>	\$87.35		
TOTAL FORESTVILLE	\$676.30		
* Forestville Water District exempt from Santa Rosa Aqueduct sub-charge from FY 06/07 to FY 16/17 [4.12].			
<u>NORTH MARIN WATER DISTRICT</u>			
O&M Charge		\$588.95	Note: N. Marin does
North Marin Bond & Loan Charge [4.9]		50.30	not pay an Aq
Russian River Conservation Charge [4.18 (a)]		63.30	Capital Charge.
Russian River Projects Charge [4.18 (b)]		14.72	
TOTAL NORTH MARIN WATER DISTRICT		717.27	
<u>THIRD OFF-PEAK (MARIN MUNICIPAL)</u>			
Highest Prime		\$768.75	
Russian River Conservation Charge		63.30	
Russian River Projects Charge		14.72	
TOTAL THIRD OFF-PEAK		\$846.77	
<u>SUPPLEMENTAL (MARIN MUNICIPAL)</u>			
O&M Charge		\$588.95	
Capital Charge [4.11 (b)]		96.00	
Russian River Conservation Charge		63.30	
Russian River Projects Charge		14.72	
TOTAL SUPPLEMENTAL		\$762.97	
<u>SURPLUS</u>			
Non-Municipal / Municipal [4.11 (a)]	\$706.73	\$706.73	\$706.73
(120% of O&M Charge)			
<u>Town of Windsor</u>			
		\$846.35	
Town of Windsor is charged 120% of the highest charge for any other prime contractor on the Santa Rosa Aqueduct from FY 06/07 to FY 21/22 [4.17 (a)]. Town of Windsor pays all subcharges [4.13, 4.14, 4.15, and 4.16] on all water they divert from the Russian River using their equipment [4.17 (b)].			
	\$846.35		

The applicable section of the Restructured Agreement has been indicated in brackets.

FY 2013-14 BUDGET BUDGET SECTION SUMMARY

Department: SONOMA COUNTY WATER AGENCY

A. Program Description

The Sonoma County Water Agency is a countywide special district responsible for domestic water supply delivery to eight prime contractors (the Cities of Santa Rosa, Petaluma, Sonoma, Rohnert Park, and Cotati; Valley of the Moon; Town of Windsor; and North Marin Water Districts). The Agency designs, constructs and maintains flood control facilities. The Sonoma County Water Agency operates and maintains Spring Lake Park via contract with the Sonoma County Regional Parks Department. The Water Agency also provides Sanitation services to four County Sanitation Districts and four Sanitation Zones of Benefit. The Board of Supervisors serve as the Board of Directors of the Water Agency.

The five major functions of the Sonoma County Water Agency are: Administration/General, Water Transmission, Water Supply, Flood Control and Sanitation.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST / USE OF FUND BALANCE		
	FY 12-13 Adopted	FY 13-14 Requested	Percent Change	FY 12-13 Adopted	FY 13-14 Requested	Percent Change
Admin & General	\$46,860,519	\$52,101,763	11.18%	\$907,648	\$2,130,024	134.68%
Flood Control	17,861,408	15,429,466	(13.62%)	4,455,811	2,584,120	(42.01%)
Water Supply	13,883,643	10,619,288	(23.51%)	7,602,496	7,943,710	4.49%
Water Transmission	62,755,860	58,984,629	(6.01%)	13,083,326	2,757,164	(78.93%)
Internal Service Fund	12,072,723	14,225,334	17.83%	375,375	1,979,135	427.24%
Sanitation	65,719,538	50,919,596	(22.52%)	19,816,652	14,560,099	(26.53%)
TOTAL:	\$219,153,691	\$202,280,076	(7.70%)	\$46,241,308	\$31,954,252	(30.90%)

C. Staffing Summary

Staffing	FY 12-13 Adopted	FY 13-14 Requested	Number Change	Percent Change
Permanent	194.50	207.50	13.00	6.68%
Extra Help	34.50	42.72	8.22	23.83%
Overtime	7.00	6.56	(0.44)	(6.29%)

D. SUMMARY OF ISSUES AND SIGNIFICANT CHANGES

Refer to the following pages for a summary of issues and changes.