



San Diego County Water Authority

CONTINUING DISCLOSURE 2009



for Fiscal Year ending June 30, 2009

Digital Assurance Certification

Certificate of Completion

DAC transmitted the information noted below to each NRMSIR/SID (if applicable) on behalf of the San Diego County Water Authority, CA. This certificate recognizes completed disclosure filings with all required recipients under their SEC Rule 15c2-12 Continuing Disclosure Agreement.

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Issue Description: San Diego County Water Authority Water Revenue Refunding Certificates of Participation Evidencing and Representing Interests of the Owners thereof in Installment Payments to be made by the San Diego County Water Authority, Series 2005A, \$107,455,000 Dated: March 9, 2005

CUSIP: 797415HQ2, 797415HR0, 797415HS8, 797415HT6, 797415HU3, 797415HV1, 797415HW9, 797415HX7, 797415HY5

Issue Description: San Diego County Water Authority Water Revenue Certificates of Participation Evidencing and Representing Interest of Owners thereof in Installment Payments to be Made by the San Diego County Water Authority, Series 1998A, \$180,000,000 Dated: October 15, 1998

CUSIP: 797415EH5, 797415EJ1, 797415EK8, 797415EL6, 797415EM4, 797415EN2, 797415EP7, 797415EQ5, 797415ER3, 797415ES1

Issue Description: San Diego County Water Authority Water Revenue Certificates of Participation Evidencing and Representing Interest of the Owners thereof in Installment Payments to be made by the San Diego County Water Authority, Series 2002A, \$300,000,000 Dated: May 1, 2002

CUSIP: 797415FK7, 797415FL5, 797415FM3, 797415FN1, 797415FP6, 797415FQ4, 797415FR2, 797415FS0, 797415FT8, 797415FU5, 797415FV3, 797415FW1,

797415FX9, 797415FY7, 797415FZA, 797415GA8,
797415GB6, 797415GC4, 797415GD2, 797415GE0,
797415GF7

Issue Description:

San Diego County Water Authority Water Revenue
Certificates of Participation Evidencing and Representing
Interest of the Owners thereof in Installment Payments to be
made by the San Diego County Water Authority, Series
2004A, \$425,000,000 Dated: September 1, 2004

CUSIP:

797415GN0, 797415GP5, 797415GQ3, 797415GR1,
797415GS9, 797415GT7, 797415GU4, 797415GV2,
797415GW0, 797415GX8, 797415GY6, 797415GZ3,
797415HA7, 797415HB5

Issue Description:

San Diego County Water Authority Water Revenue
Certificates of Participation Evidencing and Representing
Interests of the Owners thereof in Installment Payments to be
made by the San Diego County Water Authority, Series
2008A, \$558,015,000 Dated: May 21, 2008

CUSIP:

797415JF4, 797415JG2, 797415JH0, 797415JJ6, 797415JK3,
797415JL1, 797415JM9, 797415JN7, 797415JP2, 797415JQ0,
797415JR8, 797415JS6, 797415JT4, 797415JU1, 797415JV9,
797415JW7, 797415JX5, 797415JY3, 797415JZ0



San Diego County Water Authority

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January 29, 2010

Dear friends and interested parties:

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook Public Utility District
- Helix Water District
- Oliverhan Municipal Water District
- Ortay Water District
- Padre Dam Municipal Water District
- Camp Pendleton Marine Corps Base
- Rainbow Municipal Water District
- Rancho Municipal Water District
- Rincón del Diablo Municipal Water District
- San Diego Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallecros Water District
- Valley Center Municipal Water District
- Vista Irrigation District
- Yuma Municipal Water District

OTHER REPRESENTATIVE

- County of San Diego

We are pleased to present the Continuing Disclosure Report for fiscal year ending June 30, 2009 for the San Diego County Water Authority (Water Authority).

The information provided in this Continuing Disclosure Report (Report) speaks only as of its date, December 30, 2009 and the financial and operating data included therein is accurate only as of the dates specified therein. The delivery of this Report may not, under any circumstances, create an implication that there has been no other change to the information provided in any final official statement of the Water Authority. Other than as set forth in its Continuing Disclosure Agreements, the Water Authority has not undertaken to disclose financial or operating data or to provide notice of changes to the information in this Report.

This Report is provided solely pursuant to the Water Authority's Continuing Disclosure Agreements. The filing of this Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the Water Authority or the referenced securities, or (iii) that no changes, circumstances, or events have occurred since the end of the fiscal year to which this Report relates (other than as contained in this Report), or any other date specified with respect to any of the information contained in this Report, or that no other information exists, which may have a bearing on the security for the referenced securities, or an investor's decision to buy, sell, or hold the referenced securities. The information contained in this Report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Report should be construed as a prediction or representation about future financial performance of the Water Authority. Any statements regarding the referenced securities, other than a statement made by the Water Authority in an official release or subsequent notice published in a financial newspaper of general circulation and/or filed with the Municipal Securities Rulemaking Board are not authorized by the Water Authority. The Water Authority shall not be responsible for the accuracy, completeness, or fairness of any such unauthorized statement.

Henceforth, all continuing disclosure information will be provided in the Water Authority's Comprehensive Annual Financial Report (CAFR).

If you have any questions regarding this Report, please contact David Shank, Financial Planning Manager at (858) 522-6676, or by email at dshank@sdcwa.org.

Sincerely,

Eric Sandler, Director of Finance/Treasurer

A public agency providing a safe and reliable water supply to the San Diego region

General Information

San Diego County Water Authority Management

Maureen A. Stapleton	General Manager
Paul A. Lanspery	Deputy General Manager
Frank Belock Jr.	Deputy General Manager
Dennis A. Cushman	Assistant General Manager
Eric L. Sandler	Director of Finance/Treasurer
Daniel S. Hentschke	General Counsel

The Water Authority was organized by nine member agencies in 1944 for the primary purpose of supplying water to San Diego County for distribution to the Water Authority's member agencies. The Water Authority currently has 24 member agencies. A member of the San Diego County Board of Supervisors serves as a non-voting representative to the Water Authority Board of Directors. As a wholesaling entity, the Water Authority serves only its member agencies and has no retail customers. The Water Authority has broad powers related to acquiring, developing, storing, transporting, selling, and delivering water both inside and outside its boundaries. The Water Authority is authorized to fix and collect rates or other charges for the purchase and delivery of water or the use of facilities for service. The Water Authority may borrow money, incur indebtedness, and issue bonds and other evidences of indebtedness.

The Water Authority currently receives a minor amount of revenue from hydroelectric power sales. Legislation enacted in September 2000 expands the Water Authority's power generation authority to include the purchase, sale, and transmission of energy.

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Selected Financial Highlights

STATEMENT OF NET ASSETS June 30, 2009 and 2008

	2009	2008
Assets:		
Current assets:		
Cash and investments	\$ 104,094,605	\$ 92,286,369
Restricted cash and investments	381,242,365	437,652,820
Water receivables	68,436,955	64,730,760
Interest receivable	3,502,437	4,011,609
Taxes receivable	798,762	746,698
Other receivables	4,845,555	9,163,823
Inventories	27,102,945	13,671,902
Prepaid water	5,713,500	4,615,500
Total current assets	595,737,124	626,879,481
Noncurrent assets:		
Cash and investments	2,694,225	18,455,132
Restricted cash and investments	35,926,935	213,484,032
Advances to other agencies	19,446,844	37,593,713
Retention receivable	4,007,308	1,331,944
Long-term loan receivables	20,000,000	20,000,000
Unamortized bond issuance costs	12,263,098	12,981,707
Capital assets	2,524,517,749	2,235,529,828
Total noncurrent assets	2,618,856,159	2,539,376,356
Total assets	3,214,593,283	3,166,255,837
Liabilities:		
Current liabilities:		
Accounts payable and other liabilities	78,392,621	87,718,584
Interest payable	12,077,179	11,195,798
Construction deposits	2,364,089	527,985
Short-term liabilities	460,000,000	460,000,000
Current portion of long-term liabilities	10,691,961	23,299,522
Total current liabilities	563,525,850	582,741,889
Total noncurrent liabilities	1,524,401,978	1,532,317,028
Total liabilities	2,087,927,828	2,115,058,917
Net assets:		
Invested in capital assets, net of related debt	612,078,083	303,113,596
Restricted for construction projects	347,541,565	593,625,237
Restricted for debt service	68,708,574	69,195,142
Unrestricted	98,337,233	85,262,945
Total net assets	\$ 1,126,665,455	\$ 1,051,196,920

Selected Financial Highlights

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Operating revenues:		
Water sales	\$ 359,951,622	\$ 343,455,834
Total operating revenues	359,951,622	343,455,834
Operating expenses:		
Cost of sales	265,280,906	262,538,493
Depreciation and amortization	29,000,364	28,281,962
Operations and maintenance	22,792,425	14,475,780
Planning	10,004,616	8,882,047
General and administrative	15,309,407	13,561,452
Total operating expenses	342,387,718	327,739,734
Operating income	17,563,904	15,716,100
Nonoperating revenues (expenses):		
Property taxes and in-lieu charges	10,467,484	10,303,336
Infrastructure access charges	19,389,790	17,457,819
Investment income	18,507,476	22,163,684
Other income	9,004,942	9,841,798
Interest expense	(41,866,522)	(52,368,352)
Other expenses	(7,202,845)	(6,963,781)
Total nonoperating revenues (expenses)	8,300,325	434,504
Income before capital contributions	25,864,229	16,150,604
Capital contributions:		
Capacity charges	13,265,608	23,883,745
Water standby availability charges	11,311,384	11,256,386
Contributions in aid of capital assets	25,027,314	3,986,450
Total capital contributions	49,604,306	39,126,581
Changes in net assets	75,468,535	55,277,185
Net assets at beginning of year, as restated	1,051,196,920	995,919,735
Net assets at end of year	\$ 1,126,665,455	\$ 1,051,196,920

Selected Financial Highlights

CASH AND INVESTMENTS June 30, 2009 and 2008

	2009	2008
As of June 30, 2009 and 2008, restricted reserve fund cash and investment balances were as follows:		
Construction	\$ 268,375,536	\$ 485,321,009
Debt Service Reserve	68,708,574	69,195,142
Pay-As-You-Go	80,085,190	96,620,701
Total	\$ 417,169,300	\$ 651,136,852
As of June 30, 2009 and 2008, unrestricted cash and investment balances were as follows:		
Operating	\$ 52,737,812	\$ 56,695,923
Designated for Rate Stabilization	43,340,691	45,877,055
Designated for Equipment Replacement	10,710,327	8,168,523
Total	\$ 106,788,830	\$ 110,741,501

Summary of Outstanding Debt

The table below summarizes the Water Authority’s outstanding fixed-rate debt including final maturities, original par amounts, amounts outstanding, and applicable debt service reserve fund requirements. All reserve requirements are fully funded by either reserves or surety bonds. This information is presented as of June 30, 2009.

FIXED-RATE DEBT OUTSTANDING Fiscal Year Ended June 30, 2009

Issue Name	Final Maturity	Original Par Amount	Amount Outstanding	Debt Service Reserve Funds
Water Revenue Certificates of Participation:				
Series 1997A	2012	\$ 162,315,000	\$ 23,610,000	\$ 15,197,000 ⁽¹⁾
Series 1998A	2028	180,000,000	62,690,000	12,240,775
Series 2002A	2032	300,000,000	249,735,000	18,385,750
Series 2004A	2034	425,000,000	425,000,000	38,568,617
Series 2005A	2022	107,455,000	107,455,000	10,745,500 ⁽¹⁾
Series 2008A	2038	558,015,000	558,015,000	23,670,625 ⁽¹⁾
Total		\$1,732,785,000	\$1,426,505,000	\$ 118,808,267

Source: San Diego County Water Authority, Comprehensive Annual Financial Report, June 30, 2009

Notes:

(1) Balance satisfied with surety bond

Commercial Paper Program

The Water Authority has a commercial paper program through which it can borrow funds on a tax-exempt basis for periods up to 270 days. The commercial paper program is comprised of three separate series with a total maximum authorized amount of \$460 million (Series 1 - \$110 million, Series 2 - \$175 million and Series 3 - \$175 million). Series 2 and Series 3 were issued on November 15, 2006. Each series of the outstanding notes are supported by a separate revolving credit and term loan agreement. An agreement was executed for a four-year renewal for Commercial Paper Series 1, which was scheduled to terminate on June 30, 2009. The revolving credit and term loan agreements, unless otherwise extended, will terminate on June 30, 2013, November 15, 2011, and November 15, 2011, respectively, for Series 1, 2, and 3. Currently, no advances have been made under any of the revolving credit and term loan agreements.

In fiscal year 2009, the Water Authority renegotiated its remarketing agreements to diversify its dealers. The Water Authority has remarketing agreements with five separate broker-dealers: Banc of America Securities LLC, JP Morgan Chase and Co., Citigroup Global Markets Inc., Barclays Capital Inc., and Goldman, Sachs and Co.

The commercial paper notes are secured and payable solely from net water revenues and are subordinate to the Water Revenue Certificates of Participation. As of June 30, 2009, \$460 million of commercial paper was outstanding.

Member Agency Voting Entitlements

Effective as of January 1, 2009

The 24 voting member agencies currently served by the Water Authority consist of six cities, 17 special districts, and one federal agency. Under the County Water Authority Act (Act), California Statutes 1943, Chapter 545, a member agency's vote is based on its "total financial contribution" to the Water Authority since the Water Authority was organized in 1944. Total financial contribution includes all amounts paid in taxes, assessments, fees, and charges to or on behalf of the Water Authority or the Metropolitan Water District of Southern California excluding charges for water treatment. The Act authorizes each member agency to cast one vote for each \$5 million, or major fractional part thereof, of the total financial contribution paid by the member agency.

	Total Financial Contribution ⁽¹⁾	Vote Entitlement ⁽²⁾	Percentage (%)
Carlsbad M.W.D.	\$ 277,959,437	55.592	3.45
City of Del Mar	24,216,968	4.843	0.30
City of Escondido	277,230,293	55.446	3.44
Fallbrook P.U.D.	201,312,627	40.263	2.50
Helix W.D.	584,173,077	116.835	7.25
Lakeside W.D. ⁽³⁾	61,895,012	12.379	0.77
City of National City ⁽⁴⁾	62,148,821	12.430	0.77
City of Oceanside	399,723,059	79.945	4.96
Olivenhain M.W.D.	223,816,450	44.763	2.78
Otay W.D.	401,870,228	80.374	4.99
Padre Dam M.W.D. ⁽³⁾	215,254,476	43.051	2.67
Camp Pendleton Marine Corps Base	11,623,735	2.325	0.14
City of Poway	171,261,123	34.252	2.12
Rainbow M.W.D.	337,153,258	67.431	4.18
Ramona M.W.D.	130,447,232	26.089	1.62
Rincon Del Diablo M.W.D.	122,964,359	24.593	1.53
City of San Diego	3,240,632,928	648.127	40.19
San Dieguito W.D.	90,365,989	18.073	1.12
Santa Fe I.D.	123,582,544	24.717	1.53
South Bay I.D. ⁽⁴⁾	193,632,680	38.727	2.40
Vallecitos W.D.	189,005,450	37.801	2.34
Valley Center M.W.D.	456,479,595	91.296	5.66
Vista I.D.	235,943,536	47.189	2.93
Yuima M.W.D.	28,749,560	5.750	0.36
Total	\$ 8,061,442,437	1,612.291	100.00

Notes:

- (1) Total financial contribution equals base revenues plus fiscal 2008 revenues.
- (2) Rounded values.
- (3) Padre Dam M.W.D. was reorganized into Padre Dam M.W.D. and Lakeside W.D. in 2007.
- (4) City of National City and South Bay I.D. comprise the Sweetwater Authority.

Water Source and Use (in Acre-Feet)

Fiscal Years 2005 - 2009

	2005	2006	2007	2008	2009	% change from previous year
Water Use by Member Agency						
Carlsbad M.W.D.	21,497	22,818	24,653	24,791	23,564	-4.9%
City of Del Mar	1,377	1,393	1,522	1,320	1,277	-3.3%
City of Escondido	29,344	32,999	36,301	30,393	27,788	-8.6%
Fallbrook P.U.D.	16,230	18,594	22,597	17,916	15,812	-11.7%
Helix W.D.	38,785	40,190	42,088	40,443	37,657	-6.9%
Lakeside W.D.	-	-	2,538	5,298	4,809	-9.2%
City of National City	6,741	6,674	7,078	6,395	6,593	3.1%
City of Oceanside	33,518	33,143	36,856	34,538	32,097	-7.1%
Olivenhain M.W.D.	21,834	23,505	25,909	26,211	24,989	-4.7%
Otay W.D.	38,825	42,548	43,730	42,638	39,430	-7.5%
Padre Dam M.W.D.	19,898	21,179	20,082	16,993	15,479	-8.9%
Camp Pendleton Marine Corps Base ⁽¹⁾	9,245	9,989	12,092	11,419	11,183	-2.1%
City of Poway	14,879	15,868	16,286	15,289	13,676	-10.6%
Rainbow M.W.D.	25,252	30,459	33,305	27,045	26,420	-2.3%
Ramona M.W.D.	11,299	12,676	21,253	10,989	8,557	-22.1%
Rincon Del Diablo M.W.D.	7,784	9,449	11,704	11,190	10,762	-3.8%
City of San Diego ⁽²⁾	226,906	232,898	240,265	239,946	225,639	-6.0%
San Dieguito W.D.	7,904	8,481	9,262	8,436	7,929	-6.0%
Santa Fe I.D.	13,796	14,727	16,485	15,219	14,577	-4.2%
South Bay I.D.	16,818	17,275	16,253	17,113	16,098	-5.9%
Vallecitos W.D.	18,150	19,573	21,825	20,468	19,051	-6.9%
Valley Center M.W.D.	38,459	45,153	50,892	39,919	35,173	-11.9%
Vista I.D. ⁽³⁾	22,398	23,349	24,030	23,525	21,964	-6.6%
Yuima M.W.D. ⁽⁴⁾	3,907	4,314	4,887	4,437	3,376	-23.9%
Total	644,846	687,254	741,893	691,931	643,900	-6.9%

	2005	2006	2007	2008	2009	% change from previous year
Allocation of Water Use						
Residential	355,799	378,709	406,011	405,424	387,401	-4.4%
Commercial & Industrial	151,492	163,499	172,924	116,573	91,648	-21.4%
Agricultural	85,662	96,194	110,309	80,417	65,424	-18.6%
Public & Other	51,893	48,852	52,649	89,517	99,427	11.1%
Total	644,846	687,254	741,893	691,931	643,900	-6.9%

Notes:

- (1) Includes Water Authority deliveries via South Coast Water District System.
- (2) Excludes city of San Diego local surface water use outside of Water Authority service area.
- (3) Excludes land outside of Water Authority service area.
- (4) Excludes local supplies developed beyond Yuima's master meters.
- (5) Includes surface, recycled, and groundwater supplies; does not reflect conserved water.
- (6) Water use in a given year may differ from Water Authority water sales due to storage.
- (7) Includes only amounts certified through the Interim Agricultural Water Program.

Water Source and Use - Current Year Breakout

Fiscal Year Ended June 30, 2009

In fiscal year 2009, Water Authority member agencies' combined imported and local water use totaled close to 644,000 acre-feet. Imported supplies accounted for 86.3 percent of the total water used, excluding estimated water savings from conservation programs. Of this amount, approximately 498,000 acre-feet of imported water was used for municipal and industrial needs, with the balance going to meet agricultural demands.

	WA Supply		Total Acre-feet	Ag Use Acre-feet ⁽⁷⁾	M & I Use Acre-feet	Gross Area (Acres)
	Local Supply Acre-feet ⁽⁵⁾	Imported Use Acre-feet ⁽⁶⁾				
Carlsbad M.W.D.	3,943.8	19,620.1	23,563.9	583.5	19,036.6	20,640.0
City of Del Mar	74.8	1,202.0	1,276.8	0.0	1,202.0	1,443.0
City of Escondido	6,681.6	21,106.6	27,788.2	3,492.0	17,614.6	21,569.0
Fallbrook P.U.D.	663.3	15,148.4	15,811.7	5,825.2	9,323.2	27,988.0
Helix W.D.	1,260.9	36,395.7	37,656.6	0.0	36,395.7	31,350.0
Lakeside W.D.	924.5	3,883.3	4,807.8	16.4	3,866.9	11,488.0
City of National City	3,920.4	2,673.0	6,593.4	0.0	2,673.0	5,837.8
City of Oceanside	1,700.0	30,396.6	32,096.6	1,414.1	28,982.5	26,982.5
Olivenhain M.W.D.	1,533.7	23,455.0	24,988.7	619.3	22,835.7	30,942.1
Otay W.D.	4,458.9	34,971.3	39,430.2	44.8	34,926.5	80,320.0
Padre Dam M.W.D.	823.0	14,656.5	15,479.5	740.6	13,915.9	54,402.2
Camp Pendleton Marine Corps Base ⁽¹⁾	10,240.2	942.6	11,182.8	0.0	942.6	134,625.0
City of Poway	290.2	13,385.9	13,676.1	110.8	13,275.1	25,047.0
Rainbow M.W.D.	0.0	26,419.7	26,419.7	12,999.0	13,420.7	47,260.4
Ramona M.W.D.	743.3	7,814.3	8,557.6	2,388.5	5,425.8	46,523.7
Rincon Del Diablo M.W.D.	3,291.1	7,470.9	10,762.0	351.3	7,119.6	10,596.1
City of San Diego ⁽²⁾	22,844.9	202,794.1	225,639.0	313.8	202,480.3	219,185.0
San Dieguito W.D.	4,560.6	3,368.6	7,929.2	0.0	3,368.6	5,652.7
Santa Fe I.D.	6,529.3	8,047.9	14,577.2	147.9	7,900.0	10,359.0
South Bay I.D.	5,906.8	10,191.2	16,098.0	0.0	10,191.2	20,410.7
Vallecitos W.D.	0.0	19,051.1	19,051.1	1,588.1	17,463.0	29,107.0
Valley Center M.W.D.	392.7	34,781.0	35,173.7	24,218.2	10,562.8	64,253.0
Vista I.D. ⁽³⁾	6,296.0	15,668.4	21,964.4	201.9	15,466.5	21,176.6
Yuima M.W.D. ⁽⁴⁾	1,030.9	2,344.9	3,375.8	2,245.3	99.6	13,460.0
Total	88,110.9	555,789.1	643,900.0	57,300.7	498,488.4	960,618.8

Member Agency Gross Water Sales Receipts by Fiscal Year ⁽¹⁾
Thousands of Dollars

	2005	2006	2007	2008	2009
Carlsbad M.W.D.	\$ 11,349	\$ 12,520	\$ 13,862	\$ 11,751	\$14,281
City of Del Mar	654	679	760	738	740
City of Escondido	10,917	11,322	13,764	15,250	12,810
Fallbrook P.U.D.	6,776	8,418	9,499	8,153	9,738
Helix W.D.	14,294	16,286	20,062	21,163	27,076
Lakeside W.D. ⁽²⁾	-	-	1,331	2,511	2,953
City of Oceanside	15,661	16,056	18,001	18,253	18,984
Olivenhain M.W.D.	9,708	11,212	12,083	15,923	14,157
Otay W.D.	21,121	24,327	25,709	21,129	26,211
Padre Dam M.W.D. ⁽²⁾	10,669	11,848	11,694	9,243	10,670
Camp Pendelton Marine Corps Base	30	44	59	38	63
City of Poway	6,217	7,297	7,962	8,090	8,431
Rainbow M.W.D.	11,205	14,003	15,986	14,149	16,989
Ramona M.W.D.	4,033	5,932	5,933	6,124	5,367
Rincon Del Diablo M.W.D.	4,286	4,771	5,191	3,973	5,478
City of San Diego	94,130	100,761	117,018	124,187	121,901
San Dieguito W.D.	2,276	2,985	2,990	2,644	2,356
Santa Fe I.D.	4,384	5,397	5,822	5,135	5,060
Sweetwater Authority ⁽³⁾	4,438	2,869	4,490	6,605	6,430
Vallecitos W.D.	10,085	11,307	13,212	13,155	14,081
Valley Center M.W.D.	17,147	20,860	24,276	20,670	22,441
Vista I.D.	11,017	8,390	11,402	12,314	11,250
Yuima M.W.D.	1,197	1,358	1,552	1,849	1,311
Total ⁽⁴⁾	\$ 271,594	\$ 298,642	\$ 342,658	\$ 343,047	\$ 358,778

Notes:

- (1) Gross receipts represent amounts invoiced to member agencies, but do not include year-end accruals or other adjustments.
- (2) Padre Dam M.W.D. was reorganized into Padre Dam M.W.D. and Lakeside W.D. in 2007.
- (3) Represents sales to the city of National City and South Bay I.D. for which Sweetwater Authority acts as a purchasing agent.
- (4) In addition to the total water sales revenue shown, in some years the Water Authority has also received a minor amount of revenues from adjacent water districts that provide water to customers within the Water Authority's service area under operating agreements. These revenues are not included in this chart.

Historical Operating Results by Fiscal Year

Thousands of Dollars

	2005	2006	2007	2008	2009
Operating Revenues:					
Water Sales ⁽¹⁾	\$ 271,466	\$ 299,084	\$ 343,082	\$ 343,456	\$ 359,952
Water Standby Availability Charges	10,797	10,942	11,140	11,256	11,311
Capacity Charges	23,459	33,870	31,081	23,884	13,266
Infrastructure Access Charges ⁽²⁾	11,948	13,864	16,188	17,458	19,390
Total Operating Revenues	317,670	357,760	401,491	396,054	403,919
Plus Withdrawals from or Minus Deposits to the Rate Stabilization Fund	18,858	3,762	(5,680)	3,866	-
Nonoperating Revenue ⁽³⁾	12,698	12,521	14,301	14,084	8,268
Total Revenues ⁽⁴⁾	349,226	374,043	410,112	414,004	412,187
Operating Expenses: ⁽⁵⁾					
MWD Water Purchases	216,632	233,690	266,349	262,538	265,281
Other Maintenance and Operations Costs ⁽⁶⁾	31,268	29,635	34,524	36,919	47,675
Total Operating Expenses	247,900	263,325	300,873	299,457	312,956
Application of Net Tax Receipts ⁽⁷⁾	2,154	4,054	8,590	10,303	10,467
Net Operating Expenses	245,746	259,271	292,283	289,154	302,489
Net Water Revenue Available for Debt Service	103,480	114,772	117,829	124,850	109,698
Revenue Supported Debt Service ⁽⁸⁾					
1991 Certificates	1,370	-	-	-	-
1993 Certificates	14,419	14,344	14,393	14,395	14,352
1997 Certificates	21,717	21,221	21,692	20,864	1,358
1998 Certificates	4,890	2,930	2,930	2,930	2,930
2002 Certificates	18,348	18,347	18,343	18,345	18,343
2004 Certificates	15,813	20,929	20,929	20,929	20,929
2005 Certificates	1,736	5,581	5,581	5,581	5,581
2008 Certificates	-	-	-	-	9,767 ⁽⁹⁾
Total Debt Service	78,293	83,352	83,868	83,044	73,260
Subordinate Obligation Payments ⁽¹⁰⁾					
Commercial Paper ⁽¹¹⁾	2,201	3,514	4,402 ⁽¹²⁾	3,536 ⁽¹³⁾	7,071
Balance Available After Debt Service and Subordinate Obligation Payments	<u>\$ 22,986</u>	<u>\$ 27,906</u>	<u>\$ 29,559</u>	<u>\$ 38,270</u>	<u>\$ 29,367</u>
Revenue Supported Debt Service Coverage Ratio	1.32X	1.38X	1.40x	1.50X	1.50X
Debt Service and Subordinate Obligation Coverage Ratio ⁽¹⁴⁾	1.29X	1.32X	1.34X	1.44X	1.36X

Notes:

- (1) Water sales represent accrued sales to member agencies, as well as revenues from treatment of raw water and certain miscellaneous income items.
- (2) Infrastructure access charge was implemented January 1999 and is levied on retail water meters within the service area.
- (3) Nonoperating revenue consists of interest earnings on Water Authority funds (excluding interest earnings on bond proceeds) and other revenues (hydroelectric sales, penalties, etc.).
- (4) Total revenues include amounts transferred to and from the Rate Stabilization Fund, and excludes interest on debt proceeds, property taxes, contributions in aid of capital assets, and CIP grant reimbursements.
- (5) Operating expenses exclude depreciation and amortization expenses.
- (6) Includes operations, maintenance, planning, and general and administrative costs; excludes capital equipment purchases.
- (7) Excludes depreciation and amortization expenses; net of applicable property taxes.
- (8) Includes only debt service on Water Authority indebtedness payable from net water revenues and excludes debt service paid from tax revenues. Senior lien debt service does not include trust fees.
- (9) Excludes \$18,023,409 interest payment on 2008A COPs which was paid with bond proceeds.
- (10) The Water Authority has no outstanding subordinate obligation long-term debt at this time.
- (11) Commercial paper (CP) costs include interest and related program fees.
- (12) Excludes \$7,995,111 interest payment on 2006 CP which was paid with commercial paper proceeds.
- (13) Excludes \$9,783,772 interest payment on 2006 CP which was paid with commercial paper proceeds.
- (14) Coverage ratios do not include program fees.

Summary of Water Rates

Effective January 1 - December 31

Water rates are established by the Board of Directors and are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Under the General Resolution, the Water Authority is required to fix rates that are reasonably fair and nondiscriminatory. A new rate structure, effective January 1, 2003, substantially increased the percentage of water revenues received as fixed charges, increasing Water Authority revenue stability. The Water Authority now assesses four different charges for the supply and delivery of water; the fixed Customer Service and Storage Charges, the variable Transportation Rate, and the variable Supply Charge. The Customer Service Charge recovers operating and capital costs associated with the overall functioning of the Water Authority, the Storage Charge recovers costs associated with the Emergency Storage Project, and the Transportation Rate recovers costs associated with the conveyance of water through the Water Authority's aqueducts. In January 2005, the Water Authority transitioned to a melded supply rate, which recovers the weighted average cost of supply to the Water Authority, as well as certain other supply-related costs. Calendar year 2009 supplies include water from the Metropolitan Water District and the Imperial Irrigation District.

	Metropolitan Water District								San Diego County Water Authority				
	Full Service Tier 1 ⁽¹⁾		Full Service Tier 2 ⁽¹⁾		IAWP ⁽²⁾		SSOA ⁽³⁾		SAWR ⁽⁴⁾		Transportation Rate	Customer Service	Storage
	UTR	TR	UTR	TR	UTR	TR	UTR	TR	UTR	TR			
2003	\$ 326	\$ 408	\$ 407	\$ 489	\$ 236	\$ 294	\$ 256	\$ 338	n/a	n/a	\$ 55	\$ 13,753,401	\$ 13,375,295
2004	326	418	407	499	236	304	256	348	n/a	n/a	55	13,600,000	14,600,000
	Water Authority Melded												
2005	349	461	412	524	241	329	279	391	n/a	n/a	55	13,600,000	14,600,000
2006	360	485	427	552	241	339	290	415	n/a	n/a	60	14,200,000	17,700,000
2007	365	512	427	574	241	364	295	442	n/a	n/a	60	14,200,000	17,700,000
2008	390	554	449	606	261	394	320	484	n/a	n/a	60	15,200,000	22,200,000
2009	463	631	528	695	322	465	n/a ⁽⁵⁾	n/a ⁽⁵⁾	412	580	64	16,000,000	23,000,000
2009 ⁽⁶⁾	532	747	594	809	394	587	n/a ⁽⁵⁾	n/a ⁽⁵⁾	484	699	67	16,000,000	23,000,000

UTR=Untreated Water

TR=Treated Water

IAWP = Interim Agricultural Water Program

SSOA=Surface Storage Operating Agreement

SAWR=Special Agricultural Water Rate

(1) Effective January 1, 2003, MWD separated its full service rates into Tier 1 and Tier 2 components.

(2) The IAWP will be discontinued in 2012.

(3) Seasonal Shift Storage rates apply October 1 through April 30. This schedule represents the contractual seasonal storage rate. Noncontractual participants pay a higher rate.

Effective January 1, 2003, MWD instituted a SSOA offering a discount of \$70/acre-foot for "scheduled" water placed into reservoirs by member agencies. An increased discount rate of \$105/acre-foot is offered for "call" water, which is withdrawn from reservoirs per MWD's usage needs.

(4) A new transitional rate was adopted on December 10, 2008 for customers opting out of MWD's IAWP. Customers that are participating in SAWR program will be considered M&I customers by MWD.

(5) SSOA was not renewed in 2009.

(6) The Water Authority's 2009 rates were increased effective September 1, 2009 to match MWD's mid-year rate increase.

Summary of Investments

Fiscal Year Ended June 30, 2009

Investment Type	Permitted by Board Policy	Maximum Maturity	Maximum Financial Institution Concentration	Actual Percentage	Actual Amount Book Value ⁽¹⁾
Local Agency Investment Fund	\$40 Million	N/A	N/A	0.00%	\$ -
Banker's Acceptances	20%	180 days	5%	0.00%	-
Treasury Securities	15% min	5 years	N/A	20.25%	37,743,389
Agency Securities	70%	5 years	No limit	44.04%	82,102,249
Reverse Repurchase Agreements	20%	92 days	No limit	0.00%	-
Certificates of Deposit (CD)	15%	1 year	No limit	0.00%	-
Negotiable CDs	15%	1 year	No limit	0.00%	-
Commercial Paper	25%	270 days	5%	0.00%	-
Medium Term Notes/Corporates	30%	{3 years (AA-) 5 years (AAA)}	5%	0.00%	-
JPA Pools (CAMP)	25%	N/A	N/A	21.53%	40,145,195
Money Market Funds	15%	N/A	No limit	14.18%	26,427,340
				100.00%	\$ 186,418,173
Accrued Interest (unavailable for investing)					8,454
Checking/Petty Cash/Available Funds (unavailable for investing)					168,648
Subtotal					\$186,595,275
Bond/CP Fund Excluded from Portfolio Percentages:					
Money Market Funds and Cash					46,748,348
Treasury Securities					-
Agency Securities					171,787,192
Commercial Paper					-
JPA Pools (CAMP)					49,171,402
Local Agency Investment Fund					-
Subtotal for Bond/CP Fund (available for CIP expenditures)					\$267,706,942
Debt Service Reserve Funds Excluded from Portfolio Percentages:					
Treasury Securities and Money Market Fund - Series 2004A COPs					38,568,784
FSA - Reserve (GIC) - Series 2002A COPs					18,385,750
Trinity Plus - Reserve (GIC) - Series 1998A COPs					12,240,775
Subtotal for Debt Service Reserve Funds (unavailable for CIP expenditures)					\$ 69,195,309
Total Cash and Investments					\$523,497,526

Notes:

(1) Book value of investments may differ from market values contained in financial statements.

Investment Policy

The Water Authority's investment policy is defined and approved annually. The purpose of this policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. The Water Authority's Board of Directors has delegated investment responsibility to the Water Authority's treasurer, who is primarily responsible for implementing the investment policy. The Board and treasurer adhere to the guidance provided by the "prudent investor rule." The treasurer presents an investment report to the Board monthly. The objectives of the investment policy are as follows:

A. SAFETY: Each investment transaction shall seek to avoid capital losses. Diversification of the portfolio will be used to reduce exposure to principal loss.

B. LIQUIDITY: An adequate percentage of the portfolio will be maintained in liquid, short-term securities that can be converted to cash to meet disbursement requirements. Investment in securities with active secondary markets will be utilized. These securities will have a low sensitivity to market risk.

C. YIELD: Yield should become a consideration only after the basic requirements of safety and liquidity have been met.

D. PUBLIC TRUST: All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Portfolio diversification is employed as a way to control risk.

The Water Authority strives to maintain an efficient portfolio by providing for the lowest level of risk for a given level of return. This acceptable level of return has been quantified as a return that is consistent with the 1-year U.S. Treasury constant maturity.

The Water Authority is governed by the California Government Code, Sections 53600 et seq. Within the context of these limitations, investments are authorized for the Water Authority's operating and reserve funds as indicated in the Summary of Investments table.

It is the Water Authority's goal to maintain a minimum of 50 percent of the Water Authority's portfolio in U.S. Treasury securities; however, based on market conditions, a combination of 50 percent agency securities and Treasury bills or notes will satisfy this requirement. At no time will less than 15 percent of the portfolio be in Treasury bills or notes.

The Water Authority does not invest in derivative instruments. Securities such as yield curve notes, interest only, principal only, range notes, and inverse floaters are prohibited. Callable bonds, step-up bonds, and floating rate securities with a positive spread are permitted investments. No security will be purchased that could result in a zero interest accrual if held to maturity. Investments such as common stocks, futures, and the writing of options are prohibited from use in the Water Authority's portfolio. The use of short positions is also prohibited.

Litigation

The San Diego County Water Authority, along with the Imperial Irrigation District (IID), Metropolitan Water District of Southern California, Coachella Valley Water District, and State of California, are defending a number of challenges that have been filed in a validation action brought relating to the Quantification Settlement Agreement and its various related agreements including agreements relating to the transfers of conserved water from IID to the Water Authority. These cases have all been coordinated in the Superior Court of Sacramento County. See www.saccourt.com/CoordCases/qsacases/qs_main.asp. Trial on these consolidated cases is scheduled for late 2009 through early 2010.

For further information, contact Daniel S. Hentschke, General Counsel, 4677 Overland Ave., San Diego, CA 92123, (858) 522-6791, dhentschke@sdewa.org.

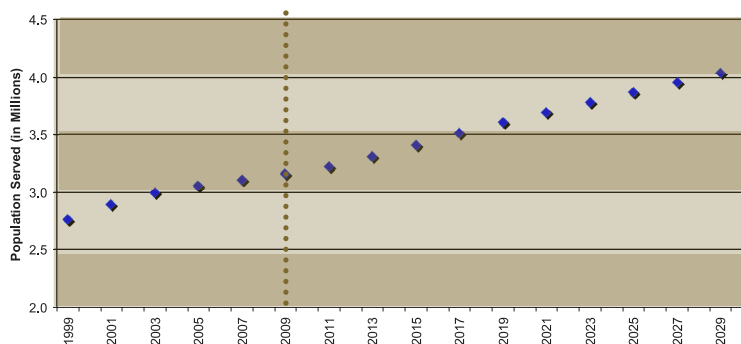
Economy of San Diego County

Two of the San Diego region’s greatest assets are its geography and climate. Its physical beauty, ecological diversity, and favorable weather make it an attractive place to live and conduct business. The result has been a sustainable and diversified regional economy. This same geography and climate, however also yield limited and variable local water supplies. For these reasons, the health of the regional economy is inextricably linked to the long-term success of the San Diego County Water Authority.

San Diego’s economy is much more diversified today than in the past. The performance of three basic industries which consist of manufacturing, the military, and tourism are helping to support the county’s economy. The U.S. Department of Defense contributes about \$10 billion annually to the local economy. San Diego County is one of the country’s top centers for biotechnology and has a strong technology presence. A variety of attractions, as well as major league sports franchises, also make San Diego a major tourist destination and popular convention site. Leisure and hospitality-related employment continues to be the industry that has the top sustainability in the region. Visitor revenues in San Diego County reached over \$7.9 billion in 2008, according to an estimate by the San Diego Convention and Visitors Bureau.

Recently, the county’s economy has suffered from the national and state recessions, including a deep downturn in the housing market. This has negatively affected the construction industry and other industries connected with construction of new properties.

HISTORIC AND PROJECTED POPULATION IN WATER AUTHORITY SERVICE AREA
1999-2031 Calendar Year



Source: Department of Transportation

SAN DIEGO COUNTY ANNUAL BUILDING PERMIT ACTIVITY
Calendar Year

	2005	2006	2007	2008
Single Family	7,576	4,743	3,422	2,524
Multi Family	6,730	4,448	4,013	2,996
Total	14,306	9,191	7,435	5,520

2009	Jan	Feb	Mar	Apr	May	June
Single Family	78	76	136	209	179	205
Multi Family	1	5	12	32	3	15
Total	79	81	148	241	182	220

Source: U.S. Census Bureau (based on building estimates)

LABOR FORCE RATE TRENDS
as of July of each year

Year	Area	Labor Force	Employment	Unemployment	% of Unemployed
2005	San Diego County	1,505,900	1,440,500	65,400	4.3%
	California	17,703,400	16,742,300	961,100	5.4%
	United States	149,320,000	141,730,000	7,591,000	5.1%
2006	San Diego County	1,520,400	1,459,900	60,500	4.0%
	California	17,907,200	17,029,900	877,300	4.9%
	United States	151,428,000	144,427,000	7,001,000	4.6%
2007	San Diego County	1,531,200	1,461,500	69,700	4.6%
	California	18,078,000	17,108,700	969,300	5.4%
	United States	153,124,000	146,046,000	7,078,000	4.6%
2008	San Diego County	1,566,200	1,472,400	93,800	6.0%
	California	18,391,800	17,059,600	1,332,300	7.2%
	United States	154,287,000	145,362,000	8,924,000	5.8%
2009 <i>Estimate</i>	San Diego County	1,560,000	1,400,000	159,800	10.2%
	California	18,600,000	16,346,000	2,254,000	12.1%
	United States	156,255,000	141,055,000	15,201,000	9.7%

Source: CALMIS (County and State) and U.S. Bureau of Labor Statistics, series report (U.S.)

SAN DIEGO COUNTY EMPLOYMENT BY INDUSTRY ⁽¹⁾
 Calendar Year

Industry	2005	2006	2007	2008	2009
Farm Production	11,300	11,300	11,100	11,100	11,200
Natural Resources and Mining	400	500	400	400	300
Construction	92,700	95,100	89,900	80,900	65,800
Manufacturing	104,800	104,700	102,000	102,100	93,600
Transportation, Warehousing, and Utilities	28,200	28,700	28,600	29,000	28,000
Wholesale Trade	43,700	45,300	45,400	46,100	41,500
Retail Trade	144,800	146,000	146,800	144,900	133,400
Information	28,200	37,200	37,600	38,200	37,300
Financial Activities	83,200	84,500	81,600	76,100	73,700
Leisure and Hospitality	152,200	159,400	165,400	168,500	158,800
Professional and Business Services	212,100	215,300	217,300	217,800	204,800
Educational and Health Services	122,800	125,000	128,300	131,300	134,500
Other Services	49,400	49,400	49,400	49,300	47,900
Federal Government	39,500	40,400	40,700	41,000	43,500
State and Local Government	179,600	180,800	185,300	186,300	178,500
Total	1,292,900	1,323,600	1,329,800	1,323,000	1,252,800

Source: CALMIS

Notes:

(1) Table uses the North American Industry Classification System (NAICS).

