



ADMINISTRATIVE AND FINANCE COMMITTEE

AGENDA FOR

SEPTEMBER 23, 2010

Ken Williams – Chair
Michael Hogan – Vice Chair
Hershell Price – Vice Chair
Jim Bond
Jim Bowersox
Mitch Dion
Frank Hilliker

Bud Lewis
Bud Pocklington
Richard Smith
Fern Steiner
Barbara Wight
Howard Williams
Tom Wornham

1. Roll call – determination of quorum.
2. Additions to agenda (Government Code Section 54954.2(b)).
3. Public comment – opportunities for members of the public to address the Committee on matters within the Committee’s jurisdiction.
4. Chair’s report.
 4-A Directors’ comments.

I. CONSENT CALENDAR

1. Treasurer’s report. Eric Sandler
Staff recommendation: Note and file the monthly Treasurer’s report.
(Action)

II. ACTION/DISCUSSION

III. INFORMATION

1. Controller’s report on monthly financial statements. Eric Sandler
2. Board Calendar.

IV. CLOSED SESSION



V. ADJOURNMENT

Doria F. Lore
Clerk of the Board

NOTE: This meeting is called as an Administrative and Finance Committee meeting. Because a quorum of the Board may be present, the meeting is also noticed as a Board meeting. Members of the Board who are not members of the Committee may participate in the meeting pursuant to Section 2.00.060(g) of the Authority Administrative Code (Recodified). All items on the agenda, including information items, may be deliberated and become subject to action. All public documents provided to the committee or Board for this meeting including materials related to an item on this agenda and submitted to the Board of Directors within 72 hours prior to this meeting may be reviewed at the San Diego County Water Authority headquarters located at 4677 Overland Avenue, San Diego, CA 92123 at the reception desk during normal business hours.



September 15, 2010

Attention: Administrative and Finance Committee

Treasurer's Report

Attached for review by the Administrative and Finance Committee and the Board of Directors is the Treasurer's Report as of August 31, 2010. The reports are formatted to provide information as required by the California Government Code and the San Diego County Water Authority's Annual Statement of Investment Policy, which was last adopted by the Board on December 17, 2009. A brief description of each report follows:

Portfolio Master Summary: This one page report summarizes all cash and investments held by the Water Authority.

Portfolio Characteristics: This one page snapshot shows the Water Authority's portfolio holdings by type and percentage; the maturity distribution of the portfolio; the portfolio yield for the past twelve months, with and without bond-related funds, compared to a rolling average yield of the Board adopted benchmark; the credit quality of the portfolio's holdings; the cash flow projections for the next six months; and relevant market information.

Portfolio Details - Investments: This report takes the summary information listed in the Portfolio Master Summary and provides details of active investments.

Activity Summary: This one page report produces a thirteen-month rolling summary of portfolio investment activity.

The Water Authority's portfolio is diversified among investment types, with a current concentration toward short-term maturities. This concentration is the result of cash flow needs, as well as the current historic low interest rate environment. The portfolio is comprised of high quality investments, with 92 percent currently invested in AAA-rated securities. The Water Authority's overall portfolio decreased to 0.74 percent in August 2010, and continues to exceed the investment benchmark of 0.35 percent in August 2010. Bond Fund proceeds are expected to fund Capital Improvement Program expenditures for the next two to three years.

All investments have been made in accordance with the San Diego County Water Authority Statement of Investment Policy. This report provides documentation that the Water Authority has sufficient funds to meet the financial obligations for the next six months. The market value information is provided by Bloomberg L.P. and is as of the report date.

Eric Sandler, Director of Finance/Treasurer

PORTFOLIO MASTER SUMMARY
as of August 31, 2010

PORTFOLIO PERCENTAGES

Investment Type	Permitted By Board Policy	Actual Percentage	Actual Amount
Local Agency Investment Fund (LAIF)	\$50 Million	7.19%	\$ 19,950,413
Banker's Acceptances	20%	0.00%	-
Treasury Securities	15% - Minimum	26.31%	73,025,249
Agency Securities	85%	38.36%	106,491,532
Reverse Repurchase Agreements	20%	0.00%	-
Certificates of Deposit (CDARS)	15%	0.72%	2,000,000
Negotiable Certificates of Deposit	15%	0.00%	-
Commercial Paper	25%	5.03%	13,955,114
Medium Term Notes/Corporates	30%	0.00%	-
JPA Pools (CAMP)	25%	21.96%	60,969,359
Money Market Funds	15%	0.43%	1,197,934
		100.00%	\$ 277,589,601
Accrued Interest (unavailable for investing)			135,941
Checking/Petty Cash/Available Funds (unavailable for investing)			117,175
Subtotal for Pooled Funds:			\$ 277,842,717
<u>Bond/CP Fund Excluded from Portfolio Percentages:</u>			
Treasury Securities			-
Agency Securities			296,176,373
Certificates of Deposit (CDARS)			15,000,000
Commercial Paper			14,176,180
Local Agency Investment Fund (LAIF)			216,004,599
JPA Pools (CAMP)			38,450,449
Money Market Funds and Cash			11
			\$ 579,807,612
Accrued Interest (unavailable for investing)			-
Subtotal for Bond/CP Fund (available for CIP expenditures):			\$ 579,807,612
<u>Debt Service Reserve (DSR) Funds Excluded from Portfolio Percentages:</u>			
Agency Securities and Money Market Fund - Series 2004A COPs			38,763,005
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):			\$ 69,389,530
Total Cash and Investments			\$ 927,039,859

PORTFOLIO INFORMATION

	Pooled Funds **	Bond/CP Fund	Debt Service Reserve	Total *
Portfolio Yield to Maturity - 365 Days	0.58%	0.59%	2.68%	0.74%
Average Term	335	278	185	288
Average Days to Maturity (730 Days Maximum)	173	167	185	170
Accrued Interest Earnings (Cash and Investments):				
Month Ended August 2010 ***	\$ 395,265	\$ 703,084	\$ (510,306)	\$ 588,043
Fiscal Year to Date ***	\$ 770,127	\$ 1,412,289	\$ (284,870)	\$ 1,897,546
Total Cash and Investments	\$ 277,842,717	\$ 579,807,612	\$ 69,389,530	\$ 927,039,859

* "The weighted average days to maturity of the total portfolio shall not exceed 730 days (two years) to maturity" per SDCWA Investment Policy.

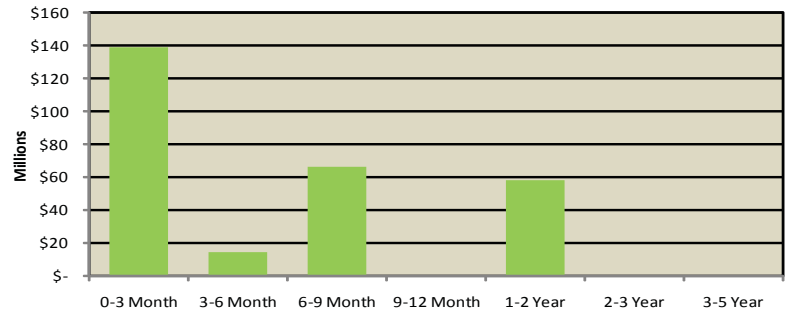
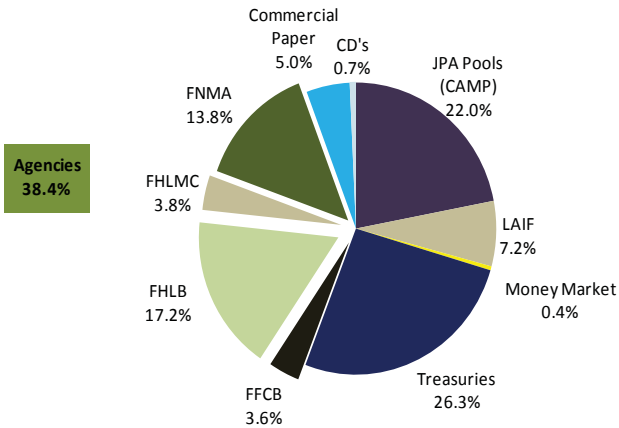
** Pooled Funds include Operating, Pay Go, RSF and Equipment.

*** Interest earnings have been reduced by the premiums that were paid at the time of purchase for investments that matured in August 2010.

Asset Allocation

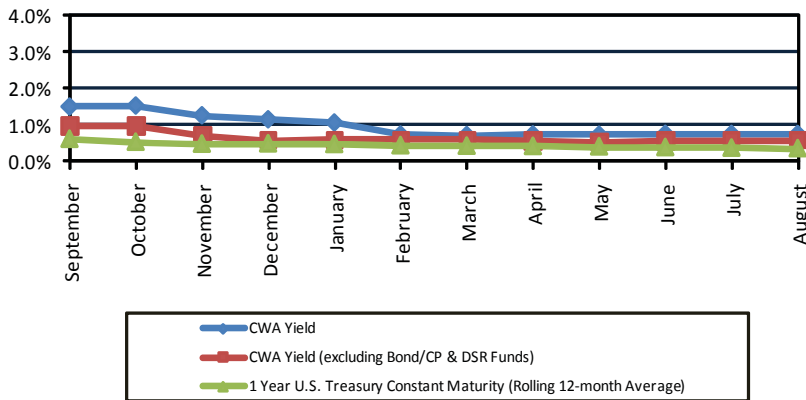
Maturity Distribution

Pooled Funds



Portfolio Yield: Sept. 2009 - Aug. 2010

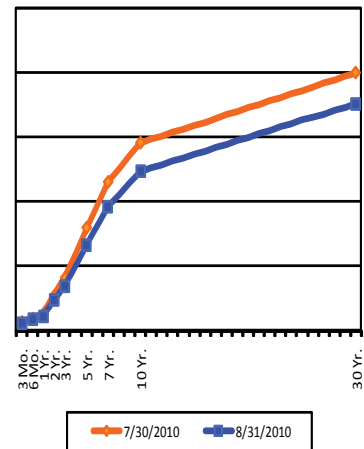
Credit Quality



	% OF PORTFOLIO
US Treasury (AAA)	26.3%
Agency (AAA)	38.4%
Other (AAA)*	27.4%
AA**	0.0%
not rated ***	7.9%
	100.0%

* Includes money market funds & JPA Pools (CAMP)
 ** The Water Authority's Investment Policy does not permit investments with a rating below AA-
 *** Includes LAIF, which is part of the state investment pool, and is not rated; and CDARS, which is comprised of FDIC-insured CDs

U.S. Treasury Yield Curve



Month End	Investment Maturities	Projected Receipts	Projected Disbursements	Reinvestment/ (Use) of Liquid Funds	Projected Cash & Investments
Pooled Funds					
Aug 2010					\$277.84
Sept 10	22.00	31.75	20.92	32.83	288.67
Oct 10	14.00	42.90	72.49	(15.59)	259.08
Nov 10	20.00	29.78	19.92	29.86	268.94
Dec 10	14.00	34.84	20.37	28.47	283.40
Jan 11	-	30.09	15.64	14.46	297.86
Feb 11	-	22.66	17.59	5.07	302.92
Bond/CP Fund					
Aug 2010					\$579.81
Sept 10	17.20	0.27	6.64	10.84	573.44
Oct 10	8.20	0.24	72.46	(64.02)	501.22
Nov 10	-	0.23	11.00	(10.77)	490.45
Dec 10	-	0.22	17.92	(17.69)	472.76
Jan 11	-	0.22	12.55	(12.33)	460.43
Feb 11	29.80	0.21	15.35	14.66	445.29

Market Notes

On August 10th, the FOMC maintained the target for the federal funds rate at a range of 0-25 basis points. The next meeting is September 21st.

**SDCWA - Fiscal Year 2011
Portfolio Management
Portfolio Details - Investments
August 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts												
CASH35	73	CAMP - OPERATING/POOLED			60,969,358.85	60,969,358.85	60,969,358.85	0.300	AAA	0.300	1	
CASH37	6004	CAMP - 2008A COPS			30,056,026.47	30,056,026.47	30,056,026.47	0.300	AAA	0.300	1	
CASH44	3004	CAMP - 2010A BONDS			57,187.91	57,187.91	57,187.91	0.300	AAA	0.300	1	
CASH45	4004	CAMP - 2010B BONDS-BABS			8,337,234.89	8,337,234.89	8,337,234.89	0.300	AAA	0.300	1	
CASH07	205	FSA CAPITAL MGMT. SVC. - 2002A			18,385,750.00	18,385,750.00	18,385,750.00	5.810	AAA	5.810	1	
CASH42	3001	GOLDMAN - 2010A BONDS		07/01/2010	0.00	0.00	0.00	0.110	AAA	0.110	1	
CASH43	4001	GOLDMAN - 2010B BONDS-BABS		07/01/2010	0.00	0.00	0.00	0.110	AAA	0.110	1	
CASH31	6001	GOLDMAN - 2008A COPS			0.00	0.00	0.00	0.110	AAA	0.110	1	
CASH11	0002	GOLDMAN - OPERATING/POOLED			1,177,585.47	1,177,585.47	1,177,585.47	0.110	AAA	0.110	1	
CASH13	72	LAIF - OPERATING			19,950,412.98	19,950,412.98	19,950,412.98	0.510		0.510	1	
CASH40	3002	LAIF - 2010A BONDS			50,112,133.05	50,112,133.05	50,112,133.05	0.510		0.510	1	
CASH41	4002	LAIF - 2010B BONDS-BABS			165,892,465.65	165,892,465.65	165,892,465.65	0.510		0.510	1	
CASH17	204	TRINITY PLUS - 1998A			12,240,775.00	12,240,775.00	12,240,775.00	5.550	AAA	5.550	1	
CASH27	1002	US BANK MONEY MARKET FUND			20,348.44	20,348.44	20,348.44	0.001	AAA	0.001	1	
CASH33	208	US BANK MONEY MARKET FUND			264.38	264.38	264.38	0.001	AAA	0.001	1	
Subtotal and Average			384,871,705.52		367,199,543.09	367,199,543.09	367,199,543.09			0.885	1	
Commercial Paper - Discount												
36959JMW0	10013	GENERAL ELECTRIC CAPITAL CORP.		06/14/2010	14,000,000.00	13,955,114.45	13,955,114.44	0.580	AA+	0.599	120	12/30/2010
36959JJ12	6173	GENERAL ELECTRIC CAPITAL CORP.		02/26/2010	7,200,000.00	7,188,780.00	7,188,780.00	0.300	AA+	0.306	0	09/01/2010
36959JK51	6175	GENERAL ELECTRIC CAPITAL CORP.		04/08/2010	7,000,000.00	6,987,400.00	6,987,400.00	0.360	AA+	0.366	34	10/05/2010
Subtotal and Average			28,292,394.84		28,200,000.00	28,131,294.45	28,131,294.44			0.467	68	
Federal Agency - Coupon												
31331YC24	10014	FEDERAL FARM CREDIT BANK		07/28/2010	9,500,000.00	10,004,167.64	10,005,022.64	3.250	AAA	0.678	586	04/09/2012
31331JBL6	4014	FEDERAL FARM CREDIT BANK		02/04/2010	9,100,000.00	9,179,079.00	9,116,198.00	1.100	AAA	1.007	498	01/12/2012
31331GNQ8	4018	FEDERAL FARM CREDIT BANK		02/04/2010	5,000,000.00	5,138,400.00	5,121,950.00	2.250	AAA	1.135	601	04/24/2012
31331Y3P3	4019	FEDERAL FARM CREDIT BANK		02/04/2010	10,000,000.00	10,343,500.00	10,443,800.00	3.500	AAA	0.809	397	10/03/2011
31331GDC0	4036	FEDERAL FARM CREDIT BANK		03/10/2010	3,000,000.00	3,108,000.00	3,135,240.00	3.600	AAA	0.750	408	10/14/2011
31331YZ86	4038	FEDERAL FARM CREDIT BANK		03/12/2010	2,300,000.00	2,380,868.00	2,406,076.00	3.875	AAA	0.679	358	08/25/2011
31331Y3P3	4039	FEDERAL FARM CREDIT BANK		03/12/2010	1,400,000.00	1,448,090.00	1,458,884.00	3.500	AAA	0.779	397	10/03/2011
3133XVDM0	10006	FEDERAL HOME LOAN BANK		01/28/2010	20,000,000.00	20,056,200.00	20,056,000.00	0.700	AAA	0.470	229	04/18/2011
3133XVDM0	10007	FEDERAL HOME LOAN BANK		02/17/2010	20,000,000.00	20,056,200.00	20,050,000.00	0.700	AAA	0.485	229	04/18/2011
3133XHPH9	4011	FEDERAL HOME LOAN BANK		02/04/2010	10,000,000.00	10,542,000.00	10,709,100.00	4.875	AAA	0.871	443	11/18/2011
3133XHPH9	4012	FEDERAL HOME LOAN BANK		02/04/2010	5,200,000.00	5,481,840.00	5,569,460.00	4.875	AAA	0.863	443	11/18/2011
3133XVQL8	4013	FEDERAL HOME LOAN BANK		02/04/2010	18,300,000.00	18,467,079.00	18,351,606.00	1.125	AAA	0.970	464	12/09/2011
3133XWW47	4016	FEDERAL HOME LOAN BANK		02/04/2010	4,100,000.00	4,139,442.00	4,099,426.00	1.125	AAA	1.132	555	03/09/2012
3133XTAW6	4017	FEDERAL HOME LOAN BANK		02/04/2010	4,700,000.00	4,832,258.00	4,819,060.40	2.250	AAA	1.077	590	04/13/2012

Portfolio CWA2

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**SDCWA - Fiscal Year 2011
Portfolio Management
Portfolio Details - Investments
August 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency - Coupon												
3133XUKB8	4021	FEDERAL HOME LOAN BANK		02/04/2010	9,450,000.00	9,542,421.00	9,539,964.00	1.375	AAA	0.744	344	08/11/2011
3133XR4U1	4022	FEDERAL HOME LOAN BANK		02/04/2010	21,100,000.00	21,565,466.00	21,818,455.00	3.125	AAA	0.589	282	06/10/2011
3133XVDU2	4024	FEDERAL HOME LOAN BANK		02/04/2010	14,800,000.00	14,860,976.00	14,847,508.00	0.800	AAA	0.543	247	05/06/2011
3133XVDM0	4029	FEDERAL HOME LOAN BANK		02/17/2010	14,600,000.00	14,641,026.00	14,636,500.00	0.700	AAA	0.485	229	04/18/2011
3133XWEZ8	4030	FEDERAL HOME LOAN BANK		02/17/2010	12,600,000.00	12,646,746.00	12,623,171.40	0.750	AAA	0.617	310	07/08/2011
3133XJVL9	5556	FEDERAL HOME LOAN BANK		09/20/2007	5,000,000.00	5,113,600.00	5,076,300.00	5.000	AAA	4.520	191	03/11/2011
3133XJUT3	8160	FEDERAL HOME LOAN BANK		09/20/2007	2,500,000.00	2,660,475.00	2,539,125.00	5.000	AAA	4.608	555	03/09/2012
3128X9D80	10015	FEDERAL HOME LOAN MORTGAGE COR		07/28/2010	10,595,000.00	10,725,384.72	10,702,658.45	1.125	AAA	0.705	602	04/25/2012
3134A4HF4	4020	FEDERAL HOME LOAN MORTGAGE COR		02/04/2010	16,200,000.00	17,055,360.00	17,442,054.00	5.500	AAA	0.713	379	09/15/2011
3137EABK4	4028	FEDERAL HOME LOAN MORTGAGE COR		02/17/2010	25,000,000.00	25,375,000.00	25,657,500.00	2.750	AAA	0.454	222	04/11/2011
3128X6U95	4032	FEDERAL HOME LOAN MORTGAGE COR		02/23/2010	3,500,000.00	3,540,250.00	3,598,980.00	3.320	AAA	0.386	163	02/11/2011
31359MM26	10005	FEDERAL NATION MORTGAGE ASSOC.		01/28/2010	20,000,000.00	20,602,600.00	21,120,600.00	5.125	AAA	0.489	226	04/15/2011
31359MZ30	10008	FEDERAL NATION MORTGAGE ASSOC.		02/25/2010	10,000,000.00	10,513,800.00	10,700,400.00	5.000	AAA	0.694	409	10/15/2011
31359MZ30	10012	FEDERAL NATION MORTGAGE ASSOC.		04/29/2010	6,000,000.00	6,319,946.67	6,377,366.67	5.000	AAA	0.796	409	10/15/2011
31398AWQ1	3011	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,208,700.00	1,212,984.00	1.375	AAA	0.465	239	04/28/2011
31359MZ30	3012	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,261,656.00	1,284,084.00	5.000	AAA	0.740	409	10/15/2011
31398AWK4	3013	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	762,000.00	778,733.52	775,380.72	1.875	AAA	1.055	597	04/20/2012
31359MZ30	4010	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	15,000,000.00	15,770,700.00	16,055,250.00	5.000	AAA	0.817	409	10/15/2011
31359M5H2	4015	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	8,100,000.00	8,632,251.00	8,749,458.00	5.000	AAA	1.006	533	02/16/2012
31398ARH7	4023	FEDERAL NATION MORTGAGE ASSOC.		02/04/2010	14,000,000.00	14,262,220.00	14,513,240.00	3.375	AAA	0.523	260	05/19/2011
31398AVQ2	4033	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	10,000,000.00	10,082,000.00	10,141,400.00	1.750	AAA	0.440	203	03/23/2011
31398ATL6	4035	FEDERAL NATION MORTGAGE ASSOC.		03/10/2010	3,000,000.00	3,093,870.00	3,128,400.00	3.625	AAA	0.615	348	08/15/2011
31398ATL6	4037	FEDERAL NATION MORTGAGE ASSOC.		03/11/2010	1,500,000.00	1,546,935.00	1,563,600.00	3.625	AAA	0.637	348	08/15/2011
Subtotal and Average			359,455,894.21		348,707,000.00	356,977,240.55	359,446,202.28			0.748	346	
Federal Agency - Discount												
313588JS5	211	FEDERAL NATION MORTGAGE ASSOC.		08/31/2010	38,861,000.00	38,760,505.45	38,762,741.05	0.275	AAA	0.283	330	07/28/2011
313589M34	3010	FEDERAL NATION MORTGAGE ASSOC.		02/18/2010	1,200,000.00	1,199,578.80	1,197,732.00	0.270	AAA	0.277	57	10/28/2010
313588BH7	4031	FEDERAL NATION MORTGAGE ASSOC.		02/23/2010	11,300,000.00	11,291,536.30	11,260,164.36	0.370	AAA	0.381	153	02/01/2011
313588CM5	4034	FEDERAL NATION MORTGAGE ASSOC.		03/10/2010	5,000,000.00	4,994,490.00	4,978,738.89	0.430	AAA	0.444	181	03/01/2011
313588CM5	4040	FEDERAL NATION MORTGAGE ASSOC.		03/18/2010	16,000,000.00	15,982,368.00	15,930,400.00	0.450	AAA	0.464	181	03/01/2011
313589E33	6174	FEDERAL NATION MORTGAGE ASSOC.		04/08/2010	10,000,000.00	9,999,880.00	9,990,608.33	0.230	AAA	0.233	1	09/02/2010
Subtotal and Average			44,608,054.58		82,361,000.00	82,228,358.55	82,120,384.63			0.335	224	
Treasury Securities - Coupon												
912828EJ5	10002	UNITED STATES TREASURY		10/27/2009	12,000,000.00	12,056,256.00	12,441,876.84	4.250	AAA	0.430	44	10/15/2010
912828JL5	10003	UNITED STATES TREASURY		11/24/2009	22,000,000.00	22,027,500.00	22,330,000.00	2.000	AAA	0.230	29	09/30/2010
912828JS0	10004	UNITED STATES TREASURY		11/24/2009	20,000,000.00	20,050,000.00	20,192,200.00	1.250	AAA	0.302	90	11/30/2010

**SDCWA - Fiscal Year 2011
Portfolio Management
Portfolio Details - Investments
August 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Treasury Securities - Coupon												
912828LT5	10009	UNITED STATES TREASURY		03/24/2010	18,000,000.00	18,132,192.00	18,061,171.88	1.000	AAA	0.786	425	10/31/2011
Subtotal and Average			110,376,792.88		72,000,000.00	72,265,948.00	73,025,248.72			0.422	146	
Certificates of Deposit - CDARS												
CDARS03	4026	BORREGO SPRINGS BANK		02/11/2010	245,000.00	245,000.00	245,000.00	1.300		1.300	162	02/10/2011
CDARS04	4027	BORREGO SPRINGS BANK		02/11/2010	9,755,000.00	9,755,000.00	9,755,000.00	1.300		1.300	162	02/10/2011
CDARS01	10001	FIRST BUSINESS BANK		10/08/2009	2,000,000.00	2,000,000.00	2,000,000.00	1.300		1.300	36	10/07/2010
CDARS02	4025	NEIGHBORHOOD NATIONAL BANK		02/11/2010	5,000,000.00	5,000,000.00	5,000,000.00	1.400		1.400	162	02/10/2011
Subtotal and Average			17,000,000.00		17,000,000.00	17,000,000.00	17,000,000.00			1.329	147	
Total and Average			944,920,752.44		915,467,543.09	923,802,384.64	926,922,673.16			0.742	170	

**SDCWA - Fiscal Year 2011
Portfolio Management
Portfolio Details - Cash
August 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Passbook/Checking Accounts											
CASH00	50	WELLS FARGO - RETIREE & COBRA		07/01/2010	31,286.02	31,286.02	31,286.02			0.000	1
CASH01	48	PETTY CASH		07/01/2010	2,500.00	2,500.00	2,500.00			0.000	1
CASH02	1000	WELLS FARGO - OPERATING/POOLED			134,376.02	134,376.02	134,376.02	0.001		0.001	1
CASH03	1001	WELLS FARGO - PAYROLL ZBA		07/01/2010	-50,986.70	-50,986.70	-50,986.70			0.000	1
CASH38	3000	WELLS FARGO - 2010A BONDS		07/01/2010	3.15	3.15	3.15			0.000	1
CASH39	4000	WELLS FARGO - 2010B BONDS-BABS		07/01/2010	3.73	3.73	3.73			0.000	1
CASH30	6000	WELLS FARGO - 2008A COPS			3.90	3.90	3.90	0.001		0.001	1
		Average Balance	0.00								1
Total Cash and Investmentss			944,920,752.44		915,584,729.21	923,919,570.76	927,039,859.28			0.742	170

**SDCWA - Fiscal Year 2011
Portfolio Management
Activity Summary
August 2009 through August 2010**

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
August	2009	67	505,522,939.30	1.583	1.605	0.990	1	4	243	74
September	2009	64	500,637,555.33	1.488	1.508	1.080	1	4	253	85
October	2009	60	455,388,877.68	1.517	1.538	1.143	2	6	264	87
November	2009	53	464,047,156.23	1.249	1.266	1.083	2	9	244	99
December	2009	45	424,393,508.31	1.136	1.152	1.021	0	8	222	91
January	2010	42	427,448,456.33	1.047	1.061	1.077	2	5	239	118
February	2010	80	1,003,638,179.14	0.715	0.725	0.706	41	3	248	200
March	2010	86	1,001,988,223.87	0.701	0.711	0.759	10	4	266	209
April	2010	84	941,264,048.98	0.718	0.728	0.843	3	5	273	210
May	2010	83	942,479,823.83	0.712	0.722	0.840	0	1	272	192
June	2010	83	918,247,898.07	0.736	0.747	0.902	1	1	281	182
July	2010	83	936,641,347.26	0.735	0.745	0.881	2	3	288	174
August	2010	76	926,922,673.16	0.732	0.742	0.885	1	2	288	170
Average		70	726,816,975.96	1.005%	1.019%	0.939	5	4	260	145

September 15, 2010

Attention: Administrative and Finance Committee

Controller's Report on Monthly Financial Statements (Information)

Attached for review by the Administrative and Finance Committee and the Board of Directors are the Preliminary Unaudited Financial Statements for the fiscal year ended June 30, 2010 with a comparison to May 31, 2010.

- Statements of Net Assets – Assets, Liabilities, and Net Assets
- Statements of Revenues, Expenses, and Changes in Net Assets
- Cash and Investments by Fund
- Budget Status Report
- Graphs for Budget to Actual Comparison:
 - Operating Expenses by Department
 - Water Sales and Capacity Charges

The Budget Status Report compares the budget to actual expenses through the current month of the fiscal year and prior year on a budgetary basis. Explanations for material variances are provided below.

Revenues

Gross water sales for the twelve months ended June 30, 2010 are 490,817 acre-feet or \$387.9 million as compared to the budget of 600,753 acre-feet or \$450.6 million. This represents a continued trend of lower than projected water sales revenue versus the adopted budget. The reduction of water sales are primarily due to mandatory restrictions, continued water conservation efforts across the region, the economy, and the reduced need for outdoor irrigation.

Investment income of \$8.6 million is trending lower than budget at 76.2 percent due to lower than anticipated investment earnings. Other income of \$9.6 million is trending lower than budget at 74.2 percent. Other income includes \$2.7 million received from the U.S. Treasury for a bi-annual subsidy for the Water Revenue Bonds, Series 2010B debt service payment and \$1.7 million received from Zurich American Insurance for CH2M Hill settlement agreement on the Twin Oaks Water Treatment Plant. The Taxable Build America Bonds provide for a federal subsidy in an amount equal to 35 percent of the total interest payable.

Capacity charges revenue of \$10.3 million compared to the budget of \$6.2 million, or 166.1 percent, is trending higher than budget by \$4.1 million due to a greater number of meter permits issued by the member agencies than anticipated. Contributions in aid of capital assets of \$3.5

million are trending higher than budget as payment was received for the completion of the Padre Dam 7 Flow Control Facility that was originally anticipated in the next fiscal year.

Expenditures

Water purchases of \$294.6 million include \$24.8 million for 64,998 acre-feet of water purchased from the Imperial Irrigation District (IID), as well as \$32.4 million for Metropolitan Water District's wheeling charges related to IID, Coachella Canal and All-American Canal water. Capital expenditures and operating expenditures are trending less than budget at 79.9 percent and 87.2 percent, respectively, due to the timing of payment processing during the first year of the two-year budget period. Equipment replacement expenditures of \$1.3 million are trending less than budget at 74.5 percent and include \$0.8 million for the PeopleSoft upgrade.

The Operating Budget is adopted as a Multi-Year Budget for fiscal year 2010 and fiscal year 2011. The Budget Status Report is prepared on a fiscal basis for comparative and management purposes only. The General Counsel Department is currently trending higher than budget at 162.8 percent due to the amount of legal services rendered to date, primarily associated with the Quantification Settlement Agreement (QSA) litigation. These types of expenditure levels were not anticipated for fiscal year 2010 and will likely continue in fiscal year 2011. An amendment to the General Counsel's budget of \$2.85 million was approved by the board at the June meeting effective July 1, 2010. The Water Conservation Program Department and the Water Resources Department are trending less than budget at 44.4 percent and 81.2 percent, respectively. As discussed with the Board in February, programmatic reductions of approximately \$1.4 million were identified in these two departments/programs to mitigate the anticipated deficit resulting from reduced water sales.

Leanne B. Wade, Controller

San Diego County Water Authority
Statements of Net Assets
As of June 30, and May 31, 2010
(Preliminary/Unaudited)

	June	May
Assets:		
Current assets:		
Cash and investments	\$ 80,351,088	\$ 85,915,922
Restricted cash and investments	582,174,310	580,884,581
Water receivables	77,471,087	68,655,528
Interest receivable	2,940,381	3,493,983
Taxes receivable	1,824,080	592,693
Other receivables	7,105,549	3,461,091
Inventories	25,398,574	24,078,799
Prepaid water	4,615,500	4,615,500
Total current assets	781,880,569	771,698,097
Noncurrent assets:		
Cash and investments	37,678,064	37,678,064
Restricted cash and investments	216,097,708	238,063,107
Deferred charges	159,238	210,696
Retention receivable	-	2,861,218
Long-term loan receivables	20,688,268	20,688,268
Unamortized bond issuance costs	17,282,596	17,650,114
Capital assets:		
Land	16,912,196	14,157,615
Construction in progress	1,325,432,129	1,399,823,811
Work in progress	641,065	749,017
Plant and equipment, net	1,177,684,914	1,143,069,469
Intangible assets, net	233,111,773	117,086,283
Total noncurrent assets	3,045,687,951	2,992,037,662
Total assets	3,827,568,520	3,763,735,759
Liabilities:		
Current liabilities:		
Accounts payable and other liabilities	71,836,072	55,851,900
Interest payable	19,035,842	8,947,510
Construction deposits	922,657	1,068,377
Commercial paper	460,000,000	460,000,000
Current portion of long-term liabilities	31,658,450	7,450,910
Total current liabilities	583,453,021	533,318,697
Noncurrent liabilities:		
Long-term liabilities	2,070,416,397	2,098,423,260
Total noncurrent liabilities	2,070,416,397	2,098,423,260
Total liabilities	2,653,869,418	2,631,741,957
Net assets:		
Invested in capital assets, net of related debt	300,062,920	221,162,758
Restricted for construction projects	729,201,937	749,274,185
Restricted for debt service	69,070,080	69,673,503
Unrestricted	75,364,165	91,883,356
Total net assets	\$ 1,173,699,102	\$ 1,131,993,802

San Diego County Water Authority
Statements of Revenues, Expenses, and Changes in Net Assets
Months Ended June 30, and May 31, 2010
(Preliminary/Unaudited)

	June	May
Operating revenues:		
Water sales	\$ 387,886,785	\$ 349,523,597
Total operating revenues	387,886,785	349,523,597
Operating expenses:		
Cost of sales	294,637,515	261,117,934
Depreciation expense	28,029,795	26,648,723
Operations and maintenance	15,482,609	13,223,089
Planning	8,642,260	6,935,175
General and administrative	15,270,175	13,554,177
Total operating expenses	362,062,354	321,479,098
Operating income	25,824,431	28,044,499
Nonoperating revenues (expenses):		
Property taxes and in-lieu charges	9,971,624	9,838,579
Infrastructure access charges	21,241,060	19,411,600
Investment income	5,217,031	8,069,737
Other income	10,801,527	7,387,339
Interest expense	(38,982,442) (1)	(81,681,361)
Other expenses	(12,045,909)	(9,949,588)
Total nonoperating revenues (expenses)	(3,797,109)	(46,923,694)
Income before capital contributions	22,027,322	(18,879,195)
Capital contributions:		
Capacity charges	10,298,928	10,303,930
Water standby availability charges	11,240,386	10,576,122
Contributions in aid of capital assets	3,467,011	3,327,490
Total capital contributions	25,006,325	24,207,542
Changes in net assets	47,033,647	5,328,347
Net assets at beginning of year	1,126,665,455	1,126,665,455
Net assets at end of month	\$ 1,173,699,102	\$ 1,131,993,802

(1) Interest expense, net of \$51,593,558 of interest capitalized in fiscal year 2010.

**San Diego County Water Authority
Schedule of Cash and Investments
As of June 30, and May 31, 2010**

	June	May
Operating Fund	\$ 53,890,016	\$ 58,992,252
Stored Water Fund	11,950,917	12,010,156
Equipment Replacement Fund	8,848,501	9,040,717
Rate Stabilization Fund	43,339,718	43,550,861
Total Unrestricted Funds *	118,029,152	123,593,986
Pay As You Go Fund*	141,791,485	142,068,038
CIP/Bond Construction Funds	587,410,453	607,206,147
Debt Service Reserve Funds	69,070,080	69,673,503
Total Restricted Funds	798,272,018	818,947,688
Total Cash and Investments	\$ 916,301,170	\$ 942,541,674

* Total Unrestricted Funds and the Pay As You Go Fund represent the Pooled Funds in the Treasurer's Report. The Treasurer's Report as of June 30, 2010 does not include a reimbursement from the CIP/Bond Construction Fund to the Pooled Funds of \$1.9 million for expenditures incurred.

**San Diego County Water Authority
Budget Status Report
For the 12 Months Ended June 30, 2010**

	Adopted Budget (n)	Year-to-Date Budget (a) 12/12 months (100%)	Actual Fiscal Year 2010 Revenues/Expenditures Period-to-Date Budgetary Basis	Actual Fiscal Year 2008 Revenues/Expenditures Period-to-Date Budgetary Basis	Remaining Budget	% Actual Revenues/Expenditures Period-to-Date Budgetary Basis
Revenues and Other Funding Sources/Uses						
Water sales	\$ 450,564,000	\$ 450,564,000 (b)	\$ 387,886,785	\$ 343,455,834	\$ 62,677,215	86.1%
Infrastructure access charges	21,292,000	21,292,000	21,241,060	17,457,819	50,940	99.8%
Property taxes and in-lieu charges	10,423,000 (c)	10,423,000	9,971,624	10,085,673	451,376	95.7%
Investment income	11,254,000 (d)	11,254,000	8,579,950	21,852,916	2,674,050	76.2%
Hydroelectric revenue	1,300,000 (e)	1,300,000	1,208,178	996,145	91,822	92.9%
Other income	12,932,000 (f)	12,932,000	9,593,349	8,079,942	3,338,651	74.2%
Capital contributions:						
Capacity charges	6,200,000 (g)	6,200,000	10,298,928	23,883,745	(4,098,928)	166.1%
Water standby availability charges	11,145,000 (h)	11,145,000	11,240,386	10,683,085	(95,386)	100.9%
Contributions in aid of CIP	90,000	90,000	3,467,011 (i)	2,005,958	(3,377,011)	3852.2%
Subtotal revenues and capital contributions	525,200,000	525,200,000	463,487,271	438,501,117	61,712,729	88.2%
Other funding sources/uses	250,978,000	250,978,000	183,728,413	169,735,758	67,249,587	73.2%
Total Revenues and Other Funding Sources/Uses	\$ 776,178,000	\$ 776,178,000	\$ 647,215,684	\$ 608,236,875	\$ 128,962,316	83.4%
Expenditures						
Water purchases & treatment	\$ 348,942,000	\$ 348,942,000 (b)	\$ 294,637,515	\$ 267,150,575	\$ 54,304,485	84.4%
Stored water purchases	4,840,000	4,840,000	-	10,000,000	4,840,000	0.0%
Capital improvement program (CIP)	258,590,000	258,590,000	206,576,416	194,454,349	52,013,584	79.9%
Debt service	93,043,000 (j)	93,043,000	84,680,904	92,964,074	8,362,096	91.0%
QSA mitigation	11,082,000 (k)	11,082,000	11,081,875	5,599,469	125	100.0%
Equipment replacement	1,678,000	1,678,000	1,250,445	399,185	427,555	74.5%
Other expenditures	12,823,000 (l)	12,823,000	9,593,485	5,565,050	3,229,515	74.8%
Operating departments/programs	45,180,000 (m)	45,180,000	39,395,044	32,104,173	5,784,956	87.2%
Total Expenditures	\$ 776,178,000	\$ 776,178,000	\$ 647,215,684	\$ 608,236,875	\$ 128,962,316	83.4%
Operating Departments/Programs						
Administrative Services	\$ 5,504,700	\$ 5,504,700	\$ 5,211,545	\$ 3,526,643	\$ 293,155	94.7%
Colorado River Programs	1,318,100	1,318,100	1,129,536	1,333,793	188,564	85.7%
Engineering	884,100	884,100	723,482	1,069,376	160,618	81.8%
Finance	2,219,000	2,219,000	2,091,347	1,702,997	127,653	94.2%
General Counsel	1,564,600	1,564,600	2,547,541	1,170,481	(982,941)	162.8%
General Manager & Board of Directors	2,563,900	2,563,900	2,486,961	2,222,859	76,939	97.0%
Human Resources	1,253,200	1,253,200	1,008,415	725,601	244,785	80.5%
MWD Program	1,303,100	1,303,100	1,305,389	779,923	(2,289)	100.2%
Operations & Maintenance	13,700,000	13,700,000	12,139,199	9,975,663	1,560,801	88.6%
Public Affairs	2,120,000	2,120,000	1,924,366	2,225,777	195,634	90.8%
Right of Way	2,779,300	2,779,300	2,619,929	1,878,400	159,371	94.3%
Water Conservation Program	5,118,200	5,118,200	2,270,062	1,776,520	2,848,138	44.4%
Water Resources	4,851,800	4,851,800	3,937,272	3,716,140	914,528	81.2%
Total Operating Departments/Programs	\$ 45,180,000 (m), (n)	\$ 45,180,000	\$ 39,395,044	\$ 32,104,173	\$ 5,784,956	87.2%

(a) Year-to-date budget amounts are 100 percent of the annual budget unless noted below.

(b) Water sales and water purchases are based on projected acre-feet per month. For seasonal water forecasts refer to the Cumulative Water Sales by Acre-Foot (AF) table.

(c) Property taxes are primarily received in December and April. In-lieu charges in the amount of \$407,321 are received quarterly.

(d) Investment income excludes unrealized gains or losses.

(e) Hydroelectric sales include Rancho Penasquitos Hydroelectric Plant.

(f) Other income includes grants, conservation programs and other miscellaneous revenues.

(g) Capacity charges are received quarterly in July, October, January and April.

(h) Water Standby availability charges are received in January and May.

(i) Contributions in aid of CIP includes East County Regional Treated Water Improvements.

(j) The majority of the Debt Service payments are due in October and April. Debt Service includes principal, interest expense, and debt service fees. Amortization expense relating to long-term debt, such as discounts, premiums, loss on refunding, and cost of issuance, are excluded.

(k) The QSA mitigation payments scheduled for FY2010 are: QSA-JPA payment of \$8.1M in December, and IID socioeconomic settlement payment of \$2.9M in June.

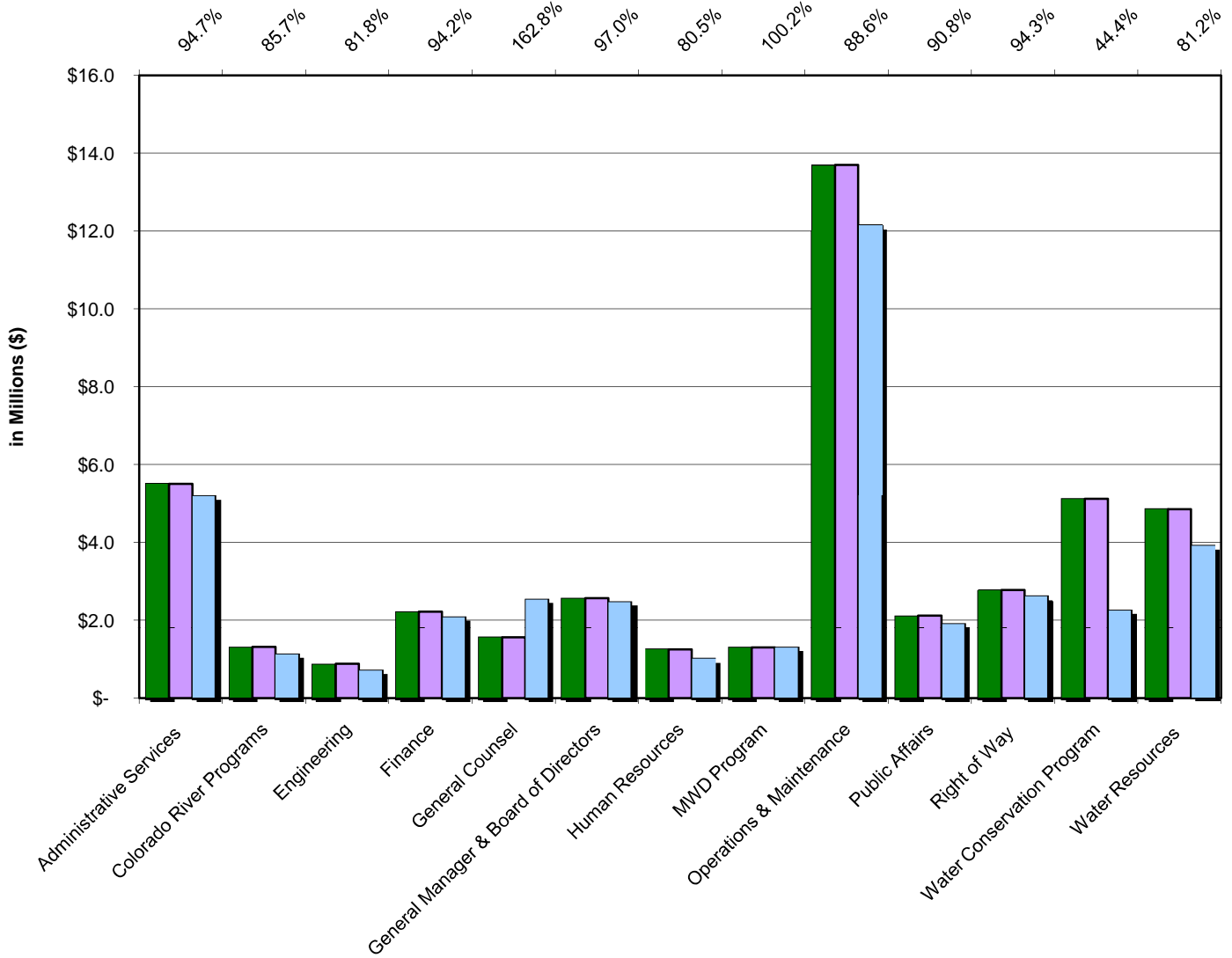
(l) Other expenditures include costs incurred for grants, conservation programs and other miscellaneous expenditures.

(m) Amounts include capital equipment purchases.

(n) Not inclusive of mid-term budget update effective July 1, 2010

**San Diego County Water Authority
 Comparison of Adopted Budget and Year-to-Date Budget (100% Overall)
 to Actual Operating Expenditures by Department
 For the 12 Months Ended June 30, 2010**

in Percentages (%)

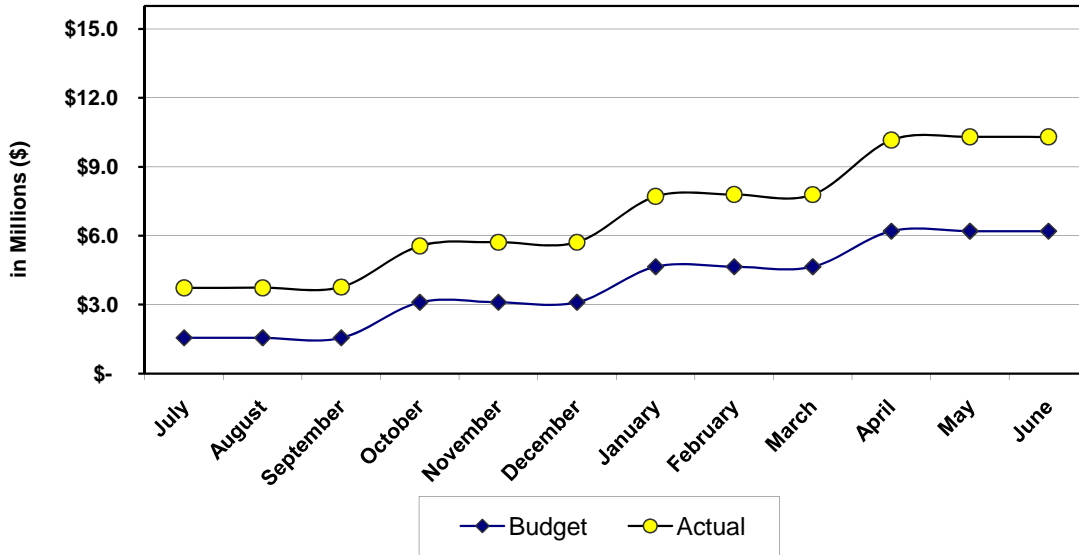


■ Adopted Budget

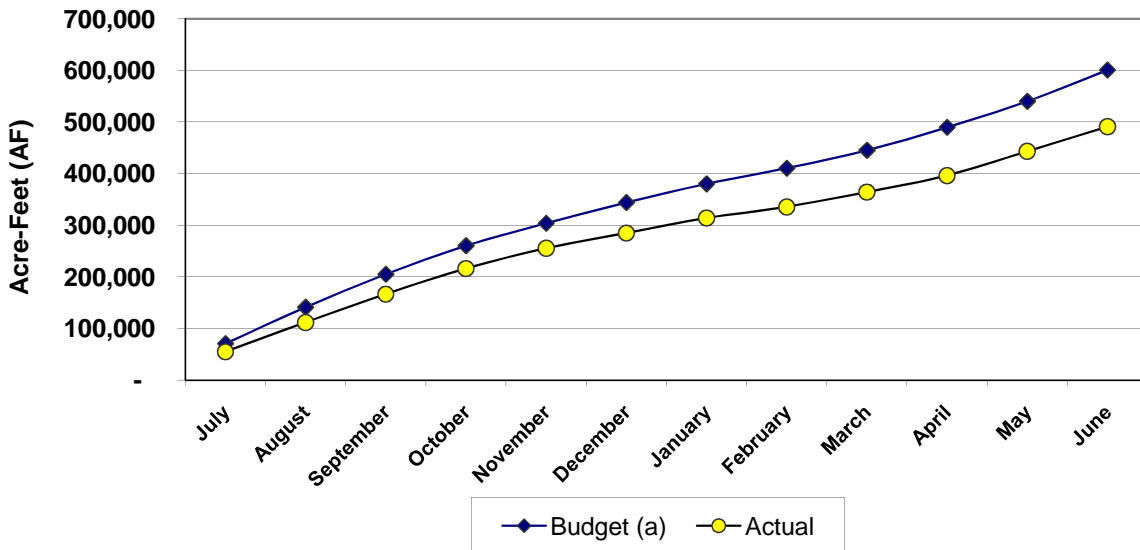
■ Year-To-Date Budget

■ Actual Operating Expenditures Period-to-Date

**CAPACITY CHARGES
Budget Versus Actual
for the 12 Months Ended June 30, 2010**



**WATER SALES
Budget Versus Actual
for the 12 Months Ended June 30, 2010**



Fiscal Year 2010 Cumulative Water Sales (AF)

Months	July	August	September	October	November	December	January	February	March	April	May	June
Budget (a)	70,476	140,959	204,870	260,170	303,733	343,957	380,091	410,411	445,174	489,533	540,069	600,753
Actual	54,717	111,476	166,277	215,946	255,185	284,634	313,779	335,473	364,072	396,215	443,165	490,817
AF Difference (b)	(15,759)	(29,483)	(38,593)	(44,224)	(48,548)	(59,323)	(66,312)	(74,938)	(81,102)	(93,318)	(96,904)	(109,936)
Cum. Actual AF % Difference (b/a)	-22.4%	-20.9%	-18.8%	-17.0%	-16.0%	-17.2%	-17.4%	-18.3%	-18.2%	-19.1%	-17.9%	-18.3%



San Diego County Water Authority

BOARD CALENDAR

OCTOBER 2010

- **6 MWD Delegates – 11:30 a.m.**
- **14 Tentative Special Board meeting – 1:30 p.m.**
- **28 Regular Board meeting – 3:00 p.m.**

NOVEMBER 2010

- **3 MWD Delegates – 11:30 a.m.**
- **8 Tentative Water Planning Committee –
Desalination Workshop – 1:30 p.m.**
- **18 Tentative Board Desalination Workshop –
1:30 p.m.**
- **(The combined November and December
Board meeting will be held on
December 9, 2010.)**

DECEMBER 2010

- **8 SCOOP – 9:30 a.m.**
- **8 MWD Delegates – 11:30 a.m.**
- **9 Combined November and December Board
meeting – 3:00 p.m.
(followed by Holiday reception)**

9/14/2010