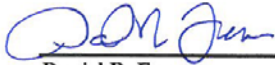


I hereby certify that the foregoing Agenda was posted at least 72 hours prior to the time of the Regular Meeting so noticed below, at the usual agenda posting location of the San Juan Basin Authority.



Daniel R. Ferons
SAN JUAN BASIN AUTHORITY
and the Board of Directors thereof

AGENDA

**SAN JUAN BASIN AUTHORITY
BOARD OF DIRECTORS' MEETING
SANTA MARGARITA WATER DISTRICT
BOARD ROOM
November 13, 2012
1:30 p.m.**

Upon Request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Daniel Ferons, Secretary, Board of Directors, at (949) 459-6590 at least 48 hours before the meeting if possible.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the Authority's business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. When practical, these public records will also be made available on the Santa Margarita Water District's Internet Web Site, accessible at <http://www.smwd.com>. All documents available for public review are on file with the Authority's Secretary located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688.

- I. CALL MEETING TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. ORAL COMMUNICATIONS

- A. Persons wishing address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request to be Heard" forms are available at the entrance to the Board Room. Comments are limited to three minutes, unless further time is granted by the Presiding Officer. Please submit the form to the Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any items listed on the Agenda should submit a "request to be Heard" form to the Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

I. CONSENT CALENDAR

- A. Consideration and Action on Minutes of Regular Meeting of September 11, 2012. **Page 4**

Staff Recommendation: Approve subject minutes.

- B. Consideration and Action on Monthly Financial Statements for June, July, August and September 2012 **Page 8**

Staff Recommendation: Receive and file the Monthly Financial Statements.

Note: Items on the CONSENT CALENDAR will be considered for approval without discussion in one vote. A Director may request that an item be taken off the Consent Calendar for full discussion.

[END OF CONSENT CALENDAR]

II. ACTION ITEMS

- A. Consideration and Action on Election of Chairman for Remainder of Fiscal Year 2012-2013 **Page 14**

Staff Recommendation: Elect the Chairman

- B. Consideration and Action on Resolution No. 2012-11-01 of the Board of Directors of the San Juan Basin Authority Concerning the Biennial Review of the Authority's Conflict of Interest Code **Page 15**

Staff Recommendation: Adopt Resolution No. 2012-11-01

- C. Consideration and Action on Independent Financial Audit for Fiscal Year 2011-2012 **Page 28**

Staff Recommendation: Receive and file.

III. CHAIRMAN'S REPORT

IV. ATTORNEY'S REPORT

VIII. OTHER MATTERS

- A. Open Discussion or items received too late to be agendized.

IX. INFORMATION ITEMS

- A. Update on Preparation of Groundwater Management Plan.

X. ADJOURNMENT

The next Regular Board of Directors' meeting is scheduled for **December 11, 2012 at 1:30 p.m.** at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.

III. ORAL COMMUNICATIONS

Chairperson Dunbar invited members of the public to address the Board on matters that were not on the agenda. There were no requests from meeting attendees to speak. Chairperson Dunbar proceeded with the meeting.

IV. CONSENT CALENDAR

Director Freese pulled items A and B. There were no objections.

Item A – Consideration and Action on Minutes of Regular Meeting of June 12, 2012.

Director Freese asked about the retention of the audio file of the SJBA meeting. Director Ferons responded that the audio file is retained for 30 days. That being said, Director Freese asked for more detail in the meeting minutes. There were no objections.

MOTION NO. 2012-08

Thereafter, upon a motion duly made by Director Freese, seconded by Director McKenney, to accept staff's recommendation to approve Item A of the Consent Calendar (Consideration and Action on Minutes of Regular Meeting of June 12, 2012.) Motion passed 4-0.

Item B - Consideration and Action on Monthly Financial Statements for June 2012.

Director Freese asked if the \$162,281 classified under PC-10, Monitoring, Engineering Expense was correct. Director Ferons responded that the expense belongs under Consulting Services. Staff was given direction to correct the entry.

In reviewing the check register, Director Freese asked for a brief explanation for each check entry. She questioned check #2525 to Fechter & Company. Director Ferons responded that Fechter & Company was the Authority's auditor. She also highlighted the checks made payable to PSOMAS and asked for a brief explanation for the item. Director Freese noted these descriptive elements are important for future referrals. Treasurer Kristin Griffith confirmed these changes will be made as requested.

It was noted that the PSOMAS charges are recorded to contingency. Director Ferons commented that the PSOMAS work is in relation to the collection of historical work, monitoring and modeling.

Director McKenney asked if the members had been billed for FY 2012-2013. Ms. Griffith responded yes and the member invoices were reduced to defer invoicing the \$100,000 in additional funds for the Groundwater Management Plan.

Action was deferred on the unaudited June 2012 financial report to receive an updated set of reports.

V. ACTION ITEMS

- A. Receive and File Presentation on San Juan Basin Groundwater Modeling by Karl Seckel of Municipal Water District of Orange County/Geoscience

Chairman Dunbar introduced Mr. Seckel who proceeded with the presentation. It was noted this is a draft and summary presentation.

Mr. Seckel identified two disclaimers regarding this presentation:

1. Modeling results are not absolutes, but are indications of what is to be expected.
2. The information provided at this meeting was presented to the Model Advisory Committee (MAC) on September 6, 2012. A complete review of the information has not yet occurred.

He continued with the presentation. Copies of the presentation were distributed at the meeting. Mr. Seckel responded to questions from the Board and from attendees at the meeting. The Board thanked Mr. Seckel for the presentation.

VI. CHAIRMAN'S REPORT

There was no report for this meeting.

VII. ATTORNEY'S REPORT

Attorney Burns noted the biennial review of the Conflict of Interest policy will be presented at the next meeting.

VIII. OTHER MATTERS

- A. Open Discussion or items received too late to be agendaized.

Director McKenney asked when the Board would address the strategic and governance planning for the SJBA.

Director Feron noted the discussion is planned to begin October/November.

IX. INFORMATION ITEMS

- A. Update on Preparation of Groundwater Management Plan.

Mark Wildermuth provided an update on the San Juan Basin Groundwater Management and Facilities Plan.

He reviewed the objectives:

- Develop a comprehensive state-of-basin assessment.
- Update management goals of the SJBA
- Develop and evaluate alternative management plans
- Document the updated plan

He reviewed management elements:

- Increase Stormwater Recharge
- Improve the robustness of groundwater pumping capacity
- Trout habitat

Current schedule is to produce an administrative draft by the end of September which will include:

- State of the Basin
- Management Goals
- Management Plan alternatives
- Evaluation of the alternatives

Mr. Wildermuth responded to questions.

Director Freese recommended holding monthly SJBA meetings and plan updates until the plan is finalized. There were no objections.

X. ADJOURNMENT

There being no further business before the Board the meeting was adjourned at 3:06 p.m.

The next Regular Board of Directors' meeting is scheduled for **October 9, 2012 at 1:30 p.m.** at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.

Respectfully submitted,
Sharon D. Brimer, Recording Secretary

The next Regular Board of Directors' meeting is scheduled for October 9, 2012 at 1:30 p.m. at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.

I DO HEREBY CERTIFY that the foregoing Minutes are true and correct copy of the Minutes adopted by the Board of Directors of the SAN JUAN BASIN AUTHORITY.

Daniel R. Feron, Administrator
SAN JUAN BASIN AUTHORITY

**San Juan Basin Authority
Financial Statements
June 2012**

	General Fund	P.C. 1 Ortega Well	P.C. 4 Desalter	P.C. 4 Debt Svc	P.C. 9 Well Field	P.C. 10 Monitoring	P.C.11 Future Projects	P.C. 13 USGS Co-Op GIS	Total
ASSETS									
Cash and Investments	\$ 106,555	\$ -	\$ 42,346	\$ -	\$ -	\$ 182,502	\$ 3,816	\$ 49,039	\$ 384,258
Cash and Investment-Restricted for Debt Service	-	-	-	2,385,405	-	-	-	-	2,385,405
Accounts Receivable - Lease prin	-	-	-	23,348,140	-	-	-	-	23,348,140
Prepays	-	-	-	-	-	-	-	8,133	8,133
Utility Plant in Service	147,274	493,254	-	-	489,004	42,187	-	-	1,171,719
(Less) Accumulated Depreciation	(147,274)	(421,179)	-	-	(459,365)	(42,187)	-	-	(1,070,005)
TOTAL ASSETS	\$ 106,555	\$ 72,075	\$ 42,346	\$ 25,733,545	\$ 29,639	\$ 182,502	\$ 3,816	\$ 57,172	\$ 26,227,650
LIABILITIES AND FUND EQUITIES									
Current - Accounts Payable	\$ 17,996	\$ -	\$ 762	\$ 107,970	\$ -	\$ 27,989	\$ -	\$ 24,850	\$ 179,567
Current - Bonds Payable	-	-	-	955,000	-	-	-	-	955,000
Bonds Payable	-	-	-	24,780,000	-	-	-	-	24,780,000
TOTAL LIABILITIES	17,996	-	762	25,842,970	-	27,989	-	24,850	25,914,567
FUND EQUITIES									
Contributed Capital - Fund Balance	\$ -	\$ -	\$ -	\$ 4,413	\$ -	\$ -	\$ -	\$ -	\$ 4,413
SMWD	14,338	41,803	-	-	16,988	28,405	954	6,670	109,158
MNWD	15,390	-	-	-	-	44,805	954	7,756	68,905
CITY OF SAN JUAN CAPISTRANO	15,374	41,804	36,689	-	16,989	49,899	954	7,756	169,465
SCWD	15,811	-	-	-	-	14,693	954	8,840	40,298
Current Year Fund Balance	27,646	(11,532)	4,895	(113,838)	(4,338)	16,711	-	1,300	(79,156)
TOTAL FUND EQUITIES	88,559	72,075	41,584	(109,425)	29,639	154,513	3,816	32,322	313,083
TOTAL LIABILITIES AND FUND EQUITIES	\$ 106,555	\$ 72,075	\$ 42,346	\$ 25,733,545	\$ 29,639	\$ 182,502	\$ 3,816	\$ 57,172	\$ 26,227,650
REVENUES									
Investment Income	\$ 23	\$ -	\$ -	\$ 104,601	\$ -	\$ -	\$ -	\$ -	\$ 104,624
Investment Income - Lease	-	-	-	1,204,689	-	-	-	-	1,204,689
Special assessments	93,225	-	44,000	-	-	224,000	-	28,500	389,725
TOTAL REVENUES	\$ 93,248	\$ -	\$ 44,000	\$ 1,309,290	\$ -	\$ 224,000	\$ -	\$ 28,500	\$ 1,699,038
EXPENDITURES-OPERATING									
Consulting Services	25,027	\$ -	\$ 8,636	\$ -	\$ -	\$ 162,281	\$ -	\$ 24,850	\$ 220,794
Accounting Expense	13,950	-	-	-	-	-	-	-	13,950
Legal Fees	4,010	-	-	-	-	-	-	-	4,010
Dues	1,615	-	-	-	-	-	-	-	1,615
TOTAL EXPENDITURES-OPERATING	44,602	-	8,636	-	-	162,281	-	24,850	240,369
EXPENDITURES NON-OPERATING									
Depreciation Expense	\$ -	\$ 11,532	\$ -	\$ -	\$ 4,338	\$ 2,431	\$ -	\$ -	\$ 18,301
Debt Service and Interest Expense	-	-	-	1,423,128	-	-	-	-	1,423,128
Member Agency Distributions	21,000	-	30,469	-	-	42,577	-	2,350	96,396
TOTAL EXPENDITURES NON-OPERATING	21,000	11,532	30,469	1,423,128	4,338	45,008	-	2,350	1,537,825
TOTAL EXPENDITURES	\$ 65,602	\$ 11,532	\$ 39,105	\$ 1,423,128	\$ 4,338	\$ 207,289	\$ -	\$ 27,200	\$ 1,778,194
TRANSFERS									
Miscellaneous Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME/(LOSS)	\$ 27,646	\$ (11,532)	\$ 4,895	\$ (113,838)	\$ (4,338)	\$ 16,711	\$ -	\$ 1,300	\$ (79,156)

**SAN JUAN BASIN AUTHORITY
OPERATING BUDGET DETAIL/CHECK REGISTER
AS OF JUNE 30, 2012**

				GENERAL FUND (21)					(021)	PC 4 DESALTER (22)	(022)		
BUDGET				Financial	Legal Fees	Secretarial	Audit	Misc	Consulting Svcs	TOTAL	Veg Monitoring	TOTAL	
Ck #	Date	Vendor	CHECK AMOUNT	Prior Yr Expenses	\$ 6,225.00	\$ 7,000.00	\$ 4,000.00	\$ 10,000.00	\$ -	\$ 66,000.00	\$ 93,225.00	\$ 44,000.00	\$ 44,000.00
		ACCRUALS BAL FWD Prior Year		109,953.42									
2512	7/18/2011	WILDERMUTH ENVIRONMENTAL	52,130.91	(52,130.91)									
2513	8/15/2011	U.S. GEOLOGICAL SURVEY	24,650.00	(24,650.00)									
2514	8/18/2011	SHARON BRIMER	200.00	(200.00)									
2515	8/18/2011	STRADLING YOCCA CARLSON & RAUTH	649.00	(649.00)									
2516		VOID											
2517	8/18/2011	WILDERMUTH ENVIRONMENTAL	13,479.64	(13,479.64)									
2518		VOID											
2519	9/29/2011	WILDERMUTH ENVIRONMENTAL	25,803.48	(10,506.32)									
2520	10/13/2011	PSOMAS- GWMP & CASGEM	5,500.00					5,500.00		5,500.00			
2521	11/14/2011	WILDERMUTH ENVIRONMENTAL	5,872.37								847.35	847.35	
2522	11/14/2011	PSOMAS- GWMP & CASGEM	880.00						880.00	880.00			
2523	11/14/2011	STRADLING YOCCA CARLSON & RAUTH	84.20			84.20				84.20			
2524	11/17/2011	WILDERMUTH ENVIRONMENTAL	29,632.22								1,520.12	1,520.12	
2525	11/17/2011	FECHTER & COMPANY- ANNUAL FIN AUDIT	5,800.00	(5,800.00)									
2526	11/17/2011	SANTA MARGARITA WATER DISTRICT	2,619.27	(2,537.55)			81.72			81.72			
2527	11/17/2011	ST WATER RESOURCES CONTROL BRD	684.60					684.60		684.60			
2528		VOID											
2529	12/8/2011	PSOMAS- GWMP & CASGEM	5,500.00						5,500.00	5,500.00			
2530	12/8/2011	WILDERMUTH ENVIRONMENTAL	9,191.06										
2531	2/7/2012	STRADLING YOCCA CARLSON & RAUTH	1,593.00			1,593.00				1,593.00			
2532	2/7/2012	SHARON BRIMER	310.00			310.00				310.00			
2533	2/7/2012	WILDERMUTH ENVIRONMENTAL	15,469.46								1,339.27	1,339.27	
2534	2/28/2012	SHARON BRIMER	160.00			160.00				160.00			
2535	2/28/2012	WILDERMUTH ENVIRONMENTAL	25,482.25								582.59	582.59	
2536	2/28/2012	PSOMAS - GWMP	8,580.00						8,580.00	8,580.00			
2537	4/2/2012	WILDERMUTH ENVIRONMENTAL	8,959.02										
2538	4/2/2012	STRADLING YOCCA CARLSON & RAUTH	55.50			55.50				55.50			
2539	5/3/2012	PSOMAS-GWMP/MEETING GSSI	1,760.00						1,760.00	1,760.00			
2540	5/3/2012	WILDERMUTH ENVIRONMENTAL	32,261.96								3,585.05	3,585.05	
2541	5/21/2012	DOMAIN REGISTRY OF AMERICA	60.00					60.00		60.00			
2542	5/21/2012	STRADLING YOCCA CARLSON & RAUTH	1,357.00			1,357.00				1,357.00			
		Prior year pending payment		(0.00)									
		Accruals from FY 11/12			8,150.00	921.00	220.00	5,800.00	98	2,808.00	17,997.00	762.00	762.00
		BUDGET REMAINING 2011.12			(1,925.00)	2,989.30	3,228.28	4,200.00	(6,342.60)	46,472.00	48,621.98	35,363.62	35,363.62

BUDGET				PC 10 MONITORING		(10)	PC 13 USGS CO-OP	(13)	(31)	TOTAL BUDGET
Ck #	Date	Vendor		Grdwtr monitoring	Grnd Mgmt Plan	TOTAL	Lp Agree	Stm Gauging	Debt Svc Pmts	Used/Remaining
				\$ 124,000.00	\$ 181,249.00	\$ 305,249.00	\$ 28,500.00	\$ 28,500.00		\$ 470,974.00
2512	7/18/2011	WILDERMUTH ENVIRONMENTAL				-				-
2513	8/15/2011	U.S. GEOLOGICAL SURVEY				-				-
2514	8/18/2011	SHARON BRIMER				-				-
2515	8/18/2011	STRADLING YOCCA CARLSON & RAUTH				-				-
2516		VOID				-				-
2517	8/18/2011	WILDERMUTH ENVIRONMENTAL				-				-
2518		VOID				-				-
2519	9/29/2011	WILDERMUTH ENVIRONMENTAL		3,865.45	11,431.71	15,297.16				(15,297.16)
2520	10/13/2011	PSOMAS- GWMP & CASGEM				-				(5,500.00)
2521	11/14/2011	WILDERMUTH ENVIRONMENTAL		1,453.82	3,571.20	5,025.02				(5,872.37)
2522	11/14/2011	PSOMAS- GWMP & CASGEM				-				(880.00)
2523	11/14/2011	STRADLING YOCCA CARLSON & RAUTH				-				(84.20)
2524	11/17/2011	WILDERMUTH ENVIRONMENTAL		5,006.80	23,105.30	28,112.10				(29,632.22)
2525	11/17/2011	FECHTER & COMPANY- ANNUAL FIN AUDIT				-				-
2526	11/17/2011	SANTA MARGARITA WATER DISTRICT				-				(81.72)
2527	11/17/2011	ST WATER RESOURCES CONTROL BRD				-				(684.60)
2528	1/0/1900	VOID				-				-
2529	12/8/2011	PSOMAS- GWMP & CASGEM				-				(5,500.00)
2530	12/8/2011	WILDERMUTH ENVIRONMENTAL		1,674.87	7,516.19	9,191.06				(9,191.06)
2531	2/7/2012	STRADLING YOCCA CARLSON & RAUTH				-				(1,593.00)
2532	2/7/2012	SHARON BRIMER				-				(310.00)
2533	2/7/2012	WILDERMUTH ENVIRONMENTAL		11,505.19	2,625.00	14,130.19				(15,469.46)
2534	2/28/2012	SHARON BRIMER				-				(160.00)
2535	2/28/2012	WILDERMUTH ENVIRONMENTAL		14,286.57	10,613.09	24,899.66				(25,482.25)
2536	2/28/2012	PSOMAS - GWMP				-				(8,580.00)
2537	4/2/2012	WILDERMUTH ENVIRONMENTAL			8,959.02	8,959.02				(8,959.02)
2538	4/2/2012	STRADLING YOCCA CARLSON & RAUTH				-				(55.50)
2539	5/3/2012	PSOMAS-GWMP/MEETING GSSI				-				(1,760.00)
2540	5/3/2012	WILDERMUTH ENVIRONMENTAL		2,905.41	25,771.50	28,676.91				(32,261.96)
2541	5/21/2012	DOMAIN REGISTRY OF AMERICA				-				(60.00)
2542	5/21/2012	STRADLING YOCCA CARLSON & RAUTH				-				(1,357.00)
		Accruals from FY 11/12		17,510.00	10,479.00	27,989.00	24,850.00	24,850.00	105,020.00	176,618.00
		BUDGET REMAINING		65,791.89	77,176.99	142,968.88	3,650.00	3,650.00	-	230,604.48

**San Juan Basin Authority
Financial Statements
July 2012**

	General Fund	P.C. 1 Ortega Well	P.C. 4 Desalter	P.C. 4 Debt Svc	P.C. 9 Well Field	P.C. 10 Monitoring	P.C.11 Future Projects	P.C. 13 USGS Co-Op GIS	Total
ASSETS									
Cash and Investments	\$ 102,449	\$ -	\$ 41,584	\$ -	\$ -	\$ 154,513	\$ 3,816	\$ 49,039	\$ 351,401
Cash and Investment-Restricted for Debt Service	-	-	-	2,385,405	-	-	-	-	2,385,405
Accounts Receivable - Lease prin	-	-	-	23,348,140	-	-	-	-	23,348,140
Utility Plant in Service	147,274	493,254	-	-	489,004	42,187	-	-	1,171,719
(Less) Accumulated Depreciation	(147,274)	(422,140)	-	-	(459,727)	(42,187)	-	-	(1,071,328)
TOTAL ASSETS	\$ 102,449	\$ 71,114	\$ 41,584	\$ 25,733,545	\$ 29,277	\$ 154,513	\$ 3,816	\$ 49,039	\$ 26,185,337
LIABILITIES AND FUND EQUITIES									
Current - Accounts Payable	\$ 13,985	\$ -	\$ -	\$ 215,941	\$ -	\$ 4,981	\$ -	\$ 24,850	\$ 259,757
Bonds Payable	-	-	-	25,735,000	-	-	-	-	25,735,000
TOTAL LIABILITIES	13,985	-	-	25,950,941	-	4,981	-	24,850	25,994,757
FUND EQUITIES									
SMWD	\$ 21,249	\$ 36,037	\$ 10,396	\$ -	\$ 14,820	\$ 32,582	\$ 954	\$ 6,671	\$ 122,709
MNWD	22,301	-	10,396	-	-	48,983	954	8,081	90,715
CITY OF SAN JUAN CAPISTRANO	22,285	36,038	10,396	(109,425)	14,820	54,076	954	8,081	37,225
SCWD	22,723	-	10,396	-	-	18,871	954	9,490	62,434
Current Year Fund Balance	(94)	(961)	-	(107,971)	(363)	(4,980)	-	(8,134)	(122,503)
TOTAL FUND EQUITIES	88,464	71,114	41,584	(217,396)	29,277	149,532	3,816	24,189	190,580
TOTAL LIABILITIES AND FUND EQUITIES	\$ 102,449	\$ 71,114	\$ 41,584	\$ 25,733,545	\$ 29,277	\$ 154,513	\$ 3,816	\$ 49,039	\$ 26,185,337
REVENUES									
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES-OPERATING									
Consulting Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,980	\$ -	\$ 8,134	\$ 13,114
Legal Fees	94	-	-	-	-	-	-	-	94
TOTAL EXPENDITURES-OPERATING	94	-	-	-	-	4,980	-	8,134	13,208
EXPENDITURES NON-OPERATING									
Depreciation Expense	\$ -	\$ 961	\$ -	\$ -	\$ 363	\$ -	\$ -	\$ -	\$ 1,324
Debt Service and Interest Expense	-	-	-	107,971	-	-	-	-	107,971
TOTAL EXPENDITURES NON-OPERATING	-	961	-	107,971	363	-	-	-	109,295
TOTAL EXPENDITURES	\$ 94	\$ 961	\$ -	\$ 107,971	\$ 363	\$ 4,980	\$ -	\$ 8,134	\$ 122,503
NET INCOME/(LOSS)	\$ (94)	\$ (961)	\$ -	\$ (107,971)	\$ (363)	\$ (4,980)	\$ -	\$ (8,134)	\$ (122,503)

**San Juan Basin Authority
Financial Statements
August 2012**

	General Fund	P.C. 1 Ortega Well	P.C. 4 Desalter	P.C. 4 Debt Svc	P.C. 9 Well Field	P.C. 10 Monitoring	P.C.11 Future Projects	P.C. 13 USGS Co-Op GIS	Total
ASSETS									
Cash and Investments	\$ 102,449	\$ -	\$ 41,584	\$ -	\$ -	\$ 154,513	\$ 3,816	\$ 49,039	\$ 351,401
Cash and Investment-Restricted for Debt Service	-	-	-	2,385,405	-	-	-	-	2,385,405
Accounts Receivable	132,125	-	25,000	-	-	75,000	-	29,000	261,125
Accounts Receivable - Lease prin	-	-	-	23,348,140	-	-	-	-	23,348,140
Utility Plant in Service	147,274	493,254	-	-	489,004	42,187	-	-	1,171,719
(Less) Accumulated Depreciation	(147,274)	(423,101)	-	-	(460,088)	(42,187)	-	-	(1,072,650)
TOTAL ASSETS	\$ 234,574	\$ 70,153	\$ 66,584	\$ 25,733,545	\$ 28,916	\$ 229,513	\$ 3,816	\$ 78,039	\$ 26,445,140
LIABILITIES AND FUND EQUITIES									
Current - Accounts Payable	\$ 14,579	\$ -	\$ 2,288	\$ 323,912	\$ -	\$ 14,276	\$ -	\$ 24,850	\$ 379,905
Bonds Payable	-	-	-	25,735,000	-	-	-	-	25,735,000
TOTAL LIABILITIES	14,579	-	2,288	26,058,912	-	14,276	-	24,850	26,114,905
FUND EQUITIES									
SMWD	\$ 21,249	\$ 36,037	\$ 10,396	\$ -	\$ 14,820	\$ 32,582	\$ 954	\$ 6,671	\$ 122,709
MNWD	22,301	-	10,396	-	-	48,983	954	8,081	90,715
CITY OF SAN JUAN CAPISTRANO	22,285	36,038	10,396	(109,425)	14,820	54,076	954	8,081	37,225
SCWD	22,723	-	10,396	-	-	18,871	954	9,490	62,434
Current Year Fund Balance	131,437	(1,922)	22,712	(215,942)	(724)	60,725	-	20,866	17,152
TOTAL FUND EQUITIES	219,995	70,153	64,296	(325,367)	28,916	215,237	3,816	53,189	330,235
TOTAL LIABILITIES AND FUND EQUITIES	\$ 234,574	\$ 70,153	\$ 66,584	\$ 25,733,545	\$ 28,916	\$ 229,513	\$ 3,816	\$ 78,039	\$ 26,445,140
REVENUES									
Special assessments	\$ 132,125	\$ -	\$ 25,000	\$ -	\$ -	\$ 75,000	\$ -	\$ 29,000	\$ 261,125
TOTAL REVENUES	\$ 132,125	\$ -	\$ 25,000	\$ -	\$ -	\$ 75,000	\$ -	\$ 29,000	\$ 261,125
EXPENDITURES-OPERATING									
Consulting Services	\$ -	\$ -	\$ 2,288	\$ -	\$ -	\$ 14,275	\$ -	\$ 8,134	\$ 24,697
Legal Fees	688	-	-	-	-	-	-	-	688
TOTAL EXPENDITURES-OPERATING	688	-	2,288	-	-	14,275	-	8,134	25,385
EXPENDITURES NON-OPERATING									
Depreciation Expense	\$ -	\$ 1,922	\$ -	\$ -	\$ 724	\$ -	\$ -	\$ -	\$ 2,646
Debt Service and Interest Expense	-	-	-	215,942	-	-	-	-	215,942
TOTAL EXPENDITURES NON-OPERATING	-	1,922	-	215,942	724	-	-	-	218,588
TOTAL EXPENDITURES	\$ 688	\$ 1,922	\$ 2,288	\$ 215,942	\$ 724	\$ 14,275	\$ -	\$ 8,134	\$ 243,973
NET INCOME/(LOSS)	\$ 131,437	\$ (1,922)	\$ 22,712	\$ (215,942)	\$ (724)	\$ 60,725	\$ -	\$ 20,866	\$ 17,152

**San Juan Basin Authority
Financial Statements
September 2012**

	General Fund	P.C. 1 Ortega Well	P.C. 4 Desalter	P.C. 4 Debt Svc	P.C. 9 Well Field	P.C. 10 Monitoring	P.C.11 Future Projects	P.C. 13 USGS Co-Op GIS	Total
ASSETS									
Cash and Investments	\$ 135,507	\$ -	\$ 47,834	\$ -	\$ -	\$ 173,263	\$ 3,816	\$ 31,439	\$ 391,859
Cash and Investment-Restricted for Debt Service	-	-	-	2,385,405	-	-	-	-	2,385,405
Accounts Receivable	99,094	-	18,750	-	-	56,250	-	21,750	195,844
Accounts Receivable - Lease prin	-	-	-	23,348,140	-	-	-	-	23,348,140
Utility Plant in Service	147,274	493,254	-	-	489,004	42,187	-	-	1,171,719
(Less) Accumulated Depreciation	(147,274)	(424,062)	-	-	(460,450)	(42,187)	-	-	(1,073,973)
TOTAL ASSETS	\$ 234,601	\$ 69,192	\$ 66,584	\$ 25,733,545	\$ 28,554	\$ 229,513	\$ 3,816	\$ 53,189	\$ 26,418,994
LIABILITIES AND FUND EQUITIES									
Current - Accounts Payable	\$ 14,808	\$ -	\$ 2,288	\$ 431,882	\$ -	\$ 29,710	\$ -	\$ -	\$ 478,688
Bonds Payable	-	-	-	25,735,000	-	-	-	-	25,735,000
TOTAL LIABILITIES	14,808	-	2,288	26,166,882	-	29,710	-	-	26,213,688
FUND EQUITIES									
SMWD	\$ 21,249	\$ 36,037	\$ 10,396	\$ -	\$ 14,820	\$ 32,582	\$ 954	\$ 6,671	\$ 122,709
MNWD	22,301	-	10,396	-	-	48,983	954	8,081	90,715
CITY OF SAN JUAN CAPISTRANO	22,285	36,038	10,396	(109,425)	14,820	54,076	954	8,081	37,225
SCWD	22,723	-	10,396	-	-	18,871	954	9,490	62,434
Current Year Fund Balance	131,235	(2,883)	22,712	(323,912)	(1,086)	45,291	-	20,866	(107,777)
TOTAL FUND EQUITIES	219,793	69,192	64,296	(433,337)	28,554	199,803	3,816	53,189	205,306
TOTAL LIABILITIES AND FUND EQUITIES	\$ 234,601	\$ 69,192	\$ 66,584	\$ 25,733,545	\$ 28,554	\$ 229,513	\$ 3,816	\$ 53,189	\$ 26,418,994
REVENUES									
Special assessments	\$ 132,125	\$ -	\$ 25,000	\$ -	\$ -	\$ 75,000	\$ -	\$ 29,000	\$ 261,125
TOTAL REVENUES	\$ 132,125	\$ -	\$ 25,000	\$ -	\$ -	\$ 75,000	\$ -	\$ 29,000	\$ 261,125
EXPENDITURES-OPERATING									
Consulting Services	\$ 203	\$ -	\$ 2,288	\$ -	\$ -	\$ 29,709	\$ -	\$ 8,134	\$ 40,334
Legal Fees	687	-	-	-	-	-	-	-	687
TOTAL EXPENDITURES-OPERATING	890	-	2,288	-	-	29,709	-	8,134	41,021
EXPENDITURES NON-OPERATING									
Depreciation Expense	\$ -	\$ 2,883	\$ -	\$ -	\$ 1,086	\$ -	\$ -	\$ -	\$ 3,969
Debt Service and Interest Expense	-	-	-	323,912	-	-	-	-	323,912
TOTAL EXPENDITURES NON-OPERATING	-	2,883	-	323,912	1,086	-	-	-	327,881
TOTAL EXPENDITURES	\$ 890	\$ 2,883	\$ 2,288	\$ 323,912	\$ 1,086	\$ 29,709	\$ -	\$ 8,134	\$ 368,902
NET INCOME/(LOSS)	\$ 131,235	\$ (2,883)	\$ 22,712	\$ (323,912)	\$ (1,086)	\$ 45,291	\$ -	\$ 20,866	\$ (107,777)

**SAN JUAN BASIN AUTHORITY
OPERATING BUDGET DETAIL/CHECK REGISTER
AS OF SEPTEMBER 30, 2012**

					GENERAL FUND (21)					(021)	PC 4 DESALTER (22)	(022)	
					Financial	Legal Fees	Secretarial	Audit	Misc	Proj Mgmt Svcs	TOTAL	Veg Monitoring	TOTAL
BUDGET					\$ 6,225.00	\$ 15,000.00	\$ 4,400.00	\$ 6,500.00	\$ -	\$ 100,000.00	\$ 132,125.00	\$ 25,000.00	\$ 25,000.00
Ck #	Date	Vendor	CHECK AMOUNT	Prior Yr Expenses									
		ACCRUALS BAL FWD Prior Year		179,568.63							-		-
2543	7/26/2012	Santa Margarita Water District	98.40	(98.40)							-		-
2544	7/26/2012	Stradling Yocca Carlson & Rauth	979.76	(920.76)		59.00					59.00		-
2545	7/26/2012	Sharon Brimer	220.00	(220.00)							-		-
2546	7/26/2012	Psomas-Misc review of Wtr Rights file	2,807.92	(2,807.92)							-		-
2547	7/26/2012	Wildermuth Environmental	28,751.43	(28,751.43)							-		-
2548	9/4/2012	U.S. Geology Survey	24,850.00	(24,850.00)							-		-
2549	9/5/2012	Stradling Yocca Carlson & Rauth	34.10			34.10					34.10		-
		Reversal of D.S. accrual	107,970.63	(107,970.63)							-		-
		Prior year pending accrual balance		13,949.49							-		-
		Adjustment from FY 2010 prepd acct		8,134.00							-		-
		Accrual from FY 12.13				594.00	264.00				858.00	2,288.38	2,288.38
BUDGET REMAINING 2012.13					\$ 6,225.00	\$ 14,312.90	\$ 4,136.00	\$ 6,500.00	\$ -	\$ 100,000.00	\$ 131,173.90	\$ 22,711.62	\$ 22,711.62

					PC 10 MONITORING		(10)	PC 13 USGS CO-OP	(13)	(31)	TOTAL BUDGET
					Grdwtr monitoring	Grnd Mgmt Plan	TOTAL	Lp Agree Stm Gauging	TOTAL	Debt Svc Pmts	Used/Remaining
BUDGET					\$ 75,000.00	\$ 100,000.00	\$ 175,000.00	\$ 29,000.00	\$ 29,000.00		\$ 361,125.00
Ck #	Date	Vendor									
											-
2543	7/26/2012	Santa Margarita Water District									-
2544	7/26/2012	Stradling Yocca Carlson & Rauth									(59.00)
2545	7/26/2012	Sharon Brimer									-
2546	7/26/2012	Psomas-Misc review of Wtr Rights file									-
2547	7/26/2012	Wildermuth Environmental									-
2548	9/4/2012	U.S. Geology Survey									-
2549	9/5/2012	Stradling Yocca Carlson & Rauth									(34.10)
		Adjustment from FY 2010 prepd acct					8,134.00	8,134.00			(8,134.00)
		Accruals from FY 2012.13			18,729.85	10,980.00	29,709.85			**431,882.00	(32,856.23)
BUDGET REMAINING 2012.13					\$ 56,270.15	\$ 89,020.00	\$ 145,290.15	\$ 20,866.00	\$ 20,866.00	\$ -	\$ 320,041.67

** Debt Service is not included in the budget - it is paid by the City of San Juan Capistrano separately



SAN JUAN BASIN AUTHORITY

26111 Antonio Parkway • Rancho Santa Margarita, CA 92688 (949) 459-6400 FAX (949) 459-6463

TO: Board of Directors **DATE:** November 13, 2012
FROM: Dan Ferons
SUBJECT: Election of Chairman for Remainder of Fiscal Year 2012-2013

SUMMARY

Issue: Mike Dunbar no longer represents the South Coast Water District and the Authority is required to elect a Chairman to replace him.

Recommendation: Elect the Chairman.

Fiscal Impact: No fiscal impact.

Previously Related Action: The Authority annually appoints officers.

DISCUSSION

The election of the Chairman requires a nomination and second by the Authority Directors. The term will be through June 2013.

P:\SJBA\Staff Reports\2012 11 13 appointment of officer.doc.cl



SAN JUAN BASIN AUTHORITY

26111 Antonio Parkway • Rancho Santa Margarita, CA 92688 (949) 459-6400 FAX (949) 459-6463

TO: Board of Directors **DATE:** November 13, 2012

FROM: Dan Ferons

SUBJECT: Consideration and Action on Resolution No. 2012-11-01 of the Board of Directors of the San Juan Basin Authority Concerning the Biennial Review of the Authority's Conflict of Interest Code

SUMMARY

Issue: The Authority is required to consider its Conflict of Interest Code every two years.

Recommendation: Adopt the Resolution.

Fiscal Impact: No fiscal impact

Previously Related Action: The Authority considers the Code every two years.

DISCUSSION

Allison Burns, General Counsel, will be present to discuss the adoption of the Resolution.

P:\SJBA\Staff Reports\2012 11 13 biennial code of conduct staff memo.doc.cl

RESOLUTION NO. 2012-11-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN JUAN BASIN AUTHORITY CONCERNING THE
BIENNIAL REVIEW OF THE AUTHORITY'S CONFLICT OF
INTEREST CODE**

WHEREAS, the Political Reform Act of 1974, Government Code Section 81000 et. seq. (the "Act"), requires a local government agency to adopt a Conflict of Interest Code; and

WHEREAS, the San Juan Basin Authority (the "Authority") has previously adopted and, thereafter, amended its Conflict of Interest Code; and

WHEREAS, the Act (specifically, Government Code § 87306.5) requires that the Authority review its Conflict of Interest Code on a biennial basis in order to determine whether its Conflict of Interest Code is accurate or needs to be amended; and

WHEREAS, the Authority received correspondence (the "2012 Biennial Review Letter") dated July 11, 2012, from the Clerk of the Orange County Board of Supervisors instructing the Authority to conduct the biennial review of its Conflict of Interest Code and to return the "2012 Biennial Review Notice" indicating whether an amendment to the Authority's Conflict of Interest Code is necessary; and

WHEREAS, the Authority has reviewed its current Conflict of Interest Code, a copy of which is attached to the 2012 Biennial Review Letter, and has determined that no amendment to its Conflict of Interest Code is required at this time.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN JUAN BASIN AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The Board of Directors, having undertaken its biennial review of the Authority's current Conflict of Interest Code, hereby confirms that no amendment to its Conflict of Interest Code is required at this time.

Section 2. The Authority Administrator is authorized and directed to complete, execute and transmit the 2012 Biennial Review Notice to the Clerk of the Orange County Board of Supervisors indicating that no amendment to the Authority's Conflict of Interest Code is required.

ADOPTED, SIGNED AND APPROVED this ____ day of _____, 2012.

SAN JUAN BASIN AUTHORITY

President

ATTEST:

Secretary



Clerk of the Board of Supervisors

333 W. Santa Ana Blvd., Room 465
Santa Ana, CA 92701
(714) 834-2206 ** FAX (714) 834-4439

Susan Novak
Clerk of the Board of Supervisors

07/11/2012 1:15:26 PM

Allison Burns-Murillo
Conflict of Interest Contact Person for San Juan Basin Authority
660 Newport Center Drive, Suite 1600

Newport Beach, CA 92660-6422

SUBJECT: 2012 Biennial Review Notice for Conflict of Interests Codes

The Political Reform Act requires every local government agency to review its conflict of interest code biennially and to submit a notice to its code reviewing body that specifies if the code is accurate, or alternatively, that the code must be amended.

The Board of Supervisors, as your agencies code reviewing body, must receive the enclosed biennial notice no later than October 1, 2012. Return the biennial notice to our office regardless of how recently the agency's code has been approved.

If amendments are necessary, forward the revised code to our department for approval within **90 days** from the date the biennial notice is filed. For example, if an agency files its notice on October 1, 2012, indicating that an amendment is necessary, the amendment is due to our office by December 30, 2012. Amendments to an agency's code are not effective until they are approved by the Board of Supervisors.

Attached are copies of your agencies Exhibits A and B, listing the designated positions and disclosure categories for your department. In addition, a "Code Amendment Checklist" is attached which lists the various documents you must provide to our office when amending your designated filers exhibits.

If you have any questions regarding updates to your code, please contact your agencies counsel. If you have any questions regarding the Conflict of Interest process, please contact Sonia Acuña at (714) 834-2206.

Sincerely,
SUSAN NOVAK
Clerk of the Board of Supervisors

Enclosures

2012 BIENNIAL REVIEW NOTICE

NAME OF AGENCY: _____

AGENCY MAILING ADDRESS: _____

CITY: _____ ZIP: _____ PHONE NO.: _____

PRIMARY CONTACT PERSON:	SECONDARY CONTACT PERSON:
Name: _____	Name: _____
Mailing Address: _____ _____	Mailing Address: _____ _____
Email Address: _____	Email Address: _____
Office Phone No: _____	Office Phone No: _____
Fax Number: _____	Fax Number: _____

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. This agency has reviewed its conflict-of-interest code and has determined that *(Check one box)*:

- An amendment is required. The following amendments are necessary:**
(Mark all that apply.)
- Include new positions (including consultants) that must be designated.
 - Delete positions that manage public investments from the list of designated positions.
 - Revise disclosure categories.
 - Revise the titles of existing positions.
 - Delete titles of positions that have been abolished.
 - Other *(describe)* _____

No amendment is necessary.

Verification *(Please sign in Blue Ink)*

The agency's code accurately designates all positions that make or participate in the making of governmental decisions; the disclosure categories assigned to those positions accurately require the disclosure of all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding the designated positions; and the code includes all other provisions required by Government Code Section 87302.

Signature of Agency Department Head/Chief Executive Officer

Date

Complete this notice regardless of how recently your code was approved or amended.
Please return this notice no later than **October 1, 2012**, to:

Sonia Acuña, Deputy Clerk
Clerk of the Board of Supervisors
333 W. Santa Ana Blvd.
10 Civic Center Plaza
P.O. Box 687
Santa Ana, California 92702-0687

CONFLICT OF INTEREST CODE AMENDMENT CHECKLIST

Please send the following documents to the Clerk of the Board's office for submission to the Board of Supervisors for code approval.

- COVER MEMO**
A written explanation describing changes made to your Authorities code.

- EXHIBITS A AND B (2 FORMATS)**
 - 1. Exhibits A and B in Strikeout/Underscore
Show your amendments in ~~strikeout~~ and underscore format
 - **Strikeout**
Strike out old language to be deleted
 - **Underscore**
Underline new language to be added

 - 2. Exhibits A and B in final "Clean" copy
"Final" exhibits for your code (without the strikeout/underscore)

- REVISED DESIGNATED FILERS LIST (2 FORMATS)**
 - 1. Strikeout/Underscore of current Designated Filers list
 - **Strikeout**
Strikeout information for deletions to your Agency's Designated Filers list
 - **Underscore**
Underscore information for additions to your Agency's Designated Filers list

 - 2. Final Designated Filer list
"Final" designated filers list (without strikeout/underscore)

- COPY OF YOUR AGENCY'S RESOLUTION OR MINUTE ORDER APPROVING AMENDED CODE**
Send a copy of your agencies adopted resolution or minute order approving your Authorities code amendment.

Amendments to an agency's code are not effective until they are approved by the Board of Supervisors.

Please return documents to:

Sonia Acuña, Deputy Clerk
Clerk of the Board of Supervisors
333 W. Santa Ana Blvd.
10 Civic Center Plaza
P.O. Box 687
Santa Ana, California 92702-0687

ITEM 7. NSMITTAL

CONSENT

DISCUSSION

PUBLIC HEARING

BOARD OF SUPERVISORS COUNTY OF ORANGE

TERRY C. ANDRUS, COUNTY COUNSEL

AGENCY DEPT. USE	CLERK USE ONLY
CAO REVIEW	<i>CA</i>
<input type="checkbox"/> Concur	<i>39</i>
<input type="checkbox"/> Do Not Concur	
<input checked="" type="checkbox"/> Exempt	
CONTACT FOR INFORMATION	
James F. Meade, Assistant	834-3318
NAME	PHONE

MEETING DATE	SUBJECT	SUPV. DIS
April 18, 1995	Amendments to Conflict of Interest Codes of Seven Local Agencies	All

SUMMARY OF REQUEST (Description for agenda)

Approval is requested for amendments to the Conflict of Interest Codes of seven local agencies.

ADDITIONAL DATA:

The Board of Supervisors is the "Code Reviewing Body" for these agencies. Pursuant to Government Code Section 87303, your Board must (1) approve the amendments to the codes, (2) revise and approve the revised amendments to the codes, or (3) return the amendments for revision and resubmittal within 60 days. Copies of the amendments are attached.

PREVIOUS RELEVANT BOARD ACTIONS ON THIS SPECIFIC ITEM:

FUNDING SOURCE(S)	CURRENT YEAR COST	ANNUAL COST	BUDGETED? <input type="checkbox"/> YES <input type="checkbox"/> NO
N/A	N/A	N/A	N/A
WILL PROPOSAL REQUIRE ADDITIONAL PERSONNEL?			CONSISTENT WITH BOARD POLICY?
<input checked="" type="checkbox"/> NO IF YES, STATE NUMBER _____ PERMANENT _____ LIMITED TERM			<input checked="" type="checkbox"/> YES <input type="checkbox"/> NEW ITEM OR EXCEPTION

RECOMMENDED ACTION

Approve the proposed amendments to the Conflict of Interest Codes of the :

Orange County Law Library	Coastline Regional Occupational Program
Ocean View School District	Irvine Ranch Water District
San Juan Basin Authority	Municipal Water District of Orange County
Dana Point Sanitary District	

CONCURRENCES (if applicable)

ATTACHMENTS

Code Amendment

4-18-95

DATE

AGENCY OR DEPARTMENT AUTHORIZED REPRESENTATIVE

file 39
6-22-95 92
CAD
Colo/Kenneth
Elma
each agency file

RESOLUTION OF THE BOARD OF SUPERVISORS OF
ORANGE COUNTY, CALIFORNIA

April 18, 1995

On motion of Supervisor Bergeson, duly seconded and carried, the following Resolution was adopted:

BE IT RESOLVED that this Board does hereby approve the amendment to the Conflict of Interest Codes of the following agencies:

- Orange County Law Library
- Ocean View School District
- San Juan Basin Authority
- Dana Point Sanitary District
- Coastline Regional Occupational Program
- Irvine Ranch Water District
- Municipal Water District of Orange County

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Resolution No. 95-243
Seven Local Agencies
Conflict of Int. Codes
JFM:imk

OFFICE OF
COUNTY CLERK
ORANGE COUNTY

92-210 (5/77)

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Gaddi Vasquez
Chairman of the Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD

Kathleen E. Goodno

KATHLEEN E. GOODNO
Acting Clerk of the Board of Supervisors
of Orange County, California

AYES: SUPERVISORS MARIAN BERGESON, ROGER R. STANTON, JAMES W.
SILVA, WILLIAM G. STEINER, GADDI H. VASQUEZ

NOES: SUPERVISORS NONE

ABSENT: SUPERVISORS NONE

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

OFFICE OF
COUNTY CLERK
ORANGE COUNTY

92 210 (5/77)

I, KATHLEEN E. GOODNO Acting Clerk of the Board of Supervisors of
Orange County, California, hereby certify that the above and foregoing
Resolution was duly and regularly adopted by the said Board at a
regular meeting thereof held on April 18, 1995, and passed by a
unanimous vote of said Board.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this
April 18, 1995.

Kathleen E. Goodno
KATHLEEN E. GOODNO
Acting Clerk of the Board of
Supervisors of Orange County,
California

CONFLICT OF INTEREST CODE FOR
SAN JUAN BASIN AUTHORITY

The Political Reform Act, Government Code Sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of SAN JUAN BASIN AUTHORITY.

Designated employees shall file statements of economic interests with their agencies who will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) Statements for all designated employees will be retained by the Authority.

SAN JUAN BASIN AUTHORITY

APPENDIX

<u>List of Designated Positions</u>	<u>Assigned Disclosure Category</u>
Directors or Candidates for Director	1, 2
General Manager	1, 2
Assistant Manager	1, 2
Secretary	1, 2
Authority Engineer	1, 2
Authority Treasurer	1, 2
General Counsel	1, 2
Authority Accountant	1, 2
Consultants*	1, 2

*With respect to Consultants the General Manager, however, may determine in writing that a particular consultant, although a "designated person," is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in this Section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. These written determinations shall remain on file in the same manner and location as this Conflict of Interest Code. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.

Disclosure Category 1

Persons designated in this category must report all investments, business positions, interests in real property, and income.

Disclosure Category 2

Persons designated in this category must report all entities in which they have investments, all business positions in business entities, and any income from sources which are of the type which within the previous two years have provided services, equipment, leased space, motor vehicles, materials, or supplies to the San Juan Basin Authority.

file 39

**BOARD OF SUPERVISORS
ORANGE COUNTY, CALIFORNIA
MINUTES**

APRIL 18, 1995

RESOLUTION NO. 95-243. AMENDMENTS TO CONFLICT OF INTEREST CODES OF SEVEN LOCAL AGENCIES: County Counsel requests approval of amendments to Conflict of Interest Codes of seven local agencies.

MOTION: On motion by Supervisor Bergeson, seconded by Supervisor Stanton, the Board adopted Resolution No. 95-243 approving the proposed amendments to the Conflict of Interest Codes of the following agencies: Orange County Law Library; Ocean View School District; San Juan Basin Authority; Dana Point Sanitary District; Coastline Regional Occupational Program; Irvine Ranch Water District; and Municipal Water District of Orange County. **MOTION UNANIMOUSLY CARRIED.**

6/22/95 SA

CAO

Colo / Games P.

Elma

each agency file



SAN JUAN BASIN AUTHORITY

26111 Antonio Parkway • Rancho Santa Margarita, CA 92688 (949) 459-6400 FAX (949) 459-6463

TO: Board of Directors

DATE: November 13, 2012

FROM: Dan Ferons

SUBJECT: Audit for Fiscal Year 2011-2012

Fechter & Company has audited the Financial Statements for Fiscal Year 2011-2012 and found no significant items. The budget is attached for your approval.

SJBA\Audit 2011-2012 staff memo.doc.cl

**SAN JUAN
BASIN AUTHORITY
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

SAN JUAN BASIN AUTHORITY

Management Report
For the Year Ended June 30, 2012

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Board of Directors of the
San Juan Basin Authority

In planning and performing our audit of the financial statements of the San Juan Basin Authority for the year ended June 30, 2012, we considered the Authority's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

However, during our audit, we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. The comments are not intended to reflect on the honesty or integrity of any employee of the San Juan Basin Authority, nor does this letter affect our report dated October 4, 2012 on the financial statements of the Authority.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We thank the Authority's staff for its cooperation on this audit.

Fechter & Company, Certified Public Accountants



October 4, 2012
Sacramento, CA

SAN JUAN BASIN AUTHORITY
Required Communications
For the Year Ended June 30, 2012

The Auditor's Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 27, 2011, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Authority financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

SAN JUAN BASIN AUTHORITY
Required Communications
For the Year Ended June 30, 2012

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Capital asset lives and depreciation expense

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Authority's financial reporting process (that is, cause future financial statements to be materially misstated). The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the Authority's financial reporting process:

- There were no material audit adjustments. One immaterial adjustment to interest expense was recorded at the request of management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

SAN JUAN BASIN AUTHORITY
Required Communications
For the Year Ended June 30, 2012

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

SAN JUAN BASIN AUTHORITY

Financial Statements

Year Ended June 30, 2012

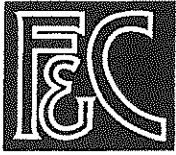
SAN JUAN BASIN AUTHORITY

Financial Statements

Year Ended June 30, 2012

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Board of Directors
San Juan Basin Authority

INDEPENDENT AUDITORS' REPORT

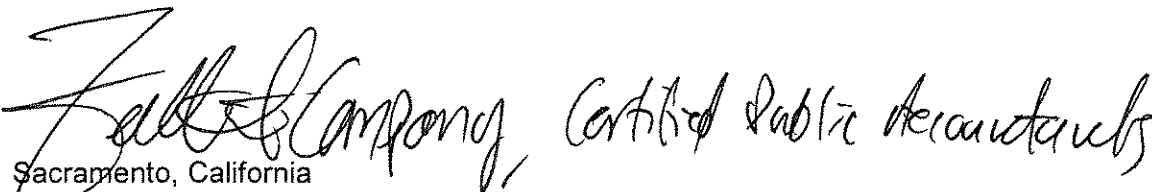
We have audited the accompanying statement of net assets of the San Juan Basin Authority as of June 30, 2012, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Juan Basin Authority at June 30, 2012, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as management's discussion and analysis is not a required part of the basic financial statements but is required supplementary information required by 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 supplementary information. However, we did not audit the information and express no opinion on it.

Fechter & Company, Certified Public Accountants


Sacramento, California
October 4, 2012

SAN JUAN BASIN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Authority's annual financial report presents our analysis of the Authority's financial objectives and performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the financial statements, which follow this section.

Mission Statement of the Authority:

To develop and maintain a reliable, high-quality, economical local water supply for residents in the San Juan Basin by maximizing water use through management of local ground and surface water of San Juan Creek and its tributaries, with due consideration for preservation, enhancement, and conservation of the environment, including, but not limited to, the natural resources, fish and wildlife, infrastructure improvements, and the cultural heritage of the area.

Keeping our Mission Statement in mind, the Authority's major objective has been to obtain a Water Rights Permit from the State Water Resources Control Board ("SWRCB"). This Permit that was approved in October 2000 will allow us to secure a right to divert authorized amounts of water from the Basin that can be used for beneficial purposes in accordance with our stated Mission. The Permit contains specific requirements for the monitoring and management of the Basin. Budgets have been established on a yearly basis and funds collected from the member agencies to pursue that goal.

The total budget for the Authority for the 2012 and 2011 years was \$389,725 and \$684,500, respectively. The funds collected from the member agencies as a result of the annual budget process are used to accomplish certain defined tasks. At the end of the fiscal year, the unexpended funds are normally returned to the member agencies or rolled forward to the next fiscal year and incorporated into the next budget process.

A comparison of member assessments for participation are as follows:

	<u>Year 2012</u>	<u>Year 2011</u>
Total Assessments	\$389,725	\$684,500
Assessments Returned	<u> -</u>	<u> -</u>
Net Assessments	<u>\$389,725</u>	<u>\$684,500</u>

The goal of each year's work effort is to complete the tasks as outlined in the budgets and not to accumulate funds for any other purpose.

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide assurance that assets are safeguarded and that the records reflect only authorized transactions. The Authority's system of internal accounting controls is evaluated on an ongoing basis by the Authority's internal financial staff. The Authority's independent external auditor also reviews the internal control system in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements.

**SAN JUAN BASIN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Net Assets

Management believes that its policies and procedures provide assurance that the Authority's operations are conducted according to a high standard of business ethics. The financial statements present the financial position of the Authority in conformity with generally accepted accounting principles.

The unqualified opinion of our independent external auditor, *Fechter & Company Certified Public Accountants*, is included in this report.

Financial Statement Comparisons.

Net Assets

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Current and other assets	\$ 26,125,936	\$ 27,034,228	\$ (908,292)
Capital assets, net	101,714	120,015	(18,301)
Total assets	<u>26,227,650</u>	<u>27,154,243</u>	<u>(926,593)</u>
Long-term liabilities	24,780,000	25,735,000	(955,000)
Other liabilities	1,134,567	1,027,004	107,563
Total liabilities	<u>25,914,567</u>	<u>26,762,004</u>	<u>847,437</u>
Net assets:			
Invested in capital assets, net of related debt	101,714	120,015	(18,301)
Restricted	-	-	-
Unrestricted	211,369	272,224	(60,855)
	<u>\$ 313,083</u>	<u>\$ 392,239</u>	<u>\$ (79,156)</u>

The change in both the total assets and liabilities/net assets is primarily the result of a decrease in total assets of \$927k and a decrease of \$850k total liabilities due to debt service lease payment.

Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Operating revenues	\$ 389,725	\$ 684,500	\$ (294,775)
Operating expenses	(258,670)	(525,668)	\$ 266,998
Nonoperating revenues	1,309,313	1,147,343	\$ 161,970
Nonoperating expenses	(1,519,524)	(1,343,518)	\$ (176,006)
Change in net assets	(79,156)	(37,343)	(41,813)
Beginning net assets	392,239	429,582	(37,343)
Ending net assets	<u>\$ 313,083</u>	<u>\$ 392,239</u>	<u>\$ (79,156)</u>

**SAN JUAN BASIN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The change in nonoperating revenues and nonoperating expenses occurred since interest expense and interest revenue relating to the Agreement is shown for the current year within the nonoperating revenues and nonoperating expense categories.

The Authority Consists of Four Member Agencies. Santa Margarita Water District ("SMWD"), Moulton Niguel Water District ("MNWD"), City of San Juan Capistrano ("CSJC") and South Coast Water District ("SCWD"). The Authority has several projects that each member agency may participate in based on their own particular needs. The schedules below reflect their individual participation in various Project Committees ("PC") as a percentage and change in Member Agency Individual Fund Balances.

**Project Committee Participation
For the Year Ended June 30, 2012**

	<u>General</u>	<u>PC1</u>	<u>PC4</u>	<u>PC9</u>	<u>PC10</u>	<u>PC11</u>	<u>PC13</u>	<u>PC14</u>
SMWD	25%	50%	25%	50%	25%	25%	25%	25%
MNWD	25%	0%	25%	0%	25%	25%	25%	25%
CSJC	25%	50%	25%	50%	25%	25%	25%	25%
SCWD	<u>25%</u>	<u>0%</u>	<u>25%</u>	<u>0%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Totals	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**Member Agency Individual Fund Balances
For the Year Ended June 30, 2012**

	SMWD	MNWD	City of SJC	SCWD	TOTAL
Beginning	\$ 128,422	\$ 71,282	\$ 144,621	\$ 47,914	\$ 392,239
Assessments received	97,431	97,431	97,431	97,432	389,725
Investment Income	6	6	1,309,295	6	1,309,313
Expenses	(60,092)	(60,092)	(1,483,221)	(60,092)	(1,663,497)
Depreciation	(8,543)	(608)	(8,542)	(608)	(18,301)
Member Distribution	<u>(18,849)</u>	<u>(25,849)</u>	<u>(25,849)</u>	<u>(25,849)</u>	<u>(96,396)</u>
	<u>\$ 138,375</u>	<u>\$ 82,170</u>	<u>\$ 33,735</u>	<u>\$ 58,803</u>	<u>\$ 313,083</u>

The Authority Adopts an Annual Operating Budget. The Operating Budget includes proposed expenses and the means of financing them. The Authority's operating budget remains in effect the entire year and is not revised.

SAN JUAN BASIN AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

Contacting the Authority's Financial Management. This financial report is designed to provide our customers, investors and creditors with an overview of the Authority's financial operations and condition. If you have questions about this report or need additional information, you may contact the Authority's Finance Manager at P.O. Box 7005, Mission Viejo, California 92690-7005.

**SAN JUAN BASIN AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2012**

ASSETS

Current Assets:

Cash and investments	\$	384,258
Other		<u>8,133</u>
Total current assets		<u>392,391</u>

Non-Current Assets:

Restricted:

Cash and investments - debt service		2,385,405
CSJC lease payments receivable		<u>23,348,140</u>
Total restricted assets		<u>25,733,545</u>

Capital assets:

Facilities, wells and pipelines, net		<u>101,714</u>
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Total non-current assets		<u>25,835,259</u>
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TOTAL ASSETS	\$	<u><u>26,227,650</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued liabilities		179,567
Current portion of bonds payable		<u>955,000</u>
Total current liabilities		<u>1,134,567</u>

Non-current liabilities

Bonds payable		<u>24,780,000</u>
Total liabilities		<u>25,914,567</u>

Net Assets

Invested in capital assets, net		101,714
Unrestricted		<u>211,369</u>
Total net assets		<u>313,083</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>26,227,650</u></u>
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The accompanying notes are an integral part of these financial statements

SAN JUAN BASIN AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Operating revenues:	
Member agency assessments	\$ 389,725
	<hr/>
Total operating revenues	389,725
	<hr/>
Operating expenses:	
Engineering	220,794
Member distributions	96,396
Depreciation	18,301
Accounting	13,950
Legal	4,010
Other	1,615
	<hr/>
Total operating expenses	355,066
	<hr/>
Operating income (loss)	34,659
	<hr/>
Non-operating revenues and (expenses):	
Interest expense	(1,423,128)
Investment income	104,624
Investment income - lease	1,204,689
	<hr/>
Total non-operating revenues and (expenses)	(113,815)
	<hr/>
Change in net assets	(79,156)
	<hr/>
Beginning net assets	392,239
	<hr/>
Ending net assets	\$ 313,083
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

SAN JUAN BASIN AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

Cash flows from operating activities:	
Cash payments from members	\$ 389,725
Cash payments to suppliers	(264,202)
	125,523
 Cash flows from capital and related financing activities:	
CSJC lease payment received	1,027,519
Interest paid on bonds	(1,423,128)
Principal paid on bonds	(920,000)
	(1,315,609)
 Cash flows from investing activities:	
Interest received on investments	1,204,689
Investment income	104,624
	1,309,313
Net cash provided by investing activities	1,309,313
Net increase (decrease) in cash and cash equivalents	119,227
Cash and cash equivalents, beginning of year	2,650,436
Cash and cash equivalents, end of year	\$ 2,769,663
 Reconciliation of operating income (loss) to net cash provided by (used) by operating activities:	
Operating income (loss)	\$ 34,659
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	18,301
Increase (decrease) in accounts payable and accrued liabilities	72,563
	72,563
Net cash provided (used) by operating activities	\$ 125,523

The accompanying notes are an integral part of these financial statements

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

Year Ended June 30, 2012

(1) Organization and Summary of Significant Accounting Policies

Reporting Entity

The San Juan Basin Authority (the "Authority") is a public entity created for the joint exercise of common powers pursuant to a Joint Exercise of Powers Agreement dated November 22, 1972 by and between the Capistrano Beach County Water District (predecessor of Capistrano Beach Water District), Capistrano Valley Water District ("CVWD") and the Santa Margarita Water District ("SMWD"). Moulton Niguel Water District ("MNWD") and Trabuco Canyon Water District ("TCWD") were subsequently admitted as members to the Authority. Capistrano Beach Water District ("CBWD") and TCWD withdrew as member agencies effective April 5, 1989 and June 30, 1997, respectively. Effective April 7, 1998, CBWD was readmitted as a member to the Authority. Effective January 1, 1999, CBWD was dissolved and the South Coast Water District ("SCWD") became the successor entity. The Authority was formed under the powers granted to the member agencies pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The Authority is a joint venture of "Member Agencies" - SMWD, MNWD, CSJC and SCWD.

The Authority was created to plan, acquire, construct, maintain, repair, operate and control facilities to supply the inhabitants and lands within each of the Member Agencies' boundaries with water and provide for the development and conservation of water supplies.

The Authority currently has ten project committees to administer and develop various projects for the benefit of the Member Agencies. Member Agencies may elect to participate in each of the Authority's project committees and are assessed annually for the estimated costs to be incurred related to each project committee based upon ownership or usage. Member Agency assessments for the year ended June 30, 2012 totaled \$389,725. 3 agencies were credited \$77,547 carry over from prior year, and assessed \$214,747. 1 agency was credited \$18,849 carry over from prior year and assessed \$78,582.

The powers and functions of the Authority are exercised by a Board of Directors, of which one Director may be appointed by each of the Board of Directors of the Member Agencies. Each Director holds office until a successor Director is appointed, serves at the pleasure of the legislative body of the appointing Member Agency and may be removed at any time, with or without cause, at the sole discretion of such legislative body.

Basis of Accounting

In compliance with Governmental Accounting Standards Board "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", Statement 34 classifies net assets into three components: invested in capital assets, net of related debt; restricted, and unrestricted. These classifications are defined as follows:

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 1: Organization and Summary of Significant Accounting Policies, (Continued)

Basis of Accounting, (Continued)

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - The component of net asset consists of net assets that do not meet the definition of "restricted net assets" or "invested in capital assets, net of related debt."

The financial statements of the Authority are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board (GASB) Statement No. 20, the Authority has elected to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of June 30, 2012, and revenues and expenses for the year then ended. Actual results could materially differ from those estimates in the near term.

Allocation of Expenses and Member Agency Reserves

Expenses are applied directly against deposits received from Member Agencies. Expenses are allocated between Member Agencies based on ownership or usage. Interest earned on Member Agency deposits is allocated to the Member Agencies on a monthly basis in accordance with their relative deposit balances. At the end of each fiscal year, operating surplus balances are refunded to Member Agencies or added to their reserves as determined by the Board of Directors.

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 1: Organization and Summary of Significant Accounting Policies, (Continued)

Budgets and Budgetary Accounting

An annual budget is adopted by the Board of Directors using a basis consistent with generally accepted accounting principles. The budget is used for operating management and internal accounting control but has not been presented in the accompanying financial statements, which is consistent with GAAP.

Cash and Investments

The Authority defines cash equivalents as all highly liquid investments with a maturity of three months or less when purchased. For the fiscal year ended June 30, 2012, cash and cash equivalents consist of demand deposits and an investment in the California Local Agency Investment Fund.

Changes in fair value that occur during the year are recognized as *(investment income)* reported for the year. Investments are reported in the accompanying statement of net assets at fair value except for investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Contributed assets which consist mainly of pipelines, wells and pump stations are recorded as contributed facilities based on cost information furnished by Member Agencies or other contributors. Under GASB 34, depreciation on contributed facilities are charged just the same as purchased assets, using the straight-line method based on estimated lives which range from 10 to 40 years, consisting primarily of diversion structure over 20 years, wells over 25 years, and pump stations and pipelines over 40 years. Equipment that has been determined to have no useful life or value is removed from the records when such determination has been made by management. Facilities owned by the Authority are operated and maintained by individual Member Agencies.

Income Taxes

As a governmental entity, the Authority is exempt from income taxation under provisions of the Internal Revenue Code and related state statutes; accordingly, no provision for income taxes has been provided in the financial statements.

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 2: Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Current assets:		
Cash and investments	\$	384,258
Noncurrent assets:		
Restricted assets:		
Cash and investments – debt service		<u>2,385,405</u>
		<u>\$ 2,769,663</u>

Cash and investments consisted of the following at June 30, 2012:

Deposits	\$	384,258
Investments		<u>2,385,405</u>
		<u>\$2,769,663</u>

Investments Authorized by the California Government Code

The Authority has not adopted its own investment policy and is therefore subject to the constraints of the California Government Code.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 2: Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>3 Months Or Less</u>	<u>4 to 6 Months</u>	<u>7 to 9 Months</u>	<u>10 to 12 Months</u>
State Investment Pool	\$ 6,255	\$ 6,255	\$ -	\$ -	\$ -
Money market mutual funds	134,325	134,325			
U.S. Federal Agency	2,251,080	2,251,080	-	-	-
Total	<u>\$2,391,660</u>	<u>\$ 2,391,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 2: Cash and Investments, (Continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>AA+</u>	<u>Not Rated</u>
State Investment Pool	\$ 6,255	N/A	\$ -	\$ -	\$ 6,255
Money market mutual funds	134,325	N/A			134,325
U.S. Federal Agency	<u>2,251,080</u>	<u>AA+</u>	<u>-</u>	<u>2,251,080</u>	<u>-</u>
Total	<u>\$2,391,660</u>		<u>\$ -</u>	<u>\$2,251,080</u>	<u>\$140,580</u>

NOTE 3: Capital Assets

A summary of changes in capital assets is as follows:

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Retirements/ Dispositions</u>	<u>Balance at June 30, 2012</u>
Facilities, wells and pipelines	\$1,171,719	\$ -	\$ -	\$1,171,719
Accumulated depreciation	<u>(1,051,704)</u>	<u>(18,301)</u>	<u>-</u>	<u>(1,070,005)</u>
Net capital assets	<u>\$ 120,015</u>	<u>\$(18,301)</u>	<u>\$ -</u>	<u>\$ 101,714</u>

Depreciation expense for the year ended June 30, 2012 was \$18,301.

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 4: Lease Revenue Bonds

The activity relating to the lease revenue bonds was as follows:

	<u>Balance at</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2012</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>	<u>Amount Due</u> <u>Beyond</u> <u>One Year</u>
Lease revenue bonds	<u>\$26,655,000</u>	<u>\$ -</u>	<u>\$(920,000)</u>	<u>\$25,735,000</u>	<u>\$ 955,000</u>	<u>\$24,780,000</u>

On December 11, 2002, the Authority issued lease revenue bonds ("Bonds") in the amount of \$31,555,000 for the Ground Water Recovery Project. The Bonds are special limited obligations of the Authority payable solely from the Trustee Estate, including Lease Payments to be made by the CJSC to the Authority solely from Revenues of the Water District pledged to the payment of the Lease Payments pursuant to the Lease Agreement between the CSJC and the Authority.

The proceeds of the Bonds are to be applied to finance and reimburse the costs of the design, development, acquisition and construction of a groundwater recovery plant and related improvements and facilities, fund a debt service reserve funds securing the Bonds, fund capitalized interest through June 1, 2004 and pay certain costs of issuance of the Bonds.

The annual interest rates and principal debt service payments range from 3.0% and \$755,000 to 5.250% and \$1,720,000. As of June 30, 2012, the outstanding principal of these Bonds totaled \$25,735,000.

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 4: Lease Revenue Bonds, (Continued)

Anticipated future payments by the Authority for the Bonds payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2013</u>	\$ 955,000	\$ 1,277,980	\$ 2,232,980
<u>2014</u>	990,000	1,235,562	2,225,562
<u>2015</u>	1,040,000	1,183,512	2,223,512
<u>2016</u>	1,095,000	1,127,469	2,222,469
<u>2017</u>	1,150,000	1,068,537	2,218,537
<u>2018</u>	1,210,000	1,006,588	2,216,588
<u>2019</u>	1,275,000	941,356	2,216,356
<u>2020</u>	1,340,000	872,712	2,212,712
<u>2021</u>	1,415,000	800,394	2,215,394
<u>2022</u>	1,485,000	726,125	2,211,125
<u>2023</u>	1,560,000	650,000	2,210,000
<u>2024</u>	1,640,000	570,000	2,210,000
<u>2025</u>	1,720,000	486,000	2,206,000
<u>2026</u>	705,000	425,375	1,130,375
<u>2027</u>	740,000	389,250	1,129,250
<u>2028</u>	775,000	351,375	1,126,375
<u>2029</u>	815,000	311,625	1,126,625
<u>2030</u>	855,000	269,875	1,124,875
<u>2031</u>	900,000	226,000	1,126,000
<u>2032</u>	945,000	179,875	1,124,875
<u>2033</u>	990,000	131,500	1,121,500
<u>2034</u>	1,040,000	80,750	1,120,750
<u>2035</u>	1,095,000	27,375	1,122,375
	<u>\$ 25,735,000</u>	<u>\$ 14,339,235</u>	<u>\$ 40,074,235</u>

SAN JUAN BASIN AUTHORITY

Notes to Financial Statements

(Continued)

NOTE 5: Direct Finance Lease

On December 1, 2002 the Authority entered into a direct financing lease agreement with the CSJC in conjunction with the issuance and payment of the 2002 Lease Revenue Bonds for the construction of the Desalter Treatment Plant. The lease payments are equal to the debt service coming due on the bonds. The outstanding balance at June 30, 2012, net of reserve cash held with fiscal agent, was \$23,348,140.

NOTE 6: Grant Funds

The year 2003 included an expanded effort to obtain state grants to perfect the Monitoring Plan. Also, grants were solicited to perform studies that would increase the yield of the Basin and allow for an increase in the permitted amounts of diverted flow from the basin, as more fully described in the *management's discussion and analysis* section.

NOTE 7: Related Party Transactions

SMWD provides bookkeeping services based on an hourly rate for the Authority. The total expenses incurred for services for the year ended June 30, 2012, was \$8,150 which was accrued on the statement of net assets.

NOTE 8: Commitments and Contingencies

Insurance

Insurance policies held by each individual Member Agency provided adequate liability coverage for the Authority. The Authority believes there are no existing matters which will have a material adverse effect on the Authority's financial position. In the opinion of the Authority's Counsel, the Authority had no material claims which would require loss provisions in the financial statements.

NOTE 9: Subsequent Events

The Authority has reviewed events through October 4, 2012. No matters have been noted that would materially affect the carrying balances of Authority assets and liabilities.