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October 28, 2004

**Members of the Board**  
Central Coast Water Authority

Robert W. Puddicombe  
Chairman

Leo Trujillo  
Vice Chairman

William Brennan  
Executive Director

Hatch & Parent  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2004 is submitted as prepared by the Authority's Finance Department. The report is published to provide to our customers, the Authority Board, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

Responsibility for both the accuracy of the financial report and the completeness and fairness of the presentation rests with the Authority. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities.

Our discussion and analysis of the Central Coast Water Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Authority's financial statements, which begin on page 1.

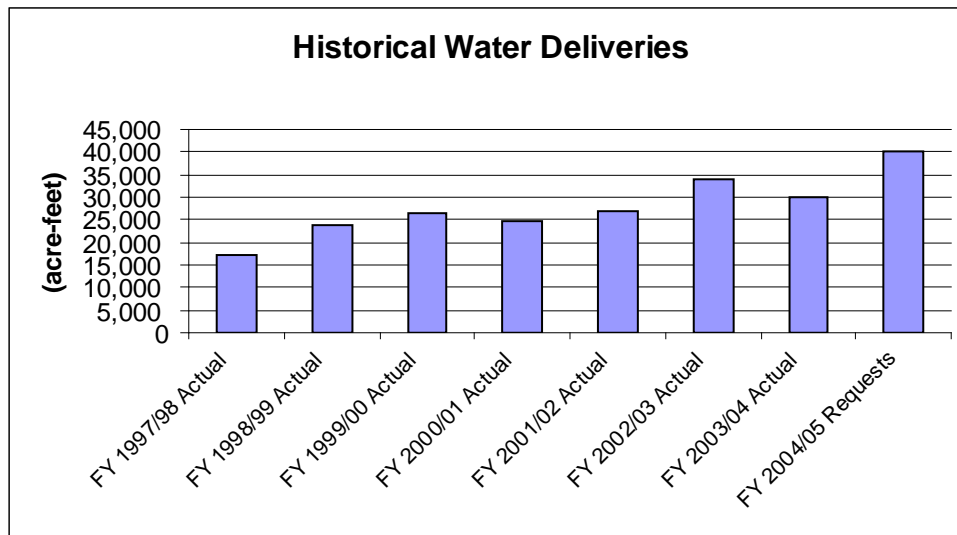
Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – for State and Local Governments* (GASB 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A) and the financial statements should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' Report.

**SIGNIFICANT ACCOMPLISHMENTS**

State Water Deliveries

Total water deliveries for FY 2003/04 were 30,091 acre-feet. This compares to the prior year actual deliveries of 34,085 acre-feet, a decrease of 3,994 acre-feet.

The following table shows the historical and projected State water deliveries since CCWA began water deliveries in August 1997.



#### Inspection of Pipeline Reach 2 and Tanks 5 and 7

During FY 2003/04, CCWA staff conducted an internal inspection of the Reach 2 pipeline and Tanks 5 and 7. A total of 3.7 miles of pipeline were inspected. The pipeline was found to be in good condition, with no repairs required. The two tanks at Tank Site 5 and the one tank at Tank Site 7 were inspected by a diving contract. The tanks were found to be in generally good condition. Some minor areas were in need of repair, including the installation of new sacrificial anodes on the inlet and outlet pipes, sediment removal and epoxy coating of corroded surfaces. These repairs have been completed.

#### Temporary Pipeline Installation at Bradbury Dam

At the end of December 2003, The Bureau of Reclamation (Bureau) notified CCWA that an existing pipeline from Lake Cachuma to the Hilton Creek would no longer function by gravity. The Biological Opinion for the Bureau's operation and maintenance of the Cachuma Project on the Santa Ynez requires that Lake Cachuma project participants deliver certain amounts of Lake Cachuma water to Hilton Creek and/or the dam stilling basin for the benefit of steelhead trout. A temporary pipeline, installed at the base of the dam in 2002, provided an alternate source of Lake Cachuma water to Hilton Creek during low lake level periods, but use of the system precluded CCWA from pumping State Project water into the lake.

During March 2004, CCWA staff oversaw the design and construction of a rented temporary pipeline to deliver State Project water directly into Lake Cachuma until the Bureau completes a pumping system to permanently supply Hilton Creek. CCWA was able to rapidly resume deliveries to its South Coast project participants through this temporary pipeline.

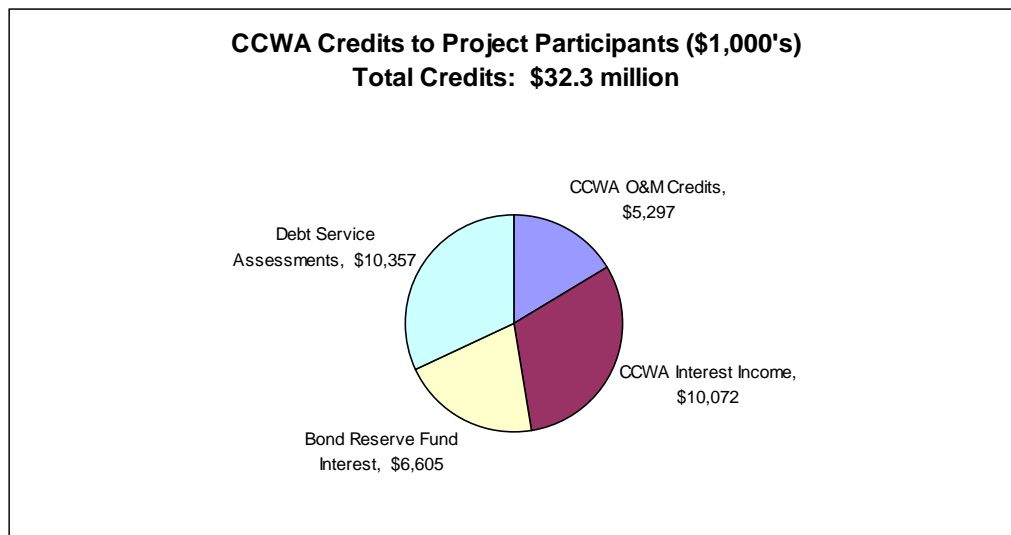
#### Taste and Odor Monitoring Program

Last year, CCWA, in conjunction with Department of Water Resources (DWR), Metropolitan Water District of Southern California (MWD), and Kern County Water Agency (KCWA), developed a low-cost, five-month Taste and Odor Monitoring and Control Program. CCWA arranged to have several samples from the Coastal Aqueduct and Polonio Pass Water Treatment Plant collected and analyzed by

MWD and KCWA in an effort to determine the cause and location of annual taste and odor episodes. Last year, the source of the taste and odor episode was determined to be blue-green algae found in the forebays of the pumping plants upstream of Polonio Pass Water Treatment Plant. DWR assisted CCWA staff by applying copper sulfate to the affected areas, rapidly reducing the level and duration of the taste and odor events. A similar monitoring program was developed for the summer of 2004, along with an action plan designed to address high concentrations of taste and odor compounds.

### CCWA Credits

For the eighth consecutive year, actual CCWA operating expenses were less than budgeted. For Fiscal Years 1996/97 to 2003/04, CCWA has provided approximately \$32.3 million in credits to its project participants. These credits include \$5.3 million for unexpended operating expenses, \$16.1 million for interest income and \$10.4 million for debt service and other credits. The following graph shows the sources of the credits as described above.



### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Coast Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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

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

## **OTHER INFORMATION**

### Accounting System

In developing and maintaining the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- (a) the safeguarding of assets against losses from unauthorized use or disposition, and
- (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that the Authority's controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Authority requires that its financial statements be audited by a Certified Public Accountant selected by the Authority's Board of Directors. This requirement has been satisfied, and the auditors' report is included in the financial section of this report.

### Cash Management

Cash was invested in demand deposits, mutual funds, the State of California's Local Agency Investment Fund (LAIF) and money market accounts during FY 2003/04. At June 30, 2004, the Authority's investment portfolio had a weighted average maturity of 0 days (excluding the guaranteed investment contract) and a weighted average yield of 1.6656%.

### Risk Management

The Authority participates in the liability, property, workers' compensation and fidelity bond insurance program organized by the Association of California Water Agencies, Joint Powers Insurance Authority (ACWA - JPIA). ACWA - JPIA is a joint powers insurance authority created to provide a self-insurance program to water agencies in the State of California.

The Authority also self-insures the dental and vision insurance provided for the benefit of its employees and their families. The self-funded dental/vision plan provides annual limits of \$2,500 per family. As of June 30, 2004, the Authority had incurred \$15,224 of expenses compared to the total allowance of \$61,250 for calendar year 2004.

The Comprehensive Annual Financial Report is presented in three sections: (1) **Introductory**, (2) **Financial** and (3) **Statistical**. The Introductory section includes this transmittal letter, the Authority's organization chart and a list of principal officials. The Financial section includes the accountant's report, MD&A and the financial statements and corresponding notes to the financial statements. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

We are pleased to present this report to the Board for formal adoption.

Respectfully submitted,



William Brennan  
Executive Director



Ray A. Stokes  
Deputy Director



# Introductory Section

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June 30, 2003

## **CENTRAL COAST WATER AUTHORITY BOARD OF DIRECTORS**

Robert Puddicombe, Chairman  
Leo Trujillo, Vice Chairman  
Carlos Aguilera  
Carey Rogers  
Harlan Burchardi

Landon Neustadt  
Frederick Lemere  
Brian Barnwell

Montecito Water District  
City of Santa Maria  
City of Guadalupe  
Goleta Water District  
Santa Ynez River Water Conservation District, Improvement  
District No. 1  
City of Buellton  
Carpinteria Valley Water District  
City of Santa Barbara

## **AUTHORITY STAFF**

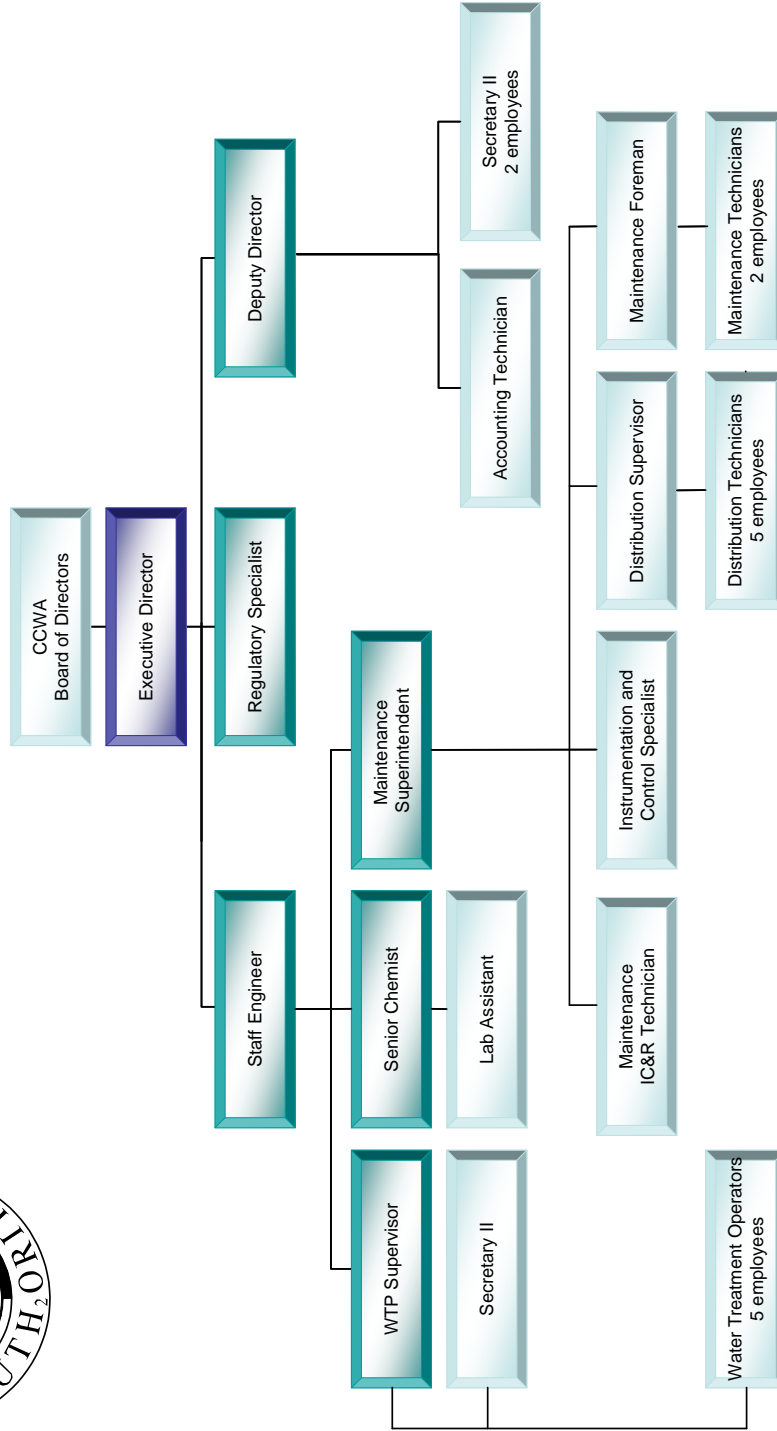
William Brennan  
Ray Stokes  
Shannon Sweeney

Executive Director  
Deputy Director  
Staff Engineer

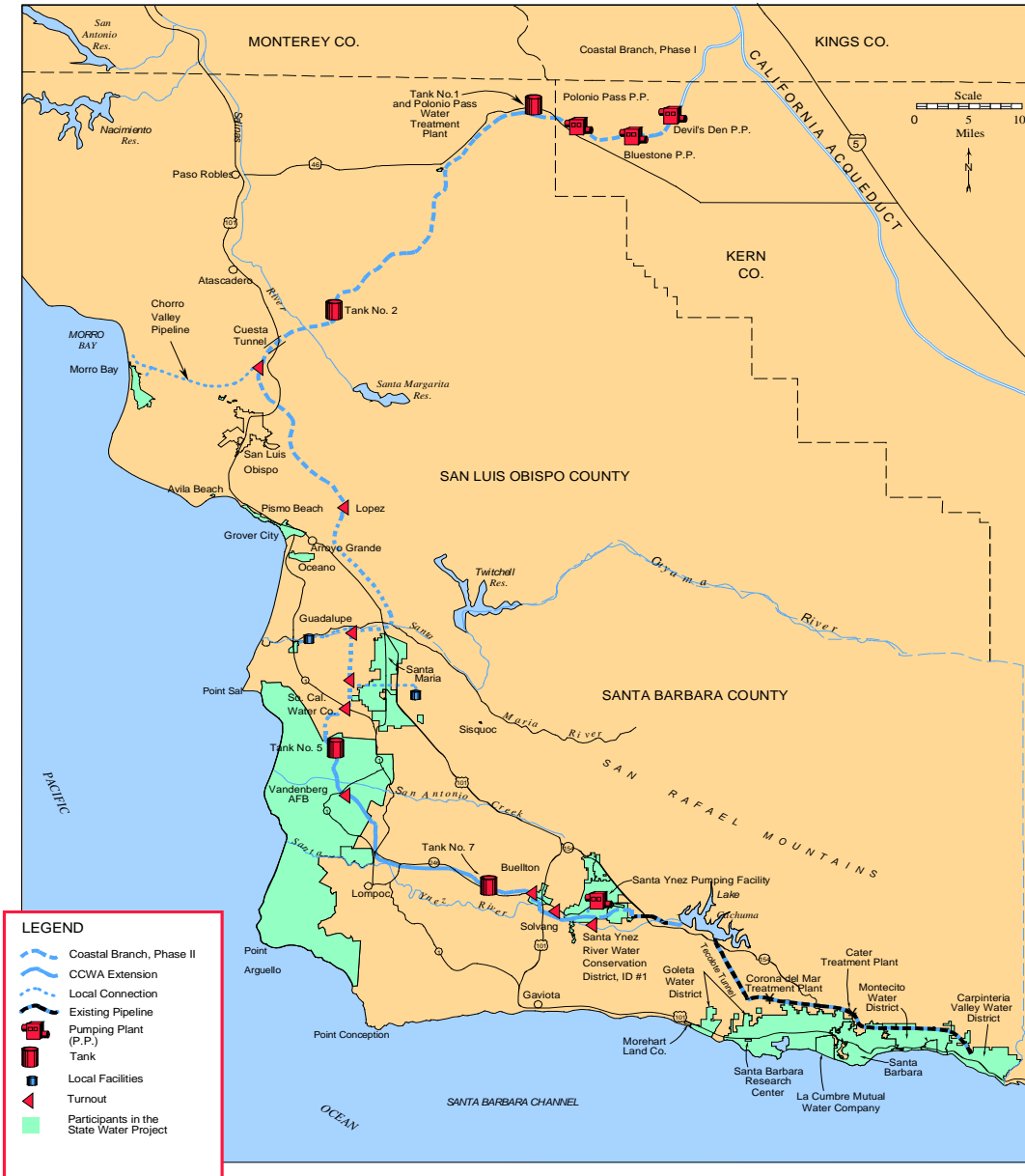




# Central Coast Water Authority Organization Chart



# Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Coast Water  
Authority, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emswiler".

Executive Director



# NASIF, HICKS, HARRIS & CO.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM J. NASIF  
STEVEN J. HICKS  
JEFFERY P. HARRIS  
BARBARA ROGERS SCOLLIN  
MARIANNE F. BLOOM  
JODY R. DOLAN

1111 GARDEN STREET, SUITE 200  
SANTA BARBARA, CALIFORNIA 93101  
TELEPHONE (805) 966-1521  
FAX (805) 963-1780

August 31, 2004

## Independent Auditors' Report

To the Member Agencies of the  
Central Coast Water Authority

We have audited the accompanying balance sheets of the Central Coast Water Authority as of June 30, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Central Coast Water Authority. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the 2004 and 2003 financial statements referred to above present fairly, in all material respects, the financial position of the Central Coast Water Authority as of June 30, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Central Coast Water Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of June 30, 2003.

The information identified in the accompanying table of contents as *management's discussion and analysis* (MD&A) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States. 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.

The information identified in the table of contents as the introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Central Coast Water Authority. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Nasif, Hicks, Harris & Co.*

Nasif, Hicks, Harris & Co.



# Management's Discussion and Analysis

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## *MANAGEMENT'S DISCUSSION AND ANALYSIS*

**Fiscal Year Ended June 30, 2004**

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2004. This information should be read in conjunction with the financial statements and the additional information that we have included in our letter of transmittal.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Where appropriate, net total assets (i.e., fund equity) is segregated into contributed capital and retained earnings. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

### **Summary of Organization and Business**

The Central Coast Water Authority is a public entity duly organized and existing under a Joint Exercise of Powers Agreement – Central Coast Water Authority, dated as of August 1, 1991, by and among nine public agencies in Santa Barbara County, two of which have subsequently merged. The members entered into the Agreement to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. In particular, the members expressed their desire to create the Authority to finance, develop, operate and maintain the Authority facilities for their mutual benefit and to act on behalf of the members with respect to the Department of Water Resources (DWR) facilities. The Authority currently has a staff of 26 full-time and two part-time employees.

The Authority is presently composed of eight members, all of which are public agencies: the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and Santa Ynez River Water Conservation District, Improvement District No. 1 (in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water District.) In addition, the Authority has an Associate Member, the La Cumbre Mutual Water Company. Each member appoints a representative to the Authority's Board of Directors. San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD and/or San Luis Obispo Water Purchasers) has expressed an interest in joining the Authority. However, any decision to do so must be approved by the unanimous vote of the present members.

The member agencies are represented on the CCWA Board of Directors by an individual chosen by each public entity's Board or City Council. Each vote on the Authority Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement.





# Management's Discussion and Analysis

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The following table shows the voting percentage for each member of the CCWA Board of Directors.

City of Guadalupe	1.15%
City of Santa Maria	43.19%
City of Buellton	2.21%
Santa Ynez R.W.C.D., Improvement District #1	7.64%
Goleta Water District	17.20%
City of Santa Barbara	11.47%
Montecito Water District	9.50%
Carpinteria Valley Water District	<u>7.64%</u>
TOTAL	100.00%

## CCWA Committees

There are currently three Central Coast Water Authority committees. They consist of the Finance, Operating, and Personnel Committees.

The Operating Committee is composed of the general managers, city administrators or water supply managers from each of the various water districts and cities served by the Authority. The Operating Committee typically meets quarterly to act on matters such as construction, operations and financial issues and recommends actions to the Authority Board of Directors.

The Finance and Personnel Committee's are composed of CCWA Board members appointed by the CCWA Board Chairman and review and recommends actions to the Authority Board of Directors with regard to finance and personnel related matters.

## Santa Barbara County Project Participants

Each Santa Barbara County project participant is a water purveyor or user located in Santa Barbara County which obtained contractual rights to receive water from the State Water Project prior to 1991. Those rights have been assigned to the Authority pursuant to the terms of the Water Supply Agreements.

## San Luis Obispo County Water Purchasers

Each San Luis Obispo County water purchaser is a water purveyor or user located in San Luis Obispo County which obtained contractual rights from SLOCFCWCD to receive water from the State Water Project.





# Management's Discussion and Analysis

## FINANCIAL HIGHLIGHTS

The following table shows a condensed version of the Authority's balance sheet with corresponding analysis regarding significant variances.

	<u>Year Ended</u>		<u>Variance</u>	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>Dollars</u>	<u>Percent</u>
	<u>Increase (Decrease)</u>			
Current Assets	\$ 29,308,465	\$ 30,559,924	\$ (1,251,459)	-4.1%
Restricted Assets	48,606,006	47,285,092	1,320,914	2.8%
Capital Assets	122,387,730	124,628,812	(2,241,082)	-1.8%
Other Assets	27,793,338	29,489,311	(1,695,973)	-5.8%
<b>Total Assets</b>	<b>\$ 228,095,539</b>	<b>\$ 231,963,139</b>	<b>\$ (3,867,600)</b>	<b>-1.7%</b>
Current Liabilities	\$ 66,806,728	\$ 66,334,904	\$ 471,824	0.7%
Long-Term Liabilities	147,500,000	151,635,000	(4,135,000)	-2.7%
<b>Total Liabilities</b>	<b>214,306,728</b>	<b>217,969,904</b>	<b>(3,663,176)</b>	<b>-1.7%</b>
Net assets invested in capital assets	22,890,770	22,890,770	0	0.0%
Unrestricted net assets	(9,101,959)	(8,897,535)	(204,424)	2.3%
<b>Total Liabilities and Net Assets</b>	<b>\$ 228,095,539</b>	<b>\$ 231,963,139</b>	<b>\$ (3,663,176)</b>	<b>-1.6%</b>

### Balance Sheet Analysis

- Total assets as of June 30, 2004 are \$228.1 million, or \$3.9 million less than the June 30, 2003 amount.
- Current assets are approximately \$1.3 million less than the prior year amount primarily due to a decrease in unrestricted cash and investments for a decrease in prepaid project participant payments.
- Restricted assets are approximately \$1.3 million higher than the prior year amount due to an increase in the project participant payments for Department of Water Resources (DWR) costs.
- Capital and other assets are \$2.2 million lower than the prior year amount due to depreciation of the Authority's capital assets, amortization of the CCWA 1996 revenue bond issuance costs and cash payments received for the long-term receivable.
- Current liabilities are about \$0.5 million higher than the prior year amount due to an increase in the project participant payments for DWR costs, partially offset by a decrease in project participant prepayments.
- Long-term liabilities are \$4.1 million lower due to the transfer of the October 1, 2004 principal payment on the Authority's 1996 revenue bonds to current liabilities.



# Management's Discussion and Analysis

The following table shows a condensed version of the Authority's Statement of Revenues, Expenses and Changes in Net Assets with corresponding analysis regarding significant variances.

	Year Ended		Variance	
	June 30, 2004	June 30, 2003	Dollars	Percent
<b>Condensed Statement of Revenues, Expenses and Changes in Net Assets</b>				
<u>Operating Revenues (Expenses)</u>				
Operating revenues	\$ 14,762,881	\$ 14,659,040	\$ 103,841	0.7%
Operating expenses, excluding depreciation expense	(4,474,862)	(4,549,145)	74,283	-1.6%
Depreciation and amortization	(3,827,197)	(3,714,775)	(112,422)	3.0%
<b>Operating Income</b>	<b>\$ 6,460,822</b>	<b>\$ 6,395,120</b>	<b>\$ 65,702</b>	<b>1.0%</b>
Non-operating revenues	\$ 1,166,486	\$ 1,497,892	\$ (331,406)	-22.1%
Non-operating expenses	(7,831,733)	(8,003,636)	171,903	-2.1%
<b>Decrease in Net Assets</b>	<b>\$ (204,425)</b>	<b>\$ (110,624)</b>	<b>\$ (93,801)</b>	<b>84.8%</b>

- Operating revenues as of June 30, 2004 are about \$0.10 million higher than the prior year amount. This increase is attributed to a decrease in interest and other credits available to offset O&M assessment payments from the Authority's project participants coupled with an increase in assessment payments for operating expenses.

It is the Authority's policy to return O&M assessment surpluses and interest income earned on the Authority's general cash balances to the project participants in the form of credits against future assessments. For FY 2003/04, this credit totaled \$0.56 million compared to the FY 2002/03 credit of \$0.44 million.

- Operating expenses, excluding depreciation and amortization expense are about \$0.07 million higher than the prior year amount due to the following:
  - Personnel expense increases of \$0.23 million due to salary increases effective July 1, 2003 and higher employee benefit costs during FY 2003/04.
  - Professional services expense decrease of \$0.25 million attributed to a decrease in environmental service expenses and costs for the CCWA vulnerability assessment.
  - Utilities expense decrease of \$0.15 million due to a decrease in water deliveries during FY 2003/04.
  - Other expense increase of \$0.17 million for non-capitalized project expenses and carryover of funds from the FY 2003/04 budget, to the FY 2004/05 budget.
- Non-operating revenues are \$0.3 million lower than the prior year amount due to a decrease in interest income during FY 2003/04 attributed to lower interest rates earned on investment balances.
- Non-operating expenses are \$0.17 million lower due to a decrease in CCWA 1996 revenue bond interest expense.



# Management's Discussion and Analysis

## Capital Assets

The following table provides a summary of the Authority's capital assets and changes from the prior year.

	Year Ended		Variance	
	June 30, 2004	June 30, 2003	Dollars	Percent
Land	\$ 3,148,500	\$ 3,148,500	\$ 0	0.0%
Furniture fixtures and equipment	619,060	525,309	93,751	17.8%
Equipment	27,829,423	27,680,448	148,975	0.5%
Buildings and structures	48,394,608	48,394,608	-	0.0%
Underground pipeline	58,971,623	58,971,623	-	0.0%
Construction in progress	294,845	257,737	37,108	14.4%
Total property, plant and equipment	139,258,059	138,978,224	279,835	0.2%
Accumulated depreciation	(16,870,329)	(14,349,413)	(2,520,916)	17.6%
Net property, plant and equipment	\$ 122,387,730	\$ 124,628,812	\$ (2,241,081)	-1.8%

Please refer to the Notes to the Financial Statements for additional information regarding the Authority's capital assets.

## Debt Administration

At June 30, 2004, the Authority had \$151,635,000 of outstanding 1996 Series A revenue bonds.

The Authority's 1996 revenue bond indenture and the Water Supply Agreements require that certain CCWA project participants and contractors maintain a ratio of net revenues to contract payments of at least 1.25. Additionally, the Authority has complied with the Securities and Exchange Commission Rule 15c12 which requires all local governments that bring municipal debt to market after July 3, 1995 to provide specified financial and operating information on an annual basis which mirrors the information provided in the 1996 revenue bond official statement.

As of June 30, 2004, the Authority had no arbitrage rebate liability on the 1996 revenue bonds.

Please refer to the Notes to the Financial Statements for additional information regarding the Authority's long-term debt.



# Balance Sheets

<b>ASSETS</b>	<b>Year Ended</b>	
	<b>June 30, 2004</b>	<b>June 30, 2003</b>
<b><u>Current Assets</u></b>		
Cash and investments	\$ 28,916,131	\$ 30,171,065
Accounts receivable	850	27,502
Accrued interest receivable	266,831	254,754
Other assets	124,653	106,603
<b>Total Current Assets</b>	<b>29,308,465</b>	<b>30,559,924</b>
<b><u>Restricted Assets</u></b>		
Cash and investments with fiscal agents	14,010,944	14,111,588
Cash and investments held for deposit	34,595,062	33,173,504
<b>Total Restricted Assets</b>	<b>48,606,006</b>	<b>47,285,092</b>
<b><u>Capital Assets</u></b>		
Plant and equipment (Net of accumulated depreciation of \$16,870,329 for 2004 and \$14,349,413 for 2003)	119,239,230	121,480,312
Land	3,148,500	3,148,500
<b>Total Capital Assets</b>	<b>122,387,730</b>	<b>124,628,812</b>
<b><u>Other Assets</u></b>		
Unamortized bond issuance costs, net	13,072,427	14,309,844
Long-term accounts receivable	14,720,911	15,179,467
<b>Total Other Assets</b>	<b>27,793,338</b>	<b>29,489,311</b>
<b>Total Assets</b>	<b>\$ 228,095,539</b>	<b>\$ 231,963,139</b>

*Continued*

*The notes to the financial statements are an integral part of these statements.*



# Balance Sheets

<b><u>LIABILITIES AND NET ASSETS</u></b>	<b>Year Ended</b>	
	<b><u>June 30, 2004</u></b>	<b><u>June 30, 2003</u></b>
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 197,765	\$ 338,615
Deposits	34,633,648	33,173,504
Accrued interest payable	1,946,922	1,990,967
Other liabilities	533,686	590,896
Current portion of bonds payable	4,135,000	3,830,000
Rate coverage reserve fund	7,619,132	7,545,117
Prepaid project participant assessments	17,740,575	18,865,805
<b>Total Current Liabilities</b>	<b>66,806,728</b>	<b>66,334,904</b>
<b><u>Long-Term Liabilities</u></b>		
Bonds payable	147,500,000	151,635,000
<b>Total Long-Term Liabilities</b>	<b>147,500,000</b>	<b>151,635,000</b>
<b>Total Liabilities</b>	<b>214,306,728</b>	<b>217,969,904</b>
<b><u>Commitments and Uncertainties</u></b>		
<b><u>Net Assets</u></b>		
Net assets invested in capital assets, net of related debt	22,890,770	22,890,770
Unrestricted net assets	(9,101,959)	(8,897,535)
<b>Total Net Assets</b>	<b>13,788,811</b>	<b>13,993,235</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 228,095,539</b>	<b>\$ 231,963,139</b>

*The notes to the financial statements are an integral part of these statements.*



# Statements of Revenues, Expenses and Changes in Net Assets

	<u>Year Ended</u>	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b><u>Operating Revenues</u></b>		
Operating reimbursements		
from project participants	\$ 14,703,601	\$ 14,499,211
Other revenues	59,280	159,829
<b>Total Operating Revenues</b>	<b>14,762,881</b>	<b>14,659,040</b>
<b><u>Operating Expenses</u></b>		
Personnel expenses	2,365,260	2,136,578
Office expenses	20,914	16,573
General and administrative	168,683	138,252
Professional services	273,125	525,615
Supplies and equipment	506,421	593,458
Monitoring expenses	52,558	69,923
Repairs and maintenance	193,674	189,755
Utilities	404,731	560,843
Depreciation and amortization	3,827,197	3,714,775
Other expenses	489,496	318,148
<b>Total Operating Expenses</b>	<b>8,302,059</b>	<b>8,263,920</b>
<b>Operating Income</b>	<b>6,460,822</b>	<b>6,395,120</b>
<b><u>Non-Operating Revenues</u></b>		
Interest income	1,155,686	1,491,002
Gain on disposal of property, plant and equipment	10,800	6,890
<b>Total Non-Operating Revenues</b>	<b>1,166,486</b>	<b>1,497,892</b>
<b><u>Non-Operating Expenses</u></b>		
Interest expense	7,831,733	8,003,636
<b>Total Non-Operating Expenses</b>	<b>7,831,733</b>	<b>8,003,636</b>
<b>Decrease in net assets</b>	<b>(204,425)</b>	<b>(110,624)</b>
<b><u>Net Assets</u></b>		
Net assets, at beginning of year	13,993,235	14,103,859
Net assets, at end of year	\$ 13,788,810	\$ 13,993,235

*The notes to the financial statements are an integral part of these statements.*



# Statements of Cash Flows

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from project participants and other operating activities	\$ 12,730,882	\$ 12,482,311
Cash payments to employees	(1,703,347)	(1,604,529)
Cash payments to suppliers	(2,912,365)	(2,821,077)
Net cash provided by operating activities	<u>8,115,170</u>	<u>8,056,705</u>
<b>Cash Flows from Investing Activities</b>		
Interest and dividends on investments	1,143,609	1,646,017
Net cash provided by investing activities	<u>1,143,609</u>	<u>1,646,017</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(349,807)	(648,595)
Interest paid on long-term debt	(7,875,778)	(8,043,405)
Principal payments on long-term debt	(3,830,000)	(3,535,000)
Proceeds received from sale of capital assets	10,800	6,890
Net cash used by capital and related financing activities	<u>(12,044,785)</u>	<u>(12,220,110)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Proceeds received for DWR and Warren Act charges	36,297,319	35,629,582
Payments of DWR and Warren Act charges	(35,095,334)	(33,928,285)
Proceeds received for rate coverage fund and prepayment deposits	1,650,000	2,837,417
Net cash provided (used) by non-capital financing activities	<u>2,851,985</u>	<u>4,538,714</u>
Net increase in cash and cash equivalents	65,979	2,021,326
Cash and cash equivalents, beginning of year	<u>77,456,157</u>	<u>75,434,831</u>
Cash and investments	28,916,131	30,171,065
Cash and investments with fiscal agent	14,010,944	14,111,588
Cash and investments held for deposits	34,595,062	33,173,504
Cash and cash equivalents, end of year	<u>\$ 77,522,137</u>	<u>\$ 77,456,157</u>
<b>Cash Flows From Operating Activities</b>		
Operating Income	\$ 6,460,822	\$ 6,395,120
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,827,197	3,714,775
Decrease in accounts receivable	485,208	412,476
(Increase) decrease in other assets	(18,050)	10,721
Increase (decrease) in accounts payable	(140,850)	123,539
Credits applied against project participant invoices	(2,441,948)	(2,626,395)
Increase (decrease) in other liabilities	(57,210)	26,469
Net cash provided by operating activities	<u>\$ 8,115,170</u>	<u>\$ 8,056,705</u>

*Continued*

*The notes to the financial statements are an integral part of these statements.*



# Statements of Cash Flows

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## **Supplemental Disclosures of Cash Flow Information**

	<u>Year Ended</u>	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b><u>Schedule of Non-Cash Capital and Related Financing Activities</u></b>		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	\$ 87,621	\$ 1,281,985
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.	\$ 66,595	\$ 20,171

*The notes to the financial statements are an integral part of these statements.*





# Notes to Financial Statements

## **Note 1: Summary of Significant Accounting Policies**

The accounting policies of the Central Coast Water Authority ("Authority") conform to generally accepted accounting principles. The following summary of the Authority's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

### **A. Reporting Entity**

The primary purpose of the Central Coast Water Authority is to provide for the development, financing, construction, operation and maintenance of certain local (non-state owned) facilities required to deliver water from the State Water Project (the "SWP") to certain water purveyors and users in Santa Barbara County.

The Central Coast Water Authority was created by its members in August 1991. The Authority is presently composed of eight members, all of which are public agencies, as follows: the cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and the Santa Ynez River Water Conservation District, Improvement District No. I (SYRWCD, ID#1, in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water District.) In addition, the Authority has one associate member, the La Cumbre Mutual Water Company (together with the members, the "Purveyor Participants"). Each of the Purveyor Participants has entered into a Water Supply Agreement with the Authority, as have non-members: Vandenberg Air Force Base ("Vandenberg AFB"), Raytheon Systems Company (formerly Santa Barbara Research Center), Morehart Land Company and Southern California Water Company (the "Consumer Participants").

The Authority Participants are located in three different geographic areas of Santa Barbara County: North County (Guadalupe, Santa Maria, Southern California Water Company and Vandenberg AFB); the Santa Ynez Valley (Buellton and SYRWCD, ID#1); and the South Coast (Carpinteria, Goleta, La Cumbre Mutual Water Company, Montecito, Morehart Land Company, Santa Barbara and Raytheon Systems Company, formerly Santa Barbara Research Center). Historically, the North County has been an agricultural area but has seen significant urban development in the last twenty years and expects additional urban

development in the future; the Santa Ynez Valley is a rural agricultural area and tourist destination; and the South Coast is a generally developed urban area which does not expect significant growth in the future.

In October 1992, the Central Coast Water Authority entered into an agreement with San Luis Obispo (SLO) County to treat water delivered through the SWP. The entities covered by the agreement include: Avila Beach County Water District, Avila Valley Mutual Water Company, California Men's Colony, City of Morro Bay, City of Pismo Beach, County of San Luis Obispo Community Services Area #16, Irrigation District # 1, Cuesta College, Oceano Community Services District, San Luis Obispo County Operations Center, San Luis Coastal Unified School District and San Miguelito Mutual Water Company.

### **Facilities Constructed by the Authority**

The facilities constructed by the Authority include a water treatment plant located at Polonio Pass in northern San Luis Obispo County and two pipeline extensions: (1) the Mission Hills Extension, a buried pipeline approximately eleven miles long running from the terminus of the Coastal Branch (Phase II) southerly to the vicinity of the Lompoc Valley, and (2) the Santa Ynez Extension, a buried pipeline approximately thirty-two miles long running from the terminus of the Mission Hills Extension easterly through the Santa Ynez Valley, to a terminus at Cachuma Lake and includes one pumping plant near Santa Ynez and one storage tank. Water transported to Lake Cachuma is transported through the existing Tecolote Tunnel, which traverses the Santa Ynez Mountains, to the South Coast of Santa Barbara County.

The water treatment plant receives raw water from the SWP and delivers treated water to purveyors and users located in San Luis Obispo and Santa Barbara Counties.

### **Contractual Relationships**

The State of California Department of Water Resources ("DWR") entered into contracts (the "State Water Supply Contracts") with San Luis Obispo and Santa Barbara Counties in 1963 pursuant to which the counties received Table A amounts to water from the SWP. San Luis Obispo County's Table A amount was for 25,000 acre-feet per year and Santa Barbara County's Table A amount was for 57,700 acre-feet



# Notes to Financial Statements

per year. In 1981, Santa Barbara County amended its contract to reduce its Table A amount to 45,486 acre-feet per year.

In 1983, Santa Barbara County entered into a series of Water Supply Retention Agreements ("WSRAs") with local water purveyors and users within Santa Barbara County. These WSRAs initially granted the purveyors and users an option to obtain an assignment of Santa Barbara County's State Water Supply Contract rights and, as of July 1, 1989, actually granted the full assignment of those rights. Thereafter, certain of the local water purveyors and users holding the WSRA rights transferred those rights to the Authority, a newly formed joint powers authority, in consideration for Water Supply Agreements dated August 1, 1991, which provide for the delivery of SWP water by the Authority and the payment of required costs by the transferors. The Authority's obligation to make such payments to the DWR from the payments it receives pursuant to the Water Supply Agreements is senior to its obligation to make payments with respect to the Bonds. These transfers have been consented to by DWR and were validated by an agreement between Santa Barbara County and the Authority on November 12, 1991 (the "Transfer of Financial Responsibility Agreement").

## The Water Supply Agreements

Each Project Participant has entered into a Water Supply Agreement to provide for the development, financing, construction, operation and maintenance of the Project. The purpose of the Water Supply Agreements is to assist in carrying out the purposes of the Authority with respect to the Project by: (1) requiring the Authority to sell, and the Project Participants to buy, a specified amount of water from the project, and (2) assigning the Project Participants' Table A amount rights in the Project to the Authority.

In accordance with the provisions of each Water Supply Agreement, the Authority fixes charges for each Project Participant to produce revenues from the Project equal to the amounts anticipated to be needed by the Authority to meet the costs of the Authority to deliver to each Project Participant its pro rata share of water from the Project as set forth in each Water Supply Agreement. Each Project Participant is required to pay to the Authority an amount equal to its share of the total Fixed Project Costs and certain other costs in the proportion established in accordance with the applicable Water Supply Agreement, including the Santa Barbara Project Participant's share of payments to DWR under the State Water Supply Contract, as amended (including capital, operation, maintenance, power and replacement costs of the DWR

Facilities), debt service on the Bonds and all Authority operating and administrative costs. Such obligation is to be honored by each Project Participant whether or not water is furnished to it from the Project at all times or not at all and whether or not the Project is completed, operable, operated or retired. Such payments are not subject to any reduction and are not conditioned upon performance by the Authority or any other Project Participant under any agreement.

The Water Supply Agreements set forth detailed provisions concerning the time and method of payment by each Contractor of certain costs, including Fixed Project Costs and other operation and maintenance costs, as well as the method of allocation of such costs and expenses and the remedies available to the Authority in the event a project participant defaults in its payments to the Authority.

## B. Basis of Accounting

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheets. Where appropriate, net total assets (i.e., fund equity) is segregated into net assets invested in capital assets, net of related debt and unrestricted net assets. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

This report has been prepared in conformance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the Authority applies all Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB's) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.



# Notes to Financial Statements

The Authority has adopted GASB Statements 33 through 38, and related interpretations issued through June 30, 2004. Statement 34 and subsequent Statements and Interpretations required certain other changes in terminology, format and content, as well as inclusion of the management's discussion and analysis as required supplementary information.

## C. Investments

The Authority has developed an investment policy that exceeds the minimum requirements established by the State of California. The Authority believes that it has adhered to established policies for all investment activities. As of June 30, 2004, the investment portfolio has a weighted average maturity (excluding the guaranteed investment contract) of 0 days and a weighted average yield of 1.6656%.

The Authority reports investments with a maturity at the time of purchase of less than one year at amortized cost. Investments with a maturity greater than one year at the time of purchase are reported at fair value. As of June 30, 2004 all investments are reported at amortized cost.

## D. Capital Assets

Capital assets, consisting of property, plant and equipment purchased or constructed by the Authority which meet or exceed the Authority's capitalization threshold of \$5,000 and an estimated useful life of five years or more, are stated at cost. Depreciation has been computed over the estimated useful life of each asset using the straight-line method. Interest costs have been capitalized based on the average outstanding capital expenditures. In addition, certain technical and engineering related studies associated with the Project have also been capitalized and included in the basis of the assets. The ranges of depreciation rates are:

Furniture fixtures and equipment	5-10 years
Equipment	10-50 years
Buildings and structures	30-50 years
Underground pipeline	75 years

## E. Inventories

Certain chemical purchases for use at the water treatment plant have been recorded to an inventory account to be expensed in proportion to the amount of water treated at the water treatment plant on a monthly basis.

## F. Unamortized Bond Issuance Costs

Unamortized bond issuance costs are deferred and amortized over the term of the bonds in proportion to the interest expense recognized each period (see Note 4).

## G. Deposits

Deposits include cash receipts from project participants for amounts payable to the Department of Water Resources (DWR) and Warren Act Charges payable to the U.S. Bureau of Reclamation and the Cachuma Operations and Maintenance Board (COMB).

## H. Operating Reimbursements from Project Participants

Operating reimbursements from project participants include amounts paid for Authority operating expenses and debt service payments. Debt service operating assessment receipts for both principal and interest are recorded as operating revenues.

## I. Unexpended Operating Assessments

It is the policy of the Authority to return unexpended operating assessments and interest income to the project participants after the close of each fiscal year. Unexpended operating assessments and investment income earned on the Authority's unrestricted cash balances are recorded as unearned revenue and returned to the project participants as a credit against the following years operating assessment.

## J. Operating and Non-Operating Revenues and Expenses

Project participant assessment payments for operations and maintenance expenses, revenue bond debt service payments and miscellaneous revenues are considered operating revenues. Interest income and gains on sale of capital assets and investments are considered non-operating revenues.

Operations and maintenance expenses and depreciation and amortization expenses are considered operating expenses. Revenue bond interest expenses and other extraordinary expenses are considered non-operating expenses.



# Notes to Financial Statements

## K. Long-Term Accounts Receivable

Certain project participants requested that the Authority finance local facilities and other costs associated with the State water project owned and operated by the individual project participants. These costs are recorded as a long-term receivable on the Authority's balance sheet and repaid by the project participants in the form of revenue bond debt service payments to the Authority.

## L. Rate Coverage Reserve Fund

In December 1997, the Authority adopted the rate coverage reserve fund policy to provide a mechanism to allow the Authority's project participants to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement to impose rates and charges sufficient to collect 125% of their contract payments as defined in the Water Supply Agreement.

Under the rate coverage reserve fund policy, a project participant may deposit with the Authority up to twenty five percent (25%) of its State water contract payments in a given year. Amounts on deposit in the rate coverage reserve fund are used to satisfy a portion of the rate coverage obligation found in the Water Supply Agreement.

The following table shows a summary of project participant deposits in the rate coverage reserve fund as of June 30, 2004.

<u>Project Participant</u>	<u>June 30,</u> <u>2004</u>
Avila Beach CSD (SLO County)	\$ 27,706
City of Buellton	239,168
Carpinteria Valley Water District	755,319
City of Guadalupe	155,302
La Cumbre Mutual Water Company	346,305
Montecito Water District	963,100
Oceano CSD (SLO County)	177,101
City of Santa Maria	4,016,958
Shandon (SLO County)	14,573
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	536,700
Santa Ynez WCD, ID #1	386,900
Total	<u>\$7,619,132</u>

## M. Self-Funded Dental/Vision Insurance Plan

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided \$2,500 per calendar year to pay dental and vision expenses for the employee and their qualified dependents. As of June 30, 2004, the calendar year 2004 maximum liability under the plan was \$61,250 and year-to-date claims paid were \$15,224.

The following table shows a summary of the claims liability and claims paid for the plan years ended December 31, 2002 and 2003.

	<u>2003</u>	<u>2002</u>
Maximum claims liability	\$63,125	\$63,433
Actual claims paid	(33,530)	(36,490)

## N. Use of Estimates

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

## **Note 2: Cash and Investments**

### A. Demand Deposits

The Authority's demand deposits with a central California regional bank totaled \$504,723 and \$207,038 at June 30, 2004 and 2003, respectively. Such deposits are insured up to a maximum of \$100,000 by the Federal Deposit Insurance Corporation.

The California Government Code requires California banks and savings and loan associations to secure the Authority's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Authority's deposits. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits.



# Notes to Financial Statements

Deposits are classified as to credit risk by three categories as follows:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the Authority's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name

Category 3: Uncollateralized.

As of June 30, 2004, the reported amount of the Authority's demand deposits was \$504,723 and the bank balance was \$510,677. The bank balances are considered category one deposits (insured or collateralized with securities held by the Authority or by its agent in the Authority's name).

## B. Cash and Investments

The Authority is authorized by its investment policy, in accordance with Section 53601 of the California Government Code, to invest in the following instruments: securities issued or guaranteed by the Federal Government or its agencies, commercial paper, money market funds, and the State Treasurer's Local Agency Investment Funds (LAIF).

The fair value of pooled investments is determined annually and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. At June 30, 2004, the carrying value of the Authority's position in LAIF is \$39,465,248 and the fair value is \$39,401,478.

The investments that are represented by specific identifiable investment securities are classified as to credit risk into three categories as follows:

Category 1: Insured or registered, or securities held by the Authority or its agent in the Authority's name.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Authority's name.

Based upon the categories listed above, the Authority's investments are considered category three investments. These are uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent, but not specifically in the Authority's name. LAIF funds, money market fund deposits and the guaranteed investment contract are not categorized.

## C. Collateralized Investment Agreement

On December 23, 1998, the Authority entered into a collateralized investment agreement in the amount of \$12,758,750 for the revenue bond debt service reserve fund. The collateralized investment agreement pays interest semi-annually at a rate of 5.47% and matures on October 1, 2022. The underlying collateral for the investment agreement is held in trust by a third party collateral agent.

## D. Cash and Investments with Fiscal Agent

The Authority has monies held by trustees or fiscal agents pledged to the payment or security of the bonds payable. The California Government Code provides that these monies, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the indentures specifying the types of investment the trustees or fiscal agents may make.

## E. Cash Equivalents

The Authority has monies held by trustees or fiscal agents pledged to the payment or security of the bonds payable. The California Government Code provides that these monies, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the indentures specifying the types of investment the trustees or fiscal agents may make.

## F. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the terms of this plan, employees may defer amounts of income up to one hundred percent of salary or \$13,000 per year, whichever is less.





# Notes to Financial Statements

## G. Pooling

The Authority follows the practice of pooling cash and investments for all funds under its direct daily control. Funds held by outside fiscal agents under provisions of the bond indenture are maintained separately. Interest income from cash and investments with fiscal agents is credited directly to the related accounts.

The carrying and market values of cash and investments consisted of the following at June 30:

	2004		2003
	Carrying Amount	Fair Value	Carrying Amount
Cash and Investments			
Cash in bank	\$ 504,024	\$ 504,024	\$ 206,338
Petty cash	699	699	699
Local Agency			
Investment Fund	39,073,974	39,010,837	9,700,019
Money Market Funds	<u>23,932,496</u>	<u>23,932,496</u>	<u>53,437,513</u>
	<u>63,511,193</u>	<u>63,448,056</u>	<u>63,344,569</u>
Less: cash and investments held for deposits	<u>(34,595,062)</u>	<u>(34,595,062)</u>	<u>(33,173,504)</u>
Total Cash and Investments	<u>28,916,131</u>	<u>28,852,994</u>	<u>30,171,065</u>
Cash and Investments with Fiscal Agents			
Money market funds	860,920	860,920	918,610
Local Agency Investment Fund	391,274	390,641	434,228
Guaranteed Investment Contract	<u>12,758,750</u>	<u>12,758,750</u>	<u>12,758,750</u>
Total Cash and Investments with Fiscal Agents	<u>14,010,944</u>	<u>14,010,311</u>	<u>14,111,588</u>
Total	<u>\$77,522,137</u>	<u>\$ 77,458,367</u>	<u>\$ 77,456,157</u>

### Note 3: Capital Assets

Property, plant and equipment consisted of the following at June 30:

	2004		
	Property, Plant and Equipment	Accumulated Depreciation	Net
Land	\$ 3,148,500	\$ -	\$ 3,148,500
Furniture fixtures and equipment	619,060	(490,598)	128,462
Equipment	27,829,423	(5,986,146)	21,843,277
Buildings and structures	48,394,608	(4,876,246)	43,518,362
Underground pipeline	58,971,623	(5,517,339)	53,454,284

Construction in progress	294,845	-	294,845
Total property and equipment	136,109,559	(16,870,329)	119,239,230
Total property, plant and equipment	<u>\$139,258,059</u>	<u>\$(16,870,329)</u>	<u>\$122,387,730</u>
2003			
	Property, Plant and Equipment	Accumulated Depreciation	Net
Land	\$ 3,148,500	\$ -	\$ 3,148,500
Furniture fixtures and equipment	525,310	(430,439)	94,870
Equipment	27,680,448	(5,021,475)	22,658,973
Buildings and structures	48,394,608	(4,171,515)	44,223,093
Underground pipeline	58,971,622	(4,725,984)	54,245,639
Construction in progress	257,737	-	257,737
Total property and equipment	135,829,725	(14,349,413)	121,480,312
Total property, plant and equipment	<u>\$138,978,225</u>	<u>\$(14,349,413)</u>	<u>\$124,628,812</u>

The following table shows the capital asset activity for the fiscal years ended June 30, 2004 and 2003.

	Plant and Equipment	Accumulated Depreciation	Net
Balance, June 30, 2002	\$135,201,290	\$(11,919,388)	\$123,281,902
Additions	1,943,642	(2,450,196)	(506,554)
Retirements and disposals	(20,171)	20,171	-
Transfers and reclasses	(1,295,036)	-	(1,295,036)
Balance at June 30, 2003	135,829,725	(14,349,413)	121,480,312
Additions	460,285	(2,587,512)	(2,127,226)
Retirements and transfers	(66,595)	66,595	-
Transfers and reclasses	(113,856)	-	(113,856)
Balance, June 30, 2004	<u>\$136,109,559</u>	<u>\$(16,870,330)</u>	<u>\$119,239,230</u>

### Note 4: Long-Term Debt

On November 5, 1996, the Authority issued \$198,015,000 in revenue bonds with an average interest rate of 5.55% to advance refund \$177,120,000 of outstanding 1992 Revenue Bonds with an average interest rate of 6.64%. The net proceeds of \$189 million (after deducting \$6.5 million in original issue discount, \$1.9 million in underwriting fees and other issuance costs) were used to purchase State and Local Government Securities (SLGS). Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992



# Notes to Financial Statements

Revenue Bonds. As of June 30, 2002, \$160,570,000 of the 1992 Revenue Bonds are considered to be defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$14.01 million. This difference, reported in the accompanying financial statements as unamortized bond issuance costs, is being charged to operations through the year 2022 in proportion to the bond interest expense incurred for each fiscal year. The Authority completed the advance refunding to reduce its total debt service payments over the next 25 years by \$10.3 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5.97 million.

The 1992 Revenue Bonds were issued by the Authority for the benefit of its participants to finance a portion of the costs of developing a pipeline and water treatment plant, to reimburse certain project participants for costs incurred in connection with the State Water Project, and to finance certain other facilities. Each of the participants in the financing held elections authorizing issuance of revenue bonds for the construction of the State Water Project. In order to reduce issuance costs and insure the proceeds are available on a timely basis, the Authority issued the bonds for all the participants requiring financing.

The City of Santa Maria, Southern California Water Company, Vandenberg AFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling \$22,890,770 at June 30, 2004 and 2003 have been accounted for as contributed capital. Under the Water Supply Agreements, each Project Participant is obligated to make payments to the Authority, with the payments pledged to secure the payment of the principal and interest of the bonds. The 1996 bonds are backed by a municipal bond insurance policy issued by AMBAC Indemnity. The Central Coast Water Authority Note, issued June 1992 in the amount of \$23,545,000, was advance refunded from proceeds of the 1992 revenue bond issue.

The annual requirements to pay all debt outstanding, as of June 30, 2004, are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2005	\$ 7,663,638	\$ 4,135,000	\$ 11,798,638
2006	7,404,138	4,515,000	11,919,138
2007	7,121,238	4,915,000	12,036,238
2008	6,829,413	5,775,000	12,604,413
2009-2013	29,066,031	33,800,000	62,866,031
2014-2018	19,426,125	43,265,000	62,691,125
2019-2023	7,173,000	55,230,000	62,403,000
Total	<u>\$84,683,583</u>	<u>\$151,635,000</u>	<u>\$236,318,583</u>

The 1996 Revenue Bonds were issued in two series: Series A bonds totaled \$173,015,000 and Series B bonds totaled \$25,000,000. On October 1, 1998, the Authority exercised the optional Series B bond call in the principal amount of \$23,380,000 with excess construction proceeds.

Series A bonds outstanding bear interest ranging from 5.00% to 6.00%.

## **Note 5: Defined Benefit Pension Plan**

### A. Plan Description

The Central Coast Water Authority's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Central Coast Water Authority is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The Central Coast Water Authority selects optional benefits through local Board resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.



# Notes to Financial Statements

## B. Funding Policy

Active plan members in the Central Coast Water Authority are required to contribute 7% of their annual covered salary. However, the Authority pays this amount on behalf of the employees without requiring a contribution from the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2003/04 was 8.431%. The contribution rate is established and may be amended by CalPERS.

## C. Annual Pension Costs

For fiscal year 2003/04, the Central Coast Water Authority's annual pension costs were \$235,722 and the Authority actually contributed \$226,516. The required contribution for fiscal year 2003/04 was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members, and (c) 3.50% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Authority's plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2002 was 13 years.

### Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability
6/30/00	\$1,078,549	\$1,428,532	\$(349,983)
6/30/01	\$1,363,548	\$1,676,103	\$(312,555)
6/30/02	\$1,824,045	\$1,762,978	\$61,067

Valuation Date	Funded Ratio	Annual Covered Payroll	UAAL As a Percentage of Payroll (1)
6/30/00	132.4%	\$1,350,684	(25.9%)
6/30/01	122.9%	\$1,457,816	(21.4%)
6/30/02	96.7%	\$1,400,443	4.4%

(1) UAAL: Unfunded Actuarial Accrued Liability

## Note 6: Commitments and Uncertainties

The Authority leases equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2004 were \$7,952 (2005) and \$5,102 thereafter, resulting in total minimum payments of \$13,054.

The Authority is involved in various legal proceedings, lawsuits and claims of a nature considered normal for its activities. It is the Authority's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable.

All of the accounts receivable recorded by the Authority are payable by its local participants and the DWR under the agreements more fully described in Note 1.

### Three-Year Trend Information for the Central Coast Water Authority

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/00	\$194,715	100%	\$0
6/30/01	\$189,528	100%	\$0
6/30/02	\$169,945	100%	\$0





# Notes to Financial Statements

## **Note 7: Net Assets Invested in Capital Assets**

The following schedule provides a summary of net assets investment in capital assets at June 30, 2004:

	Beginning Balance 7/1/03	Refunds	Local Project Costs	Ending Balance 6/30/04
Avila Valley	\$ 15,056	-	-	\$ 15,056
San Luis Schools	5,285	-	-	5,285
San Miguelito	220,916	-	-	220,916
Santa Maria	13,628,648	-	-	13,628,648
Vandenberg AFB	8,070,158	-	-	8,070,158
So Cal Water	869,588	-	-	869,588
Guadalupe	81,119	-	-	81,119
<b>Totals</b>	<b>\$22,890,770</b>	<b>-</b>	<b>-</b>	<b>\$22,890,770</b>

## **Note 8: Joint Powers Insurance Authority**

The Authority participates in the liability, property and fidelity bond insurance program organized by the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA - JPIA"). ACWA - JPIA is a joint powers insurance authority created to provide a self-insurance program to water agencies in the State of California.

ACWA - JPIA provides liability, property, workers' compensation, fidelity and boiler and machinery insurance for approximately 290 water agencies for losses in excess of the members' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA - JPIA is governed by a board composed of members from participating members. The board controls the operations of ACWA - JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board.

Each member shares surpluses and deficiencies proportionately to its participation in ACWA. The Authority has not incurred any settlements which exceeded insurance coverage for the past three fiscal years.

## **Note 9: Reclassification**

Certain amounts in the June 30, 2003 financial statements have been reclassified to conform to the June 30, 2004 presentation.



**TABLE 1**  
**General Governmental Revenues by Source**

<b>Fiscal Year</b>	<b>Operating Assessments</b>	<b>Debt Service Assessments</b>	<b>Other Revenues</b>	<b>Interest Income</b>	<b>Total Revenues</b>
1994/95	\$ 1,364,258	\$ -	\$ 1,142	\$ 1,665,769	\$ 3,031,169
1995/96	1,798,493	-	2,713	1,145,103	2,946,309
1996/97	1,495,834	2,081,902	9,118	1,074,057	4,660,911
1997/98	1,545,147	8,689,624	7,548	4,374,272	14,616,591
1998/99 (1)	1,295,241	-	460	3,493,312	4,789,013
1999/00	1,963,376	7,779,256	2,598	2,924,419	12,669,649
2000/01	1,601,303	10,263,441	88,587	3,054,399	15,007,753
2001/02	2,608,414	10,377,750	480,344	2,107,406	15,573,914
2002/03	4,027,340	10,471,871	166,719	1,491,002	16,156,930
2003/04	4,126,452	10,577,149	70,080	1,155,686	15,929,366

Source: Central Coast Water Authority

(1) Fiscal year 1998/99 revenues decreased for debt service credits provided to the project participants from the project closeout.

**Total Revenue Comparison**

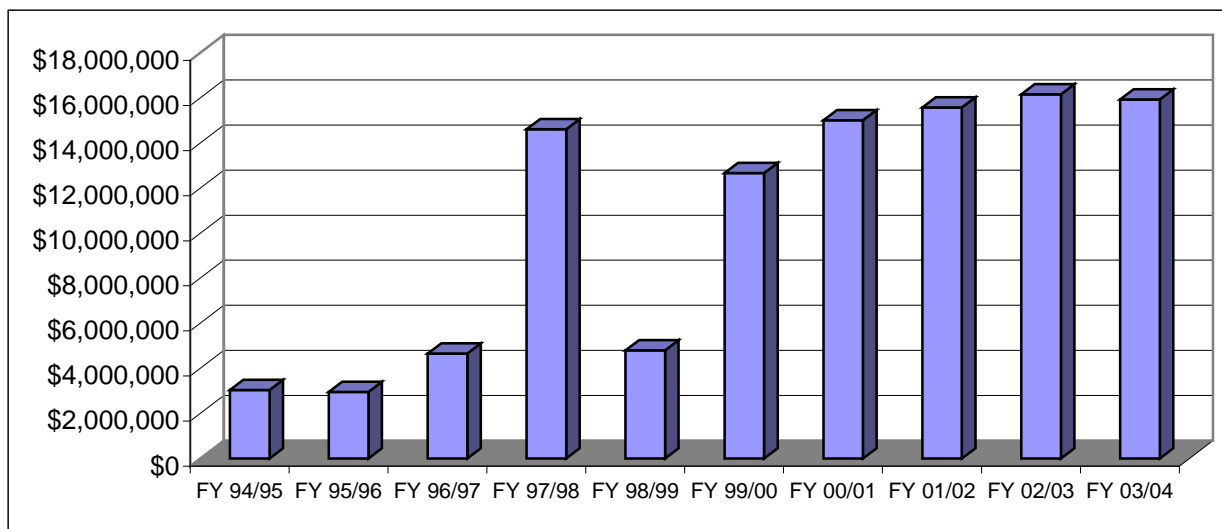




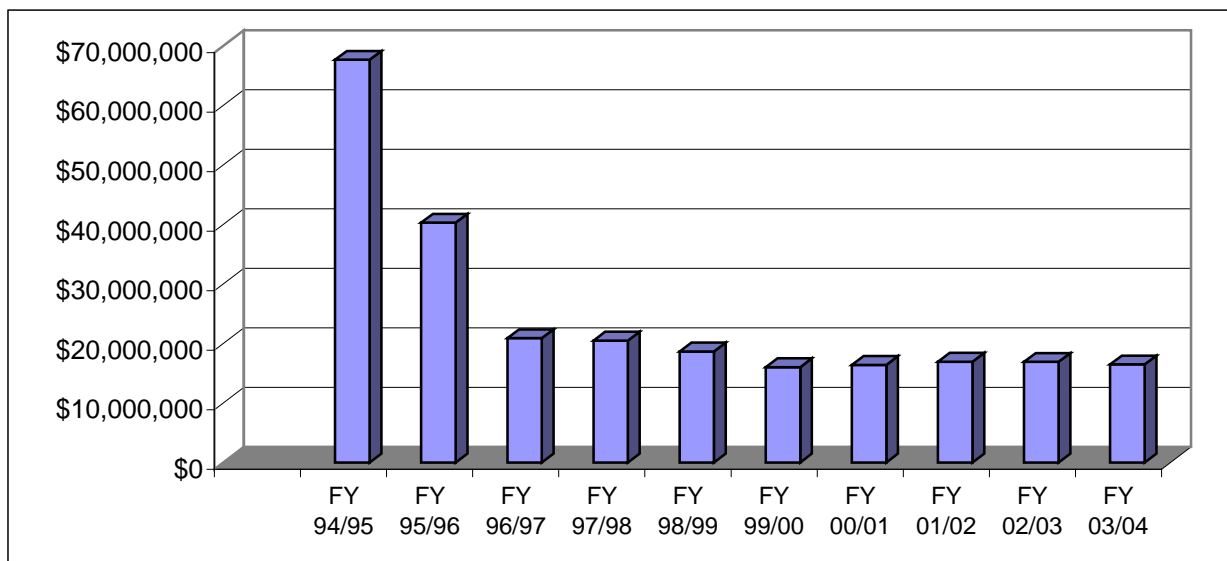
TABLE 2

General Governmental Expenditures by Function

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Other Expenses	Total Expenditures
1994/95	\$ 762,826	\$ 66,888,392	\$ -	\$ -	\$ 67,651,218
1995/96	975,003	39,318,423	-	-	40,293,426
1996/97	3,539,031	16,036,392	1,314,904	-	20,890,327
1997/98	6,718,882	3,922,279	9,865,258	-	20,506,419
1998/99	7,708,099	1,983,928	8,806,337	180,000	18,678,364
1999/00	7,260,069	318,601	8,447,925	-	16,026,595
2000/01	7,485,168	611,625	8,297,610	-	16,394,403
2001/02	8,043,758	734,218	8,158,708	-	16,936,684
2002/03	8,263,920	648,606	8,003,636	-	16,916,162
2003/04	8,302,059	349,809	7,831,733	-	16,483,601

Source: Central Coast Water Authority

Total Expenditures Comparison





**TABLE 3**  
**Ratio of Annual Debt Service**  
**For Total Bonded Debt to Total Expenditures**

Fiscal Year	Bond Issue	Principal	Interest <sup>(1)</sup>	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
1994/95	92 Bonds	\$ -	\$ 11,290,130	\$ 11,290,130	\$ 67,651,218	16.69%
1995/96	92 Bonds	-	11,290,130	11,290,130	40,293,426	28.02%
1996/97	92 & 96 Bonds	-	7,922,882	7,922,882	20,890,327	37.93%
1997/98	96 Bonds	4,040,000	9,904,443	13,944,443	20,506,419	68.00%
1998/99 <sup>(2)</sup>	96 Bonds	25,920,000	9,164,749	35,084,749	18,678,364	187.84%
1999/00	96 Bonds	2,775,000	8,447,925	11,222,925	16,026,595	70.03%
2000/01	96 Bonds	3,010,000	8,329,216	11,339,216	16,394,403	69.17%
2001/02	96 Bonds	3,270,000	8,194,474	11,464,474	16,936,684	67.69%
2002/03	96 Bonds	3,535,000	8,043,405	11,578,405	16,916,162	68.45%
2003/04	96 Bonds	3,830,000	7,875,778	11,705,778	16,483,601	71.01%

(1) Represents actual cash payment without regard to payments from the capitalized interest fund.

Source: Central Coast Water Authority

**Ratio of Debt Service to Total Expenditures**

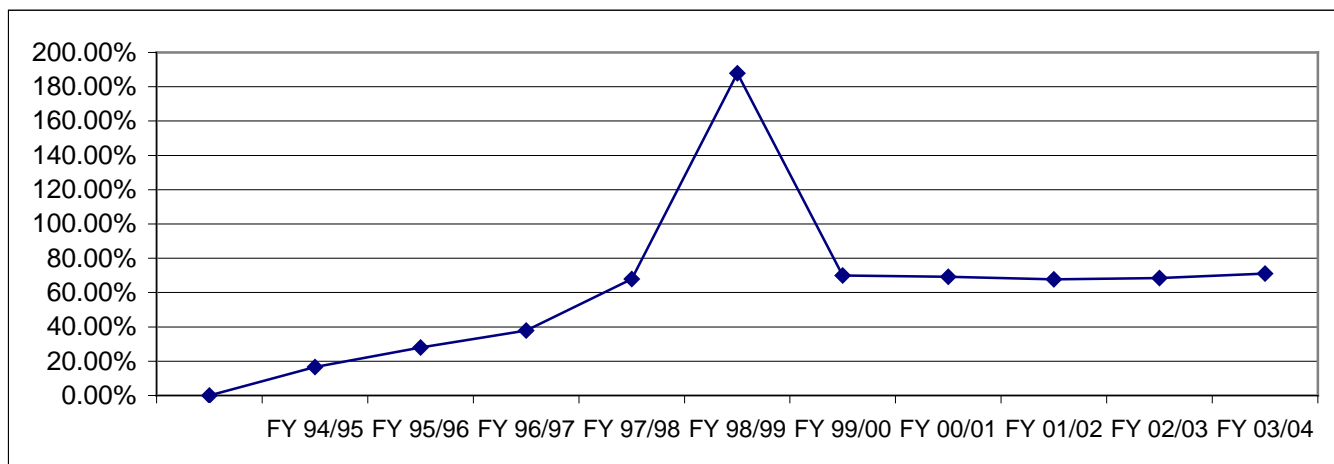




TABLE 4

FY 2003/04 Allocation of CCWA Operating Expenses

Project Participant	FY 2003/04 Unadjusted Operating Expenses <sup>(1)</sup>	Exchange Agreement Modifications <sup>(2)</sup>	Regional Water Treatment Plant Modifications <sup>(3)</sup>	FY 2003/04 Allocated Operating Expenses
Shandon (SLO County)	\$ 4,637	N/A	N/A	\$ 4,637
Chorro Valley Turnout (SLO County)	150,879	N/A	N/A	150,879
Lopez Turnout (SLO County)	151,794	N/A	N/A	151,794
City of Guadalupe	48,194	N/A	\$ 17,946	66,141
City of Santa Maria	1,386,883	N/A	532,760	1,919,643
Southern California Water Co.	54,125	N/A	16,172	70,297
Vandenberg Air Force Base	520,086	N/A	180,591	700,677
City of Buellton	70,865	N/A	18,929	89,794
City of Solvang	174,413	N/A	49,362	223,775
Santa Ynez Imp. District #1	62,040	310,506	98,829	471,374
Goleta Water District	596,181	(111,717)	(292,329)	192,135
Morehart Land Co.	23,463	N/A	(15,846)	7,618
La Cumbre Mutual Water Co.	134,116	-	(84,054)	50,062
Raytheon Systems Company	7,442	-	(4,332)	3,110
City of Santa Barbara	389,306	(74,561)	(192,553)	122,191
Montecito Water District	402,353	(74,561)	(195,943)	131,849
Carpinteria Valley Water District	264,289	(49,666)	(129,533)	85,090
<b>TOTAL:</b>	<b>\$ 4,441,067</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,441,067</b>

1. FY 2003/04 unadjusted operating expenses is equal to total operating expenses *minus* depreciation and amortization, interest income on the general operating fund for CCWA, miscellaneous and non-annual recurring expense income, plus capital expenditures paid from operating assessments.
2. Exchange agreement modifications represent cost adjustments between the Santa Ynez River Water Conservation District, ID#1 and the South Coast project participants for Cachuma Project water.
3. Regional Water Treatment Plant modifications represents fixed, capital and variable modifications pursuant to CCWA Resolutions 92-16 and 95-13.



**TABLE 5**

**Deposits for Payments to the Department of Water Resources**

<b>Project Participant</b>	<b>Balance July 1, 2003</b>	<b>FY 2003/04 Project Participant Payments and DWR Credits</b>	<b>Payments to Department of Water Resources and Other Adjustments</b>	<b>Ending Balance June 30, 2004</b>
City of Guadalupe	\$ 426,443	\$ 458,703	\$ (444,113)	\$ 441,033
City of Santa Maria	13,083,219	14,343,992	(13,906,923)	13,520,287
Southern California Water Co.	411,262	430,956	(417,017)	425,201
Vandenberg Air Force Base	4,788,875	5,234,839	(5,107,364)	4,916,350
City of Buellton	517,152	549,182	(546,677)	519,658
Santa Ynez ID#1 (Solvang only)	1,355,870	1,330,783	(1,377,829)	1,308,824
Santa Ynez ID#1 (excluding Solvang)	491,301	468,881	(478,857)	481,325
Goleta Water District	4,049,987	4,616,106	(4,319,851)	4,346,242
Morehart Land Co.	181,625	175,928	(175,495)	182,058
La Cumbre Mutual Water Co.	898,521	953,994	(934,878)	917,638
Raytheon Systems Company	43,231	46,746	(44,505)	45,473
City of Santa Barbara	2,560,068	2,747,557	(2,706,431)	2,601,195
Montecito Water District	2,586,422	2,756,671	(2,688,934)	2,654,159
Carpinteria Valley Water District	1,730,573	1,826,676	(1,816,884)	1,740,366
<b>TOTAL:</b>	<b>\$ 33,124,551</b>	<b>\$ 35,941,016</b>	<b>\$ (34,965,758)</b>	<b>\$ 34,099,809</b>

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 2004. The amounts shown above exclude Warren Act and Trust Fund MOU deposits payable to the U.S. Bureau of Reclamation and Cachuma Operations and Maintenance Board and DWR account interest income payable to the CCWA project participants as of June 30, 2004.



**TABLE 6**

**FY 2003/04 Actual State Water Deliveries (acre feet)**

<b>Project Participant</b>	<b>Table A Deliveries</b>	<b>Exchange Agreement Deliveries</b>	<b>Total Deliveries</b>
Chorro Valley Turnout (SLO County)	2,465	N/A	2,465
Lopez Turnout (SLO County)	1,994	N/A	1,994
City of Guadalupe	379	N/A	379
City of Santa Maria	13,267	N/A	13,267
Southern California Water Co.	208	N/A	208
Vandenberg Air Force Base	4,294	N/A	4,294
City of Buellton	545	N/A	545
City of Solvang	1,299	N/A	1,299
Santa Ynez Imp. Dist. #1	588	2,482	3,070
Goleta Water District	1,707	(893)	814
Morehart Land Co.	13	N/A	13
La Cumbre Mutual Water Co.	417	-	417
Raytheon (SBRC)	36	N/A	36
City of Santa Barbara	937	(596)	341
Montecito Water District	1,217	(596)	621
Carpinteria Valley Water District	725	(397)	328
<b>TOTAL:</b>	<b>30,091</b>	<b>-</b>	<b>30,091</b>

**FY 2004/05 Requested State Water Deliveries (acre feet)**

<b>Project Participant</b>	<b>Table A Deliveries</b>	<b>Exchange Agreement Deliveries</b>	<b>Total Deliveries</b>
Chorro Valley Turnout (SLO County)	2,465	N/A	2,465
Lopez Turnout (SLO County)	1,861	N/A	1,861
City of Guadalupe	605	N/A	605
City of Santa Maria	16,651	N/A	16,651
Southern California Water Co.	550	N/A	550
Vandenberg Air Force Base	6,050	N/A	6,050
City of Buellton	636	N/A	636
City of Solvang	1,500	N/A	1,500
Santa Ynez Imp. Dist. #1	700	2,130	2,830
Goleta Water District	4,950	(767)	4,183
Morehart Land Co.	139	N/A	139
La Cumbre Mutual Water Co.	1,100	-	1,100
Raytheon (SBRC)	55	N/A	55
City of Santa Barbara	511	(511)	(0)
Montecito Water District	1,600	(511)	1,089
Carpinteria Valley Water District	639	(341)	298
<b>TOTAL:</b>	<b>40,012</b>	<b>-</b>	<b>40,012</b>



**TABLE 7**

**Selected Demographic Information**

*Santa Barbara County*

<u>Population</u>	
<i>(In thousands of people)</i>	
Estimated, 2003	410.30
<u>Gender</u>	
Male	49.89%
Female	50.11%
Median Age (in years)	34.33
<u>Ethnicity</u>	
White	224.50
Black	9.60
Other	30.50
Hispanic, Any Race	151.50

<u>Average Salary by Sector in 2003</u>	
Agriculture	\$ 21,484
Mining	67,494
Construction	39,784
Durable Manufacturing	54,173
Non-Durable Manufacturing	39,277
Transportation, Communications and Utilities	48,286
Wholesale Trade	45,319
Retail Trade	21,278
Finance, Insurance and Real Estate	50,610
Services	35,805
Government	52,092





**TABLE 8**

**Santa Barbara County  
Civilian Labor Force, Employment and Unemployment  
Annual Averages**  
(Amounts in Thousands)

	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Civilian Labor Force <sup>(1)</sup>	199.11	204.10	202.65	206.00	209.02
Employment	191.42	196.62	195.67	197.29	200.59
Unemployment	7.72	7.47	7.01	7.01	8.42
Unemployment Rate	3.88%	3.68%	3.47%	4.24%	4.04%
Wage and Salary Employment <sup>(2)</sup>					
Total, Wage and Salary	174.63	179.54	179.82	179.89	183.97
Total Farm	15.26	14.85	13.76	14.41	18.49
Total Non-Farm	159.37	164.69	166.07	165.48	165.48
Total Private	126.93	131.86	131.62	129.87	129.87
Goods Producing	24.47	25.13	24.60	22.25	22.79
Service Producing	134.90	139.56	141.47	143.23	142.69
Natural Resources, Mining and Construction	9.22	9.27	9.53	8.89	9.21
Natural Resources and Mining	1.21	1.15	1.17	0.89	0.89
Construction	8.01	8.12	8.37	8.00	8.41
Manufacturing	15.26	15.86	15.07	13.36	13.58
Durable Goods	12.13	12.60	11.82	10.17	10.32
Nondurable Goods	3.12	3.26	3.24	3.18	3.27
Trade, Transport and Utilities	28.52	29.01	28.50	28.06	27.07
Wholesale Trade	4.93	5.18	5.37	4.96	4.25
Retail Trade	20.69	20.95	20.17	20.32	19.91
Transport, Warehousing and Utilities	2.90	2.87	2.96	2.77	2.92
Information	4.10	4.25	4.50	4.05	4.09
Financial Activities	8.05	8.39	8.84	8.87	8.36
Professional and Business Services	18.12	20.21	19.62	20.48	20.97
Educational and Health Services	18.02	18.43	18.60	19.27	19.33
Leisure and Hospitality	20.17	20.82	21.00	20.82	21.42
Other Services	5.47	5.62	5.96	6.06	5.82
Government	32.44	32.83	34.45	35.62	35.62
Federal Government	3.89	3.88	3.82	3.91	3.91
State and Local Government	28.55	28.95	30.63	31.71	31.71

Notes:

<sup>(1)</sup> Based on place of residence.

<sup>(2)</sup> Based on place of employment.

Source: Economic Sciences Corporation



TABLE 9

Santa Barbara County Largest Employers

Company	Location	Type of Business	Number of Employees
University of California at Santa Barbara	Goleta	Education	9,678
Vandenberg Air Force Base (VAFB)	Lompoc	Defense	4,897
County of Santa Barbara	Santa Barbara	Government	4,140
Santa Barbara Cottage Hospital	Santa Barbara	Healthcare	2,562
Santa Barbara City College	Santa Barbara	Education	2,111
Raytheon Electronic Systems	Goleta	Electronics Mfg.	1,939
Santa Barbara School District	Santa Barbara	Education	1,803
Santa Barbara School District Admin.	Santa Barbara	Education	1,706
Santa Maria-Bonia Schools	Santa Maria	Education	1,632
Lompoc Unified School District	Lompoc	Education	1,534
City of Santa Barbara	Santa Barbara	Government	1,475
Marian Medical Center	Santa Maria	Healthcare	1,400
Alan Hancock College	Santa Maria	Education	1,133
Sansum Santa Barbara Medical Foundation	Santa Barbara	Healthcare	1,100
Chumash Casino	Solvang	Arts/Entertainment	1,048

Source: 2004 University of California Santa Barbara Economic Forecast Project



**TABLE 10  
Miscellaneous Statistical Information**

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	27.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
Number of water storage tanks	5
Number of turnouts	10

<u>Agency</u>	<u>Table A Amount (AFY)</u>
City of Buellton	578
Carpinteria Valley Water District	2,000
Goleta Water District	4,500
City of Guadalupe	550
La Cumbre Mutual Water Co.	1,000
Montecito Water District	3,000
Morehart Land Co.	200
City of Santa Barbara	3,000
Raytheon Systems Company	50
City of Santa Maria	16,200
Santa Ynez River W.C.D. #1	2,000
Southern California Water Co.	500
Vandenberg Air Force Base	5,500
Total Santa Barbara County *	<u>39,078</u>
Avila Beach C.S.D	100
Avila Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16 I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano CSD	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Co.	275
SLO Co. Comm. Coll. District (Cuesta College)	200
Total San Luis Obispo County	<u>4,830</u>
<b>TOTAL TABLE A AMOUNT</b>	<b><u><u>43,908</u></u></b>

Note: \* Excludes CCWA drought buffer of Table A amount of 3,908 AfY and Goleta Water District additional Table A amount of 2,500 AfY.



TABLE 11

Schedule of Insurance  
Valued June 30, 2004

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
National Union Fire Insurance Company	4-1-04 to 4-1-05	Commercial Crime Coverage	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Faithful performance of duties to \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-04 to 4-1-05	Excess Crime Coverage	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Computer fraud \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-04 to 4-1-05	Property Insurance	\$ 51,782,063	Buildings (\$35,229,978); Personal property (\$1,199,500); Fixed Equipment (\$15,202,585)
ACWA Joint Powers Insurance Authority	10-1-03 to 10-1-04	General and Auto Liability	\$ 500,000	Liability JPIA pooled layer
Insurance Co. of the State of Pennsylvania #4198-4472	10-1-03 to 10-1-04	General and Auto Liability	\$ 4,500,000	Liability umbrella policy
Insurance Co. of the State of Pennsylvania #4703-4762	10-1-03 to 10-1-04	General and Auto Liability	\$ 15,000,000	Liability umbrella policy
Great Lakes Reinsurance #01-UKFO-0000024	10-1-03 to 10-1-04	General and Auto Liability	\$ 10,000,000	Liability umbrella policy
Lexington Insurance #6500065	10-1-03 to 10-1-04	General and Auto Liability	\$ 10,000,000	Liability umbrella policy



# Statistical Section

## San Luis Obispo County Improvement District #1 (SLO County)

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	232	\$ 81,696	190
1995	236	122,699	202
1996	237	134,483	203
1997	243	148,173	195
1998	236	122,088	136
1999	234	143,398	229
2000	243	142,129	232
2001	244	153,167	253
2002	304	195,366	143
2003	309	175,353	137

### Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
Shandon School	528	\$ 2,192
Shandon Park	501	2,146
Caltrans	534	2,085
Residence	527	1,850
Residence	421	1,496
Residence	358	1,218
Residence	344	1,209
Shandon Methodist Church	326	1,156
Residence	328	966
Shandon Community Building	344	381
<b>Total</b>	<b>4,211</b>	<b>\$ 14,699</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 94,489	\$ 103,171	-	\$ (8,682)	\$ 10,392	-
1995	126,520	84,536	-	41,984	25,382	1.65
1996	153,587	81,174	-	72,413	40,083	1.81
1997	173,729	70,536	-	103,193	42,461	2.43
1998	139,720	76,756	-	62,964	41,765	1.51
1999	160,622	92,464	-	68,158	43,895	1.55
2000	162,963	94,342	12,500	81,121	55,135	1.47
2001	193,160	84,665	13,037	121,532	53,174	2.29
2002	394,116	158,505	13,889	249,500	50,657	4.93
2003	254,241	117,932	14,572	150,881	55,506	2.72

Source: San Luis Obispo County



# Statistical Section

## Avila Beach Community Services District

### (SLO County)

#### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	155	\$ 75,693	55
1995	155	76,627	54
1996	156	93,209	61
1997	157	88,922	54
1998	157	91,035	64
1999	157	89,043	51
2000	157	95,589	45
2001	169	114,721	38
2002	171	125,791	44
2003	176	160,395	52

#### Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
SLO Co. Park Irrigation	1,996	\$ 11,537
Western Inns	1,777	10,300
SLO Co Park Front Street	1,708	9,872
Custom House	1,348	7,890
Villa Avila	1,131	7,173
Port Restrooms	895	5,173
Dun Sailing Apartments	679	4,243
Avila Beach CSD	508	2,913
Top of Hill Apartments	416	2,578
Phelan Apartments	243	1,405
Total	10,701	\$ 63,084

(1) In hundred cubic feet.

#### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 94,364	\$ 88,760	\$ -	\$ 5,604	\$ 10,589	0.53
1995	88,831	64,988	-	23,843	21,198	1.12
1996	101,209	70,129	-	31,080	51,600	0.60
1997	174,362	69,672	-	104,690	72,284	1.45
1998	160,191	79,974	-	80,217	81,619	0.98
1999	176,286	81,951	-	94,335	88,339	1.07
2000	103,437	149,733	23,768	(22,528)	95,639	(0.24)
2001	119,315	114,265	24,785	29,835	91,338	0.33
2002	139,532	98,747	26,405	67,190	83,658	0.80
2003	166,715	117,373	27,703	77,045	94,876	0.81

Source: Avila Beach Community Services District



# Statistical Section City of Pismo Beach (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	4,162	\$ 1,294,703	1,843
1995	4,227	1,312,946	1,742
1996	4,257	1,433,899	1,803
1997	4,250	1,410,581	1,873
1998	4,359	1,018,641	1,803
1999	4,429	1,118,375	1,959
2000	4,410	1,632,551	2,078
2001	4,158	1,710,063	1,983
2002	4,233	1,751,585	2,219
2003	4,234	1,772,352	2,001

## Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
Pismo Mobile Home Park	17,145	\$ 27,216
Cliffs Shell Beach	13,900	19,488
Shorecliff Lodge	10,282	14,195
Oxford Suites	8,682	13,423
Motel 6	9,076	13,238
Seacrest Motel II	8,671	12,687
Hacienda Del Pismo	6,335	10,352
Kon Kiki	6,540	9,893
Pismo Lighthouse Suites	5,883	9,727
Pismo Coast Village RV Park	3,137	8,887
<b>Total</b>	<b>89,651</b>	<b>\$ 139,106</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt	Coverage
1994	\$ 1,561,195	\$ 1,030,813	\$ 530,382	\$ 123,003	\$ 123,381	2.15
1995	1,660,079	1,009,780	650,299	374,526	123,544	1.31
1996	2,040,334	1,053,606	986,728	746,228	123,479	1.13
1997	2,232,597	1,192,153	1,040,444	894,779	-	1.16
1998	2,554,992	1,119,067	1,435,925	1,053,312	-	1.36
1999	2,950,803	1,074,072	1,876,731	1,029,404	-	1.82
2000	3,503,712	1,248,715	2,254,997	1,144,263	-	1.97
2001	3,086,559	1,265,673	1,820,886	1,110,301	-	1.64
2002	3,304,001	1,179,819	2,124,182	1,197,934	-	1.77
2003	3,259,930	1,248,739	2,011,191	1,287,062	-	1.56

Source: City of Pismo Beach



# Statistical Section City of Morro Bay (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	4,749	\$ 1,854,168	1,432
1995	4,810	2,355,151	1,409
1996	4,825	3,437,371	1,475
1997	4,887	3,606,969	1,546
1998	4,949	3,599,977	1,402
1999	5,010	3,585,083	1,363
2000	5,118	3,641,293	1,397
2001	5,198	3,785,189	1,238
2002	5,251	3,857,137	1,253
2003	5,254	3,802,287	1,349

## Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
San Luis Unified School District	2,299,700	\$ 245,742
City of Morro Bay	1,988,400	166,385
Inn at Morro Bay	959,400	137,687
Pacific Care Center	1,089,000	124,344
Mission Linen	758,200	97,939
St. Dept. of Recreation & Parks	715,700	74,898
Morro Dunes Trailer Park	437,300	45,338
Silver City Manor	410,300	45,322
Accor Economy Lodge	348,100	42,671
Ascot Inn & Ascot Suite	262,600	26,964
<b>Total</b>	<b>9,268,700</b>	<b>\$ 1,007,290</b>

(1) In cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt	Coverage
1994	\$ 1,903,743	\$ 928,300	\$ 975,443	\$ 154,816	\$ 5,000	6.10
1995	2,424,026	979,967	1,444,059	279,470	5,000	5.08
1996	3,489,231	719,098	2,770,133	1,789,687	7,000	1.54
1997	3,673,481	746,430	2,927,051	1,676,152	-	1.75
1998	3,578,066	716,505	2,861,561	1,493,155	-	1.92
1999	3,556,769	522,037	3,034,732	1,527,252	-	1.99
2000	3,726,625	573,398	3,153,227	1,745,066	-	1.80
2001	3,867,608	535,004	3,332,604	1,662,862	-	2.00
2002	3,857,137	495,459	3,361,678	1,739,275	-	1.93
2003	4,165,957	637,036	3,528,921	1,844,889	-	1.91

Source: City of Morro Bay





# Statistical Section Oceano Community Services District (SLO County)

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	1,778	633,020	802
1995	1,811	655,289	767
1996	1,817	758,775	818
1997	1,830	958,169	828
1998	1,848	1,057,473	799
1999	1,888	1,073,437	806
2000	1,913	1,094,398	841
2001	1,942	1,093,686	814
2002	1,956	1,101,900	815
2003	1,999	1,087,896	817

### Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
Casitas Corp/Mobile Home Park	13,587	\$ 38,150
Lucia Mar Unified School District	6,458	26,067
Sand and Surf Transient RV Park	7,512	24,817
Oceano 1 Condo Home Owners Assoc.	8,084	22,673
Duna Vista Mobile Home Park	5,486	18,921
Porticos Mobile Home Park	5,516	16,107
State of California (Park Facility)	4,341	13,933
Pleasant Hill Mobile Home Manor	4,408	11,952
PTIInc. Pismo Sands RV Park	2,295	11,327
Pismo-Oceano Vegetable Exchange	2,504	9,082
Total	<u>60,191</u>	<u>\$ 193,029</u>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Parity Debt	Coverage
1994	\$ 735,953	\$ 540,650	\$ -	\$ 195,303	\$ 74,397	\$ 114,243	1.04
1995	830,054	526,257	-	303,797	158,986	80,203	1.27
1996	1,026,334	512,893	-	513,441	387,646	79,953	1.10
1997	1,068,942	497,567	-	571,375	520,938	-	1.10
1998	1,250,157	567,195	35,112	718,074	614,936	-	1.17
1999	1,233,299	559,699	-	673,600	598,998	-	1.12
2000	1,375,756	689,127	86,000	772,629	519,540	-	1.49
2001	1,448,331	642,433	90,715	896,613	638,696	-	1.40
2002	1,209,053	568,754	96,642	736,941	683,399	-	1.08
2003	1,390,403	577,590	176,714	989,527	743,014	-	1.33

Source: Oceano Community Services District



# Statistical Section City of Guadalupe

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30</b>	<b>Municipal Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
1994	1,637	\$ 375,331	541
1995	1,638	509,491	566
1996	1,705	573,212	562
1997	1,578	781,376	613
1998	1,577	809,553	730
1999	1,579	846,539	714
2000	1,592	870,771	711
2001	1,638	921,050	735
2002	1,714	889,048	741
2003	1,804	980,076	764

## Largest Customers as of June 30, 2003

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Apio Coller	36,141	\$ 117,458
Guadalupe Union School	4,975	16,168
Waller Genetics	3,282	10,666
Lupe Alvarez	2,508	8,151
Guadalupe Cemetery	1,932	7,631
P&M Properties	1,771	5,755
Simplot Soilbuilders	1,645	4,732
Far Western Tavern	1,584	4,589
Playa, Inc.	1,033	4,218
McKenzie Junior High	419	1,361
<b>Total</b>	<b>55,290</b>	<b>\$ 180,729</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
1994	\$ 402,334	\$ 189,326	\$ -	\$ 213,008	\$ 60,044	3.55
1995	569,345	203,581	-	365,764	138,671	2.64
1996	649,169	274,814	-	374,355	258,396	1.45
1997	845,468	190,000	-	655,468	493,298	1.33
1998	877,834	131,288	18,389	764,935	491,491	1.56
1999	883,908	131,634	18,916	771,190	454,395	1.70
2000	957,764	157,355	154,212	954,621	597,949	1.60
2001	1,081,498	209,025	154,212	1,026,685	597,890	1.72
2002	1,257,016	365,254	154,212	1,045,974	549,327	1.90
2003	1,089,354	372,200	155,315	872,469	685,609	1.27

Source: City of Guadalupe



# Statistical Section City of Santa Maria

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water
			Deliveries (acre-feet per year)
1994	15,655	\$ 7,475,162	12,124
1995	15,864	6,899,319	11,750
1996	16,006	8,797,200	12,999
1997	16,198	10,671,207	12,876
1998	16,406	11,577,701	11,003
1999	16,586	12,518,274	12,807
2000	16,798	13,430,453	11,992
2001	17,189	14,985,470	12,216
2002	17,735	16,350,234	12,990
2003	18,301	17,569,216	12,647

## Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
City of Santa Maria	228,428	\$ 745,812
Santa Maria Elementary Schools	86,099	282,533
VG Apartments, LLC	65,914	194,098
Allan Hancock College	52,612	164,035
Casa Grande Mobile Homes	69,852	153,600
Marian Hospital	32,542	114,219
Pictsweet Frozen Foods	28,851	88,168
Mission Linen Supply	25,841	76,001
Culligan Water Conditioning	22,568	66,182
El Capitan Trailer Park	22,193	50,135
<b>Total</b>	<b>634,900</b>	<b>\$ 1,934,783</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues <sup>(1)</sup>	Operating Expenses	Rate Coverage		Net Revenues	State Water Payments	Coverage
			Fund				
1994	\$ 7,881,235	\$ 3,372,763	\$ -	\$ 4,508,472	\$ 2,153,735	2.09	
1995	8,396,554	3,102,670	-	5,293,884	3,248,105	1.63	
1996	13,075,742	4,608,906	-	8,466,836	5,082,855	1.67	
1997	14,270,631	5,637,937	-	8,632,694	9,335,682	0.92	
1998	18,527,735	4,544,329	2,862,780	16,846,186	11,789,392	1.43	
1999	19,926,823	5,345,513	3,250,757	17,832,067	10,890,688	1.64	
2000	20,629,192	5,177,387	3,173,781	18,625,586	10,228,806	1.82	
2001	22,413,302	5,150,615	3,573,420	20,836,107	12,940,418	1.61	
2002	22,508,856	5,395,197	3,656,826	20,770,485	10,081,569	2.06	
2003	25,344,832	7,952,493	3,666,401	21,058,740	13,749,295	1.53	

(1) Includes wastewater fees and charges.

Source: City of Santa Maria



# Statistical Section City of Buellton

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Water	
		Sales Revenues	Deliveries (acre-feet per year)
1994	950	\$ 456,120	918
1995	950	601,372	870
1996	965	769,590	922
1997	993	1,063,140	992
1998	1,043	964,878	821
1999	1,051	1,040,487	860
2000	1,082	1,111,867	940
2001	1,251	1,134,691	984
2002	1,314	1,144,605	1,068
2003	1,424	1,233,563	1,111

## Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
Ranch Club Mobile Estates	22,606	\$ 96,572
Rancho Santa Barbara Marriott	13,920	52,057
Flying Flags Recreation Park	24,575	48,032
Buellton Union School District	16,401	37,926
Andersen's Restaurant	8,101	35,508
Rivergrove Mobile Home Park	10,467	35,080
Zaca Creek Golf Course	300	31,443
Days Inn	6,449	23,989
Andersen's Inn	4,333	15,888
Motel 6	3,387	12,203
<b>Total</b>	<b>110,539</b>	<b>\$ 388,698</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 402,334	\$ 189,326	\$ 0	\$ 213,008	\$ 60,044	3.55
1995	569,345	203,581	0	365,764	138,671	2.64
1996	649,169	274,814	0	374,355	258,396	1.45
1997	1,285,504	345,222	0	940,282	638,885	1.47
1998	1,318,509	312,810	19,325	1,025,024	653,493	1.57
1999	1,185,623	330,644	19,879	874,858	606,157	1.44
2000	1,368,614	280,526	202,837	1,290,925	788,201	1.64
2001	1,669,930	298,585	214,262	1,585,607	809,805	1.96
2002	1,648,494	386,855	227,940	1,489,579	792,378	1.88
2003	1,636,470	383,962	239,150	1,491,658	909,639	1.64

Source: City of Buellton



# Statistical Section

## Santa Ynez River Water Conservation District, ID#1 (City of Solvang only)

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	1,778	\$ 942,899	1,807
1995	1,810	1,246,985	1,710
1996	1,821	1,459,267	1,611
1997	1,836	1,942,808	1,556
1998	1,854	1,764,735	1,275
1999	1,887	1,857,632	1,558
2000	2,005	2,105,851	1,524
2001	1,890	2,616,048	1,549
2002	1,893	3,108,477	1,594
2003	1,901	2,929,186	1,518

### Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
Rancho Santa Ynez Mobile Estate	24,382	\$ 54,128
Alisal Guest Ranch	15,539	34,497
Royal Scandinavian Inn	7,191	15,964
Luthern Home	6,410	14,230
Mission Oaks	6,336	14,066
Mission Ready Mix	4,626	10,270
Country Inn and Suites	4,449	9,877
Inns of California	3,579	7,945
Solvang Transit Mix	3,475	7,715
Total	<u>75,987</u>	<u>\$ 168,692</u>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 1,074,895	\$ 759,676	\$ -	\$ 315,219	\$ 186,670	1.69
1995	1,566,935	747,567	-	819,368	422,594	1.94
1996	1,526,135	897,583	-	628,552	642,551	0.98
1997	2,106,802	1,259,466	-	847,336	1,666,389	0.51
1998	1,897,791	524,837	-	1,372,954	1,682,460	0.82
1999	1,921,077	583,976	456,044	1,793,145	1,597,628	1.12
2000	2,241,697	842,919	456,044	1,854,822	1,836,214	1.01
2001	2,721,479	730,837	480,244	2,470,886	1,933,392	1.28
2002	3,199,145	992,031	511,478	2,718,592	1,844,616	1.47
2003	2,976,966	778,728	536,633	2,734,871	2,040,658	1.34

Source: City of Solvang



# Statistical Section

## Santa Ynez River Water Conservation District, ID#1

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	2,160	\$ 1,524,806	5,750
1995	2,163	1,633,570	5,386
1996	2,157	1,926,000	5,979
1997	2,183	2,194,190	6,505
1998	2,220	2,370,258	4,542
1999	2,266	2,468,151	4,963
2000	2,262	2,944,843	5,650
2001	2,238	3,092,440	5,573
2002	2,260	3,505,160	5,859
2003	2,351	3,373,470	4,968

### Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
City of Solvang <sup>(2)</sup>	154	\$ 132,116
Cachuma Sanitation District	92	96,149
Rancho Marcelino Water Company	76	57,086
Santa Ynez Valley Farming	114	54,423
Santa Ynez Valley Farming	102	16,400
Elizabeth Williams	8	12,438
Don Smith	81	11,949
John Harmon	54	11,375
Helidio Cervantes	71	9,959
Douglas Herthel	54	8,673
<b>Total</b>	<b>806</b>	<b>\$ 410,568</b>

(1) In acre-feet per year.

(2) Exclusive of Solvang's payments for State Water Project.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 2,955,216	\$ 1,440,247	\$ -	\$ 1,514,969	\$ 280,128	5.41
1995	4,639,999	1,357,614	-	3,282,385	347,539	9.44
1996	4,152,336	1,604,014	-	2,548,322	912,287	2.79
1997 <sup>(1)</sup>	3,896,090	2,716,430	-	1,179,660	1,476,671	0.80
1998 <sup>(1)</sup>	7,454,547	1,993,633	246,045	5,706,959	2,669,473	2.14
1999 <sup>(1)</sup>	5,680,162	1,936,833	770,601	4,513,930	2,351,446	1.92
2000 <sup>(1)</sup>	7,808,188	2,092,409	783,813	6,499,592	2,688,507	2.41
2001 <sup>(1)</sup>	7,021,956	2,490,288	826,350	5,358,018	2,888,552	1.85
2002 <sup>(1)</sup>	6,845,936	2,339,610	880,195	5,386,521	2,912,443	1.85
2003 <sup>(1)</sup>	6,629,264	2,558,215	923,484	4,994,533	3,148,476	1.59

(1) Includes State water payments for the City of Solvang.

Source: Santa Ynez Improvement District #1



# Statistical Section Goleta Water District

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	14,280	\$ 11,561,508	11,773
1995	14,281	12,077,792	11,701
1996	14,442	12,372,767	12,345
1997	14,489	13,661,494	13,508
1998	14,582	13,010,036	12,947
1999	14,827	14,065,684	12,641
2000	15,136	14,919,815	12,665
2001	15,621	14,263,374	12,727
2002	15,717	15,173,245	13,223
2003	15,999	14,941,700	12,786

## Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
University of California-Santa Barbara	765	\$ 950,035
County of Santa Barbara	233	326,846
Glen Annie Golf Club, LLC	339	316,220
Bacara Resort Services, Inc.	151	217,269
George Cavalletto	375	168,051
Sandpiper Golf Trust, LLC	241	105,964
Ag-Land Services	162	68,175
Rancho Tres Canadas	154	66,350
Por La Mar Nursery	149	64,831
Devereaux Creek Properties	152	55,601
Total	2,721	\$ 2,339,342

(1) In acre-feet per year.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 12,221,845	\$ 5,215,154	\$ -	\$ 7,006,691	\$ 510,533	13.72
1995	13,107,864	5,778,337	-	7,329,527	789,345	9.29
1996	14,089,421	7,316,341	-	6,773,080	1,523,313	4.45
1997	16,167,847	9,457,602	-	6,710,245	2,723,910	2.46
1998	21,635,460	7,383,382	1,497,654	15,749,732	5,686,052	2.77
1999	17,674,354	7,507,895	1,537,496	11,703,955	3,631,870	3.22
2000	19,926,953	8,221,986	-	11,704,967	6,360,512	1.84
2001	18,163,714	9,226,642	-	8,937,072	6,140,949	1.46
2002	19,127,924	9,076,023	-	10,051,901	6,363,680	1.58
2003	20,942,599	9,757,739	-	11,184,860	7,159,868	1.56

Source: Goleta Water District



# Statistical Section

## La Cumbre Mutual Water Company

### Historic Water Connections and Sales Revenues

Fiscal Year Ending Dec. 31	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1993	1,383	\$ 1,043,531	1,276
1994	1,388	1,115,247	1,334
1995	1,391	1,188,044	1,238
1996	1,391	1,492,547	1,375
1997	1,425	1,980,613	1,633
1998	1,415	1,370,862	1,337
1999	1,421	1,637,358	1,541
2000	1,424	1,652,635	1,546
2001	1,409	1,452,463	1,399
2002	1,406	2,047,958	1,891

### Largest Customers as of December 31, 2002

	Water Usage <sup>(1)</sup>	Annual Payment
La Cumbre Golf & County Club	80,203	\$ 199,173
Gael Trust	18,880	58,463
ELK Trust	14,231	41,575
Timothy Pasquinelli	10,888	38,649
Mariposa Land Development Co.	7,211	25,568
Carriage Hiss Association	4,353	20,322
Stephen Redding	6,707	19,952
Laguna Blanca School	4,184	16,613
William Foley	4,782	13,897
Godwin Pelissero	4,214	11,907
<b>Total</b>	<b>155,653</b>	<b>\$ 446,119</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending Dec. 31	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1993	\$ 1,219,519	\$ 667,019	\$ -	\$ 552,500	\$ 88,301	6.26
1994	1,296,090	660,413	-	635,677	149,401	4.25
1995	1,426,908	641,474	-	785,434	233,241	3.37
1996	1,794,966	799,628	-	995,338	420,166	2.37
1997	2,209,613	715,858	308,434	1,802,189	945,127	1.91
1998	2,037,867	601,926	308,434	1,744,375	1,639,076	1.06
1999	2,457,960	701,705	325,688	2,081,943	635,697	3.27
2000	2,526,109	709,568	354,510	2,171,051	1,276,799	1.69
2001	2,276,469	671,417	343,866	1,948,918	1,417,985	1.37
2002	2,879,539	909,109	346,327	2,316,757	1,370,014	1.69

Source: La Cumbre Mutual Water Co.





# Statistical Section City of Santa Barbara

## Historic Water Connections and Sales Revenues

Fiscal Year	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
Ending June 30			
1994	24,653	\$ 15,841,994	11,438
1995	24,631	16,807,644	12,337
1996	24,702	17,979,681	13,055
1997	24,971	19,338,989	13,916
1998	25,076	18,220,227	13,124
1999	25,169	19,742,981	13,961
2000	25,233	21,196,803	14,881
2001	25,267	21,298,011	14,618
2002	25,388	21,121,848	14,575
2003	25,527	20,822,544	13,461

## Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
City of Santa Barbara	74,547	\$ 109,972
Fess Parker's Double Tree Inn	27,297	105,247
St. Francis Hospital	17,532	66,239
S.B. Cottage Hospital	14,963	61,663
Montecito County Club	41,363	61,412
S.B. Zoological Foundation	14,116	58,087
Samarkand, Inc.	10,297	39,615
Heide Probstel Trust	10,609	35,267
National Retail Partners, LLC	7,786	32,606
Wash & Fun	8,162	30,896
Total	226,672	\$ 601,004

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt Service	Coverage
Ending June 30						
1994	\$ 24,505,519	\$ 10,853,926	\$ 13,651,593	\$ 552,394	\$ 1,732,171	5.98
1995	25,304,124	11,800,957	13,503,167	526,222	2,637,835	4.27
1996	26,423,864	11,763,687	14,660,177	728,922	2,399,248	4.69
1997	26,725,375	12,313,251	14,412,124	1,445,632	2,457,398	3.69
1998	21,662,821	10,061,553	11,601,268	3,625,606	2,394,212	1.93
1999	23,207,547	12,844,077	10,363,470	1,706,350	2,394,629	2.53
2000	26,214,255	8,503,542	17,710,713	3,952,515	2,397,796	2.78
2001	24,876,337	11,223,259	13,653,078	3,991,623	2,281,089	2.18
2002	25,125,762	14,167,864	10,957,898	3,965,732	1,366,367	2.06
2003	24,217,862	13,833,176	10,384,686	4,439,646	1,783,100	1.67

Source: City of Santa Barbara



# Statistical Section Montecito Water District

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	3,595	\$ 3,780,815	3,544
1995	3,640	3,887,695	3,695
1996	4,118	4,627,755	4,369
1997	4,199	5,282,394	4,974
1998	4,238	4,633,281	4,310
1999	4,280	5,487,926	4,813
2000	4,339	6,234,169	5,337
2001	4,409	5,831,244	4,909
2002	4,453	6,338,736	5,535
2003	4,505	6,406,516	5,494

## Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
Four Seasons Biltmore	40,217	\$ 191,926
Birnam Wood Golf Club	76,696	149,028
Westmont College	46,593	138,896
Valley Club of Montecito	58,103	108,366
Montecito Retirement Association	21,117	77,773
Santa Barbara Cemetery	25,026	61,817
Los Alisos Ranch	33,340	48,804
Riven Rock MWC	13,885	45,226
Petan Company	20,432	40,509
Ellen Knill	11,739	18,854
Total	347,148	\$ 881,199

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 5,190,442	\$ 2,410,016	\$ -	\$ 2,780,426	\$ 320,726	8.67
1995	5,864,997	2,129,633	-	3,735,364	614,523	6.08
1996	6,219,739	2,585,257	-	3,634,482	1,284,698	2.83
1997	7,462,674	2,962,077	-	4,500,597	1,449,536	3.10
1998	7,169,644	2,743,341	767,671	5,193,974	2,706,621	1.92
1999	7,961,038	3,166,606	869,154	5,663,586	3,030,743	1.87
2000	8,967,822	3,267,293	905,573	6,606,102	3,382,482	1.95
2001	8,713,872	3,465,938	956,320	6,204,254	3,507,602	1.77
2002	9,540,728	3,752,696	956,320	6,744,352	3,433,729	1.96
2003	9,244,612	4,002,960	963,170	6,204,822	4,419,336	1.40

Source: Montecito Water District



# Statistical Section

## Carpinteria Valley Water District

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1994	4,019	\$ 2,583,104	4,249
1995	4,042	2,650,897	4,097
1996	4,036	3,096,261	4,177
1997	4,074	4,989,024	4,445
1998	4,083	5,023,009	4,038
1999	4,112	5,439,578	4,364
2000	4,137	5,442,817	4,620
2001	4,146	5,428,686	4,135
2002	4,155	5,888,252	4,338
2003	4,160	6,061,867	4,338

### Largest Customers as of June 30, 2003

	Water Usage <sup>(1)</sup>	Annual Payment
Casitas Village (Home Owners' Assn)	28,545	\$ 114,797
Villa Del Mar	29,819	109,675
B & H Flowers	61,608	95,247
Carpinteria School District	23,801	88,519
Sandpiper Village (Mobile Home Park)	26,260	78,048
Cate School	26,836	74,841
Norman L. Francis	35,698	57,921
Oceano Breeze Nursery	29,867	51,632
Westerly Roses	26,541	51,536
H & M Roses	29,970	42,866
Total	318,945	\$ 765,082

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1994	\$ 3,343,760	\$ 1,919,052	\$	\$ 1,424,708	\$ 191,233	7.45
1995	3,699,032	1,825,006		1,874,026	316,275	5.93
1996	4,464,274	2,152,633		2,311,641	683,621	3.38
1997	5,518,056	2,413,360		3,104,696	1,673,411	1.86
1998	5,717,569	2,243,307	750,000	4,224,262	2,321,529	1.82
1999	6,204,013	2,853,338	758,938	4,109,613	1,999,387	2.06
2000	6,275,281	2,614,898	750,000	4,410,383	2,182,036	2.02
2001	6,466,008	2,673,804	750,000	4,542,204	2,178,815	2.08
2002	6,511,543	3,076,394	750,000	4,185,149	2,329,012	1.80
2003	6,416,969	3,108,514	755,372	4,063,827	2,859,212	1.42

Source: Carpinteria Valley Water District