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October 27, 2005

Members of the Board
Central Coast Water Authority

Leo Trujillo
Chairman

Fred Lemere
Vice Chairman

William J. 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, 2005 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, 2005. Please read it in conjunction with the Authority's financial statements, which begin on page 1.

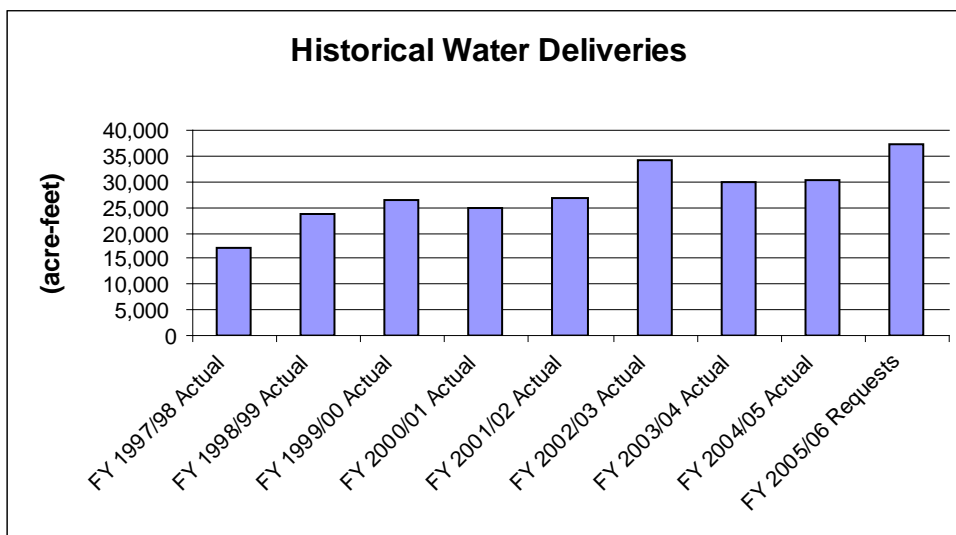
Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – for State and Local Governments* (GASB 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion 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 2004/05 were 30,303 acre-feet. This compares to the prior year actual deliveries of 30,091 acre-feet, a increase of 212 acre-feet.

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



Ethernet Conversion Project

During FY 2004/05, CCWA initiated a project to upgrade the distribution communication system from an obsolete and no longer supported Modbus system that used outdated fiber modems to an Ethernet system that operates with state of the art switches. This project also involved upgrading the programmable control switches (PLC's) at various sites and converting our supervisory control and data acquisition (SCADA) from FactoryLink 6.6 to FactoryLink 7.5. Don Ross, CCWA IT/Instrumentation and Control Specialist was the lead-person on this project.

Polonio Pass Pumping Plant Forebay Cleaning

Larry Seifert, CCWA Maintenance Superintendent, and David Renelle, CCWA Maintenance Foreman, were instrumental in developing a system that was capable of removing approximately four feet of accumulated organic debris from the Polonio Pass Pumping Plant forebay without interrupting the water treatment plant production of water. This coordinated effort with DWR operations and maintenance staff saved CCWA both time and money as the project was completed for under \$30,000 and should reduce taste and odor problems this summer.

Cleaning and Maintenance of Tanks 5 and 7

CCWA Distribution staff participated in cleaning Tanks 5 and 7 with the assistance of an outside diving company. In addition to cleaning the tanks, areas of corrosion were repaired and further corrosion has been mitigated by the installation of magnesium anodes.

Cathodic Survey

Eric Kieding, CCWA Distribution Technician, took the lead in gathering the field data to conduct the annual cathodic survey. Prior to this year, the cathodic survey was completed by an outside firm at a much higher cost. This was the first time CCWA staff conducted the cathodic survey without the assistance of an outside consultant.

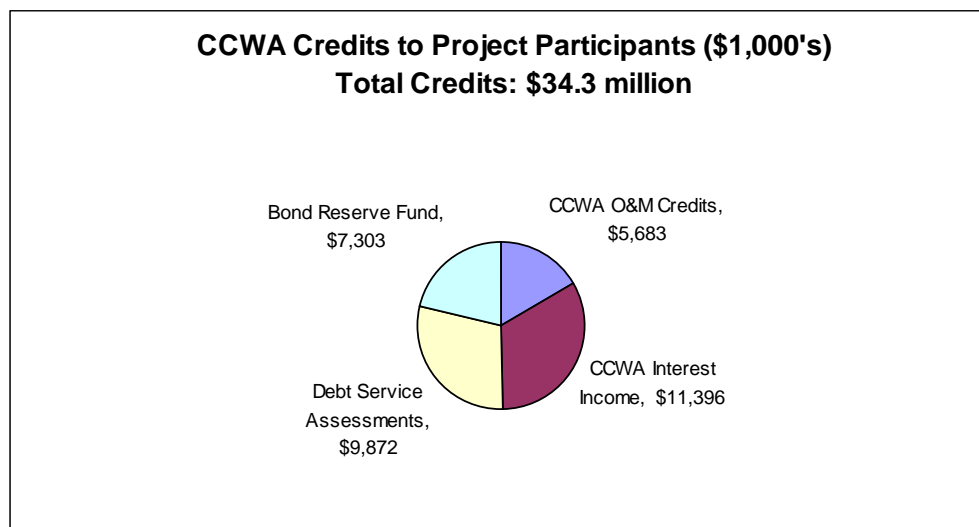
Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award and the CSMFO “Award for Excellence in Operational Budgeting” for the FY 2004/05 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2003/04 Comprehensive Annual Financial Report, as well as the Disaster Repair Under Two Million Dollars and Project of the Year for the CCWA Riverbank Stabilization Project from the Association of Public Water Agencies, Central Coast Chapter.

Additionally, CCWA continued its Employee Recognition Program with great success. Last Fiscal year, 13 awards were given to CCWA staff for exceptional performance and innovative thinking.

CCWA Credits

For the ninth consecutive year, actual CCWA operating expenses were less than budgeted. For Fiscal Years 1996/97 to 2004/05, CCWA has provided approximately \$34.3 million in credits to its project participants. These credits include \$5.7 million for unexpended operating expenses, \$18.7 million for interest income and \$9.9 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, 2004. 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 judgments 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 2004/05. At June 30, 2005, the Authority's investment portfolio had a weighted average maturity of 0 days (excluding the guaranteed investment contract) and a yield to maturity of 3.377%.

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 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 approximately \$2,500 per calendar year to pay dental and vision expenses for the employee and their qualified dependents. Effective January 1, 2005, the Authority changed the plan year beginning day to July 1st and ending on June 30th. As a result, for the period of January 1, 2005 to June 30, 2005, the plan had a short plan year of six months to accommodate the plan year change. As of June 30, 2005, the short plan year 2005 maximum liability under the plan was \$33,125 and claims paid were \$18,472.

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 J. Brennan
Executive Director



Ray A. Stokes
Deputy Director



Introductory Section

June 30, 2005

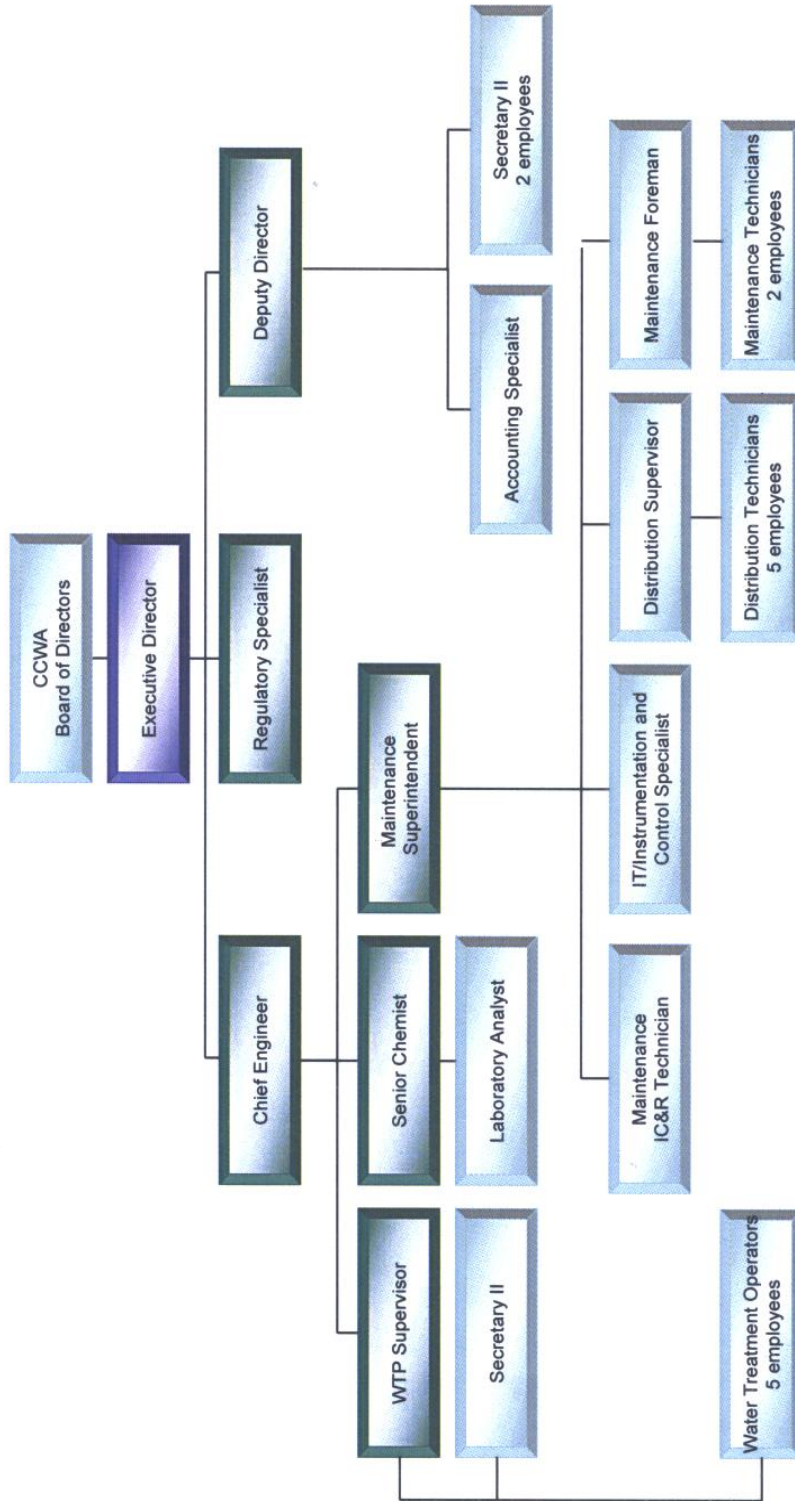
CENTRAL COAST WATER AUTHORITY BOARD OF DIRECTORS

Leo Trujillo, Chairman	City of Santa Maria
Fred Lemere, Vice Chairman	Carpinteria Valley Water District
Brian Barnwell	City of Santa Barbara
Harlan Burchardi	Santa Ynez River Water Conservation District, Improvement District No. 1
Dale Molesworth	City of Buellton
Robert Puddicombe	Montecito Water District
Carey Rogers	Goleta Water District
John Sabedra	City of Guadalupe

AUTHORITY STAFF

William Brennan	Executive Director
Ray Stokes	Deputy Director
Shannon Sweeney	Chief 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, 2004

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.



Nancy L. Zielle

President

Jeffrey R. Emmer

Executive Director



NASIF, HICKS, HARRIS & Co., LLP

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

September 2, 2005

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, 2005 and 2004, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Central Coast Water Authority as of June 30, 2005 and 2004, 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.

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., LLP

Nasif, Hicks, Harris & Co., LLP



Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2005

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2005. 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 25 full time employees and three 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

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 recommend 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, 2005</u>	<u>June 30, 2004</u>	<u>Dollars</u>	<u>Percent</u>
	Increase (Decrease)			
Current Assets	\$ 29,864,827	\$ 29,308,465	\$ 556,362	1.9%
Restricted Assets	46,455,135	48,606,006	(2,150,871)	-4.4%
Capital Assets	120,181,023	122,387,730	(2,206,707)	-1.8%
Other Assets	26,102,821	27,793,338	(1,690,517)	-6.1%
Total Assets	\$ 222,603,806	\$ 228,095,539	\$ (5,491,733)	-2.4%
Current Liabilities	\$ 65,693,268	\$ 66,806,728	\$ (1,113,460)	-1.7%
Long-Term Liabilities	142,985,000	147,500,000	(4,515,000)	-3.1%
Total Liabilities	208,678,268	214,306,728	(5,628,460)	-2.6%
Net assets invested in capital assets	22,890,770	22,890,770	-	0.0%
Unrestricted net assets	(8,965,232)	(9,101,959)	136,727	-1.5%
Total Liabilities and Net Assets	\$ 222,603,806	\$ 228,095,539	\$ (5,491,733)	-2.4%

Balance Sheet Analysis

- Total assets as of June 30, 2005 are \$222.6 million, or \$5.5 million less than the June 30, 2004 amount.
- Current assets are approximately \$0.5 million more than the prior year amount primarily due to an increase in the Authority's billing to project participants for the FY 2005/06 Operating Assessments received in June 2005 coupled with an increase in credits payable to the project participants.
- Restricted assets are approximately \$2.1 million lower than the prior year amount due to a decrease in the project participant payments for Department of Water Resources (DWR) costs.
- Capital and other assets are \$3.9 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 \$1.1 million lower than the prior year amount due to a decrease in the project participant payments for DWR costs, partially offset by an increase in project participant prepayments and the current portion of revenue bonds liability.
- Long-term liabilities are \$4.5 million lower due to the transfer of the October 1, 2005 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.

	<u>Year Ended</u>		<u>Variance</u>	
	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Dollars</u>	<u>Percent</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets				
Operating Revenues (Expenses)				
Operating revenues	\$ 14,945,389	\$ 14,762,881	\$ 182,508	1.2%
Operating expenses, excluding depreciation expense	(5,017,435)	(4,474,862)	(542,573)	12.1%
Depreciation and amortization	(3,774,654)	(3,827,197)	52,543	-1.4%
Operating Income	\$ 6,153,300	\$ 6,460,822	\$ (307,522)	-4.8%
Non-operating revenues	\$ 1,585,040	\$ 1,166,486	\$ 418,554	35.9%
Non-operating expenses	(7,601,613)	(7,831,733)	230,120	-2.9%
Increase (decrease) in Net Assets	\$ 136,727	\$ (204,425)	\$ 341,152	-166.9%

- Operating revenues as of June 30, 2005 are about \$0.18 million higher than the prior year amount. This increase is attributed to an increase in project participant 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 2004/05, this credit totaled \$0.47 million compared to the FY 2003/04 credit of \$0.56 million.

- Operating expenses, excluding depreciation and amortization expense are about \$0.54 million higher than the prior year amount due to the following:
 1. Personnel expense increases of \$0.22 million due to salary increases effective July 1, 2004 and higher employee benefit costs during FY 2004/05.
 2. Supplies and equipment expense increase of \$0.08 million for an increase in chemical costs to treat the water at the Polonio Pass Water Treatment Plant.
 3. Utilities expense increase of \$0.17 million due to an increase in water deliveries to Lake Cachuma for the Santa Barbara County south coast project participants during FY 2004/05.
 4. Other expense increase of \$0.1 million for non-capitalized project expenses including the replacement of the granular activated carbon filters at the Polonio Pass Water Treatment Plant in the amount of \$0.13 million.
- Non-operating revenues are \$0.4 million higher than the prior year amount due to an increase in interest income during FY 2004/05 attributed to higher interest rates earned on investment balances.
- Non-operating expenses are \$0.2 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, 2005	June 30, 2004	Dollars	Percent
Land	\$ 3,148,500	\$ 3,148,500	\$ 0	0.0%
Furniture fixtures and equipment	637,073	619,060	18,013	2.9%
Equipment	27,922,695	27,829,423	93,271	0.3%
Buildings and structures	48,427,212	48,394,608	32,604	0.1%
Underground pipeline	58,971,623	58,971,623	-	0.0%
Construction in progress	450,993	294,845	156,147	53.0%
Total property, plant and equipment	139,558,096	139,258,058	300,036	0.2%
Accumulated depreciation	(19,377,073)	(16,870,329)	(2,506,744)	14.9%
Net property, plant and equipment	\$ 120,181,023	\$ 122,387,730	\$ (2,206,708)	-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, 2005, the Authority had \$147,500,000 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, 2005, 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

ASSETS	Year Ended	
	June 30, 2005	June 30, 2004
<u>Current Assets</u>		
Cash and investments	\$ 29,347,676	\$ 28,916,131
Accounts receivable	-	850
Accrued interest receivable	374,414	266,831
Other assets	142,737	124,653
Total Current Assets	29,864,827	29,308,465
<u>Restricted Assets</u>		
Cash and investments with fiscal agents	13,827,219	14,010,944
Cash and investments held for deposit	32,627,916	34,595,062
Total Restricted Assets	46,455,135	48,606,006
<u>Capital Assets</u>		
Plant and equipment (Net of accumulated depreciation of \$19,377,073 for 2005 and \$16,870,329 for 2004)	117,032,523	119,239,230
Land	3,148,500	3,148,500
Total Capital Assets	120,181,023	122,387,730
<u>Other Assets</u>		
Unamortized bond issuance costs, net	11,871,369	13,072,427
Long-term accounts receivable	14,231,452	14,720,911
Total Other Assets	26,102,821	27,793,338
Total Assets	\$ 222,603,806	\$ 228,095,539

Continued

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



Balance Sheets

<u>LIABILITIES AND NET ASSETS</u>	Year Ended	
	<u>June 30, 2005</u>	<u>June 30, 2004</u>
<u>Current Liabilities</u>		
Accounts payable	\$ 201,688	\$ 197,765
Deposits	32,710,530	34,633,648
Accrued interest payable	1,884,897	1,946,922
Other liabilities	614,019	533,686
Current portion of bonds payable	4,515,000	4,135,000
Rate coverage reserve fund	7,667,542	7,619,132
Prepaid project participant assessments	18,099,592	17,740,575
Total Current Liabilities	<u>65,693,268</u>	<u>66,806,728</u>
<u>Long-Term Liabilities</u>		
Bonds payable	<u>142,985,000</u>	<u>147,500,000</u>
Total Long-Term Liabilities	<u>142,985,000</u>	<u>147,500,000</u>
Total Liabilities	<u>208,678,268</u>	<u>214,306,728</u>
<u>Commitments and Uncertainties</u>		
<u>Net Assets</u>		
Net assets invested in capital assets, net of related debt	22,890,770	22,890,770
Unrestricted net assets	<u>(8,965,232)</u>	<u>(9,101,959)</u>
Total Net Assets	<u>13,925,538</u>	<u>13,788,811</u>
Total Liabilities and Net Assets	<u>\$ 222,603,806</u>	<u>\$ 228,095,539</u>

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



Statements of Revenues, Expenses and Changes in Net Assets

	Year Ended	
	June 30, 2005	June 30, 2004
<u>Operating Revenues</u>		
Operating reimbursements		
from project participants	\$ 14,931,245	\$ 14,703,601
Other revenues	14,144	59,280
Total Operating Revenues	14,945,389	14,762,881
<u>Operating Expenses</u>		
Personnel expenses	2,589,725	2,365,260
Office expenses	19,079	20,914
General and administrative	169,111	168,683
Professional services	269,398	273,125
Supplies and equipment	592,126	506,421
Monitoring expenses	55,011	52,558
Repairs and maintenance	157,627	193,674
Utilities	573,393	404,731
Depreciation and amortization	3,774,654	3,827,197
Other expenses	591,965	489,496
Total Operating Expenses	8,792,089	8,302,059
Operating Income	6,153,300	6,460,822
<u>Non-Operating Revenues</u>		
Interest income	1,565,540	1,155,686
Gain on disposal of property, plant and equipment	19,500	10,800
Total Non-Operating Revenues	1,585,040	1,166,486
<u>Non-Operating Expenses</u>		
Interest expense	7,601,613	7,831,733
Total Non-Operating Expenses	7,601,613	7,831,733
Increase (decrease) in net assets	136,727	(204,425)
<u>Net Assets</u>		
Net assets, at beginning of year	13,788,811	13,993,235
Net assets, at end of year	\$ 13,925,538	\$ 13,788,811

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



Statements of Cash Flows

	Year Ended	
	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Cash Flows From Operating Activities		
Cash received from project participants and other operating activities	\$ 14,860,546	\$ 12,730,882
Cash payments to employees	(1,807,899)	(1,703,347)
Cash payments to suppliers	(3,205,613)	(2,912,365)
Net cash provided by operating activities	<u>9,847,034</u>	<u>8,115,170</u>
Cash Flows from Investing Activities		
Interest and dividends on investments	1,457,957	1,143,609
Net cash provided by investing activities	<u>1,457,957</u>	<u>1,143,609</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(366,889)	(349,807)
Interest paid on long-term debt	(7,663,638)	(7,875,778)
Principal payments on long-term debt	(4,135,000)	(3,830,000)
Proceeds received from sale of capital assets	19,500	10,800
Net cash used by capital and related financing activities	<u>(12,146,027)</u>	<u>(12,044,785)</u>
Cash Flows from Non-Capital Financing Activities		
Proceeds received for DWR and Warren Act charges	33,350,520	36,297,319
Payments of DWR and Warren Act charges	(35,328,810)	(35,095,334)
Proceeds received for rate coverage fund and prepayment deposits	1,100,000	1,650,000
Net cash provided (used) by non-capital financing activities	<u>(878,290)</u>	<u>2,851,985</u>
Net (decrease) increase in cash and cash equivalents	(1,719,326)	65,979
Cash and cash equivalents, beginning of year	<u>77,522,137</u>	<u>77,456,157</u>
Cash and investments	29,347,676	28,916,131
Cash and investments with fiscal agent	13,827,219	14,010,944
Cash and investments held for deposits	32,627,916	34,595,062
Cash and cash equivalents, end of year	<u>\$ 75,802,811</u>	<u>\$ 77,522,137</u>
Cash Flows From Operating Activities		
Operating Income	\$ 6,153,300	\$ 6,460,822
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,774,654	3,827,197
Decrease in accounts receivable	490,310	485,208
Increase in other assets	(18,084)	(18,050)
Increase (decrease) in accounts payable	3,923	(140,850)
Credits applied against project participant invoices	(637,401)	(2,441,948)
Increase (decrease) in other liabilities	80,333	(57,210)
Net cash provided by operating activities	<u>\$ 9,847,034</u>	<u>\$ 8,115,170</u>



Statements of Cash Flows

Supplemental Disclosures of Cash Flow Information

	<u>Year Ended</u>	
	<u>June 30, 2005</u>	<u>June 30, 2004</u>
<u>Schedule of Non-Cash Capital and Related Financing Activities</u>		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	<u>\$ 220,664</u>	<u>\$ 87,621</u>
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.	<u>\$ 66,852</u>	<u>\$ 66,595</u>

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, 2005. 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, 2005, the investment portfolio has a weighted average maturity (excluding the guaranteed investment contract) of 0 days and a yield to maturity of 3.377%.

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, 2005 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, 2005.

<u>Project Participant</u>	<u>June 30, 2005</u>
Avila Beach CSD (SLO County)	\$ 27,968
City of Buellton	241,424
Carpinteria Valley Water District	762,444
City of Guadalupe	156,766
La Cumbre Mutual Water Company	349,574
Montecito Water District	972,188
Oceano CSD (SLO County)	178,771
City of Santa Maria	4,031,382
Shandon (SLO County)	14,710
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	541,765
Santa Ynez WCD, ID #1	390,550
Total	<u>\$7,667,542</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 approximately \$2,500 per calendar year to pay dental and vision expenses for the employee and their qualified dependents. Effective January 1, 2005, the Authority changed the plan year beginning day to July 1st and ending on June 30th. As a result, for the period of January 1, 2005 to June 30, 2005, the plan had a short plan year of six months to accommodate the plan year change. As of June 30, 2005, the short plan year 2005 maximum liability under the plan was \$33,125 and claims paid were \$18,472.

The following table shows a summary of the claims liability and claims paid for the plan years ended December 31, 2003 and 2004.

	<u>2004</u>	<u>2003</u>
Maximum claims liability	\$ 63,275	\$ 63,125
Actual claims paid	(31,452)	(33,530)

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. 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 Authority considers all pooled cash and investments to be cash equivalents.



Notes to Financial Statements

B. Demand Deposits

The custodial credit risk for deposits is the risk that the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that of the total bank balance, \$100,000 is insured by Federal depository insurance.

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.

As of June 30, 2005, the reported amount of the Authority's demand deposits was \$425,709 and the bank balance was \$581,971. The difference of \$156,262 was principally due to checks which had not yet cleared the bank.

C. 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, 2005, the carrying value of the Authority's position in LAIF is \$40,077,090 and the fair value is \$39,986,819.

Credit risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The policy sets specific parameters by type of investment for credit quality, maturity length, and maximum percentage investment.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority has invested the proceeds of the 1996 Revenue Bond Reserve Fund in a collateralized Guaranteed Investment Contract (GIC) with an investment bank. The GIC is collateralized with US Government Treasury obligations held by a third-party custodial agent.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Treasurer mitigates this risk by investing in shorter-term investments that are not subject to significant adjustments due to interest rate fluctuations.



Notes to Financial Statements

Investment	Cost	Fair Value 6/30/05	Interest Rate Range	Maturity Date/ Range	Weighted Average Maturity	Credit Rating
Pooled Investments:						
Local Agency Investment Fund	\$ 39,738,603	\$ 39,649,094	2.97	n/a	n/a	Non-rated
Money Market Funds	21,811,280	21,811,280	2.93	7/2005	0 days	AAA
	<u>61,549,883</u>	<u>61,460,374</u>				
Investments Controlled by Fiscal Agents:						
Local Agency Investment Fund	338,487	337,725	2.97	n/a	n/a	Non-rated
Guaranteed Investment Contract	12,758,750	12,758,750	5.47	10/2022	6,302 days	Non-rated
Money Market Funds	729,982	729,982	2.58	7/05	0 days	AAA
	<u>13,827,219</u>	<u>13,826,457</u>				
Total Investments	<u>75,377,102</u>	<u>75,286,831</u>				
Cash in Banks:						
Interest Bearing Deposits	425,010	425,010				
Cash on Hand	699	699				
Total Cash and Investments	<u>\$ 75,802,811</u>	<u>\$ 75,712,540</u>				

Note 3:

Capital Assets

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

	2005			2004		
	Property, Plant and Equipment	Accumulated Depreciation	Net	Property, Plant and Equipment	Accumulated Depreciation	Net
Land	\$ 3,148,500	\$ -	\$ 3,148,500	\$ 3,148,500	\$ -	\$ 3,148,500
Furniture fixtures and equipment	637,073	(548,930)	88,143	619,060	(490,598)	128,462
Equipment	27,922,695	(6,937,654)	20,985,041	27,829,423	(5,986,146)	21,843,277
Buildings and structures	48,427,212	(5,581,796)	42,845,416	48,394,608	(4,876,246)	43,518,362
Underground pipeline	58,971,623	(6,308,693)	52,662,930	58,971,624	(5,517,340)	53,454,284
Construction in progress	450,993	-	450,993	294,845	-	294,845
Total property and equipment	<u>136,409,596</u>	<u>(19,377,073)</u>	<u>117,032,523</u>	<u>136,109,560</u>	<u>(16,870,330)</u>	<u>119,239,230</u>
Total property, plant, and equipment	<u>\$139,558,096</u>	<u>\$(19,377,073)</u>	<u>\$120,181,023</u>	<u>\$139,258,060</u>	<u>\$(16,870,330)</u>	<u>\$122,387,730</u>



Notes to Financial Statements

The following table shows the capital asset activity for the fiscal years ended June 30, 2005 and 2004.

	Plant and Equipment	Accumulated Depreciation	Net
Balance, June 30, 2003	\$ 135,829,725	\$ (14,349,413)	\$ 121,480,312
Additions	460,285	(2,587,512)	(2,127,227)
Retirements and disposals	(66,595)	66,595	-
Transfers and reclasses	(113,855)	-	(113,855)
Balance at June 30, 2004	136,109,560	(16,870,330)	119,239,230
Additions	366,889	(2,573,596)	(2,206,707)
Retirements and transfers	(66,853)	66,853	-
Transfers and reclasses	-	-	-
Balance, June 30, 2005	\$ 136,409,596	\$ (19,377,073)	\$ 117,032,523

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 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, 2005 and 2004 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, 2005, are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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	6,503,088	6,065,000	12,568,088
2010-2014	27,291,944	35,565,000	62,856,944
2015-2019	17,208,750	45,430,000	62,638,750
2020-2023	4,661,375	45,235,000	49,896,375
Total	<u>\$77,019,946</u>	<u>\$147,500,000</u>	<u>\$224,519,946</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.



Notes to Financial Statements

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 is 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.

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 2004/05 was 9.515%. The contribution rate is established and may be amended by CalPERS.

C. Annual Pension Costs

For fiscal year 2004/05, the Central Coast Water Authority's annual pension costs were \$277,414 and the Authority actually contributed \$248,751. The required contribution for fiscal year 2004/05 was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate

of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and (c) 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.25%. 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, 2003 was 17 years.

Three-Year Trend Information for the Central Coast Water Authority

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/01	\$189,528	100%	\$0
6/30/02	\$169,945	100%	\$0
6/30/03	\$177,618	96%	\$6,791

Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability
6/30/01	\$1,363,548	\$1,676,103	\$(312,555)
6/30/02	\$1,824,045	\$1,762,978	\$61,067
6/30/03	\$2,379,328	\$2,019,700	\$359,628

Valuation Date	Funded Ratio	Annual Covered Payroll	UAAL As a Percentage of Payroll (1)
6/30/01	122.9%	\$1,457,816	(21.4%)
6/30/02	96.7%	\$1,400,443	4.4%
6/30/03	84.9%	\$1,469,313	24.5%

(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, 2005 were \$9,914 (2006)



Notes to Financial Statements

and \$11,520 thereafter, resulting in total minimum payments of \$22,968.

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.

Note 7: Net Assets Invested in Capital Assets

The following schedule provides a summary of net assets invested in capital assets at June 30, 2005:

	Beginning Balance 7/1/04	Refunds	Local Project Costs	Ending Balance 6/30/05
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	8,070,158	-	-	8,070,158
AFB				
So Cal Water	869,588	-	-	869,588
Guadalupe	81,119	-	-	81,119
Totals	<u>\$22,890,770</u>	<u>-</u>	<u>-</u>	<u>\$22,890,770</u>

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: 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 \$14,000 per year, whichever is less.



TABLE 1
General Governmental Revenues by Source

Fiscal Year	Operating Assessments	Debt Service Assessments	Other Revenues	Interest Income	Total Revenues
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
2004/05	4,284,567	10,646,678	33,644	1,565,540	16,530,428

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

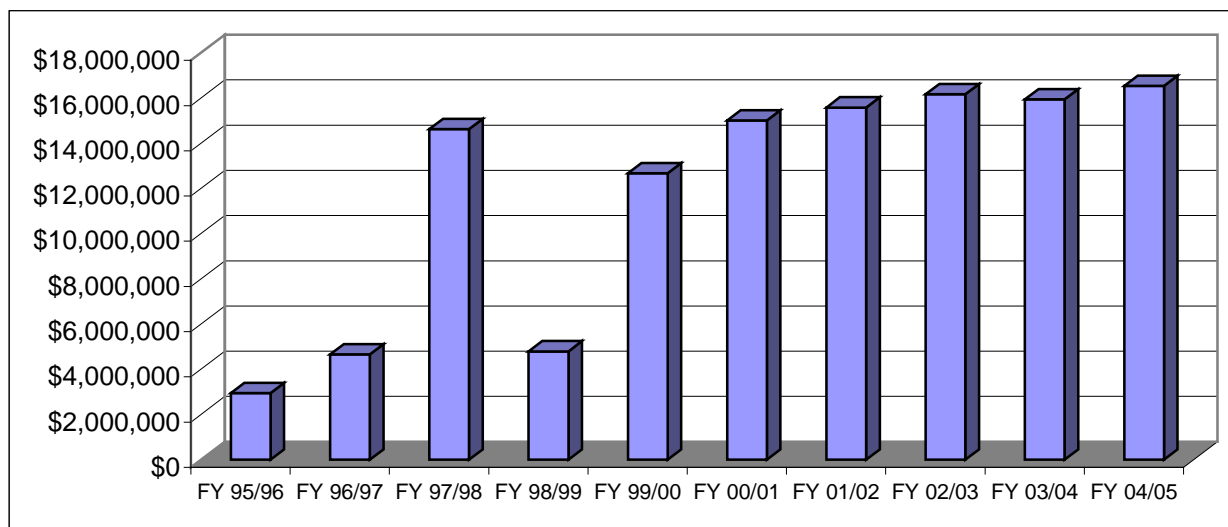




TABLE 2

General Governmental Expenditures by Function

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Other Expenses	Total Expenditures
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
2004/05	8,792,089	366,907	7,601,613	-	16,760,608

Source: Central Coast Water Authority

Total Expenditures Comparison

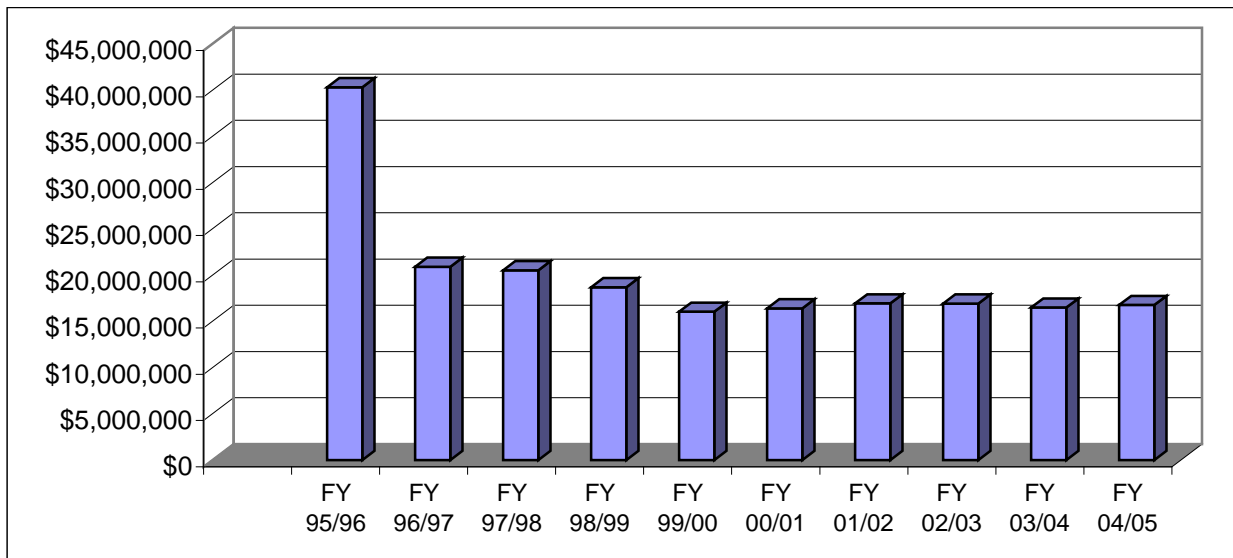




TABLE 3

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

Fiscal Year	Bond Issue	Principal	Interest ⁽¹⁾	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
1995/96	92 Bonds	-	11,290,130	11,290,130	40,293,426	54.04%
1996/97	92 & 96 Bonds	-	7,922,882	7,922,882	20,890,327	38.64%
1997/98	96 Bonds	4,040,000	9,904,443	13,944,443	20,506,419	74.66%
1998/99 (2)	96 Bonds	25,920,000	9,164,749	35,084,749	18,678,364	218.92%
1999/00	96 Bonds	2,775,000	8,447,925	11,222,925	16,026,595	68.46%
2000/01	96 Bonds	3,010,000	8,329,216	11,339,216	16,394,403	66.95%
2001/02	96 Bonds	3,270,000	8,194,474	11,464,474	16,936,684	67.77%
2002/03	96 Bonds	3,535,000	8,043,405	11,578,405	16,916,162	70.24%
2003/04	96 Bonds	3,830,000	7,875,778	11,705,778	16,483,601	69.84%
2004/05	96 Bonds	4,135,000	7,663,638	11,798,638	16,760,608	70.40%

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

(2) Includes \$23,940,080 bond principal payment for calling the 1996 Series B revenue bonds.

Source: Central Coast Water Authority

Ratio of Debt Service to Total Expenditures

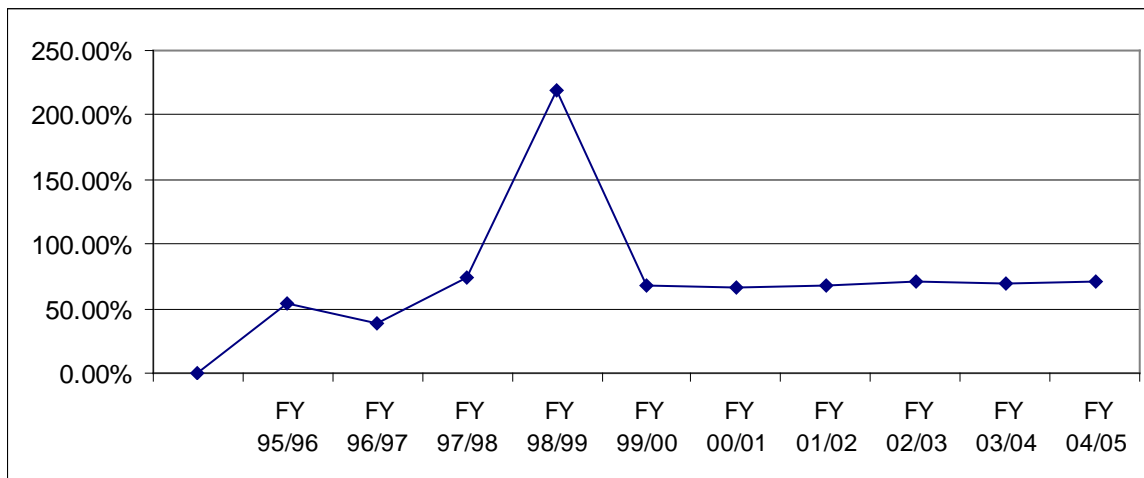




TABLE 4

FY 2004/05 Allocation of CCWA Operating Expenses

Project Participant	FY 2004/05 Unadjusted Operating Expenses ⁽¹⁾	Exchange Agreement Modifications ⁽²⁾	Regional Water Treatment Plant Modifications ⁽³⁾	FY 2004/05 Allocated Operating Expenses
Shandon (SLO County)	\$ 5,045	N/A	N/A	\$ 5,045
Chorro Valley Turnout (SLO County)	147,630	N/A	N/A	147,630
Lopez Turnout (SLO County)	161,444	N/A	N/A	161,444
City of Guadalupe	48,658	N/A	\$ 19,855	68,513
City of Santa Maria	1,392,815	N/A	579,880	1,972,695
Southern California Water Co.	46,804	N/A	17,412	64,215
Vandenberg Air Force Base	524,941	N/A	195,868	720,809
City of Buellton	65,346	N/A	20,742	86,088
City of Solvang	164,397	N/A	52,894	217,290
Santa Ynez Imp. District #1	82,011	324,205	107,104	513,320
Goleta Water District	728,437	(114,937)	(323,563)	289,937
Morehart Land Co.	28,903	N/A	(17,178)	11,725
La Cumbre Mutual Water Co.	152,704	N/A	(87,464)	65,240
Raytheon Systems Company	6,228	N/A	(4,101)	2,127
City of Santa Barbara	464,915	(79,613)	(209,930)	175,372
Montecito Water District	466,591	(77,740)	(211,684)	177,167
Carpinteria Valley Water District	304,356	(51,916)	(139,834)	112,607
TOTAL:	\$ 4,791,225	\$ 0	\$ 0	\$ 4,791,225

1. FY 2004/05 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

Project Participant	Balance July 1, 2004	FY 2004/05 Project Participant Payments and DWR Credits	Payments to Department of Water Resources and Other Adjustments	Ending Balance June 30, 2005
City of Guadalupe	\$ 441,115	\$ 415,145	\$ (446,217)	\$ 410,043
City of Santa Maria	13,521,078	12,992,718	(13,831,417)	12,682,379
Southern California Water Co.	425,281	383,489	(413,521)	395,249
Vandenberg Air Force Base	4,916,302	4,785,652	(5,037,913)	4,664,042
City of Buellton	519,814	512,028	(534,913)	496,929
Santa Ynez ID#1 (Solvang only)	1,308,714	1,302,959	(1,353,161)	1,258,512
Santa Ynez ID#1 (excluding Solvang)	481,190	470,727	(485,450)	466,467
Goleta Water District	4,345,607	3,928,429	(4,348,469)	3,925,568
Morehart Land Co.	182,110	168,665	(178,385)	172,390
La Cumbre Mutual Water Co.	917,697	848,903	(904,456)	862,144
Raytheon Systems Company	45,476	41,132	(43,146)	43,463
City of Santa Barbara	2,601,230	2,582,164	(2,737,936)	2,445,458
Montecito Water District	2,653,778	2,646,035	(2,739,456)	2,560,357
Carpinteria Valley Water District	1,740,416	1,792,649	(1,821,078)	1,711,987
TOTAL:	\$ 34,099,811	\$ 32,870,696	\$ (34,875,518)	\$ 32,094,989

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 2005. 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, 2005.



TABLE 6

FY 2004/05 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Chorro Valley Turnout (SLO County)	2,011	N/A	2,011
Lopez Turnout (SLO County)	2,148	N/A	2,148
City of Guadalupe	400	N/A	400
City of Santa Maria	11,660	N/A	11,660
Southern California Water Co.	198	N/A	198
Vandenberg Air Force Base	3,375	N/A	3,375
City of Buellton	481	N/A	481
City of Solvang	930	N/A	930
Santa Ynez Imp. Dist. #1	709	2,423	3,132
Goleta Water District	3,387	(859)	2,528
Morehart Land Co.	71	N/A	71
La Cumbre Mutual Water Co.	528	-	528
Raytheon (SBRC)	-	N/A	-
City of Santa Barbara	1,840	(595)	1,245
Montecito Water District	1,882	(581)	1,301
Carpinteria Valley Water District	1,119	(388)	731
TOTAL:	30,739	-	30,739

FY 2005/06 Requested State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Chorro Valley Turnout (SLO County)	2,384	N/A	2,384
Lopez Turnout (SLO County)	1,887	N/A	1,887
City of Guadalupe	605	N/A	605
City of Santa Maria	15,511	N/A	15,511
Southern California Water Co.	550	N/A	550
Vandenberg Air Force Base	5,650	N/A	5,650
City of Buellton	636	N/A	636
City of Solvang	1,500	N/A	1,500
Santa Ynez Imp. Dist. #1	700	2,560	3,260
Goleta Water District	2,604	(922)	1,682
Morehart Land Co.	220	N/A	220
La Cumbre Mutual Water Co.	920	-	920
Raytheon (SBRC)	55	N/A	55
City of Santa Barbara	614	(614)	(0)
Montecito Water District	1,702	(614)	1,088
Carpinteria Valley Water District	1,760	(410)	1,350
TOTAL:	37,298	-	37,298



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)

	2000	2001	2002	2003	2004
Civilian Labor Force ⁽¹⁾	202.97	203.16	206.13	209.66	214.12
Employment	194.17	194.31	195.56	199.17	204.15
Unemployment	8.81	8.86	10.57	10.48	9.99
Unemployment Rate	4.35%	4.37%	5.14%	5.01%	4.67%
Wage and Salary Employment ⁽²⁾					
Total, Wage and Salary	179.54	179.82	179.64	182.19	185.11
Total Farm	14.85	13.76	14.23	16.18	16.29
Total Non-Farm	164.69	166.07	165.41	166.01	168.82
Total Private	131.86	131.62	129.66	130.43	132.95
Goods Producing	25.13	24.60	22.23	22.77	23.73
Service Producing	139.56	141.47	143.17	143.24	145.08
Natural Resources, Mining and Construction	9.27	9.53	8.85	9.43	10.50
Natural Resources and Mining	1.15	1.17	0.86	0.80	0.84
Construction	8.12	8.37	7.99	8.63	9.66
Manufacturing	15.86	15.07	13.38	13.33	13.23
Durable Goods	12.60	11.82	10.20	10.07	9.99
Nondurable Goods	3.26	3.24	3.18	3.26	3.24
Trade, Transport and Utilities	29.01	28.50	27.90	27.33	27.68
Wholesale Trade	5.18	5.37	4.76	4.34	4.45
Retail Trade	20.95	20.17	20.33	20.09	20.33
Transport, Warehousing and Utilities	2.87	2.96	2.81	2.90	2.90
Information	4.25	4.50	4.12	4.07	3.99
Financial Activities	8.39	8.84	8.62	8.42	8.50
Professional and Business Services	20.21	19.62	20.61	21.07	22.04
Educational and Health Services	18.43	18.60	19.25	19.32	19.60
Leisure and Hospitality	20.82	21.00	20.95	21.70	21.80
Other Services	5.62	5.96	5.98	5.75	5.60
Government	32.83	34.45	35.75	35.57	35.87
Federal Government	3.88	3.82	3.92	3.87	3.80
State and Local Government	28.95	30.63	31.82	31.7	32.07

Notes:

⁽¹⁾ Based on place of residence.

⁽²⁾ 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	9,626
Vandenberg Air Force Base (VAFB)	Lompoc	Defense	4,782
County of Santa Barbara	Santa Barbara	Government	4,088
Santa Barbara Cottage Hospital	Santa Barbara	Healthcare	2,529
Santa Barbara City College	Santa Barbara	Education	2,211
Raytheon Electronic Systems	Goleta	Electronics Mfg.	1,950
Santa Barbara School District Admin.	Santa Barbara	Education	1,810
Santa Maria-Bonia School District	Santa Maria	Education	1,615
Chumash Casino	Solvang	Arts/Entertainment	1,530
City of Santa Barbara	Santa Barbara	Government	1,520
Lompoc Unified School District	Lompoc	Education	1,498
Marian Medical Center	Santa Maria	Healthcare	1,300
Alan Hancock College	Santa Maria	Education	1,200
Sansum Santa Barbara Medical Foundation	Santa Barbara	Healthcare	1,100
Lockheed Martin Corporation	Santa Barbara	Defense	967

Source: 2005 University of 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>
TOTAL TABLE A AMOUNT	<u><u>43,908</u></u>

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, 2005

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
National Union Fire Insurance Company	4-1-05 to 4-1-06	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	4-1-05 to 4-1-06	Excess Crime Coverage	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Computer fraud \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-05 to 4-1-06	Property Insurance	\$ 55,056,541	Buildings (\$24,635,650); Personal property (\$1,199,500); Fixed Equipment (\$29,221,391)
ACWA Joint Powers Insurance Authority	10-1-04 to 10-1-05	General and Auto Liability	\$ 500,000	Liability JPIA pooled layer
Insurance Co. of the State of Pennsylvania #4198-4472	10-1-04 to 10-1-05	General and Auto Liability	\$ 4,500,000	Liability umbrella policy
Insurance Co. of the State of Pennsylvania #4704-1877	10-1-04 to 10-1-05	General and Auto Liability	\$ 15,000,000	Liability umbrella policy
Great Lakes Reinsurance #01-UKFO-0002401	10-1-04 to 10-1-05	General and Auto Liability	\$ 10,000,000	Liability umbrella policy
Lexington Insurance #6500611	10-1-04 to 10-1-05	General and Auto Liability	\$ 10,000,000	Liability umbrella policy



Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
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	122
2001	244	153,167	135
2002	304	195,366	143
2003	309	175,353	137
2004	319	194,205	154

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Residence	638	\$ 2,295
Shandon Park	464	1,992
Shandon School	465	1,949
Caltrans	434	1,702
Shandon Methodist Church	410	1,434
Residence	414	1,408
Residence	402	1,388
Residence	392	1,373
Residence	341	1,212
Residence	354	1,173
Total	4,314	\$ 15,926

(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
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
2004	292,604	109,885	14,139	196,858	56,554	3.48

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)
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
2004	209	171,315	52

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Custom House	2,938	\$ 16,982
Western Inns	2,140	12,387
SLO Co Park	1,225	7,202
Villa Avila	1,220	7,052
SLO Co Park Restrooms	1,173	6,792
Port Sandrinser	1,009	5,948
Post Restrooms	888	5,133
Dun Sailing	878	5,075
Misc Construction Water	771	4,549
SLO Co Park Front Street	579	3,347
Total	12,821	\$ 74,467

(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
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
2004	191,616	139,907	27,609	79,318	84,505	0.94

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)
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
2004	4,365	1,872,673	1,962

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Pismo Mobile Home Park	14,757	\$ 24,855
Cliffs Shell Beach	13,567	19,637
Seacrest Motel II	11,835	18,752
Hacienda Del Pismo	10,729	18,674
Shorecliff Lodge	10,391	14,823
Motel 6	9,062	13,623
Oxford Suites	7,428	12,132
Pismo Coast Village RV Park	3,420	11,821
Pismo Lighthouse Suites	6,646	11,762
Kon Tiki	6,773	10,511
Total	94,608	\$ 156,590

(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
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
2004	2,854,004	1,523,338	1,330,666	1,198,295	-	1.11

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)
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
2004	5,383	3,852,954	1,205

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
San Luis Unified School District	2,656,400	\$ 270,710
City of Morro Bay	2,279,300	190,414
Inn at Morro Bay	968,900	110,169
Pacific Care Center	1,057,500	108,008
Mission Linen	803,500	88,329
Dept. of Recreation & Parks	646,300	55,233
Morro Dunes Trailer Park	514,800	46,232
Accor Economy Lodge	380,800	36,554
Silver City Manor 1 & 2	383,400	33,706
Blue Heron	279,300	22,197
Total	9,970,200	\$ 961,552

(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
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
2004	3,947,340	938,793	3,008,547	1,815,661	-	1.66

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)
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
2004	2,024	1,217,461	839

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Casitas Corp/Mobile Home Park	14,020	\$ 39,124
Lucia Mar Unified School District	8,412	27,894
Sand and Surf Transient RV Park	7,876	25,891
Oceano 1 Condo Home Owners Assoc.	8,005	22,427
Duna Vista Mobile Home Park	5,640	19,267
State of California	4,858	17,734
Porticos Mobile Home Park	5,543	16,168
Pleasant Hill Mobile Home Manor	4,648	12,628
PTI Inc. Pismo Sands RV Park	3,182	12,044
Encanto Ridge Home Owners Assoc.	4,005	11,532
Total	66,189	\$ 204,709

(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
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
2004	1,429,906	727,712	176,477	878,671	530,667	-	1.66

Source: Oceano Community Services District



Statistical Section City of Guadalupe

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Municipal Connections	Sales Revenues	Water Deliveries (acre-feet per year)
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
2004	1,912	1,769,254	811

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
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
Imperial Café	419	1,361
Total	55,290	\$ 180,729

(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
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
2004	1,901,527	328,840	154,756	1,727,443	669,041	2.58

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)
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
2004	19,170	19,392,893	13,267

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
City of Santa Maria	246,064	\$ 801,108
Santa Maria Elementary Schools	108,184	362,087
Casa Grande Mobile Homes	70,065	161,270
VG Apartments, LLC	66,643	206,264
Allan Hancock College	59,211	191,391
Marian Hospital	28,385	106,310
El Capitan Trailer Park	23,086	54,655
Mission Linen Supply	21,706	67,386
Pictsweet Frozen Foods	21,593	70,753
Meridian Apartments	21,333	72,047
Total	666,270	\$ 2,093,271

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues ⁽¹⁾	Operating Expenses	Rate Coverage Fund	Net Revenues	State Water Payments	Coverage
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
2004	26,977,067	7,118,174	4,002,906	23,861,799	13,858,267	1.72

(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	Sales Revenues	Water Deliveries (acre-feet per year)
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
2004	1,491	1,365,416	1,257

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Ranch Club Mobile Estates	26,143	\$ 103,594
Rancho Santa Barbara Marriott	15,933	59,157
Rivergrove Mobile Home Park	10,239	39,182
Flying Flags Recreation Park	17,216	35,283
Zaca Creek Golf Course	248	31,298
Buellton Union School District	12,807	31,102
Pea Soup Andersen's Restaurant	6,385	29,589
Days Inn	5,260	20,923
Rancho De Maria Development	9,170	20,063
Andersen's Inn	4,518	16,526
Total	107,919	\$ 386,717

(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
1995	\$ 569,345	\$ 203,581	\$ -	\$ 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
2004	1,821,513	418,725	238,324	1,641,112	895,101	1.83

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)
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
2004	1,903	3,286,624	1,506

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Rancho Santa Ynez Mobile Estate	27,302	\$ 66,616
Alisal Guest Ranch	15,200	36,480
Solvang School	12,822	31,285
Mission Oaks	10,781	26,305
Luthern Home	9,963	24,309
Royal Scandinavian Inn	6,720	16,396
Mission Ready Mix	5,771	14,081
Solvang Transit Mix	4,946	12,068
Inns of California	4,606	11,238
Total	98,111	\$ 238,778

(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
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
2004	3,293,660	854,671	534,808	2,973,797	2,064,965	1.44

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)
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
2004	2,363	3,816,702	6,012

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Cachuma Sanitation District	85	\$ 65,739
Rancho Marcelino Water Company	52	42,564
Santa Ynez Valley Farming	150	23,772
Dunn School	25	22,748
City of Solvang (2)	4	18,574
Santa Ynez Valley Farming	111	17,894
Skyline Park	15	16,241
Rancho Bella Vida	56	15,406
Elizabeth Williams	92	13,683
Los Olivos School	16	13,108
Total	606	\$ 249,729

(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 ⁽¹⁾	3,896,090	2,716,430	-	1,179,660	1,476,671	0.80
1998 ⁽¹⁾	7,454,547	1,993,633	246,045	5,706,959	2,669,473	2.14
1999 ⁽¹⁾	5,680,162	1,936,833	770,601	4,513,930	2,351,446	1.92
2000 ⁽¹⁾	7,808,188	2,092,409	783,813	6,499,592	2,688,507	2.41
2001 ⁽¹⁾	7,021,956	2,490,288	826,350	5,358,018	2,888,552	1.85
2002 ⁽¹⁾	6,845,936	2,339,610	880,195	5,386,521	2,912,443	1.85
2003 ⁽¹⁾	6,629,264	2,558,215	923,484	4,994,533	3,148,476	1.59
2004 ⁽¹⁾	7,004,003	3,000,250	920,343	4,924,096	3,179,539	1.55

(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)
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
2004	16,249	16,146,551	14,083

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
UCSB	820	\$ 1,035,457
Glen Annie Golf Club, LLC	363	337,756
County of Santa Barbara	203	301,177
Bacara Resort Services, Inc.	170	247,084
Sandpiper Golf Course	305	134,618
Cavalletto Ranches LLC	270	117,236
Rancho Tres Canadas	242	103,990
Roy Butero	194	83,334
Ag-Land Services	183	77,459
Por La Mar Nursery	144	71,030
Total	2,894	\$ 2,509,141

(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
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
2004	22,648,173	11,824,796	-	10,823,377	7,355,604	1.47

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)
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	1,429	1,461,097	1,399
2002	1,436	2,081,946	1,891
2003	1,437	1,918,454	1,724

Largest Customers as of June 30, 2003

	Water Usage ⁽¹⁾	Annual Payment
La Cumbre Golf & County Club	82,105	\$ 203,605
Gael Trust	12,710	42,420
Timothy Pasquinelli	8,823	33,281
Mariposa Land Development Co.	8,547	31,195
ELK Trust	9,326	28,622
Stephen Redding	7,066	20,885
Carriage Hill Association	4,237	20,020
Stanford Farms	4,304	16,488
Laguna Blanca School	3,681	15,546
William Foley	4,190	12,357
Total	144,989	\$ 424,419

(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
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
2003	2,668,781	862,951	345,084	2,150,914	1,485,915	1.45

Source: La Cumbre Mutual Water Co.



Statistical Section City of Santa Barbara

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
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
2004	25,653	23,127,138	14,281

Largest Customers as of June 20, 2004

	Water Usage ⁽¹⁾	Annual Payment
City of Santa Barbara	84,090	\$ 128,602
S.B. Cottage Hospital	29,136	116,380
Fess Parker's Double Tree Inn	28,464	113,983
Montecito Country Club	57,110	87,025
S.B. Cottage Hospital	18,135	76,100
Samarkand, Inc.	11,714	46,610
S.B. Zoological Foundation	9,523	42,785
S.B. Community College District	9,100	38,954
Heide Probstel Trust	11,169	38,937
National Retail Partners, LLC	9,114	38,929
Total	267,555	\$ 728,305

(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 Service	Coverage
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
2004	25,431,147	13,822,119	11,609,028	4,481,194	1,870,214	1.83

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)
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
2004	4,554	7,579,730	6,055

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Birnam Wood Golf Club	88,770	\$ 184,839
Four Seasons Biltmore	39,391	181,206
Westmont College	55,440	168,715
Valley Club of Montecito	59,233	114,549
Petan Company	24,963	90,320
Los Alisos Ranch	41,068	61,183
Santa Barbara Cemetery	26,976	53,929
Bill Meeker	22,723	48,486
Ellen Knill	22,564	45,804
Casa Dorinda	24,017	34,756
Total	405,145	\$ 983,787

(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
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
2004	10,839,346	4,809,464	959,705	6,989,587	4,550,214	1.54

Source: Montecito Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
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	4,185
2004	4,168	7,010,594	4,572

Largest Customers as of June 30, 2004

	Water Usage ⁽¹⁾	Annual Payment
Casitas Village (Home Owners' Assn)	28,530	\$ 132,653
Villa Del Mar (Home Owners' Assn)	28,528	119,814
B & H Flowers	69,787	109,044
Carpinteria School District	27,755	103,660
Sandpiper Village (Mobile Home Park)	25,416	87,982
Norman Nursery	35,813	60,745
Oceano Breeze Nursery	27,886	51,493
William Van Wingerden	27,045	48,175
Weserlay Roses	26,076	45,873
Roberts Ranch	24,113	38,794
Total	320,949	\$ 798,233

(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
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
2004	7,212,653	3,547,673	752,655	4,417,635	2,968,996	1.49

Source: Carpinteria Valley Water District