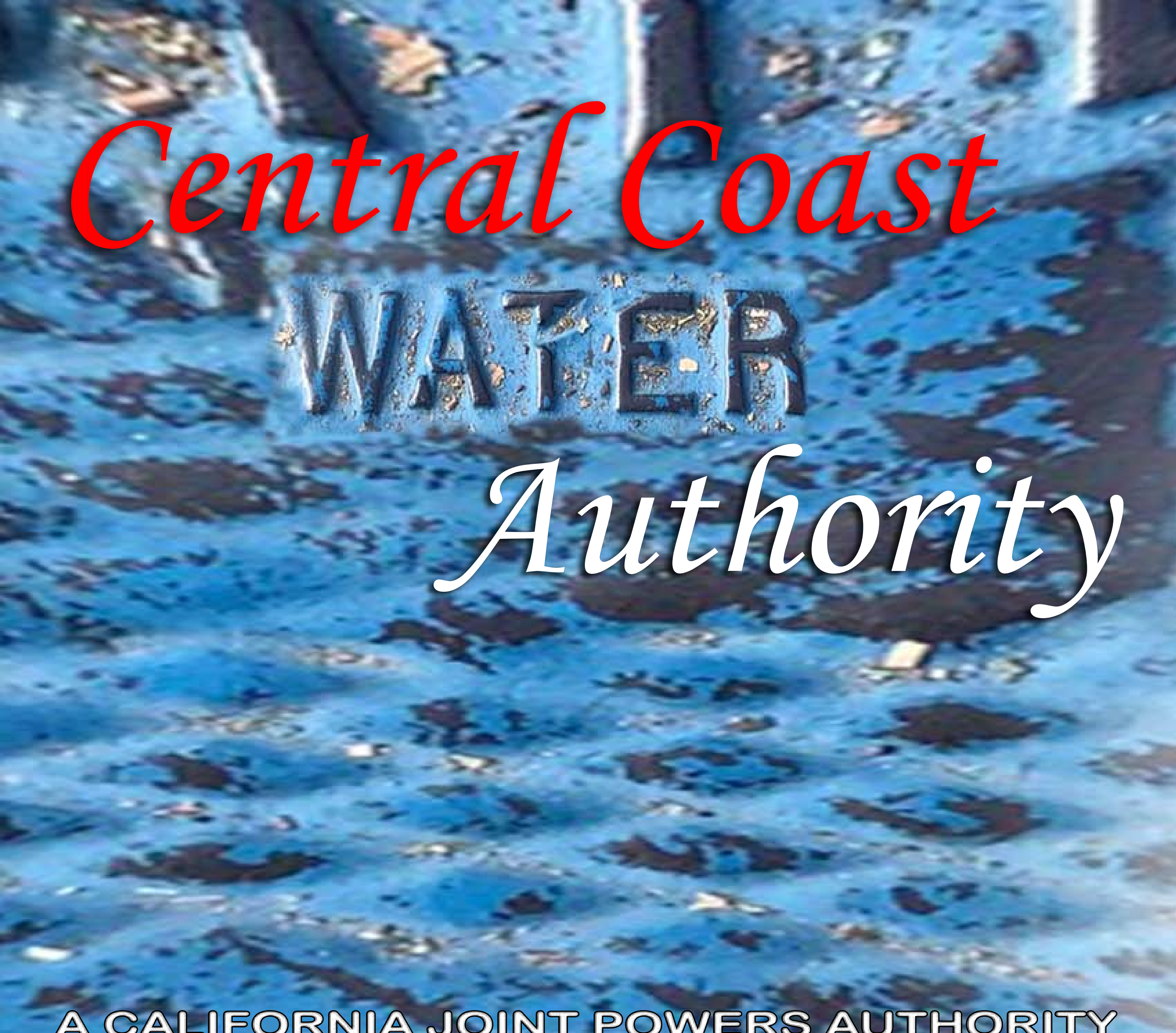
Central Coast



Authority

A CALIFORNIA JOINT POWERS AUTHORITY

CAFR

CENTRAL COAST WATER AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

Central Coast Water Authority

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2018 and 2017

Prepared by Laura Matthews and Lisa Long

Cover design by Julie Baker

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INTRODUCTORY SECTION

January 24, 2019

Members of the Board
Central Coast Water Authority

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018. The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2018 is submitted as prepared by the Authority's Finance and Administration Departments. The report is published to provide to our project participants, 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.

The Authority requires that its financial statements be audited by a Certified Public Accountant selected by the Authority's Board of Directors, and Nasif, Hicks, Harris & Co., LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on Central Coast Water Authority's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

The Central Coast Water Authority (CCWA) is a public entity organized under a Joint Exercise of Powers Agreement dated August 1, 1991 and operates as a Joint Powers Authority (JPA). CCWA is a wholesale water provider to 13 water purveyors and private companies in Santa Barbara County, and another 11 water purchasers in San Luis Obispo County.

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CCWA is presently composed of eight members, all of which are public agencies within Santa Barbara County: 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). Each member agency is represented on the CCWA Board of Directors by one individual and an alternate. In addition, CCWA has one associate member, the La Cumbre Mutual Water Company and three non-member, private water users, Raytheon Systems Company, Morehart Land Company, and Golden State Water Company. Water service is also provided to Vandenberg Air Force Base through a Utility Agreement.

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's Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement.

The Authority also provides supplemental water to certain entities within San Luis Obispo County: California Men's Colony, County of San Luis Obispo, Cuesta College, City of Morro Bay, Avila Beach Community Services District, Avila Valley Mutual Water Company, Oceano Community Services District, City of Pismo Beach, San Luis Coastal Unified School District and San Miguelito Mutual Water Company.

Facilities

The Authority's facilities include a water treatment plant located at Polonio Pass in northeastern San Luis Obispo County and a distribution system that delivers water from the State Water Project to project participants in Santa Barbara and San Luis Obispo Counties. The distribution system consists of an approximate 130 mile long pipeline, treated water tanks at the water treatment plant, three interim storage facilities, one energy dissipation facility, ten turnouts, four isolation valve facilities, a chloramines removal and water pumping facility and Cachuma Lake inlet monitoring facility.

Central Coast Water Authority is innovative and forward thinking in its methods to provide high-quality water, through an efficient and reliable system that is capable of delivering supplemental water from other water sources in addition to allocations through the State Water Project for our project participants. During the recent and ongoing drought in California, this delivery system was instrumental in allowing our project participants to maintain adequate water resources for their communities by providing a link to the statewide water supply system.

The Authority receives its water through the State Water Project, which is a network of canals, pipelines, tunnels and reservoirs. The State Water Project is managed by the California Department of Water Resources (DWR), a State agency which protects, conserves, develops, and manages much of California's water supply including the State Water Project which provides water for 25 million residents, farms, and businesses. Through the Santa Barbara County Flood Control and Water Conservation District (SBCFC&WCD), the Authority holds a contract with the Department of Water Resources (DWR) to purchase up to 45,486 acre-feet of water per year. The costs for this water are charged to the Authority's Santa Barbara County project participants. San Luis Obispo County pays DWR directly for its DWR costs.

LOCAL ECONOMY

Santa Barbara County is dominated by three principal economic activities: tourism, Vandenberg Air Force Base, and education, and is characterized by three geographically diverse regions. The Santa

Barbara Project Participants are located in all three different geographic areas of Santa Barbara County: North County (City of Santa Maria, City of Guadalupe, Golden State Water Company and Vandenberg Air Force Base); the Santa Ynez Valley (City of Buellton and Santa Ynez River Water Conservation District, Improvement District No. 1, which includes within its boundaries the City of Solvang); and the South Coast (City of Santa Barbara, Goleta Water District, Montecito Water District, Carpinteria Valley Water District, La Cumbre Mutual Water Company, Raytheon Systems Company and Morehart Land Company).

Historically the North County has been an agricultural area, but it has experienced significant urban development in the last twenty-six 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. The general location of certain of the Santa Barbara Project Participants and of the major components of the Authority Project in Santa Barbara County is shown on the map under the caption "Project Map" in the end of the Introductory Section of the CAFR.

LONG-TERM FINANCIAL PLANNING

To assist our project participants, the Authority prepares a Ten-Year Financial plan to provide pro forma projections of the Authority's expenditures and includes projections for both the Authority and the Department of Water Resources portions of the budget. The Department of Water Resources provides projections for each of these years for both the fixed and variable costs (comprising approximately 80% of the Authority budget annually), and the Authority expenses are generally projected with a 3% inflation factor to all operating expenses.

The Ten-Year Financial Plan is prepared only as an informational tool and is used by the member agencies and other project participants for their planning and long-term budgeting purposes.

RELEVANT FINANCIAL POLICIES AND CONTROLS

The Authority has adopted a comprehensive set of financial policies governing Reserves, Purchasing, Budget, Investments, Debt Management, and Capital Improvements. Following is a brief discussion on the policies that were relevant this year:

Capital Improvement Projects and Carryover

The Capital Improvements Projects (CIP) is a component of the non-operating expenses section of the budget. Certain capital expenditures included in the Fiscal year 2017/18 budget were not expended due to timing and scheduling.

When appropriate, capital improvements will be paid through current revenue sources rather than financing capital projects over a period of time. During Fiscal Year 2017/18 the Board approved $856,560 in carryover funds to be used for capital projects not completed in Fiscal Year 2016/17. Also approved by the Board was $1,159,913 of carryover funds for capital projects funded for Fiscal Year 2017/18 and carried over into Fiscal Year 2018/19 for completion.

Investment Policy

The Authority will operate its idle cash investments in compliance with Government Code Section 16045-16054 Uniform Prudent Investor Act which states: "…in investing...property for the benefit of another, a trustee shall exercise judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs....". As such, the Board has adopted an Investment Policy governing cash investments.

In April 2018 the Authority's adopted Investment Policy was amended as a part of the annual review to comply with changes in Government Code Section 53630-53686 which addresses investment of surplus funds by local government agencies. Section III(F) was revised to remove an outdated Civil Code reference, and to update language to include the entire definition of the "Prudent Investor Standard". Section VI. REPORTING and Section XIII. PERFORMANCE EVALUATION AND OPERATIONS AUDIT were revised to reflect the authority's practice of submitting quarterly reports to the Board rather than monthly reports.

Debt Management Policy

Central Coast Water Authority is authorized to incur indebtedness to finance Authority facilities and to assign and pledge to the repayment by its participants. The Debt Management Policy adopted by the Board in 2017 establishes parameters for issuing debt, covers general provisions for periodic review, conditions for debt issuance, standards for use of debt financing, financing criteria, refinancing outstanding debt, outstanding debt limitations, security for debt, a covenant for bond coverage, method of issuance, debt administration and reporting requirements.

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. Management believes that the Authority's controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

MAJOR INITIATIVES FOR THE FISCAL YEAR

The activities of the Board and staff at the Authority are driven by our mission statement: To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.

California Drought

While almost all of California received substantial rainfall in 2017, the Authority and its participants continue to feel the effects of the historic drought and the impacts will continue to be felt for the foreseeable future. For example, many of the CCWA project participants utilized their groundwater resources to help them meet demands during the drought. Therefore, it is anticipated they will need to allow their groundwater resources to recover and may therefore be more dependent on State water in the years ahead. As such, Management anticipates there will be a continued need to ensure State water deliveries are maximized to the greatest extent possible to meet the ongoing needs of CCWA's project participants.

State Water Project Contract Assignment

The original contract with the Department of Water Resources (DWR) was executed between DWR and the Santa Barbara County Flood Control and Water Conservation District (the County) in 1963. However, there were no facilities to bring State water into Santa Barbara County until CCWA was formed to construct and operate the facilities for the delivery of State Water in 1991.

When CCWA was formed in 1991, it entered into an agreement with the County called the "Transfer of Financial Responsibility Agreement" (TFRA) whereby CCWA agreed to be responsible for all costs of the State Water Project in Santa Barbara County. One of the provisions of the TFRA was that the parties expressed the desire to have the State Water Contract fully assigned from the County to CCWA. However, CCWA did not have ability to levy a property tax in the event of payment default, a key form of payment security in the DWR contracts and bonds, until recent legislation was passed which allows JPAs to exercise the taxing authority of their member agencies. CCWA now has the ability to levy a property tax for State water costs in the event of a payment default to DWR and as such, is actively pursuing full assignment of the State Water contract from the County to CCWA. CCWA will continue to work with DWR and the County to obtain approval for the full assignment of the contract to CCWA.

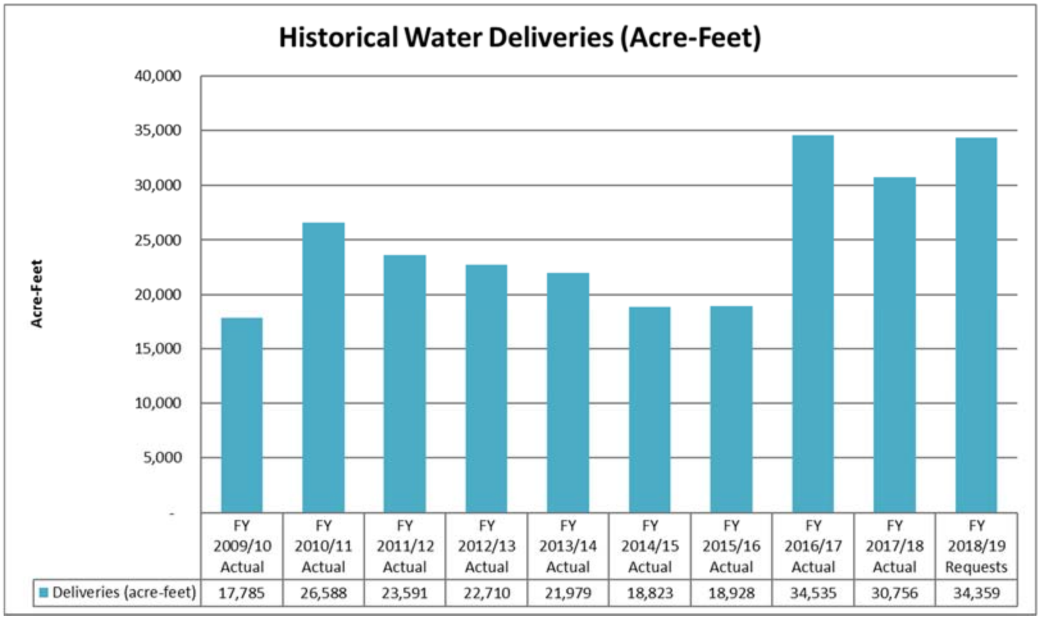
Suspended Water Reacquisition

In the 1980's, Santa Barbara County requested that DWR set aside, or "suspend" 12,214 acre-feet of the County's 57,700 acre-feet of State Water allotment as it was determined the 12,214 acre-feet was in excess of the needs of the various Santa Barbara County water purveyors. DWR agreed to suspend this water and agreed that the County could reacquire the water at a future date, which has been extended a number of times.

CCWA has requested, and DWR has agreed to allow CCWA, through the County, to reacquire the 12,214 acre-feet of suspended contract allotment. CCWA will continue to pursue this reacquisition in the coming year.

Water Deliveries

Total deliveries during FY 2017/18 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 30,756 acre-feet compared to the actual FY 2016/17 deliveries of 34,535 acre-feet. The graph below shows water deliveries for the last ten fiscal years.



<u>CCWA Supplemental Water Purchase Program</u>

In response to the continued ongoing drought in California, the CCWA Board of Directors has authorized the development of a Supplemental Water Purchase Program (SWPP). The SWPP allows those CCWA project participants to purchase additional water supplies to help meet their demand not being met with other water sources, beginning in calendar year 2014 and extending through calendar year 2018.

In total, over the course of three years, CCWA has acquired just over 32,700 acre-feet of water under the SWPP at a total cost of approximately $13.8 million, or roughly $422 per acre-foot.

THE FUTURE

<u>Water Delivery Projections</u>

For calendar years 2018 and 2019, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 34,359 acre-feet for each year.

<u>Department of Water Resources (DWR) Activities and Related Costs</u>

During FY 2018/19, CCWA staff will continue to work through the State Water Contractor (SWC) board and committees that interact with the Department of Water Resources (DWR) which impact CCWA and the California water agencies as a whole. There are many significant issues on which DWR and the SWC are working which have water supply, operational, and fiscal impacts on CCWA. Some of these activities could potentially have a significant fiscal impact to CCWA in the current and future years. Therefore, staff will place a high priority on working through the various available venues to minimize the fiscal impacts to CCWA and ensure that we continue to meet our goal of providing reliable, high quality supplemental water.

The Authority received the DWR Statement of Charges (SOC) for calendar year 2019 in May 2018, which reflected a large increase in the calendar year DWR Transportation Minimum OMP&R cost component. Transportation Minimum costs are fixed Operation & Maintenance (O&M) costs related to the O&M of the State Water Project (SWP) facilities which do not vary with the quantity of water delivered to the 29 SWP Contractors. Historically, the Transportation Minimum cost component of DWR SOC has been the most volatile DWR charge for CCWA. The volatility is partly based on DWR's SOC being based on estimates and then reconciling or preparing a "true-up" based on the actual costs incurred.

One financial reach which tends to create the most volatility from year-to-year is Reach 33A, due to work done by DWR on the facilities within that reach. Because Reach 33A is located on the coastal branch of the SWP and there are only two SWP Contractors within the coastal branch, the Counties of Santa Barbara (90%) and San Luis Obispo (10%), any changes (up or down) are allocated to only these two counties, further amplifying the variances.

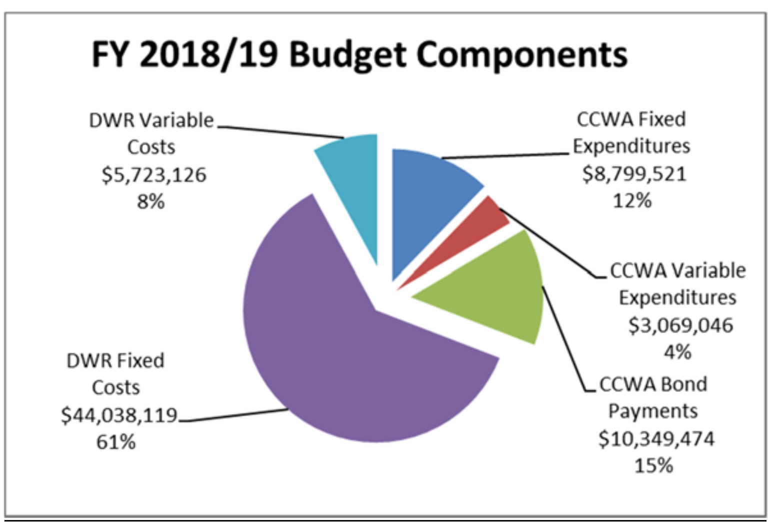
In the calendar year 2018 SOC, DWR estimated the 2019 Transportation Minimum cost of $7.8 million. In preparing the FY 2018/19 budget, CCWA added an additional $2 million above the DWR estimate for a total of $9.8 million. The actual SOC for the calendar year 2019 Transportation Minimum is $24.3 million, a $15.5 million increase over the amount used to prepare the FY 2018/19 budget, one-half of which would be due by January 1, 2019.

CCWA staff and State Water Contractors (SWC) accounting staff are both working with DWR to analyze the reason for the large increases. Additionally, CCWA retained auditors, Ernst & Young to further examine the DWR accounting records to ensure costs that are being charged to CCWA are accurate.

On October 11, 2018, CCWA issued a supplemental assessment to all CCWA project participants for their share of the increased costs for FY 2018/19, which is included the FY 2018/19 Budget Components graph below.

Fiscal Year 2018/19 Budget Summary

The FY 2018/19 budget calls for total project participant payments of $71.1 million compared to the FY 2017/18 budget of $61.4 million, a $9.7 million increase, which is discussed above in the fourth paragraph under DWR Activities and Related Costs. These amounts include $0.9 million in CCWA credits for FY 2018/19 and $0.4 million for FY 2017/18. The following graph shows the breakout of the various cost components in the CCWA FY 2017/18 Budget:



AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Coast Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the twenty-first consecutive year the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one fiscal year. We believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting to the GFOA to determine its eligibility for another certificate.

The authority also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated April 26, 2018. This was the twenty-second consecutive year the Authority has achieved this prestigious award. To qualify for the Distinguished Budget Presentation Award, the Authority's budget document had to be judged proficient as a policy document, financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank each member of both departments for their assistance in providing the data necessary to prepare this report. Credit is also due to Senior Management and the Board of Directors for leadership and support in maintaining the highest standards of professionalism in the management of Central Coast Water Authority's finances.

I am pleased to present this report to the Board for formal adoption.

Respectfully submitted,

Ray A. Stokes
Executive Director

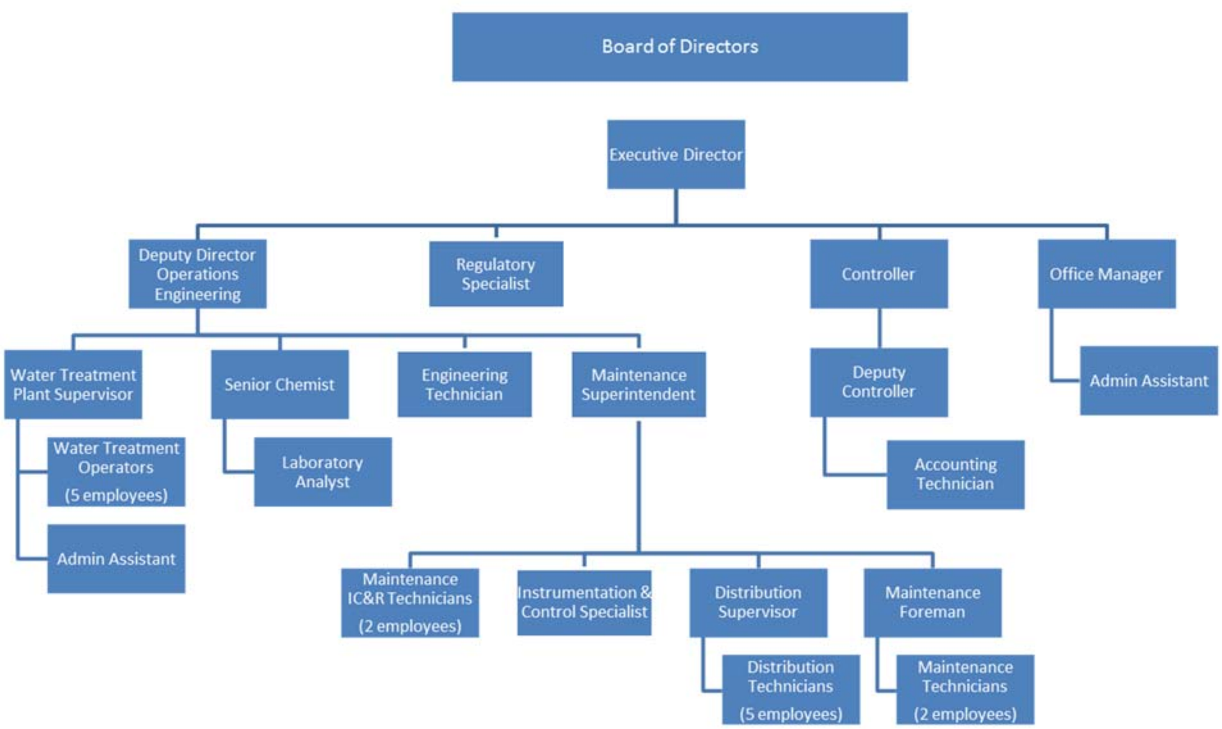
June 30, 2018

Central Coast Water Authority
Board of Directors

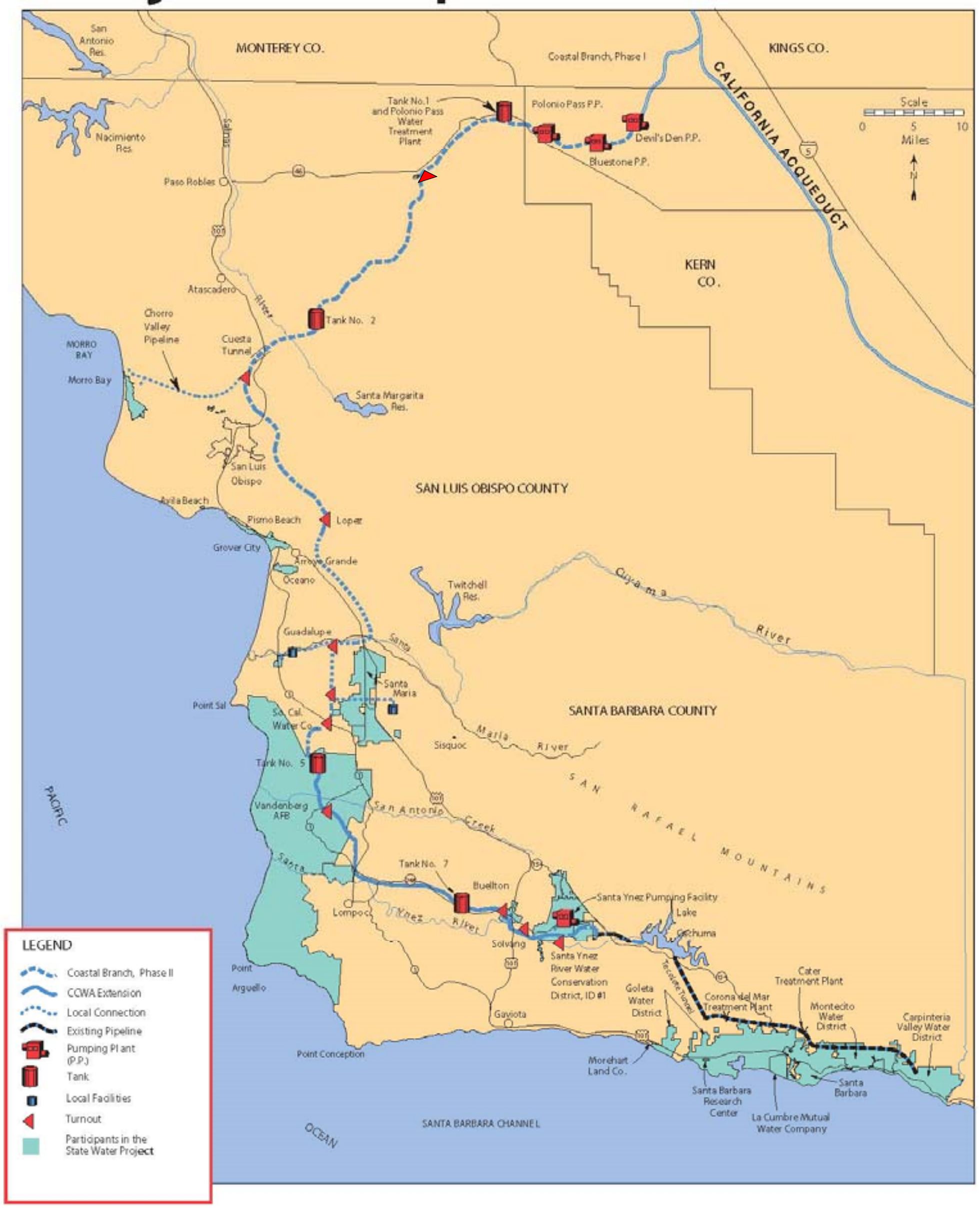
Jack Boysen, Chairman	City of Santa Maria
Richard Shaikewitz, Vice Chairman	Montecito Water District
Ed Andrisek	City of Buellton
Harlan Burchardi	Santa Ynez River Water Conservation District, Improvement District #1
Eric Friedman	City of Santa Barbara
Richard Merrifield	Goleta Water District
Gina Rubalcaba	City of Guadalupe
Shirley Johnson	Carpinteria Valley Water District

Authority Staff

Ray Stokes	Executive Director
John Brady	Deputy Director Operations /Engineering



Project Map


MONTEREY CO.
KINGS CO.
KERN CO.
CALIFORNIA ACQUEDUCT
SAN LUIS OBISPO COUNTY
SANTA BARBARA COUNTY
SAN RAFAEL MOUNTAINS
SANTA BARBARA CHANNEL
PACIFIC
OCEAN
Coastal Branch, Phase I
Tank No.1 and Polonio Pass Water Treatment Plant
Polonio Pass P.P.
Devil's Den P.P.
Bluestone P.P.
Scale
0
5
10
Miles
N
San Antonio Res.
Nacimiento Res.
Paso Robles
Atascadero
Tank No. 2
Chorro Valley Pipeline
Cuesta Tunnel
MORRO BAY
Morro Bay
Santa Margarita Res.
San Luis Obispo
Avila Beach
Pismo Beach
Lopez
Grover City
Arroyo Grande
Oceano
Twitchell Res.
Cuyama River
Guadalupe
Santa Maria
Point Sal
So. Cal. Water Co.
Sisquoc
Santa Maria River
Tank No. 5
Vandenberg AFB
San Antonio Creek
Tank No. 7
Buellton
Santa Ynez Pumping Facility
Lake Cachuma
Lompoc
Santa Ynez River
Solvang
Santa Ynez River Water Conservation District, ID #1
Point Arguello
Goleta Water District
Corona del Mar Treatment Plant
Cater Treatment Plant
Montecito Water District
Carpinteria Valley Water District
Gaviota
Point Conception
Morehart Land Co.
Santa Barbara Research Center
La Cumbre Mutual Water Company
Santa Barbara
LEGEND
Coastal Branch, Phase II
CCWA Extension
Local Connection
Existing Pipeline
Pumping Plant (P.P.)
Tank
Local Facilities
Turnout
Participants in the State Water Project

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Central Coast Water Authority

California

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrill

Executive Director

FINANCIAL SECTION

Nasif, Hicks, Harris & Co., LLP
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Steven J. Hicks, Retired
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Jody Dolan Holehouse
Thomas W. Burk
Robert Swayne Lyons
Lawrence W. Brown
Sarah E. Turner
Thomas A. Olson
Joseph G. Bishop

December 14, 2018

Independent Auditors' Report

To the Member Agencies of the Central Coast Water Authority

We have audited the accompanying statements of net position of the Central Coast Water Authority ("CCWA") as of June 30, 2018 and 2017, and the related statements of revenues, expenses and change in net position and cash flows for the years then ended, and the related notes to the financial statements which collectively comprise CCWA's basic financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CCWA as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CCWA's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Implementation of New Accounting Standard

As disclosed in Note 12 CCWA implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* during fiscal year 2017-2018. Our opinion is not modified with respect to this matter.

Nasif, Hicks, Harris & Co., LLP

Nasif, Hicks, Harris & Co., LLP

Fiscal Year Ended June 30, 2018

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2018. 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. 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 twenty-eight 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, 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.

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	7.64%
TOTAL	100.00%

CCWA Committees

There are currently three Central Coast Water Authority committees. They are 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 Committees are composed of CCWA Board members appointed by the CCWA Board Chairman. The Committees 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.

FINANCIAL HIGHLIGHTS

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

Condensed Balance Sheet

	June 30, 2018	June 30, 2017	June 30, 2016	2018-17 Change	2017-16 Change
Current Assets	$ 70,701,493	$ 66,317,495	$ 65,379,930	$ 4,383,998	$ 937,565
Non-Current Restricted Assets	10,930,215	10,432,165	11,540,910	498,050	(1,108,745)
Capital Assets	94,214,034	95,816,473	97,942,623	(1,602,439)	(2,126,150)
Other Assets	3,688,475	4,818,107	5,811,328	(1,129,632)	(993,221)
Total Assets	$ 179,534,217	$ 177,384,240	$ 180,674,791	$ 2,149,977	$ (3,290,551)
Revenue Bond Deferred Amount	$ 944,761	$ 1,489,720	$ 2,132,166	$ (544,959)	$ (642,446)
Pension Plan Deferred Amount	1,532,296	1,338,314	558,325	193,982	779,989
OPEB Plan Deferred Amount	53,122	43,201	-	9,921	43,201
Total Deferred Outflows of Resources	$ 2,530,179	$ 2,871,235	$ 2,690,491	$ (341,056)	$ 180,744
Current Liabilities	$ 77,563,390	$ 72,117,045	$ 73,834,676	$ 5,446,345	$ (1,717,631)
Non-current Liabilities	45,883,095	55,577,775	63,682,508	(9,694,680)	(8,104,733)
Total Liabilities	123,446,485	127,694,820	137,517,184	(4,248,335)	(9,822,364)
Revenue Bond Deferred Amount	$ 491,308	$ 776,829	$ -	$ (285,521)	$ 776,829
Pension Plan Deferred Amount	139,586	178,146	420,485	(38,560)	(242,339)
OPEB Deferred Amount	9,280	-	-	9,280	-
Total Deferred Inflows of Resources	640,174	954,975	420,485	(314,801)	534,490
Net investment in capital assets	$ 57,630,257	$ 55,164,579	$ 44,108,951	$ 2,465,678	$ 11,055,628
Restricted - total	10,411,593	9,978,731	11,513,337	432,862	(1,534,606)
Unrestricted	(10,064,113)	(13,537,630)	(10,194,675)	3,473,517	(3,342,955)
Total Net Position	57,977,737	51,605,680	45,427,613	6,372,057	6,178,067
Total Liabilities and Net Position	$ 182,064,396	$ 180,255,475	$ 183,365,282	$ 1,808,921	$ (3,109,807)

BALANCE SHEET ANALYSIS

June 30, 2018 Comparison to June 30, 2017

- Total assets as of June 30, 2018 are $179.5 million, or $2.1 million more than the amount on June 30, 2017.
- Capital and other assets are $2.7 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2016A revenue bond issuance costs.
- Non-current liabilities are $9.7 million lower due to the revenue bond principal payment during the year.

June 30, 2017 Comparison to June 30, 2016

- Total assets as of June 30, 2017 were $177.4 million, or $3.3 million less than the amount on June 30, 2016.
- Capital and other assets were $3.1 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2006A & 2016A revenue bond issuance costs.
- Non-current liabilities were $8.1 million lower due to the revenue bond principal payment during the year, along with the issuance of the 2016A refunding revenue bonds to realize lower interest rates and a $1.1 million long-term liability reduction.

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2018	June 30, 2017	June 30, 2016	2018-2017 Change	2017-2016 Change
Operating Revenues	$ 19,025,855	$ 20,825,040	$ 19,334,566	$ (1,799,185)	$ 1,490,474
Operating Expenses excluding depreciation and amortization [(1)]	(9,529,429)	(10,177,940)	(7,922,797)	648,511	(2,255,143)
Depreciation and Amortization	(1,061,706)	(1,027,928)	(2,710,417)	(33,778)	1,682,489
Operating Income	8,434,720	9,619,172	8,701,352	(1,184,452)	917,820
Non-operating Revenues	635,825	334,430	213,252	301,395	121,178
Non-operating Expenses	(2,698,488)	(3,775,535)	(3,181,726)	1,077,047	(593,809)
Change in Net Postion	6,372,057	6,178,067	5,732,878	193,990	445,189
Net position at beginning of year [(1)]	51,605,680	45,427,613	39,694,735	6,178,067	5,732,878
Net position at end of year	$ 57,977,737	$ 51,605,680	$ 45,427,613	$ 6,178,067	$ 5,732,878

(1) As restated, see Note 12 for details

June 30, 2018 Comparison to June 30, 2017

Operating revenues as of June 30, 2018 are about $1.8 million lower than the prior year amount. The decrease is primarily attributed to a decrease in the operating reimbursements from project participants for decreases in operations and maintenance cost for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2017/18, this credit totaled $0.67 million for the fixed component of the O&M assessments, as compared to the FY 2016/17 credit of $0.73 million. Credits for the variable assessment component were applied throughout the fiscal year with each quarterly variable assessment when applicable.

Operating expenses, excluding depreciation and amortization expense are about $0.6 million lower than the prior year amount due to:

1. Decrease in personnel expenses of about $0.05 million due primarily to the required recording of GASB 75 actuarial OPEB costs including a GASB 75 prior period actuarial adjustment increasing the prior year personnel expenses.
2. Decrease in unexpended operating reimbursements of $.06 million due to a decrease in the budget surplus for FY 2017/18 which is payable back to the Authority's project participants.
3. Increase in professional services of $0.08 for an increase in legal services.
4. Decrease in supplies, equipment and monitoring expenses of $0.3 million for lower chemical costs associated with a decrease in water deliveries and therefore a decrease in chemical usage.
5. Decrease in other expenses of $0.3 million for reductions seen in non-capital projects and appropriated contingency funds.

Non-operating revenues are higher by about $0.3 million due to the increase of interest income.

Non-operating expenses are $1.1 million lower due to reduced interest expense of the Series 2016A bond.

Also seen was a $0.3 million increase in interest income paid to the CCWA project participants.

June 30, 2017 Comparison to June 30, 2016

Operating revenues as of June 30, 2017 were about $1.5 million higher than the prior year amount. The increase is primarily attributed to an increase in the operating reimbursements from project participants for an increase in operations and maintenance cost for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2016/17, this credit totaled $0.7 million for the fixed component of the O&M assessments, as compared to the FY 2015/16 credit of $0.3 million. Credits for the variable assessment component were applied throughout the fiscal year with each quarterly variable assessment when applicable.

Operating expenses, excluding depreciation and amortization expense were about $2.3 million higher than the prior year amount due to:

1. Increase in personnel expenses of about $0.5 million due to GASB 68 actuarial pension costs and a restatement of OPEB actuarial expenses in implementing GASB 75 to record required OPEB actuarial costs. Also included is a GASB 68 prior period actuarial adjustment reducing the prior year personnel cost.
2. Increase in unexpended operating reimbursements of $0.4 million due to an increase in the budget surplus for FY 2016/17 which is payable back to the Authority's project participants.
3. Increase in supplies, equipment and monitoring expenses of $0.2 million for higher chemical costs associated with an increase in water deliveries and therefore an increase in chemical usage.
4. Increase in utility expenses of $0.6 million attributed to an increase water deliveries over the prior fiscal year and the increase in electrical costs for pumping water.

Depreciation and Amortization expenses were approximately $1.7 million lower due largely to the refunding of the Series 2006A revenue bonds with the Series 2016A revenue bonds. The bonds were issued at a significant premium and with a significant deferred gain on refunding. The amortization of premiums and gains reduces depreciation and amortization expense by $2.0 million unlike typical depreciation and amortization of a fixed or intangible asset which acts to defer the expense of an asset over its useful life.

Non-operating revenues were higher by about $0.1 million due to the increase of interest income and a gain on the sale of a capital asset.

Non-operating expenses were $0.6 million higher due to Series 2016 A bond issuance costs paid on the refunding of the 2006A Series bond.

Also seen was an increase in the cost of asset disposal and interest income paid to the CCWA project participants.

Capital Assets

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

	June 30, 2018	June 30, 2017	June 30, 2016	2018-2017 Change	2017-2016 Change
Land	$ 3,178,700	$ 3,178,700	$ 3,178,700	$ -	$ -
Furniture fixtures and equipment	491,748	434,462	423,907	57,286	10,555
Lab, transportation, plant and pipeline equipment	28,896,483	28,714,588	28,681,299	181,895	33,289
Buildings and structures	48,696,149	48,696,149	48,696,149	-	-
Underground pipeline	59,925,077	59,925,077	59,925,077	-	-
Construction in progress	834,306	464,918	361,911	369,388	103,007
Total property, plant and equipment	142,022,463	141,413,894	141,267,043	608,569	146,851
Accumulated depreciation	(47,808,429)	(45,597,421)	(43,324,419)	(2,211,008)	(2,273,002)
Net property, plant and equipment	$ 94,214,034	$ 95,816,473	$ 97,942,623	$ (1,602,439)	$ (2,126,151)

Please refer to Note 3 on Capital Assets in the Notes to the Financial Statements for additional information regarding the Authority's capital assets.

Debt Administration

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of $123,190,000, which refunded the outstanding $142,985,000 Series 1996A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24% for the purpose of reducing the Authority's total debt service payments over the next 15 years by $4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $3.4 million. At June 30, 2016, the Authority had $59,645,000 of outstanding 2006A revenue bonds.

The Authority's 2006 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 2006 revenue bond official statement.

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of $45,470,000, which refunded the outstanding $59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued for the purpose of reducing the Authority's total debt service payments over the next 5 years by $5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $5.4 million. The Authority also realized the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016.

At June 30, 2018, the Authority had $37,590,000 of outstanding 2016A revenue bonds.

Please refer to Note 5 in the Notes to the Financial Statements for additional information regarding the Authority's long-term debt.

Statement of Net Position

	June 30, 2018	June 30, 2017
ASSETS		
Current Assets		
Cash and investments (Note 2 & 11)	$ 25,700,752	$ 24,364,687
Interest receivable (Note 11)	48,018	39,903
Prepaid Expenses	482,307	231,021
Inventory	99,548	84,653
Total Unrestricted Current Assets	26,330,625	24,720,264
Restricted Current Assets		
Cash and investments held for payment to DWR	44,370,868	41,597,231
Total Current Assets	70,701,493	66,317,495
Non-Current Assets		
Restricted Assets		
Cash and investments for debt service payments	10,411,593	9,978,731
Cash and investments for Escrow Deposits (Note 11)	408,675	406,931
Interest receivable	109,947	46,503
Total Restricted Non-Current Assets	10,930,215	10,432,165
Capital Assets (Note 3)		
Capital assets, net of accumulated depreciation	91,035,334	92,637,773
Land, not depreciated	3,178,700	3,178,700
Total Capital Assets	94,214,034	95,816,473
Unamortized bond insurance costs, net	55,772	88,184
Long-term accounts receivable	3,632,703	4,729,923
Total Non-Current Assets	108,832,724	111,066,745
Total Assets	$ 179,534,217	$ 177,384,240
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	944,761	1,489,720
Deferred amount from pension plan (Note 6)	1,532,296	1,338,314
Deferred amount from OPEB (Note 7 &12)	53,122	43,201
Total Deferred Outflows of Resources	$ 2,530,179	$ 2,871,235
Total Assets and Deferred Outflows of Resources	182,064,396	180,255,475

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

Continued

LIABILITIES AND NET POSITION

	June 30, 2018	June 30, 2017
Current Liabilities		
Accounts payable	$ 238,286	$ 214,788
Deposits for payment to DWR	44,462,834	41,636,741
Accrued interest payable	469,876	568,376
Deposits for supplemental water purchases	1,803,949	-
Other liabilities (Note 11)	90,411	36,935
Compensated absences payable	222,039	200,624
Debt due within one year	8,720,000	7,880,000
Project participant deposits and unearned revenue	21,555,995	21,579,581
Total Current Liabilities	77,563,390	72,117,045
Non-Current Liabilities		
Bonds payable, net (Note 5)	31,552,251	41,831,029
OPEB liability (6/30/2017 balance restated - Note 7 & 12)	883,831	805,688
Rate coverage reserve fund (Note 1)	9,282,179	9,215,803
Escrow Deposits (Note 11)	408,675	406,931
Net pension liability (Note 6)	3,756,159	3,318,324
Total Non-Current Liabilities	45,883,095	55,577,775
Total Liabilities	123,446,485	127,694,820
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding	491,308	776,829
Deferred amount from pension plan (Note 6)	139,586	178,146
Deferred amount from OPEB (Note 7 & 12)	9,280	-
Total Deferred Inflows of Resources	640,174	954,975
Net Position		
Net investment in capital assets	60,312,509	55,164,579
Restricted - future payment of debt service	10,411,593	9,978,731
Unrestricted (Note 12)	(12,746,365)	(13,537,630)
Total Net Position	57,977,737	51,605,680
Total Liabilities and Net Position	$ 182,064,396	$ 180,255,475

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

Statement of Revenues, Expenses and Change in Net Position

	June 30, 2018	June 30, 2017
Operating Revenues		
Operating reimbursements		
from project participants	$ 18,868,309	$ 20,524,251
Other revenues	157,546	300,789
Total Operating Revenues	19,025,855	20,825,040
Operating Expenses		
Personnel expenses (Note 12)	5,005,522	5,059,629
Office expenses	17,966	19,732
General and administrative	229,679	218,690
Professional services	358,647	282,612
Supplies and equipment	1,152,515	1,458,869
Monitoring expenses	78,986	98,483
Repairs and maintenance	276,386	238,290
Utilities	1,194,942	1,212,960
Unexpended operating reimbursements (Note 1)	670,991	729,234
Depreciation and amortization	1,061,706	1,027,928
Other expenses	543,795	859,441
Total Operating Expenses	10,591,135	11,205,868
Operating Income	8,434,720	9,619,172
Non-Operating Revenues		
Interest income	635,825	328,130
Gain on disposal of capital assets	-	6,300
Total Non-Operating Revenues	635,825	334,430
Non-Operating Expenses		
Interest expenses	1,978,000	2,869,594
Bond issuance expenses	-	576,155
Loss on disposal of capital assets	84,561	28,156
Interest income paid to project participants	635,927	301,630
Total Non-Operating Expenses	2,698,488	3,775,535
Increase in net position	6,372,057	6,178,067
Change in Net Position	6,372,057	6,178,067
Net position, at beginning of year, as restated (Note 12)	51,605,680	45,427,613
Net position, at end of year	$ 57,977,737	$ 51,605,680

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

Statement of Cash Flows

	For the fiscal year ended June 30, 2018	June 30, 2017
Cash Flows From Operating Activities		
Cash received from project participants and other operating activities	$ 19,800,629	$ 21,364,032
Cash payments to employees	(3,116,408)	(2,999,207)
Cash payments to suppliers	(5,955,190)	(6,148,251)
Net cash provided by operating activities	10,729,031	12,216,574
Cash Flows from Investing Activities		
Interest and dividends on investments (Note 11)	562,522	290,460
Net cash provided by investing activities	562,522	290,460
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(811,276)	(254,360)
Deposits received for encroachment permits	-	43,395
Payments on encroachment permit projects	(1,361)	(38,992)
Interest paid on long-term debt	(2,076,500)	(3,023,619)
Principal payments on long-term debt	(7,880,000)	(8,825,000)
Proceeds received from sale of capital assets	-	6,300
Net cash (used) for capital and related financing activities	(10,769,137)	(12,092,276)
Cash Flows from Non-Capital Financing Activities		
Proceeds received for DWR and Warren Act charges	45,156,011	41,119,703
Payments of DWR and Warren Act charges	(42,951,100)	(38,939,630)
Proceeds received for supplemental water purchases	1,816,981	184,882
Payments for supplemental water purchases	-	(2,875,000)
Net cash provided (used) by non-capital financing activities	4,021,892	(510,045)
Net increase (decrease) in cash and cash equivalents (Note 11)	4,544,308	(95,287)
Cash and cash equivalents, beginning of year	76,347,580	76,442,867
Unrestricted cash and investments (Note 11)	25,700,752	24,364,687
Restricted cash and investments other (Note 11)	408,675	406,931
Restricted cash and investments held for payment to DWR	44,370,868	41,597,231
Restricted cash and investments for debt service payments	10,411,593	9,978,731
Cash and cash equivalents, end of year (Note 11)	$ 80,891,888	$ 76,347,580
Cash Flows From Operating Activities		
Operating Income (Note 12)	$ 8,434,720	$ 9,619,172
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,061,706	1,027,928
Unexpended operating reimbursements payable to project participants	670,991	729,234
Operating revenues paid from credits and unearned revenue (Note 12)	459,973	964,546
Increase in other post-employment liability	78,143	56,516
Increase (decrease) in accounts payable	23,498	(180,822)
Net cash provided by operating activities	$ 10,729,031	$ 12,216,574

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

Supplemental Disclosures of Cash Flow Information

	For the fiscal year ended June 30, 2018	For the fiscal year ended June 30, 2017
Schedule of Non-Cash Capital and Related Financing Activities		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	$ 441,368	$ 151,352
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable. The aggregate original purchase cost of the assets was disposed.	$ 202,187	$ 107,509
The Authority issued refunding revenue bonds to realize the benefits of lower interest rates and a principal reduction.	$ -	$ 5,350,000
Difference between cost and fair value of investments held by the Authority at the end of the fiscal year.	$ 46,417	$ 68,185

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Central Coast Water Authority ("Authority") conform to Generally Accepted Accounting Principles (GAAP). 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 Golden State Water Company (the "Consumer Participants").

The Authority Participants are located in three different geographic areas of Santa Barbara County: North County (Guadalupe, Santa Maria, Golden State Water Company and Vandenberg AFB); the Santa Ynez Valley (Buellton and SYRWCD, ID#l); 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 Community Services 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 of water from the SWP. San Luis Obispo County's Table A amount was 25,000 acre-feet per year and Santa Barbara County's Table A amount was 57,700 acre-feet 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 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 position (i.e., fund equity) is segregated into net position 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.

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, 2018, the investment portfolio has a weighted average maturity of 225.33 days and a yield to maturity of 2.229%.

The Authority reports investments with a maturity greater than one year at the time of purchase at fair value. As of June 30, 2018 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 $10,000 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. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position and/or the balance sheet will sometimes report a separate section for deferred outflows and inflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. See Note 4 for a detailed listing of the deferred outflows and inflows of resources the Authority has recognized.

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

Prior to fiscal year 2015/16, it was the Authority's policy to return unexpended fixed and variable operating assessments and interest income to the project participants after the close of each fiscal year. Beginning fiscal year 2015/16 the Authority revised this policy with respect only to the variable operating assessment component. A quarterly true-up process of variable operating costs was implemented to help avoid over and under collections due to changes in water deliveries. For fiscal year 2017/18 the unexpended fixed and variable operating assessments and the 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 year's operating assessments.

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.

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 statement of net position, 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, 2018.

Project Participant	June 30, 2018
City of Buellton	$ 277,145
Carpinteria Valley Water District	830,581
City of Guadalupe	191,013
La Cumbre Mutual Water Company	400,354
Montecito Water District	1,443,212
City of Santa Maria	5,042,842
Shandon (SLO County)	15,334
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	616,938
Santa Ynez WCD,ID #1	464,760
Total	$9,282,179

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 was provided $3,345 this fiscal year to pay dental and vision expenses for the employee and their qualified dependents.

The following table shows a summary of the claims liability and claims paid for the plan years ended June 30, 2017 and 2016.

	2018	2017
Maximum claims liability	$ 97,005	$ 92,660
Actual claims paid	(61,323)	(56,196)

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.

O. New and Future Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and parallels the pension standards issued in 2012 – GASB Statement No. 68. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The provisions of this Standard require the Authority to report a liability for the proportionate share of the net OPEB obligation.

In March 2016, the GASB issued Statement No. 82, Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

In March 2017, the GASB issued Statement No. 85, Omnibus 2017 to address issues identified during implementation and application of certain GASB Statements. This Statement address as variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

Future GASB Pronouncements:
Statement No. 83, "Certain Asset Retirement Obligations." The requirements of this Statement may affect the Authority's financial statements beginning in fiscal year 2018/2019.

Statement No. 87, "Leases." The requirements of this Statement may affect the Authority's financial statements beginning in fiscal year 2020/2021.

P. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office, and are in accordance with the implementation of GASB Statement No. 68. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Q. Other Post Employment Benefit (OPEB) Liability

In measuring the net OPEB liability, deferred outflows and inflows of resources related to the OPEB benefit and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been prepared in accordance with GASB Statement No. 75. The valuation for the fiscal year 2017/18 was actuarially prepared and was based on the Authorities Plan provisions, participant data and asset information provided by the Authority. As permitted under GASB 75, the total OPEB liability has been calculated using the June 30, 2017 actuarial valuation.

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.

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, $250,000 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, 2018, the reported amount of the Authority's demand deposits was $260,541 and the bank balance was $415,651. The difference of $155,110 was principally due to checks which had not yet cleared the bank.

As of June 30, 2017, the reported amount of the Authority's demand deposits was $222,736 and the bank balance was $392,016. The difference of $169,280 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).

All of the Authority's deposits, except certain cash balances held by fiscal agents, are entirely insured or collateralized. The California Government Code requires California banks and savings and loans to secure the Authority's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal 110% of the Authority's deposits. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes equal to 150% of the Authority's deposits. The Authority may waive collateral requirements for deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC).

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, 2018, the carrying value of the Authority's position in LAIF is $39,700,846 and the fair value is $39,626,481.

As of June 30, 2017, the carrying value of the Authority's position in LAIF was $64,366,195 and the fair value was $64,298,010.

The par value of U.S. Treasury Notes held by the Authority as of June 30, 2018 was $33,000,000. The net unamortized discounts and premiums associated with these bonds of (216,195) resulted in a carrying value of $32,783,805 of the bonds. These bonds had a fair value $32,811,753 as of June 30, 2018. Fair value in this instance is the value at which the notes held were actively trading on open markets at the date of the financial statements.

As of June 30, 2017 U.S. Treasury Notes were not held by the Authority.

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.

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.

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2018
Capital Assets, not depreciated				
Land	$ 3,178,700	$ -	$ -	$ 3,178,700
Construction-in-process	464,918	811,276	(441,888)	834,306
Total Capital Assets, not depreciated	3,643,618	811,276	(441,888)	4,013,006
Depreciable Assets:				
Furniture fixtures and equipment	434,462	57,285	-	491,748
Lab Equipment	267,902	-	-	267,902
Transportation Equipment	679,028	40,654	-	719,682
Plant Equipment	16,349,022	133,139	(62,123)	16,420,038
Pipeline Equipment	11,418,636	118,126	(47,900)	11,488,862
Buildings and structures	48,696,149	92,163	(92,163)	48,696,149
Underground pipeline	59,925,077	-	-	59,925,077
Total depreciable assets	137,770,276	441,368	(202,186)	138,009,457
Accumulated Depreciation:				
Furniture fixtures and equipment	(401,122)	(28,080)	-	(429,202)
Lab Equipment	(247,704)	(3,320)	-	(251,024)
Transportation Equipment	(539,525)	(89,681)	-	(629,206)
Plant Equipment	(7,453,568)	(343,979)	58,495	(7,739,052)
Pipeline Equipment	(7,099,157)	(346,818)	33,325	(7,412,650)
Buildings and structures	(14,043,139)	(712,688)	25,806	(14,730,022)
Underground pipeline	(15,813,207)	(804,067)	-	(16,617,274)
Total Accumulated Depreciation	(45,597,421)	(2,328,634)	117,626	(47,808,429)
Total Depreciable Capital Assets, net	92,172,855	(1,887,267)	(84,560)	90,201,028
Total Capital Assets, net	$ 95,816,473	$ (1,075,990)	$ (526,448)	$ 94,214,034

Capital asset activity for the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2017
Capital Assets, not depreciated				
Land	$ 3,178,700	$ -	$ -	$ 3,178,700
Construction-in-process	361,911	254,360	(151,352)	464,918
Total Capital Assets, not depreciated	3,540,611	254,360	(151,352)	3,643,618
Depreciable Assets:				
Furniture fixtures and equipment	423,907	10,555	-	434,462
Lab Equipment	267,902	-	-	267,902
Transportation Equipment	677,177	27,721	(25,869)	679,029
Plant Equipment	16,317,584	61,491	(30,054)	16,349,021
Pipeline Equipment	11,418,636	51,585	(51,585)	11,418,636
Buildings and structures	48,696,149	-	-	48,696,149
Underground pipeline	59,925,077	-	-	59,925,077
Total depreciable assets	137,726,432	151,352	(107,509)	137,770,276
Accumulated Depreciation:				
Furniture fixtures and equipment	(370,692)	(30,430)	-	(401,122)
Lab Equipment	(244,384)	(3,320)	-	(247,704)
Transportation Equipment	(454,057)	(111,336)	25,869	(539,524)
Plant Equipment	(7,130,386)	(343,135)	19,953	(7,453,568)
Pipeline Equipment	(6,787,839)	(344,849)	33,531	(7,099,157)
Buildings and structures	(13,327,921)	(715,217)	-	(14,043,138)
Underground pipeline	(15,009,140)	(804,067)	-	(15,813,207)
Total Accumulated Depreciation	(43,324,419)	(2,352,354)	79,352	(45,597,421)
Total Depreciable Capital Assets, net	94,402,013	(2,201,002)	(28,156)	92,172,855
Total Capital Assets, net	$ 97,942,623	$ (1,946,642)	$ (179,508)	$ 95,816,473

Note 4: Deferred Outflows of Resources and Deferred Inflows of Resources

Beginning in fiscal year 2014/2015, the Authority reported deferred outflows and inflows of resources in connection with its issue of revenue bonds in 2006 & 2016 and pension-related adjustments in accordance with GASB 68, and in fiscal year 2017/2018 began reporting OPEB related adjustments in accordance with GASB 75. The table below presents the balances of deferred outflows and deferred inflows of resources as of June 30, 2018.

	Deferred Outflows of Resources
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt	$ 13,195,235
Accumulated Amortization	(12,250,474)
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net	$ 944,761
Pension-related adjustments	1,532,296
OPEB-related adjustments	53,122
Total Deferred Outflows of Resources, Net	$ 2,530,179

	Deferred Inflows of Resources
Deferred amount on refunding	$ 491,308
Pension-related adjustments	139,586
OPEB-related adjustments	9,280
Total Deferred inflows of Resources	$ 640,174

The table below presents the balances of deferred outflows and inflows of resources as of June 30, 2017, as restated. Please refer to Note 12 in the Notes to the Financial Statements for additional information regarding the restatement.

	Deferred Outflows of Resources
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt	$ 13,195,235
Accumulated Amortization	(11,705,515)
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net	$ 1,489,720
Pension-related adjustments	1,338,314
OPEB-related adjustments	43,201
Total Deferred Outflows of Resources, Net	$ 2,871,235

	Deferred Inflows of Resources
Deferred amount on refunding	$ 776,829
Pension-related adjustments	178,146
Total Deferred inflows of Resources	$ 954,975

Note 5: Long-Term Debt

On September 28, 2006, the Authority issued $123,190,000 in revenue bonds with an average interest rate of 4.24% to refund $142,985,000 of outstanding 1996 Revenue Bonds with an Average interest rate of 5.47%.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $8.25 million. This difference, reported in the accompanying financial statements as deferred outflow of resources, 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 refunding to reduce its total debt service payments over the next 15 years by $4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $3.4 million.

The 1996 Revenue Bonds were issued to advance refund the 1992 Revenue Bonds. 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 participants requiring financing.

The City of Santa Maria, Golden State 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 $22,562,433 at June 30, 2016 and June 30, 2015 have been accounted for as contributed capital. Under the Water Supply Agreements, each Project Participants 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 2006 bonds are backed by a municipal bond insurance policy issued by Financial Security Assurance.

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of $45,470,000, which refunded the outstanding $59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued for the purpose of reducing the

Authority's total debt service payments over the next 5 years by $5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $5.4 million. The Authority also realized the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016. Aggregate savings between the 2006A and 2016A Bond debt service at the time of the refunding is shown below:

Refunding Revenue Bond Savings

Fiscal Year	2016A Series Revenue Bond	2006A Series Revenue Bond	Refunding Savings (Costs)
	Principal and Interest Due		
2017 (1)	1,578,819	1,224,175	(354,644)
2018	9,956,500	11,528,050	1,571,550
2019	10,381,500	11,476,750	1,095,250
2020	10,374,500	11,467,625	1,093,125
2021	10,360,125	11,453,750	1,093,625
2022	10,347,375	11,439,000	1,091,625
Total	52,998,819	58,589,350	5,590,531

(1) Fiscal Year 2017 only reflects the increase cost of interest due to the timing of refunding.

The annual requirements to pay all debt outstanding, as of June 30, 2018, are as follows:

Fiscal Year	Interest	Principal	Total
2019	1,661,500	8,720,000	10,381,500
2020	1,214,500	9,160,000	10,374,500
2021	745,125	9,615,000	10,360,125
2022	252,375	10,095,000	10,347,375
	$ 3,873,500	$ 37,590,000	$ 41,463,500

The 2016A bond outstanding bears interest of 5.00%, with a true interest cost of 1.355%.

The long-term liability activity for the year ended June 30, 2018 is as follows:

Revenue Bonds:	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Series 2016A Revenue Bonds	$ 45,470,000	$ -	$ (7,880,000)	$ 37,590,000
Premium on issuance of 2016 Series A	4,241,029	-	(1,558,778)	2,682,251
Total	49,711,029	-	(9,438,778)	40,272,251
Less: Current Portion	(7,880,000)	-	(840,000)	(8,720,000)
Total Bonds Payable, net	41,831,029	-	(10,278,778)	31,552,251
OPEB Liability	805,688	264,376	(186,233)	883,831
Rate Coverage Reserve Fund	9,215,803	66,376	-	9,282,179
Escrow Deposits	406,931	3,957	(2,213)	408,675
Net Pension Liability	3,318,324	437,835	-	3,756,159
Total Non-Current Liabilities	$ 55,577,775	$ 772,543	$ (10,467,224)	$ 45,883,095

The long-term liability activity for the year ended June 30, 2017 (as restated) was as follows:

Revenue Bonds:	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Series 2006A Revenue Bonds	$ 59,645,000	$ -	$ (59,645,000)	$ -
Premium on issuance of 2006 Series A	1,086,773	-	(1,086,773)	-
Series 2016A Revenue Bonds	-	45,470,000	-	45,470,000
Premium on issuance of 2016 Series A	-	5,933,141	(1,692,112)	4,241,029
Total	60,731,773	51,403,141	(62,423,885)	49,711,029
Less: Current Portion	(8,825,000)		945,000	(7,880,000)
Total Bonds Payable, net	51,906,773	51,403,141	(61,478,885)	41,831,029
OPEB Liability	38,078	805,688	(38,078)	805,688
Rate Coverage Reserve Fund	9,185,782	30,021	-	9,215,803
Escrow Deposits	406,191	4,428	(3,688)	406,931
Net Pension Liability	2,551,875	766,449	-	3,318,324
Total Non-Current Liabilities	$ 64,088,699	$ 53,009,727	$ (61,520,651)	$ 55,577,775

Note 6: Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plans

Plan Description - All qualified employees and probationary employees are required to participate in the Authority's cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pools. Accordingly, rate plans are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The Authority currently sponsors one miscellaneous rate plan. Benefit provisions under the Plan are established by State statute and the Authority's resolution. Requests for detailed plan provisions and copies of CalPERS' annual financial report can be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA, 94229-2703 or http://www.calpers.ca.gov.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic and PEPRA members with five years of total service are eligible to retire at age 50 or 52 respectively with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Authority Plan	
	Classic Member*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	16.04%	6.908%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The Authority's required contribution for the unfunded liability was $192,554 in fiscal year 2017/18.

*A Classic PERS member is an employee who qualifies under one of the following categories: An employee who was brought into CalPERS membership for the first time prior to January 1, 2013. An employee that was hired on or after January 1, 2013, yet is eligible for reciprocity with another public retirement system. An employee who is brought back by the same CalPERS employer, regardless of the length of break in service.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The Authority's contributions to the Plan for the year ended June 30, 2018 were $569,625.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the Authority reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability/(Asset) Fiscal Year Ending

	June 30, 2018	June 30, 2017
Miscellaneous	$ 3,756,159	$ 3,318,324

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Proportionate Share of Net Pension Liability

	Percentage Share of Plan		Change: Increase
	6/30/2018	6/30/2017	(Decrease)
Measurement Date	6/30/2017	6/30/2016	
Percentage of Plan (PERF C) NPL	0.037875%	0.038348%	(0.000473%)

Pension Expenses for Fiscal Year

	2017/18
Total pension expense for fiscal year	$ 774,918

For the year ending June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,514	$ 78,993
Changes of assumptions	684,109	52,164
Net differences between projected and actual earnings on plan investments	154,717	
Change in employer's proportion	63,329	1,463
Differences between the employer's contributions and the employer's proportionate share of contributions	55,002	6,966
Pension contributions subsequent to measurement date	569,625	
Total	$ 1,532,296	$ 139,586

$569,625 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2019	219,424
2020	429,153
2021	266,367
2022	(91,858)
2023	-
Thereafter	-

Actuarial Assumptions - For the measurement period ending June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	Plan
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Discount Rate	7.15%
Inflation	2.75%
Projected salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power
Increase	Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2015 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at http://www.calpers.ca.gov under Forms and Publications.

Change in Assumptions –

Discount Rate In Fiscal Year 2016-17, the financial reporting discount rate used by CalPERS was reduced from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board of Administration approved lowering the funding discount rate used from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. The discount rate used in the actuarial valuation reflects the long-term expected rate of return for the plan. Lowering the discount rate means the Authority will see increases in both normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities. These increases will result in higher required employer contributions. In addition, active members hired after January 1, 2013, under the PEPRA may also see their contributions rates rise.

To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, the amortization and smoothing methods adopted by the CalPERS Board in 2013 were used. CalPERS conducted cash flow projections to determine if assets would run out under the assumed discount rate. CalPERS refers to these projections as "crossover tests". Based on crossover testing of the plan, the tests revealed the assets would not run out. Therefore the 7.15% long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Current Target Allocation	Real Return Years 1–10 [a]	Real Return Years 11+ [b]
Global Equity	47.00%	4.9%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	(0.40)%	(0.90)%
Total	100.00%		

[a] An expected inflation of 2.5% used for this period.
[b] An expected inflation of 3.0% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Miscellaneous	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	$6,011,177	$3,756,159	$1,888,513

Pension Plan Fiduciary Net Position – Detail information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 7: Post-Employment Benefits Other Than Pensions

A. General Information about OPEB

The Authority provides other post-employment benefits (OPEB), to qualified employees who retire within 120 days of separation from employment with the Authority, and are enrolled in an insurance program under the California Public Employees' Medical and Hospital Care Act (PEMHCA) at the time of retirement. The CalPERS PEMHCA Plan is a defined contribution, cost sharing multiple-employer defined benefit healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by the CalPERS. Copies of the CalPERS annual financial report can be found online at www.calpers.ca.gov.

Plan Description - Eligibility: For full time employees retired prior to September 22, 2016, or retiring with less than 10 years of service with the Authority, the benefit will be the minimum contribution as required by PEMCHA. Vesting will be applied to an enhanced retiree benefit that is provided for employees retired after September 22, 2016, who are at least 62 years of age at retirement and have at least 10 years of service with the Authority. This vesting schedule ranges from 50% to 80% of the retiree premium only and is based on years of CCWA service. The enhanced contribution requirements are established and may be amended by the Board of Directors. Plan information is summarized in the table below:

Plan Information

	Fiscal Year End June 30, 2018
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Non-employer contributing entities	No

Covered Participants as of June 30, 2017 Measurement Date

In-actives currently receiving benefits	3
In-actives entitled to but not yet receiving benefits	2
Active Employees	30
Total	35

Applicable Dates and Periods	Fiscal Year End June 30, 2018
Measurement date (MD)	June 30, 2017
Measurement period	July 1, 2016 to June 30, 2017
Actuarial Valuation Date	June 30, 2016

Actuarial Assumptions - For the measurement period ending June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and June 30, 2017 total OPEB liabilities were based on the following actuarial methods and assumptions:

Significant Actuarial Assumptions used for Total OPEB Liability

Actuarial Assumption	June 30, 2017 Measurement Date
Actuarial Valuation Date	June 30, 2017
Contribution Policy	Authority Contributes full ADC
Discount Rate	6.50% at June 30, 2017 6.50% at June 30, 2016 Equals long-term expected rate of return on assets since expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75%
Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study*
Mortality	CalPERS 1997-2011 Experience Study*
Mortality Improvement	Mortality Improvement Society of Actuaries Scale MP-2017
Salary Increases	Aggregate – 3% Merit – CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare-7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare-6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increases	4.25%
Cap Increases	Medical Trend
Active Employee/Spouse Participation at Retirement	45% elect single coverage 35% elect dual coverage (spouses pay full premium, no Authority cash subsidy except for survivors)
Medical Plan at Retirement	Remain in their current plan upon retirement

*The CalPERS Experience Study reports may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Funding Policy: PEMHCA determines the amount contributed by the Authority toward retiree health insurance. In January 2018, the minimum required contribution the Authority pays toward the cost of retiree health insurance increased from $128 per month to $133 per month, which is the same amount contributed toward active employee health insurance. The balance of the retiree premium, averaging approximately $213 per month, is paid directly by the retirees to CalPERS. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulations. Beginning in calendar year 2009, the contribution amount increases by the change in the annual consumer price index. During the 2017-18 fiscal year $5,123 was recognized for post-retirement health insurance contribution on a pay-as-you-go basis.

Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2018, is shown below:

	Net OPEB Liability Fiscal Year Ending 6/30/2018 Measurement Date 6/30/2017	6/30/2017 Measurement Date 6/30/2016
Total OPEB Liability	$ 1,118,401	$ 978,065
Fiduciary Net Position	234,570	172,377
Net OPEB Liability	$ 883,831	$ 805,688
Funded Status	21.00%	17.60%

Annual OPEB Cost: For fiscal year ended June 30, 2018, the Authority recorded the OPEB expense as indicated below. This cost is comprised by calculating service cost, interest on Total OPEB Liability, projected earnings on investments, and any return of assets:

OPEB Expense for Fiscal Year 2017/18	Measurement Period 2016/17
OPEB Expense	$ 130,624

Deferred Outflows/Inflows	Balances at June 30,2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on plan investments*	-	9,280
Employer contributions made subsequent to the measurement date**	53,122	-
Total	$ 53,122	$ 9,280

* Deferred Inflows and Outflows combined for footnote disclosure
** Contributions to trust of $48,658 plus $4,753 cash benefits and ($289) implied subsidy benefits paid by the Authority

$53,122 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2019	($ 2,320)
2020	(2,320)
2021	(2,320)
2022	(2,320)
2023	-
Thereafter	-

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Changes in Net OPEB Liability during the fiscal year are shown below:

Changes in the Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/17 (6/30/16 measurement date)	$ 978,065	$ 172,377	$805,688
Changes for the year:			
Service Cost	77,043	-	77,043
Interest	68,416	-	68,416
Benefit changes	-	-	-
Actual vs. expected exp.	-	-	-
Assumption changes	-	-	-
Contributions–employer *	-	43,201	(43,201)
Contributions–employee	-	-	-
Net investment income**	-	24,237	(24,237)
Benefit payments	(5,123)	(5,123)	-
Administrative Exp.	-	(122)	122
Net Changes	140,336	62,193	78,143
Balance at 6/30/18 (6/30/17 measurement date)	$1,118,401	$234,570	$ 883,831

*Contributions to trust of $38,078 plus $5,123 cash benefits paid by the Authority.
** Adjusted for rounding issues

Sensitivity of the Net OPEB Liability to Changes in the Interest Rate and Healthcare Trend Rate– The following presents the Authority's net OPEB liability for the Plan, illustrating sensitivity based on changes in the discount rate and changes in the Healthcare Trend Rate:

Changes in the Discount Rate

	1% Decrease (5.50%)	Current Rate (6.50%)	1% increase (7.50%)
Net OPEB Liability	$1,080,644	$ 883,831	$ 724,554

Changes in the Healthcare Trend Rate

	1% Decrease	Current Trend	1% increase
Net OPEB Liability	$ 694,897	$ 883,831	$1,124,756

Expected Long-Term Rate of Return

	Portfolio Weight * ICMA-RC	Expected Real Rate of Return
Asset Class Component		
US Short Duration Govt/Credit	9.70%	1.26%
US Aggregate Bonds	20.05%	1.47%
TIPS	3.40%	1.29%
US High Yield Bonds	4.85%	3.60%
US Large Cap	39.65%	4.36%
US Mid Cap	7.55%	4.86%
US Small Cap	2.10%	5.18%
Int'l Equity – Developed	11.05%	4.60%
Int'l Equity – Emerging Markets	1.65%	5.58%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return**		6.50%

* For VT II Model Portfolio Moderate Fund
** Rounded

Note 8: Commitments and Uncertainties

The Authority entered into a water exchange agreement with Antelope Valley-East Kern Water Agency (AVEK) in 2015 on behalf of certain project participants for a total of 9,600 acre-feet (AF) of water. This exchange was an even 1:1 exchange with participants responsible for the transportation charges for returning the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water returned to AVEK, and are estimated to be $250 per AF. As of June 2018, 3,781 AF had been returned, leaving a balance of 5,819 AF to be returned in the future. Estimated transportation costs for that water are $1,454,750. Actual costs and timing of the return are not known at this time, however all water in this exchange must be returned by December 31, 2025.

The Authority entered into an additional exchange agreement with AVEK in 2016 on behalf of certain project participants to allow for delivery of 10,000 AF of water. That agreement was an unbalanced 2:1 exchange requiring return of 5,000 AF, with no obligation to pay transportation charges. As of June 2017, a total of 2,029 AF has been returned, leaving a balance of 2,971 to be returned. Actual timing of the return is not known at this time, however all water in the 2016 AVEK exchange must be returned no later than December 31, 2026.

The Authority entered into a water exchange agreement in December 2016 with the Castaic Lake Water Agency (CLWA) on behalf of certain project participants for a total of up to 1,500 acre-feet (AF) of water. This exchange was an unbalanced 2:1 exchange requiring return of 750 AF, with participants responsible for the transportation charges for delivery of the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water delivered to CCWA. CLWA will be responsible for the delivery charges of the return water. As of June 30, 2018 a balance remains of 750 AF of water to be returned. Actual timing of the return is not known at this time, however all water in this exchange must be returned by December 31, 2026.

The Authority entered into a water exchange agreement in June 2018 with the Mojave Water Agency (MWA) on behalf of certain project participants for a total of up to 5,633 acre-feet (AF) of water at the cost of $320 per AF plus administrative costs. This exchange was an unbalanced 4:1 exchange requiring return of 1,409 AF, with participants responsible for the transportation charges for returning the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water returned to MWA, and are estimated to be $250 per AF.

The Authority leases equipment under non-cancelable operating leases. Lease payments made in FY 2017/18 totaled $7,031 with future scheduled lease payments as of June 30, 2018 of $12,596, resulting in total scheduled lease payments of $17,377. This represents an increase over FY 2016/17 of $9,902 due to the lease of a new copier for the Administration office in Buellton.

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. For the periods ending June 30, 2018 and June 30, 2017, the Authority had no liability for claims or judgments.

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 9: 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, boiler and machinery insurance for approximately 300 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 - JPIA. The Authority has not incurred any settlements which exceeded insurance coverage for the past three fiscal years.

Note 10: 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 $18,500 per year, whichever is less. Additionally, employees over the age of 50 are permitted to defer up to an additional $6,000 per year for those years in which they did not fully contribute the annual maximum prior to age 50.

Note 11: Reclassification – Escrow Deposits

In prior fiscal years Escrow deposits were included as current assets and liabilities. Beginning with the CAFR for the fiscal year ending June 30, 2018 Escrow Deposits will be included in non-current assets and liabilities as escrow deposits and interest on those deposits. Escrow deposits from two "non-public agency" project participants are held by the Authority as required under their individual Water Supply Agreements (WSA). These security deposits are to be of an amount equal to their estimated maximum annual WSA payments as security against a payment default.

In order to more accurately reflect these deposits and the interest receivable on these deposits in the financial statements, the following revisions were made to the Statement of Net Position and to the Statement of Cash Flows for FY 2016/17.

Adjustment to Statement of Net Position Balance

Account	June 30, 2017 Balance <u>As originally recorded</u>	June 30, 2017 Balance <u>As Revised</u>
Current Assets:		
Cash and Investments	$ -	$ 43,201
Non-Current Assets:		
Cash and Investments-Other	-	406,931
Other Liabilities	(442,241)	(36,935)
Escrow Deposits	-	(406,931)
Interest receivable	40,741	39,903

Adjustment to Statement of Cash Flows

Account	June 30, 2017 Balance <u>As originally recorded</u>	June 30, 2017 Balance <u>As Revised</u>
Investment Activities:		
Interest and dividends on investments	$ 289,622	$ 290,460
Net increase in cash and cash equivalents	96,125	95,287
Cash and cash equivalents, beginning of year: Unrestricted cash and investments	24,770,780	24,364,687
Restricted cash and investments other	-	406,931
Cash and cash equivalents, end of year	76,346,742	76,347,580

Note 12: Restatement – GASB 75 Implementation

An opening balance adjustment of $667,893 was made to the Statement of Net Position as of June 30, 2017, to decrease the beginning net position of the Authority to adjust for the deferred outflows of resources calculations as they related to the Authority's OPEB Plan, and to be in accordance with the implementation of GASB 75. See Note 7 for further details of the OPEB Plan. An adjustment was made to personnel expenses to modify the fiscal year ending June 30, 2017 Statement of Revenues, Expenses and Change in Net Position. Additionally, the Statement of Cash Flows was also changed to reflect the corresponding changes made to both the Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position balances.

The Deferred Outflows balance and the Personnel expenses for the fiscal year were adjusted from the balances as they appeared on the June 30, 2017 CAFR, as shown in the following tables:

Adjustment to Statement of Net Position Balance

Account	June 30, 2017 Balance As originally recorded	June 30, 2017 Balance As Revised
Deferred outflows of resources: Deferred OPEB-related adjustments	$ -	$ 43,201
OPEB Liability	94,594	805,688
Unrestricted net assets	(12,869,737)	(13,537,630)

Adjustments to Statement of Revenues, Expenses and Change in Net Position

Account	June 30, 2017 Balance As originally recorded	June 30, 2017 Balance As Revised
Personnel Expenses	$ 4,391,736	$ 5,059,629
Increase in Net Position	6,845,960	6,178,067
Total Net Position	52,273,573	51,605,680

Adjustment to Statement of Cash Flows

Account	June 30, 2017 Balance As originally recorded	June 30, 2017 Balance As Revised
Operating Income	$ 10,287,065	$ 9,619,172
Operating revenues paid from credits and unearned revenue	296,653	964,546

The financial statements are adjusted in accordance with Government Accounting Standards Board Statement No. 75 (GASB 75) to provide what the Authority believes is a more complete and accurate reporting of information as it relates to applicable account balances and expenses in their relation to the periods ending June 30, 2017 and June 30, 2018.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOUR YEAR REVIEW [1]

As of June 30, 2018

	Fiscal Year End			
	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	06/30/2017	06/30/2017	06/30/2015	06/30/2014
Authority's Proportion of the Net Pension Liability	0.037875%	0.038348%	0.037178%	0.040196%
Authority's Proportionate Share of the Net Pension Liability	$3,756,159	$3,318,324	$2,551,875	$2,501,206
Authority's covered Payroll	2,835,039	2,771,667	2,713,663	2,860,537
Authority's Proportionate Share of the net pension liability as percentage of covered payroll	132.49%	119.72%	94.04%	87.44%
Plan's fiduciary net position as a percentage of the plan's total pension liability	73.31%	74.06%	78.40%	79.28%

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in the future fiscal years until 10 years of data is presented.

SCHEDULE OF CONTRIBUTIONS - LAST 10 YEARS [1]

As of June 30, 2018

	Miscellaneous Plan			
	2017-18 [1]	2016-17 [1]	2015-16 [1]	2014-15 [1]
Actuarial determined contributions	$ 444,625	$ 423,429	$ 395,321	$ 392,033
Contributions in relation to the actuarially determined contribution [2]	(569,625)	(548,429)	(395,321)	(392,033)
Contribution deficiency (excess)	$ (125,000)	$ (125,000)	$ -	$ -
Authority's covered payroll [3, 4]	$ 2,980,919	$ 2,835,039	$ 2,771,667	$ 2,713,663
Contributions as a percentage of covered payroll [3]	19.11%	19.34%	14.26%	14.45%

[1] Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

[3] Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total covered earnings, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.

[4] Fiscal Payroll from prior year was assumed to increase by the 3.00% payroll growth assumption

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
As of June 30, 2018

		2017-18 Measurement Period 2016/17
Changes in Total OPEB Liability		
Service Cost	$	77,043
Interest		68,416
Actual vs. Expected Experience		-
Assumption Changes		-
Benefit Payments		(5,123)
Changes of benefit terms		-
Net Changes		140,336
Total OPEB Liability (beginning of year)		978,065
Total OPEB Liability (end of year)		1,118,401
Changes in Plan Fiduciary Net Position		
Contributions - employer	$	43,201
Contributions - employee		-
Net Investment income		24,237
Benefit payments		(5,123)
Administrative Expenses		(122)
Other Changes		-
Net Changes		62,193
Plan Fiduciary Net Position (beginning of year)		172,377
Plan Fiduciary Net Position (end of year)		234,570
Net OPEB Liability		883,831
Fiduciary Net Postion as a percentage of Total OPEB Liability		21.0%
Covered Payroll*		3,194,536
Net OPEB Liability as a percentage of covered payroll		27.7%

*For the 12 month period ending on June 30, 2017 (Measurement Date)

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
As of June 30, 2018

		2017-18
Actuarial determined contributions (ADC)	$	147,785
Contributions in relation to the actuarially determined contribution [1]		(53,122)
Contribution deficiency	$	94,663
Authority's covered payroll [2]	$	3,273,043
Contributions as a percentage of covered payroll		1.6%

[1] Actual 2017/18 contribution

[2] For the 12 month period ending on June 30, 2018 (fiscal year end)

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were derived from the June 30, 2017 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	20-year fixed period for 2017/18
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.50%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality	CalPERS 1997-2011 Experience Study
Mortality Improvement	Mortality Improvement Society of Actuaries Scale MP-2017

CENTRAL COAST WATER AUTH$_2$ORITY

STATISTICAL SECTION

STATISTICAL SECTION NARRATIVE SUMMARY

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the activities performed by the Authority.

TABLE 1

General Governmental Revenues by Source

Fiscal Year	Operating Assessments	Debt Service Assessments	Other Revenues	Interest Income	Total Revenues
2008/09	$ 7,583,365	$ 10,894,767	$ 77,193	$ 1,012,428	$ 19,567,753
2009/10	7,706,451	10,837,837	144,825	287,296	18,976,409
2010/11	7,100,093	10,828,491	105,552	236,522	18,270,658
2011/12	7,056,434	10,751,690	64,258	166,276	18,038,658
2012/13	7,504,558	10,758,676	125,443	139,554	18,528,231
2013/14	8,642,389	10,669,540	329,292	120,693	19,761,914
2014/15	9,100,035	10,620,321	146,713	118,755	19,985,824
2015/16	8,702,151	10,560,476	108,915	176,276	19,547,818
2016/17	9,667,165	10,857,086	307,089	328,130	21,159,470
2017/18	9,901,333	8,966,976	157,546	635,825	19,661,680

Source: Central Coast Water Authority

(1) Operating Assessments exclude yearend credits for unexpended operating reimbursements.

Total Revenue Comparison

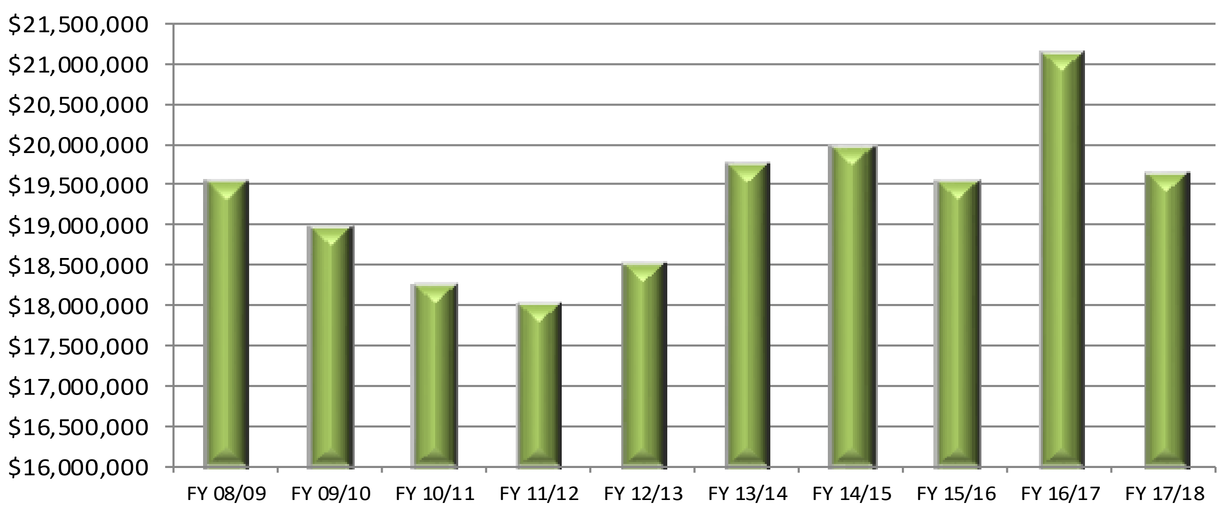

TABLE 2

General Governmental Expenses by Function

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Interest paid to Participants	Total Expenses
2008/09	$ 10,464,755	$ 293,537	$ 5,338,226	$ 986,862	$ 17,083,380
2009/10	10,640,777	428,879	5,083,426	273,944	16,427,026
2010/11	10,058,131	180,428	4,818,276	236,432	15,293,267
2011/12	9,786,406	365,801	4,490,322	165,476	14,808,006
2012/13	9,908,687	459,637	4,169,532	139,500	14,677,356
2013/14	10,937,701	749,170	3,805,662	120,693	15,613,226
2014/15	11,671,645	314,087	3,409,975	118,755	15,514,462
2015/16	10,633,214	629,440	2,994,662	176,276	14,433,592
2016/17	11,205,868	254,360	2,869,594	301,630	14,631,452
2017/18	10,591,135	811,276	1,978,000	635,927	14,016,338

Source: Central Coast Water Authority

(1) Operating Expenses include yearend credits for unexpended operating reimbursements, and interest credits paid to project participants are shown on a separate line.

Total Expenditures Comparison

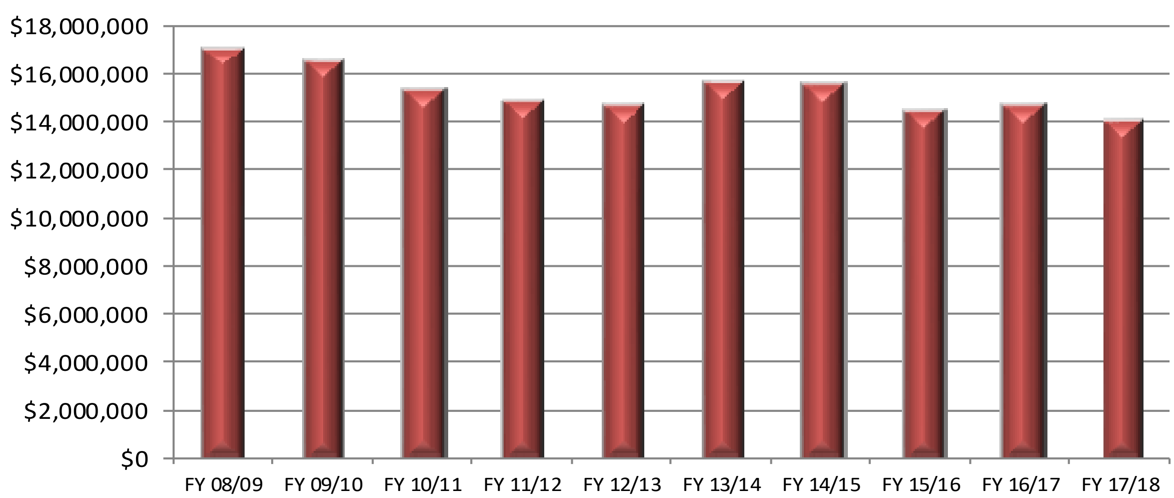

TABLE 3

Change in Net Position and Net Position Components

Last Ten Fiscal Years

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Net position, at beginning of year	$ 16,440,986	$ 19,070,613	$ 22,020,369	$ 25,026,753	$ 28,570,625
Operating revenues	18,512,443	18,685,951	18,018,693	17,872,382	18,383,991
Operating Expenses					
Operating expenses	6,387,774	5,765,512	6,006,570	5,855,361	6,451,537
Depreciation and amortization	3,104,697	3,078,809	3,053,027	2,980,787	2,770,306
Unexpended operating reimbursements	972,284	1,796,456	998,534	950,258	686,844
Total operating expenses	10,464,755	10,640,777	10,058,131	9,786,406	9,908,687
Operating Income	8,047,688	8,045,174	7,960,562	8,085,976	8,475,304
Non-operating revenues					
Interest income and miscellaneous	1,012,428	304,506	251,965	166,276	144,240
Non-Operating Expenses					
Interest expense	5,338,226	5,083,426	4,818,276	4,490,322	4,169,532
Bond issuance expenses	-	-	-	-	-
Interest income to project participants	986,862	273,944	236,432	165,476	139,500
Other expenses	105,401	42,553	151,435	52,582	37,362
Total non-operating expenses	6,430,489	5,399,923	5,206,143	4,708,380	4,346,394
Increase in Net Position	2,629,627	2,949,757	3,006,384	3,543,872	4,273,150
Refund of capital contributions	-	-	-	-	-
Restatement of net position	-	-	-	-	-
Net position, at end of year	19,070,613	22,020,369	25,026,753	28,570,625	32,843,775
Net investment in capital assets	12,359,972	15,969,556	19,447,578	23,467,011	28,134,152
Restricted - capital projects	-	-	-	-	-
Restricted - debt service	11,589,832	11,590,054	11,545,053	11,597,425	11,540,588
Unrestricted	(4,879,191)	(5,539,241)	(5,965,878)	(6,493,811)	(6,830,965)
Total Net Postion	**$ 19,070,613**	**$ 22,020,369**	**$ 25,026,753**	**$ 28,570,625**	**$ 32,843,775**

Continued

TABLE 3 (*continued*)

Change in Net Position and Net Position Components

Last Ten Fiscal Years

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Net position, at beginning of year	$ 32,843,775	$ 37,640,493	$ 39,694,735	$ 45,427,613	$ 51,605,680
Operating revenues	19,641,221	19,831,984	19,334,566	20,825,040	19,025,855
Operating Expenses					
Operating expenses	7,261,549	7,805,038	7,592,444	9,448,706	8,858,438
Depreciation and amortization	2,715,546	2,710,711	2,710,417	1,027,928	1,061,706
Unexpended operating reimbursements	960,606	1,155,896	330,353	729,234	670,991
Total operating expenses	10,937,701	11,671,645	10,633,214	11,205,868	10,591,135
Operating Income	8,703,520	8,160,339	8,701,352	9,619,172	8,434,720
Non-operating revenues					
Interest income and miscellaneous	120,693	153,840	213,252	334,430	635,825
Non-Operating Expenses					
Interest expense	3,805,662	3,409,975	2,994,662	2,869,594	1,978,000
Bond issuance expenses	-	-	-	576,155	-
Interest income to project participants	120,693	118,755	176,276	301,630	635,927
Other expenses	101,140	88,164	10,788	28,156	84,561
Total non-operating expenses	4,027,495	3,616,894	3,181,726	3,775,535	2,698,488
Increase in Net Position	4,796,718	4,697,285	5,732,878	6,178,067	6,372,057
Refund of capital contributions	-	-	-	-	-
Restatement of net position	-	(2,643,043)	-	-	-
Net position, at end of year	37,640,493	39,694,735	45,427,613	51,605,680	57,977,737
Net investment in capital assets	33,258,360	38,420,586	44,108,951	55,164,579	60,312,509
Restricted - capital projects	-	-	-	-	-
Restricted - debt service	11,537,581	11,522,948	11,513,337	9,978,731	10,411,593
Unrestricted	(7,155,448)	(10,248,799)	(10,194,675)	(13,537,630)	(12,746,365)
Total Net Postion	$ 37,640,493	$ 39,694,735	$ 45,427,613	$ 51,605,680	$ 57,977,737

TABLE 4

Fiscal Year Gross Budget History (Excludes Credits)

Fiscal Year	CCWA Charges	DWR (State) Charges	Total	Increase (Decrease)	Percentage Change
FY 00/01	$ 10,470,166	$ 29,409,208	$ 39,879,374	$ (1,151,718)	-3%
FY 01/02	12,732,473	29,872,420	42,604,893	2,725,519	7%
FY 02/03	15,923,396	28,667,780	44,591,176	1,986,283	5%
FY 03/04	15,826,610	33,290,820	49,117,430	4,526,254	10%
FY 04/05	16,309,830	33,576,516	49,886,346	768,916	2%
FY 05/06	16,898,682	30,918,963	47,817,645	(2,068,701)	-4%
FY 06/07	17,665,638	33,887,106	51,552,744	3,735,099	8%
FY 07/08	17,368,381	34,383,152	51,751,533	198,789	0%
FY 08/09	18,866,218	32,712,348	51,578,566	(172,967)	0%
FY 09/10	19,113,716	34,400,137	53,513,853	1,935,287	4%
FY 10/11	18,542,903	37,656,903	56,199,806	2,685,953	5%
FY 11/12	19,000,056	36,704,353	55,704,409	(495,397)	-1%
FY 12/13	18,871,714	32,473,910	51,345,624	(4,358,785)	-8%
FY 13/14	19,303,293	36,720,999	56,024,293	4,678,669	9%
FY 14/15	19,905,931	38,928,105	58,834,036	2,809,743	5%
FY 15/16	21,408,675	44,258,987	65,667,662	6,833,626	12%
FY 16/17	22,991,413	34,730,498	57,721,911	(7,945,751)	-12%
FY 17/18	21,280,493	40,494,796	61,775,289	4,053,378	7%
FY 18/19	$ 21,485,218	$ 50,494,069	$ 71,979,287	$ 10,203,998	17%

Note: Excludes CCWA credits.

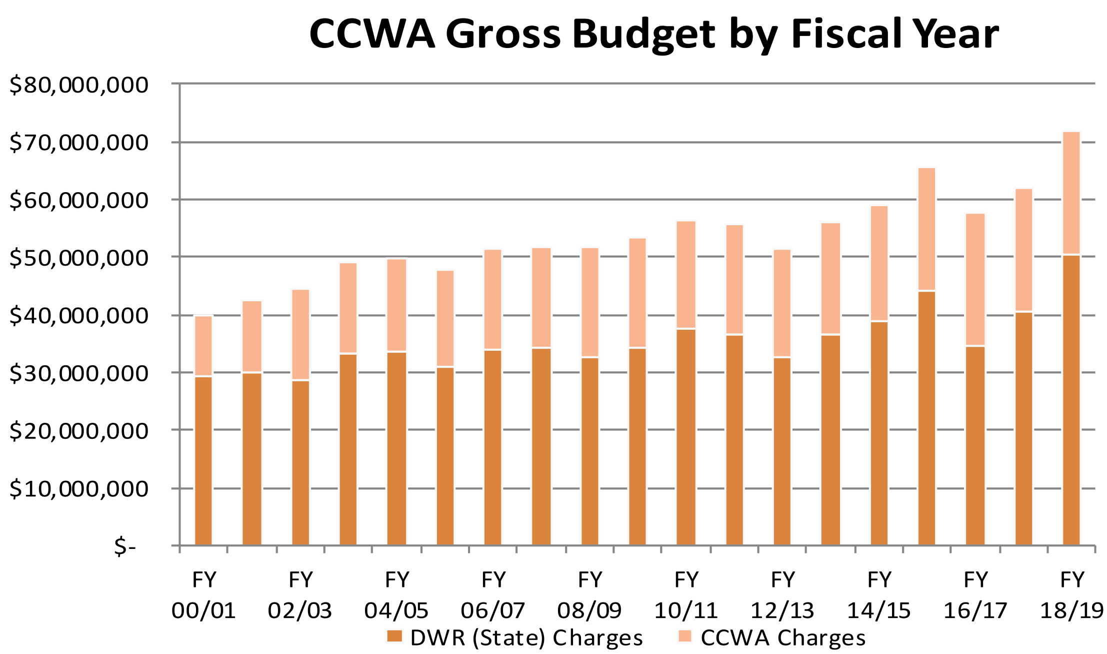

TABLE 5

FY 2017/18 Total Payments by Project Participant

Project Participant	FY 2017/18 Operating Expenses (1)	FY 2017/18 Debt Service Payments	FY 2017/18 DWR Costs	FY 2017/18 Warren Act Charges (2)	FY 2017/18 CCWA Credits	FY 2017/18 Total Payments
Guadalupe	$ 132,576	$ 146,736	$ 532,965	$ -	$ 11,399	$ 823,674
Santa Maria	3,733,320	-	15,305,670	-	(71,642)	18,967,347
Golden State Water Co.	123,728	-	442,684	-	(5,290)	561,123
Vandenberg AFB	1,319,121	-	5,388,481	-	-	6,707,603
Buellton	169,193	259,953	540,271	-	(8,003)	961,414
Santa Ynez (Solvang)	411,751	798,316	1,430,280	-	(13,962)	2,626,386
Santa Ynez	736,115	299,810	658,308	-	(421,328)	1,272,905
Goleta	1,018,384	2,516,143	5,385,133	251,235	58,518	9,229,413
Morehart Land	30,734	115,547	183,000	-	(922)	328,358
La Cumbre	188,454	553,175	1,025,405	35,833	4,201	1,807,068
Raytheon	11,217	24,189	46,595	500	(189)	82,313
Santa Barbara	658,998	1,546,752	3,344,190	203,666	30,355	5,783,961
Montecito	663,203	1,817,864	3,212,020	207,516	(8,434)	5,892,170
Carpinteria	386,162	1,039,347	2,079,648	109,919	23,346	3,638,422
Shandon	19,791	11,675	N/A	-	(532)	30,934
Chorro Valley	299,431	930,037	N/A	-	8,427	1,237,894
Lopez	294,847	240,488	N/A	-	(11,645)	523,690
TOTAL:	$ 10,197,025	$ 10,300,030	$ 39,574,651	$ 808,670	$ (405,701)	$ 60,474,675

(1) Adjusted for Santa Ynez Exchange Agreement Modifications and Regional WTP Treatment Allocation.

(2) Adjusted for Santa Ynez Exchange Agreement Modifications.

This schedule represents the budgeted amounts plus the increase or decrease in charges for certain participants due to changes in delivery requests which were not included in the original fiscal year 2017/18 budget.

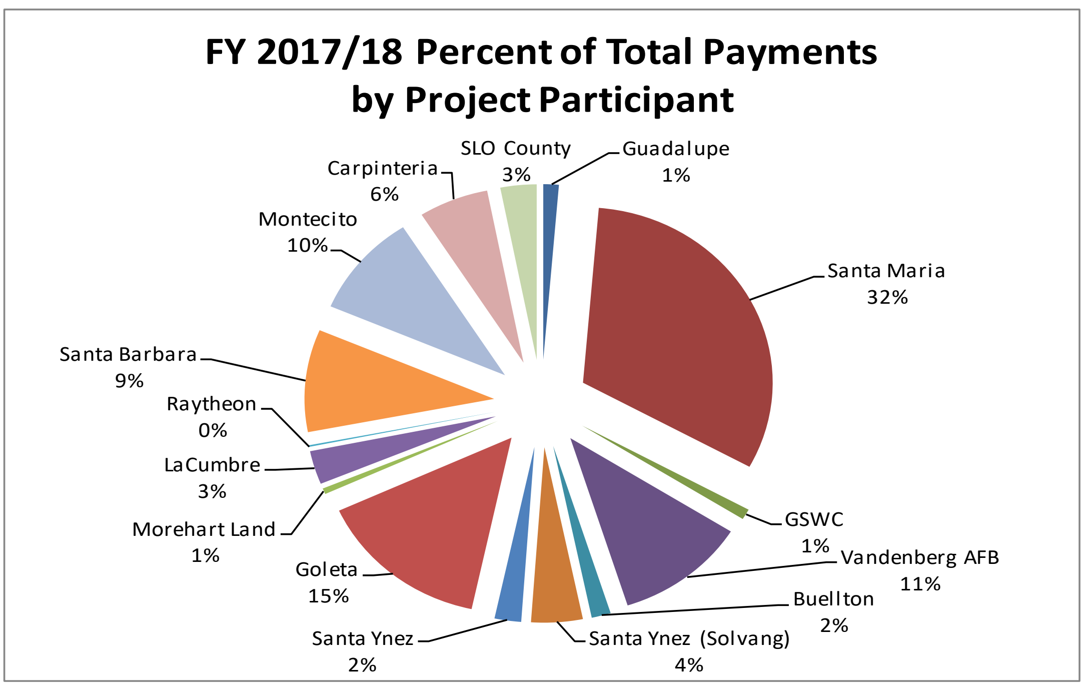

TABLE 6

Ratio of Outstanding Debt by Type
For Total Bonded Debt to Total Expenses and Per Capita

Fiscal Year	Bond Issue	Principal	Interest [1]	Total Debt Service	Total Expenses	Ratio of Debt Service to Total Expenses	Debt Service per capita [2]
2008/09	2006 Bonds	6,190,000	5,400,126	11,590,126	17,208,095	67.35%	26.87
2009/10	2006 Bonds	6,430,000	5,147,726	11,577,726	16,545,789	69.97%	26.65
2010/11	2006 Bonds	6,695,000	4,885,226	11,580,226	15,405,833	75.17%	27.17
2011/12	2006 Bonds	6,960,000	4,577,326	11,537,326	14,912,912	77.36%	27.00
2012/13	2006 Bonds	7,335,000	4,247,463	11,582,463	14,677,356	78.91%	26.99
2013/14	2006 Bonds	7,625,000	3,900,975	11,525,975	15,613,226	73.82%	26.59
2014/15	2006 Bonds	8,010,000	3,510,100	11,520,100	15,514,462	74.25%	26.32
2015/16	2006 Bonds	8,405,000	3,099,725	11,504,725	14,433,592	79.71%	25.75
2016/17	06 & 16 Bonds	8,825,000	3,023,619	11,848,619	13,963,559	84.85%	26.29
2017/18	2016 Bonds	7,880,000	2,076,500	9,956,500	14,016,338	71.03%	21.96

(1) Represents actual cash payment without regard to payments from the capitalized interest fund.
(2) Shown in dollars. Population data from Santa Barbara County Comprehensive Annual Financial Reports - http://www.countyofsb.org/auditor/publications_historical.sbc

Source: Central Coast Water Authority

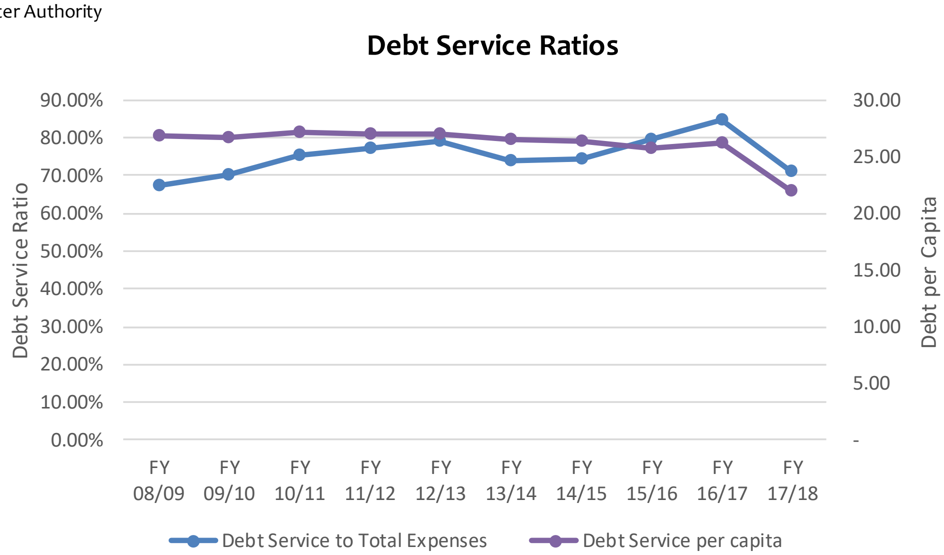

TABLE 7
Selected Demographic Information
Santa Barbara County

Santa Barbara County is located on the Pacific coast of the southern portion of the U.S. state of California, just west of Ventura County. The estimated total population of the County as of January 2018 was 453,457 according to the Santa Barbara County 2017/18 CAFR. The county seat is Santa Barbara and the largest city is Santa Maria.

For thousands of years, the area was home to the Chumash tribe of Native Americans, complex hunter-gathers who lived along the coast and in interior valleys leaving rock art in many locations including Painted Cave. European contact had devastating effects on the Chumash Indians, including a series of disease epidemics that drastically reduced Chumash population. The Chumash survived, however, and thousands of Chumash descendants still live in the Santa Barbara area or surrounding counties.

The County has a total area of 3,789 square miles and four of the Channel Islands – San Miguel Island, Anacapa Island, Santa Cruz Island and Santa Rosa Island – are in Santa Barbara County. They form the largest part of the Channel Islands National Park.

Santa Barbara County has a mountainous interior abutting a coastal plains area. The largest concentration of people is on this coastal plain, referred to as the south coast – the part of the county south of the Santa Ynez Mountains – which includes the cities of Santa Barbara, Goleta and Carpinteria, as well as the unincorporated areas of Hope Ranch, Mission Canyon, Montecito and Isla Vista. North of the mountains are the towns of Santa Ynez, Solvang, Buellton, Lompoc; the unincorporated towns of Los Olivos and Ballard; the unincorporated areas of Mission Hills and Vandenberg Village; and Vandenberg Air Force Base, where the Santa Ynez River flows out to the sea. North of the Santa Ynez Valley are the cities of Santa Maria and Guadalupe.

Santa Barbara County is home to a beautiful landscape and great climate for living, playing and working. The County is well known for its strong sense of community, prime agricultural land, award winning wineries, and attractive cultural and tourism opportunities. However, Santa Barbara County also touts its talented and highly skilled workforce and business sectors, from high tech to health care to design. Quality institutions like UC Santa Barbara and Vandenberg Airforce Base continue to attract high quality individuals to the County. It is these attributes that attract and retain businesses in the area.

TABLE 8
Miscellaneous Statistical Information

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	30.25
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	7
Number of turnouts	10

Agency	**Table A Amount (AFY)**
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 *	39,078
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	4,830
TOTAL TABLE A AMOUNT	43,908

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 9

FY 2017/18 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Shandon Turnout (SLO County)	57	N/A	57
Lopez Turnout (SLO County)	746	N/A	746
Chorro Valley Turnout (SLO County)	1,540	N/A	1,540
City of Guadalupe	437	N/A	437
City of Santa Maria	9,928	N/A	9,928
Golden State Water Company	403	N/A	403
Vandenberg Air Force Base	2,117	N/A	2,117
City of Buellton	276	N/A	276
Santa Ynez ID #1 (City of Solvang)	562	N/A	562
Santa Ynez ID #1	692	930	1,622
Goleta Water District	5,197	(334)	4,863
Morehart Land Company	40	N/A	40
La Cumbre Mutual Water Company	586	N/A	586
Raytheon Systems Company	49	N/A	49
City of Santa Barbara	3,247	(224)	3,023
Montecito Water District	3,294	(223)	3,071
Carpinteria Valley Water District	1,585	(149)	1,436
TOTAL:	30,756	-	30,756

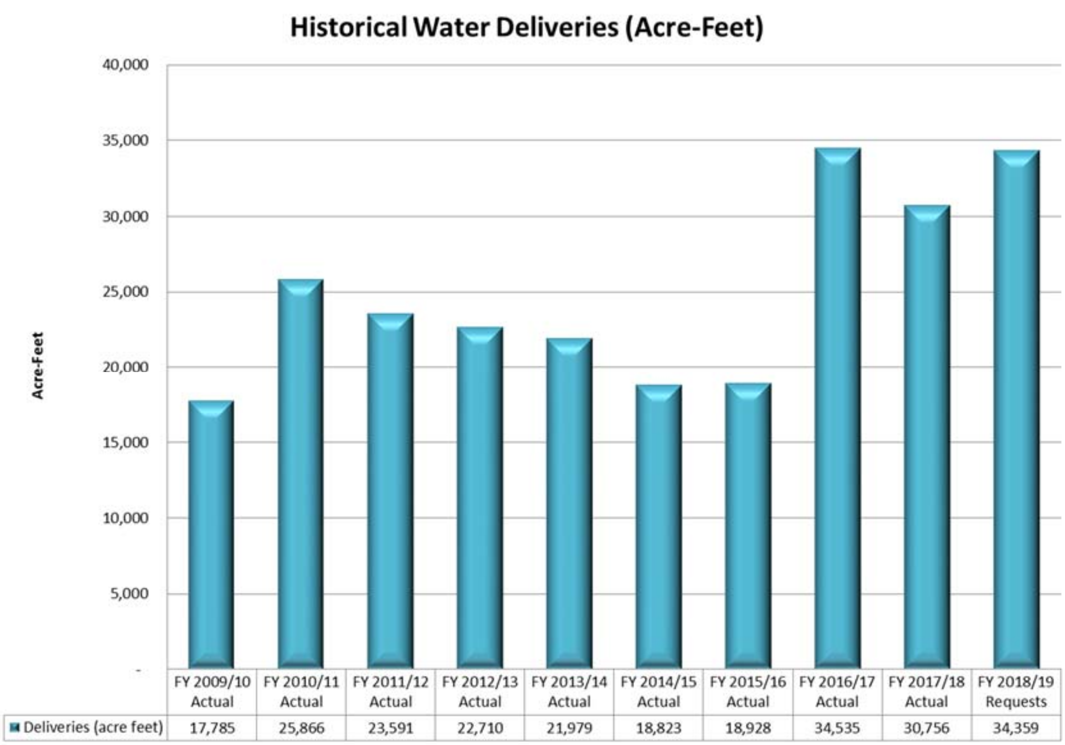

TABLE 10
Historical Water Availability Compared to Actual Deliveries & Costs
Santa Barbara County Project Participants Only

(Acre-Feet)

Calendar Year	Available Water	Actual Deliveries	Total CCWA Actual Costs
1998	38,986	18,618	$ 36,225,479
1999	45,486	20,137	24,898,645
2000	40,937	22,741	50,707,485
2001	23,734	18,945	39,445,139
2002	34,715	27,600	37,237,621
2003	41,476	26,970	43,929,781
2004	30,793	29,705	44,152,940
2005	41,092	23,343	43,750,040
2006	49,506	23,275	47,067,848
2007	31,516	27,740	45,660,843
2008	22,036	18,391	46,236,486
2009	24,162	15,452	48,521,830
2010	24,033	17,775	50,707,485
2011	38,389	21,050	51,876,819
2012	29,566	19,474	45,904,819
2013	22,430	18,018	54,450,977
2014 (1)	9,955	15,942	59,621,280
2015 (2)	14,691	11,673	67,372,895
2016 (3)	45,774	28,807	53,704,188
2017 (4)	51,622	29,696	61,352,586
2018 (5)	34,883	28,165	65,663,761
Total:	695,784	463,517	$ 1,018,488,947
Avg. Cost per Acre-foot:	$ 1,464	$ 2,197	
Percent of Table A:	76.48%	50.95%	

(1) 2014 amounts include CCWA Supplemental Water Purchase Program costs of $4.2 million for 5,909 AF.
(2) 2015 amounts include CCWA Supplemental Water Purchase Program costs of $4.8 million for 9,600 AF.
(3) 2016 amounts include CCWA Supplemental Water Purchase Program costs of $2.9 million for 11,500 AF.
(4) No requests were made for a CCWA Supplemental Water Purchase Program (SWPP) in 2017.
(5) 2018 amounts are estimates, and includes SWPP costs of $1.8 millon for 5,633 AF.

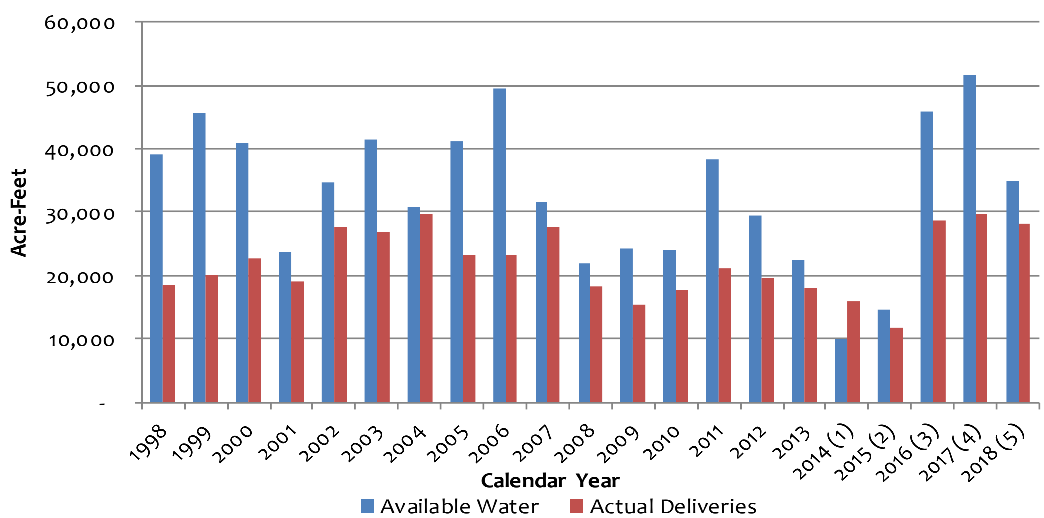

TABLE 11

Schedule of Insurance
Valued June 30, 2018

Company	Policy Period	Insurance Type	Limits	Coverages
Alliant Insurance Services	4-1-18 to 4-1-19	Excess Crime Coverage	$ 7,000,000	Dishonesty, faithful performance, forgery, computer fraud, pension plans including ERISA
ACWA Joint Powers Insurance Authority	4-1-18 to 4-1-19	Crime Coverage	$ 300,000	Public employee theft, depositors forgery or alterations, computer and funds transfer fraud
ACWA Joint Powers Insurance Authority	4-1-18 to 4-1-19	Property Insurance	$ 75,368,006	Buildings ($31,873,798); Personal property ($1,530,882); Fixed Equipment ($41,963,326)
ACWA Joint Powers Insurance Authority	10-1-17 to 10-1-18	General and Auto Liability	$ 5,000,000	Liability JPIA pooled layer
Allied Public Risk/ Allied World Assurance #5114-0007-02	10-1-17 to 10-1-18	General and Auto Liability	$ 6,000,000	Liability umbrella policy
Great American Insurance Company/ Evanston Insurance Company #1827291/#MPEREV0057	10-1-17 to 10-1-18	General and Auto Liability	$ 9,000,000	Liability umbrella policy
Great American Insurance Company of New York #EXC1615067	10-1-17 to 10-1-18	General and Auto Liability	$ 10,000,000	Liability umbrella policy
Great American Insurance Co. of NY/ Endurance Risk Solutions Assurance #EXC1615068/#EXC10007886202	10-1-17 to 10-1-18	General and Auto Liability	$ 20,000,000	Liability umbrella policy
General Security Indemnity Company of Arizona FA0024236-2017-1	10-1-17 to 10-1-18	General and Auto Liability	$ 10,000,000	Liability umbrella policy

TABLE 12

Full-time Equivalent Employees by Position

Position Title	Number Authorized FY 2015/16	Number Authorized FY 2016/17	Number Authorized FY 2017/18	Change Over FY 2015/16	Change Over FY 2016/17
Executive Director	1.00	1.00	1.00	-	-
Deputy Director of Operations	1.00	1.00	1.00	-	-
Regulatory Specialist	1.00	1.00	1.00	-	-
Controller	1.00	1.00	1.00	-	-
Deputy Controller	-	1.00	1.00	1.00	-
Office Manager	1.00	1.00	1.00	-	-
Accounting Technician	0.75	0.75	0.75	-	-
Administrative Assistant	1.50	1.50	1.50	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent	1.00	1.00	1.00	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Chemist	1.00	1.00	1.00	-	-
IT/Instrumentation & Control Specialis	1.00	1.00	1.00	-	-
Engineering Technician	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	2.00	2.00	2.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	29.25	30.25	30.25	1.00	-

TABLE 13
Santa Barbara County Largest Employers

Company or Organization	Jobs (1)	Percent of Total County Employment
University of California, Santa Barbara	4,325	2.10%
County of Santa Barbara	4,213	2.05%
Cottage Health Organization	3,606	1.75%
Vandenberg Air Force Base	2,500	1.22%
Santa Maria-Bonita School District	2,120	1.03%
Chumash Casino Resort	2,000	0.97%
Allan Hancock College	1,480	0.72%
Santa Barbara Unified School District	1,400	0.68%
Zodiac Aerospace	1,200	0.58%
Santa Barbara City College	1,193	0.58%
Total ten largest	24,037	11.69%
Total all other	181,645	88.31%
Total companies or organizations	205,682	100.00%

(1) According to the County of Santa Barbara CAFR FY 17-18 a new source for this information beginning FY 17-18 is the Pacific Coast Business Times "Book of Lists".

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	4,713	$ 2,619,579	2,018
2009	4,540	2,834,803	1,939
2010	4,558	2,874,984	1,735
2011	4,569	3,048,595	1,717
2012	4,584	3,257,915	1,785
2013	4,596	3,390,236	1,828
2014	4,695	3,793,692	1,944
2015	4,718	3,362,918	1,840
2016	4,787	3,201,546	1,644
2017	4,836	3,346,533	1,589

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
Pismo Beach Mobile Home Park	11,748	$ 48,344
Cliff's Shell Beach	10,701	39,227
Pismo Coast Village	9,963	41,975
Shorecliff Lodge	9,430	34,129
Oxford Suites Hotel	7,991	28,960
Pismo Lighthouse Suites	6,270	24,968
Seacreast Resort	5,970	22,830
Dolphin Bay	5,700	22,784
Kon Tiki	5,267	20,312
Pismo Dunes Travel	5,077	19,634
Total	78,117	$ 303,163

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Coverage
2008	$ 4,213,435	$ 2,200,406	$ 2,013,029	$ 1,188,969	1.69
2009	4,563,012	1,828,215	2,734,797	1,279,114	2.14
2010	4,316,125	2,954,934	1,361,191	1,290,981	1.05
2011	4,652,847	2,665,865	1,986,982	1,633,880	1.22
2012	5,003,098	2,612,189	2,390,909	1,435,883	1.67
2013	5,002,618	2,616,024	2,386,594	1,413,314	1.69
2014	5,638,215	2,671,261	2,966,954	1,238,740	2.40
2015	6,490,834	2,748,519	3,742,315	1,562,731	2.39
2016	5,975,795	3,384,808	2,590,987	1,503,993	1.72
2017	6,730,397	3,211,371	3,519,026	1,443,742	2.44

Source: City of Pismo Beach

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	5,531	$ 3,610,462	1,187
2009	5,547	3,588,500	1,130
2010	5,545	3,574,319	1,282
2011	5,385	3,421,151	1,250
2012	5,401	3,396,936	1,177
2013	5,455	3,377,534	1,141
2014	5,473	3,491,575	1,214
2015	5,455	3,311,970	1,094
2016	5,455	4,130,990	996
2017	5,483	5,077,312	942

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
City of Morro Bay	13,277	$ 369,855
Morro Bay High School	11,197	57,274
Pacific Care Center	8,489	182,313
Missen Linen Center	8,119	177,950
Imperial Coast, LP	4,983	119,510
Silver City Resort	3,693	78,497
Morro Dunes Trailer Park	2,482	57,007
CA Dept of Parks	2,288	78,930
Culligan	2,248	49,925
Morro Bay Mobil	1,969	41,728
Total	58,745	$ 1,212,989

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Coverage
2008	$ 3,762,674	$ 1,185,688	$ 2,576,986	$ 1,886,622	1.37
2009	3,893,904	1,273,381	2,620,523	2,055,446	1.27
2010	3,661,837	1,587,764	2,074,073	1,968,552	1.05
2011	3,491,186	1,813,559	1,677,627	2,108,814	0.80
2012	3,646,957	2,021,803	1,625,154	2,186,578	0.74
2013	3,453,217	1,764,241	1,688,976	2,155,816	0.78
2014	3,550,868	1,958,281	1,592,587	2,158,842	0.74
2015	3,332,358	1,599,955	1,732,403	2,238,795	0.77
2016	4,487,576	1,969,828	2,517,748	2,166,523	1.16
2017	5,029,287	1,286,244	3,743,043	2,010,166	1.86

Source: City of Morro Bay

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Municipal Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	1,916	$ 1,198,705	920
2009	1,926	1,303,214	966
2010	1,915	1,344,941	900
2011	1,927	1,320,373	921
2012	1,931	1,466,881	989
2013	1,940	1,462,443	912
2014	1,945	1,769,651	1,078
2015	1,960	1,721,143	1,039
2016	1,973	1,624,652	952
2017	2,017	1,727,388	944

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
Apio Cooler	183,943	$ 714,734
County Housing Authority	6,451	25,066
Guadalupe Union School	6,406	24,893
Obispo Cooling	5,253	20,411
Riverview Townhomes	4,502	17,494
Guadalupe Laundromat	3,959	15,385
Guadalupe Cemetery	2,713	10,542
JR Simplor Co.	2,574	10,003
Pan American Seed	2,491	9,681
P & M Properties	1,546	6,006
Total	219,838	$ 854,215

(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
2008	$ 1,327,490	$ 658,667	$ 157,483	$ 826,306	$ 667,157	1.24
2009	1,418,311	629,726	165,923	954,508	690,201	1.38
2010	1,402,871	436,644	165,531	1,131,758	699,287	1.62
2011	1,395,787	426,842	167,444	1,136,389	667,445	1.70
2012	1,519,883	499,857	167,705	1,187,731	599,469	1.98
2013	1,515,152	435,004	167,787	1,247,935	758,852	1.64
2014	1,856,503	505,615	167,787	1,518,675	744,436	2.04
2015	1,811,430	468,004	186,615	1,530,041	741,040	2.06
2016	1,729,167	698,968	186,615	1,216,814	663,337	1.83
2017	1,847,672	453,726	186,819	1,580,765	796,095	1.99

Source: City of Guadalupe

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	20,830	$ 24,605,620	14,047
2009	20,919	25,859,215	14,489
2010	20,927	25,411,420	13,986
2011	21,050	26,393,674	13,016
2012	21,199	27,803,548	13,264
2013	21,385	29,938,893	13,338
2014	21,580	31,962,813	13,882
2015	21,901	31,403,212	13,009
2016	22,152	33,883,550	12,022
2017	22,981	37,915,296	12,357

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
City of Santa Maria	215,649	$ 1,370,420
Nipomo Community Services District	374,616	1,365,098
Santa Maria Elementary School	102,841	658,894
SP Village Green, LLC	70,258	403,221
Fresh Venture Foods	71,828	402,196
Titan Frozen Fresh	61,514	330,141
Marian Hospital & Facilities	33,295	253,916
Casa Grande Mobile Homes	52,028	220,282
S.B. County Housing Authority	26,950	183,863
Allan Hancock College	43,880	183,071
Total	1,052,859	$ 5,371,102

(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
2008	$ 33,047,470	$ 8,975,078	$ 4,169,232	$ 28,241,624	$ 15,138,443	1.87
2009	33,521,237	11,232,624	4,242,530	26,531,143	15,438,235	1.72
2010	32,956,256	9,282,313	4,258,071	27,932,014	17,103,082	1.63
2011	34,634,358	10,389,795	4,281,382	28,525,945	17,150,434	1.66
2012	36,330,166	10,260,908	4,288,071	30,357,329	14,671,346	2.07
2013	38,305,281	12,698,916	4,290,188	29,896,553	17,851,202	1.67
2014	42,467,011	11,523,665	4,290,188	35,233,534	17,793,198	1.98
2015	41,771,720	13,564,740	5,001,279	33,208,259	19,191,415	1.73
2016	44,478,328	12,193,440	5,001,279	37,286,167	16,072,296	2.32
2017	48,626,344	14,727,515	5,006,756	38,905,585	18,589,602	2.09

(1) Includes wastewater fees and charges.

Source: City of Santa Maria

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	1,549	$ 1,474,151	1,295
2009	1,548	1,467,933	1,284
2010	1,558	1,467,931	1,300
2011	1,557	1,387,651	1,184
2012	1,570	1,368,805	1,212
2013	1,569	1,460,658	1,226
2014	1,569	1,532,887	1,300
2015	1,582	1,436,127	1,141
2016	1,584	1,426,171	1,043
2017	1,699	1,865,124	1,089

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
Professional Investment Planning	16,002	$ 68,136
Buellton Union School District	14,729	45,567
Flying Flags Association, L.P.	11,700	32,101
Terravant Wine Co	9,248	25,876
Santa Ynez Valley Marriott	7,873	26,168
Rivergrove Mobilehome Park	6,650	22,468
The Inn Group	4,379	15,199
RTA Buellton Hotel, LLC	4,323	17,129
Rancho de Maria	4,134	12,053
Figueroa Mountain Brewing	3,878	11,413
Total	82,916	$ 276,110

(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
2008	$ 2,041,664	$ 455,528	$ 242,535	$ 1,828,671	$ 933,400	1.96
2009	1,659,083	497,597	255,558	1,417,044	896,715	1.58
2010	1,579,341	542,240	256,494	1,293,595	943,326	1.37
2011	1,494,307	486,807	257,898	1,265,398	938,136	1.35
2012	1,431,453	598,093	258,300	1,091,660	894,257	1.22
2013	1,512,243	550,655	258,427	1,220,015	1,017,156	1.20
2014	1,555,656	553,211	258,427	1,260,872	962,999	1.31
2015	1,642,522	632,937	274,861	1,284,446	1,043,536	1.23
2016	1,983,721	490,933	274,861	1,767,649	908,360	1.95
2017	2,069,593	728,200	275,162	1,616,555	946,522	1.71

Source: City of Buellton

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	1,964	$ 4,180,995	1,512
2009	2,017	4,085,678	1,483
2010	1,981	3,957,709	1,315
2011	2,019	3,927,817	1,322
2012	2,118	4,167,680	1,347
2013	2,153	4,455,120	1,416
2014	2,156	4,631,124	1,409
2015	2,178	4,361,233	1,074
2016	2,211	4,378,420	962
2017	2,225	4,490,615	997

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
City of Solvang	9,107	$ 94,848
Rancho Santa Ynez Mobile Estates	16,529	90,950
Alisal Gues Ranch	13,766	74,279
Atterdag Village	5,498	66,330
Worldmark	5,427	56,559
Chumash Casino Resort (Hotel Corque)	7,032	55,337
Mission Oaks	5,655	42,931
Solvang School	8,279	38,568
Holiday Inn	6,395	37,123
Skytt Property, LLC	3,736	34,705
Total	81,424	$ 591,630

(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
2008	$ 4,340,564	$ 1,247,155	$ 569,041	$ 3,662,450	$ 2,446,021	1.50
2009	4,199,436	1,537,148	599,048	3,261,336	2,448,490	1.33
2010	4,043,117	1,321,839	603,156	3,324,434	2,637,865	1.26
2011	3,995,627	1,214,624	604,939	3,385,942	2,647,201	1.28
2012	4,230,365	1,231,366	605,884	3,604,883	2,438,576	1.48
2013	4,677,242	1,436,931	606,183	3,846,494	2,656,129	1.45
2014	5,152,838	1,998,916	606,183	3,760,105	2,743,342	1.37
2015	4,920,397	1,580,530	606,183	3,946,050	2,960,871	1.33
2016	4,751,452	1,317,454	606,183	4,040,181	2,534,152	1.59
2017	4,668,636	1,213,706	606,847	4,061,777	2,557,331	1.59

Source: City of Solvang

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	2,567	$ 4,883,168	5,926
2009	2,583	5,030,245	5,947
2010	2,579	5,096,678	5,416
2011	2,519	5,009,463	5,255
2012	2,515	5,371,780	5,260
2013	2,598	5,531,585	5,371
2014	2,624	6,889,450	5,358
2015	2,618	6,157,964	4,341
2016	2,664	5,868,155	3,712
2017	2,672	6,367,009	3,712

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
Private Agriculture	121	$ 40,535
Private Agriculture	118	37,574
Private Agriculture	98	31,637
Private Agriculture	87	25,274
Private Agriculture	62	19,773
Private Agriculture	52	17,317
Private Agriculture	46	15,963
Private Agriculture	41	17,400
Private Agriculture	37	17,284
Private Agriculture	36	13,963
Total	698	$ 236,720

(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 (1)	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
2008	$ 8,680,455	$ 3,663,543	$ 961,388	$ 5,978,300	$ 3,869,047	1.55
2009	8,797,488	3,683,262	1,012,862	6,127,088	3,799,166	1.61
2010	8,785,547	3,778,443	1,019,126	6,026,230	3,956,531	1.52
2011	8,759,268	3,597,194	1,022,142	6,184,216	4,003,719	1.54
2012	8,209,585	3,179,858	1,023,739	6,053,466	4,112,646	1.47
2013	8,213,596	3,310,123	1,024,244	5,927,717	4,238,934	1.40
2014	10,538,309	4,610,406	1,024,244	6,952,147	4,307,127	1.61
2015	9,533,850	4,781,398	1,062,841	5,815,293	4,604,806	1.26
2016	9,657,032	4,713,576	1,062,841	6,006,297	3,895,465	1.54
2017	10,127,574	4,585,443	1,064,005	6,606,136	3,606,066	1.83

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

Source: Santa Ynez Improvement District #1

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	16,466	$ 22,697,939	14,387
2009	16,373	17,891,752	14,198
2010	16,346	16,554,650	12,971
2011	16,401	15,721,915	12,161
2012	16,295	18,668,008	12,275
2013	16,518	22,171,254	13,923
2014	16,542	24,005,806	14,884
2015	16,441	19,988,107	11,883
2016	16,474	29,771,141	10,773
2017	16,561	28,532,344	9,658

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
U.C.S.B.	872	$ 2,919,440
Cavaletto Ranches, LLC	377	728,926
Sandpiper Golf Course	256	315,780
Touchstone Glen Annie Golf	224	371,523
County of Santa Barbara	176	723,198
Wallover, Inc.	146	267,506
Roy Butera	141	289,192
Simple Avo Dos Pueblos, LLC	104	200,835
Las Varas Ranch	90	169,382
Bacara Resort	88	319,004
Total	2,474	$ 6,304,786

(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
2008	$ 29,703,651	$ 14,095,042	$ -	$ 15,608,609	$ 6,711,214	2.33
2009	31,044,059	14,448,077	-	16,595,982	7,317,439	2.27
2010	24,129,754	16,268,616	-	7,861,138	6,561,134	1.20
2011	25,378,145	11,788,948	-	13,589,197	7,251,071	1.87
2012	27,426,627	14,741,694	-	12,684,933	6,309,979	2.01
2013	32,409,693	15,146,414	-	17,263,279	7,284,547	2.37
2014	34,188,412	18,210,976	-	15,977,436	7,998,066	2.00
2015	32,951,960	16,527,332	-	16,424,628	9,369,850	1.75
2016	39,174,119	21,847,412	-	17,326,707	7,973,075	2.17
2017	38,016,844	24,700,536	-	13,316,308	8,707,040	1.53

Source: Goleta Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending Dec. 31	Connections		Sales Revenues	Water Deliveries (acre-feet per year)
2007	1,470	$	2,267,771	2,059
2008	1,468		2,489,710	1,937
2009	1,468		2,586,518	1,702
2010	1,469		2,377,639	1,523
2011	1,471		2,608,037	1,465
2012	1,471		3,023,989	1,587
2013	1,485		3,279,957	1,776
2014	1,494		3,117,612	1,373
2015	1,494		3,242,513	1,140
2016	1,497		3,241,825	1,067

Largest Customers as of December 31, 2016

	Water Usage (1)		Annual Payment
La Cumbre Golf & Country Club	35,412	$	199,803
Timothy Pasquinelli	5,610		71,225
Stephen Redding	5,052		66,255
Jeffrey Henley	3,442		40,536
Frances Nielsen	2,951		38,283
Dean & Darcy Christal	2,894		36,152
Susan Caffrey	2,861		34,656
Overwater, LLC	2,710		34,656
Carriage Hill Association	2,691		28,896
Bradley Sher	2,259		28,657
Total	65,882	$	579,119

(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
2007	$	3,320,207	$	1,342,427	$	358,263	$	2,336,043	$	1,574,079	1.48
2008		3,451,050		1,408,802		376,576		2,418,824		1,540,843	1.57
2009		3,510,409		1,670,353		392,003		2,232,059		1,684,349	1.33
2010		3,261,377		1,649,171		389,217		2,001,423		1,870,892	1.07
2011		3,641,641		1,419,353		391,224		2,613,512		1,962,355	1.33
2012		3,987,385		1,401,788		391,135		2,976,732		1,425,464	2.09
2013		4,402,802		1,530,254		391,135		3,263,683		1,696,315	1.92
2014		4,185,177		1,504,177		391,135		3,072,135		1,875,217	1.64
2015		4,306,838		1,453,837		391,135		3,244,136		2,052,272	1.58
2016		4,526,872		1,911,022		392,065		3,007,915		1,572,834	1.91

Source: La Cumbre Mutual Water Co.

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	26,009	$ 29,448,078	14,926
2009	26,153	28,669,429	13,819
2010	26,504	28,163,162	13,428
2011	26,761	27,181,923	13,284
2012	26,649	29,992,081	13,949
2013	26,797	32,683,467	14,366
2014	26,919	33,296,287	14,218
2015	26,921	31,512,114	10,775
2016	26,988	41,433,002	9,935
2017	27,111	46,187,721	9,009

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
Cottage Hospital	33,118	$ 391,832
Santa Barbara Unified School District	28,790	365,270
Dario Pini	21,975	266,849
Housing Authority	20,901	240,800
City of Santa Barbara Parks	24,985	239,405
Santa Barbara Community College District	10,749	194,433
Mission Linen Supply	18,117	151,509
Hyatt Centric Santa Barbara	15,201	150,625
Fess Parker Double Tree	18,143	144,578
City of Santa Barbara Waterfront	10,328	140,671
Total	202,307	$ 2,285,972

(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
2008	$ 34,798,063	$ 17,454,896	$ 17,343,167	$ 4,089,554	$ 1,859,603	2.92
2009	33,914,071	18,885,951	15,028,120	4,314,561	1,857,100	2.44
2010	33,763,232	18,546,457	15,216,775	4,466,645	1,697,698	2.47
2011	32,082,335	17,793,001	14,289,334	4,619,893	1,847,271	2.21
2012	37,696,027	19,547,823	18,148,204	4,180,184	1,738,160	3.07
2013	38,439,062	21,464,993	16,974,069	4,744,097	1,847,618	2.58
2014	37,185,303	22,994,993	14,190,310	5,230,535	2,774,171	1.77
2015	35,348,935	25,475,134	9,873,801	6,348,335	2,654,446	1.10
2016	45,677,508	21,316,587	24,360,921	5,780,222	3,225,980	2.70
2017	52,271,592	22,533,661	29,737,931	6,335,560	4,274,453	2.80

Source: City of Santa Barbara

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	4,630	$ 9,893,221	6,518
2009	4,583	10,015,310	5,963
2010	4,558	9,429,322	5,274
2011	4,575	8,401,945	4,715
2012	4,577	9,345,967	5,302
2013	4,585	10,573,025	5,945
2014	4,597	11,260,539	5,775
2015	4,593	6,752,280	3,331
2016	4,601	7,652,442	3,440
2017	4,602	7,470,909	3,127

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
Resort Hotel	40,103	$ 410,971
Golf Club	27,303	310,210
Agricultural	22,627	152,612
Golf Club	21,264	222,474
Resort Hotel	18,739	284,606
Agricultural	18,710	128,659
Agricultural	14,012	110,737
Private College	13,502	146,767
Single Family Residential Community	10,911	115,231
Retirement Community	8,951	105,673
Total	196,122	$ 1,987,940

(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
2008	$ 13,967,947	$ 6,049,992	$ 1,021,131	$ 8,939,086	$ 4,645,281	1.92
2009	13,873,852	6,528,920	1,075,696	8,420,628	5,144,227	1.64
2010	14,555,964	5,931,617	1,079,637	9,703,984	5,123,778	1.89
2011	12,277,049	5,588,083	1,085,554	7,774,520	5,334,729	1.46
2012	13,224,023	6,299,364	1,087,250	8,011,909	4,412,658	1.82
2013	14,315,026	6,497,450	1,087,787	8,905,363	4,898,038	1.82
2014	16,880,381	8,222,385	1,087,787	9,745,783	5,978,116	1.63
2015	16,264,644	8,048,179	1,417,526	9,633,991	6,573,858	1.47
2016	20,063,580	9,007,873	1,417,526	12,473,233	5,778,933	2.16
2017	18,583,907	7,760,628	1,419,078	12,242,357	5,491,272	2.23

Source: Montecito Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2008	4,272	$ 10,529,618	4,506
2009	4,288	10,393,601	4,099
2010	4,326	10,089,936	3,825
2011	4,322	10,101,197	3,599
2012	4,339	10,575,216	3,871
2013	4,441	10,798,634	4,352
2014	4,444	11,229,175	4,551
2015	4,485	11,031,043	3,728
2016	4,501	12,023,205	3,604
2017	4,503	12,457,730	3,395

Largest Customers as of June 30, 2017

	Water Usage (1)	Annual Payment
Ota, Tom	27,939	$ 59,319
Reiter Brothers, Inc	27,692	55,877
Emmett, Morgan	24,253	63,122
Schaff, Victor	19,545	40,164
Sandpiper Village	17,680	242,762
Cate School	17,643	88,237
Casitas Village Home Assn	16,973	266,739
Villa Del Mar HOA	16,718	244,008
Circle G	15,629	38,676
Westerlay Orchids	14,489	46,119
Total	198,561	$ 1,145,023

(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
2008	$ 11,683,095	$ 4,713,897	$ 765,941	$ 7,735,139	$ 2,741,075	2.82
2009	11,005,014	5,395,430	807,038	6,416,622	2,923,214	2.20
2010	10,499,950	4,639,111	809,995	6,670,834	3,006,719	2.22
2011	10,350,057	4,791,179	814,431	6,373,309	3,107,837	2.05
2012	11,267,253	5,052,870	815,699	7,030,082	2,785,680	2.52
2013	11,835,527	5,068,463	816,100	7,583,164	3,135,384	2.42
2014	12,218,169	5,711,413	816,100	7,322,856	3,539,365	2.07
2015	12,349,806	5,467,213	816,100	7,698,693	3,909,986	1.97
2016	13,112,109	6,345,931	816,100	7,582,278	3,324,260	2.28
2017	12,760,851	5,337,062	816,994	8,240,783	3,444,393	2.39

Source: Carpinteria Valley Water District