



Central Coast Water Authority

A CALIFORNIA JOINT POWERS AUTHORITY



Comprehensive Annual
Financial Report

Comprehensive Annual Financial Report

June 30 2012

year ended

Comprehensive Annual
Financial Report

Comprehensive Annual
Financial Report

Central Coast Water Authority
Comprehensive Annual Financial Report
Fiscal Year Ending June 30, 2012

Prepared by Ray Stokes

Cover design by Julie Baker

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INTRODUCTORY SECTION





October 25, 2012

Members of the Board
Central Coast Water Authority

L.J. Lavagnino
Chairman

Richard Shaikewitz
Vice Chairman

William J. Brennan
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2012 is submitted as prepared by the Authority's Finance Department. The report is published to provide to our customers, the Authority Board, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

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

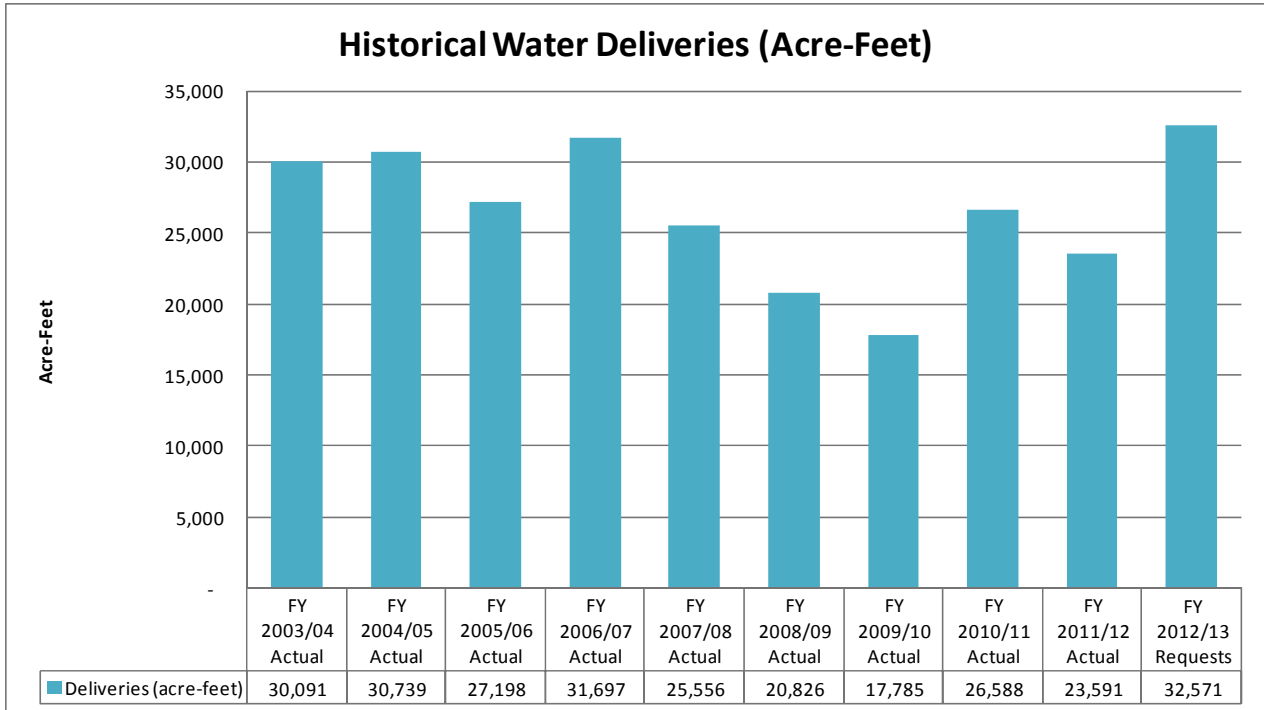
Our discussion and analysis of the Central Coast Water Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the Authority's financial statements, which begin on page 9.

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

SIGNIFICANT ACCOMPLISHMENTS

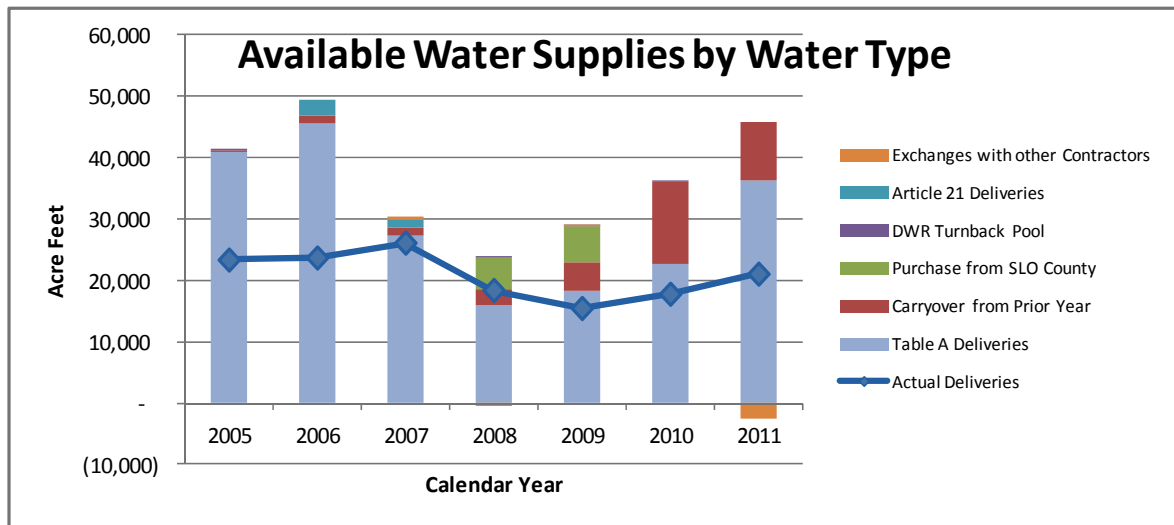
Water Deliveries

Total deliveries during FY 2011/12 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 23,591 acre-feet compared to the actual FY 2010/11 deliveries of 26,588 acre-feet. The graph on the following page shows water deliveries for the last ten fiscal years.

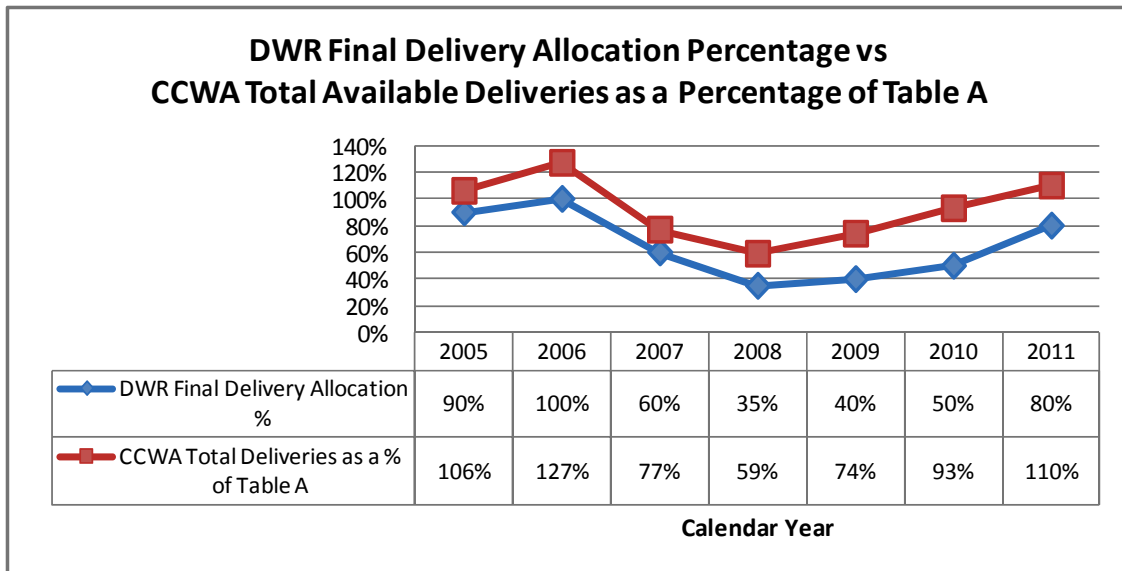


Maximization of Water Deliveries through Alternative Water Sources

CCWA continues to explore and utilize all available water sources to increase the available water deliveries to the project participants beyond just the regular allocation of Table A water from DWR. These alternative sources include purchases from San Luis Obispo County, DWR’s turnback pools, State Water Contractor dry year programs and carryover storage and subsequent use in San Luis reservoir. The following graph shows the various sources of water available for delivery to our project participants for the past six calendar years including the actual deliveries taken by the CCWA project participants.

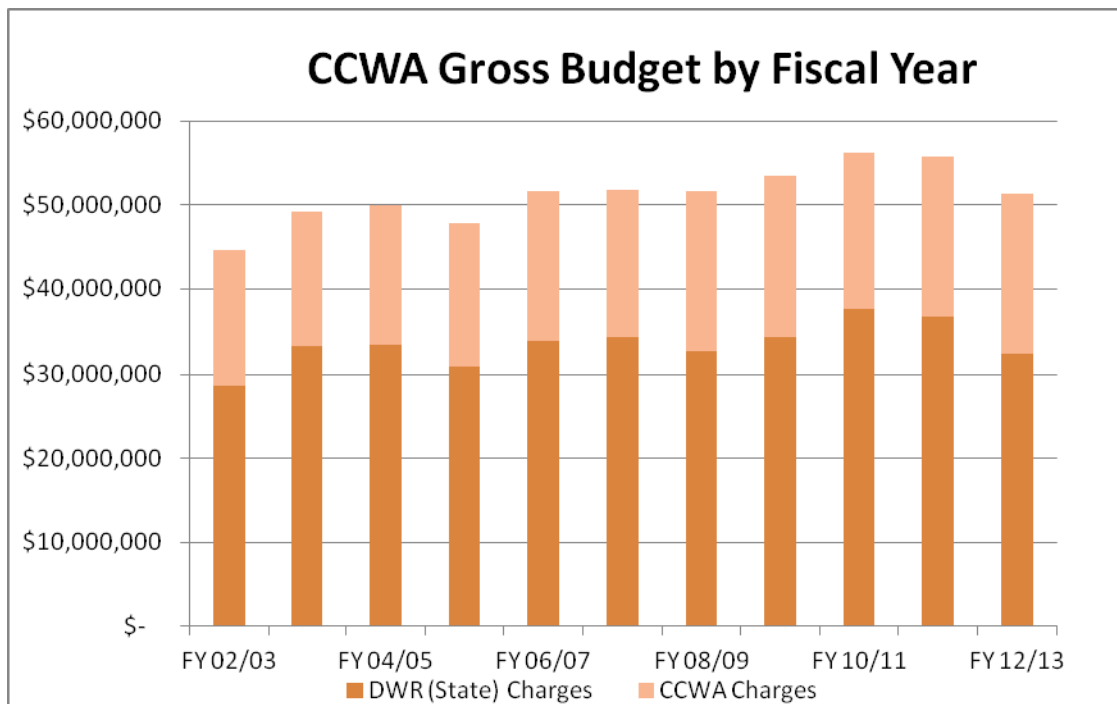


As a result of utilizing these other “types” of water to increase the overall available deliveries from the State Water Project, CCWA has been able to exceed the DWR delivery allocation percentages in each of the last seven years as shown in the following graph.



CCWA Budget History

The following graph shows the CCWA gross budget (total budget excluding CCWA credits and prepayments) broken down between CCWA costs and DWR costs from FY 2002/03 to FY 2012/13.



Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award for the FY 2011/12 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2010/11 Comprehensive Annual Financial Report.

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

AN OVERVIEW OF THIS FISCAL YEAR

Water Delivery Projections

For calendar years 2012 and 2013, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 30,444 and 35,508 acre-feet, respectively.

Department of Water Resources Activities and Related Costs

During FY 2011/12, 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.

DWR Costs and Financial Issues

In FY 2012/13, CCWA staff will continue to fully audit the Statement of Charges from DWR to ensure the costs allocated to CCWA are correct and appropriate based on the State Water Project Contract. The following is a list of the most significant errors remaining to be corrected in the Statement of Charges for calendar years 2012 and 2013:

- CCWA has challenged, and DWR agrees, that DWR's allocation of revenue bond debt service payments to CCWA for the Coastal Branch Extension is incorrect. Total construction and finance related costs were around \$35 million for the project, but DWR had allocated approximately \$46 million in revenue bond principal payments to CCWA. DWR has agreed to perform a full reconciliation of all costs associated with the construction of the Coastal Branch facilities, which totaled approximately \$480 million. DWR is indicating this could take up a year to complete because of the complexities involved in examining accounting records prior to conversion to its new accounting system. CCWA staff will work with DWR during the next year to ensure this reconciliation project moves forward.
- One of the most significant DWR billing issues in FY 2012/13 will be to continue to examine the Transportation Minimum OMP&R cost component to ensure the costs allocated to CCWA by DWR are appropriate. This cost component continues to have significant volatility from year-to-year, which in turn creates large swings in the CCWA budgets. As such, significant resources will be devoted to researching these costs to ensure the amounts charged are appropriate and accurate.

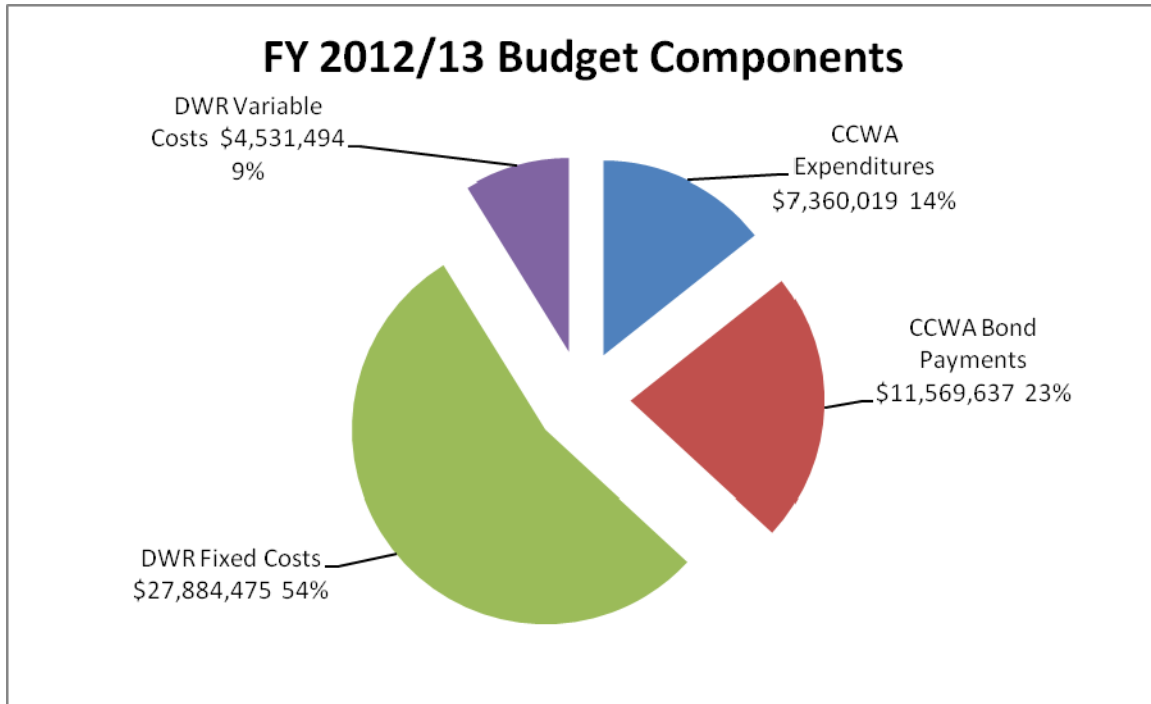
DWR Energy Issues

CCWA staff will continue to guide DWR through the SWC Energy Committee and the Executive Risk Oversight Committee to control and better estimate power costs by:

- Updating the electrical strategic resource plan that guides both short-term and long-term energy purchases and acquisitions
- Completing the Lodi Energy Center and ensure DWR’s participation in effectively utilizing this gas fired power generating facility through the Northern California Power Association.
- Assisting DWR in completing its contract obligations with the Nevada Power Authority and to discontinue use of the coal fired Reid Gardner power facility.
- Assisting DWR in cost effectively acquiring renewable energy resources over a planned horizon consistent with the strategic resource planning effort.

FY 2012/13 BUDGET SUMMARY

The FY 2012/13 budget calls for total project participant payments of \$50.1 million compared to the FY 2011/12 budget of \$55 million, a \$4.2 million decrease. These amounts include \$0.6 million in CCWA credits for FY 2012/13 and \$0.7 million for FY 2011/12. The following graph shows the breakout of the various cost components in the CCWA FY 2012/13 Budget:



SANTA BARBARA COUNTY ECONOMIC OUTLOOK (FY 2010-11 data)

Employment

The County's average unemployment rate during FY 10-11 increased from 9.1% to 9.2%. The June 2011 unemployment rate of 8.9% was still below a state unemployment rate of 11.8% and a national unemployment rate of 9.2%.

Income

Average annual wages had a slight increase to \$47,230 in 2010 from \$45,310 in 2009.

Retail Sales

Local retail sales increased 6% to \$5.3 billion for the 2010 calendar year, slightly up from \$5.0 billion in 2009.

Real Estate

The countywide median home prices dropped 2.4% to \$325,000.

OTHER INFORMATION

Accounting System

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

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

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

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

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

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

Respectfully submitted,



William J. Brennan
Executive Director



Ray A. Stokes
Deputy Director

Introductory Section

June 30, 2012

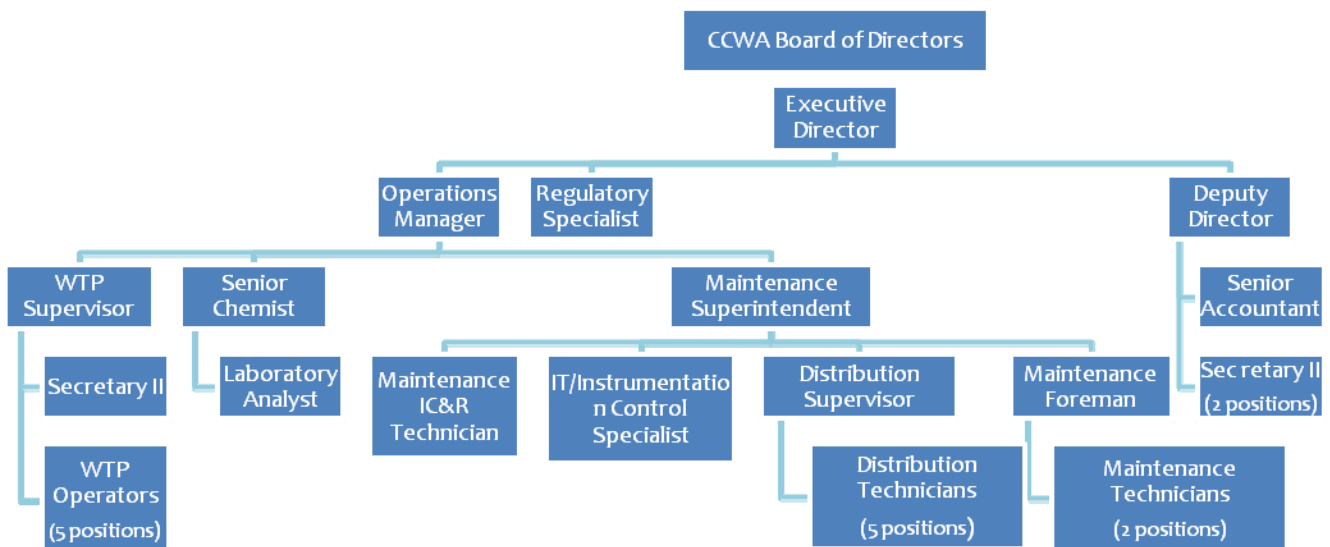
Central Coast Water Authority Board of Directors

L. J. Lavagnino, 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
Dale Francisco	City of Santa Barbara
Bill Rosen	Goleta Water District
John Sabedra	City of Guadalupe
June Van Wingerden	Carpinteria Valley Water District

Authority Staff

William Brennan	Executive Director
Ray Stokes	Deputy Director
John Brady	Operations Manager/Engineer

CCWA Organization Chart FY 2011-12



Project Map



Certificate of Achievement for Excellence in Financial Reporting

Presented to
Central Coast Water Authority
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Danson

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION



NASIF, HICKS, HARRIS & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM J. NASIF
STEVEN J. HICKS
JEFFERY P. HARRIS
BARBARA ROGERS SCOLLIN
JODY DOLAN HOLEHOUSE
THOMAS W. BURK
MARIANNE F. BLOOM
ROBERT SWAYNE LYONS
LAWRENCE W. BROWN
SARAH E. TURNER

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October 11, 2012

Independent Auditors' Report

To the Member Agencies of the Central Coast Water Authority

We have audited the accompanying balance sheets of the Central Coast Water Authority as of June 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Central Coast Water Authority. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Coast Water Authority as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the information identified in the accompanying table of contents as *Management's Discussion and Analysis* 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 Boards, 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.

Our audits were conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Central Coast Water Authority's financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the 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.

Nasif, Hicks, Harris & Co., LLP

Nasif, Hicks, Harris & Co., LLP

Management's Discussion and Analysis

**Fiscal Year Ended
June 30, 2012**

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2012. 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 27 full time employees and two part-time employees.

The Authority is presently composed of eight members, all of which are public agencies: the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and Santa Ynez River Water Conservation District, Improvement District No. 1 (in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water

Management's Discussion and Analysis

District.) In addition, the Authority has an Associate Member, the La Cumbre Mutual Water Company. Each member appoints a representative to the Authority's Board of Directors. San Luis Obispo County Flood Control and Water Conservation District (SLOCFWCD 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 and review and recommend actions to the Authority Board of Directors with regard to finance and personnel related matters.

Santa Barbara County Project Participants

Each Santa Barbara County project participant is a water purveyor or user located in Santa Barbara County which obtained contractual

Management's Discussion and Analysis

San Luis Obispo County Water Purchasers

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.

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

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS

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

Condensed Balance Sheet

	June 30, 2012	June 30, 2011	June 30, 2010	2012-2011 Change	2011-2010 Change
Current Assets	\$ 52,858,147	\$ 55,322,239	\$ 56,034,905	\$ (2,464,092)	\$ (712,666)
Non-Current Restricted Assets	11,603,917	11,550,510	11,604,386	53,407	(53,876)
Capital Assets	104,823,485	106,890,736	109,273,150	(2,067,251)	(2,382,414)
Other Assets	13,013,513	14,544,523	16,084,819	(1,531,009)	(1,540,296)
Total Assets	\$ 182,299,062	\$ 188,308,008	\$ 192,997,261	\$ (6,008,945)	\$ (4,689,252)
Current Liabilities	\$ 61,398,153	\$ 63,571,135	\$ 64,029,209	\$ (2,172,982)	\$ (458,074)
Long-Term Liabilities	91,795,945	99,070,876	106,195,870	(7,274,931)	(7,124,994)
Total Liabilities	153,194,098	162,642,011	170,225,079	(9,447,913)	(7,583,068)
Net assets invested in capital assets net of related debt	26,816,998	23,455,258	20,682,967	3,361,740	2,772,291
Restricted - total	11,597,425	11,545,053	11,590,054	52,372	(45,001)
Unrestricted	(9,309,458)	(9,334,314)	(9,500,840)	24,856	166,526
Total Net Assets	29,104,965	25,665,997	22,772,180	3,438,968	2,893,816
Total Liabilities and Net Assets	\$ 182,299,062	\$ 188,308,008	\$ 192,997,260	\$ (6,008,945)	\$ (4,689,252)

BALANCE SHEET ANALYSIS

June 30, 2012 Comparison to June 30, 2011

- Total assets as of June 30, 2012 are \$182.3 million, or \$6 million less than the June 30, 2011 amount.
- Capital and other assets are \$3.6 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2006A revenue bond issuance costs.
- Long-term liabilities are \$7.3 million lower due to the revenue bond principal payment during the year.

June 30, 2011 Comparison to June 30, 2010

- Total assets as of June 30, 2011 are \$188.3 million, or \$4.7 million less than the June 30, 2010 amount.
- Capital and other assets are \$3.9 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2006A revenue bond issuance costs.
- Long-term liabilities are \$7.1 million lower due to the revenue bond principal payment during the year.

Management's Discussion and Analysis

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	June 30, 2012	June 30, 2011	June 30, 2010	2012-2011 Change	2011-2010 Change
Operating Revenues (Expenses)					
Operating revenues	\$ 17,872,382	\$ 18,018,693	\$ 18,685,951	\$ (146,311)	\$ (667,258)
Operating expenses, excluding depreciation expense	(6,805,619)	(7,005,104)	(7,561,968)	199,485	556,864
Depreciation and amortization	(3,085,693)	(3,165,593)	(3,197,572)	79,900	31,979
Operating Income	\$ 7,981,070	\$ 7,847,996	\$ 7,926,411	\$ 133,074	(78,415)
Non-operating revenues	\$ 166,276	\$ 251,965	\$ 304,506	\$ (85,689)	\$ (52,541)
Non-operating expenses	(4,708,380)	(5,206,145)	(5,399,923)	497,764	193,779
Increase (decrease) in Net Assets	\$ 3,438,966	\$ 2,893,816	\$ 2,830,993	\$ 545,149	\$ 62,823

June 30, 2012 Comparison to June 30, 2011

Operating revenues as of June 30, 2012 are about \$0.1 million lower than the prior year amount. Essentially unchanged from the prior 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 2011/12 and FY 2010/11, this credit totaled \$1.0 million for each year.

Operating expenses, excluding depreciation and amortization expense are about \$0.2 million lower than the prior year amount due to:

1. Decrease in supplies and equipment expenses of \$0.1 million for lower chemical costs associated with a slight decrease in actual water deliveries to project participants when compared to the prior year deliveries.
2. Decrease in utility expenses of \$0.1 million attributed to a decrease in electrical costs for pumping water.

Non-operating revenues are slightly lower by about \$0.08 million due to a decrease in investment income.

Non-operating expenses are \$0.5 million lower due to a decrease in revenue bond interest expense, and a decrease in interest income paid to the CCWA project participants.

June 30, 2011 Comparison to June 30, 2010

Management's Discussion and Analysis

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

1. Personnel expenses are higher than the prior year amount by about \$0.09 million due primarily to salary increases.
2. Decrease in unexpended operating reimbursements of \$0.8 million due to a decrease in the budget surplus for FY 2010/11 which is payable back to the Authority's project participants.
3. Decrease in professional services of about \$0.06 million for decreased legal fees and other miscellaneous professional services during the year.
4. Increase in supplies and equipment expenses of \$0.2 million for higher chemical costs associated with a slight increase in actual water deliveries to project participants when compared to the prior year deliveries.
5. Increase in utility expenses of \$0.08 million attributed to an increase in electrical costs for pumping water.

Non-operating revenues are slightly lower by about \$0.05 million lower due to a decrease in investment income.

Non-operating expenses are \$0.2 million lower due to a decrease in revenue bond interest expense .

Capital Assets

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

	June 30, 2012	June 30, 2011	June 30, 2010	2012-2011 Change	2011-2010 Change
Land	\$ 3,178,700	\$ 3,178,700	\$ 3,178,700	\$ -	\$ -
Furniture, fixtures and equipment	434,178	420,622	420,622	13,557	0
Equipment	28,476,041	28,456,894	28,494,578	19,147	(37,684)
Buildings and structures	48,696,149	48,696,149	48,709,729	-	(13,580)
Underground pipeline	58,950,134	58,950,134	58,950,134	-	0
Construction in progress	412,594	166,297	227,197	246,297	(60,900)
Total property, plant and equipment	140,147,795	139,868,796	139,980,961	279,003	(112,165)
Accumulated depreciation	(35,324,310)	(32,978,060)	(30,707,810)	(2,346,250)	(2,270,250)
Net property, plant and equipment	\$ 104,823,485	\$ 106,890,735	\$ 109,273,151	\$ (2,067,247)	\$ (2,382,415)

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

Management's Discussion and Analysis

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% and were issued to reduce 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, 2012, the Authority had \$97,980,000 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.

Please refer to Note number 4 in the Notes to the Financial Statements for additional information regarding the Authority's long-term debt.

BALANCE SHEETS

ASSETS

For the fiscal year ended
June 30, 2012 June 30, 2011

Current Assets

Cash and investments	\$	20,300,311	\$	19,962,710
Interest receivable		3,935		6,326
Other assets		<u>305,870</u>		<u>282,582</u>
Total Unrestricted Current Assets		<u>20,610,116</u>		<u>20,251,618</u>

Restricted Current Assets

Cash and investments held for payment to DWR		<u>32,248,031</u>		<u>35,070,621</u>
Total Current Assets		<u>52,858,147</u>		<u>55,322,239</u>

Non-Current Assets

Restricted Assets

Cash and investments for debt service payments		11,597,425		11,545,053
Interest receivable		<u>6,492</u>		<u>5,457</u>
Total Restricted Non-Current Assets		<u>11,603,917</u>		<u>11,550,510</u>

Capital Assets

Capital assets (Net of accumulated depreciation of \$35,324,311 for 2012 and \$32,978,061 for 2011)		101,644,785		103,712,036
Land		<u>3,178,700</u>		<u>3,178,700</u>
Total Capital Assets		<u>104,823,485</u>		<u>106,890,736</u>

Unamortized bond issuance costs, net		3,592,071		4,297,294
Long-term accounts receivable		9,421,442		10,247,229

Total Non-Current Assets		<u>129,440,915</u>		<u>132,985,769</u>
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Total Assets	\$	<u>182,299,062</u>	\$	<u>188,308,008</u>
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Continued

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

BALANCE SHEETS

LIABILITIES AND NET ASSETS

	For the fiscal year ended	
	June 30, 2012	June 30, 2011
Current Liabilities		
Accounts payable	\$ 183,812	\$ 143,164
Deposits for payment to DWR	32,252,924	35,075,425
Accrued interest payable	1,100,832	1,187,835
Other liabilities	563,011	542,072
Liability for compensated absences	133,489	135,380
Current portion of bonds payable	7,335,000	6,960,000
Prepaid project participant assessments	19,829,085	19,527,259
Total Current Liabilities	<u>61,398,153</u>	<u>63,571,135</u>
Long-Term Liabilities		
Bonds payable	83,685,000	91,020,000
Post employment benefits payable	40,703	-
Rate coverage reserve fund	8,070,242	8,050,876
Total Long-Term Liabilities	<u>91,795,945</u>	<u>99,070,876</u>
Total Liabilities	<u>153,194,098</u>	<u>162,642,011</u>
Net Assets		
Net assets invested in capital assets, net of related debt	26,816,998	23,455,258
Restricted - future payment of debt service	11,597,425	11,545,053
Unrestricted	<u>(9,309,458)</u>	<u>(9,334,314)</u>
Total Net Assets	<u>29,104,965</u>	<u>25,665,997</u>
Total Liabilities and Net Assets	<u>\$ 182,299,062</u>	<u>\$ 188,308,008</u>

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	For the fiscal year ended	
	June 30, 2012	June 30, 2011
Operating Revenues		
Operating reimbursements		
from project participants	\$ 17,808,124	\$ 17,928,584
Other revenues	64,258	90,109
Total Operating Revenues	17,872,382	18,018,693
Operating Expenses		
Personnel expenses	3,642,100	3,574,210
Office expenses	19,935	20,259
General and administrative	228,531	235,809
Professional services	184,351	228,374
Supplies and equipment	853,991	960,991
Monitoring expenses	58,651	59,373
Repairs and maintenance	203,738	185,045
Utilities	240,374	351,475
Unexpended operating reimbursements	950,258	998,534
Depreciation and amortization	3,085,693	3,165,593
Other expenses	423,690	391,034
Total Operating Expenses	9,891,312	10,170,697
Operating Income	7,981,070	7,847,996
Non-Operating Revenues		
Interest income	166,276	236,522
Gain on disposal of capital assets	-	15,443
Total Non-Operating Revenues	166,276	251,965
Non-Operating Expenses		
Interest expense	4,490,322	4,818,276
Loss on disposal of capital assets	52,582	151,435
Interest income paid to project participants	165,476	236,434
Total Non-Operating Expenses	4,708,380	5,206,145
Increase in net assets before contributions	3,438,966	2,893,816
Change in net assets	3,438,966	2,893,816
Net assets, at beginning of year	25,665,998	22,772,181
Net assets, at end of year	\$ 29,104,964	\$ 25,665,998

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

STATEMENTS OF CASH FLOWS

	<i>For the fiscal year ended</i>	
	<i>June 30, 2012</i>	<i>June 30, 2011</i>
<i>Cash Flows From Operating Activities</i>		
Cash received from project participants and other operating activities	\$ 17,828,296	\$ 18,471,304
Cash payments to employees	(2,522,297)	(2,477,908)
Cash payments to suppliers	(3,251,713)	(3,545,966)
Net cash provided by operating activities	<u>12,054,286</u>	<u>12,447,430</u>
<i>Cash Flows from Investing Activities</i>		
Interest and dividends on investments	<u>167,632</u>	<u>248,019</u>
Net cash provided by investing activities	<u>167,632</u>	<u>248,019</u>
<i>Cash Flows from Capital and Related Financing Activities</i>		
Acquisition of capital assets	(365,801)	(177,885)
Deposits received for encroachment permits	533,498	82,160
Payments on encroachment permit projects	(404,653)	-
Refunds of rate coverage reserve fund deposits	-	(184,350)
Interest paid on long-term debt	(4,577,326)	(4,885,226)
Principal payments on long-term debt	(6,960,000)	(6,695,000)
Proceeds received from sale of capital assets	<u>-</u>	<u>15,443</u>
Net cash used by capital and related financing activities	<u>(11,774,281)</u>	<u>(11,844,858)</u>
<i>Cash Flows from Non-Capital Financing Activities</i>		
Proceeds received for DWR and Warren Act charges	33,963,599	38,082,026
Payments of DWR and Warren Act charges	<u>(36,843,853)</u>	<u>(39,686,456)</u>
Net cash used by non-capital financing activities	<u>(2,880,254)</u>	<u>(1,604,430)</u>
Net decrease in cash and cash equivalents	(2,432,617)	(753,839)
Cash and cash equivalents, beginning of year	<u>66,578,384</u>	<u>67,332,223</u>
Unrestricted cash and investments	20,300,311	19,962,710
Restricted cash and investments held for payment to DWR	32,248,031	35,070,621
Restricted cash and investments for debt service payments	<u>11,597,425</u>	<u>11,545,053</u>
Cash and cash equivalents, end of year	<u>\$ 64,145,767</u>	<u>\$ 66,578,384</u>
<i>Cash Flows From Operating Activities</i>		
Operating Income	\$ 7,981,070	\$ 7,847,996
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,085,693	3,165,593
Unexpended operating reimbursements payable to project participants	950,258	998,534
Operating revenues (received) paid from credits and unearned revenue	(44,085)	452,612
Increase (decrease) in accounts payable	<u>81,350</u>	<u>(17,305)</u>
Net cash provided by operating activities	<u>\$ 12,054,286</u>	<u>\$ 12,447,430</u>

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

STATEMENTS OF CASH FLOWS

Supplemental Disclosures of Cash Flow Information

For the fiscal year ended
June 30, 2012 June 30, 2011

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.

<u>\$</u>	<u>119,505</u>	<u>\$</u>	<u>200,818</u>
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The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.

<u>\$</u>	<u>86,802</u>	<u>\$</u>	<u>290,049</u>
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Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

A. Reporting Entity

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

The Central Coast Water Authority was created by its members in August 1991. The Authority is presently composed of eight members, all of which are public agencies, as follows: the cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and the Santa Ynez River Water Conservation District, Improvement District No. 1 (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#1); and the South Coast (Carpinteria, Goleta, La Cumbre Mutual Water Company, Montecito, Morehart Land Company, Santa Barbara and Raytheon Systems Company, formerly Santa Barbara Research Center).

Historically, the North County has been an agricultural area but has seen significant urban development in the last twenty years and expects additional urban development in the future; the Santa Ynez Valley is a rural agricultural area and tourist destination; and the South Coast is a generally developed urban area which does not expect significant growth in the future.

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

Facilities Constructed by the Authority

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

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

Contractual Relationships

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

Notes to Financial Statements

and Santa Barbara County's Table A amount was for 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 the DWR from the payments it receives pursuant to the Water Supply Agreements is senior to its obligation to make payments with respect to the Bonds. These transfers have been consented to by DWR and were validated by an agreement between Santa Barbara County and the Authority on November 12, 1991 (the "Transfer of Financial Responsibility Agreement").

The Water Supply Agreements

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

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

payments to DWR under the State Water Supply Contract, as amended (including capital, operation, maintenance, power and replacement costs of the DWR Facilities), debt service on the Bonds and all Authority operating and administrative costs. Such obligation is to be honored by each Project Participant whether or not water is furnished to it from the Project at all times or not at all and whether or not the Project is completed, operable, operated or retired. Such payments are not subject to any reduction and are not conditioned upon performance by the Authority or any other Project Participant under any agreement.

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

B. Basis of Accounting

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

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

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

Notes to Financial Statements

The Authority has adopted GASB Statements 33 through 42, and related interpretations issued through June 30, 2012. Statement 34 and subsequent Statements and Interpretations required certain other changes in terminology, format and content, as well as inclusion of the management's discussion and analysis as required supplementary information.

C. Investments

The Authority has developed an investment policy that exceeds the minimum requirements established by the State of California. The Authority believes that it has adhered to established policies for all investment activities. As of June 30, 2012, the investment portfolio has a weighted average maturity of 0 days and a yield to maturity of 0.39%.

The Authority reports investments with a maturity at the time of purchase of less than one year at amortized cost. Investments with a maturity greater than one year at the time of purchase are reported at fair value. As of June 30, 2012 all investments are reported at amortized cost.

D. Capital Assets

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

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

E. Inventories

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

F. Unamortized Bond Issuance Costs

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

G. Deposits

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

H. Operating Reimbursements from Project Participants

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

I. Unexpended Operating Assessments

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

J. Operating and Non-Operating Revenues and Expenses

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

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

Notes to Financial Statements

K. Long-Term Accounts Receivable

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

L. Rate Coverage Reserve Fund

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

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

The following table shows a summary of project participant deposits in the rate coverage reserve fund as of June 30, 2012.

Project Participant	June 30, 2012
City of Buellton	\$ 259,054
Carpinteria Valley Water District	818,079
City of Guadalupe	168,194
La Cumbre Mutual Water Company	392,084
Montecito Water District	1,090,424
City of Santa Maria	4,300,591
Shandon (SLO County)	15,242
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	607,653
Santa Ynez WCD, ID #1	419,075
Total	<u>\$8,070,242</u>

M. Self-Funded Dental/Vision Insurance Plan

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided approximately \$3,030 per 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, 2012 and 2011.

	2012	2011
Maximum claims liability	\$ 87,491	\$ 83,596
Actual claims paid	(50,411)	(46,295)

N. Use of Estimates

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

Note 2: Cash and Investments

A. Pooling

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

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.

Notes to Financial Statements

As of June 30, 2012, the reported amount of the Authority's demand deposits was \$149,852 and the bank balance was \$206,079. The difference of \$56,227 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, 2012, the carrying value of the Authority's position in LAIF is \$20,131,773 and the fair value is \$20,156,327.

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.

Notes to Financial Statements

Investment	Cost	Fair Value 6/30/2012	Interest Rate Range	Maturity Date/ Range	Weighted Average Maturity	Credit Rating
Pooled Investments:						
Local Agency Investment Fund	\$ 20,131,773	20,156,327	0.358	n/a	n/a	Non-rated
Money Market Funds	<u>43,863,427</u>	<u>43,863,427</u>	0.35-0.47	7/2012	0 days	AAA
Total Investments	<u>63,995,200</u>	<u>64,019,754</u>				
Cash in Banks:						
Interest Bearing Deposits	149,852	149,852				
Cash on Hand	<u>699</u>	<u>699</u>				
Total Cash and Investments	<u>\$ 64,145,751</u>	<u>\$ 64,170,305</u>				

Note 3: Capital Assets

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

	2012			2011		
	Property, Plant and Equipment	Accumulated Depreciation	Net	Property, Plant and Equipment	Accumulated Depreciation	Net
Land	\$ 3,178,700	\$ -	\$ 3,178,700	\$ 3,178,700	\$ -	\$ 3,178,700
Furniture fixtures and equipment	434,178	(368,277)	65,901	420,622	(316,071)	104,551
Equipment	28,476,041	(12,597,977)	15,878,064	28,456,894	(11,804,390)	16,652,504
Buildings and structures	48,696,149	(10,514,273)	38,181,876	48,696,149	(9,804,882)	38,891,267
Underground pipeline	58,950,134	(11,843,785)	47,106,349	58,950,134	(11,052,717)	38,891,267
Construction in progress	<u>412,594</u>	-	<u>412,594</u>	<u>166,297</u>	-	<u>166,297</u>
Total property and equipment	<u>136,969,096</u>	<u>(35,324,311)</u>	<u>101,644,785</u>	<u>136,690,097</u>	<u>(32,978,061)</u>	<u>103,712,036</u>
Total property, plant, and equipment	<u>\$140,147,796</u>	<u>\$ (35,324,311)</u>	<u>\$104,823,485</u>	<u>\$139,868,797</u>	<u>\$ (32,978,061)</u>	<u>\$106,890,736</u>

Notes to Financial Statements

The following table shows the capital asset activity for the fiscal years ended June 30, 2012 and 2011.

	Plant and Equipment*	Accumulated Depreciation	Net
Balance, June 30, 2010	\$ 136,802,261	\$ (30,707,811)	\$ 106,094,450
Additions	378,703	(2,408,864)	(2,030,161)
Retirements and disposals	(490,867)	138,614	(352,253)
Balance at June 30, 2011	136,690,097	(32,978,061)	103,712,035
Additions	119,505	(2,380,470)	(2,260,965)
Retirements and transfers	(159,495)	34,220	193,715
Balance, June 30, 2012	\$ 136,969,096	\$ (35,324,311)	\$ 101,644,785

* Excludes CIP additions

Note 4: 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 unamortized bond issuance costs, is being charged to operations through the year 2022 in proportion to the bond interest expense incurred for each fiscal year. The Authority completed the 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, 2012 and June 30, 2011 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.

The annual requirements to pay all debt outstanding, as of June 30, 2012, are as follows:

Fiscal Year	Interest	Principal	Total
2013	\$ 4,247,463	\$ 7,335,000	\$ 11,582,463
2014	3,900,975	7,625,000	11,525,975
2015	3,510,100	8,010,000	11,520,100
2016	3,099,725	8,405,000	11,504,725
2017-2022	9,214,150	59,645,000	68,859,150
	\$ 23,972,413	\$ 91,020,000	\$ 114,992,413

The 2006A bonds outstanding bear interest ranging from 4.00% to 5.00%.

Notes to Financial Statements

The long-term liability activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011		Additions		Deletions	Balance June 30, 2012	Due Within One Year
Series 2006A Revenue Bonds	\$ 97,980,000	\$	-	\$	(6,960,000)	\$ 91,020,000	\$ 7,335,000
Post Employment Benefits Payable	-		40,703			40,703	
Rate Coverage Reserve Fund	8,050,876		19,366		-	8,070,242	-
Total	\$ 106,030,876	\$	60,069	\$	(6,960,000)	\$ 99,130,945	\$ 7,335,000

Note 5: Defined Benefit Pension Plan

A. Plan Description

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

B. Funding Policy

Active plan members in the Central Coast Water Authority are required to contribute 7% of their annual covered salary. However, the Authority pays this amount on behalf of the employees without requiring a contribution from the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011/12 was 13.109%. The contribution rate is established and may be amended by CalPERS.

C. Annual Pension Costs

For fiscal year 2011/12, the Central Coast Water Authority's annual pension costs were \$505,482 and the Authority

actually contributed \$505,482. The required contribution for fiscal year 2011/12 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

Because the Authority has less than 100 active members, it is required to participate in the Miscellaneous 2% at 55 Risk Pool. The Authority's employer contribution rate is calculated using a combination of the Authority's individual plan cost components and the risk pool's cost components. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and (c) 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.25%. The actuarial value of the Risk Pool's plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Risk Pool's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for the Central Coast Water Authority

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/09	\$422,197	100%
6/30/10	\$448,771	100%
6/30/11	\$464,539	100%

Note 6: Post Employment Benefits Other Than Pensions

The Authority provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from the Authority and enrolled in an insurance program under the California Public Employees' Medical and

Notes to Financial Statements

Hospital Care Act (PEMHCA). The CalPERS PEMHCA Plan is a defined contribution healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by the California Public Employees Retirement Agency. Copies of the CalPERS annual financial report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy: PEMHCA determines the amount contributed by the Authority toward retiree health insurance. Currently, the Authority is required to contribute \$112 per month toward the cost of retiree health insurance, which is the same amount contributed toward active employee health insurance. The balance of the premium, averaging approximately \$414 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 will increase by the annual consumer price index increase. During fiscal year \$1,344 were recognized for post-retirement health insurance contribution on a pay-as-you-go basis.

The Authority is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years.

Annual OPEB Cost: For fiscal year ended June 30, 2012, the Authority contributed \$1,344 for pay-as-you-go premiums to the Plan. As a result, the Authority has calculated and recorded the Net OPEB Obligation, representing the difference the ARC, amortization and contributions, as presented below:

	Net OPEB Obligation Calculation
Annual Required Contribution (ARC)	\$24,764
Amortization of Net OPEB Liability	16,167
Interest on Net OPEB Liability	1,116
Annual OPEB Cost	<u>42,047</u>
Contributions made:	
Authority share of current year premiums paid	<u>(1,344)</u>
Contributions less than the ARC	40,703
Net OPEB Obligation at June 30, 2011	-0-
Net OPEB Obligation at June 30, 2012	<u>\$40,703</u>

The Authority's annual required contributions and actual contributions for the year ended June 30 are set forth below:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Net OPEB Obligation	% of Annual OPEB Cost Contributed
6/30/2012	42,047	(1,344)	40,703	3.20%

Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2012, is shown below:

Actuarial accrued liability (AAL)	518,118
Actuarial value of plan assets	-0-
Unfunded actuarial accrued liability (UAAL)	<u>518,118</u>
Covered payroll (active plan members)	2,491,505
UAAL as a percentage of covered payroll	20.80%

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the Projected Unit Credit cost method was used. The actuarial assumptions included a 6.90% investment rate of return (net of administrative expenses) and an annual healthcare cost

Notes to Financial Statements

trend rate of 5%. The actuarial value of plan assets was not calculated in this, the first actuarial valuation, as there are no assets to value. The plan unfunded actuarial accrued liability is being amortized over a 30- year amortization period.

The Authority did not pre-fund retiree healthcare costs nor did the Authority establish an irrevocable trust for retiree healthcare costs.

Note 7: Commitments and Uncertainties

The Authority leases equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2012 were \$16,723 (2013) and \$4,187 thereafter, resulting in total minimum payments of \$20,910.

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, 2012 and June 30, 2011, 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 8: Joint Powers Insurance Authority

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

ACWA-JPIA provides liability, property, workers' compensation, fidelity and boiler and machinery insurance for approximately 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. The Authority has not incurred any settlements which exceeded insurance coverage for the past three fiscal years.

Note 9: Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the terms of this plan, employees may defer amounts of income up to one hundred percent of salary or \$16,500 per year, whichever is less. Additionally, employees over the age of 50 are permitted to defer up to an additional \$5,500 per year for those years in which they did not fully contribute the annual maximum prior to age 50.

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
2002/03	\$ 4,027,340	\$ 10,471,871	\$ 166,719	\$ 1,491,002	\$ 16,156,930
2003/04	4,126,452	10,577,149	70,080	1,155,686	15,929,366
2004/05 (1)	5,518,626	10,646,678	33,644	1,565,540	17,764,487
2005/06	5,649,874	10,734,275	49,352	2,252,091	18,685,591
2006/07	6,577,214	10,339,149	43,226	2,381,697	19,341,285
2007/08	6,673,228	10,851,885	68,927	1,862,268	19,456,308
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

Source: Central Coast Water Authority

(1) Beginning with fiscal year 2004/05, Operating Assessments exclude yearend credits for unexpended operating reimbursements.

Total Revenue Comparison

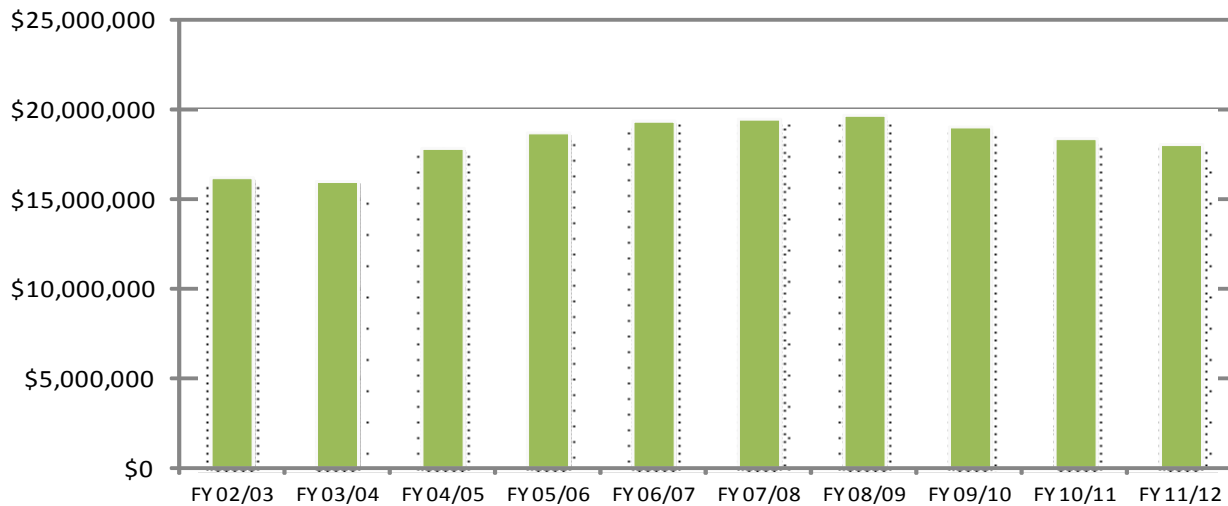


TABLE 2

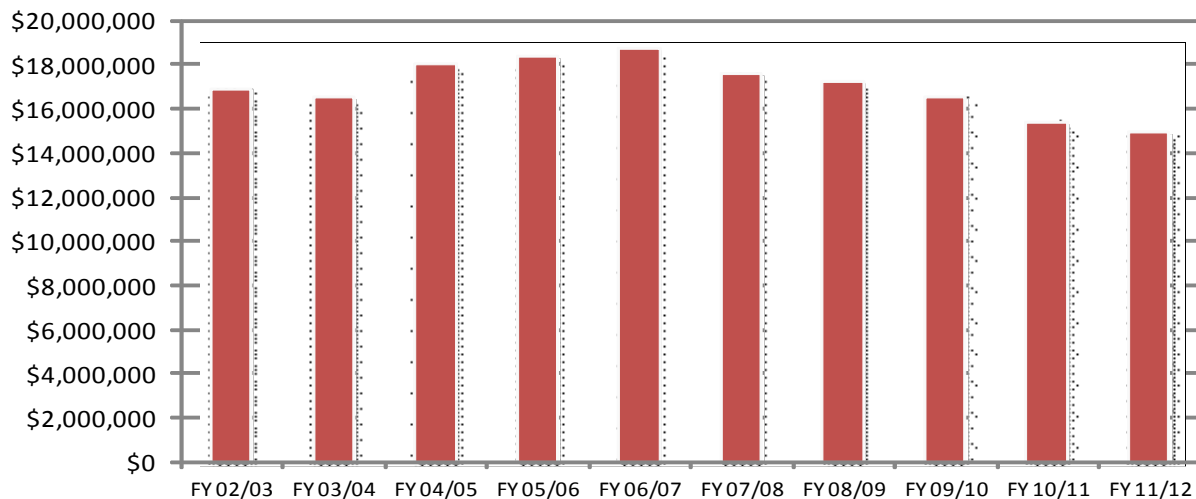
General Governmental Expenditures by Function

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Interest paid to Participants	Total Expenditures
2002/03	\$ 8,263,920	\$ 648,606	\$ 8,003,636	\$ -	\$ 16,916,162
2003/04	8,302,059	349,809	7,831,733	-	16,483,601
2004/05 (1)	9,177,815	366,907	7,601,613	848,333	17,994,667
2005/06	9,331,814	211,441	7,336,413	1,514,040	18,393,708
2006/07	9,832,976	454,619	6,223,707	2,171,209	18,682,510
2007/08	9,627,656	471,676	5,582,876	1,858,511	17,540,719
2008/09	10,589,470	293,537	5,338,226	986,862	17,208,095
2009/10	10,759,540	428,879	5,083,426	273,944	16,545,789
2010/11	10,170,697	180,428	4,818,276	236,432	15,405,833
2011/12	9,891,312	365,801	4,490,322	165,476	14,912,912

Source: Central Coast Water Authority

(1) Beginning with fiscal year 2004/05, 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



Statistical Section

TABLE 3

Change in Net Assets and Net Asset Components Last Four Fiscal Years

	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012
Net assets, at beginning of year	\$ 17,436,275	\$ 19,941,187	\$ 22,772,181	\$ 25,665,999
Operating revenues	18,512,443	18,685,951	18,018,693	17,872,382
Operating Expenses				
Operating expenses	6,387,774	5,765,512	6,006,570	5,855,361
Depreciation and amortization	3,229,412	3,197,572	3,165,593	3,085,693
Unexpended operating reimbursements	972,284	1,796,456	998,534	950,258
Total operating expenses	10,589,470	10,759,540	10,170,697	9,891,312
Operating Income	7,922,973	7,926,411	7,847,996	7,981,070
Non-operating revenues				
Interest income and miscellaneous	1,012,428	304,506	251,965	166,276
Non-Operating Expenses				
Interest expense	5,338,226	5,083,426	4,818,276	4,490,322
Interest income paid to project participants	986,862	273,944	236,432	165,476
Other expenses	105,401	42,553	151,435	52,582
Total non-operating expenses	6,430,489	5,399,923	5,206,143	4,708,380
Increase in Net assets	2,504,912	2,830,994	2,893,818	3,438,966
Refund of capital contributions	-	-	-	-
Net assets, at end of year	19,941,187	22,772,181	25,665,999	29,104,965
Net assets invested in capital assets, net of related debt	17,817,946	20,682,967	23,455,258	26,816,998
Restricted - capital projects	-	-	-	-
Restricted - debt service	11,589,832	11,590,054	11,545,053	11,597,425
Unrestricted	(9,466,591)	(9,500,840)	(9,334,312)	(9,309,458)
Total Net Assets	\$ 19,941,187	\$ 22,772,181	\$ 25,665,999	\$ 29,104,965

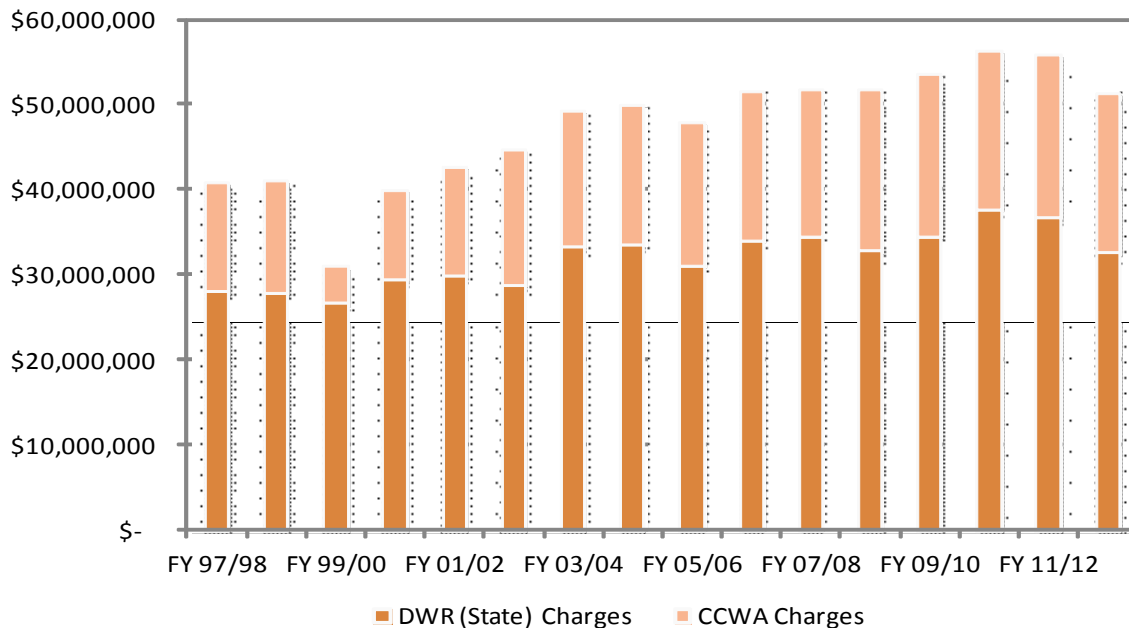
TABLE 4

Fiscal Year Gross Budget History (Excludes Credits)

Fiscal Year	CCWA Charges	DWR (State) Charges	Total	Increase (Decrease)	Percentage Change
FY 97/98	\$ 12,897,860	\$ 27,938,525	\$ 40,836,385	\$ -	
FY 98/99	13,275,815	27,755,277	41,031,092	194,707	0%
FY 99/00	4,345,803	26,525,983	30,871,786	(10,159,306)	-25%
FY 00/01	10,470,166	29,409,208	39,879,374	9,007,588	29%
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	766,916	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%

Note: Excludes CCWA credits.

CCWA Gross Budget by Fiscal Year



Statistical Section

TABLE 5

FY 2011/12 Total Payments by Project Participant

Project Participant	FY 2011/12 Operating Expenses ⁽¹⁾	FY 2011/12 Debt Service Payments	FY 2011/12 DWR Costs	FY 2011/12 Warren Act Charges ⁽²⁾	FY 2011/12 CCWA Credits	FY 2011/12 Total Payments
Guadalupe	107,621	163,922	473,556	-	(18,278)	726,821
Santa Maria	2,986,848	-	15,174,832	-	(296,374)	17,865,306
Golden State Water Co.	99,687	-	482,995	-	(7,378)	575,304
Vandenberg AFB	1,150,704	-	5,485,991	-	(152,314)	6,484,381
Buellton	133,879	290,400	584,164	-	(16,874)	991,567
Santa Ynez (Solvang)	336,288	891,830	1,502,689	-	(15,388)	2,715,420
Santa Ynez	667,368	334,930	563,188	-	(118,034)	1,447,451
Goleta	424,152	2,810,830	3,896,537	142	(274)	7,131,387
Morehart Land	37,844	129,076	197,352	12,760	(14,000)	363,031
La Cumbre	145,656	617,962	1,049,831	31,842	26,676	1,871,967
Raytheon	9,461	27,024	51,900	3,190	1,611	93,186
Santa Barbara	282,960	1,727,905	2,555,387	(104)	2,700	4,568,848
Montecito	392,458	2,030,763	2,853,384	80,226	(4,629)	5,352,201
Carpinteria	188,346	1,161,117	1,704,389	104	4,075	3,058,031
Shandon	7,296	13,043	N/A	-	(718)	19,621
Chorro Valley	260,359	1,038,960	N/A	-	(52,178)	1,247,141
Lopez	263,073	268,653	N/A	-	(28,550)	503,176
TOTAL:	\$ 7,493,998	\$ 11,506,416	\$ 36,576,194	\$ 128,159	\$ (689,927)	\$ 55,014,482

(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 budget amounts and not the yearend final allocation of costs.

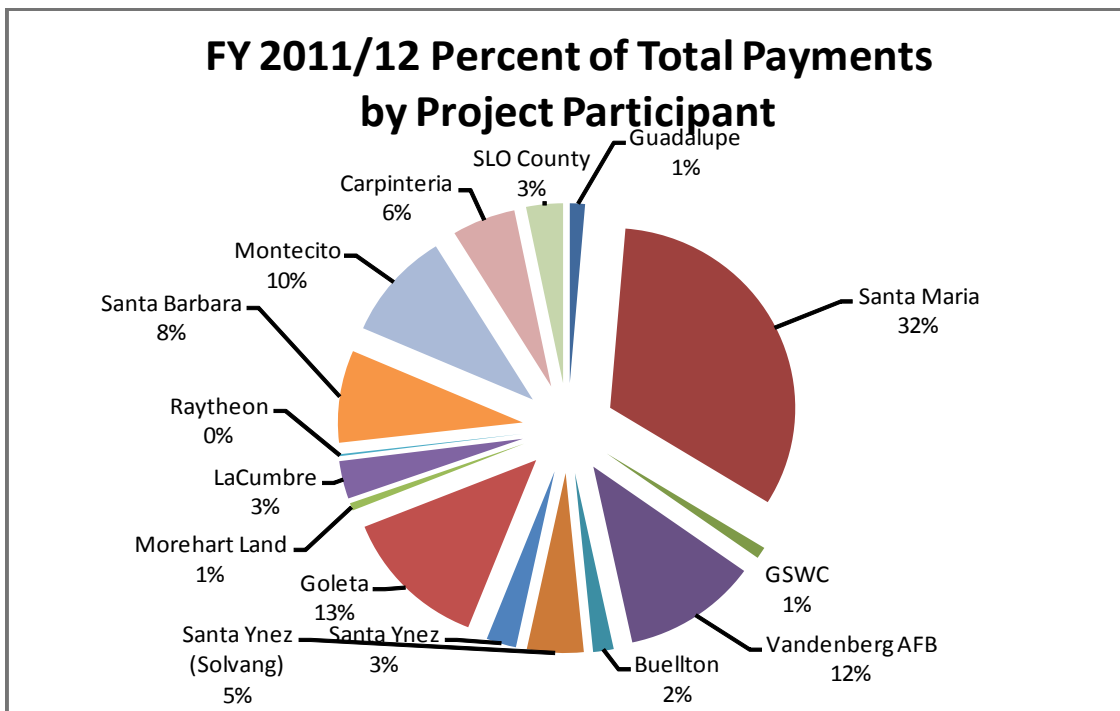


TABLE 6

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

Fiscal Year	Bond Issue	Principal	Interest ⁽¹⁾	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
2002/03	96 Bonds	\$ 3,535,000	\$ 8,043,405	\$ 11,578,405	\$ 16,916,162	70.24%
2003/04	96 Bonds	3,830,000	7,875,778	11,705,778	16,760,608	69.84%
2004/05	96 Bonds	4,135,000	7,663,638	11,798,638	16,129,417	73.15%
2005/06	96 Bonds	4,515,000	7,404,138	11,919,138	18,682,510	63.80%
2006/07	96 & 06 Bonds	4,915,000	6,600,947	11,515,947	18,682,510	61.64%
2007/08	2006 Bonds	5,895,000	5,641,826	11,536,826	17,540,719	65.77%
2008/09	2006 Bonds	6,190,000	5,400,126	11,590,126	17,208,095	67.35%
2009/10	2006 Bonds	6,430,000	5,147,726	11,577,726	16,545,789	69.97%
2010/11	2006 Bonds	6,695,000	4,885,226	11,580,226	15,405,833	75.17%
2010/11	2006 Bonds	6,960,000	4,577,326	11,537,326	14,912,912	77.36%

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

Source: Central Coast Water Authority

Ratio of Debt Service to Total Expenditures

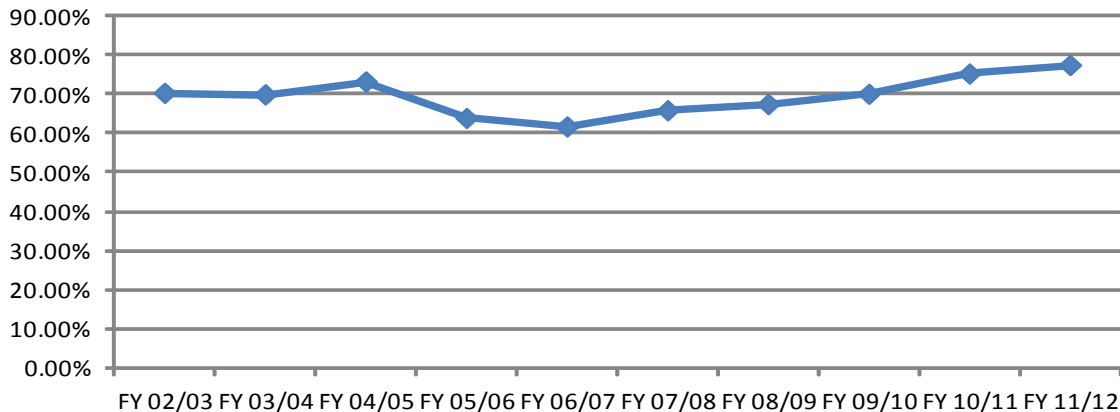


TABLE 7
Selected Demographic Information
Santa Barbara County

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 2006 was 421,625 according to the California Department of Finance. 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.

Viticulture in Santa Barbara County is traceable to missionary plantings in the Milpas Valley late in the 18th century. Since commercial viticulture rebounded in the 1960's, Santa Barbara County has been on the fast track to viticultural stardom.

Famous for ripe, yet elegant, Chardonnay and Pinot Noir, the County is also gaining a reputation for Rhone varietals including Syrah and Viognier. Santa Barbara wine grapes now command among the highest prices anywhere in the State.

Located on California's South Central Coast, the county is an oasis of rolling hills, ancient oak trees and cattle ranches. The County now claims more than 60 wineries and 21,000 acres of vine.

Source: Wikipedia

TABLE 8
Miscellaneous Statistical Information

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	28.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
Number of water storage tanks	5
Number of turnouts	10

<u>Agency</u>	<u>Table A Amount (AFY)</u>
City of Buellton	578
Carpinteria Valley Water District	2,000
Goleta Water District	4,500
City of Guadalupe	550
La Cumbre Mutual Water Co.	1,000
Montecito Water District	3,000
Morehart Land Co.	200
City of Santa Barbara	3,000
Raytheon Systems Company	50
City of Santa Maria	16,200
Santa Ynez River W.C.D. #1	2,000
Southern California Water Co.	500
Vandenberg Air Force Base	5,500
Total Santa Barbara County *	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.

Statistical Section

TABLE 9

FY 2011/12 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Lopez Turnout (SLO County)	1,659	N/A	1,659
Chorro Valley Turnout (SLO County)	2,051	N/A	2,051
City of Guadalupe	394	N/A	394
City of Santa Maria	11,514	N/A	11,514
Golden State Water Company	308	N/A	308
Vandenberg Air Force Base	2,157	N/A	2,157
City of Buellton	528	N/A	528
Santa Ynez ID #1 (City of Solvang)	1,178	N/A	1,178
Santa Ynez ID #1	520	2,930	3,450
Goleta Water District	1,054	(1,054)	-
Morehart Land Company	-	N/A	-
La Cumbre Mutual Water Company	352	-	352
Raytheon Systems Company	-	N/A	-
City of Santa Barbara	703	(703)	-
Montecito Water District	703	(703)	-
Carpinteria Valley Water District	470	(470)	-
TOTAL:	23,591	-	23,591

Historical Water Deliveries (Acre-Feet)

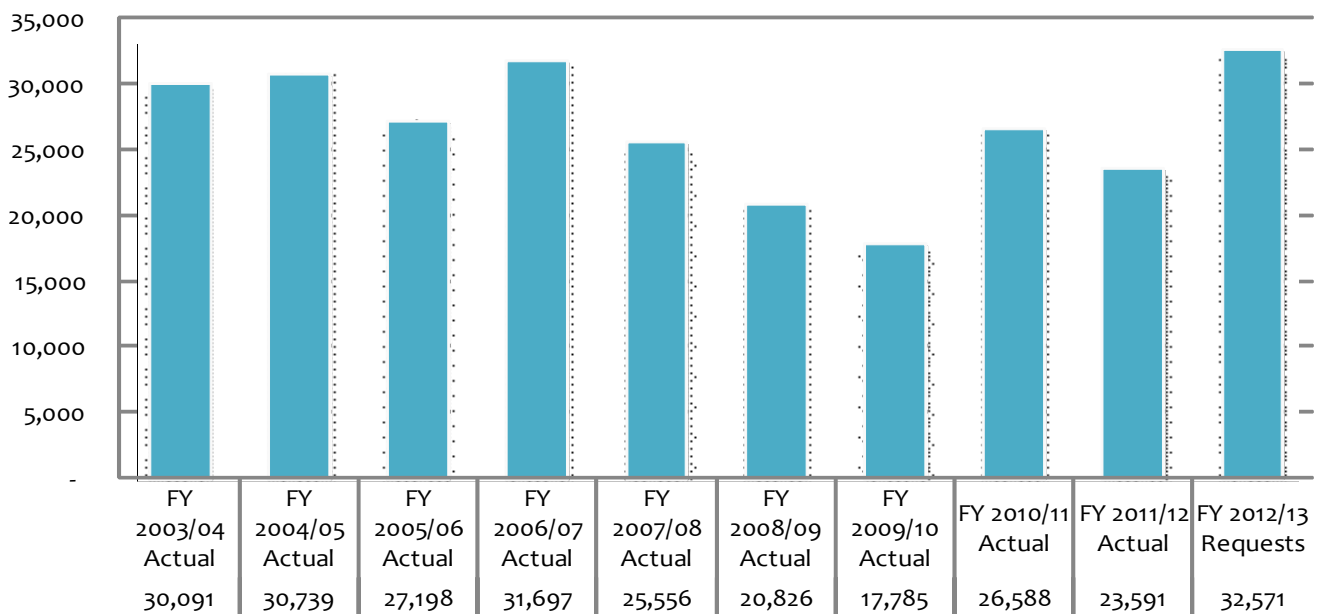


TABLE 10

Total Water Available Compared to Actual Deliveries

Calendar Year	DWR Delivery Allocation %	Total Water Available (AF)	Actual Deliveries (AF) ⁽²⁾	Water Not Taken	Available Water as a % of Table A ⁽¹⁾
1997	100%	42,986	7,462	35,524	110%
1998	100%	42,986	18,618	24,368	110%
1999	100%	42,986	20,110	22,876	110%
2000	90%	38,687	22,742	15,945	99%
2001	39%	23,498	18,946	4,552	60%
2002	70%	34,253	27,600	6,653	88%
2003	90%	41,506	26,970	14,536	106%
2004	65%	29,913	29,705	208	77%
2005	90%	41,300	23,344	17,956	106%
2006	100%	49,506	23,275	26,231	127%
2007	60%	30,272	27,740	2,532	77%
2008	35%	23,002	18,391	4,611	59%
2009	40%	28,771	15,452	13,319	74%
2010	50%	36,202	17,775	18,427	93%
2011	80%	43,159	21,050	22,109	110%
15 Year Average	74%	36,602	21,279	15,323	94%

(1) Uses 39,079 acre-feet for full Table A amount, which excludes the CCWA 3,908 AF drought buffer and the Goleta 2,500 AF drought buffer.

(2) Excludes deliveries to San Luis Obispo County.

Total Water Available by Calendar Year Compared to Actual Deliveries

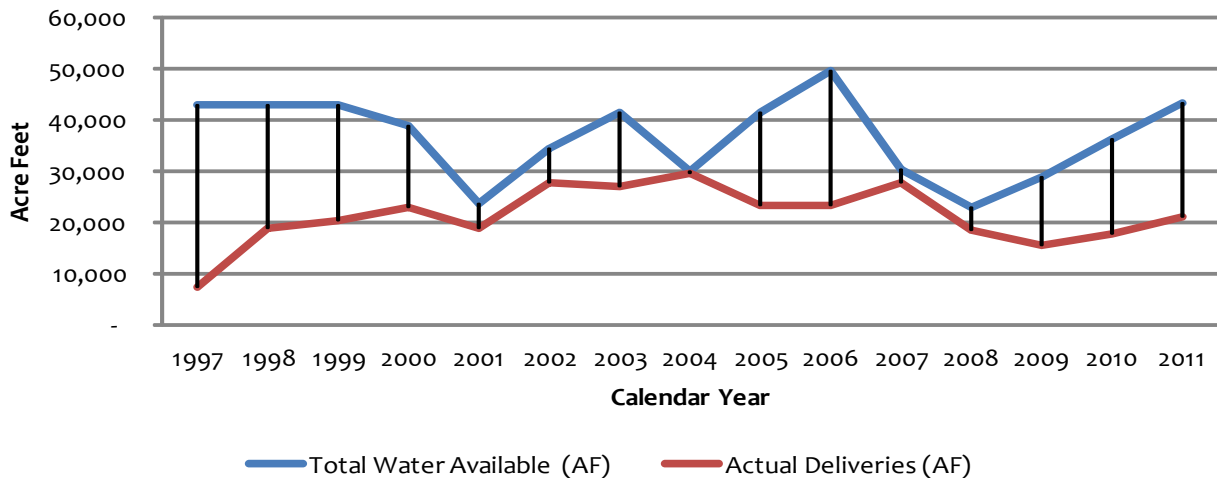


TABLE 11

Schedule of Insurance
Valued June 30, 2012

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
Harford Fire Insurance Company	4-1-12 to 4-1-13	Excess Crime Coverage	\$ 2,000,000	Dishonesty and forgery coverage \$1,000,000 Computer fraud \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-12 to 4-1-13	Property Insurance	\$ 65,318,860	Buildings (\$28,107,916); Personal property (\$1,273,200); Fixed Equipment (\$38,448,861)
ACWA Joint Powers Insurance Authority	10-1-11 to 10-1-12	General and Auto Liability	\$ 2,000,000	Liability JPIA pooled layer
Starr Indemnity #8090009	10-1-11 to 10-1-12	General and Auto Liability	\$ 9,000,000	Liability umbrella policy
Ironshore Speciality #000585302	10-1-11 to 10-1-12	General and Auto Liability	\$ 9,000,000	Liability umbrella policy
Allied World National #0305-7912	10-1-11 to 10-1-12	General and Auto Liability	\$ 20,000,000	Liability umbrella policy
Great American Assurance Company #EXC2105863	10-1-11 to 10-1-12	General and Auto Liability	\$ 20,000,000	Liability umbrella policy

TABLE 12

Full-time Equivalent Employees by Position

Position Title	Number Authorized FY 2009/10	Number Authorized FY 2010/11	Number Authorized FY 2011/12	Change Over FY 2009/10	Change Over FY 2010/11
Executive Director	1.00	1.00	1.00	-	-
Deputy Director	1.00	1.00	1.00	-	-
Operations Manager	1.00	1.00	1.00	-	-
Regulatory Specialist	1.00	1.00	1.00	-	-
Senior Accountant	1.00	1.00	1.00	-	-
Secretary II	2.50	2.50	2.50	-	-
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	0.75	1.00	1.00	0.25	-
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	1.00	1.00	1.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	28.25	28.50	28.50	0.25	-

Statistical Section

City of Pismo Beach

(San Luis Obispo County)

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	4,233	\$ 1,751,585	2,219
2003	4,234	1,772,352	2,001
2004	4,365	1,872,673	1,962
2005	4,405	1,888,635	1,953
2006	4,443	1,994,992	1,924
2007	4,472	2,124,500	2,003
2008	4,713	2,619,579	2,269
2009	4,540	2,834,803	2,135
2010	4,558	2,874,984	1,971
2011	4,569	3,048,595	1,912

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
Cliffs Shell Beach	14,375	\$ 35,655
Pismo Beach Mobile Home Park	14,237	41,371
Shorecliff Lodge	8,226	20,648
Oxford Suites	8,206	22,655
Motel 6	6,767	18,218
Pismo Lighthouse Suites	6,385	18,292
Sunset Palisades	6,359	17,456
Lucia Mar Unified School District-507	5,643	16,321
Quality Inn	5,570	15,141
Seacrest Resort	5,241	14,407
Total	81,009	\$ 220,164

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt	Coverage
2002	\$ 3,304,001	\$ 1,179,819	\$ 2,124,182	\$ 1,197,934	-	1.77
2003	3,259,930	1,248,739	2,011,191	1,287,062	-	1.56
2004	2,854,004	1,523,338	1,330,666	1,198,295	-	1.11
2005	3,051,700	1,561,213	1,490,487	1,251,600	-	1.19
2006	3,485,014	1,732,240	1,752,774	1,204,253	-	1.46
2007	3,858,063	1,923,694	1,934,369	939,309	-	2.06
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

Source: City of Pismo Beach

Statistical Section

City of Morro Bay

(San Luis Obispo County)

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	5,251	\$ 3,857,137	1,253
2003	5,254	3,802,287	1,349
2004	5,383	3,852,954	1,205
2005	5,399	3,436,322	976
2006	5,473	3,884,085	1,009
2007	5,489	3,911,610	1,275
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
Morro Bay High School	33,664	\$ 40,082
City of Morro Bay	17,300	163,627
Pacific Care Center	9,576	137,376
Department of Parks	8,460	93,897
Mission Linen Supply	6,172	91,860
Morro Dunes Trailer Park	3,753	45,179
Silver City Manor	3,413	40,759
San Luis Coastal School District	3,348	33,103
Morro Bay Mobil	2,924	40,834
Morro Elementary School	2,786	27,456
Total	91,396	\$ 714,173

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt	Coverage
2002	\$ 3,857,137	\$ 495,459	\$ 3,361,678	\$ 1,739,275	-	1.93
2003	4,165,957	637,036	3,528,921	1,844,889	-	1.91
2004	3,947,340	938,793	3,008,547	1,815,661	-	1.66
2005	3,531,000	1,047,262	2,483,738	1,888,003	-	1.32
2006	3,884,085	1,150,536	2,733,549	1,854,271	-	1.47
2007	3,896,420	1,203,618	2,692,802	1,783,837	-	1.51
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	1,968,552	2,074,073	-	0.95
2011	3,500,131	1,813,559	1,686,572	2,108,814	-	0.80

Source: City of Morro Bay

Statistical Section City of Guadalupe

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Municipal Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	1,714	\$ 889,048	741
2003	1,804	980,076	764
2004	1,912	1,011,608	811
2005	1,857	1,001,571	605
2006	1,907	1,003,346	719
2007	1,920	1,052,861	1,062
2008	1,916	1,198,705	920
2009	1,926	1,303,214	966
2010	1,915	1,344,941	900
2011	1,927	1,315,006	871

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
Apio Cooler	144,357	\$ 469,161
Obispo Cooling	6,265	20,360
Riverview	5,632	18,304
Guadalupe Union School District	4,874	15,841
Guadalupe Laundromat	3,193	10,377
Pan American Seed	3,059	9,942
P&M Properites	1,590	5,167
Simplot Soil Builders	1,190	3,868
Delfino Hernandez Apts.	742	2,411
Salvador Barragan	725	2,357
Total	171,627	\$ 557,788

(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
2002	\$ 1,257,016	\$ 365,254	\$ 154,212	\$ 1,045,974	\$ 549,327	1.90
2003	1,089,354	372,200	155,315	872,469	685,609	1.27
2004	1,901,527	328,840	154,756	1,727,443	669,041	2.58
2005	1,179,481	281,965	154,756	1,052,272	611,570	1.72
2006	1,062,928	319,283	172,643	916,288	690,570	1.33
2007	1,222,669	489,461	168,777	901,985	675,108	1.34
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

Source: City of Guadalupe

Statistical Section City of Santa Maria

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	17,735	\$ 16,350,234	12,990
2003	18,301	17,569,216	12,647
2004	19,170	19,392,893	13,267
2005	19,596	20,479,665	11,375
2006	20,588	20,901,096	13,026
2007	20,762	23,490,792	14,219
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
City of Santa Maria	278,115	\$ 1,305,781
Santa Maria Elementary Schools	107,115	500,452
Casa Grande Mobile Homes	59,677	194,147
SP Village Green LLC	58,515	256,868
Alan Hancock College	49,186	228,845
Marian Hospital & Facilities	37,650	198,956
S.B. County Housing Authority	36,656	178,329
Mission Linen Supply	24,568	108,564
Casa Del Rio Mobile Estates	23,121	78,347
Pictsweet Frozen Foods	22,871	105,809
Total	697,474	\$ 3,156,098

(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
2002	\$ 22,508,856	\$ 5,395,197	\$ 3,656,826	\$ 20,770,485	\$ 10,081,569	2.06
2003	25,344,832	7,952,493	3,666,401	21,058,740	13,749,295	1.53
2004	26,977,067	7,118,174	4,002,906	23,861,799	13,858,267	1.72
2005	29,016,811	7,651,981	4,002,906	25,367,736	13,962,911	1.82
2006	28,810,320	6,264,092	4,034,968	26,581,196	15,658,361	1.70
2007	33,218,519	8,428,868	3,752,454	28,542,105	15,009,816	1.90
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

(1) Includes wastewater fees and charges.

Source: City of Santa Maria

Statistical Section

City of Buellton

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	1,314	1,144,605	1,068
2003	1,424	1,233,563	1,111
2004	1,491	1,365,416	1,257
2005	1,472	1,300,677	1,115
2006	1,498	1,334,328	1,205
2007	1,540	1,462,049	1,343
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
Professional Investment Planning	21,614	\$ 63,305
Buellton Union School District	17,344	36,090
FPA Flying Flags Assoc. L.P.	13,036	26,948
Santa Ynez Valley Marriott	14,082	29,009
Rivergrove Mobile Home Park	10,089	27,522
Terravant Wine Company	8,036	16,909
The Inn Group	7,249	15,664
Rancho De Maria	5,866	13,551
Thin Film	4,380	9,270
The Laurel Company	3,898	9,784
Total	105,594	\$ 248,052

(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
2002	\$ 1,648,494	\$ 386,855	\$ 227,940	\$ 1,489,579	\$ 792,378	1.88
2003	1,636,470	383,962	239,150	1,491,658	909,639	1.64
2004	1,821,513	418,725	238,324	1,641,112	895,101	1.83
2005	1,418,037	390,028	238,324	1,266,333	940,465	1.35
2006	1,540,833	521,597	241,639	1,260,875	932,461	1.35
2007	1,876,713	521,113	219,910	1,575,510	879,640	1.79
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

Source: City of Buellton

Statistical Section

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	1,893	\$ 3,108,477	1,594
2003	1,901	2,929,186	1,518
2004	1,903	3,286,624	1,506
2005	1,907	3,229,500	1,589
2006	1,903	3,543,426	1,321
2007	1,939	4,023,837	1,512
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
Rancho Santa Ynez Mobile Estate	29,997	\$ 90,430
Alisal Guest Ranch	12,761	38,921
Solvang Lutheran Home	6,872	20,960
Mission Oaks	7,025	21,426
City of Solvang	12,628	44,866
Chumash Resort	7,481	22,817
Worldmark Solvang	7,435	22,677
Wine Valley inn	4,676	14,262
Solvang LLM	6,060	18,483
Solvang School	6,564	20,020
Total	101,499	\$ 314,862

(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
2002	\$ 3,199,145	\$ 992,031	\$ 511,478	\$ 2,718,592	\$ 1,844,616	1.47
2003	2,976,966	778,728	536,633	2,734,871	2,040,658	1.34
2004	3,293,660	854,671	534,808	2,973,797	2,064,965	1.44
2005	3,288,331	795,547	534,808	3,027,592	2,002,319	1.51
2006	3,628,170	1,191,775	547,407	2,983,802	2,189,627	1.36
2007	4,146,380	1,051,531	540,980	3,635,829	2,355,170	1.54
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

Source: City of Solvang

Statistical Section

Santa Ynez River Water Conservation District, ID# 1

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	2,260	\$ 3,505,160	5,859
2003	2,351	3,373,470	4,968
2004	2,363	3,816,702	6,012
2005	2,422	3,518,032	4,637
2006	2,442	3,848,782	4,800
2007	2,444	4,607,704	5,223
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
City of Solvang	27	\$ 201,777
Santa Barbara County at Lake Cachuma	81	93,114
Private Education Facility	33	42,404
Private Commercial	30	39,502
Private Commercial Agriculture	199	42,731
Private Commercial Agriculture	151	29,350
Private Mutual Water Company	21	27,992
Private Agriculture	36	16,310
Private Agriculture	69	13,342
Private Agriculture	57	11,573
Total	704	\$ 518,095

(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
2001	\$ 7,021,956	\$ 2,490,288	\$ 826,350	\$ 5,358,018	\$ 2,888,552	1.85
2002	6,845,936	2,339,610	880,195	5,386,521	2,912,443	1.85
2003	6,629,264	2,558,215	923,484	4,994,533	3,148,476	1.59
2004	7,004,003	3,000,250	920,343	4,924,096	3,179,539	1.55
2005	6,915,751	2,786,325	920,343	5,049,769	3,119,539	1.62
2006	7,302,870	2,978,983	933,145	5,257,032	3,584,153	1.47
2007	8,108,093	3,393,751	924,751	5,639,093	3,699,006	1.52
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

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

Source: Santa Ynez Improvement District #1

Statistical Section

Goleta Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	15,717	\$ 15,173,245	13,223
2003	15,999	14,941,700	12,786
2004	16,249	16,146,551	14,083
2005	16,039	14,922,566	12,619
2006	16,202	15,425,971	12,077
2007	16,459	18,582,563	14,406
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
UCSB	805	\$ 1,323,145
Santa Barbara County	255	488,419
Touchstone Golf	289	309,376
City of Santa Barbara	83	247,173
Santa Barbara United School District	115	230,742
Goleta Union School District	106	196,655
Cavaletto Ranches, LLC	390	183,742
Bacara Resort Services	104	182,591
Michael Towbes	83	161,066
Sandpiper Golf Course	188	140,228
Total	2,418	\$ 3,463,137

(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
2002	\$ 19,127,924	\$ 9,076,023	\$ -	\$ 10,051,901	\$ 6,363,680	1.58
2003	20,942,599	9,757,739	-	11,184,860	7,159,868	1.56
2004	22,648,173	11,824,796	-	10,823,377	7,355,604	1.47
2005	20,566,002	10,831,320	-	9,734,682	6,677,042	1.46
2006	23,328,943	11,632,904	-	11,696,039	6,724,499	1.74
2007	25,425,947	11,734,133	-	13,691,814	6,791,250	2.02
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

Source: Goleta Water District

Statistical Section

La Cumbre Mutual Water Company

Historic Water Connections and Sales Revenues

Fiscal Year Ending Dec. 31	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2001	1,429	1,461,097	1,399
2002	1,436	2,081,946	1,891
2003	1,437	1,918,454	1,724
2004	1,449	2,146,100	1,923
2005	1,464	1,869,863	1,692
2006	1,468	1,902,450	1,698
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	1,467	2,377,639	1,523

Largest Customers as of December 31, 2010

	Water Usage ⁽¹⁾	Annual Payment
La Cumbre Golf & County Club	61,100	\$ 194,346
Stanford Farms	10,177	53,405
Timothy Pasquinelli	5,749	36,019
Stephen Redding	6,156	32,172
Carriage Hill Association	4,191	24,659
William Foley	3,980	20,697
Christopher & Ann Conway	3,722	19,873
Laguna Blanca School	3,192	18,517
Marsupial Properties	1,450	16,849
Mark Steinman	2,128	10,087
Total	<u>101,845</u>	<u>\$ 426,624</u>

(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
2001	\$ 2,276,469	\$ 671,417	\$ 343,866	\$ 1,948,918	\$ 1,417,985	1.37
2002	2,879,539	909,109	346,327	2,316,757	1,370,014	1.69
2003	2,668,781	862,951	345,084	2,150,914	1,485,915	1.45
2004	2,904,071	985,101	345,084	2,264,054	1,571,521	1.44
2005	2,662,982	1,086,734	353,407	1,929,655	1,430,960	1.35
2006	2,854,771	1,201,326	353,407	2,006,852	1,558,596	1.29
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

Source: La Cumbre Mutual Water Co.

Statistical Section City of Santa Barbara

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	25,388	\$ 21,121,848	14,575
2003	25,527	20,822,544	12,779
2004	25,653	23,127,138	13,568
2005	25,809	24,447,594	12,724
2006	25,821	24,765,305	13,290
2007	25,918	27,588,409	14,753
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	13,314

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
City of Santa Barbara	154,027	\$ 479,644
Montecito Country Club	75,372	240,949
Monte B. Semler	26,777	134,144
S.B. United School District	39,554	99,791
Franciscan Villas Association	12,852	69,430
Mercy Housing California	11,838	64,956
Sandra Nicholson	9,040	55,088
Elmer W. Koonce	2,902	51,661
Twobes Group, Inc.	9,452	45,473
Hope School	12,267	43,744
Total	354,081	\$ 1,284,880

(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
2002	\$ 25,125,762	\$ 14,167,864	\$ 10,957,898	\$ 3,965,732	\$ 1,366,367	2.06
2003	24,217,862	13,833,176	10,384,686	4,439,646	1,783,100	1.67
2004	25,431,147	13,822,119	11,609,028	4,481,194	1,870,214	1.83
2005	27,074,924	14,553,073	12,521,851	4,315,818	1,853,342	2.03
2006	28,255,283	15,993,253	12,262,030	4,524,129	1,861,889	1.92
2007	32,081,577	16,362,453	15,719,124	4,148,802	1,854,987	2.62
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

Source: City of Santa Barbara

Statistical Section

Montecito Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	4,453	6,338,736	5,535
2003	4,505	6,406,516	5,494
2004	4,554	7,579,730	6,055
2005	4,406	7,168,706	5,447
2006	4,588	6,974,106	5,067
2007	4,612	9,168,272	6,333
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
Resort Hotel	35,864	\$ 178,768
Golf Club	58,863	163,829
Private College	26,270	131,714
Single Family Residence	20,882	123,791
Retirement Community	18,345	101,105
Single Family Residence	13,981	90,233
Resort Hotel	15,231	85,879
Cemetery	15,661	65,378
Agricultural	31,045	62,483
Golf Club	12,935	61,719
Total	249,077	\$ 1,064,899

(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
2002	\$ 9,540,728	\$ 3,752,696	\$ 956,320	\$ 6,744,352	\$ 3,433,729	1.96
2003	9,244,612	4,002,960	963,170	6,204,822	4,419,336	1.40
2004	10,839,346	4,809,464	959,705	6,989,587	4,550,214	1.54
2005	10,502,210	4,533,557	959,705	6,928,358	4,475,119	1.55
2006	10,509,053	4,855,534	973,053	6,626,572	4,723,577	1.40
2007	13,014,537	5,353,583	970,780	8,631,734	4,658,858	1.85
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

Source: Montecito Water District

Statistical Section Carpinteria Valley Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2002	4,155	\$ 5,888,252	4,338
2003	4,160	6,061,867	4,185
2004	4,168	7,010,594	4,572
2005	4,171	7,341,470	3,647
2006	4,168	9,029,076	3,983
2007	4,230	9,996,151	4,474
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

Largest Customers as of June 30, 2011

	Water Usage ⁽¹⁾	Annual Payment
Casitas Village (Home Owners' Assn)	22,453	\$ 231,373
Villa Del Mar (Home Owners' Assn)	24,870	224,352
Sandpiper	20,966	217,315
City of Carpinteria	16,370	158,872
Cate School	31,806	140,786
Kilovac Corp	19,901	65,578
Circle G	22,515	48,018
Cervini Farm CA, Inc.	25,510	45,932
B&H Flowers	19,321	35,411
Van Wingerden Ranch FH	17,163	33,741
Total	220,875	\$ 1,201,378

(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
2002	\$ 6,511,543	\$ 3,076,394	\$ 750,000	\$ 4,185,149	\$ 2,329,012	1.80
2003	6,416,969	3,108,514	755,372	4,063,827	2,859,212	1.42
2004	7,212,653	3,547,673	752,655	4,417,635	2,968,996	1.49
2005	8,433,644	3,722,069	752,655	5,464,230	2,991,544	1.83
2006	9,537,158	4,108,439	763,122	6,191,841	2,995,352	2.07
2007	10,598,119	4,153,923	663,427	7,107,623	2,653,710	2.68
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

Source: Carpinteria Valley Water District