

# Central Coast Water Authority

A California Joint Powers Authority



## Comprehensive Annual Financial Report Year Ending June 30, 2008

Prepared by  
**Ray A. Stokes**  
Deputy Director



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# INTRODUCTORY SECTION





October 23, 2008

Leo Trujillo  
Chairman

Fred Lemere  
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

Members of the Board  
Central Coast Water Authority

The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2008 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.

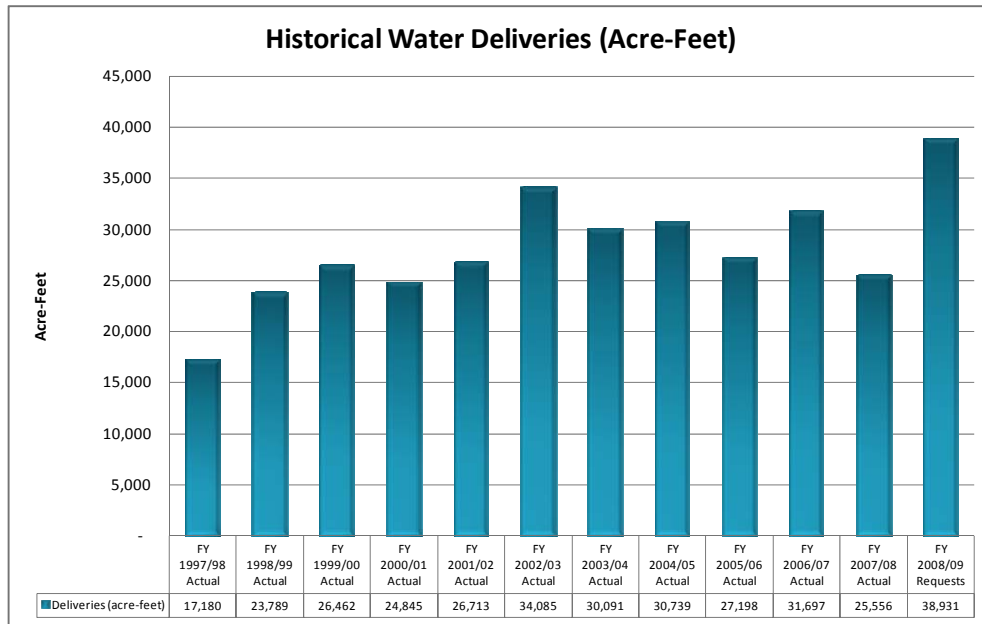
Our discussion and analysis of the Central Coast Water Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Authority's financial statements, which begin on page 1.

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

## **SIGNIFICANT ACCOMPLISHMENTS**

### Water Deliveries

Total deliveries during FY 2007/08 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 25,556 acre-feet compared to the actual FY 2006/07 deliveries of 31,697 acre-feet (a decrease of 6,141 acre-feet). The graph on the following page shows water deliveries since CCWA commenced operations in August 1997.

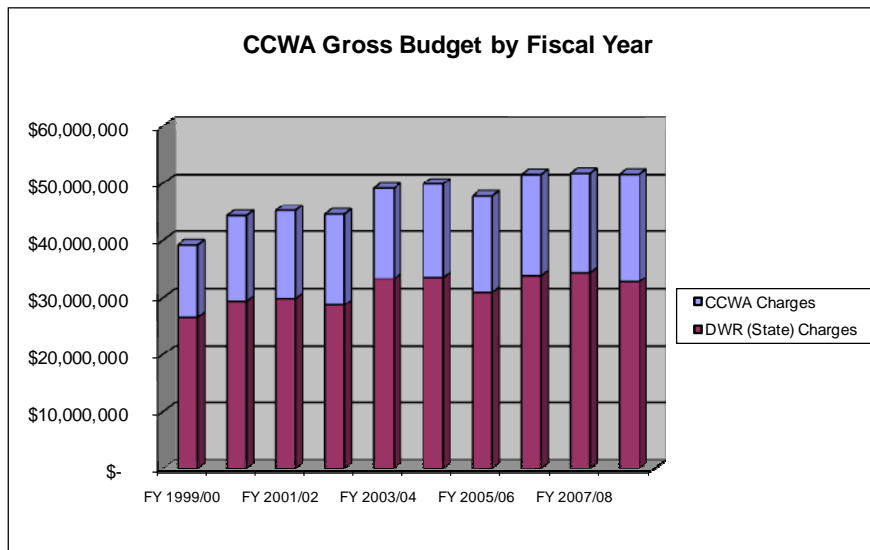


### CCWA Credits

Actual CCWA operating expenses for FY 2007/08 were approximately \$1.5 million less than the budgeted amounts. These unexpended operating assessments will be returned to the CCWA project participants as a credit in FY 2008/09. Additionally, CCWA earned approximately \$1.8 million in interest income which serves to offset the payments from the project participants. Total credits for FY 2007/08 were approximately \$3.3 million.

### 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 1999/00 to FY 2008/09.



### San Luis Obispo County Dry Year Water Transfer

During FY 2007/08, CCWA entered into an agreement with San Luis Obispo County to purchase a portion of the County's unused Table A amount for calendar years 2008 and 2009 to help meet the water demands of the CCWA project participants for the two year period. Pursuant to the requirements of DWR, the term of the agreement is for two years and will expire at the end of the second year. For calendar year 2008, this will make available approximately 5,033 AF of additional State water into Santa Barbara County, thereby helping offset the low delivery allocation percentage from DWR in 2008 and anticipated low deliveries for 2009.

### Water Banking Project with Irvine Ranch Water District

CCWA entered into an agreement with the Irvine Ranch Water District (IRWD) on behalf of the Carpinteria Valley Water District to bank a portion of Carpinteria's 2008 State water Table A amount in the IRWD water bank. Pursuant to the terms of the agreement, Carpinteria will not pay any costs associated with putting the water into the bank and may withdraw one-half of the banked water within the next five years and pay all the variable costs at the time the water is withdrawn from the water bank.

### Water Transfers between CCWA Project Participants

In FY 2007/08, 2,937 acre-feet of water was transferred between various CCWA project participants on a willing seller, willing buyer basis. These transfers helped reduce the impacts of the calendar year 2008 low DWR delivery allocation percentage of 35% and allowed those agencies with excess Table A water in calendar year 2008 to sell their excess water at a higher rate than available through the DWR Turnback pool.

### Awards and Competitions

In May 2008, the American Public Works Association honored CCWA with the "Project of the Decade", citing CCWA's design, construction and operation of the 144-mile Coastal Branch Extension of the State Water Project and its associated treatment and pumping plants.

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.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Coast Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

### **Fiscal Year 2008/09 and Beyond**

#### California Drought

In June 2008, Governor Arnold Schwarzenegger declared a California statewide drought in response to two straight years of historically low rainfall and very low snowfall runoff. As a result of the low precipitation in California and various judicially mandated pumping restrictions, DWR's delivery allocation percentage for 2008 is 35% and, barring a significant increase in rainfall through the end of the year, the initial calendar year 2009 delivery allocation percentage could be well below the 2008 level. As such, CCWA continues to explore options for meeting the demand of its project participants through various programs including the San Luis Obispo County dry year water purchase program, reacquisition of the 12,214 AF of suspended Table A amount and transfers between project participants.

#### Department of Water Resources Activities and Related Costs

During FY 2008/09, 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.

One of the main issues confronting the State Water Contractors will be navigating the various obstacles resulting from a series of lawsuits initiated against DWR during 2007. These lawsuits basically challenged DWR's compliance with both federal and state endangered species acts (ESA) for the delta smelt and other species in the Sacramento-San Joaquin delta. DWR was forced to reduce water deliveries in 2008 to comply with ESA and court mandated requirements. This coupled with a decrease in precipitation is having a major impact on the entire State of California.

#### DWR Costs and Financial Issues

DWR has begun the initial planning and design work to explore alternative conveyance facility alternatives around the Sacramento-San Joaquin Delta. DWR anticipates these studies and design work will take three or more years to complete at an approximate cost of \$128 million. However, in order to pay for these costs, the State Water Project Contractors and the Federal Contractors will have to advance funds to DWR on a voluntary basis. The State Water Contractors in conjunction with the Federal Contractors are working with DWR to develop a funding and financing plan for these costs.

DWR has also issued preliminary estimates of the 2009 State Water Project costs which are significantly higher than previous estimates. The Contractors will work diligently through



the remainder of calendar year 2008 to explore the reasons for these cost increases, and where possible, seek a reduction for those costs not deemed necessary.

## **SANTA BARBARA COUNTY ECONOMIC OUTLOOK (2007 data)**

### Employment

- The County's unemployment rate turned upward from 4.1% to 4.4%
- Job growth remained anemic with an increase of only 0.9% in 2007

### Income

- The average annual salary increased 2.2% to \$41,242

### Retail Sales

- Retail sales decreased 4.9% to \$5.9 million for the 2007 calendar year.

### Real Estate

- The county-wide median home price increased 5.3% to \$771 thousand, compared to a state-wide home price decrease of 4.1%.
- Santa Barbara County's residential real estate market slowed during 2007. The slowdown was reflected in sales volume, price growth, and new housing production. Given this market trend, it is notable that existing single-family median home prices remained stable.
- Non-residential valuations increased 15% to \$208.9 million.

### Tourism

- The South Coast's 2007 hotel and motel occupancy rate was estimated at 73%.

## **OTHER INFORMATION**

### Accounting System

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

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

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

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

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

Cash Management

Cash was invested in demand deposits, mutual funds, the State of California's Local Agency Investment Fund (LAIF) and money market accounts during FY 2007/08. At June 30, 2008, the Authority's investment portfolio had a weighted average maturity of 0 days and a yield to maturity of 2.68%.

Risk Management

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

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided approximately \$2,816 per calendar year to pay dental and vision expenses for the employee and their qualified dependents. For the plan year ended June 30, 2008, the maximum liability under the plan was \$78,372 and claims paid were \$53,225.

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

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June 30, 2008

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

Leo Trujillo, Chairman  
Fred Lemere, Vice Chairman  
Iya Falcone  
Harlan Burchardi

Dale Molesworth  
Richard Shaikewitz  
Lynette Mills  
John Sabedra

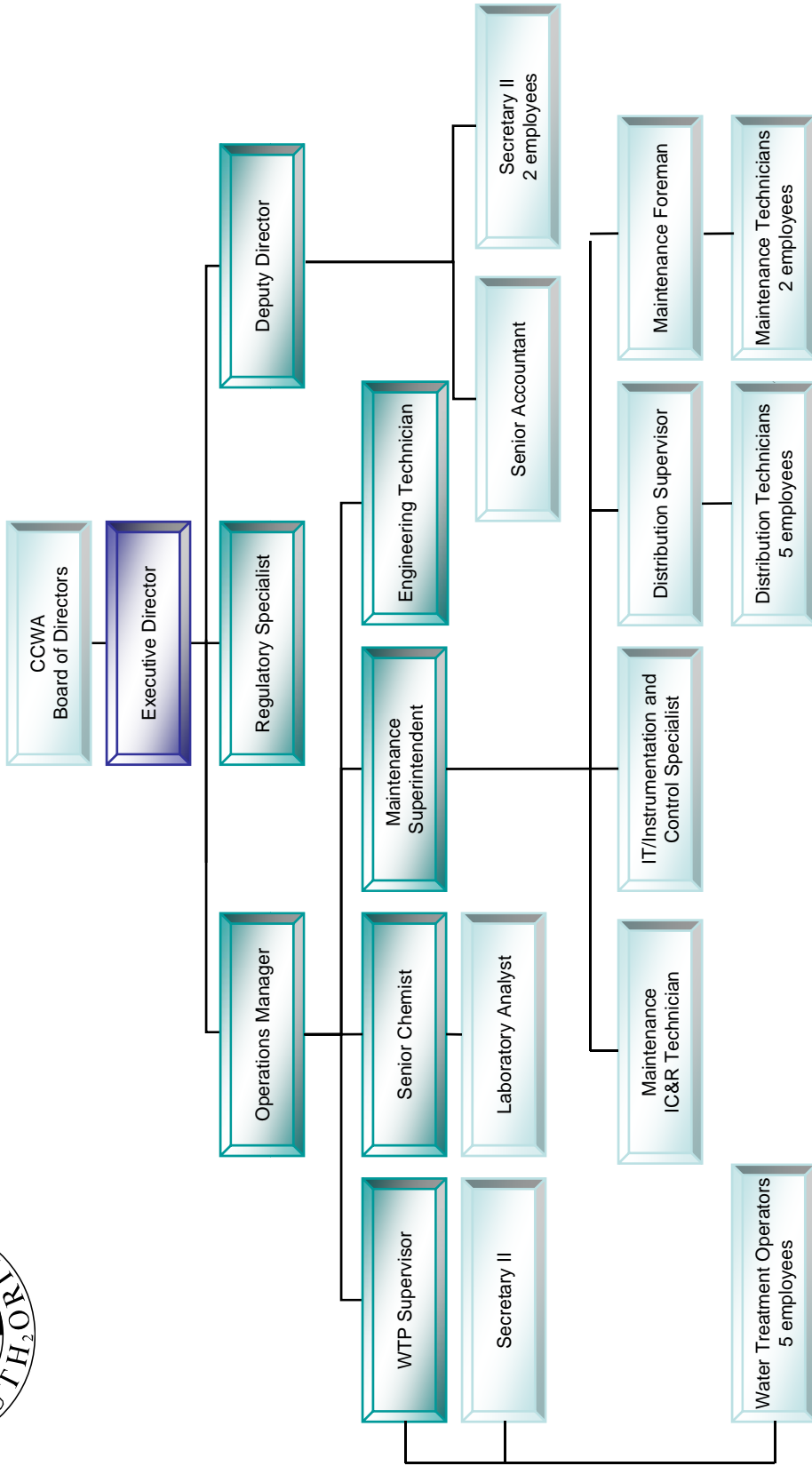
City of Santa Maria  
Carpinteria Valley Water District  
City of Santa Barbara  
Santa Ynez River Water Conservation District,  
Improvement District No. 1  
City of Buellton  
Montecito Water District  
Goleta Water District  
City of Guadalupe

## **AUTHORITY STAFF**

William Brennan  
Ray Stokes  
John Brady

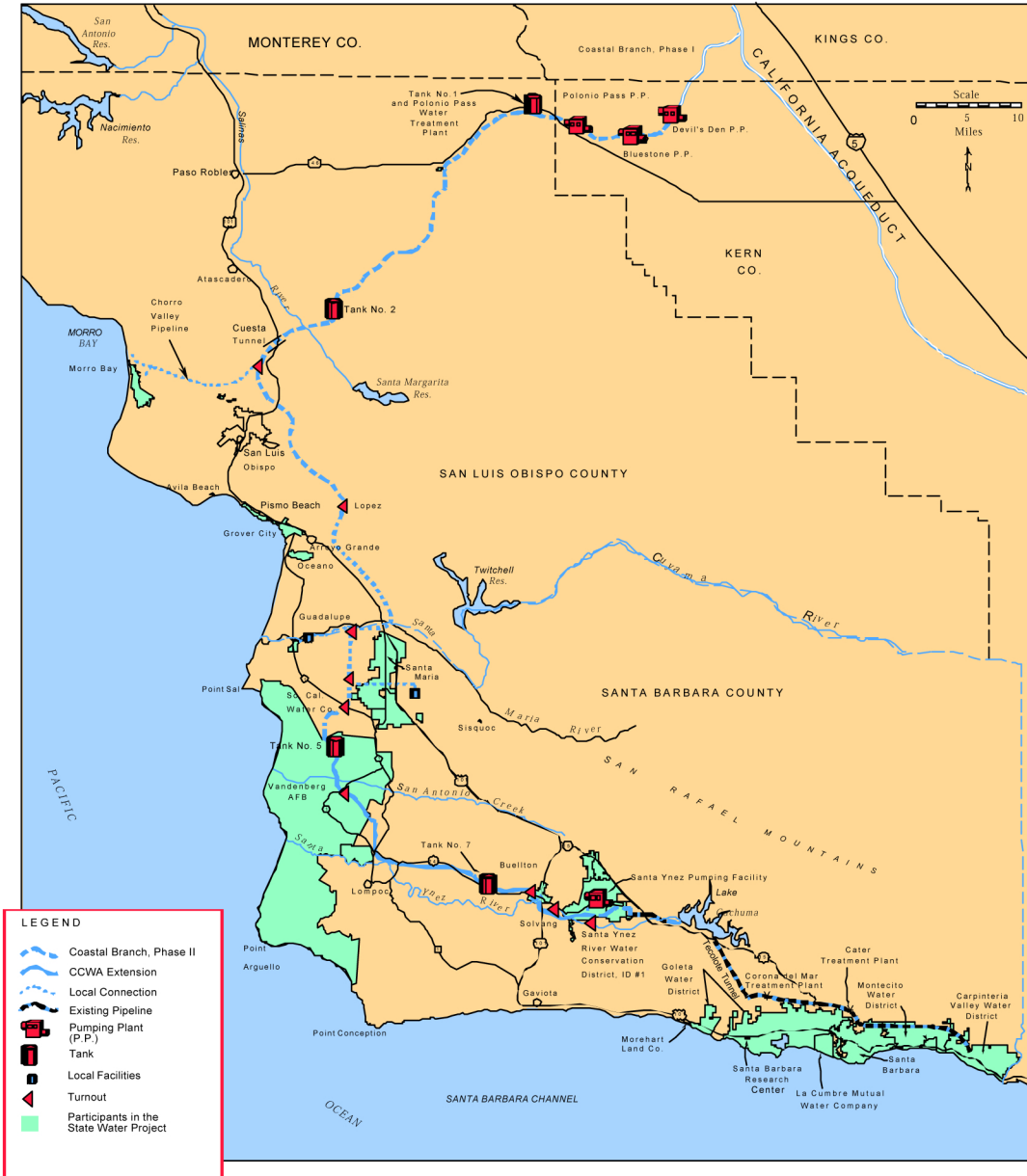
Executive Director  
Deputy Director  
Operations Manager/Engineer

# Central Coast Water Authority Organization Chart





# Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Central Coast Water Authority, California

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

# FINANCIAL SECTION



# NASIF, HICKS, HARRIS & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM J. NASIF  
STEVEN J. HICKS  
JEFFERY P. HARRIS  
BARBARA ROGERS SCOLLIN  
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October 23, 2008

## 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, 2008 and 2007, 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, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

  
Nasif, Hicks, Harris & Co., LLP





# Management's Discussion and Analysis

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## *MANAGEMENT'S DISCUSSION AND ANALYSIS*

**Fiscal Year Ended June 30, 2008**

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2008. 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 26 full time employees and three part-time employees.

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



# Management's Discussion and Analysis

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	<u>7.64%</u>
TOTAL	100.00%

## CCWA Committees

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

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

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

## Santa Barbara County Project Participants

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

## San Luis Obispo County Water Purchasers

Each San Luis Obispo County water purchaser is a water purveyor or user located in San Luis Obispo County which obtained contractual rights from SLOCFWCD 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.

<b><u>Condensed Balance Sheet</u></b>					
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>June 30, 2006</b>	<b>2008-2007 Change</b>	<b>2007-2006 Change</b>
Current Assets	\$ 56,303,025	\$ 56,152,178	\$ 54,492,103	\$ 150,847	\$ 1,660,075
Non-Current Restricted Assets	11,718,150	11,816,622	25,472,004	(98,472)	(13,655,382)
Capital Assets	113,488,910	115,558,673	117,799,603	(2,069,763)	(2,240,930)
Other Assets	19,199,163	20,772,856	24,421,522	(1,573,693)	(3,648,666)
<b>Total Assets</b>	<b>\$ 200,709,248</b>	<b>\$ 204,300,329</b>	<b>\$ 222,185,232</b>	<b>\$ (3,591,081)</b>	<b>\$ (17,884,903)</b>
Current Liabilities	\$ 64,030,369	\$ 63,843,876	\$ 61,834,467	\$ 186,493	\$ 2,009,409
Long-Term Liabilities	119,242,605	125,242,533	145,921,901	(5,999,928)	(20,679,368)
<b>Total Liabilities</b>	<b>183,272,974</b>	<b>189,086,409</b>	<b>207,756,368</b>	<b>(5,813,435)</b>	<b>(18,669,959)</b>
Net assets invested in capital assets net of related debt	15,393,071	13,141,528	11,994,874	2,251,543	1,146,654
Restricted - total	11,597,504	11,637,508	12,546,345	(40,004)	(908,837)
Unrestricted	(9,554,301)	(9,565,116)	(10,112,355)	10,815	547,239
Total Net Assets	17,436,275	15,213,920	14,428,864	2,222,353	785,056
<b>Total Liabilities and Net Assets</b>	<b>\$ 200,709,248</b>	<b>\$ 204,300,329</b>	<b>\$ 222,185,232</b>	<b>\$ (3,591,081)</b>	<b>\$ (17,884,903)</b>

### Balance Sheet Analysis

#### June 30, 2008 Comparison to June 30, 2007

- Total assets as of June 30, 2008 are \$200.7 million, or \$3.6 million less than the June 30, 2007 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 \$6 million lower due to the revenue bond principal payment during the year.

#### June 30, 2007 Comparison to June 30, 2006

- Total assets as of June 30, 2007 are \$204.3 million, or \$17.9 million less than the June 30, 2006 amount.
- Non-current restricted assets are approximately \$13.7 million lower than the prior year amount due to the elimination of the 1996 revenue bond reserve fund guaranteed investment contract which was liquidated as part of the refinancing of the 1996 revenue bonds with the 2006A revenue bonds. The reserve requirement for the 2006A revenue bonds is being satisfied through a surety contract.
- Capital and other assets are \$5.9 million lower than the prior year amount due to depreciation of the Authority's capital assets, amortization of the CCWA 1996 and 2006A revenue bond issuance costs, issuance of the 2006A revenue bonds at a premium compared to the 1996 revenue bonds which were issued at a discount, and cash payments received for the long-term receivable.



# Management's Discussion and Analysis

- Current liabilities are about \$2.0 million higher than the prior year amount due to an increase in the project participant payments for DWR costs, partially offset by a decrease in project participant prepayments.
- Long-term liabilities are \$20.7 million lower due to the transfer of the 1996 revenue bonds with the 2006A revenue bonds.

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.

<b><u>Condensed Statement of Revenues, Expenses and Changes in Net Assets</u></b>						
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>June 30, 2006</b>	<b>2008-2007 Change</b>	<b>2007-2006 Change</b>	
<b>Operating Revenues (Expenses)</b>						
Operating revenues	\$ 17,587,809	\$ 16,948,321	\$ 16,416,803	\$ 639,488	\$ 531,518	
Operating expenses, excluding depreciation expense	(6,374,186)	(6,394,058)	(5,579,797)	19,872	(814,261)	
Depreciation and amortization	(3,253,470)	(3,438,918)	(3,752,017)	185,448	313,099	
<b>Operating Income</b>	<b>\$ 7,960,153</b>	<b>\$ 7,115,345</b>	<b>\$ 7,084,989</b>	<b>\$ 844,808</b>	<b>30,356</b>	
Non-operating revenues	\$ 1,868,499	\$ 2,392,965	\$ 2,268,789	\$ (524,466)	124,176	
Non-operating expenses	(7,606,298)	(8,394,916)	(8,850,453)	788,618	455,537	
Refund of capital contributions	-	(328,338)	-	328,338	(328,338)	
<b>Increase (decrease) in Net Assets</b>	<b>\$ 2,222,354</b>	<b>\$ 785,056</b>	<b>\$ 503,325</b>	<b>\$ 1,437,298</b>	<b>\$ 281,731</b>	

### June 30, 2008 Comparison to June 30, 2007

- Operating revenues as of June 30, 2008 are about \$0.6 million higher than the prior year amount. This increase is primarily attributed to an increase in the operating reimbursements from project participants for an increase in operations and maintenance costs for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2007/08, this credit totaled \$1.1 million compared to the FY 2006/07 credit of \$0.8 million.

- Operating expenses, excluding depreciation and amortization expense are about the same as the prior year amounts with the following significant variances:
  1. Personnel expenses are higher than the prior year amount by about \$0.18 million due to salary increases and personnel changes during the year.
  2. Increase in unexpended operating reimbursements of \$0.1 million due to an increase in the budget surplus for FY 2007/08 which is payable back to the Authority's project participants.
  3. Decrease in other expenses of \$0.36 million attributed to a decrease in the non-capitalized project expenses for FY 2007/08 compared to the prior year amounts.
- Non-operating revenues are about \$0.5 million lower due to a decrease in investment income.
- Non-operating expenses are \$0.8 million lower due to a decrease in interest income payable to the Authority's project participants and a decrease in revenue bond interest expense.



# Management's Discussion and Analysis

## June 30, 2007 Comparison to June 30, 2006

- Operating revenues as of June 30, 2007 are about \$0.5 million higher than the prior year amount. This increase is primarily attributed to an increase in the operating reimbursements from project participants for an increase in operations and maintenance costs for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2006/07, this credit totaled \$0.9 million compared to the FY 2005/06 credit of \$0.8 million.

- Operating expenses, excluding depreciation and amortization expense are about \$0.8 million higher than the prior year amount due to the following:
  - Supplies and equipment expense increase of \$0.15 million due to an increase in water deliveries coupled with a slight increase in chemical costs.
  - Utilities expense increase of \$0.12 million due to an increase in water deliveries to Lake Cachuma for the Santa Barbara County south coast project participants during FY 2006/07 compared to the prior year.
  - Increase in unexpended operating reimbursements of \$0.14 million due to an increase in the budget surplus for FY 2006/07 which is payable back to the Authority's project participants.
  - Increase other expenses of \$0.24 million attributed to an increase in the non-capitalized project expenses for FY 2006/07 compared to the prior year amounts.
- Non-operating expenses are \$0.45 higher due to an increase in interest income payable to the Authority's project participants.

## Capital Assets

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

	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>2008-2007</u> <u>Change</u>	<u>2007-2006</u> <u>Change</u>
Land	\$ 3,178,700	\$ 3,178,700	\$ 3,148,500	\$ (0)	\$ 30,200
Furniture fixtures and equipment	471,712	473,821	654,327	(2,109)	(180,506)
Equipment	28,388,043	28,324,938	28,117,531	63,105	207,407
Buildings and structures	48,709,739	48,476,520	48,427,212	233,219	49,308
Underground pipeline	58,971,623	58,971,623	58,971,623	-	(0)
Construction in progress	18,490	170,694	371,028	(152,204)	(200,334)
Total property, plant and equipment	139,738,307	139,596,297	139,690,221	142,010	(93,924)
Accumulated depreciation	(26,249,397)	(24,037,624)	(21,890,617)	(2,211,773)	(2,147,006)
Net property, plant and equipment	\$ 113,488,910	\$ 115,558,673	\$ 117,799,604	\$ (2,069,763)	\$ (2,240,929)

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



# Management's Discussion and Analysis

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## 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, 2008, the Authority had \$117,295,000 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 the Notes to the Financial Statements for additional information regarding the Authority's long-term debt.



# Balance Sheets

## ASSETS

### Current Assets

	<u>For the fiscal year ended</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Cash and investments	\$ 20,153,049	\$ 19,930,751
Interest receivable	108,936	165,061
Other assets	265,748	217,253
Total Unrestricted Current Assets	<u>20,527,733</u>	<u>20,313,065</u>
Restricted Current Assets		
Cash and investments held for payment to DWR	<u>35,775,292</u>	<u>35,839,113</u>
<b>Total Current Assets</b>	<u>56,303,025</u>	<u>56,152,178</u>

### Non-Current Assets

#### Restricted Assets

Cash and investments with fiscal agents	282	19,725
Cash and investments for debt service payments	11,597,222	11,617,204
Interest receivable	<u>120,646</u>	<u>179,693</u>
Total Restricted Non-Current Assets	<u>11,718,150</u>	<u>11,816,622</u>

#### Capital Assets

Capital assets (Net of accumulated depreciation of \$26,249,397 for 2008 and \$24,037,624 for 2007)	110,310,210	112,379,973
Land	<u>3,178,700</u>	<u>3,178,700</u>
Total Capital Assets	<u>113,488,910</u>	<u>115,558,673</u>
Unamortized bond issuance costs, net	6,690,783	7,567,595
Long-term accounts receivable	12,508,380	13,205,261
<b>Total Non-Current Assets</b>	<u>144,406,223</u>	<u>148,148,151</u>

<b>Total Assets</b>	<u>\$ 200,709,248</u>	<u>\$ 204,300,329</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

### Current Liabilities

	<u>For the fiscal year ended</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Accounts payable	\$ 149,089	\$ 282,910
Deposits for payment to DWR	35,872,441	35,979,297
Accrued interest payable	1,380,982	1,439,931
Other liabilities	485,978	473,859
Liability for compensated absences	111,490	87,418
Current portion of bonds payable	6,190,000	5,895,000
Prepaid project participant assessments	19,840,389	19,685,461
<b>Total Current Liabilities</b>	<u>64,030,369</u>	<u>63,843,876</u>

### Long-Term Liabilities

Bonds payable	111,105,000	117,295,000
Rate coverage reserve fund	8,137,605	7,947,533
<b>Total Long-Term Liabilities</b>	<u>119,242,605</u>	<u>125,242,533</u>
<b>Total Liabilities</b>	<u>183,272,974</u>	<u>189,086,409</u>

### Net Assets

Net assets invested in capital assets, net of related debt	15,393,071	13,141,528
Restricted - capital projects	282	20,304
Restricted - debt service	11,597,222	11,617,204
Unrestricted	(9,554,301)	(9,565,116)
<b>Total Net Assets</b>	<u>17,436,274</u>	<u>15,213,920</u>

<b>Total Liabilities and Net Assets</b>	<u>\$ 200,709,248</u>	<u>\$ 204,300,329</u>
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*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, 2008	June 30, 2007
<b><u>Operating Revenues</u></b>		
Operating reimbursements from project participants	\$ 17,525,113	\$ 16,916,363
Other revenues	62,696	31,958
<b>Total Operating Revenues</b>	<b>17,587,809</b>	<b>16,948,321</b>
<b><u>Operating Expenses</u></b>		
Personnel expenses	2,970,211	2,787,383
Office expenses	25,020	22,438
General and administrative	184,278	177,079
Professional services	283,521	317,766
Supplies and equipment	783,569	791,005
Monitoring expenses	52,500	51,963
Repairs and maintenance	157,693	220,748
Utilities	402,829	355,065
Unexpended operating reimbursements	1,100,689	891,394
Depreciation and amortization	3,253,470	3,438,918
Other expenses	413,876	779,217
<b>Total Operating Expenses</b>	<b>9,627,656</b>	<b>9,832,976</b>
<b>Operating Income</b>	<b>7,960,153</b>	<b>7,115,345</b>
<b><u>Non-Operating Revenues</u></b>		
Interest income	1,862,268	2,381,697
Gain on disposal of capital assets	6,231	11,268
<b>Total Non-Operating Revenues</b>	<b>1,868,499</b>	<b>2,392,965</b>
<b><u>Non-Operating Expenses</u></b>		
Interest expense	5,582,876	6,223,707
Loss on disposal of capital assets	164,911	-
Interest income paid to project participants	1,858,511	2,171,209
<b>Total Non-Operating Expenses</b>	<b>7,606,298</b>	<b>8,394,916</b>
Increase in net assets before contributions	2,222,354	1,113,394
Refund of capital contributions	-	(328,338)
<b>Change in net assets</b>	<b>2,222,354</b>	<b>785,056</b>
Net assets, at beginning of year	15,213,920	14,428,864
Net assets, at end of year	<b>\$ 17,436,274</b>	<b>\$ 15,213,920</b>

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



# Statements of Cash Flows

	<b>For the fiscal year ended</b>	
	<b>June 30, 2008</b>	<b>June 30, 2007</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from project participants and other operating activities	\$ 16,521,000	\$ 14,572,304
Cash payments to employees	(2,053,516)	(1,930,692)
Cash payments to suppliers	(3,353,802)	(3,450,336)
Net cash provided by operating activities	<u>11,113,682</u>	<u>9,191,276</u>
<b>Cash Flows from Investing Activities</b>		
Interest and dividends on investments	1,977,440	2,523,823
Net cash provided by investing activities	<u>1,977,440</u>	<u>2,523,823</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(471,676)	(454,619)
Interest paid on long-term debt	(5,641,826)	(6,600,947)
Principal payments on long-term debt	(5,895,000)	(4,915,000)
Proceeds used to refund outstanding 1996 revenue bonds	-	(142,674,414)
Proceeds provided by issuance of Series 2006A revenue bonds	-	129,915,664
Proceeds received from sale of capital assets	6,231	11,268
Net cash used by capital and related financing activities	<u>(12,002,271)</u>	<u>(24,718,048)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Proceeds received for DWR and Warren Act charges	34,813,649	35,397,183
Payments of DWR and Warren Act charges	(35,783,448)	(35,296,275)
Proceeds received for rate coverage fund and prepayment deposits	-	1,000,000
Net cash provided (used) by non-capital financing activities	<u>(969,799)</u>	<u>1,100,908</u>
Net (decrease) increase in cash and cash equivalents	119,052	(11,902,041)
Cash and cash equivalents, beginning of year	<u>67,406,793</u>	<u>79,308,834</u>
Unrestricted cash and investments	20,153,049	19,930,751
Restricted cash and investments with fiscal agents	282	19,725
Restricted cash and investments held for payment to DWR	35,775,292	35,839,113
Restricted cash and investments for debt service payments	11,597,222	11,617,204
Cash and cash equivalents, end of year	<u>\$ 67,525,845</u>	<u>\$ 67,406,793</u>
<b>Cash Flows From Operating Activities</b>		
Operating Income	\$ 7,960,153	\$ 7,115,345
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,253,470	3,438,918
Unexpended operating reimbursements payable to project participants	1,100,689	891,394
Operating revenues paid from credits and unearned revenue	(1,066,808)	(2,376,016)
Increase (decrease) in accounts payable	(133,822)	121,635
Net cash provided by operating activities	<u>\$ 11,113,682</u>	<u>\$ 9,191,276</u>

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



# Statements of Cash Flows

## Supplemental Disclosures of Cash Flow Information

	<u>For the fiscal year ended</u>	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<b><u>Schedule of Non-Cash Capital and Related Financing Activities</u></b>		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	\$ 527,486	\$ 331,843
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.	\$ 329,795	\$ 327,558

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



# Notes to Financial Statements

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

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

### **A. Reporting Entity**

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

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

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

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

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

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

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

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

### **Contractual Relationships**

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



# Notes to Financial Statements

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, 2008. 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, 2008, the investment portfolio has a weighted average maturity of 0 days and a yield to maturity of 2.68%.

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, 2008 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, 2008.

<u>Project Participant</u>	<u>June 30, 2008</u>
City of Buellton	\$ 255,351
Carpinteria Valley Water District	806,387
City of Guadalupe	165,789
La Cumbre Mutual Water Company	386,481
Montecito Water District	1,074,828
Oceano CSD (SLO County)	182,593
City of Santa Maria	4,239,106
Shandon (SLO County)	15,025
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	598,965
Santa Ynez WCD, ID #1	413,080
Total	<u>\$8,137,605</u>

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

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided approximately \$2,816 per calendar 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, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Maximum claims liability	\$ 78,613	\$ 78,372
Actual claims paid	(53,225)	(40,992)

## N. Use of Estimates

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

## Note 2: Cash and Investments

### A. Pooling

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



# Notes to Financial Statements

## B. Demand Deposits

The custodial credit risk for deposits is the risk that the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that of the total bank balance, \$250,000 is insured by Federal depository insurance.

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

As of June 30, 2008, the reported amount of the Authority's demand deposits was \$216,875 and the bank balance was \$256,835. The difference of \$39,960 was principally due to checks which had not yet cleared the bank.

## A. Cash and Investments

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

The fair value of pooled investments is determined annually and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants'

percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. At June 30, 2008, the carrying value of the Authority's position in LAIF is \$39,974,687 and the fair value is \$39,972,697.

### *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 6/30/08	Interest Rate Range	Maturity Date/ Range	Weighted Average Maturity	Credit Rating
<b>Pooled Investments:</b>						
Local Agency Investment Fund	\$ 39,974,687	39,972,697	2.89	n/a	n/a	Non-rated
Money Market Funds	27,333,300	27,333,300	2.24-2.36	7/2008	0 days	AAA
Money Market Funds Controlled by Fiscal Agents	282	282	1.45	7/2008	0 days	AAA
<b>Total Investments</b>	<u>67,308,269</u>	<u>67,306,279</u>				
<b>Cash in Banks:</b>						
Interest Bearing Deposits	216,875	216,875				
Cash on Hand	699	699				
<b>Total Cash and Investments</b>	<u>\$ 67,525,843</u>	<u>\$ 67,523,853</u>				

**Note 3: Capital Assets**

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

	2008			2007		
	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	471,712	(340,596)	131,116	473,821	(392,699)	81,122
Equipment	28,388,043	(9,526,401)	18,861,642	28,324,938	(8,758,068)	19,566,870
Buildings and structures	48,709,739	(7,699,719)	41,010,020	48,476,520	(6,995,531)	41,480,989
Underground pipeline	58,971,623	(8,682,681)	50,288,942	58,971,623	(7,891,326)	51,080,297
Construction in progress	18,490	-	18,490	170,695	-	170,695
<b>Total property and equipment</b>	<u>136,559,607</u>	<u>(26,249,397)</u>	<u>110,310,210</u>	<u>136,417,597</u>	<u>(24,037,624)</u>	<u>112,379,973</u>
<b>Total property, plant, and equipment</b>	<u>\$139,738,307</u>	<u>\$(26,249,397)</u>	<u>\$113,488,910</u>	<u>\$139,596,297</u>	<u>\$(24,037,624)</u>	<u>\$115,558,673</u>



# Notes to Financial Statements

The following table shows the capital asset activity for the fiscal years ended June 30, 2008 and 2007.

	Plant and Equipment	Accumulated Depreciation	Net
Balance, June 30, 2006	\$ 136,541,720	\$ (21,890,618)	\$ 114,651,102
Additions	454,619	(2,474,564)	(2,019,945)
Retirements and disposals	(578,742)	327,558	(251,184)
Balance at June 30, 2007	136,417,597	(24,037,624)	112,379,973
Additions	471,675	(2,376,658)	(1,904,983)
Retirements and Transfers	(329,665)	164,885	(164,780)
Balance, June 30, 2008	\$ 136,559,607	\$ (26,249,397)	\$ 110,310,210

#### 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 the participants requiring financing.

The City of Santa Maria, Southern California Water Company, Vandenberg AFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling \$22,562,433 at June 30, 2008 and June 30, 2007 have been accounted for as contributed capital. Under the Water Supply Agreements, each Project Participant is obligated to make payments to the Authority, with the payments pledged to secure the payment of the principal and interest of the bonds. The 2006 bonds are backed by a municipal bond insurance policy issued Financial Security Assurance.

The annual requirements to pay all debt outstanding, as of June 30, 2008, are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2009	\$ 5,400,125	\$ 6,190,000	\$ 11,590,125
2010	5,147,725	6,430,000	11,577,725
2011	5,147,725	6,695,000	11,580,225
2012	4,885,225	6,960,000	11,537,325
2013-2017	17,427,238	40,200,000	57,627,238
2018-2022	6,545,175	50,820,000	57,365,175
Total	\$43,982,813	\$117,295,000	\$161,277,813

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, 2008 was as follows:

	Balance July 1, 2007	Additions	Deletions	Due Within One Year
Series 2006A Revenue Bonds	\$ 117,295,000	\$	\$ 6,190,000)	\$ 6,190,000
Rate Coverage Reserve Fund	7,947,533	190,072	-	-
<b>Total</b>	<b>\$ 125,242,533</b>	<b>\$ 190,072</b>	<b>\$ 119,242,605</b>	<b>\$ 6,190,000</b>

## Note 5: Defined Benefit Pension Plan

### A. Plan Description

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

### B. Funding Policy

Active plan members in the Central Coast Water Authority are required to contribute 7% of their annual covered salary. However, the Authority pays this amount on behalf of the employees without requiring a contribution from the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007/08 was 12.056%. The contribution rate is established and may be amended by CalPERS.

### C. Annual Pension Costs

For fiscal year 2007/08, the Central Coast Water Authority's annual pension costs were \$376,456 and the Authority actually contributed \$366,837. The required contribution for fiscal year 2007/08 was determined as part of the June 30, 2005 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. The average remaining amortization period at June 30, 2007 was 16 years.

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Ending 6/30/05	\$277,414	90%	\$28,663
6/30/06	\$337,979	98%	\$6,321
6/30/07	\$345,432	98%	\$8,000



# Notes to Financial Statements

## Funded Status of the Risk Pool (in thousands)

Valuation Date	Entry Age	Market Value of Assets	Unfunded Liability
	Normal Accrued Liability		
6/30/05	\$2,891,461	\$2,663,352	\$228,109
6/30/06	\$2,754,397	\$2,636,941	\$117,456
6/30/07	\$2,611,747	\$2,756,867	\$ (145,120)

	Funded Ratio	Annual Covered Payroll	UAAL As a Percentage of Payroll <sup>(1)</sup>
6/30/05	92.1%	\$755,047	30.2%
6/30/06	95.7%	\$699,898	16.8%
6/30/07	105.6%	\$665,523	(21.8%)

(1) UAAL: Unfunded Actuarial Accrued Liability.

### **Note 6: Commitments and Uncertainties**

The Authority leases equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2008 were \$13,574 (2009) and \$6,795 thereafter, resulting in total minimum payments of \$20,369.

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, 2008 and June 30, 2007, 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.

The Authority does not provide post employment retirement health insurance benefits and therefore has no liability for Post Employment Benefits Other Than Pensions.

### **Note 7: 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.

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 8: 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 \$15,500 per year, whichever is less.

# STATISTICAL SECTION





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## STATISTICAL SECTION

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.

### Contents

#### **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.



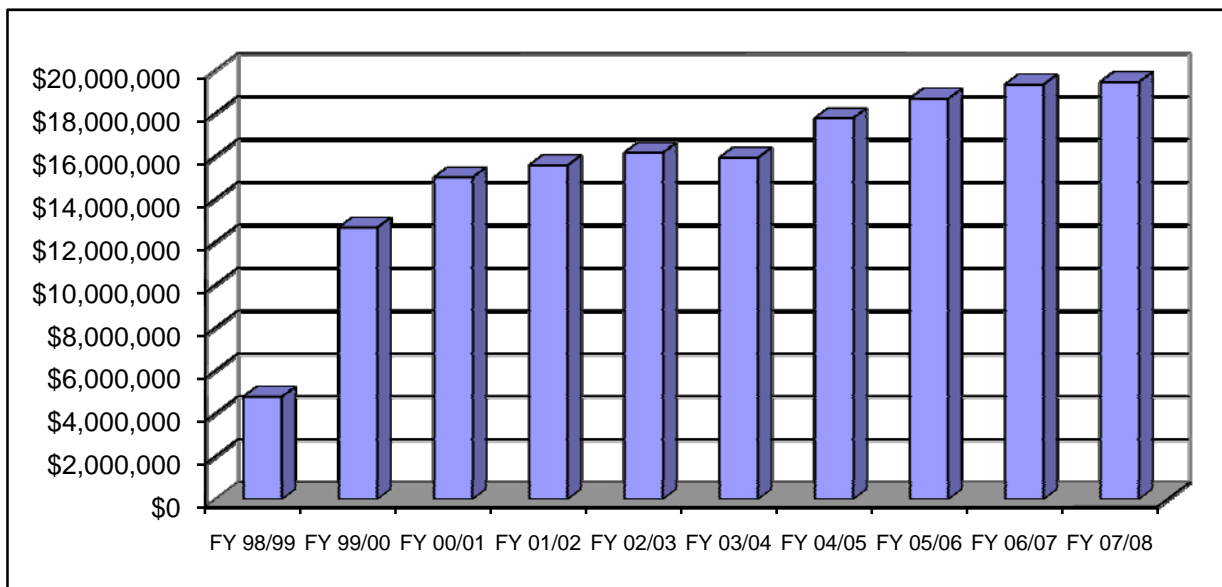
**TABLE 1**  
**General Governmental Revenues by Source**

Fiscal Year	Operating Assessments	Debt Service Assessments	Other Revenues	Interest Income	Total Revenues
1998/99 (1)	\$ 1,295,241	\$ -	\$ 460	\$ 3,493,312	\$ 4,789,013
1999/00	1,963,376	7,779,256	2,598	2,924,419	12,669,649
2000/01	1,601,303	10,263,441	88,587	3,054,399	15,007,753
2001/02	2,608,414	10,377,750	480,344	2,107,406	15,573,914
2002/03	4,027,340	10,471,871	166,719	1,491,002	16,156,930
2003/04	4,126,452	10,577,149	70,080	1,155,686	15,929,366
2004/05 (2)	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	19,456,307

Source: Central Coast Water Authority

- (1) Fiscal year 1998/99 revenues decreased for debt service credits provided to the project participants from the project closeout.
- (2) Beginning with fiscal year 2004/05, Operating Assessments exclude yearend credits for unexpended operating reimbursements.

**Total Revenue Comparison**





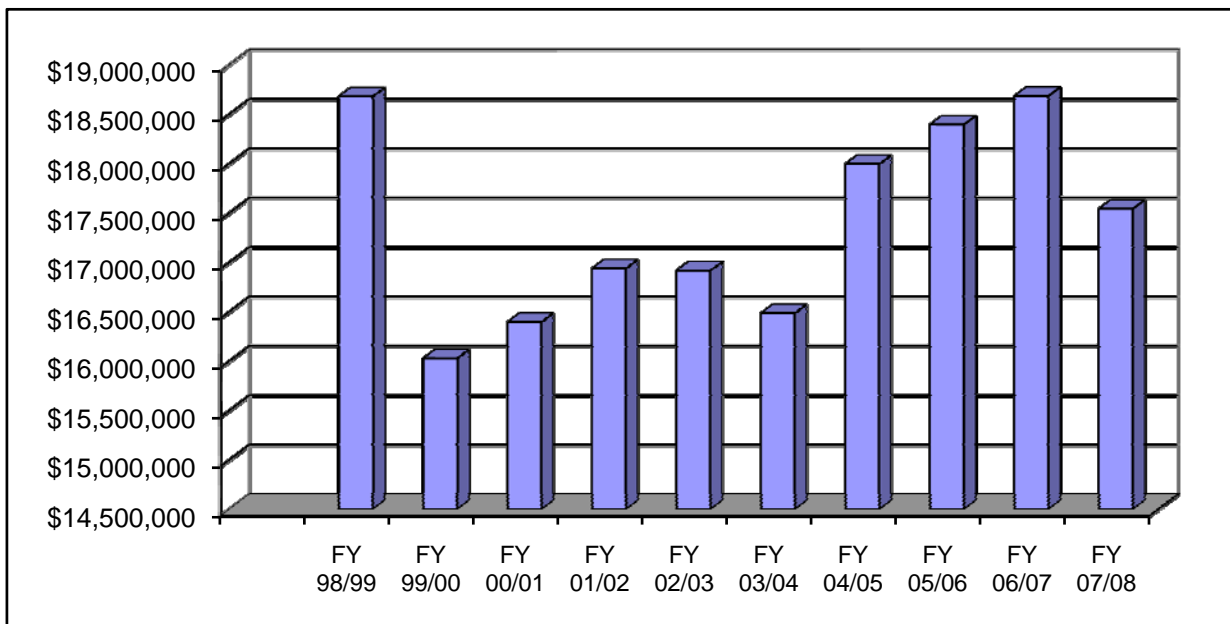
**TABLE 2**  
**General Governmental Expenditures by Function**

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Interest paid to Participants	Total Expenditures
1998/99	\$ 7,708,099	\$ 1,983,928	\$ 8,806,337	\$ -	\$ 18,678,364
1999/00	7,260,069	318,601	8,447,925	-	16,026,595
2000/01	7,485,168	611,625	8,297,610	-	16,394,403
2001/02	8,043,758	734,218	8,158,708	-	16,936,684
2002/03	8,263,920	648,606	8,003,636	-	16,916,162
2003/04	8,302,059	349,809	7,831,733	-	16,483,601
2004/05 (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

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**







**TABLE 3**  
**Change in Net Assets and Net Asset Components**  
**Last Four Fiscal Years**

	<b>June 30, 2005</b>	<b>June 30, 2006</b>	<b>June 30, 2007</b>	<b>June 30, 2008</b>
Net assets, at beginning of year	\$ 13,788,811	\$ 13,925,539	\$ 14,428,864	\$ 15,213,920
Operating revenues	16,179,448	16,416,803	16,948,321	17,587,809
<u>Operating Expenses</u>				
Operating expenses	5,017,435	4,829,547	5,502,664	5,273,497
Depreciation and amortization	3,774,654	3,752,017	3,438,918	3,253,470
Unexpended operating reimbursements	385,726	750,250	891,394	1,100,689
Total operating expenses	9,177,815	9,331,814	9,832,976	9,627,656
Operating Income	7,001,633	7,084,989	7,115,345	7,960,153
<u>Non-operating revenues</u>				
Interest income and miscellaneous	1,585,040	2,268,789	2,392,965	1,868,499
<u>Non-Operating Expenses</u>				
Interest expense	7,601,613	7,336,413	6,223,707	5,582,876
Interest income paid to project participants	848,333	1,514,040	2,171,209	1,858,511
Other expenses	-	-	-	164,911
Total non-operating expenses	8,449,946	8,850,453	8,394,916	7,606,298
Increase in Net assets	136,727	503,325	1,113,394	2,222,354
Refund of capital contributions	-	-	328,338	-
Net assets, at end of year	13,925,539	14,428,864	15,213,920	17,436,274
Net assets invested in capital assets, net of related debt	11,542,594	11,994,874	13,141,528	15,393,071
Restricted - capital projects	1,070,890	981,910	20,304	282
Restricted - debt service	11,431,963	11,564,435	11,617,204	11,597,222
Unrestricted	(10,119,908)	(10,112,355)	(9,565,116)	(9,554,301)
Total Net Assets	\$ 13,925,539	\$ 14,428,864	\$ 15,213,920	\$ 17,436,274



**TABLE 4**

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

<b>Project Participant</b>	<b>Balance July 1, 2007</b>	<b>FY 2007/08 Project Participant Payments and DWR Credits</b>	<b>Payments to Department of Water Resources and Other Adjustments</b>	<b>Ending Balance June 30, 2008</b>
City of Guadalupe	\$ 438,172	\$ 475,700	\$ (445,691)	\$ 468,181
City of Santa Maria	13,970,456	13,686,722	(13,850,741)	13,806,437
Golden State Water Co.	440,059	415,337	(413,447)	441,949
Vandenberg Air Force Base	5,024,133	5,188,689	(5,162,553)	5,050,269
City of Buellton	536,322	554,371	(563,660)	527,033
Santa Ynez ID#1 (Solvang only)	1,324,751	1,431,090	(1,420,600)	1,335,241
Santa Ynez ID#1 (excluding Solvang)	455,693	526,301	(483,969)	498,024
Goleta Water District	4,406,587	4,311,987	(4,474,626)	4,243,949
Morehart Land Co.	191,609	177,001	(180,583)	188,028
La Cumbre Mutual Water Co.	914,128	922,475	(922,052)	914,550
Raytheon Systems Company	52,867	42,414	(47,985)	47,296
City of Santa Barbara	2,677,312	2,690,376	(2,682,354)	2,685,334
Montecito Water District	2,857,096	2,865,355	(2,898,595)	2,823,856
Carpinteria Valley Water District	1,788,693	1,804,921	(1,810,393)	1,783,221
<b>TOTAL:</b>	<b>\$ 35,077,877</b>	<b>\$ 35,092,739</b>	<b>\$ (35,357,248)</b>	<b>\$ 34,813,367</b>

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 2008. The amounts shown above exclude Warren Act and Trust Fund MOU deposits payable to the U.S. Bureau of Reclamation and Cachuma Operations and Maintenance Board and DWR account interest income payable to the CCWA project participants as of June 30, 2008.



TABLE 5

FY 2007/08 Allocation of CCWA Operating Expenses

Project Participant	FY 2007/08 Unadjusted Operating Expenses <sup>(1)</sup>	Exchange Agreement Modifications <sup>(2)</sup>	Regional Water Treatment Plant Modifications <sup>(3)</sup>	FY 2007/08 Allocated Operating Expenses
Shandon (SLO County)	\$ 5,882	N/A	N/A	\$ 5,882
Chorro Valley Turnout (SLO County)	216,867	N/A	N/A	216,867
Lopez Turnout (SLO County)	199,169	N/A	N/A	199,169
City of Guadalupe	65,966	N/A	\$ 21,413	87,379
City of Santa Maria	1,869,053	N/A	621,774	2,490,827
Golden State Water Co.	56,389	N/A	18,711	75,100
Vandenberg Air Force Base	679,053	N/A	210,680	889,734
City of Buellton	89,298	N/A	23,280	112,579
City of Solvang	223,418	N/A	59,888	283,306
Santa Ynez Imp. District #1	87,182	313,879	121,551	522,613
Goleta Water District	777,480	(113,115)	(350,663)	313,702
Morehart Land Co.	30,403	N/A	(18,277)	12,126
La Cumbre Mutual Water Co.	179,996	N/A	(99,496)	80,499
Raytheon Systems Company	7,040	N/A	(4,408)	2,632
City of Santa Barbara	438,726	(75,286)	(210,784)	152,656
Montecito Water District	574,332	(75,286)	(250,266)	248,780
Carpinteria Valley Water District	304,750	(50,191)	(143,406)	111,153
<b>TOTAL:</b>	<b>\$ 5,805,005</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ 5,805,005</b>

1. FY 2007/08 unadjusted operating expenses is equal to total operating expenses *minus* depreciation and amortization, interest income on the general operating fund for CCWA, miscellaneous and non-annual recurring expense income, plus capital expenditures paid from operating assessments.
2. Exchange agreement modifications represent cost adjustments between the Santa Ynez River Water Conservation District, ID#1 and the South Coast project participants for Cachuma Project water.
3. Regional Water Treatment Plant modifications represents fixed, capital and variable modifications pursuant to CCWA Resolutions 92-16 and 95-13.



TABLE 6

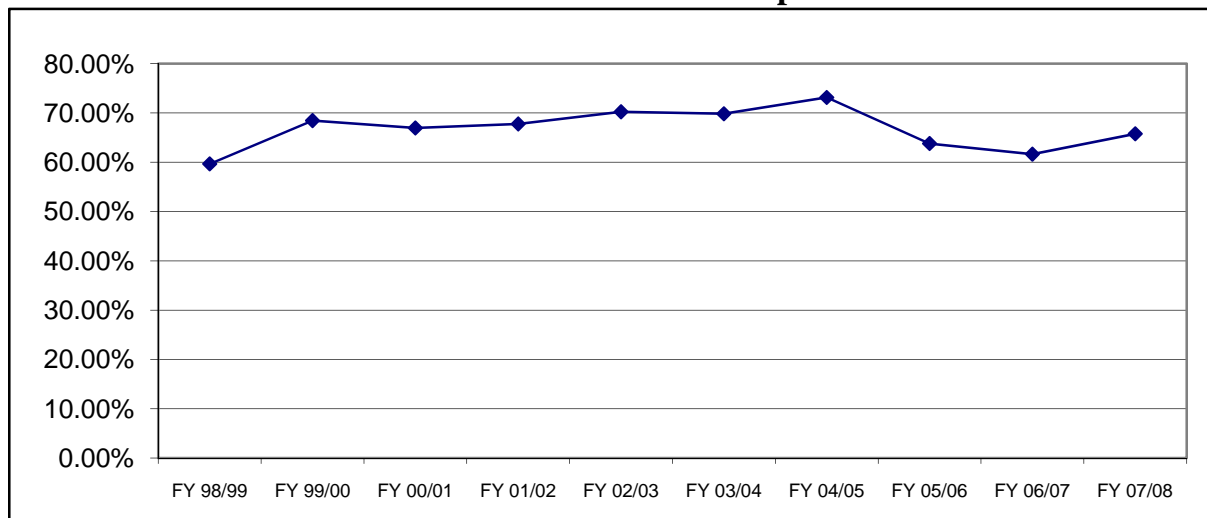
**Ratio of Annual Debt Service  
For Total Bonded Debt to Total Expenditures**

Fiscal Year	Bond Issue	Principal	Interest <sup>(1)</sup>	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
1998/99	96 Bonds	\$1,979,920	\$ 9,164,749	\$ 11,144,669	\$ 18,678,364	59.67%
1999/00	96 Bonds	2,775,000	8,447,925	11,222,925	16,026,595	68.46%
2000/01	96 Bonds	3,010,000	8,329,216	11,339,216	16,394,403	66.95%
2001/02	96 Bonds	3,270,000	8,194,474	11,464,474	16,936,684	67.77%
2002/03	96 Bonds	3,535,000	8,043,405	11,578,405	16,916,162	70.24%
2003/04	96 Bonds	3,830,000	7,875,778	11,705,778	16,760,608	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%

(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*

<u>Population</u> <i>(In thousands of people)</i>	
Estimated, 2008	428.60
County Labor Force	221.00
Number of unemployed	12.20
Unemployment rate	5.5%
<u>Employment by Industry</u>	
Total wage and salary	189.90
Total nonfarm	172.10
Service providing	147.10
Total private	136.50
Residual-private services providing	111.50

Located along California's coastline about 300 miles south of San Francisco and 100 miles north of Los Angeles, Santa Barbara occupies 2,745 square miles of land and enjoys a mild and sunny climate. The county is bordered on the north by San Luis Obispo County and on the east by Ventura and Kern counties. State Highway 101 is the major transportation route.

Source: State of California Employment Development Department



**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 *	<u>39,078</u>
Avila Beach C.S.D	100
Avila Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16 I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano CSD	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Co.	275
SLO Co. Comm. Coll. District (Cuesta College)	200
Total San Luis Obispo County	<u>4,830</u>
<b>TOTAL TABLE A AMOUNT</b>	<u><u>43,908</u></u>

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



**TABLE 9**

**Santa Barbara County Largest Employers**

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

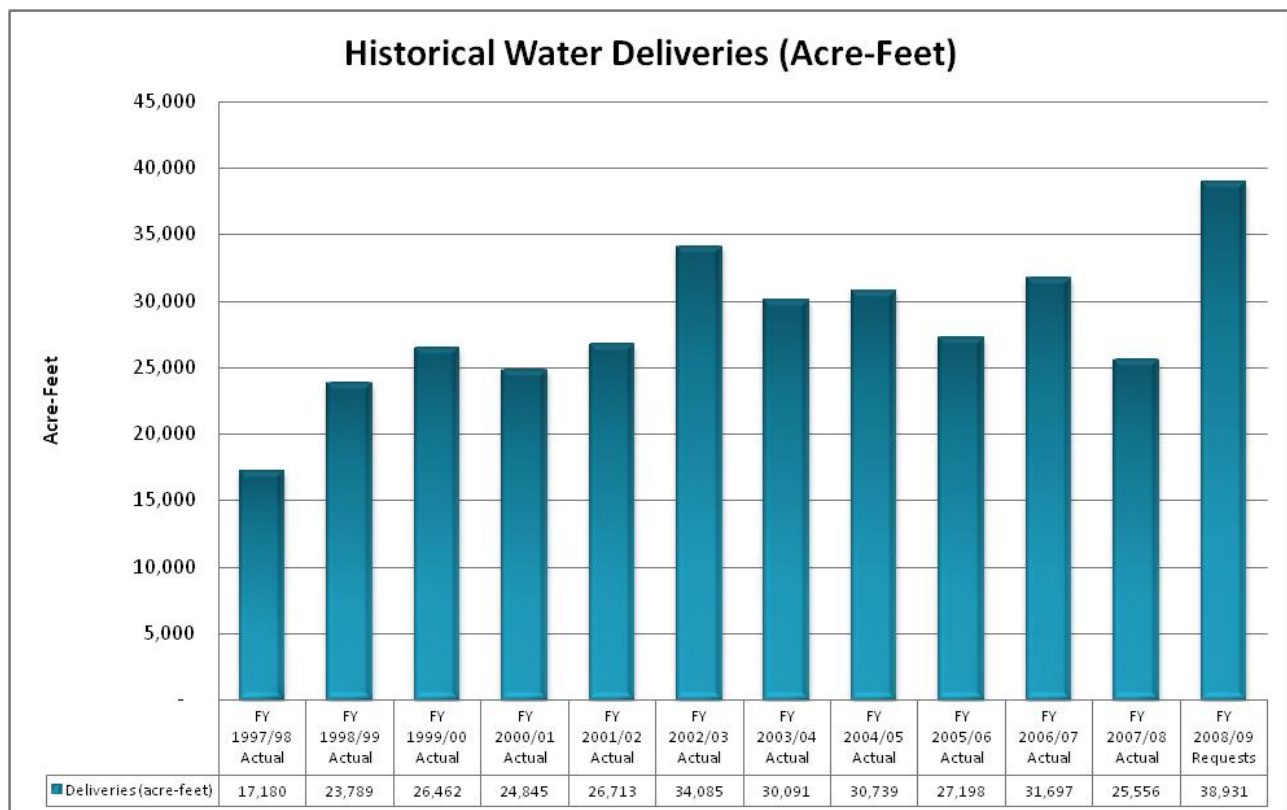
Source: University of Santa Barbara Economic Forecast Project



TABLE 10

FY 2007/08 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Lopez Turnout (SLO County)	1,342	N/A	1,342
Chorro Valley Turnout (SLO County)	2,163	N/A	2,163
City of Guadalupe	384	N/A	384
City of Santa Maria	9,510	N/A	9,510
Golden State Water Company	197	N/A	197
Vandenberg Air Force Base	3,145	N/A	3,145
City of Buellton	560	N/A	560
Santa Ynez ID #1 (City of Solvang)	1,347	N/A	1,347
Santa Ynez ID #1	234	2,539	2,773
Goleta Water District	2,524	(915)	1,609
Morehart Land Company	30	N/A	30
La Cumbre Mutual Water Company	527	-	527
Raytheon Systems Company	-	N/A	-
City of Santa Barbara	609	(609)	-
Montecito Water District	2,444	(609)	1,835
Carpinteria Valley Water District	540	(406)	134
<b>TOTAL:</b>	<b>25,556</b>	<b>-</b>	<b>25,556</b>







**TABLE 11**

**Schedule of Insurance  
Valued June 30, 2008**

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
National Union Fire Insurance Company	4-1-08 to 4-1-09	Commercial Crime Coverage	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Faithful performance of duties to \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-08 to 4-1-09	Excess Crime Coverage	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Computer fraud \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-07 to 4-1-08	Property Insurance	\$ 55,222,218	Buildings (\$25,124,202); Personal property (\$1,248,200); Fixed Equipment (\$31,849,816)
ACWA Joint Powers Insurance Authority	10-1-07 to 10-1-08	General and Auto Liability	\$ 1,000,000	Liability JPIA pooled layer
Insurance Co. of the State of Pennsylvania #7251709	10-1-07 to 10-1-08	General and Auto Liability	\$ 19,000,000	Liability umbrella policy
Lexington Insurance #6502044	10-1-07 to 10-1-08	General and Auto Liability	\$ 20,000,000	Liability umbrella policy
Arch Insurance Co. UXP001771800	10-1-07 to 10-1-08	General and Auto Liability	\$ 10,000,000	Liability umbrella policy



TABLE 12

Full-time Equivalent Employees by Position

Position Title	Number Authorized FY 2005/06	Number Authorized FY 2006/07	Number Authorized FY 2007/08	Change Over FY 2005/06	Change Over FY 2006/07
Executive Director	1.00	1.00	1.00	-	-
Deputy Director	1.00	1.00	1.00	-	-
Chief Engineer	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	-	-
Laboratory Analyst	0.75	0.75	0.75	-	-
IT/Instrumentation & Control Specialist	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	-	-
<b>TOTAL:</b>	27.25	28.25	28.25	1.00	-



# Statistical Section City of Pismo Beach (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1998	4,359	\$ 1,018,641	1,803
1999	4,429	1,118,375	1,959
2000	4,410	1,632,551	2,078
2001	4,158	1,710,063	1,983
2002	4,233	1,751,585	2,219
2003	4,234	1,772,352	2,001
2004	4,365	1,872,673	1,962
2005	4,405	1,888,635	1,953
2006	4,443	1,994,992	1,924
2007	4,472	224,500	2,003

## Largest Customers as of June 30, 2007

	Water Usage <sup>(1)</sup>	Annual Payment
Pismo Mobile Home Park	15,590	\$ 25,025
Cliffs Shell Beach	13,865	22,283
Oxford Suites	9,008	14,238
Seacrest Motel II	8,021	12,819
Pismo Lighthouse Suites	7,871	12,747
Motel 6	7,824	12,422
Shorecliff Lodge	7,406	12,075
Baycliff HOA Irrigation	6,400	10,460
Kon Tiki	6,340	10,191
Hacienda Del Pismo	6,051	9,716
Total	88,376	\$ 141,976

(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
1998	\$ 2,554,992	\$ 1,119,067	\$ 1,435,925	\$ 1,053,312	-	1.36
1999	2,950,803	1,074,072	1,876,731	1,029,404	-	1.82
2000	3,503,712	1,248,715	2,254,997	1,144,263	-	1.97
2001	3,086,559	1,265,673	1,820,886	1,110,301	-	1.64
2002	3,304,001	1,179,819	2,124,182	1,197,934	-	1.77
2003	3,259,930	1,248,739	2,011,191	1,287,062	-	1.56
2004	2,854,004	1,523,338	1,330,666	1,198,295	-	1.11
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

Source: City of Pismo Beach



# Statistical Section City of Morro Bay (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1998	4,949	\$ 3,599,977	1,402
1999	5,010	3,585,083	1,363
2000	5,118	3,641,293	1,397
2001	5,198	3,785,189	1,238
2002	5,251	3,857,137	1,253
2003	5,254	3,802,287	1,349
2004	5,383	3,852,954	1,205
2005	5,399	3,436,322	976
2006	5,473	3,884,085	1,009
2007	5,489	3,911,610	1,275

## Largest Customers as of June 30, 2007

	Water Usage <sup>(1)</sup>	Annual Payment
City of Morro Bay	2,296,100	\$ 185,427
Inn at Morro Bay	1,020,800	117,110
Pacific Care Center	963,700	96,723
Mission Linen	851,700	94,659
Morro Bay High School	1,699,500	57,169
Morro Elementary School	497,700	44,489
Department of Parks & Rec.	507,100	42,667
Morro Dunes Trailer Park	462,100	40,780
San Luis Coastal Unified School District	396,400	38,118
Accor Economy Lodge	371,500	35,554
<b>Total</b>	<b>9,066,600</b>	<b>\$ 752,696</b>

(1) In cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt	Coverage
1998	\$ 3,578,066	\$ 716,505	\$ 2,861,561	\$ 1,493,155	-	1.92
1999	3,556,769	522,037	3,034,732	1,527,252	-	1.99
2000	3,726,625	573,398	3,153,227	1,745,066	-	1.80
2001	3,867,608	535,004	3,332,604	1,662,862	-	2.00
2002	3,857,137	495,459	3,361,678	1,739,275	-	1.93
2003	4,165,957	637,036	3,528,921	1,844,889	-	1.91
2004	3,947,340	938,793	3,008,547	1,815,661	-	1.66
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

Source: City of Morro Bay



# Statistical Section City of Guadalupe

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June</b>	<b>Municipal Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
1998	1,577	\$ 809,553	
1999	1,579	846,539	714
2000	1,592	870,771	711
2001	1,638	921,050	735
2002	1,714	889,048	741
2003	1,804	980,076	764
2004	1,912	1,011,608	811
2005	1,857	1,001,571	605
2006	1,907	1,003,346	719
2007	1,920	1,052,861	1062

## Largest Customers as of June 30, 2007

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Apio Coller	113,525	\$ 368,956
Guadalupe Laundromat	4,071	13,231
Guadalupe Union School District	3,671	11,930
Pan American Seed	3,563	11,580
Guadalupe Cemetery	2,003	6,510
P&M Properties	1,911	6,211
Barragan Apartments	1,782	5,792
Far Western Tavern	1,730	5,623
Cochiolo Trucking	650	2,113
Byrd Produce	219	712
<b>Total</b>	<b>133,125</b>	<b>\$ 432,658</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate-Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
1998	\$ 877,834	\$ 131,288	\$ 18,389	\$ 764,935	\$ 491,491	1.56
1999	883,908	131,634	18,916	771,190	454,395	1.70
2000	957,764	157,355	154,212	954,621	597,949	1.60
2001	1,081,498	209,025	154,212	1,026,685	597,890	1.72
2002	1,257,016	365,254	154,212	1,045,974	549,327	1.90
2003	1,089,354	372,200	155,315	872,469	685,609	1.27
2004	1,901,527	328,840	154,756	1,727,443	669,041	2.58
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

Source: City of Guadalupe



# Statistical Section City of Santa Maria

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1998	16,406	\$ 11,577,701	11,003
1999	16,586	12,518,274	12,807
2000	16,798	13,430,453	11,992
2001	17,189	14,985,470	12,216
2002	17,735	16,350,234	12,990
2003	18,301	17,569,216	12,647
2004	19,170	19,392,893	13,267
2005	19,596	20,479,665	11,375
2006	20,588	20,901,096	13,026
2007	20,762	23,490,792	14,219

## Largest Customers as of June 30, 2007

	Water Usage <sup>(1)</sup>	Annual Payment
City of Santa Maria	269,418	\$ 1,068,196
Santa Maria Elementary Schools	107,740	421,255
Allan Hancock College	55,365	211,485
SP Village Green, LLC	46,853	170,933
Marian Hospital	38,404	166,539
Casa Grande Mobile Homes	57,483	154,939
S.B. County Housing Authority	34,956	138,819
Santa Maria Joint Union High School	32,146	126,330
Mission Linen Supply	29,248	105,348
Casa Del Rio Mobile Estates	26,588	74,724
Total	698,201	\$ 2,638,568

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues <sup>(1)</sup>	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1998	\$ 18,527,735	\$ 4,544,329	\$ 2,862,780	\$ 16,846,186	\$ 11,789,392	1.43
1999	19,926,823	5,345,513	3,250,757	17,832,067	10,890,688	1.64
2000	20,629,192	5,177,387	3,173,781	18,625,586	10,228,806	1.82
2001	22,413,302	5,150,615	3,573,420	20,836,107	12,940,418	1.61
2002	22,508,856	5,395,197	3,656,826	20,770,485	10,081,569	2.06
2003	25,344,832	7,952,493	3,666,401	21,058,740	13,749,295	1.53
2004	26,977,067	7,118,174	4,002,906	23,861,799	13,858,267	1.72
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

(1) Includes wastewater fees and charges.

Source: City of Santa Maria



# Statistical Section City of Buellton

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30</b>	<b>Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
1998	1,043	\$ 964,878	821
1999	1,051	1,040,487	860
2000	1,082	1,111,867	940
2001	1,251	1,134,691	984
2002	1,314	1,144,605	1,068
2003	1,424	1,233,563	1,111
2004	1,491	1,365,416	1,257
2005	1,472	1,300,677	1,115
2006	1,498	1,334,328	1,205
2007	1,540	1,462,049	1,343

## Largest Customers as of June 30, 2007

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Ranch Club Mobile Estates	24,085	\$ 98,759
Santa Ynez Valley Marriott	19,528	60,652
Buellton Union School District	19,035	42,014
Rivergrove Mobile Home Park	9,395	37,754
Flying Flags RV Park	15,625	30,552
Days Inn	5,614	23,192
The Laurel Company	6,438	17,336
Buellton Shell	4,653	16,331
Rancho de Maria	6,988	15,694
Motel 6	4,036	14,217
<b>Total</b>	<b>115,397</b>	<b>\$ 356,501</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
1998	\$ 1,318,509	\$ 312,810	\$ 19,325	\$ 1,025,024	\$ 653,493	1.57
1999	1,185,623	330,644	19,879	874,858	606,157	1.44
2000	1,368,614	280,526	202,837	1,290,925	788,201	1.64
2001	1,669,930	298,585	214,262	1,585,607	809,805	1.96
2002	1,648,494	386,855	227,940	1,489,579	792,378	1.88
2003	1,636,470	383,962	239,150	1,491,658	909,639	1.64
2004	1,821,513	418,725	238,324	1,641,112	895,101	1.83
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

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)
1998	1,854	\$ 1,764,735	1,275
1999	1,887	1,857,632	1,558
2000	2,005	2,105,851	1,524
2001	1,890	2,616,048	1,549
2002	1,893	3,108,477	1,594
2003	1,901	2,929,186	1,518
2004	1,903	3,286,624	1,506
2005	1,907	3,229,500	1,589
2006	1,903	3,543,426	1,321
2007	1,939	4,023,837	1,512

### Largest Customers as of June 30, 2007

	Water Usage <sup>(1)</sup>	Annual Payment
Rancho Santa Ynez Mobile Estate	28,621	\$ 87,294
Chumash Casino Resort	13,686	41,742
Alisal Guest Ranch	13,065	39,849
Mission Oaks	9,989	30,467
Worldmark Resort	8,488	25,889
Solvang School	7,360	22,448
Solvang Lutheran Home	6,821	20,804
Mission Ready Mix	6,461	19,706
City of Solvang	5,588	17,043
Solvang Mesa, LLC	4,863	14,832
Total	104,942	\$ 320,074

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1998	\$ 1,897,791	\$ 524,837	\$ -	\$ 1,372,954	\$ 1,682,460	0.82
1999	1,921,077	583,976	456,044	1,793,145	1,597,628	1.12
2000	2,241,697	842,919	456,044	1,854,822	1,836,214	1.01
2001	2,721,479	730,837	480,244	2,470,886	1,933,392	1.28
2002	3,199,145	992,031	511,478	2,718,592	1,844,616	1.47
2003	2,976,966	778,728	536,633	2,734,871	2,040,658	1.34
2004	3,293,660	854,671	534,808	2,973,797	2,064,965	1.44
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

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)
1998	2,220	\$ 2,370,258	4,542
1999	2,266	2,468,151	4,963
2000	2,262	2,944,843	5,650
2001	2,238	3,092,440	5,573
2002	2,260	3,505,160	5,859
2003	2,351	3,373,470	4,968
2004	2,363	3,816,702	6,012
2005	2,422	3,518,032	4,637
2006	2,442	3,848,782	4,800
2007	2,444	4,607,704	5,223

### Largest Customers as of June 30, 2007

	Water Usage <sup>(1)</sup>	Annual Payment
Cachuma Sanitation District	85	\$ 77,601
Chumash Casino	77	73,943
Santa Ynez Valley Farming	176	29,532
Gainey Ranch	117	21,393
Elizabeth Williams	96	15,539
Doug Herthel	78	13,208
Gainey Vineyard	54	12,790
Don Smith	69	11,903
Rebecca Shields	67	11,535
Jose Ramirez	53	8,372
<b>Total</b>	<b>872</b>	<b>\$ 275,816</b>

(1) In acre-feet per year.

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

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1997	\$ 3,896,090	\$ 2,716,430	\$ -	\$ 1,179,660	\$ 1,476,671	0.80
1998	7,454,547	1,993,633	246,045	5,706,959	2,669,473	2.14
1999	5,680,162	1,936,833	770,601	4,513,930	2,351,446	1.92
2000	7,808,188	2,092,409	783,813	6,499,592	2,688,507	2.41
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

(1) Includes State water payments for the City of Solvang beginning in 1997.

Source: Santa Ynez Improvement District #1



# Statistical Section Goleta Water District

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30</b>	<b>Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
1998	14,582	\$ 13,010,036	12,947
1999	14,827	14,065,684	12,641
2000	15,136	14,919,815	12,665
2001	15,621	14,263,374	12,727
2002	15,717	15,173,245	13,223
2003	15,999	14,941,700	12,786
2004	16,249	16,146,551	14,083
2005	16,039	14,922,566	12,619
2006	16,202	15,425,971	12,077
2007	16,459	18,582,563	14,406

## Largest Customers as of June 30, 2007

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
UCSB	922	\$ 1,081,523
County of Santa Barbara	231	401,422
Glen Annie Golf Course	345	362,503
Bacara Resort Services, Inc.	167	260,364
Sandpiper Golf Course	271	178,890
Cavaletto Ranches, LLC	361	172,433
Goleta Union School District	125	102,242
Camino Real, LLC	133	93,967
Por La Mar Nursery	61	89,960
Wallover, Inc.	193	85,051
<b>Total</b>	<b>2,809</b>	<b>\$ 2,828,355</b>

(1) In acre-feet per year.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
1998	\$ 21,635,460	\$ 7,383,382	\$ 1,497,654	\$ 15,749,732	\$ 5,686,052	2.77
1999	17,674,354	7,507,895	1,537,496	11,703,955	3,631,870	3.22
2000	19,926,953	8,221,986	-	11,704,967	6,360,512	1.84
2001	18,163,714	9,226,642	-	8,937,072	6,140,949	1.46
2002	19,127,924	9,076,023	-	10,051,901	6,363,680	1.58
2003	20,942,599	9,757,739	-	11,184,860	7,159,868	1.56
2004	22,648,173	11,824,796	-	10,823,377	7,355,604	1.47
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

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)
1997	1,425	\$ 1,980,613	1,633
1998	1,415	1,370,862	1,337
1999	1,421	1,637,358	1,541
2000	1,424	1,652,635	1,546
2001	1,429	1,461,097	1,399
2002	1,436	2,081,946	1,891
2003	1,437	1,918,454	1,724
2004	1,449	2,146,100	1,923
2006	1,464	1,869,863	1,692
2007	1,468	1,902,450	1,779

### Largest Customers as of December 31, 2006

	Water Usage <sup>(1)</sup>	Annual Payment
La Cumbre Golf & County Club	85,850	\$ 212,331
Timothy Pasquinelli	8,286	31,885
Mariposa Land Development Co.	4,889	22,086
Carriage Hill Association	4,226	19,942
Stephen	5,661	16,433
William Foley	5,155	14,867
Laguna Blanca School	3,308	14,573
Oak Mer Farms	3,253	12,711
Elk Trust	3,097	12,627
Stanford Farms	2,427	11,608
<b>Total</b>	<b>126,152</b>	<b>\$ 369,063</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending Dec. 31	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1997	\$ 2,209,613	\$ 715,858	\$ 308,434	\$ 1,802,189	\$ 945,127	1.91
1998	2,037,867	601,926	308,434	1,744,375	1,639,076	1.06
1999	2,457,960	701,705	325,688	2,081,943	635,697	3.27
2000	2,526,109	709,568	354,510	2,171,051	1,276,799	1.69
2001	2,276,469	671,417	343,866	1,948,918	1,417,985	1.37
2002	2,879,539	909,109	346,327	2,316,757	1,370,014	1.69
2003	2,668,781	862,951	345,084	2,150,914	1,485,915	1.45
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

Source: La Cumbre Mutual Water Co.



# Statistical Section City of Santa Barbara

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30</b>	<b>Water Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
1998	25,076	\$ 18,220,227	13,124
1999	25,169	19,742,981	13,961
2000	25,233	21,196,803	14,881
2001	25,267	21,298,011	14,618
2002	25,388	21,121,848	14,575
2003	25,527	20,822,544	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

## Largest Customers as of June 30, 2007

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Santa Barbara Cottage Hospital	57,773	\$ 320,942
Fess Parker's Double Tree Inn	30,130	142,469
City of Santa Barbara	80,545	140,839
Montecito Country Club	67,480	115,790
S.B. Zoological Foundation	17,718	87,786
Mission Linen Supply	11,974	53,191
La Colina Junior High School	9,616	52,588
Samarkand, Inc.	11,201	50,901
Regency Centers, LP	8,912	47,950
Hotel Mar	9,476	46,461
<b>Total</b>	<b>304,825</b>	<b>\$ 1,058,917</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Parity Debt Service</b>	<b>Coverage</b>
1998	\$ 21,662,821	\$ 10,061,553	\$ 11,601,268	\$ 3,625,606	\$ 2,394,212	1.93
1999	23,207,547	12,844,077	10,363,470	1,706,350	2,394,629	2.53
2000	26,214,255	8,503,542	17,710,713	3,952,515	2,397,796	2.78
2001	24,876,337	11,223,259	13,653,078	3,991,623	2,281,089	2.18
2002	25,125,762	14,167,864	10,957,898	3,965,732	1,366,367	2.06
2003	24,217,862	13,833,176	10,384,686	4,439,646	1,783,100	1.67
2004	25,431,147	13,822,119	11,609,028	4,481,194	1,870,214	1.83
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

Source: City of Santa Barbara



# Statistical Section Montecito Water District

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30</b>	<b>Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
1998	4,238	\$ 4,633,281	4,310
1999	4,280	5,487,926	4,813
2000	4,339	6,234,169	5,337
2001	4,409	5,831,244	4,909
2002	4,453	6,338,736	5,535
2003	4,505	6,406,516	5,494
2004	4,554	7,579,730	6,055
2005	4,406	7,168,706	5,447
2006	4,588	6,974,106	5,067
2007	4,612	9,168,272	6,333

## Largest Customers as of June 30, 2007

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Four Seasons Biltmore	32,965	\$ 161,566
Birnam Wood Golf Course	79,209	154,540
Valley Club of Montecito	46,596	125,837
Westmont College	35,053	125,195
Casa Dorinda	22,134	99,033
Riven Rock Mutual	23,182	79,808
Santa Barbara Cemetery	29,682	65,933
Los Alisos Ranch	33,548	58,384
Promised Land	14,490	54,834
Montecito Shores	9,061	51,736
<b>Total</b>	<b>325,920</b>	<b>\$ 976,866</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
1998	\$ 7,169,644	\$ 2,743,341	\$ 767,671	\$ 5,193,974	\$ 2,706,621	1.92
1999	7,961,038	3,166,606	869,154	5,663,586	3,030,743	1.87
2000	8,967,822	3,267,293	905,573	6,606,102	3,382,482	1.95
2001	8,713,872	3,465,938	956,320	6,204,254	3,507,602	1.77
2002	9,540,728	3,752,696	956,320	6,744,352	3,433,729	1.96
2003	9,244,612	4,002,960	963,170	6,204,822	4,419,336	1.40
2004	10,839,346	4,809,464	959,705	6,989,587	4,550,214	1.54
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

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)
1998	4,083	\$ 5,023,009	4,038
1999	4,112	5,439,578	4,364
2000	4,137	5,442,817	4,620
2001	4,146	5,428,686	4,135
2002	4,155	5,888,252	4,338
2003	4,160	6,061,867	4,185
2004	4,168	7,010,594	4,572
2005	4,171	7,341,470	3,647
2006	4,168	9,029,076	3,983
2007	4,230	9,996,151	4,474

## Largest Customers as of June 30, 2007

	Water Usage <sup>(1)</sup>	Annual Payment
Casitas Village (Home Owners' Assn)	25,518	\$ 234,901
Villa Del Mar (Home Owners' Assn)	26,809	208,022
Franciscan Village (Home Owners' Assn)	22,760	141,248
Cate School	35,834	136,974
Carpinteria School District	26,816	112,251
B&H Nursery	50,616	89,244
Oceano Breeze	37,317	70,488
Normans Nursery	32,307	60,514
Circle G	25,329	56,130
Myriad Flowers	27,386	54,140
Total	310,692	\$ 1,163,912

(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
1998	\$ 5,717,569	\$ 2,243,307	\$ 750,000	\$ 4,224,262	\$ 2,321,529	1.82
1999	6,204,013	2,853,338	758,938	4,109,613	1,999,387	2.06
2000	6,275,281	2,614,898	750,000	4,410,383	2,182,036	2.02
2001	6,466,008	2,673,804	750,000	4,542,204	2,178,815	2.08
2002	6,511,543	3,076,394	750,000	4,185,149	2,329,012	1.80
2003	6,416,969	3,108,514	755,372	4,063,827	2,859,212	1.42
2004	7,212,653	3,547,673	752,655	4,417,635	2,968,996	1.49
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

Source: Carpinteria Valley Water District