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September 27, 2007

Members of the Board
Central Coast Water Authority

Leo Trujillo
Chairman

Fred Lemere
Vice Chairman

William J. Brennan
Executive Director

Hatch & Parent
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2007 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.

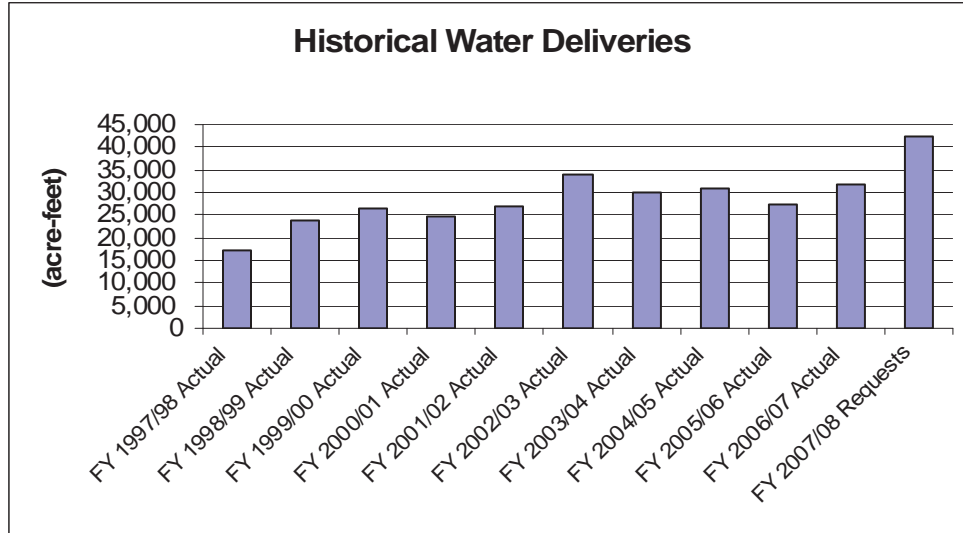
Our discussion and analysis of the Central Coast Water Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Authority's financial statements, which begin on page 1.

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

Estimated total deliveries during FY 2006/07 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 31,697 acre-feet. The FY 2005/06 deliveries were 27,198 acre-feet. The graph on the following page shows water deliveries since CCWA commenced operations in August 1997.

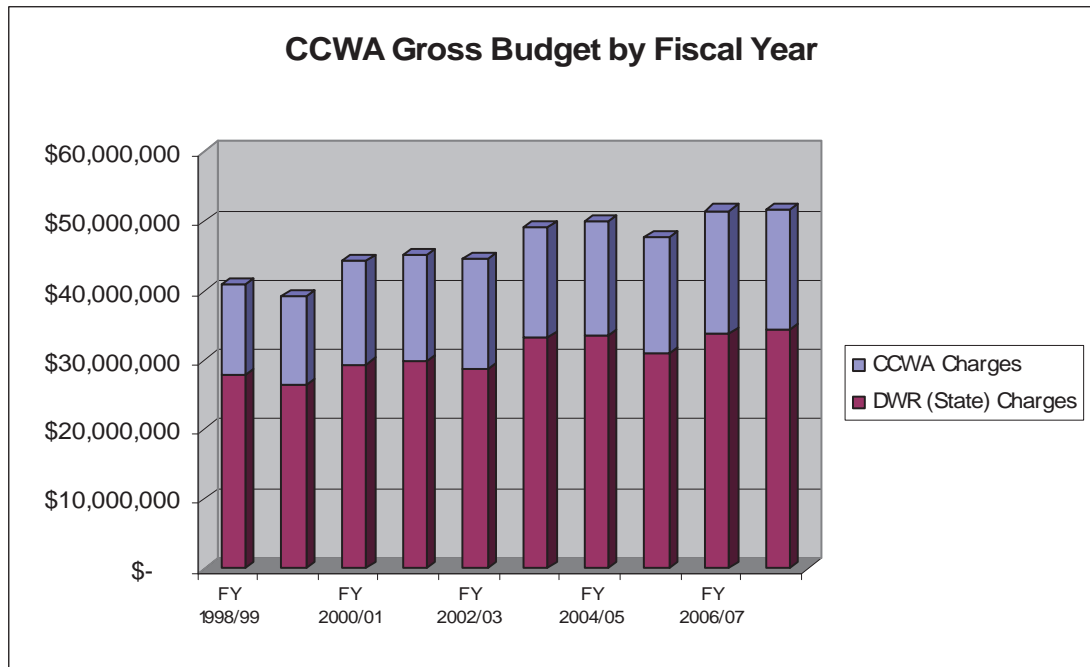


CCWA Credits

Actual CCWA expenses for FY 2006/07 were approximately \$892,000 less than the budgeted amounts. These unexpended operating assessments will be returned to the CCWA project participants as a credit in FY 2007/08. Additionally, CCWA earned approximately \$2.2 million in interest income which serves to offset the payments from the project participants. Total credits for FY 2006/07 were approximately \$3.1 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 1998/99 to FY 2007/08.



CCWA Revenue Bond Refinancing

On September 28, 2006, CCWA 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 CCWA'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.

Final Cost Allocation of CCWA Project Costs

In conjunction with the issuance of the 2006A refunding revenue bonds, CCWA finalized the allocation of all costs associated with construction the CCWA project facilities including the Polonio Pass Water Treatment Plant and the Mission Hills II and Santa Ynez I and II portions of the CCWA pipeline. A final true-up of all prior payments which were based on the initial project cost allocation compared to the final allocation was included on the June 1, 2007 fixed operating assessment to the project participants.

DWR Revenue Bond Financing

In 2006, DWR informed the State water project contractors that it would be correcting a billing error regarding debt service payments for State of California recreation facilities which were billed to the Contractors in error. In order to correct this billing error, DWR used revenues which are normally allocated to the payment of rate management credits for 2007, which decreased the calendar year 2007 rate management credits. As such, the CCWA billings for DWR payments are higher because of the decreased credits allocated by DWR.

2007 Compensation and Benefits Survey

In early 2007, CCWA conducted its bi-annual compensation and benefits survey. In this survey, CCWA compares its employee salaries and benefits to those of other similar agencies to remain competitive in the employee marketplace. A number of changes to the CCWA compensation and benefits package were recommended and approved by the CCWA board of directors based on the results of this survey. These changes included a 12% increase in the salary ranges for each CCWA position, movement of certain positions to higher pay grades and agreement to change the PERS retirement benefit formula to the one-year final compensation formula.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Coast Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. 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.

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 2006/07. At June 30, 2007, the Authority's investment portfolio had a weighted average maturity of 0 days and a yield to maturity of 5.186%.

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 \$2,726 per calendar year to pay dental and vision expenses for the employee

and their qualified dependents. For the plan year ended June 30, 2006, the maximum liability under the plan was \$78,372 and claims paid were \$40,992.

The Comprehensive Annual Financial Report is presented in three sections:

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

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

Respectfully submitted,



William J. Brennan
Executive Director



Ray A. Stokes
Deputy Director



Introductory Section

June 30, 2007

CENTRAL COAST WATER AUTHORITY BOARD OF DIRECTORS

Leo Trujillo, Chairman
Fred Lemere, Vice Chairman
Brian Barnwell
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

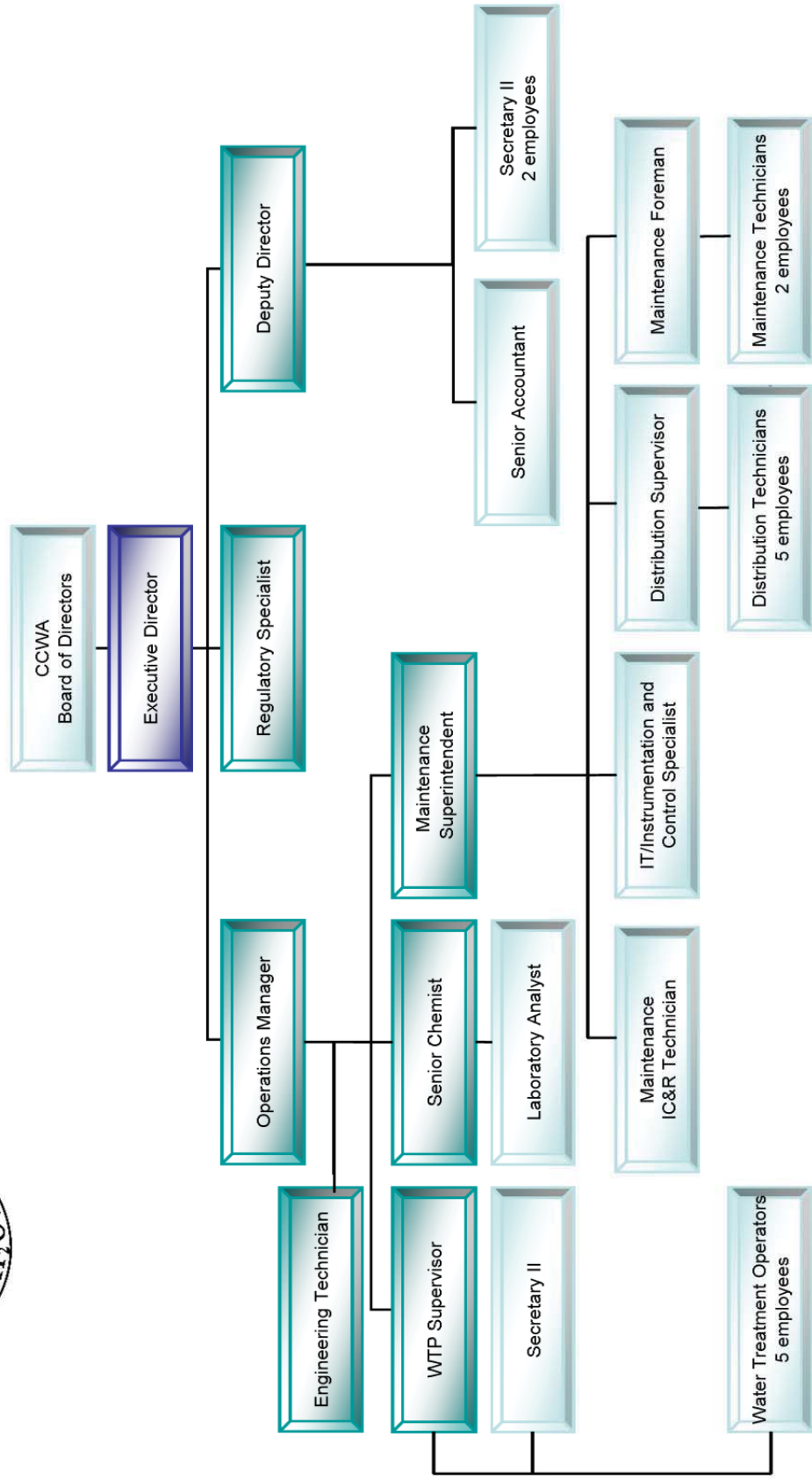
AUTHORITY STAFF

William Brennan
Ray Stokes
John Brady

Executive Director
Deputy Director
Operations Manager/Engineer

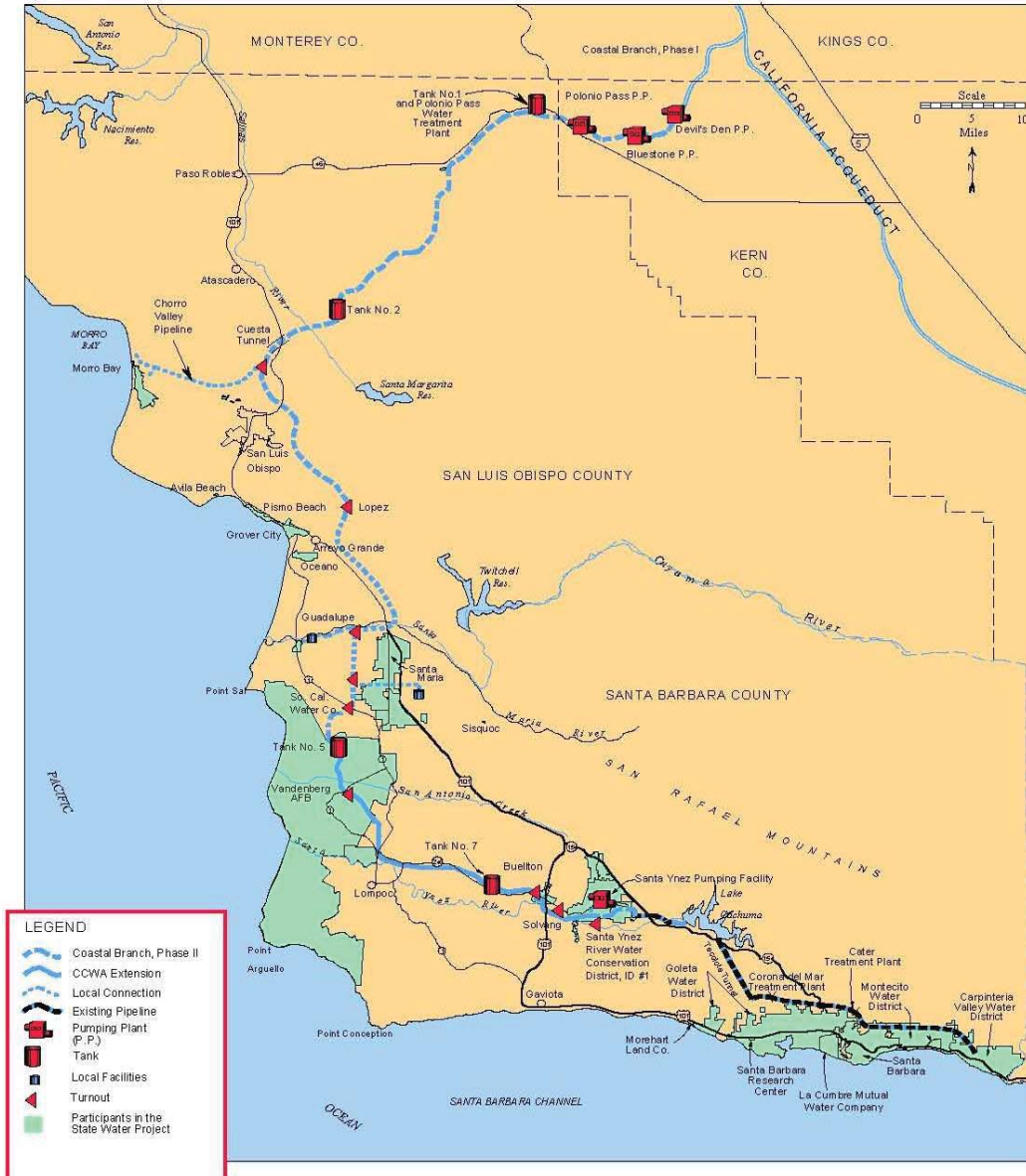


Central Coast Water Authority Organization Chart





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, 2006

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.



President

Executive Director

NASIF, HICKS, HARRIS & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

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November 12, 2007

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, 2007 and 2006, 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, 2007 and 2006, 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2007

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2007. 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 (SLOFCWCD 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 SLOCFCWCD to receive water from the State Water Project.



Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS

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

<u>Condensed Balance Sheet</u>					
	June 30, 2007	June 30, 2006	June 30, 2005	2007-2006 Change	2006-2005 Change
Current Assets	\$ 20,313,065	\$ 19,631,239	\$ 18,323,851	\$ 681,826	\$ 1,307,388
Non-Current Restricted Assets	47,655,735	60,332,868	57,996,111	(12,677,133)	2,336,757
Capital Assets	115,558,673	117,799,603	120,181,023	(2,240,930)	(2,381,420)
Other Assets	20,772,856	24,421,522	26,102,821	(3,648,666)	(1,681,300)
Total Assets	\$ 204,300,329	\$ 222,185,232	\$ 222,603,806	\$(17,884,903)	\$ (418,575)
Current Liabilities	\$ 63,843,876	\$ 61,834,467	\$ 58,025,726	\$ 2,009,409	\$ 3,808,741
Long-Term Liabilities	125,242,533	145,921,901	150,652,542	(20,679,368)	(4,730,641)
Total Liabilities	189,086,409	207,756,368	208,678,268	(18,669,959)	(921,900)
Net assets invested in capital assets net of related debt	13,141,528	11,994,874	11,542,594	1,146,654	452,280
Restricted - total	11,637,508	12,546,345	12,502,853	(908,836)	43,492
Unrestricted	(9,565,116)	(10,112,355)	(10,119,909)	547,239	7,554
Total Net Assets	15,213,920	14,428,864	13,925,538	785,057	503,326
Total Liabilities and Net Assets	\$ 204,300,329	\$ 222,185,232	\$ 222,603,806	\$(17,884,902)	\$ (418,574)

Balance Sheet Analysis

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 \$12.7 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.
- 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 refunding of the 1996 revenue bonds with the 2006A revenue bonds.



Management's Discussion and Analysis

June 30, 2006 Comparison to June 30, 2005

- Total assets as of June 30, 2006 are \$222.2 million, or \$0.4 million less than the June 30, 2005 amount.
- Current assets are approximately \$1.3 million more than the prior year amount primarily due to an increase in the Authority's billing to project participants for the FY 2006/07 Operating Assessments received in June 2006, coupled with an increase in credits payable to the project participants.
- Non-current restricted assets are approximately \$2.3 million higher than the prior year amount due to an increase in the project participant payments for Department of Water Resources (DWR) costs.
- Capital and other assets are \$4.1 million lower than the prior year amount due to depreciation of the Authority's capital assets, amortization of the CCWA 1996 revenue bond issuance costs and cash payments received for the long-term receivable.
- Current liabilities are about \$3.8 million higher than the prior year amount due to an increase in the project participant payments for DWR costs, partially offset by a decrease in project participant prepayments.
- Long-term liabilities are \$4.7 million lower due to the transfer of the October 1, 2006 principal payment on the Authority's 1996 revenue bonds to current liabilities.

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

<u>Condensed Statement of Revenues, Expenses and Changes in Net Assets</u>					
	June 30, 2007	June 30, 2006	June 30, 2005	2007-2006 Change	2006-2005 Change
Operating Revenues (Expenses)					
Operating revenues	\$ 16,948,321	\$ 16,416,803	\$ 16,179,448	\$ 531,518	\$ 237,355
Operating expenses, excluding depreciation expense	(6,394,058)	(5,579,797)	(5,403,161)	(814,261)	(176,636)
Depreciation and amortization	(3,438,918)	(3,752,017)	(3,774,654)	313,099	22,637
Operating Income	\$ 7,115,345	\$ 7,084,989	\$ 7,001,633	\$ 30,356	83,356
Non-operating revenues	\$ 2,392,965	\$ 2,268,789	\$ 1,585,040	\$ 124,176	683,749
Non-operating expenses	(8,394,916)	(8,850,453)	(8,449,946)	455,537	(400,507)
Refund of capital contributions	(328,338)	-	-	(328,338)	-
Increase (decrease) in Net Assets	\$ 785,056	\$ 503,325	\$ 136,727	\$ 281,731	\$ 366,598

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.



Management's Discussion and Analysis

- Operating expenses, excluding depreciation and amortization expense are about \$0.8 million higher than the prior year amount due to the following:
 1. Supplies and equipment expense increase of \$0.15 million due to an increase in water deliveries coupled with a slight increase in chemical costs.
 2. 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.
 3. 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.
 4. 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.

June 30, 2006 Comparison to June 30, 2005

-
- Operating revenues as of June 30, 2006 are about \$0.2 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 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 2005/06, this credit totaled \$0.8 million compared to the FY 2004/05 credit of \$0.4 million.

- Operating expenses, excluding depreciation and amortization expense are about \$0.2 million lower than the prior year amount due to the following:
 1. Personnel expense increases of \$0.2 million due to salary increases effective July 1, 2005 and higher employee benefit costs during FY 2005/06.
 2. Utilities expense decrease of \$0.34 million due to a decrease in water deliveries to Lake Cachuma for the Santa Barbara County south coast project participants during FY 2005/06.
- Non-operating revenues are \$0.7 million higher than the prior year amount due to an increase in interest income during FY 2005/06 attributed to higher interest rates earned on investment balances.
- Non-operating expenses are \$0.4 lower due to a decrease in CCWA 1996 revenue bond interest expense, offset by a \$0.7 million increase in interest income paid to project participants.



Management's Discussion and Analysis

Capital Assets

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

	June 30, 2007	June 30, 2006	June 30, 2005	2007-2006 Change	2006-2005 Change
Land	\$ 3,178,700	\$ 3,148,500	\$ 3,148,500	\$ 30,200	\$ -
Furniture fixtures and equipment	473,821	654,327	637,073	(180,506)	17,254
Equipment	28,324,938	28,117,531	27,922,695	207,408	194,836
Buildings and structures	48,476,520	48,427,212	48,427,212	49,309	-
Underground pipeline	58,971,623	58,971,623	58,971,623	-	-
Construction in progress	170,694	371,028	450,993	(200,334)	(79,965)
Total property, plant and equipment	39,596,297	139,690,220	139,558,094	(93,923)	132,126
Accumulated depreciation	(24,037,624)	(21,890,617)	(19,377,073)	(2,147,006)	(2,513,545)
Net property, plant and equipment	\$ 115,558,673	\$ 117,799,603	\$ 120,181,021	\$ (2,240,929)	\$ (2,381,419)

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

Debt Administration

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of \$123,190,000, which refunded the outstanding \$142,985,000 Series 1996A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24% 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, 2007, the Authority had \$123,190,000 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 1996 revenue bond official statement.

As of June 30, 2007, the Authority had an arbitrage rebate liability on the 2006A revenue bonds of \$1,536.

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



Balance Sheets

ASSETS

For the fiscal year ended

June 30, 2007

June 30, 2006

Current Assets

Cash and investments	\$ 19,930,751	\$ 19,324,737
Interest receivable	165,061	138,109
Other assets	<u>217,253</u>	<u>168,393</u>
Total Current Assets	<u>20,313,065</u>	<u>19,631,239</u>

Non-Current Assets

Restricted Assets

Cash and investments with fiscal agents	19,725	13,737,152
Cash and investments held for payment to DWR	35,839,113	34,860,864
Cash and investments for debt service payments	11,617,204	11,386,081
Interest receivable	<u>179,693</u>	<u>348,771</u>
Total Restricted Assets	<u>47,655,735</u>	<u>60,332,868</u>

Capital Assets

Capital assets (Net of accumulated depreciation of \$24,037,624 for 2007 and \$21,890,618 for 2006)	112,379,973	114,651,103
Land	<u>3,178,700</u>	<u>3,148,500</u>
Total Capital Assets	<u>115,558,673</u>	<u>117,799,603</u>

Unamortized bond issuance costs, net	7,567,595	10,712,213
Long-term accounts receivable	<u>13,205,261</u>	<u>13,709,309</u>
Total Non-Current Assets	<u>183,987,264</u>	<u>202,553,993</u>

Total Assets	\$ <u>204,300,329</u>	\$ <u>222,185,232</u>
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Continued

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



Balance Sheets

LIABILITIES AND NET ASSETS

For the fiscal year ended

June 30, 2007

June 30, 2006

Current Liabilities

Deposits for payment to DWR	\$ 35,979,297	\$ 34,986,240
Accrued interest payable	1,439,931	1,817,172
Other liabilities	473,859	550,037
Liability for compensated absences	87,418	92,645
Current portion of bonds payable	5,895,000	4,915,000
Prepaid project participant assessments	<u>19,685,461</u>	<u>19,312,099</u>
Total Current Liabilities	<u>63,843,876</u>	<u>61,834,467</u>

Long-Term Liabilities

Bonds payable	117,295,000	138,070,000
Rate coverage reserve fund	<u>7,947,533</u>	<u>7,851,901</u>
Total Long-Term Liabilities	<u>125,242,533</u>	<u>145,921,901</u>

Total Liabilities

189,086,409

207,756,368

Net Assets

Net assets invested in capital assets, net of related debt	13,141,528	11,994,874
Restricted - capital projects	20,304	981,910
Restricted - debt service	11,617,204	11,564,435
Unrestricted	<u>(9,565,116)</u>	<u>(10,112,355)</u>
Total Net Assets	<u>15,213,920</u>	<u>14,428,864</u>

Total Liabilities and Net Assets

\$ 204,300,329

\$ 222,185,232

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, 2007	June 30, 2006
<u>Operating Revenues</u>		
Operating reimbursements		
from project participants	\$ 16,916,363	\$ 16,384,149
Other revenues	31,958	32,654
Total Operating Revenues	16,948,321	16,416,803
<u>Operating Expenses</u>		
Personnel expenses	2,787,383	2,793,551
Office expenses	22,438	19,429
General and administrative	177,079	137,251
Professional services	317,766	231,551
Supplies and equipment	791,005	638,409
Monitoring expenses	51,963	56,378
Repairs and maintenance	220,748	186,723
Utilities	355,065	231,505
Unexpended operating reimbursements	891,394	750,250
Depreciation and amortization	3,438,918	3,752,017
Other expenses	779,217	534,750
Total Operating Expenses	9,832,976	9,331,814
Operating Income	7,115,345	7,084,989
<u>Non-Operating Revenues</u>		
Interest income	2,381,697	2,252,091
Gain on disposal of property, plant and equipment	11,268	16,698
Total Non-Operating Revenues	2,392,965	2,268,789
<u>Non-Operating Expenses</u>		
Interest expense	6,223,707	7,336,413
Interest income paid to project participants	2,171,209	1,514,040
Total Non-Operating Expenses	8,394,916	8,850,453
Increase in net assets before contributions	1,113,394	503,325
Refund of capital contributions	(328,338)	-
Change in net assets	785,056	503,325
Net assets, at beginning of year	14,428,864	13,925,538
Net assets, at end of year	\$ 15,213,920	\$ 14,428,864

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



Statements of Cash Flows

	For the fiscal year ended	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Cash Flows From Operating Activities		
Cash received from project participants and other operating activities	\$ 14,572,304	\$ 15,810,353
Cash payments to employees	(1,930,692)	(1,915,680)
Cash payments to suppliers	<u>(3,450,336)</u>	<u>(2,954,281)</u>
Net cash provided by operating activities	<u>9,191,276</u>	<u>10,940,392</u>
Cash Flows from Investing Activities		
Interest and dividends on investments	<u>2,523,823</u>	<u>2,139,625</u>
Net cash provided by investing activities	<u>2,523,823</u>	<u>2,139,625</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(454,619)	(211,441)
Interest paid on long-term debt	(6,600,947)	(7,404,138)
Principal payments on long-term debt	(4,915,000)	(4,515,000)
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	<u>11,268</u>	<u>16,698</u>
Net cash used by capital and related financing activities	<u>(24,718,048)</u>	<u>(12,113,881)</u>
Cash Flows from Non-Capital Financing Activities		
Proceeds received for DWR and Warren Act charges	35,397,183	35,015,463
Payments of DWR and Warren Act charges	(35,296,275)	(33,575,577)
Proceeds received for rate coverage fund and prepayment deposits	<u>1,000,000</u>	<u>1,100,000</u>
Net cash provided (used) by non-capital financing activities	<u>1,100,908</u>	<u>2,539,886</u>
Net (decrease) increase in cash and cash equivalents	(11,902,041)	3,506,022
Cash and cash equivalents, beginning of year	<u>79,308,834</u>	<u>75,802,812</u>
Unrestricted cash and investments	19,930,751	19,324,737
Restricted cash and investments with fiscal agents	19,725	13,737,152
Restricted cash and investments held for payment to DWR	35,839,113	34,860,864
Restricted cash and investments for debt service payments	<u>11,617,204</u>	<u>11,386,081</u>
Cash and cash equivalents, end of year	<u>\$ 67,406,793</u>	<u>\$ 79,308,834</u>
Cash Flows From Operating Activities		
Operating Income	\$ 7,115,345	\$ 7,084,989
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,438,918	3,752,017
Unexpended operating reimbursements payable to project participants	891,394	750,250
Operating revenues paid from credits and unearned revenue	(2,376,016)	(606,449)
Increase (decrease) in accounts payable	<u>121,635</u>	<u>(40,415)</u>
Net cash provided by operating activities	<u>\$ 9,191,276</u>	<u>\$ 10,940,392</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>June 30, 2007</u>	<u>June 30, 2006</u>
<u>Schedule of Non-Cash Capital and Related Financing Activities</u>		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	<u>\$ 331,843</u>	<u>\$ 251,315</u>
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.	<u>\$ 327,558</u>	<u>\$ 79,316</u>

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



Notes to Financial Statements

Note

1: Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

Facilities Constructed by the Authority

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

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

Contractual Relationships

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



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, 2007. 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, 2007, the investment portfolio has a weighted average maturity of 0 days and a yield to maturity of 5.186%.

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, 2007 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, 2007.

<u>Project Participant</u>	<u>June 30, 2007</u>
City of Buellton	\$ 242,535
Carpinteria Valley Water District	765,941
City of Guadalupe	157,483
La Cumbre Mutual Water Company	367,173
Montecito Water District	1,021,131
Oceano CSD (SLO County)	179,594
City of Santa Maria	4,169,232
Shandon (SLO County)	14,778
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	569,041
Santa Ynez WCD, ID #1	392,347
Accrued interest receivable	68,278
Total	<u>\$7,947,533</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 \$2,726 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, 2006 and 2005.

	<u>2007</u>	<u>2006</u>
Maximum claims liability	\$ 78,372	\$ 81,345
Actual claims paid	(40,992)	(46,204)

N. Use of Estimates

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

Note 2: Cash and Investments

A. Pooling

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



Notes to Financial Statements

B. Demand Deposits

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

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

As of June 30, 2007, the reported amount of the Authority's demand deposits was \$253,539 and the bank balance was \$375,138. The difference of \$121,599 was principally due to checks which had not yet cleared the bank.

C. Cash and Investments

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

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

percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. At June 30, 2007, the carrying value of the Authority's position in LAIF is \$39,841,683 and the fair value is \$39,823,556.

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 6/30/07	Interest Rate Range	Maturity Date/ Range	Weighted Average Maturity
Pooled Investments:					
Local Agency Investment Fund	\$ 39,841,685	39,823,558	5.25	n/a	n/a
Money Market Funds	27,291,845	27,291,845	5.16	7/2007	0 days
Money Market Funds Controlled by					
Fiscal Agents	19,725	19,725	4.60	7/2007	0 days
Total Investments	67,153,255	67,135,128			
Cash in Banks:					
Interest Bearing Deposits	252,841	252,841			
Cash on Hand	699	699			
Total Cash and Investments	\$ 67,406,795	\$ 67,388,668			

Note 3: Capital Assets

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

	2007			2006		
	Property, Plant and Equipment	Accumulated Depreciation	Net	Property, Plant and Equipment	Accumulated Depreciation	Net
Land	\$ 3,178,700	\$ -	\$ 3,178,700	\$ 3,148,500	\$ -	\$ 3,148,500
Furniture fixtures and equipment	473,821	(392,699)	81,122	654,327	(601,947)	52,380
Equipment	28,324,938	(8,758,068)	19,566,870	28,117,531	(7,900,459)	20,217,072
Buildings and structures	48,476,520	(6,995,531)	41,480,989	48,427,212	(6,288,164)	42,139,048
Underground pipeline	58,971,623	(7,891,326)	51,080,297	58,971,623	(7,100,048)	51,871,575
Construction in progress	170,695	-	170,695	371,028	-	371,028
Total property and equipment	136,417,597	(24,037,624)	112,379,973	136,541,721	(21,890,618)	114,651,103
Total property, plant, and equipment	\$139,596,297	\$(24,037,624)	\$115,558,673	\$139,690,221	\$(21,890,618)	\$117,799,603



Notes to Financial Statements

The following table shows the capital asset activity for the fiscal years ended June 30, 2007 and 2006.

	Plant and Equipment	Accumulated Depreciation	Net
Balance, June 30, 2005	\$ 136,409,596	\$ (19,377,073)	\$ 117,032,523
Additions	211,440	(2,592,861)	(2,381,421)
Retirements and disposals	(79,316)	79,316	-
Balance at June 30, 2006	136,541,720	(21,890,618)	114,651,102
Additions	454,619	(2,474,564)	(2,019,945)
Retirements and transfers	(578,742)	327,558	(251,184)
Balance, June 30, 2007	<u>\$ 136,417,597</u>	<u>\$ (24,037,624)</u>	<u>\$ 112,379,973</u>

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, 2007 and \$22,890,770 at June 30, 2006 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, 2007, are as follows:

Fiscal Year	Interest	Principal	Total
2008	\$ 5,641,825	\$ 5,895,000	\$ 11,536,825
2009	5,400,125	6,190,000	11,590,125
2010	5,147,725	6,430,000	11,577,725
2011	4,885,225	6,695,000	11,580,225
2012-2016	19,335,588	38,335,000	57,670,588
2017-2021	8,935,150	48,485,000	57,420,150
2022	<u>279,000</u>	<u>11,160,000</u>	<u>11,439,000</u>
Total	<u>\$49,624,638</u>	<u>\$123,190,000</u>	<u>\$172,814,638</u>

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, 2007 was as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Series A 1996 Revenue Bonds	\$ 138,070,000	\$ -	\$ (138,070,000)	\$ -	\$ -
Series 2006A Revenue Bonds	-	123,190,000	-	123,190,000	5,895,000
Rate Coverage Reserve Fund	<u>7,851,901</u>	<u>95,632</u>	<u>-</u>	<u>7,947,533</u>	<u>-</u>
Total	<u>\$ 145,921,901</u>	<u>\$ 23,285,632</u>	<u>\$ (138,070,000)</u>	<u>\$ 131,137,533</u>	<u>\$ 5,895,000</u>

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 2006/07 was 11.769%. The contribution rate is established and may be amended by CalPERS.

C. Annual Pension Costs

For fiscal year 2006/07, the Central Coast Water Authority's annual pension costs were \$345,947 and the Authority actually contributed \$337,432. The required contribution for fiscal year 2006/07 was determined as part of the June 30, 2004 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, 2006 was 16 years.

Three-Year Trend Information for the Central Coast Water Authority

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC) <u>Contributed</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>Obligation</u>
6/30/04	\$235,722	96%	\$9,205
6/30/05	\$277,414	90%	\$28,663
6/30/06	\$337,979	98%	\$6,321



Notes to Financial Statements

Funded Status of the Risk Pool (in thousands)

Valuation Date	Entry Age	Actuarial Value of Assets	Unfunded Liability
	Normal Accrued Liability		
6/30/04	\$2,746,096	\$2,460,945	\$285,151
6/30/05	\$2,891,461	\$2,588,713	\$302,748
6/30/06	\$2,754,397	\$2,492,226	\$262,170

Valuation Date	Funded Ratio	Annual Covered Payroll	UAAL As
			a Percentage of Payroll (1)
6/30/04	89.6%	\$743,692	38.3%
6/30/05	89.5%	\$755,047	40.1%
6/30/06	90.5%	\$699,898	37.5%

(1) UAAL: Unfunded Actuarial Accrued Liability.

Note 6: Commitments and Uncertainties

The Authority leases equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2007 were \$8,841 (2008) and \$8,084 thereafter, resulting in total minimum payments of \$16,925.

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, 2007 and June 30, 2006, 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.

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.



TABLE 1

General Governmental Revenues by Source

Fiscal Year	Operating Assessments	Debt Service Assessments	Other Revenues	Interest Income	Total Revenues
1997/98	\$ 1,545,147	\$ 8,689,624	\$ 7,548	\$ 4,374,272	\$ 14,616,591
1998/99 (1)	1,295,241	-	460	3,493,312	4,789,013
1999/00	1,963,376	7,779,256	2,598	2,924,419	12,669,649
2000/01	1,601,303	10,263,441	88,587	3,054,399	15,007,753
2001/02	2,608,414	10,377,750	480,344	2,107,406	15,573,914
2002/03	4,027,340	10,471,871	166,719	1,491,002	16,156,930
2003/04	4,126,452	10,577,149	70,080	1,155,686	15,929,366
2004/05 (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

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

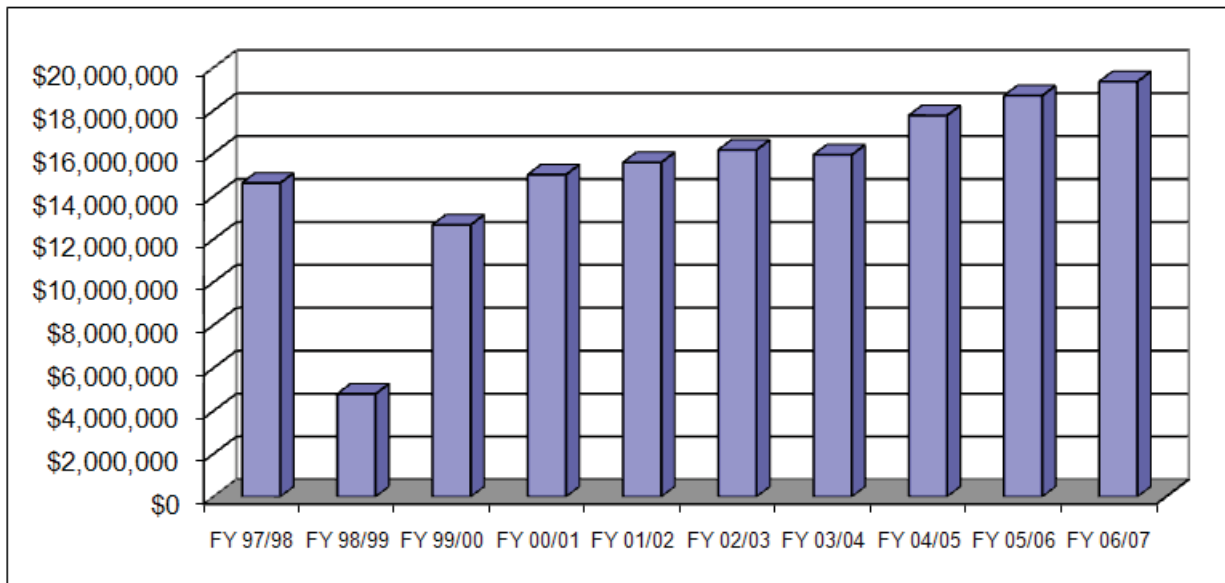




TABLE 2
General Governmental Expenditures by Function

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Interest paid to Participants	Total Expenditures
1997/98	\$ 6,718,882	\$ 3,922,279	\$ 9,865,258	\$ -	\$ 20,506,419
1998/99	7,708,099	1,983,928	8,806,337	-	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

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

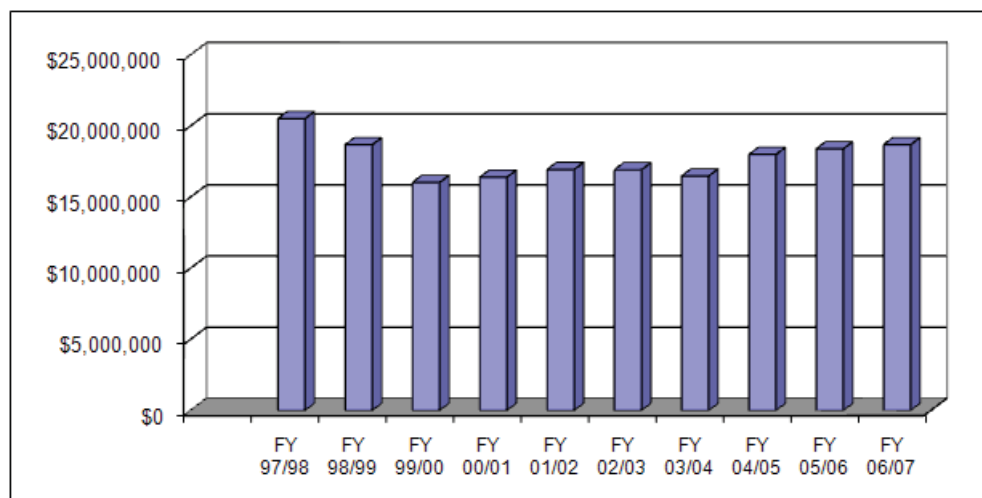




TABLE 3
Ratio of Annual Debt Service
For Total Bonded Debt to Total Expenditures

Fiscal Year	Bond Issue	Principal	Interest ⁽¹⁾	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
1997/98	96 Bonds	\$4,040,000	\$ 9,904,443	\$ 13,944,443	\$ 20,506,419	74.66%
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%

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

Source: Central Coast Water Authority

Ratio of Debt Service to Total Expenditures

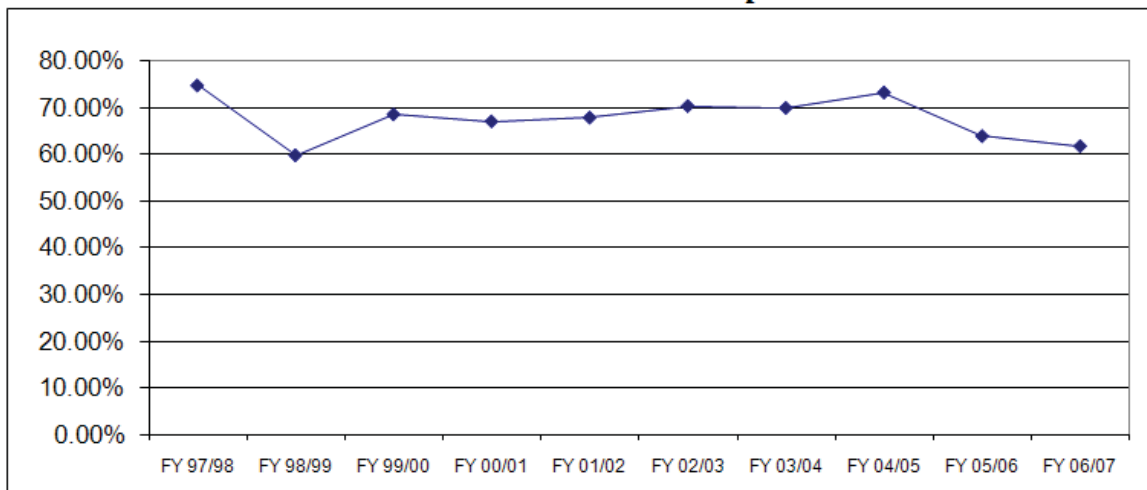




TABLE 4

FY 2006/07 Allocation of CCWA Operating Expenses

Project Participant	FY 2006/07 Unadjusted Operating Expenses ⁽¹⁾	Exchange Agreement Modifications ⁽²⁾	Regional Water Treatment Plant Modifications ⁽³⁾	FY 2006/07 Allocated Operating Expenses
Shandon (SLO County)	\$ 5,304	N/A	N/A	\$ 5,304
Chorro Valley Turnout (SLO County)	190,017	N/A	N/A	190,017
Lopez Turnout (SLO County)	192,409	N/A	N/A	192,409
City of Guadalupe	71,134	N/A	\$ 19,517	90,651
City of Santa Maria	1,803,812	N/A	574,647	2,378,458
Golden State Water Co.	58,398	N/A	17,124	75,522
Vandenberg Air Force Base	653,838	N/A	192,569	846,407
City of Buellton	91,422	N/A	20,923	112,345
City of Solvang	217,448	N/A	53,158	270,606
Santa Ynez Imp. District #1	83,995	345,548	122,078	551,622
Goleta Water District	728,820	(124,307)	(317,565)	286,948
Morehart Land Co.	30,518	N/A	(17,860)	12,658
La Cumbre Mutual Water Co.	195,751	N/A	(101,911)	93,839
Raytheon Systems Company	9,368	N/A	(4,973)	4,395
City of Santa Barbara	442,690	(82,831)	(199,121)	160,738
Montecito Water District	535,009	(82,831)	(226,097)	226,081
Carpinteria Valley Water District	295,194	(55,579)	(132,489)	107,126
TOTAL:	\$ 5,605,129	\$ 0	\$ 0	\$ 5,605,129

1. FY 2006/07 unadjusted operating expenses is equal to total operating expenses *minus* depreciation and amortization, interest income on the general operating fund for CCWA, miscellaneous and non-annual recurring expense income, plus capital expenditures paid from operating assessments.
2. Exchange agreement modifications represent cost adjustments between the Santa Ynez River Water Conservation District, ID#1 and the South Coast project participants for Cachuma Project water.
3. Regional Water Treatment Plant modifications represents fixed, capital and variable modifications pursuant to CCWA Resolutions 92-16 and 95-13.



TABLE 5

Deposits for Payments to the Department of Water Resources

Project Participant	Balance July 1, 2006	FY 2006/07 Project Participant Payments and DWR Credits	Payments to Department of Water Resources and Other Adjustments	Ending Balance June 30, 2007
City of Guadalupe	\$ 413,334	\$ 482,691	\$ (457,853)	\$ 438,172
City of Santa Maria	13,573,809	14,523,321	(14,126,675)	13,970,454
Golden State Water Co.	405,811	451,708	(417,460)	440,059
Vandenberg Air Force Base	4,950,947	5,175,891	(5,102,706)	5,024,132
City of Buellton	502,530	592,024	(558,232)	536,321
Santa Ynez ID#1 (Solvang only)	1,344,696	1,372,649	(1,392,594)	1,324,751
Santa Ynez ID#1 (excluding Solvang)	502,937	486,644	(533,888)	455,693
Goleta Water District	4,186,381	4,436,796	(4,216,590)	4,406,587
Morehart Land Co.	182,938	183,238	(174,567)	191,609
La Cumbre Mutual Water Co.	912,003	929,637	(927,513)	914,127
Raytheon Systems Company	47,204	55,036	(49,373)	52,867
City of Santa Barbara	2,604,139	2,746,600	(2,673,427)	2,677,312
Montecito Water District	2,743,277	2,860,017	(2,746,198)	2,857,096
Carpinteria Valley Water District	<u>1,762,837</u>	<u>1,807,241</u>	<u>(1,781,385)</u>	<u>1,788,693</u>
TOTAL:	<u>\$ 34,132,842</u>	<u>\$ 36,103,491</u>	<u>\$ (35,158,460)</u>	<u>\$ 35,077,873</u>

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 2007. 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, 2007.



TABLE 6

FY 2006/07 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Lopez Turnout (SLO County)	2,156	N/A	2,156
Chorro Valley Turnout (SLO County)	2,133	N/A	2,133
City of Guadalupe	483	N/A	483
City of Santa Maria	14,141	N/A	14,141
Golden State Water Company	200	N/A	200
Vandenberg Air Force Base	3,824	N/A	3,824
City of Buellton	667	N/A	667
Santa Ynez ID #1 (City of Solvang)	1,290	N/A	1,290
Santa Ynez ID #1	762	2,891	3,653
Goleta Water District	1,990	(1,040)	950
Morehart Land Company	30	N/A	30
La Cumbre Mutual Water Company	783	-	783
Raytheon Systems Company	33	N/A	33
City of Santa Barbara	693	(693)	-
Montecito Water District	2,047	(693)	1,354
Carpinteria Valley Water District	465	(465)	-
TOTAL:	31,697	-	31,697

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

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Lopez Turnout (SLO County)	1,894	N/A	1,894
Chorro Valley Turnout (SLO County)	2,221	N/A	2,221
City of Guadalupe	630	N/A	630
City of Santa Maria	17,820	N/A	17,820
Golden State Water Company	550	N/A	550
Vandenberg Air Force Base	6,050	N/A	6,050
City of Buellton	644	N/A	644
Santa Ynez ID #1 (City of Solvang)	1,500	N/A	1,500
Santa Ynez ID #1	700	2,470	3,170
Goleta Water District	4,950	(889)	4,061
Morehart Land Company	220	N/A	220
La Cumbre Mutual Water Company	800	-	800
Raytheon Systems Company	55	N/A	55
City of Santa Barbara	593	(593)	0
Montecito Water District	3,300	(593)	2,707
Carpinteria Valley Water District	395	(395)	(0)
TOTAL:	42,322	-	42,322



TABLE 7

Selected Demographic Information

Santa Barbara County

<u>Population</u>	
<i>(In thousands of people)</i>	
Estimated, 2006	423.50
<u>Gender</u>	
Male	205.10
Female	204.10
Median Age (in years)	34.10
<u>Ethnicity</u>	
White	225.40
Black	9.60
Other	21.10
Hispanic, Any Race	153.10

<u>Average Salary by Sector in 2005</u>	
Agriculture	\$ 20,667
Mining	59,022
Construction	41,578
Durable Manufacturing	62,260
Non-Durable Manufacturing	40,945
Transportation and Utilities	39,323
Communications	52,205
Wholesale Trade	46,631
Retail Trade	21,576
Finance, Insurance and Real Estate	56,971
Other Services	36,693
Government	38,851

Source: University of Santa Barbara Economic Forecast Project



TABLE 8
Santa Barbara County
Civilian Labor Force, Employment and Unemployment
Annual Averages
 (Amounts in Thousands)

	2002	2003	2004	2005	2006
Civilian Labor Force ⁽¹⁾	206.08	209.52	212.66	215.97	214.16
Employment	195.47	198.99	202.63	206.69	205.44
Unemployment	10.58	10.52	10.05	9.38	8.7
Unemployment Rate	5.14%	5.02%	4.73%	4.36%	4.06%
Wage and Salary Employment ⁽²⁾					
Total, Wage and Salary	179.64	182.19	184.92	188.19	188.35
Total Farm	14.23	16.18	16.01	16.25	15.46
Total Non-Farm	165.41	166.01	168.92	171.94	172.89
Total Private	129.66	130.43	133.05	135.56	136.85
Goods Producing	22.23	22.77	23.73	24.57	25.27
Service Producing	143.17	143.24	145.22	147.37	147.62
Natural Resources, Mining and Construction	8.85	9.43	10.47	10.97	10.97
Natural Resources and Mining	0.86	0.80	0.80	0.93	1.12
Construction	7.99	8.63	9.67	10.07	10.48
Manufacturing	13.38	13.33	13.22	13.57	13.66
Durable Goods	10.20	10.07	9.97	10.22	10.22
Nondurable Goods	3.18	3.26	3.25	3.34	3.43
Trade, Transport and Utilities	27.90	27.33	27.67	27.93	28.32
Wholesale Trade	4.76	4.34	4.53	4.66	4.95
Retail Trade	20.33	20.09	20.21	20.25	20.31
Transport, Warehousing and Utilities	2.81	2.90	2.93	3.02	3.06
Information	4.12	4.07	4.02	4.13	4.05
Financial Activities	8.62	8.42	8.52	8.60	8.84
Professional and Business Services	20.61	21.07	22.08	22.83	22.14
Educational and Health Services	19.25	19.32	19.57	19.38	19.43
Leisure and Hospitality	20.95	21.70	21.91	22.43	22.98
Other Services	5.98	5.75	5.58	5.67	5.82
Government	35.75	35.57	35.87	36.38	36.04
Federal Government	3.92	3.87	3.78	3.76	3.72
State and Local Government	31.82	31.7	32.08	32.62	32.32

Notes:

⁽¹⁾ Based on place of residence.

⁽²⁾ Based on place of employment.

Source: Economic Sciences Corporation



TABLE 9

Santa Barbara County Largest Employers

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

Source: 2005 University of Santa Barbara Economic Forecast Project



TABLE 10
Miscellaneous Statistical Information

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	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	<u>5,500</u>
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)	<u>200</u>
Total San Luis Obispo County	<u>4,830</u>
 TOTAL TABLE A AMOUNT	 <u>43,908</u>

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



TABLE 11

Schedule of Insurance
Valued June 30, 2007

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
National Union Fire Insurance Company	4-1-07 to 4-1-08	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	4-1-07 to 4-1-08	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	\$ 55,809,397	Buildings (\$24,186,446); Personal property (\$1,206,200); Fixed Equipment (\$30,266,751)
ACWA Joint Powers Insurance Authority	10-1-06 to 10-1-07	General and Auto Liability	\$ 1,000,000	Liability JPIA pooled layer
Insurance Co. of the State of Pennsylvania #8766772	10-1-06 to 10-1-07	General and Auto Liability	\$ 19,000,000	Liability umbrella policy
Lexington Insurance #65001811	10-1-06 to 10-1-07	General and Auto Liability	\$ 20,000,000	Liability umbrella policy
Arch Insurance Co. UXP001771800	10-1-06 to 10-1-07	General and Auto Liability	\$ 10,000,000	Liability umbrella policy



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)
1997	4,250	\$ 1,410,581	1,873
1998	4,359	1,018,641	1,803
1999	4,429	1,118,375	1,959
2000	4,410	1,632,551	2,078
2001	4,158	1,710,063	1,983
2002	4,233	1,751,585	2,219
2003	4,234	1,772,352	2,001
2004	4,365	1,872,673	1,962
2005	4,405	1,888,635	1,953
2006	4,443	1,994,992	1,924

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Pismo Mobile Home Park	16,206	\$ 27,398
Cliffs Shell Beach	15,997	27,100
Oxford Suites	9,121	14,745
Seacrest Motel II	9,428	14,326
Motel 6	8,773	13,481
Pismo Lighthouse Suites	7,226	12,127
Hacienda Del Pismo	6,574	11,239
Seaventure	7,030	11,062
Shorecliff Lodge	7,470	10,893
Kon Tiki	6,703	10,591
Total	<u>94,528</u>	<u>\$ 152,962</u>

(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
1997	\$ 2,232,597	\$ 1,192,153	\$ 1,040,444	\$ 894,779	\$ -	1.16
1998	2,554,992	1,119,067	1,435,925	1,053,312	-	1.36
1999	2,950,803	1,074,072	1,876,731	1,029,404	-	1.82
2000	3,503,712	1,248,715	2,254,997	1,144,263	-	1.97
2001	3,086,559	1,265,673	1,820,886	1,110,301	-	1.64
2002	3,304,001	1,179,819	2,124,182	1,197,934	-	1.77
2003	3,259,930	1,248,739	2,011,191	1,287,062	-	1.56
2004	2,854,004	1,523,338	1,330,666	1,198,295	-	1.11
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

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)
1997	4,887	\$ 3,606,969	1,546
1998	4,949	3,599,977	1,402
1999	5,010	3,585,083	1,363
2000	5,118	3,641,293	1,397
2001	5,198	3,785,189	1,238
2002	5,251	3,857,137	1,253
2003	5,254	3,802,287	1,349
2004	5,383	3,852,954	1,205
2005	5,399	3,436,322	976
2006	5,473	3,884,085	1,009

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Morro Bay High School	1,410,700	\$ 166,769
City of Morro Bay	1,804,100	148,126
Inn at Morro Bay	1,000,500	114,377
Mission Linen	946,900	107,109
Pacific Care Center	1,008,200	102,008
Morro Elementary School	542,500	49,306
Morro Dunes Trailer Park	514,500	46,412
Department of Parks & Rec.	480,300	40,720
Silver City Manor 1 & 2	369,700	32,099
Accor Economy Lodge	331,700	31,186
Total	<u>8,409,100</u>	<u>\$ 838,112</u>

(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
1997	\$ 3,673,481	\$ 746,430	\$ 2,927,051	\$ 1,676,152	\$ -	1.75
1998	3,578,066	716,505	2,861,561	1,493,155	-	1.92
1999	3,556,769	522,037	3,034,732	1,527,252	-	1.99
2000	3,726,625	573,398	3,153,227	1,745,066	-	1.80
2001	3,867,608	535,004	3,332,604	1,662,862	-	2.00
2002	3,857,137	495,459	3,361,678	1,739,275	-	1.93
2003	4,165,957	637,036	3,528,921	1,844,889	-	1.91
2004	3,947,340	938,793	3,008,547	1,815,661	-	1.66
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

Source: City of Morro Bay



Statistical Section City of Guadalupe

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Municipal Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1997	1,578	\$ 781,376	613
1998	1,577	809,553	730
1999	1,579	846,539	714
2000	1,592	870,771	711
2001	1,638	921,050	735
2002	1,714	889,048	741
2003	1,804	980,076	764
2004	1,912	1,011,608	811
2005	1,857	1,001,571	605
2006	1,907	1,003,346	719

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Apio Coller	71,771	\$ 249,894
Guadalupe Laundromat	3,877	12,600
Guadalupe Union School District	3,496	11,362
Pan American Seed	2,737	8,895
Guadalupe Cemetery	1,681	5,463
P&M Properties	1,616	5,252
Barragan Apartments	1,446	4,700
Far Western Tavern	1,176	3,822
Obispo Cooling	1,074	3,491
Cochiolo Trucking	544	1,768
Total	89,418	\$ 307,247

(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
1997	\$ 845,468	\$ 190,000	\$ -	\$ 655,468	\$ 493,298	1.33
1998	877,834	131,288	18,389	764,935	491,491	1.56
1999	883,908	131,634	18,916	771,190	454,395	1.70
2000	957,764	157,355	154,212	954,621	597,949	1.60
2001	1,081,498	209,025	154,212	1,026,685	597,890	1.72
2002	1,257,016	365,254	154,212	1,045,974	549,327	1.90
2003	1,089,354	372,200	155,315	872,469	685,609	1.27
2004	1,901,527	328,840	154,756	1,727,443	669,041	2.58
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

Source: City of Guadalupe



Statistical Section City of Santa Maria

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1997	16,198	\$ 10,671,207	12,876
1998	16,406	11,577,701	11,003
1999	16,586	12,518,274	12,807
2000	16,798	13,430,453	11,992
2001	17,189	14,985,470	12,216
2002	17,735	16,350,234	12,990
2003	18,301	17,569,216	12,647
2004	19,170	19,392,893	13,267
2005	19,596	20,479,665	11,375
2006	20,588	20,901,096	13,026

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
City of Santa Maria	216,170	\$ 841,265
Santa Maria Elementary Schools	109,330	405,107
Allan Hancock College	50,995	184,684
SP Village Green, LLC	51,569	177,854
Casa Grande Mobile Homes	61,503	157,925
Marian Hospital	33,323	141,736
S.B. County Housing Authority	31,173	120,750
Mission Linen Supply	27,744	94,654
Santa Maria Joint Union High School	21,470	88,211
El Capitan Trailer Park	20,748	54,637
Total	<u>624,025</u>	<u>\$ 2,266,823</u>

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues ⁽¹⁾	Operating Expenses	Rate Coverage Fund	Net Revenues	State Water Payments	Coverage
1997	\$ 14,270,631	\$ 5,637,937	\$ -	\$ 8,632,694	\$ 9,335,682	0.92
1998	18,527,735	4,544,329	2,862,780	16,846,186	11,789,392	1.43
1999	19,926,823	5,345,513	3,250,757	17,832,067	10,890,688	1.64
2000	20,629,192	5,177,387	3,173,781	18,625,586	10,228,806	1.82
2001	22,413,302	5,150,615	3,573,420	20,836,107	12,940,418	1.61
2002	22,508,856	5,395,197	3,656,826	20,770,485	10,081,569	2.06
2003	25,344,832	7,952,493	3,666,401	21,058,740	13,749,295	1.53
2004	26,977,067	7,118,174	4,002,906	23,861,799	13,858,267	1.72
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

(1) Includes wastewater fees and charges.

Source: City of Santa Maria



Statistical Section City of Buellton

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1997	993	\$ 1,063,140	992
1998	1,043	964,878	821
1999	1,051	1,040,487	860
2000	1,082	1,111,867	940
2001	1,251	1,134,691	984
2002	1,314	1,144,605	1,068
2003	1,424	1,233,563	1,111
2004	1,491	1,365,416	1,257
2005	1,472	1,300,677	1,115
2006	1,498	1,334,328	1,205

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Ranch Club Mobile Estates	22,500	\$ 97,053
Santa Ynez Valley Marriott	15,783	60,091
Rivergrove Mobile Home Park	8,867	36,363
Buellton Union School District	12,098	29,479
Flying Flags RV Park	12,032	27,174
Days Inn	4,878	18,460
The Laurel Company	4,526	13,476
Pea Soup Andersen's Restaurant	2,774	12,628
Motel 6	3,415	12,320
Andersen's Inn	3,381	12,078
Total	<u>90,254</u>	<u>\$ 319,122</u>

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1997	\$ 1,285,504	\$ 345,222	0	\$ 940,282	\$ 638,885	1.47
1998	1,318,509	312,810	19325	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

Source: City of Buellton



Statistical Section

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

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1997	1,836	\$ 1,942,808	1,556
1998	1,854	1,764,735	1,275
1999	1,887	1,857,632	1,558
2000	2,005	2,105,851	1,524
2001	1,890	2,616,048	1,549
2002	1,893	3,108,477	1,594
2003	1,901	2,929,186	1,518
2004	1,903	3,286,624	1,506
2005	1,907	3,229,500	1,589
2006	1,903	3,543,426	1,321

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Rancho Santa Ynez Mobile Estate	24,266	\$ 69,643
Alisal Guest Ranch	11,365	32,504
Royal Scandinavian Inn	7,567	21,642
Solvang Lutheran Home	7,074	20,418
Mission Oaks	7,139	20,232
Mission Ready Mix	5,771	16,505
Petersen Village Inn	5,392	15,421
Solvang School	5,265	15,058
City of Solvang	5,258	15,038
Wine Valley Inn	3,797	10,859
Total	<u>82,894</u>	<u>\$ 237,320</u>

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1997	\$ 2,106,802	\$ 1,259,466	\$ -	847,336	\$ 1,666,389	0.51
1998	1,897,791	524,837	-	1,372,954	1,682,460	0.82
1999	1,921,077	583,976	456,044	1,793,145	1,597,628	1.12
2000	2,241,697	842,919	456,044	1,854,822	1,836,214	1.01
2001	2,721,479	730,837	480,244	2,470,886	1,933,392	1.28
2002	3,199,145	992,031	511,478	2,718,592	1,844,616	1.47
2003	2,976,966	778,728	536,633	2,734,871	2,040,658	1.34
2004	3,293,660	854,671	534,808	2,973,797	2,064,965	1.44
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

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)
1997	2,183	\$ 2,194,190	6,505
1998	2,220	2,370,258	4,542
1999	2,266	2,468,151	4,963
2000	2,262	2,944,843	5,650
2001	2,238	3,092,440	5,573
2002	2,260	3,505,160	5,859
2003	2,351	3,373,470	4,968
2004	2,363	3,816,702	6,012
2005	2,422	3,518,032	4,637
2006	2,442	3,848,782	4,800

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Chumash Casino	68	\$ 55,531
Cachuma Sanitation District	60	51,322
Santa Ynez Valley Farming	209	32,702
Gainey Ranch	71	16,470
Gainey Vineyard	40	10,651
Don Smith	61	10,507
Elizabeth Williams	65	10,267
Doug Herthel	62	10,253
John Harmon	27	8,487
Oak Hill Cemetery District	48	7,989
Total	<u>711</u>	<u>\$ 214,179</u>

(1) In acre-feet per year.

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

State Water Payment Coverage Calculations

Fiscal Year Ending June 30 ⁽¹⁾	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 4,152,336	\$ 1,604,014	\$ -	\$ 2,548,322	\$ 912,287	2.79
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

(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

Fiscal Year Ending June 30	Connections	Sales Revenues	Water
			Deliveries (acre-feet per year)
1997	14,489	\$ 13,661,494	13,508
1998	14,582	13,010,036	12,947
1999	14,827	14,065,684	12,641
2000	15,136	14,919,815	12,665
2001	15,621	14,263,374	12,727
2002	15,717	15,173,245	13,223
2003	15,999	14,941,700	12,786
2004	16,249	16,146,551	14,083
2005	16,039	14,922,566	12,619
2006	16,202	15,425,971	12,077

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
UCSB	711	\$ 967,932
County of Santa Barbara	225	341,495
Glen Annie Golf Course	283	279,130
Bacara Resort Services, Inc.	145	172,762
Goleta Union School District	105	144,825
Sandpiper Golf Course	215	123,940
Cavaletto Ranches, LLC	223	114,020
Por La Mar Nursery	153	72,831
Camino Real, LLC	121	65,356
Wallover, Inc.	142	62,750
Total	<u>2,323</u>	<u>\$ 2,345,041</u>

(1) In acre-feet per year.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1997	\$ 16,167,847	\$ 9,457,602	\$ -	\$ 6,710,245	\$ 2,723,910	2.46
1998	21,635,460	7,383,382	1,497,654	15,749,732	5,686,052	2.77
1999	17,674,354	7,507,895	1,537,496	11,703,955	3,631,870	3.22
2000	19,926,953	8,221,986	-	11,704,967	6,360,512	1.84
2001	18,163,714	9,226,642	-	8,937,072	6,140,949	1.46
2002	19,127,924	9,076,023	-	10,051,901	6,363,680	1.58
2003	20,942,599	9,757,739	-	11,184,860	7,159,868	1.56
2004	2,648,173	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

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)
1996	1,391	\$ 1,492,547	1,375
1997	1,425	1,980,613	1,633
1998	1,415	1,370,862	1,337
1999	1,421	1,637,358	1,541
2000	1,424	1,652,635	1,546
2001	1,429	1,461,097	1,399
2002	1,436	2,081,946	1,891
2003	1,437	1,918,454	1,724
2004	1,449	2,146,100	1,923
2006	1,464	1,869,863	1,692

Largest Customers as of December 31, 2005

	Water Usage ⁽¹⁾	Annual Payment
La Cumbre Golf & County Club	92,417	\$ 227,003
Timothy Pasquinelli	6,158	26,352
Mariposa Land Development Co.	7,182	24,196
Carriage Hill Association	4,731	21,305
Stephen Redding	6,259	17,987
Marsupial Properties	4,841	17,274
Laguna Blanca School	3,924	16,008
Elk Trust	4,199	15,492
William Foley	4,861	14,102
Gale Trust	1,650	8,977
Total	<u>136,222</u>	<u>\$ 388,696</u>

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending Dec. 31	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 1,794,966	\$ 799,628	\$ -	\$ 995,338	\$ 420,166	2.37
1997	2,209,613	715,858	308,434	1,802,189	945,127	1.91
1998	2,037,867	601,926	308,434	1,744,375	1,639,076	1.06
1999	2,457,960	701,705	325,688	2,081,943	635,697	3.27
2000	2,526,109	709,568	354,510	2,171,051	1,276,799	1.69
2001	2,276,469	671,417	343,866	1,948,918	1,417,985	1.37
2002	2,879,539	909,109	346,327	2,316,757	1,370,014	1.69
2003	2,668,781	862,951	345,084	2,150,914	1,485,915	1.45
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

Source: La Cumbre Mutual Water Co.



Statistical Section City of Santa Barbara

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1997	24,971	\$ 19,338,989	13,916
1998	25,076	18,220,227	13,124
1999	25,169	19,742,981	13,961
2000	25,233	21,196,803	14,881
2001	25,267	21,298,011	14,618
2002	25,388	21,121,848	14,575
2003	25,527	20,822,544	13,461
2004	25,653	23,127,138	14,281
2005	25,809	24,447,594	13,213
2006	25,821	24,765,305	13,257

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Santa Barbara Cottage Hospital	59,197	\$ 313,523
Fess Parker's Double Tree Inn	28,404	123,985
City of Santa Barbara	63,180	104,814
Montecito Country Club	49,599	80,501
S.B. Zoological Foundation	14,965	71,524
Mission Linen Supply	9,826	48,933
National Retail Partners, LLC	9,601	46,539
M. Barry Semler	10,435	46,226
Samarkand, Inc.	9,921	45,237
La Colina Junior High School	<u>8,986</u>	<u>42,899</u>
Total	<u>264,114</u>	\$ <u>924,181</u>

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt Service	Coverage
1997	\$ 26,725,375	\$ 12,313,251	\$ 14,412,124	\$ 1,445,632	\$ 2,457,398	3.69
1998	21,662,821	10,061,553	11,601,268	3,625,606	2,394,212	1.93
1999	23,207,547	12,844,077	10,363,470	1,706,350	2,394,629	2.53
2000	26,214,255	8,503,542	17,710,713	3,952,515	2,397,796	2.78
2001	24,876,337	11,223,259	13,653,078	3,991,623	2,281,089	2.18
2002	25,125,762	14,167,864	10,957,898	3,965,732	1,366,367	2.06
2003	24,217,862	13,833,176	10,384,686	4,439,646	1,783,100	1.67
2004	25,431,147	13,822,119	11,609,028	4,481,194	1,870,214	1.83
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

Source: City of Santa Barbara



Statistical Section Montecito Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1997	4,199	\$ 5,282,394	4,974
1998	4,238	4,633,281	4,310
1999	4,280	5,487,926	4,813
2000	4,339	6,234,169	5,337
2001	4,409	5,831,244	4,909
2002	4,453	6,338,736	5,535
2003	4,505	6,406,516	5,494
2004	4,554	7,579,730	6,055
2005	4,406	7,168,706	5,447
2006	4,588	6,974,106	5,067

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Birnam Wood Golf Course	68,568	\$ 145,407
Four Seasons Biltmore	29,131	139,388
Westmont College	34,505	121,817
Casa Dorinda	21,168	88,190
Valley Club of Montecito	40,896	86,870
Santa Barbara Cemetary	20,068	46,430
Los Alisos Ranch	27,014	44,689
Private Ranch	13,833	31,481
Ellen Knill	17,292	30,300
Patrick Nesbitt	<u>13,324</u>	<u>25,742</u>
Total	<u>285,799</u>	<u>\$ 760,314</u>

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1997	\$7,462,674	\$2,962,077	-	\$4,500,597	\$1,449,536	3.10
1998	7,169,644	2,743,341	767,671	5,193,974	2,706,621	1.92
1999	7,961,038	3,166,606	869,154	5,663,586	3,030,743	1.87
2000	8,967,822	3,267,293	905,573	6,606,102	3,382,482	1.95
2001	8,713,872	3,465,938	956,320	6,204,254	3,507,602	1.77
2002	9,540,728	3,752,696	956,320	6,744,352	3,433,729	1.96
2003	9,244,612	4,002,960	963,170	6,204,822	4,419,336	1.40
2004	10,839,346	4,809,464	959,705	6,989,587	4,550,214	1.54
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

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)
1997	4,074	\$ 4,989,024	4,445
1998	4,083	5,023,009	4,038
1999	4,112	5,439,578	4,364
2000	4,137	5,442,817	4,620
2001	4,146	5,428,686	4,135
2002	4,155	5,888,252	4,338
2003	4,160	6,061,867	4,185
2004	4,168	7,010,594	4,572
2005	4,171	7,341,470	3,647
2006	4,168	9,029,076	3,983

Largest Customers as of June 30, 2006

	Water Usage ⁽¹⁾	Annual Payment
Casitas Village (Home Owners' Assn)	23,097	\$ 216,771
Sandpiper Village (Mobile Home Park)	20,852	203,034
Villa Del Mar (Home Owners' Assn)	23,683	189,782
Cate School	30,058	111,283
Carpinteria School District	22,289	105,806
B&H Nursery	51,851	92,325
Oceano Breeze	31,802	63,608
Francis L. Norman	30,898	55,478
Hilltop Farm Corp., LLC	19,689	44,071
Roberts Ranch	17,872	32,338
Total	<u>272,091</u>	<u>\$ 1,114,495</u>

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
			\$			
1997	\$ 5,518,056	\$ 2,413,360	-	\$ 3,104,696	\$ 1,673,411	1.86
1998	5,717,569	2,243,307	750,000.00	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

Source: Carpinteria Valley Water District