

A photograph of a beach scene. In the foreground, there is a dense field of green coastal plants with small yellow flowers. In the middle ground, two sailboats are on the beach. The larger one on the right has a multi-colored sail (brown, yellow, red) and the number '56235' printed on it. The smaller one on the left has a similar multi-colored sail. The ocean is visible in the background under a clear blue sky.

Central Coast
Water Authority

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

A CALIFORNIA JOINT POWERS AUTHORITY

Central Coast Water Authority
Comprehensive Annual Financial Report
Fiscal Year Ending June 30, 2016

Prepared by Laura Matthews

Cover design by Julie Baker

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INTRODUCTORY SECTION





January 26, 2017

Jack Boysen
Chairman

Richard Shaikewitz
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

Members of the Board
Central Coast Water Authority

The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2016 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, 2016. Please read it in conjunction with the Authority's financial statements, which begin on page 1.

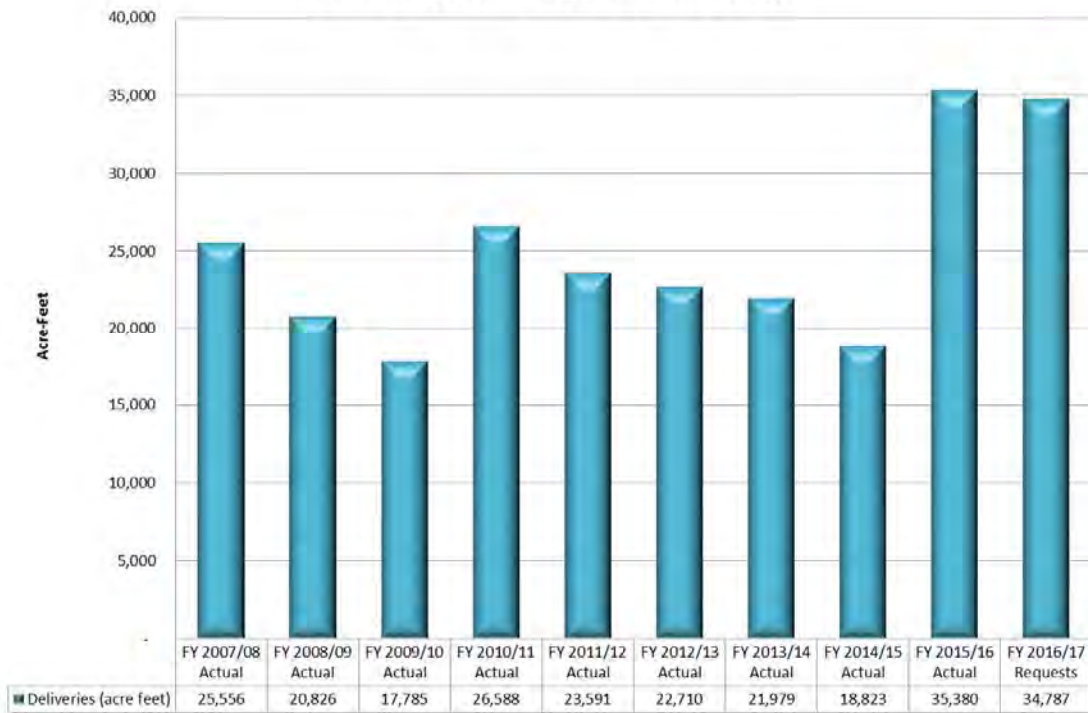
Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – for State and Local Governments (GASB 34) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and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

SIGNIFICANT ACCOMPLISHMENTS

Water Deliveries

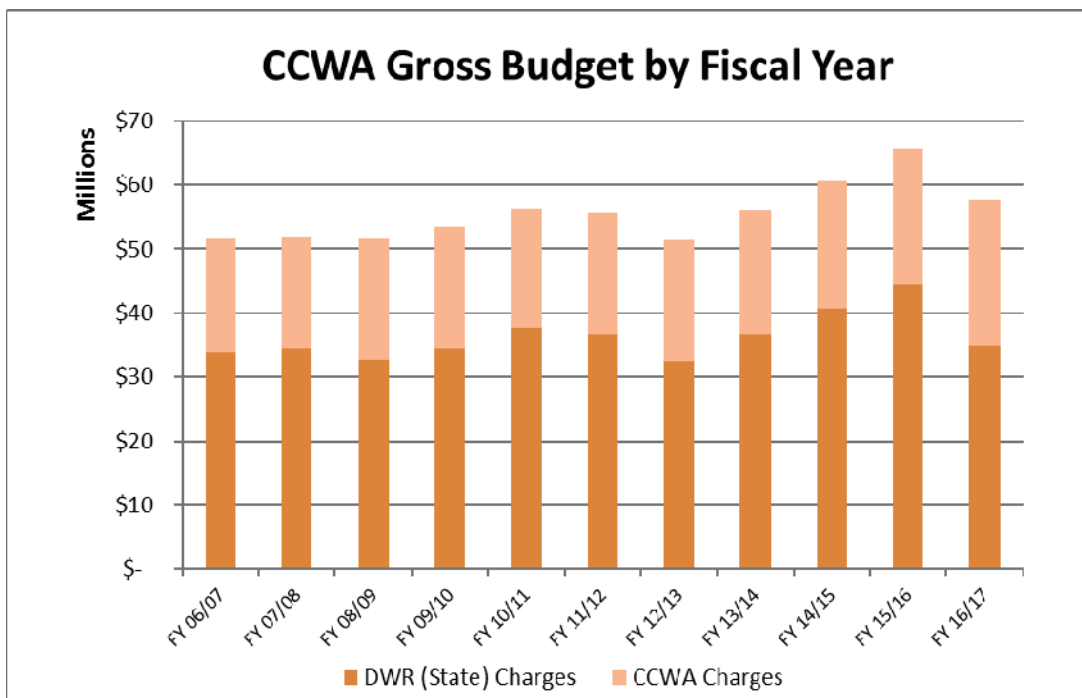
Total deliveries during FY 2015/16 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 18,928 acre-feet compared to the actual FY 2014/15 deliveries of 18,823 acre-feet. The graph on the following page shows water deliveries for the last ten fiscal years.

Historical Water Deliveries (Acre-Feet)



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 2006/07 to FY 2016/17.



Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award for the FY 2015/16 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2014/15 Comprehensive Annual Financial Report.

AN OVERVIEW OF THIS FISCAL YEAR

Water Delivery Projections

For calendar years 2016 and 2017, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 34,251 and 34,730 acre-feet, respectively.

Department of Water Resources Activities and Related Costs

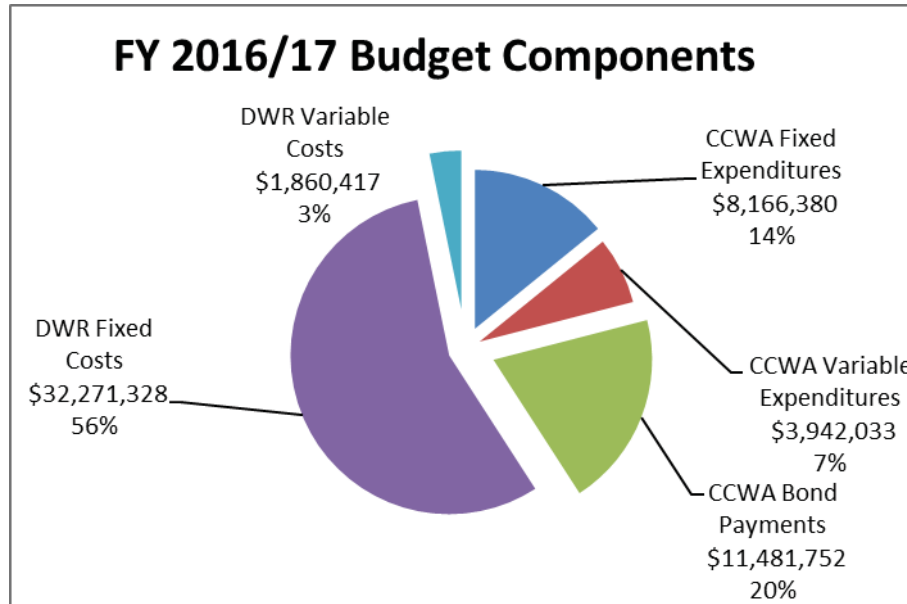
During FY 2016/17, CCWA staff will continue to work through the State Water Contractor (SWC) board and committees that interact with the Department of Water Resources (DWR) which impact CCWA and the California water agencies as a whole. There are many significant issues on which DWR and the SWC are working which have water supply, operational, and fiscal impacts on CCWA. Some of these activities could potentially have a significant fiscal impact to CCWA in the current and future years. Therefore, staff will place a high priority on working through the various available venues to minimize the fiscal impacts to CCWA and ensure that we continue to meet our goal of providing reliable, high quality supplemental water.

California Drought

The State of California is in the fifth year of drought which is creating extensive and multiple issues for individual water agencies such as CCWA. While CCWA has been successful in acquiring additional water supplies to meet the needs of our project participants, should the drought continue into 2017, there is no doubt that even more complex and severe challenges will be encountered. As a result, much of CCWA’s staff efforts will involve the proactive efforts to respond to this prolonged drought.

FY 2016/17 BUDGET SUMMARY

The FY 2016/17 budget calls for total project participant payments of \$57.3 million compared to the FY 2015/16 budget of \$65.6 million, a \$8.3 million decrease. These amounts include \$0.4 million in CCWA credits for FY 2016/17 and \$0.1 million for FY 2015/16. The following graph shows the breakout of the various cost components in the CCWA FY 2016/17 Budget:



SANTA BARBARA COUNTY ECONOMIC OUTLOOK (FY 2015-16 data)

Employment

- The County's average unemployment rate during FY 15-16 decreased from 5.7% to 5.0%.
- The June 2016 County unemployment rate of 4.9% was below the State unemployment rate of 5.7% and the national unemployment rate of 5.1%.

Income

- Average annual wages had a slight increase to \$51,390 in the 2015 calendar year from \$50,130 in 2014.

Retail Sales

- Countywide retail sales increased 2.1% to \$6.9 billion for the 2015 calendar year, slightly up from \$6.7 billion in 2014.

Real Estate

- The countywide median home prices increased 5.7% to \$547,750.

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.

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

Respectfully submitted,


Ray A. Stokes
Executive Director

Introductory Section

June 30, 2016

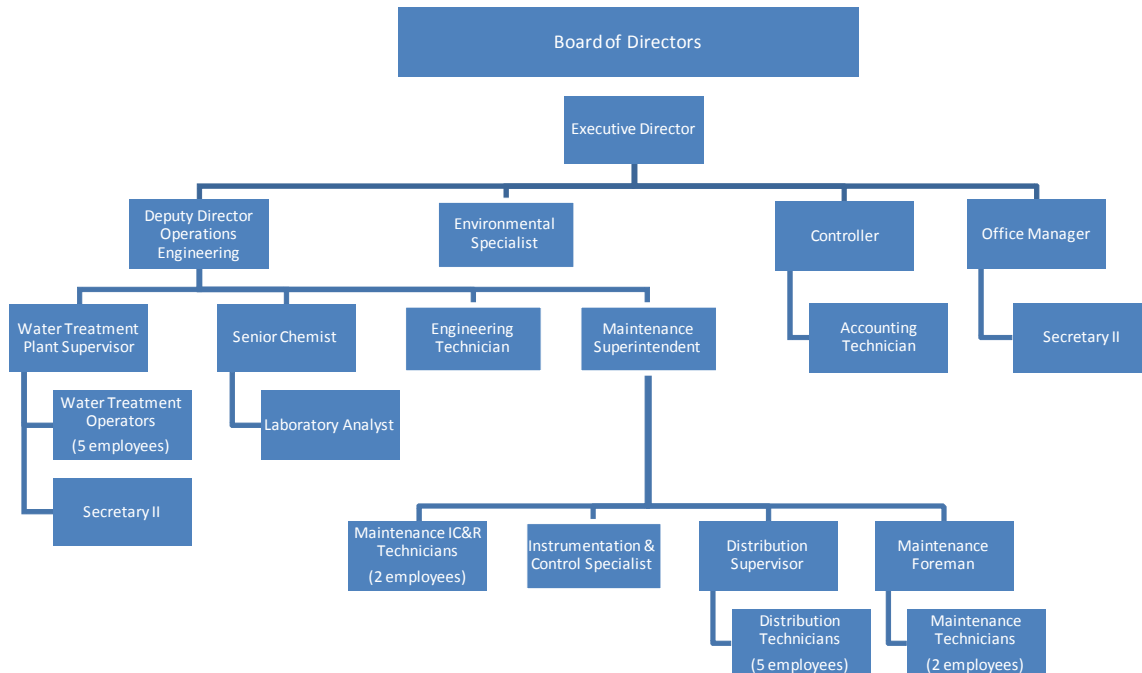
Central Coast Water Authority Board of Directors

Jack Boysen, Chairman	City of Santa Maria
Richard Shaikewitz, Vice Chairman	Montecito Water District
Ed Andrisek	City of Buellton
Harlan Burchardi	Santa Ynez River Water Conservation District, Improvement District #1
Bendy white	City of Santa Barbara
Richard Merrifield	Goleta Water District
Jerry Beatty	City of Guadalupe
June Van Wingerden	Carpinteria Valley Water District

Authority Staff

Ray Stokes	Executive Director
John Brady	Deputy Director Operations /Engineering

CCWA Organization Chart FY 2015-16



Project Map





Government Finance Officers Association

**Certificate of
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Presented to

**Central Coast Water Authority
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION





Nasif, Hicks, Harris & Co., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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William J. Nasif
Steven J. Hicks, Retired
Jeffery P. Harris
Jody Dolan Holehouse
Thomas W. Burk
Robert Swayne Lyons
Lawrence W. Brown
Sarah E. Turner

December 16, 2016

Independent Auditors' Report

To the Member Agencies of the Central Coast Water Authority

We have audited the accompanying statements of net position of the Central Coast Water Authority ("CCWA") as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, which collectively comprise CCWA's basic financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CCWA as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Central Coast Water Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Emphasis of Matter

As discussed in Note 1 and Note 11 to the financial statements, in the year ended June 30, 2015, the entity adopted new accounting guidance, GASB Statements 68 and 71, which represent a change from one generally accepted accounting principle to another generally accepted accounting principle that is the current preferred industry practice. Our opinion is not modified with respect to that matter.



Nasif. Hicks, Harris & Co., LLP

Management's Discussion and Analysis

**Fiscal Year Ended
June 30, 2016**

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2016. This information should be read in conjunction with the financial statements and the additional information that we have included in our letter of transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Summary of Organization and Business

The Central Coast Water Authority is a public entity duly organized and existing under a Joint Exercise of Powers Agreement – Central Coast Water Authority, dated as of August 1, 1991, by and among nine public agencies in Santa Barbara County, two of which have subsequently merged. The members entered into the Agreement to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. In particular, the members expressed their desire to create the Authority to finance, develop, operate, and maintain the Authority facilities for their mutual benefit and to act on behalf of the members with respect to the Department of Water Resources (DWR) facilities. The Authority currently has a staff of twenty-eight full-time employees and two part-time employees.

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

Management's Discussion and Analysis

District.) In addition, the Authority has an Associate Member, the La Cumbre Mutual Water Company. Each member appoints a representative to the Authority's Board of Directors. San Luis Obispo County Flood Control and Water Conservation District (SLOCFWCD and/or San Luis Obispo Water Purchasers) has expressed an interest in joining the Authority. However, any decision to do so must be approved by the unanimous vote of the present members.

The member agencies are represented on the CCWA Board of Directors by an individual chosen by each public entity's Board or City Council. Each vote on the Authority Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement.

The following table shows the voting percentage for each member of the CCWA Board of Directors.

City of Guadalupe	1.15%
City of Santa Maria	43.19%
City of Buellton	2.21%
Santa Ynez R.W.C.D., Improvement District #1	7.64%
Goleta Water District	17.20%
City of Santa Barbara	11.47%
Montecito Water District	9.50%
Carpinteria Valley Water District	7.64%
TOTAL	100.00%

CCWA Committees

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

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

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

Management's Discussion and Analysis

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 SLOFCWCD to receive water from the State Water Project.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS

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

<i>Condensed Balance Sheet</i>					
	June 30, 2016	June 30, 2015	June 30, 2014	2016-2015 Change	2015-2014 Change
Current Assets	\$ 65,379,930	\$ 65,880,486	\$ 62,542,443	\$ (500,556)	\$ 3,338,043
Non-Current Restricted Assets	11,540,910	11,531,113	11,542,263	9,797	(11,150)
Capital Assets	97,942,623	99,634,028	101,499,461	(1,691,405)	(1,865,433)
Other Assets	5,811,328	6,836,558	7,818,990	(1,025,230)	(982,432)
Total Assets	\$ 180,674,791	\$ 183,882,185	\$ 183,403,157	\$ (3,207,394)	\$ 479,028
Revenue Bond Deferred Amount	\$ 2,132,166	\$ 2,884,086	\$ 3,740,285	\$ (751,920)	\$ (856,199)
Pension Plan Deferred Amount	593,558	580,238	-	13,320	580,238
Total Deferred Outflows of Resources	\$ 2,725,724	\$ 3,464,324	\$ 3,740,285	\$ (738,600)	\$ (275,961)
Current Liabilities	\$ 73,872,754	\$ 75,220,234	\$ 71,480,813	\$ (1,347,480)	\$ 3,739,421
Long-Term Liabilities	63,644,429	71,677,694	78,022,046	(8,033,265)	(6,344,352)
Total Liabilities	137,517,183	146,897,928	149,502,859	(9,380,745)	(2,604,931)
Revenue Bond Deferred Amount	\$ -	\$ -	\$ -	\$ -	\$ -
Pension Plan Deferred Amount	1,007,117	753,846	-	253,271	753,846
Total Deferred Inflows of Resources	1,007,117	753,846	-	253,271	753,846
Net investment in capital assets	\$ 44,108,951	\$ 38,420,586	\$ 33,258,360	\$ 5,688,365	\$ 5,162,226
Restricted - total	11,513,337	11,522,948	11,537,581	(9,611)	(14,633)
Unrestricted	(10,746,073)	(10,248,799)	(7,155,448)	(497,274)	(3,093,351)
Total Net Position	44,876,215	39,694,735	37,640,493	5,181,480	2,054,242
Total Liabilities and Net Position	\$ 183,400,515	\$ 187,346,509	\$ 187,143,352	\$ (3,945,994)	\$ 203,157

BALANCE SHEET ANALYSIS

June 30, 2016 Comparison to June 30, 2015

- Total assets as of June 30, 2016 are \$180.7 million, or \$3.2 million less than the amount on June 30, 2015.
- Capital and other assets are \$2.7 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2006A revenue bond insurance costs.
- Long-term liabilities are \$8.0 million lower due to the revenue bond principal payment during the year.

June 30, 2015 Comparison to June 30, 2014

- Total assets as of June 30, 2015 are \$183.9 million, or \$0.5 million more than the amount on June 30, 2014.
- Capital and other assets are \$2.8 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2006A revenue bond insurance costs.
- Long-term liabilities are \$6.3million lower due to the revenue bond principal payment during the year.

Management's Discussion and Analysis

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

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	June 30, 2016	June 30, 2015	June 30, 2014	2016-2015 Change	2015-2014 Change
Operating Revenues (Expenses)					
Operating revenues	\$ 19,334,566	\$ 19,831,984	\$ 19,641,221	\$ (497,418)	\$ 190,763
Operating expenses, excluding depreciation expense	(8,474,195)	(8,960,934)	(8,222,155)	486,739	(738,779)
Depreciation and amortization	(2,710,417)	(2,710,711)	(2,715,546)	294	4,835
Operating Income	\$ 8,149,954	\$ 8,160,339	\$ 8,703,520	\$ (10,385)	\$ (543,181)
Non-operating revenues	213,252	153,840	120,693	59,412	33,147
Non-operating expenses	(3,181,726)	(3,616,894)	(4,027,495)	435,168	410,601
Increase (decrease) in Net Assets	\$ 5,181,480	\$ 4,697,285	\$ 4,796,718	\$ 484,195	\$ (99,433)

June 30, 2016 Comparison to June 30, 2015

Operating revenues as of June 30, 2016 are about \$0.5 million lower than the prior year amount. The decrease is primarily attributed to a decrease in the operating reimbursements from project participants for a decrease in operations and maintenance cost for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2015/16, this credit totaled \$0.3 million for the fixed component of the O&M assessments, as compared to the FY 2014/15 credit of \$1.2 million for both fixed and variable O&M assessment components. Credits for the variable assessment component were applied throughout the fiscal year with each quarterly variable assessment when applicable.

Operating expenses, excluding depreciation and amortization expense are about \$0.5 million lower than the prior year amount due to:

1. Personnel expenses are higher than the prior year amount by about \$0.4 million due primarily to the GASB 68 required recording of actuarial pension costs.
2. Decrease in unexpended operating reimbursements of \$0.8 million due to variable reimbursements being applied to variable assessments during the fiscal year.
3. Increase in other expenses of \$0.2 mostly for an increase in non-capital project materials.
4. Decrease in utility expenses of \$0.3 million attributed to a decrease in electrical costs for pumping water.

Management's Discussion and Analysis

June 30, 2016 Comparison to June 30, 2015 (continued)

Non-operating revenues are higher by about \$0.06 million due to the increase of interest income and a gain on the sale of a capital asset.

Non-operating expenses are \$0.4 million lower due to a decrease in revenue bond interest expense, a decrease in the cost of asset disposal, coupled with the increase of interest income paid to the CCWA project participants.

June 30, 2015 Comparison to June 30, 2014

Operating revenues as of June 30, 2015 are about \$0.2 million higher than the prior year amount. The increase is primarily attributed to an increase in the operating reimbursements from project participants for an increase in operations and maintenance cost for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2014/15, this credit totaled \$1.2 million compared to the FY 2013/14 credit of \$1.0 million.

Operating expenses, excluding depreciation and amortization expense are about \$0.7 million higher than the prior year amount due to:

1. Personnel expenses are higher than the prior year amount by about \$0.1 million due primarily to salary increases.
2. Increase in unexpended operating reimbursements of \$0.2 million due to an increase in the budget surplus for FY 2014/15 which is payable back to the Authority's project participants.
3. Increase in supplies, equipment and monitoring expenses of \$0.2 million for higher chemical costs associated with an increase in the chemical usage and chemical unit price.
4. Increase in utility expenses of \$0.2 million attributed to an increase in electrical costs for pumping water.

Non-operating revenues are slightly higher by about \$0.03 million due to a gain on the sale of a capital asset.

Non-operating expenses are \$0.4 million lower due to a decrease in revenue bond interest expense, and a decrease in interest income paid to the CCWA 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, 2016	June 30, 2015	June 30, 2014	2016-2015 Change	2015-2014 Change
Land	\$ 3,178,700	\$ 3,178,700	\$ 3,178,700	\$ -	\$ -
Furniture fixtures and equipment	423,907	459,810	434,178	(35,903)	25,632
Equipment	28,681,299	28,654,864	28,451,851	26,435	203,013
Buildings and structures	48,696,149	48,696,149	48,696,149	(0)	0
Underground pipeline	59,925,077	58,950,134	58,950,134	974,943	(0)
Construction in progress	361,911	921,640	904,353	(559,729)	17,287
Total property, plant and equipment	141,267,043	140,861,297	140,615,365	405,746	245,932
Accumulated depreciation	(43,324,419)	(41,227,269)	(39,115,904)	(2,097,150)	(2,111,365)
Net property, plant and equipment	\$ 97,942,623	\$ 99,634,028	\$ 101,499,461	\$ (1,691,404)	\$ (1,865,433)

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

Management's Discussion and Analysis

Debt Administration

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

The Authority's 2006 revenue bond indenture and the Water Supply Agreements require that certain CCWA project participants and contractors maintain a ratio of net revenues to contract payments of at least 1.25. Additionally, the Authority has complied with the Securities and Exchange Commission Rule 15c12, which requires all local governments that bring municipal debt to market after July 3, 1995 to provide specified financial and operating information on an annual basis which mirrors the information provided in the 2006 revenue bond official statement.

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of \$45,470,000, which will refund the outstanding \$59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued to realize the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016, and will therefore be reported in the fiscal year 2016/17 financial statements.

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

STATEMENT OF NET POSITION

	June 30, 2016	June 30, 2015
ASSETS		
Current Assets		
Cash and investments	\$ 25,640,932	\$ 21,949,111
Interest receivable	21,163	4,409
Other assets	<u>429,237</u>	<u>520,538</u>
Total Unrestricted Current Assets	<u>26,091,332</u>	<u>22,474,058</u>
Restricted Current Assets		
Cash and investments held for payment to DWR	<u>39,288,598</u>	<u>43,406,428</u>
Total Current Assets	<u>65,379,930</u>	<u>65,880,486</u>
Non-Current Assets		
Restricted Assets		
Cash and investments for debt service payments	11,513,337	11,522,948
Interest receivable	<u>27,573</u>	<u>8,165</u>
Total Restricted Non-Current Assets	<u>11,540,910</u>	<u>11,531,113</u>
Capital Assets		
Capital assets (Net of accumulated depreciation of \$43,324,419 for 2016 and \$41,227,269 for 2015)	94,763,923	96,455,328
Land	<u>3,178,700</u>	<u>3,178,700</u>
Total Capital Assets	<u>97,942,623</u>	<u>99,634,028</u>
Unamortized bond insurance costs, net	89,881	121,578
Long-term accounts receivable	5,721,447	6,714,980
Total Non-Current Assets	<u>115,294,861</u>	<u>118,001,699</u>
Total Assets	<u>\$ 180,674,791</u>	<u>\$ 183,882,185</u>
DEFERRED OUTFLOWS OF RESOURCES		
Revenue Bond Deferred Amount	2,132,166	2,884,086
Deferred pension-related adjustments	<u>593,558</u>	<u>580,238</u>
Total Deferred Outflows of Resources	<u>\$ 2,725,724</u>	<u>\$ 3,464,324</u>
Total Assets and Deferred Outflows of Resources	<u>183,400,515</u>	<u>187,346,509</u>

Continued

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

STATEMENT OF NET POSITION

LIABILITIES AND NET POSITION

	June 30, 2016	June 30, 2015
Current Liabilities		
Accounts payable	\$ 395,610	\$ 243,691
Deposits for payment to DWR	39,311,310	43,412,960
Accrued interest payable	722,401	827,463
Deposits for supplemental water purchases	2,639,855	875,905
Other liabilities	604,901	589,576
Post employment benefits payable	38,078	38,780
Liability for compensated absences	165,905	141,445
Current portion of bonds payable	8,825,000	8,405,000
Prepaid project participant assessments	21,169,694	20,685,414
Total Current Liabilities	<u>73,872,754</u>	<u>75,220,234</u>
Long-Term Liabilities		
Bonds payable	50,820,000	59,645,000
Bond original issue premium, net	1,086,773	1,470,030
Rate coverage reserve fund	9,185,782	8,061,458
Net pension liability	2,551,874	2,501,206
Total Long-Term Liabilities	<u>63,644,429</u>	<u>71,677,694</u>
Total Liabilities	<u>137,517,183</u>	<u>146,897,928</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension-related adjustments	1,007,117	753,846
Total Deferred Inflows of Resources	<u>1,007,117</u>	<u>753,846</u>
Net Position		
Net investment in capital assets	44,108,951	38,420,586
Restricted - future payment of debt service	11,513,337	11,522,948
Unrestricted	<u>(10,746,073)</u>	<u>(10,248,799)</u>
Total Net Position	<u>44,876,215</u>	<u>39,694,735</u>
Total Liabilities and Net Position	<u>\$ 183,400,515</u>	<u>\$ 187,346,509</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	For the fiscal year ended	
	June 30, 2016	June 30, 2015
Operating Revenues		
Operating reimbursements		
from project participants	\$ 19,262,627	\$ 19,720,356
Other revenues	71,939	111,628
Total Operating Revenues	19,334,566	19,831,984
Operating Expenses		
Personnel expenses	4,603,634	4,172,566
Office expenses	17,770	14,559
General and administrative	216,132	205,666
Professional services	237,400	369,569
Supplies and equipment	1,266,434	1,199,727
Monitoring expenses	85,766	89,243
Repairs and maintenance	262,983	217,477
Utilities	661,935	935,474
Unexpended operating reimbursements	330,353	1,155,896
Depreciation and amortization	2,710,417	2,710,711
Other expenses	791,788	600,757
Total Operating Expenses	11,184,612	11,671,645
Operating Income	8,149,954	8,160,339
Non-Operating Revenues		
Interest income	176,276	118,755
Gain on disposal of capital assets	36,976	35,085
Total Non-Operating Revenues	213,252	153,840
Non-Operating Expenses		
Interest expense	2,994,662	3,409,975
Loss on disposal of capital assets	10,788	88,164
Interest income paid to project participants	176,276	118,755
Total Non-Operating Expenses	3,181,726	3,616,894
Increase in net assets before contributions	5,181,480	4,697,285
Change in Net Position	5,181,480	4,697,285
Net position, at beginning of year	39,694,735	37,640,493
Restatement of net position	-	(2,643,043)
Net position, at beginning of year, as restated	39,694,735	34,997,450
Net position, at end of year	\$ 44,876,215	\$ 39,694,735

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

STATEMENT OF CASH FLOWS

	<i>For the fiscal year ended</i>	
	<i>June 30, 2016</i>	<i>June 30, 2015</i>
<i>Cash Flows From Operating Activities</i>		
Cash received from project participants and other operating activities	\$ 20,498,392	\$ 21,099,087
Cash payments to employees	(2,925,502)	(2,827,292)
Cash payments to suppliers	(4,813,852)	(4,995,103)
Net cash provided by operating activities	<u>12,759,038</u>	<u>13,276,692</u>
<i>Cash Flows from Investing Activities</i>		
Interest and dividends on investments	<u>140,114</u>	<u>113,518</u>
Net cash provided by investing activities	<u>140,114</u>	<u>113,518</u>
<i>Cash Flows from Capital and Related Financing Activities</i>		
Acquisition of capital assets	(629,440)	(314,087)
Deposits received for encroachment permits	10,400	18,685
Payments on encroachment permit projects	(22,529)	(21,320)
Interest paid on long-term debt	(3,099,725)	(3,510,100)
Principal payments on long-term debt	(8,405,000)	(8,010,000)
Proceeds received from sale of capital assets	<u>36,976</u>	<u>35,085</u>
Net cash used by capital and related financing activities	<u>(12,109,318)</u>	<u>(11,801,737)</u>
<i>Cash Flows from Non-Capital Financing Activities</i>		
Proceeds received for DWR and Warren Act charges	35,658,936	44,886,096
Payments of DWR and Warren Act charges	(38,455,179)	(41,904,800)
Proceeds received for supplemental water purchases	2,641,963	5,300,215
Payments for supplemental water purchases	<u>(1,071,174)</u>	<u>(6,541,508)</u>
Net cash used by non-capital financing activities	<u>(1,225,454)</u>	<u>1,740,003</u>
Net (decrease) increase in cash and cash equivalents	(435,620)	3,328,476
Cash and cash equivalents, beginning of year	<u>76,878,487</u>	<u>73,550,011</u>
Unrestricted cash and investments	25,640,932	21,949,111
Restricted cash and investments held for payment to DWR	39,288,598	43,406,428
Restricted cash and investments for debt service payments	<u>11,513,337</u>	<u>11,522,948</u>
Cash and cash equivalents, end of year	<u>\$ 76,442,867</u>	<u>\$ 76,878,487</u>
<i>Cash Flows From Operating Activities</i>		
Operating Income	\$ 8,149,954	\$ 8,160,339
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,710,417	2,710,711
Unexpended operating reimbursements payable to project participants	330,353	1,155,896
Operating revenues paid from credits and unearned revenue	1,417,097	1,298,874
Increase (decrease) in accounts payable	<u>151,217</u>	<u>(49,128)</u>
Net cash provided by operating activities	<u>\$ 12,759,038</u>	<u>\$ 13,276,692</u>

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

STATEMENT OF CASH FLOWS

Supplemental Disclosures of Cash Flow Information

	For the fiscal year ended	
	June 30, 2016	June 30, 2015
Schedule of Non-Cash Capital and Related Financing Activities		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	<u>\$ 1,189,169</u>	<u>\$ 460,270</u>
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.	<u>\$ 223,695</u>	<u>\$ 231,625</u>

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

Note 1: Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

Facilities Constructed by the Authority

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

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

Contractual Relationships

The State of California Department of Water Resources ("DWR") entered into contracts (the "State Water Supply Contracts") with San Luis Obispo and Santa Barbara Counties in 1963 pursuant to which the counties received Table A amounts to water from the SWP. San Luis Obispo County's Table A amount was for 25,000 acre-feet per year and Santa Barbara County's Table A amount was for 57,700 acre-feet per year. In 1981, Santa Barbara County amended

Notes to Financial Statements

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

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, 2016, the investment portfolio has a weighted average maturity of 0 days and a yield to maturity of 0.300%.

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, 2016 all investments are reported at amortized cost.

D. Capital Assets

Capital assets, consisting of property, plant and equipment purchased or constructed by the Authority which meet or exceed the Authority's capitalization threshold of \$10,000 and an estimated useful life of five years or more, are stated at cost. Depreciation has been computed over the estimated useful life of each asset using the straight-line method. Interest costs have been capitalized based on the average outstanding capital expenditures. In addition, certain technical and engineering related studies associated with the Project have also been capitalized and included in the basis of the assets. The ranges of depreciation rates are:

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

E. Inventories

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

F. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources

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

G. Deposits

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

H. Operating Reimbursements from Project Participants

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

I. Unexpended Operating Assessments

Prior to fiscal year 2015/16, it was the Authority's policy to return unexpended fixed and variable operating assessments and interest income to the project participants after the close of each fiscal year. Beginning fiscal year 2015/16 the Authority revised this policy with respect only to the variable operating assessment component. A quarterly true-up process of variable operating costs was implemented to avoid over and under collections due to changes in water deliveries. For the fiscal year 2015/16, variable assessments are equal to variable costs, leaving no unexpended variable assessments to be returned to project participants. This change lowered the balance of unexpended operating assessments at the end of fiscal year 2015/16 when compared to 2014/15. For fiscal year 2015/16 only the unexpended fixed operating assessments and the investment income earned on the Authority's unrestricted cash balances are recorded as unearned revenue and returned to the project participants as a credit against the following year's operating assessment.

Notes to Financial Statements

J. Operating and Non-Operating Revenues and Expenses

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

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

K. Long-Term Accounts Receivable

Certain project participants requested that the Authority finance local facilities and other costs associated with the State water project owned and operated by the individual project participants. These costs are recorded as a long-term receivable on the Authority's 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, 2016.

Project Participant	June 30, 2016
City of Buellton	\$ 275,462
Carpinteria Valley Water District	817,882
City of Guadalupe	187,023
La Cumbre Mutual Water Company	391,990

Montecito Water District	1,420,620
City of Santa Maria	5,012,199
Shandon (SLO County)	15,444
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	607,507
Santa Ynez WCD, ID #1	457,655
Total	<u>\$9,185,782</u>

M. Self-Funded Dental/Vision Insurance Plan

The Authority maintains a self-insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided approximately \$3,215 per fiscal year to pay dental and vision expenses for the employee and their qualified dependents.

The following table shows a summary of the claims liability and claims paid for the plan years ended June 30, 2016 and 2015.

	2016	2015
Maximum claims liability	\$ 90,824	\$ 89,376
Actual claims paid	(55,638)	(38,441)

N. Use of Estimates

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

O. New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pension plans – an amendment of GASB Statement No. 27, to improve the financial reporting requirements by state and local governmental pension plans. This statement replaces the requirements of Statements No. 27, Accounting for Pensions by State and Local Governmental Employers, and Statement No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The provisions of this statement were required to be implemented in fiscal year 2015. The Authority has fully conformed to the requirements of this statement for the fiscal year ending June 30, 2016.

Notes to Financial Statements

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date - an amendment of GASB Statement No. 68, to clarify the application of the transition provisions of Statement No. 68, relating to amounts associated with contributions after the measurement date. This statement amends the requirements of Statements No. 68, Accounting and Financial Reporting for Pension plans, as they relate to the financial reporting requirements by state and local governmental pension plans. The provisions of this statement are effective for basic financial statements for periods beginning after June 15, 2014. The Authority has fully conformed to the requirements of this statement for the fiscal year ending June 30, 2016.

P. Net Pension Liability

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

Note 2: Cash and Investments

A. Pooling

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

B. Demand Deposits

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

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

As of June 30, 2016, the reported amount of the Authority's demand deposits was \$832,073 and the bank balance was \$873,448. The difference of \$41,375 was principally due to checks which had not yet cleared the bank.

C. Cash and Investments

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

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

The fair value of pooled investments is determined annually and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. At June 30, 2016, the carrying value of the Authority's position in LAIF is \$64,611,175 and the fair value is \$64,651,313.

Notes to Financial Statements

Credit Risk and Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction,

the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Interest Rate Risk

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

Note 3: Capital Assets

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

	2016			2015		
	Property, Plant and Equipment	Accumulated Depreciation	Net	Property, Plant and Equipment	Accumulated Depreciation	Net
Land	\$ 3,178,700	\$ -	\$ 3,178,700	\$ 3,178,700	\$ -	\$ 3,178,700
Furniture fixtures and equipment	423,907	(370,692)	53,215	459,810	(423,258)	36,552
Equipment	28,681,299	(14,616,666)	14,064,633	28,654,864	(13,975,373)	14,679,491
Buildings and structures	48,696,149	(13,327,921)	35,368,228	48,696,149	(12,611,649)	36,084,500
Underground pipeline	59,925,077	(15,009,140)	44,915,937	58,950,134	(14,216,989)	44,733,145
Construction in progress	361,911	-	361,911	921,640	-	921,640
Total property and equipment	138,088,343	(43,324,419)	94,763,923	137,682,597	(41,227,269)	99,455,328
Total property, plant, and equipment	\$141,267,043	\$(43,324,419)	\$97,942,623	\$140,861,297	\$(41,227,269)	\$99,634,028

The following table shows the capital asset activity for the fiscal years ended June 30, 2016 and 2015.

	Plant and Equipment	Accumulated Depreciation	Net
Balance, June 30, 2014	\$ 137,436,665	\$ (39,115,904)	\$ 98,320,761
Additions	460,270	(2,254,826)	(1,794,557)
Retirements and disposals	(528,425)	143,461	(384,964)
Transfers	314,087	-	314,087
Balance at June 30, 2015	137,682,597	(41,227,270)	96,455,328
Additions	1,818,609	(2,310,057)	(491,448)
Retirements	(1,412,864)	212,907	(1,199,957)
Transfers	-	-	(1,199,957)
Balance, June 30, 2016	\$ 138,088,343	\$(43,324,420)	\$ 94,763,923

Notes to Financial Statements

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

In fiscal 2014, the Authority reported deferred outflows and inflows of resources in connection with its issue of revenue bonds in 2006 and pension-related adjustments in accordance with GASB 68. The table below presents the balances of deferred outflows and deferred inflows of resources as of June 30, 2016.

	Deferred Outflows of Resources
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt Accumulated Amortization	\$ 13,195,235 (11,063,069)
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net Pension-related adjustments	2,132,166 593,558
Total Deferred Outflows of Resources	<u>\$ 2,725,724</u>
	Deferred Inflows of Resources
Pension-related actuarial adjustments	\$ 1,007,117
Total Deferred inflows of Resources	<u>\$ 1,007,117</u>

The table below presents the balances of deferred outflows and inflows of resources as of June 30, 2015.

	Deferred Outflows of Resources
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt Accumulated Amortization	\$ 13,195,235 (10,311,149)
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net Pension-related adjustments	2,884,086 580,238
Total Deferred Outflows of Resources, Net	<u>\$ 3,464,324</u>
	Deferred Inflows of Resources
Pension-related actuarial adjustments	\$ 753,846
Total Deferred inflows of Resources	<u>\$ 753,846</u>

Note 5: Long-Term Debt

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

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old

debt of \$8.25 million. This difference, reported in the accompanying financial statements as deferred outflow of resources, is being charged to operations through the year 2022 in proportion to the bond interest expense incurred for each fiscal year. The Authority completed the refunding to reduce its total debt service payments over the next 15 years by \$4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million.

The 1996 Revenue Bonds were issued to advance refund the 1992 Revenue Bonds. The 1992 Revenue Bonds were issued by the Authority for the benefit of its participants to finance a portion of the costs of developing a pipeline and water treatment plant, to reimburse certain project participants for costs incurred in connection with the State Water Project, and to finance certain other facilities. Each of the participants in the financing held elections authorizing issuance of revenue bonds for the construction of the State Water Project. In order to reduce issuance costs and insure the proceeds are available on a timely basis, the Authority issued the bonds for all participants requiring financing.

The City of Santa Maria, Golden State Water Company, Vandenberg AFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling \$22,562,433 at June 30, 2016 and June 30, 2015 have been accounted for as contributed capital. Under the Water Supply Agreements, each Project 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 by Financial Security Assurance.

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of \$45,470,000, which will refund the outstanding \$59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued to realize the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016, and will therefore be reported in the fiscal year 2016/17 financial statements.

Notes to Financial Statements

The annual requirements to pay all debt outstanding, as of June 30, 2016, are as follows:

Fiscal Year	Interest	Principal	Total
2017	2,668,975	8,825,000	11,493,975
2018	2,263,050	9,265,000	11,528,050
2019	1,836,750	9,640,000	11,476,750
2020	1,342,625	10,125,000	11,467,625
2021-2022	1,102,750	21,790,000	22,892,750
	<u>\$ 9,214,150</u>	<u>\$ 59,645,000</u>	<u>\$ 68,859,150</u>

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

The long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Series 2006A Revenue Bonds	\$ 68,050,000	\$ -	\$ (8,405,000)	\$ 59,645,000	\$ 8,825,000
Series 2006A Original Issue Premium	1,470,030	-	(383,257)	1,086,773	-
Net Pension Liability	2,501,206	50,668	-	2,551,874	-
Rate Coverage Reserve Fund	8,061,458	1,124,324	-	9,185,782	-
Total	<u>\$ 80,082,694</u>	<u>\$ 1,174,992</u>	<u>\$ (8,788,257)</u>	<u>\$ 72,469,429</u>	<u>\$ 8,825,000</u>

Notes to Financial Statements

Note 6: Pension Plan

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

A. General Information about the Pension Plans

Plan Description - All qualified employees and probationary employees are eligible to participate in the Authority's cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pools. Accordingly, rate plans are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The Authority currently sponsors one miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and the Authority's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The rate plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Authority Plan	
	Classic Member*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	6.50%
Required employer contribution rates	14.035%	6.73%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The Authority's required contribution for the unfunded liability was \$137,057 in fiscal year 2016.

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

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

Notes to Financial Statements

Note 6: Pension Plan (Continued)

The Authority's contributions to the Plan for the year ended June 30, 2016 were \$593,558.

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

As of June 30, 2016, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,551,874

The Authority's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each Plan is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

	Plan
Proportion – June 30, 2014	0.10120%
Proportion – June 30, 2015	0.09302%
Change – Increase (Decrease)	(0.00818)%

For the year ending June 30, 2016, the Authority recognized pension expense of \$593,558. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$593,558	\$ -
Differences between actual and expected experience	-	1,191,370
Net difference between projected and actual on pension plan investments		(189,541)
Adjustments due to differences in proportion	-	5,287
Total	\$ 593,558	\$ 1,007,116

\$593,558 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2016	(\$166,853)
2017	(159,954)
2018	(138,743)
2019	-

Notes to Financial Statements

Actuarial Assumptions - For the measurement period ending June 30, 2015, the total pension liabilities were determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

	Plan
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
	Entry Age Normal Cost
Actuarial Cost Method	Method
Discount Rate	7.65%
Inflation	2.75%
Projected salary Increase	(1)
Investment Rate of Return	7.65% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power
Increase	Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

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

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

(4) All of the Authority's plans for Miscellaneous employed the same assumptions

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change in Assumptions - GASB 68, paragraph 68 states that the long-term expected rate of return shown be determined net of pension plan

investment expense but without reduction for pension plan administrative expense. The discount rate of 7.5 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for June 30, 2015 measurement date is without reduction of pension plan administrative expense.

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS' website under the GASB 68 Section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Notes to Financial Statements

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current	Real Return Years 1–10 ^(a)	Real Return Years 11+ ^(b)
	Target Allocation		
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	(0.55)%	(1.05)%
Total	100.00%		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

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

	Discount Rate – 1%	Current Discount Rate	Discount Rate + 1%
Miscellaneous	(6.65%)	(7.65%)	(8.65%)
Plan’s Net Pension Liability/(Asset)	\$4,382,143	\$2,551,874	\$1,040,775

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

Note 7: Post Employment Benefits Other Than Pensions

The Authority provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from the Authority and enrolled in an insurance program under the California Public Employees’ Medical and Hospital Care Act (PEMHCA). The CalPERS PEMHCA Plan is a defined contribution, cost sharing multiple-employer defined benefit healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by the California Public Employees Retirement Agency. Copies of the CalPERS annual financial report may be obtained from the Executive Office, 400 Q Street, Sacramento, CA 95814 or they can be found online at www.calpers.ca.gov.

Funding Policy: PEMHCA determines the amount contributed by the Authority toward retiree health insurance. Currently, the Authority is required to contribute \$125 per month toward the cost of retiree health insurance, which is the same amount contributed toward active employee health insurance. The balance of the premium, averaging approximately \$306 per month, is paid directly by the retirees to CalPERS. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulations. Beginning in calendar year 2009, the contribution amount will increase by the change in the annual consumer price index. During the 2015-16 fiscal year \$6,073 were recognized for post-retirement health insurance contribution on a pay-as-you-go basis.

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

Notes to Financial Statements

Annual OPEB Cost: For fiscal year ended June 30, 2015, the Authority contributed \$6,073 for pay-as-you-go premiums to the Plan. As a result, the Authority has calculated and recorded the Net OPEB Obligation, representing the difference the ARC, amortization and contributions, as presented below:

	Net OPEB Obligation Calculation
Annual Required Contribution (ARC)	\$ 26,390
Amortization of Net OPEB Liability	16,568
Interest on Net OPEB Liability	1,193
Annual OPEB Cost	44,151
Contributions made:	(38,780)
Authority share of current year premiums paid	(6,073)
Increase (decrease) in OPEB obligation	(702)
Net OPEB Obligation – Beginning of year	38,780
Net OPEB Obligation – End of year	<u>\$ 38,078</u>

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

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Net OPEB Obligation	% of Annual OPEB Cost Contributed
6/30/2013	42,437	(1,373)	81,767	3.24%
6/30/2014	48,748	(86,578)	43,937	177.60%
6/30/2015	44,715	(49,872)	38,780	111.53%
6/30/2016	44,151	(44,853)	38,078	101.59%

Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2016, is shown below:

Actuarial accrued liability (AAL)	\$ 485,055
Actuarial value of plan assets	172,377
Unfunded actuarial accrued liability (UAAL)	<u>\$ 312,678</u>
Covered payroll (active plan members)	\$ 2,738,959
UAAL as a percentage of covered payroll	11.42%

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

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

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

In the June 30, 2016, actuarial valuation, the Entry Age cost method was used. The actuarial assumptions included a 7.2% investment rate of return (net of administrative expenses) and an inflation assumption of 5%. The plans unfunded actuarial accrued liability is being amortized over a 30-year open amortization period.

The Authority pre-funded \$38,780 in retiree healthcare costs that were deposited in an irrevocable trust for retiree healthcare costs that was established in the 2013-14 fiscal year.

Note 8: Commitments and Uncertainties

The Authority leases equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2016 were \$7,055 (2016) and \$14,671 thereafter, resulting in total minimum payments of \$21,726.

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, 2016 and June 30, 2015, 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.

Notes to Financial Statements

Note 9: Joint Powers Insurance Authority

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

ACWA-JPIA provides liability, property, workers' compensation, fidelity, boiler and machinery insurance for approximately 300 water agencies for losses in excess of the members' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA - JPIA is governed by a board composed of members from participating members. The board controls the operations of ACWA - JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board.

Each member shares surpluses and deficiencies proportionately to its participation in ACWA. The Authority has not incurred any settlements which exceeded insurance coverage for the past three fiscal years.

Note 10: Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the terms of this plan, employees may defer amounts of income up to one

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

Note 11: Restatement

A prior period adjustment of \$2,643,043 was made to the Statement of Net Position as of June 30, 2015, to decrease the beginning net position of the authority in accordance with the implementation of GASB 68 and GASB 71. The adjustment was made to record the beginning net pension liability and deferred outflows of resources for contributions subsequent to the measurement date.

Note 12: Subsequent Event - Bond Refunding

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of \$45,470,000, which will refund the outstanding \$59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued to realize the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016, and will therefore be reported in the fiscal year 2016/17 financial statements.

Required Supplementary Information

COST-SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN - LAST 10 YEARS*

SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED
RATIOS AS OF THE MEASUREMENT DATE

	2016	2015
Proportion of the Net Pension Liability	0.03718%	0.04020%
Proportionate Share of the Net Pension Liability	\$2,551,874	\$2,501,206
Covered - Employee Payroll	\$2,752,127	\$2,860,537
Proportionate Share of the net pension liability as percentage of covered-employee payroll	92.72%	87.44%
Plan fiduciary net position as a percentage of the total pension liability	81.01%	79.28%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

Required Supplementary Information

COST-SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN - LAST 10 YEARS* SCHEDULE OF CONTRIBUTIONS

Employer Fiscal Year End	<u>2016</u>	<u>2015</u>
Legally required contributions	\$ 400,804	\$ 363,231
Contributions in relation to the legally required contributions	<u>(400,804)</u>	<u>(363,231)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,752,127	\$ 2,860,537
Contributions as a percentage of covered-employee payroll	14.563%	12.70%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years is shown.

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were derived from the June 30, 2012 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll, closed
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

There were no changes in the methods or assumptions used to determine the legally required contributions, which are actuarially determined, from the June 30, 2011 to June 30, 2012 funding valuation report.

Required Supplementary Information

POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN SCHEDULE OF CONTRIBUTIONS

Fiscal year	Annual OBEP Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB (Obligation) Asset
June 30, 2012	\$ 42,047	\$ 1,344	3.20%	\$ (40,703)
June 30, 2013	42,437	1,373	3.24%	(81,767)
June 30, 2014	48,748	86,578	177.60%	(43,937)
June 30, 2015	44,715	49,872	111.53%	(38,780)
June 30, 2016	44,151	44,853	101.59%	(38,078)

POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(B-A)/C]
June 30, 2012	\$ -	\$ 518,118	\$ 518,118	0.00%	\$ 2,491,505	20.80%
June 30, 2013	-	336,950	336,950	0.00%	2,686,735	12.54%
June 30, 2014	84,823	396,014	311,191	21.42%	2,600,572	11.97%
June 30, 2015	134,154	443,482	309,328	30.25%	2,678,765	11.55%
June 30, 2016	172,377	485,055	312,678	35.54%	2,738,959	11.42%

Prior to July 2011 the Authority did not have an OPEB liability.

STATISTICAL SECTION



STATISTICAL SECTION NARRATIVE SUMMARY

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

Financial Trends

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

Debt Capacity

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

Economic and Demographic Information

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

Operating Information

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

TABLE 1

General Governmental Revenues by Source

Fiscal Year	Operating Assessments	Debt Service Assessments	Other Revenues	Interest Income	Total Revenues
2006/07	\$ 6,577,214	\$ 10,339,149	\$ 43,226	\$ 2,381,697	\$ 19,341,285
2007/08	6,673,228	10,851,885	68,927	1,862,268	19,456,308
2008/09	7,583,365	10,894,767	77,193	1,012,428	19,567,753
2009/10	7,706,451	10,837,837	144,825	287,296	18,976,409
2010/11	7,100,093	10,828,491	105,552	236,522	18,270,658
2011/12	7,056,434	10,751,690	64,258	166,276	18,038,658
2012/13	7,504,558	10,758,676	125,443	139,554	18,528,231
2013/14	8,642,389	10,669,540	329,292	120,693	19,761,914
2014/15	9,100,035	10,620,321	146,713	118,755	19,985,824
2015/16	8,702,151	10,560,476	108,915	176,276	19,547,818

Source: Central Coast Water Authority

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

Total Revenue Comparison

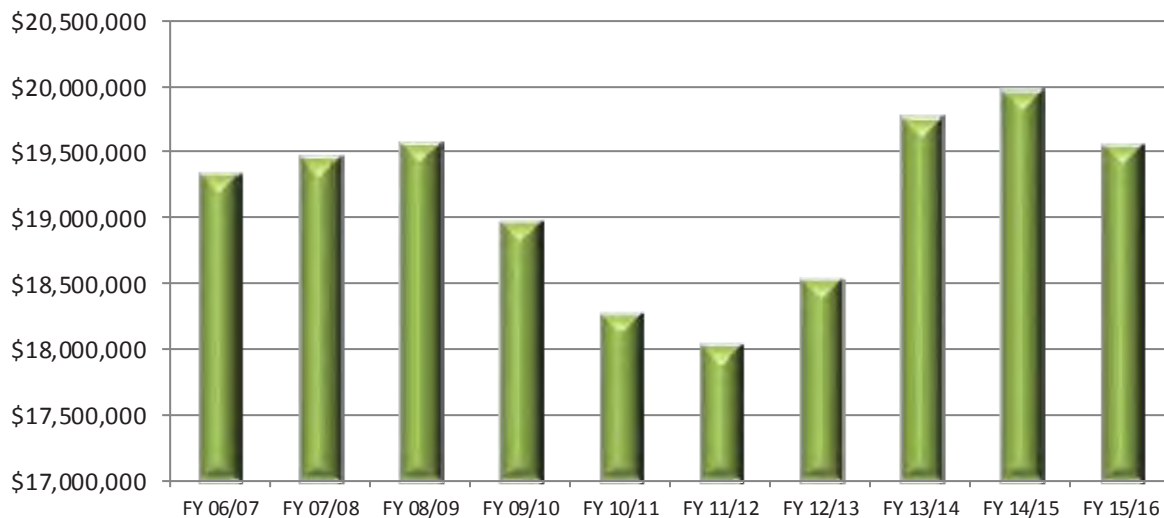


TABLE 2

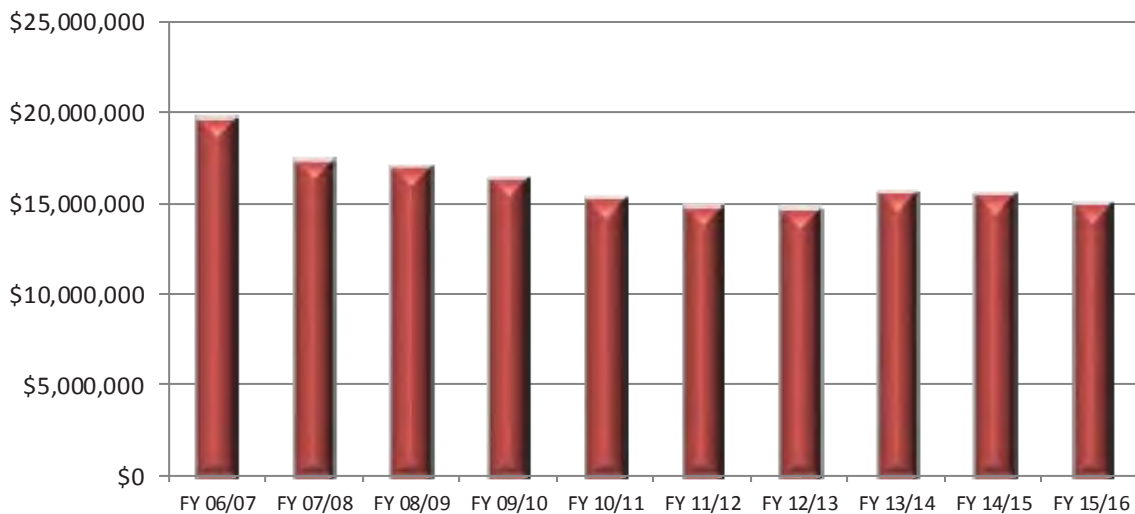
General Governmental Expenses by Function

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Interest paid to Participants	Total Expenses
2006/07	\$ 10,958,694	\$ 454,619	\$ 6,223,707	\$ 2,171,209	\$ 19,808,228
2007/08	9,497,227	471,676	5,582,876	1,858,511	17,410,290
2008/09	10,464,755	293,537	5,338,226	986,862	17,083,380
2009/10	10,640,777	428,879	5,083,426	273,944	16,427,026
2010/11	10,058,131	180,428	4,818,276	236,432	15,293,267
2011/12	9,786,406	365,801	4,490,322	165,476	14,808,006
2012/13	9,908,687	459,637	4,169,532	139,500	14,677,356
2013/14	10,937,701	749,170	3,805,662	120,693	15,613,226
2014/15	11,671,645	314,087	3,409,975	118,755	15,514,462
2015/16	11,184,612	629,440	2,994,662	176,276	14,984,990

Source: Central Coast Water Authority

(1) Beginning with fiscal year 2004/05, Operating Expenses include yearend credits for unexpended operating reimbursements, and interest credits paid to project participants are shown on a separate line.

Total Expenditures Comparison



Statistical Section

TABLE 3

Change in Net Position and Net Position Components Last Ten Fiscal Years

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Net position, at beginning of year	\$ 14,428,865	\$ 14,088,203	\$ 16,440,986	\$ 19,070,613	\$ 22,020,369
Operating revenues	16,948,321	17,587,809	18,512,443	18,685,951	18,018,693
Operating Expenses					
Operating expenses	6,730,424	5,273,497	6,387,774	5,765,512	6,006,570
Depreciation and amortization	3,336,876	3,123,041	3,104,697	3,078,809	3,053,027
Unexpended operating reimbursements	891,394	1,100,689	972,284	1,796,456	998,534
Total operating expenses	10,958,694	9,497,227	10,464,755	10,640,777	10,058,131
Operating Income	5,989,627	8,090,582	8,047,688	8,045,174	7,960,562
Non-operating revenues					
Interest income and miscellaneous	2,392,965	1,868,499	1,012,428	304,506	251,965
Non-Operating Expenses					
Interest expense	6,223,707	5,582,876	5,338,226	5,083,426	4,818,276
Interest income paid to project participants	2,171,209	1,858,511	986,862	273,944	236,432
Other expenses	-	164,911	105,401	42,553	151,435
Total non-operating expenses	8,394,916	7,606,298	6,430,489	5,399,923	5,206,143
Increase in Net Position	(12,324)	2,352,783	2,629,627	2,949,757	3,006,384
Refund of capital contributions	328,338	-	-	-	-
Restatement of net position	-	-	-	-	-
Net position, at end of year	14,428,864	16,440,986	19,070,613	22,020,369	25,026,753
Net investment in capital assets	6,083,945	9,153,209	12,359,972	15,969,556	19,447,578
Restricted - capital projects	20,304	282	-	-	-
Restricted - debt service	11,617,204	11,597,222	11,589,832	11,590,054	11,545,053
Unrestricted	(3,633,250)	(4,309,726)	(4,879,191)	(5,539,241)	(5,965,878)
Total Net Position	\$ 14,088,203	\$ 16,440,986	\$ 19,070,613	\$ 22,020,369	\$ 25,026,753

Continued

Statistical Section

TABLE 3 (continued)

Change in Net Position and Net Position Components Last Ten Fiscal Years

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Net position, at beginning of year	\$ 25,026,753	\$ 28,570,625	\$ 32,843,775	\$ 37,640,493	\$ 39,694,735
Operating revenues	17,872,382	18,383,991	19,641,221	19,831,984	19,334,566
Operating Expenses					
Operating expenses	5,855,361	6,451,537	7,261,549	7,805,038	8,143,842
Depreciation and amortization	2,980,787	2,770,306	2,715,546	2,710,711	2,710,417
Unexpended operating reimbursements	950,258	686,844	960,606	1,155,896	330,353
Total operating expenses	9,786,406	9,908,687	10,937,701	11,671,645	11,184,612
Operating Income	8,085,976	8,475,304	8,703,520	8,160,339	8,149,954
Non-operating revenues					
Interest income and miscellaneous	166,276	144,240	120,693	153,840	213,252
Non-Operating Expenses					
Interest expense	4,490,322	4,169,532	3,805,662	3,409,975	2,994,662
Interest income paid to project participants	165,476	139,500	120,693	118,755	176,276
Other expenses	52,582	37,362	101,140	88,164	10,788
Total non-operating expenses	4,708,380	4,346,394	4,027,495	3,616,894	3,181,726
Increase in Net Position	3,543,872	4,273,150	4,796,718	4,697,285	5,181,480
Refund of capital contributions	-	-	-	-	-
Restatement of net position	-	-	-	(2,643,043)	-
Net position, at end of year	28,570,625	32,843,775	37,640,493	39,694,735	44,876,215
Net investment in capital assets	23,467,011	28,134,152	33,258,360	38,420,586	44,108,951
Restricted - capital projects	-	-	-	-	-
Restricted - debt service	11,597,425	11,540,588	11,537,581	11,522,948	11,513,337
Unrestricted	(6,493,811)	(6,830,965)	(7,155,448)	(10,248,799)	(10,746,073)
Total Net Position	\$ 28,570,625	\$ 32,843,775	\$ 37,640,493	\$ 39,694,735	\$ 44,876,215

Statistical Section

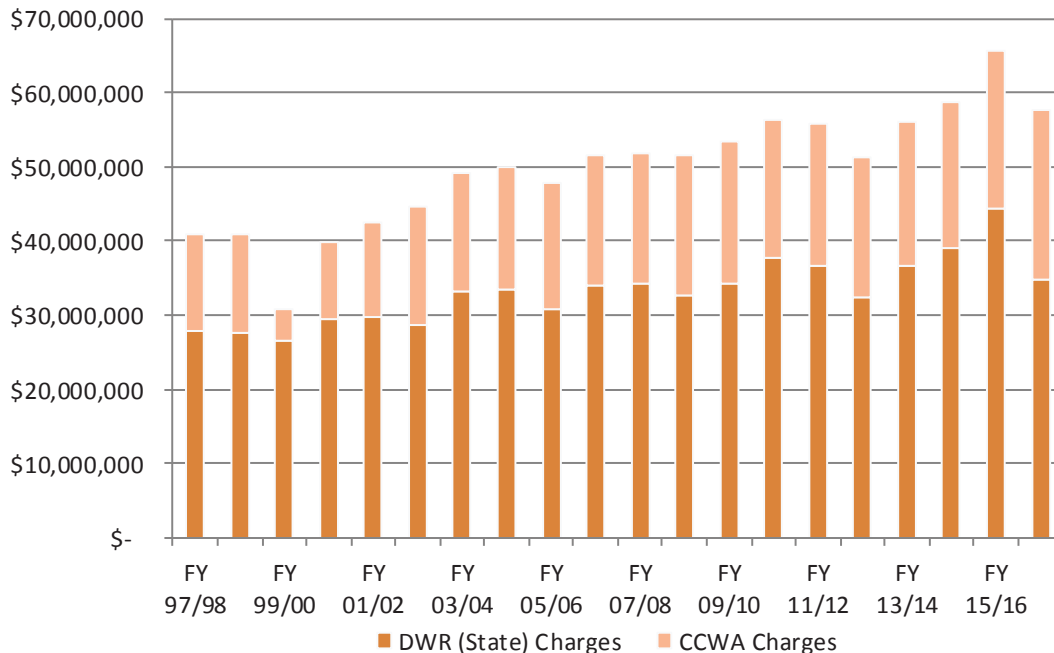
TABLE 4

Fiscal Year Gross Budget History (Excludes Credits)

Fiscal Year	CCWA Charges	DWR (State) Charges	Total	Increase (Decrease)	Percentage Change
FY 97/98	\$ 12,897,860	\$ 27,938,525	\$ 40,836,385	\$ -	
FY 98/99	13,275,815	27,755,277	41,031,092	194,707	0%
FY 99/00	4,345,803	26,525,983	30,871,786	(10,159,306)	-25%
FY 00/01	10,470,166	29,409,208	39,879,374	9,007,588	29%
FY 01/02	12,732,473	29,872,420	42,604,893	2,725,519	7%
FY 02/03	15,923,396	28,667,780	44,591,176	1,986,283	5%
FY 03/04	15,826,610	33,290,820	49,117,430	4,526,254	10%
FY 04/05	16,309,830	33,576,516	49,886,346	768,916	2%
FY 05/06	16,898,682	30,918,963	47,817,645	(2,068,701)	-4%
FY 06/07	17,665,638	33,887,106	51,552,744	3,735,099	8%
FY 07/08	17,368,381	34,383,152	51,751,533	198,789	0%
FY 08/09	18,866,218	32,712,348	51,578,566	(172,967)	0%
FY 09/10	19,113,716	34,400,137	53,513,853	1,935,287	4%
FY 10/11	18,542,903	37,656,903	56,199,806	2,685,953	5%
FY 11/12	19,000,056	36,704,353	55,704,409	(495,397)	-1%
FY 12/13	18,871,714	32,473,910	51,345,624	(4,358,785)	-8%
FY 13/14	19,303,293	36,720,999	56,024,293	4,678,669	9%
FY 14/15	19,905,931	38,928,105	58,834,036	2,809,743	5%
FY 15/16	21,408,675	44,258,987	65,667,662	6,833,626	12%
FY 16/17	\$ 22,991,413	\$ 34,730,498	\$ 57,721,911	\$ (7,945,751)	-12%

Note: Excludes CCWA credits.

CCWA Gross Budget by Fiscal Year



Statistical Section

TABLE 5

FY 2015/16 Total Payments by Project Participant

Project Participant	FY 2015/16 Operating Expenses ⁽¹⁾	FY 2015/16 Debt Service Payments	FY 2015/16 DWR Costs	FY 2015/16 Warren Act Charges ⁽²⁾	FY 2015/16 CCWA Credits	FY 2015/16 Total Payments
Guadalupe	\$ 108,239	\$ 163,728	\$ 471,840	\$ -	\$ (650)	\$ 743,157
Santa Maria	3,574,642	-	15,474,538	-	(16,983)	19,032,197
Golden State Water Co.	94,700	-	452,686	-	(85)	547,300
Vandenberg AFB	1,182,595	-	5,407,759	-	(4,113)	6,586,242
Buellton	145,503	290,011	587,242	-	(961)	1,021,794
Santa Ynez (Solvang)	383,135	890,751	1,619,873	-	(2,266)	2,891,494
Santa Ynez	688,422	334,525	539,587	-	(1,490)	1,561,044
Goleta	823,913	2,807,550	6,192,310	111,604	(766)	9,934,610
Morehart Land	30,361	128,911	196,646	-	(11,321)	344,596
La Cumbre	140,740	617,241	1,134,561	13,632	(1,467)	1,904,706
Raytheon	8,719	26,984	53,243	1,382	(2,302)	88,026
Santa Barbara	648,044	1,725,889	4,271,896	147,934	(509)	6,793,252
Montecito	367,841	2,028,495	3,799,557	61,996	(4,118)	6,253,769
Carpinteria	242,219	1,159,728	2,468,675	36,917	(3,047)	3,904,492
Shandon	8,595	13,028	N/A	-	(559)	21,064
Chorro Valley	319,124	1,037,841	N/A	-	(663)	1,356,301
Lopez	388,126	268,364	N/A	-	(27,295)	629,195
TOTAL:	\$ 9,154,917	\$ 11,493,045	\$ 42,670,411	\$ 373,464	\$ (78,596)	\$ 63,613,240

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

(2) Adjusted for Santa Ynez Exchange Agreement Modifications.

This schedule represents the budgeted amounts plus the increase or decrease in charges for certain participants due to changes in delivery requests which were not included in the original fiscal year 2015/16 budget. Also included are the credit applications of the DWR Transportation Minimum credits for certain participants.

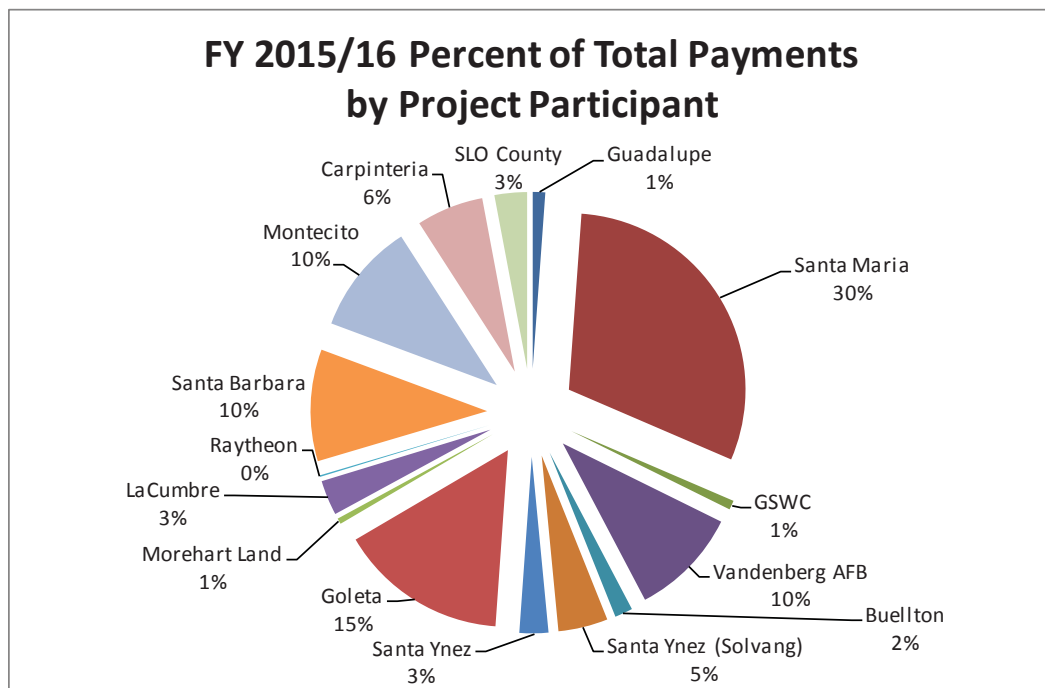


TABLE 6

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

Fiscal Year	Bond Issue	Principal	Interest ⁽¹⁾	Total Debt Service	Total Expenses	Ratio of Debt Service to Total Expenses
2006/07	96 & 06 Bonds	4,915,000	6,600,947	11,515,947	18,682,510	61.64%
2007/08	2006 Bonds	5,895,000	5,641,826	11,536,826	17,540,719	65.77%
2008/09	2006 Bonds	6,190,000	5,400,126	11,590,126	17,208,095	67.35%
2009/10	2006 Bonds	6,430,000	5,147,726	11,577,726	16,545,789	69.97%
2010/11	2006 Bonds	6,695,000	4,885,226	11,580,226	15,405,833	75.17%
2011/12	2006 Bonds	6,960,000	4,577,326	11,537,326	14,912,912	77.36%
2012/13	2006 Bonds	7,335,000	4,247,463	11,582,463	14,677,356	78.91%
2013/14	2006 Bonds	7,625,000	3,900,975	11,525,975	15,613,226	73.82%
2014/15	2006 Bonds	8,010,000	3,510,100	11,520,100	15,514,462	74.25%
2015/16	2006 Bonds	8,405,000	3,099,725	11,504,725	14,984,990	76.77%

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

Source: Central Coast Water Authority

Ratio of Debt Service to Total Expenses

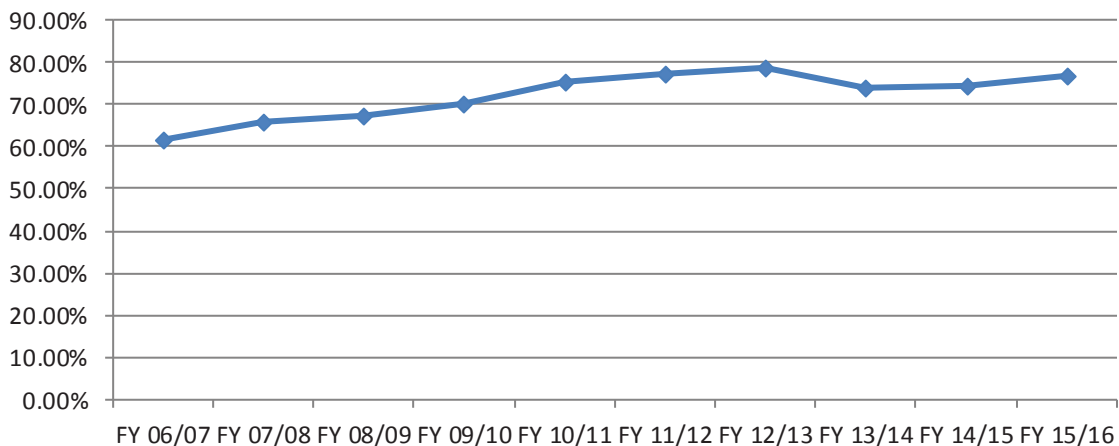


TABLE 7
Selected Demographic Information
Santa Barbara County

Santa Barbara County is located on the Pacific coast of the southern portion of the U.S. state of California, just west of Ventura County. The estimated total population of the County as of January 2016 was 446,717 according to the Santa Barbara County 2015/16 CAFR. The county seat is Santa Barbara and the largest city is Santa Maria.

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

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

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

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

TABLE 8
Miscellaneous Statistical Information

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	29.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
Number of water storage tanks	7
Number of turnouts	10

<u>Agency</u>	<u>Table A Amount (AFY)</u>
City of Buellton	578
Carpinteria Valley Water District	2,000
Goleta Water District	4,500
City of Guadalupe	550
La Cumbre Mutual Water Co.	1,000
Montecito Water District	3,000
Morehart Land Co.	200
City of Santa Barbara	3,000
Raytheon Systems Company	50
City of Santa Maria	16,200
Santa Ynez River W.C.D. #1	2,000
Southern California Water Co.	500
Vandenberg Air Force Base	5,500
Total Santa Barbara County *	<u>39,078</u>
Avila Beach C.S.D	100
Avila Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16 I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano CSD	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Co.	275
SLO Co. Comm. Coll. District (Cuesta College)	200
Total San Luis Obispo County	<u>4,830</u>
TOTAL TABLE A AMOUNT	<u>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.

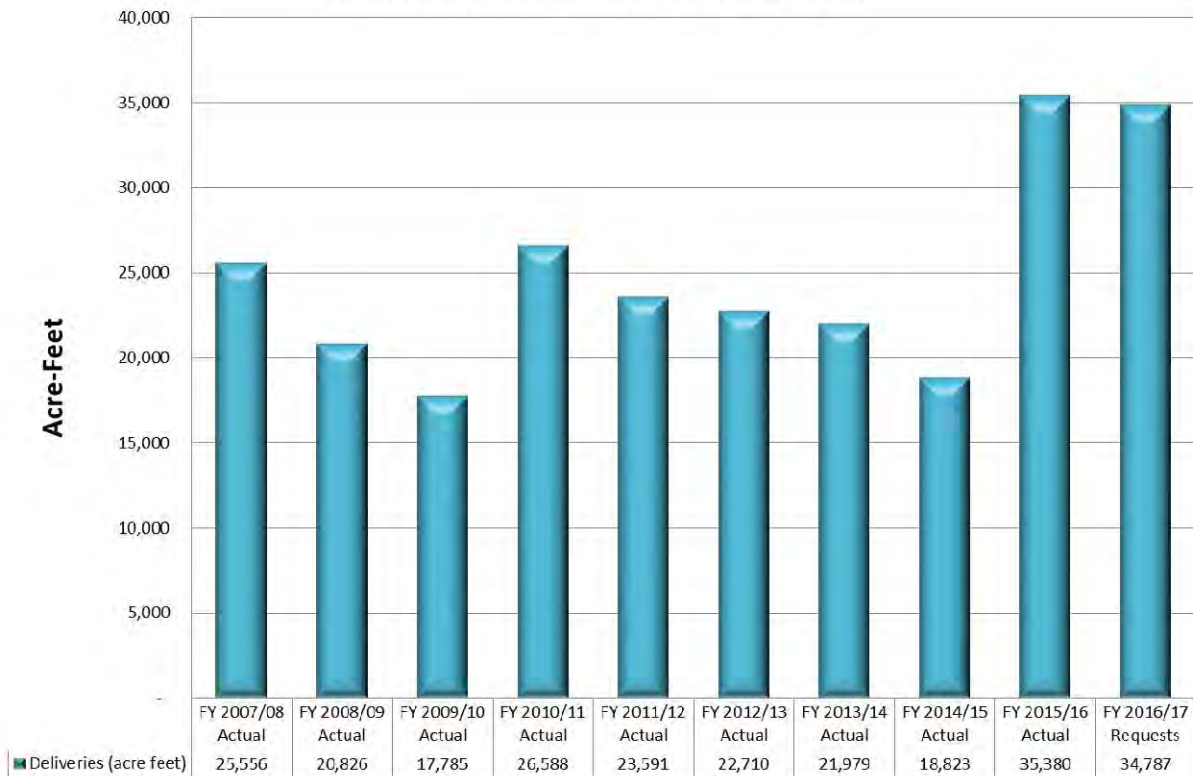
Statistical Section

TABLE 9

FY 2015/16 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Lopez Turnout (SLO County)	2,266	N/A	2,266
Chorro Valley Turnout (SLO County)	1,486	N/A	1,486
City of Guadalupe	100	N/A	100
City of Santa Maria	6,190	N/A	6,190
Golden State Water Company	27	N/A	27
Vandenberg Air Force Base	1,238	N/A	1,238
City of Buellton	73	N/A	73
Santa Ynez ID #1 (City of Solvang)	362	N/A	362
Santa Ynez ID #1	164	403	567
Goleta Water District	3,079	-	3,079
Morehart Land Company	36	N/A	36
La Cumbre Mutual Water Company	150	N/A	150
Raytheon Systems Company	9	N/A	9
City of Santa Barbara	3,299	(173)	3,126
Montecito Water District	318	(173)	145
Carpinteria Valley Water District	131	(57)	74
TOTAL:	18,928	-	18,928

Historical Water Deliveries (Acre-Feet)



Statistical Section

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

Calendar Year	(Acre-Feet)		Total CCWA Actual Costs
	Available Water	Actual Deliveries	
1998	38,986	18,618	\$ 36,059,489
1999	45,486	20,137	24,908,616
2000	40,937	22,741	36,059,489
2001	18,036	18,945	39,064,819
2002	32,164	27,600	36,418,418
2003	40,980	26,970	43,929,780
2004	29,688	29,705	37,237,621
2005	41,092	23,343	43,750,040
2006	45,486	23,275	44,152,940
2007	27,292	27,740	45,660,843
2008	15,960	18,391	46,236,486
2009	18,219	15,452	47,702,802
2010	22,883	17,775	50,707,485
2011	36,389	21,050	51,876,818
2012	29,566	19,474	45,904,819
2013	31,666	18,018	54,450,977
2014 ⁽¹⁾	21,856	16,757	61,818,242
2015 ⁽²⁾	22,507	11,673	61,483,022
2016 ⁽³⁾	56,379	26,481	60,221,910
Total:	615,572	404,145	\$ 867,644,616
Avg. Cost per Acre-foot:	\$ 1,409	\$ 2,147	
Percent of Table A:	79.61%	52.26%	

(1) Includes CCWA Supplemental Water Purchase Program costs of \$4.2 million for 5,909 AF.

(2) Includes CCWA Supplemental Water Purchase Program costs of \$4.8 million for 9,600 AF.

(3) 2016 are estimate amounts and include CCWA Supplemental Water Purchase Program costs of \$2.5 million for 10,000 AF.



TABLE 11

Schedule of Insurance
Valued June 30, 2016

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
Harford Fire Insurance Company	4-1-16 to 4-1-17	Excess Crime Coverage	\$ 2,000,000	Dishonesty and forgery coverage \$2,000,000 Computer fraud \$2,000,000
Fidelity & Deposit Company of Maryland	4-1-16 to 4-1-17	Excess Crime Coverage	\$ 3,000,000	Dishonesty and forgery coverage \$3,000,000 Computer fraud \$3,000,000
ACWA Joint Powers Insurance Authority	4-1-16 to 4-1-17	Property Insurance	\$ 72,835,259	Buildings (\$30,698,063); Personal property (\$1,488,890); Fixed Equipment (\$40,648,305)
ACWA Joint Powers Insurance Authority	10-1-15 to 10-1-16	General and Auto Liability	\$ 2,000,000	Liability JPIA pooled layer
Allied Public Risk/ Allied World Assurance #5114-0007-00	10-1-15 to 10-1-16	General and Auto Liability	\$ 9,000,000	Liability umbrella policy
Great American Insurance Company/ Evanston Insurance Company #1827291/#MPEREV0057-13-02	10-1-15 to 10-1-16	General and Auto Liability	\$ 9,000,000	Liability umbrella policy
Great American Insurance Co. of NY/ Endurance Risk Solutions Assurance #EXC4223345/#EXC1000788200	10-1-15 to 10-1-16	General and Auto Liability	\$ 30,000,000	Liability umbrella policy
Great American Insurance Company of New York #EXC4223342	10-1-15 to 10-1-16	General and Auto Liability	\$ 10,000,000	Liability umbrella policy

TABLE 12

Full-time Equivalent Employees by Position

Position Title	Number Authorized FY 2013/14	Number Authorized FY 2014/15	Number Authorized FY 2015/16	Change Over FY 2013/14	Change Over FY 2014/15
Executive Director	1.00	1.00	1.00	-	-
Deputy Director of Operations	1.00	1.00	1.00	-	-
Regulatory Specialist	1.00	1.00	1.00	-	-
Controller	1.00	1.00	1.00	-	-
Office Manager	1.00	1.00	1.00	-	-
Accounting Technician	1.00	1.00	0.75	(0.25)	(0.25)
Secretary II	1.50	1.50	1.50	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent	1.00	1.00	1.00	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Chemist	1.00	1.00	1.00	-	-
IT/Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Engineering Technician	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	2.00	2.00	2.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	29.50	29.50	29.25	(0.25)	(0.25)

TABLE 13
Santa Barbara County Largest Employers

Company or Organization	Jobs (1)	Percent of Total County Employment
University of California, Santa Barbara	10,827	5.08%
Vandenberg Air Force Base	6,800	3.19%
County of Santa Barbara	4,945	2.32%
Santa Barbara Cottage Hospital	3,760	1.76%
Santa Barbara City College	2,348	1.10%
Santa Barbara Unified School District	2,000	0.94%
City of Santa Barbara	1,768	0.83%
Marian Medical Center	1,734	0.81%
Chumash Casino Resort	1,673	0.78%
Santa Maria-Bonita School District	<u>1,560</u>	<u>0.73%</u>
Total ten largest	37,415	17.54%
Total all other	<u>175,885</u>	<u>82.46%</u>
Total companies or organizations	<u><u>213,300</u></u>	<u><u>100.00%</u></u>

(1) California Economic Forecast Project

Statistical Section

City of Pismo Beach

(San Luis Obispo County)

Historic Water Connections and Sales Revenues

Fiscal Year		Sales	Water
Ending June 30	Connections	Revenues	Deliveries
			(acre-feet per year)
2006	4,443	\$ 1,994,992	1,945
2007	4,458	2,124,500	2,026
2008	4,713	2,619,579	2,018
2009	4,540	2,834,803	1,939
2010	4,558	2,874,984	1,735
2011	4,569	3,048,595	1,717
2012	4,584	3,257,915	1,785
2013	4,596	3,390,236	1,828
2014	4,695	3,793,692	1,944
2015	4,718	3,362,918	1,840

Largest Customers as of June 30, 2015

	Water	Annual
	Usage ⁽¹⁾	Payment
Cliffs Shell Beach	12,246	\$ 40,958
Pismo Beach Mobile Home Park	11,616	43,803
Pismo Coast Village	10,330	39,634
Oxford Suites	8,147	28,970
Motel 6, Inc.	7,257	25,048
Pismo Lighthouse Suites	6,767	24,477
Shorecliff Lodge	6,667	22,435
Dolphin Bay Hotel	6,228	22,597
Kon Tiki	6,145	21,458
Seacrest Resort	5,995	20,966
Total	81,398	\$ 290,346

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

Fiscal Year	Total	Operating	Net	State Water	Parity	
Ending June 30	Revenues	Expenses	Revenues	Payments	Debt	Coverage
2006	\$ 3,485,014	\$ 1,732,240	\$ 1,752,774	\$ 1,204,253	\$ -	1.46
2007	3,858,063	1,923,694	1,934,369	939,309	-	2.06
2008	4,213,435	2,200,406	2,013,029	1,188,969	-	1.69
2009	4,563,012	1,828,215	2,734,797	1,279,114	-	2.14
2010	4,316,125	2,954,934	1,361,191	1,290,981	-	1.05
2011	4,652,847	2,665,865	1,986,982	1,633,880	-	1.22
2012	5,003,098	2,612,189	2,390,909	1,435,883	-	1.67
2013	5,002,618	2,616,024	2,386,594	1,413,314	-	1.69
2014	5,638,215	2,671,261	2,966,954	1,238,740	-	2.40
2015	6,490,834	2,748,519	3,742,315	1,562,731	-	2.39

Source: City of Pismo Beach

Statistical Section

City of Morro Bay

(San Luis Obispo County)

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2006	5,473	\$ 3,884,085	1,009
2007	5,489	3,911,610	1,275
2008	5,531	3,610,462	1,187
2009	5,547	3,588,500	1,130
2010	5,545	3,574,319	1,282
2011	5,385	3,421,151	1,250
2012	5,401	3,396,936	1,177
2013	5,455	3,377,534	1,141
2014	5,473	3,491,575	1,214
2015	5,455	3,311,970	1,094

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Pacific Care Center	13,958	\$ 154,649
Mission Linen	13,753	152,382
City of Morro Bay	12,058	133,605
Morro Bay High School - irrigation	9,665	30,023
Imperial Coast, LP	4,369	84,807
Silver City Resort	3,858	47,871
Department of Parks	3,536	72,170
San Luis Coastal School District	2,429	26,914
Morro Dunes Trailer Park	2,350	36,130
Morro Elementary School	1,927	19,347
Total	67,903	\$ 757,898

(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
2006	\$ 3,884,085	\$ 1,150,536	\$ 2,733,549	\$ 1,854,271	\$ -	1.47
2007	3,896,420	1,203,618	2,692,802	1,783,837	-	1.51
2008	3,762,674	1,185,688	2,576,986	1,886,622	-	1.37
2009	3,893,904	1,273,381	2,620,523	2,055,446	-	1.27
2010	3,661,837	1,587,764	2,074,073	1,968,552	-	1.05
2011	3,491,186	1,813,559	1,677,627	2,108,814	-	0.80
2012	3,646,957	2,021,803	1,625,154	2,186,578	-	0.74
2013	3,453,217	1,764,241	1,688,976	2,155,816	-	0.78
2014	3,550,868	1,958,281	1,592,587	2,158,842	-	0.74
2015	3,332,358	1,599,955	1,732,403	2,238,795	-	0.77

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)
2006	1,907	\$ 1,003,346	719
2007	1,920	1,052,861	1,062
2008	1,916	1,198,705	920
2009	1,926	1,303,214	966
2010	1,915	1,344,941	900
2011	1,927	1,320,373	921
2012	1,931	1,466,881	989
2013	1,940	1,462,443	912
2014	1,945	1,769,651	1,078
2015	1,960	1,721,143	1,039

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Apio Cooler	192,351	\$ 696,210
Obispo Cooling	9,401	33,969
County Housing Authority	7,406	28,362
Riverview Town Homes	6,782	24,684
Guadalupe Union School	5,153	18,728
Guadalupe Laundromat	2,963	10,713
Simplot	2,410	9,312
Pan American Seed	2,544	9,201
P& M Properties	1,518	5,488
Salvador Barragan	1,008	3,644
Total	231,536	\$ 840,311

(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
2006	\$ 1,062,928	\$ 319,283	\$ 172,643	\$ 916,288	\$ 690,570	1.33
2007	1,222,669	489,461	168,777	901,985	675,108	1.34
2008	1,327,490	658,667	157,483	826,306	667,157	1.24
2009	1,418,311	629,726	165,923	954,508	690,201	1.38
2010	1,402,871	436,644	165,531	1,131,758	699,287	1.62
2011	1,395,787	426,842	167,444	1,136,389	667,445	1.70
2012	1,519,883	499,857	167,705	1,187,731	599,469	1.98
2013	1,515,152	435,004	167,787	1,247,935	758,852	1.64
2014	1,856,503	505,615	167,787	1,518,675	744,436	2.04
2015	1,811,430	468,004	186,615	1,530,041	741,040	2.06

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)
2006	20,588	\$ 20,901,096	13,026
2007	20,762	23,490,792	14,219
2008	20,830	24,605,620	14,047
2009	20,919	25,859,215	14,489
2010	20,927	25,411,420	13,986
2011	21,050	26,393,674	13,016
2012	21,199	27,803,548	13,264
2013	21,385	29,938,893	13,338
2014	21,580	31,962,813	13,882
2015	21,901	31,403,212	13,009

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
City of Santa Maria	263,770	\$ 1,563,573
Santa Maria Elementary School	132,648	737,898
Santa Maria Land Partners	72,247	381,212
Alan Hancock College	49,746	278,765
Casa Grande Mobile Homes	66,574	261,884
Fresh Venture Foods	49,467	255,603
Marian Hospital & Facilities	37,922	241,683
Pictsweet Frozen Foods	36,159	195,947
S.B. County Housing Authority	25,756	161,271
Titan Frozen Fruit	30,360	158,383
Total	764,649	\$ 4,236,219

(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
2006	\$ 28,810,320	\$ 6,264,092	\$ 4,034,968	\$ 26,581,196	\$ 15,658,361	1.70
2007	33,218,519	8,428,868	3,752,454	28,542,105	15,009,816	1.90
2008	33,047,470	8,975,078	4,169,232	28,241,624	15,138,443	1.87
2009	33,521,237	11,232,624	4,242,530	26,531,143	15,438,235	1.72
2010	32,956,256	9,282,313	4,258,071	27,932,014	17,103,082	1.63
2011	34,634,358	10,389,795	4,281,382	28,525,945	17,150,434	1.66
2012	36,330,166	10,260,908	4,288,071	30,357,329	14,671,346	2.07
2013	38,305,281	12,698,916	4,290,188	29,896,553	17,851,202	1.67
2014	42,467,011	11,523,665	4,290,188	35,233,534	17,793,198	1.98
2015	41,771,720	13,564,740	5,001,279	33,208,259	19,191,415	1.73

(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)
2006	1,498	\$ 1,334,328	1,205
2007	1,540	1,462,049	1,343
2008	1,549	1,474,151	1,295
2009	1,548	1,467,933	1,284
2010	1,558	1,467,931	1,300
2011	1,557	1,387,651	1,184
2012	1,570	1,368,805	1,212
2013	1,569	1,460,658	1,227
2014	1,569	1,532,887	1,300
2015	1,569	1,436,127	1,141

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Professional Investment Planning	19,008	\$ 72,151
Buellton Union School District	20,614	42,772
Rancho De Maria	16,073	34,078
Flying Flags Assoc., L.P.	12,702	26,470
Santa Ynez Valley Marriott	12,495	26,062
The Inn Group	8,218	18,235
Terravant Wine Co	7,945	16,849
Rivergrove Mobilehome Park	7,108	16,869
DAYS Inn	5,133	11,559
Buellton Shell	3,231	6,730
Total	112,527	\$ 271,775

(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
2006	\$ 1,540,833	\$ 521,597	\$ 241,639	\$ 1,260,875	\$ 932,461	1.35
2007	1,876,713	521,113	219,910	1,575,510	879,640	1.79
2008	2,041,664	455,528	242,535	1,828,671	933,400	1.96
2009	1,659,083	497,597	255,558	1,417,044	896,715	1.58
2010	1,579,341	542,240	256,494	1,293,595	943,326	1.37
2011	1,494,307	486,807	257,898	1,265,398	938,136	1.35
2012	1,431,453	598,093	258,300	1,091,660	894,257	1.22
2013	1,512,243	550,655	258,427	1,220,015	1,017,156	1.20
2014	1,555,656	553,211	258,427	1,260,872	962,999	1.31
2015	1,642,522	632,937	274,861	1,284,446	1,043,536	1.23

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)
2006	1,903	\$ 3,543,426	1,321
2007	1,939	4,023,837	1,512
2008	1,964	4,180,995	1,512
2009	2,017	4,085,678	1,483
2010	1,981	3,957,709	1,315
2011	2,019	3,927,817	1,322
2012	2,118	4,167,680	1,347
2013	2,153	4,455,120	1,416
2014	2,156	4,631,124	1,409
2015	2,178	4,361,233	1,074

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Rancho Santa Ynez Mobile Estates	18,804	\$ 73,559
City of Solvang	11,641	69,763
Alisal Guest Ranch	12,472	54,846
Atterdag Village	6,240	43,677
Solvang School	6,832	37,550
Inland Pacific Builders	8,055	28,605
Chumash Casino	7,405	27,183
Hadsten House	6,186	26,693
Worldmark	7,014	24,058
Holiday Inn Express	6,027	22,657
Total	90,676	\$ 408,591

(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
2006	\$ 3,628,170	\$ 1,191,775	\$ 547,407	\$ 2,983,802	\$ 2,189,627	1.36
2007	4,146,380	1,051,531	540,980	3,635,829	2,355,170	1.54
2008	4,340,564	1,247,155	569,041	3,662,450	2,446,021	1.50
2009	4,199,436	1,537,148	599,048	3,261,336	2,448,490	1.33
2010	4,043,117	1,321,839	603,156	3,324,434	2,637,865	1.26
2011	3,995,627	1,214,624	604,939	3,385,942	2,647,201	1.28
2012	4,230,365	1,231,366	605,884	3,604,883	2,438,576	1.48
2013	4,677,242	1,436,931	606,183	3,846,494	2,656,129	1.45
2014	5,152,838	1,998,916	606,183	3,760,105	2,743,342	1.37
2015	4,920,397	1,580,530	606,183	3,946,050	2,960,871	1.33

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)
2006	2,442	\$ 3,848,782	4,800
2007	2,444	4,607,704	5,223
2008	2,567	4,883,168	5,926
2009	2,583	5,030,245	5,947
2010	2,579	5,096,678	5,416
2011	2,519	5,009,463	5,255
2012	2,515	5,371,780	5,260
2013	2,598	5,531,585	5,371
2014	2,624	6,889,450	5,358
2015	2,618	6,157,964	4,341

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Public Agency	40	\$ 139,550
Private Agriculture	328	78,291
Private Agriculture	146	28,421
Private Agriculture	105	23,730
Private Agriculture	70	22,249
Private Agriculture	77	22,107
Private Agriculture	58	18,249
Private Agriculture	52	17,304
Private Agriculture	67	16,309
Private Agriculture	48	12,545
Total	991	\$ 378,755

(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
2006	\$ 7,302,870	\$ 2,978,983	\$ 933,145	\$ 5,257,032	\$ 3,584,153	1.47
2007	8,108,093	3,393,751	924,751	5,639,093	3,699,006	1.52
2008	8,680,455	3,663,543	961,388	5,978,300	3,869,047	1.55
2009	8,797,488	3,683,262	1,012,862	6,127,088	3,799,166	1.61
2010	8,785,547	3,778,443	1,019,126	6,026,230	3,956,531	1.52
2011	8,759,268	3,597,194	1,022,142	6,184,216	4,003,719	1.54
2012	8,209,585	3,179,858	1,023,739	6,053,466	4,112,646	1.47
2013	8,213,596	3,310,123	1,024,244	5,927,717	4,238,934	1.40
2014	10,538,309	4,610,406	1,024,244	6,952,147	4,307,127	1.61
2015	9,533,850	4,781,398	1,062,841	5,815,293	4,604,806	1.26

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

Source: Santa Ynez Improvement District #1

Statistical Section

Goleta Water District

Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2006	16,202	\$ 15,425,971	12,077
2007	16,459	18,582,563	14,406
2008	16,466	22,697,939	14,387
2009	16,373	17,891,752	14,198
2010	16,346	16,554,650	12,971
2011	16,401	15,721,915	12,161
2012	16,295	18,668,008	12,275
2013	16,518	22,171,254	13,923
2014	16,542	24,005,806	14,884
2015	16,441	19,988,107	11,883

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
U.C.S.B.	850	\$ 2,026,250
Glen Annie Golf Club	237	552,257
Cavaletto Ranches, LLC	637	400,283
Sandpiper Golf Course	270	277,373
Bacara Resort	111	276,271
Michael Towbes	73	217,105
County of Santa Barbara	187	196,946
Goleta Union School District	64	187,307
Santa Barbara Unified School District	59	168,415
Roy Butera	200	135,764
Total	2,688	\$ 4,437,971

(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
2006	\$ 23,328,943	\$ 11,632,904	\$ -	\$ 11,696,039	\$ 6,724,499	1.74
2007	25,425,947	11,734,133	-	13,691,814	6,791,250	2.02
2008	29,703,651	14,095,042	-	15,608,609	6,711,214	2.33
2009	31,044,059	14,448,077	-	16,595,982	7,317,439	2.27
2010	24,129,754	16,268,616	-	7,861,138	6,561,134	1.20
2011	25,378,145	11,788,948	-	13,589,197	7,251,071	1.87
2012	27,426,627	14,741,694	-	12,684,933	6,309,979	2.01
2013	32,409,693	15,146,414	-	17,263,279	7,284,547	2.37
2014	34,188,412	18,210,976	-	15,977,436	7,998,066	2.00
2015	32,951,960	16,527,332	-	16,424,628	9,369,850	1.75

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)
2005	1,464	\$ 1,869,863	1,692
2006	1,468	1,902,450	1,698
2007	1,470	2,267,771	2,059
2008	1,468	2,489,710	1,937
2009	1,468	2,586,518	1,702
2010	1,469	2,377,639	1,523
2011	1,471	2,608,037	1,465
2012	1,471	3,023,989	1,587
2013	1,485	3,279,957	1,776
2014	1,494	3,117,612	1,373

Largest Customers as of December 31, 2014

	Water Usage ⁽¹⁾	Annual Payment
La Cumbre Golf & Country Club	32,452	\$ 150,080
Stanford Farms	9,023	77,568
Stephen Redding	6,983	55,693
Marsupial Properties	5,720	51,466
Jeffrey Henley	5,129	38,350
Timothy Pasquinelli	4,231	37,603
Christopher & Ann Conway	4,438	37,509
Overwater, LLC	4,358	35,352
Laguna Blanca School	4,172	29,346
Carriage Hill Association	3,525	26,898
Total	80,031	\$ 539,865

(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
2005	\$ 2,662,982	\$ 1,086,734	\$ 353,407	\$ 1,929,655	\$ 1,430,960	1.35
2006	2,854,771	1,201,326	353,407	2,006,852	1,558,596	1.29
2007	3,320,207	1,342,427	358,263	2,336,043	1,574,079	1.48
2008	3,451,050	1,408,802	376,576	2,418,824	1,540,843	1.57
2009	3,510,409	1,670,353	392,003	2,232,059	1,684,349	1.33
2010	3,261,377	1,649,171	389,217	2,001,423	1,870,892	1.07
2011	3,641,641	1,419,353	391,224	2,613,512	1,962,355	1.33
2012	3,987,385	1,401,788	391,135	2,976,732	1,425,464	2.09
2013	4,402,802	1,530,254	391,135	3,263,683	1,696,315	1.92
2014	4,185,177	1,504,177	391,135	3,072,135	1,875,217	1.64

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)
2006	25,821	\$ 24,765,305	13,290
2007	25,918	27,588,409	14,753
2008	26,009	29,448,078	14,926
2009	26,153	28,669,429	13,819
2010	26,504	28,163,162	13,428
2011	26,761	27,181,923	13,284
2012	26,649	29,992,081	13,949
2013	26,797	32,683,467	14,366
2014	26,919	33,296,287	14,218
2015	26,921	31,512,114	10,775

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Santa Barbara Unified School District	38,582	\$ 307,940
City of Santa Barbara Parks	23,857	196,377
Dario Pini	22,448	174,363
Fess Parker Double Tree	27,137	169,747
Housing Authority	21,597	169,713
Cottage Hospital	16,951	152,262
Montecito Country Club	9,873	150,640
El Encanto	15,053	122,997
Santa Barbara Community College Dist.	10,663	113,829
Samarkand Retirement	15,823	101,206
Total	201,984	\$ 1,659,074

(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
2006	\$ 28,255,283	\$ 15,993,253	\$ 12,262,030	\$ 4,524,129	\$ 1,861,889	1.92
2007	32,081,577	16,362,453	15,719,124	4,148,802	1,854,987	2.62
2008	34,798,063	17,454,896	17,343,167	4,089,554	1,859,603	2.92
2009	33,914,071	18,885,951	15,028,120	4,314,561	1,857,100	2.44
2010	33,763,232	18,546,457	15,216,775	4,466,645	1,697,698	2.47
2011	32,082,335	17,793,001	14,289,334	4,619,893	1,847,271	2.21
2012	37,696,027	19,547,823	18,148,204	4,180,184	1,738,160	3.07
2013	38,439,062	21,464,993	16,974,069	4,744,097	1,847,618	2.58
2014	37,185,303	22,994,993	14,190,310	5,230,535	2,774,171	1.77
2015	35,348,935	25,475,134	9,873,801	6,348,335	2,654,446	1.10

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)
2006	4,588	\$ 6,974,106	5,067
2007	4,612	9,168,272	6,333
2008	4,630	9,893,221	6,518
2009	4,583	10,015,310	5,963
2010	4,558	9,429,322	5,274
2011	4,575	8,401,945	4,715
2012	4,577	9,345,967	5,302
2013	4,585	10,573,025	5,945
2014	4,597	11,260,539	5,775
2015	4,637	6,752,280	3,331

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Resort Hotel	45,932	\$ 512,850
Resort Hotel	18,646	206,117
Golf Club	29,907	186,876
Private College	16,191	105,846
Agricultural	26,842	101,959
Retirement Community	12,459	95,740
Agricultural	23,842	91,306
Agricultural	23,038	79,337
Cemetery	10,666	71,930
Golf Club	50,709	39,056
Total	258,232	\$ 1,491,017

(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
2006	\$ 10,509,053	\$ 4,855,534	\$ 973,053	\$ 6,626,572	\$ 4,723,577	1.40
2007	13,014,537	5,353,583	970,780	8,631,734	4,658,858	1.85
2008	13,967,947	6,049,992	1,021,131	8,939,086	4,645,281	1.92
2009	13,873,852	6,528,920	1,075,696	8,420,628	5,144,227	1.64
2010	14,555,964	5,931,617	1,079,637	9,703,984	5,123,778	1.89
2011	12,277,049	5,588,083	1,085,554	7,774,520	5,334,729	1.46
2012	13,224,023	6,299,364	1,087,250	8,011,909	4,412,658	1.82
2013	14,315,026	6,497,450	1,087,787	8,905,363	4,898,038	1.82
2014	16,880,381	8,222,385	1,087,787	9,745,783	5,978,116	1.63
2015	16,264,644	8,048,179	1,417,526	9,633,991	6,573,858	1.47

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)
2006	4,168	\$ 9,029,076	3,983
2007	4,230	9,996,151	4,474
2008	4,272	10,529,618	4,506
2009	4,288	10,393,601	4,099
2010	4,326	10,089,936	3,825
2011	4,322	10,101,197	3,599
2012	4,339	10,575,216	3,871
2013	4,441	10,798,634	4,352
2014	4,444	11,229,175	4,551
2015	4,485	11,031,043	3,728

Largest Customers as of June 30, 2015

	Water Usage ⁽¹⁾	Annual Payment
Reiter Brothers Inc.	33,818	\$ 61,593
Ota, Tom	25,607	52,632
Cate School	23,896	123,073
Circle G	22,991	51,970
Cervini Farm CA Inc.	20,197	42,180
Sandpiper Village	19,097	213,765
Villa Del Mar HOA	18,955	220,955
Casistas Village Home Assn.	18,793	228,387
Emmett, Morgan	17,344	34,369
Westerlay Orchids	16,547	12,388
Total	217,245	\$ 1,041,311

(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
2006	\$ 9,537,158	\$ 4,108,439	\$ 763,122	\$ 6,191,841	\$ 2,995,352	2.07
2007	10,598,119	4,153,923	663,427	7,107,623	2,653,710	2.68
2008	11,683,095	4,713,897	765,941	7,735,139	2,741,075	2.82
2009	11,005,014	5,395,430	807,038	6,416,622	2,923,214	2.20
2010	10,499,950	4,639,111	809,995	6,670,834	3,006,719	2.22
2011	10,350,057	4,791,179	814,431	6,373,309	3,107,837	2.05
2012	11,267,253	5,052,870	815,699	7,030,082	2,785,680	2.52
2013	11,835,527	5,068,463	816,100	7,583,164	3,135,384	2.42
2014	12,218,169	5,711,413	816,100	7,322,856	3,539,365	2.07
2015	12,349,806	5,467,213	816,100	7,698,693	3,909,986	1.97

Source: Carpinteria Valley Water District