

# Comprehensive Annual Financial Report

year ended June 30, 2011



CENTRAL COAST WATER AUTHORITY  
A CALIFORNIA JOINT POWERS AUTHORITY

Central Coast Water Authority  
Comprehensive Annual Financial Report  
Fiscal Year Ending June 30, 2011

Prepared by Ray Stokes

Cover design by Julie Baker

Cover Photograph by Tom Ives, [www.ivesphotography.zenfolio.com](http://www.ivesphotography.zenfolio.com)



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## INTRODUCTORY SECTION





October 27, 2011

L.J. Lavagnino  
Chairman

Members of the Board  
Central Coast Water Authority

Richard Shaikewitz  
Vice Chairman

William J. Brennan  
Executive Director

The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2011 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.

Brownstein Hyatt  
Farber Schreck  
General Counsel

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.

*Member Agencies*

City of Buellton

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, 2011. Please read it in conjunction with the Authority's financial statements, which begin on page 1.

Carpinteria Valley  
Water District

City of Guadalupe

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.

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

**SIGNIFICANT ACCOMPLISHMENTS**

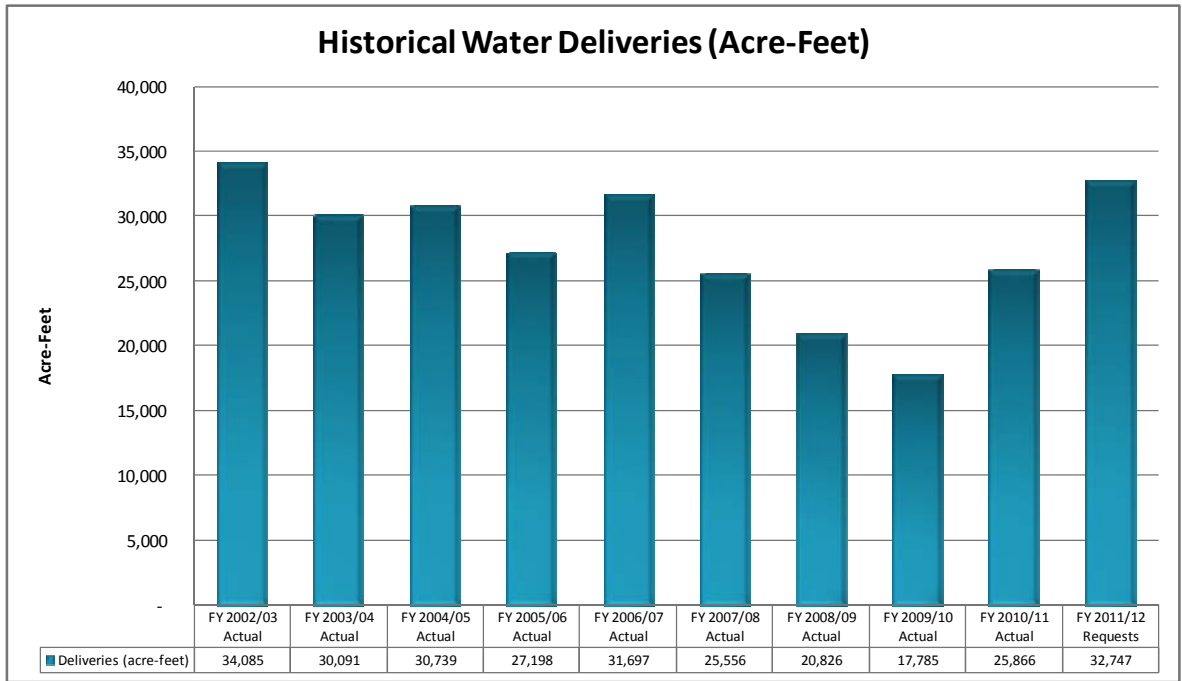
Santa Ynez River Water  
Conservation District,  
Improvement District #1

Water Deliveries

*Associate Member*

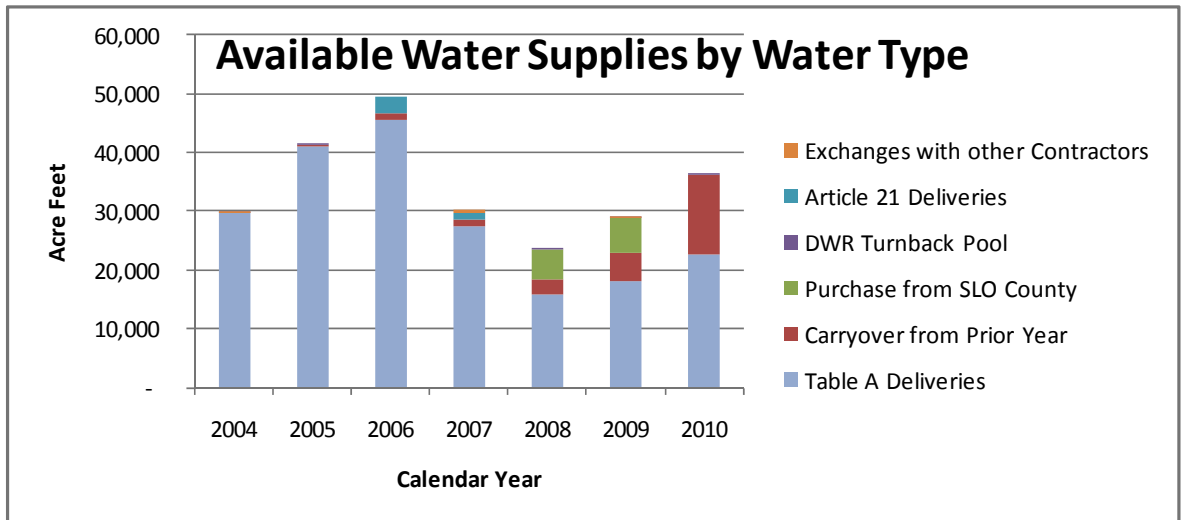
Total deliveries during FY 2010/11 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 25,866 acre-feet compared to the actual FY 2009/10 deliveries of 17,785 acre-feet. The graph on the following page shows water deliveries for the last ten fiscal years.

La Cumbre Mutual  
Water Company



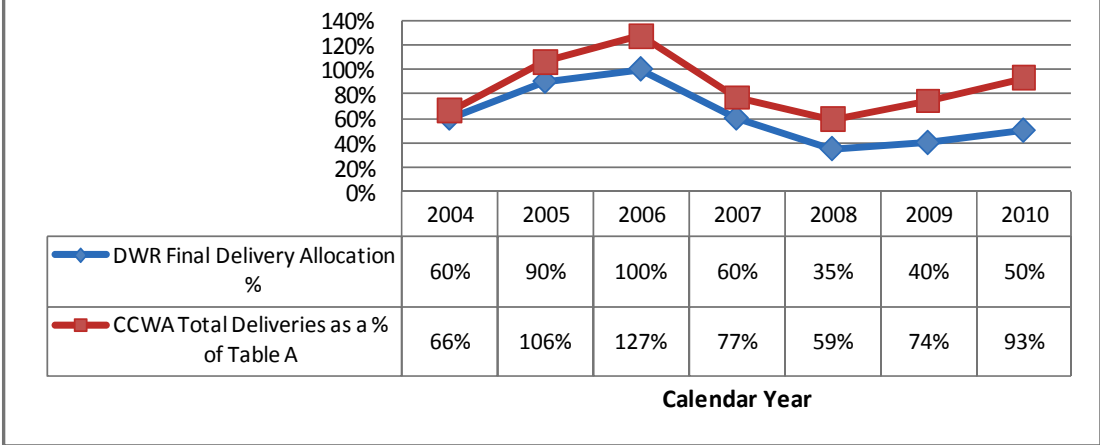
Maximization of Water Deliveries through Alternative Water Sources

CCWA continues to explore and utilize all available water sources to increase the available water deliveries to the project participants beyond just the regular allocation of Table A water from DWR. These alternative sources include purchases from San Luis Obispo County, DWR’s turnback pools, State Water Contractor dry year programs and carryover storage and subsequent use in San Luis reservoir. The following graph shows the various sources of water available for delivery to our project participants for the past six calendar years (Note: The available water shown in the graph does not indicate actual deliveries, but water that was available for delivery).



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

### DWR Final Delivery Allocation Percentage vs CCWA Total Available Deliveries as a Percentage of Table A

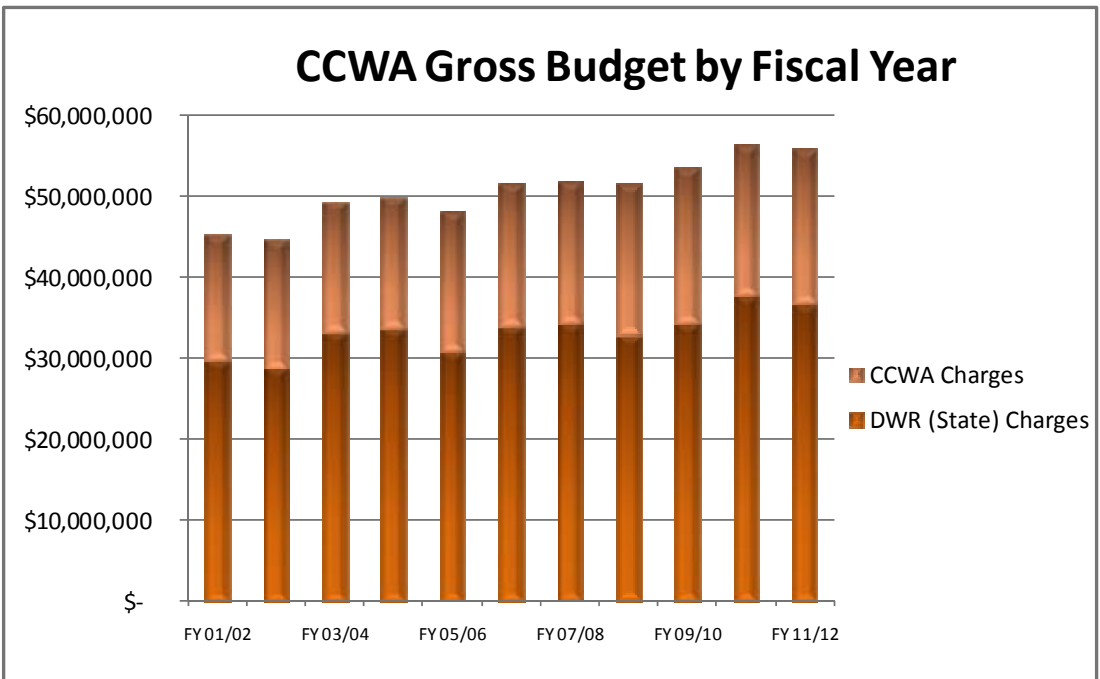


CCWA Credits

Actual CCWA operating expenses for FY 2010/11 were approximately \$0.9 million less than the budgeted amounts. These unexpended operating assessments will be returned to the CCWA project participants as a credit in FY 2011/12. Additionally, CCWA earned approximately \$0.1 million in interest income and other miscellaneous revenues which is also returned to the project participants as additional credits. Total yearend credits for FY 2010/11 are approximately \$1.025 million.

CCWA Budget History

The following graph shows the CCWA gross budget (total budget excluding CCWA credits and prepayments) broken down between CCWA costs and DWR costs from FY 2001/02 to FY 2011/12.





## Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award for the FY 2010/11 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2009/10 Comprehensive Annual Financial Report.

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

## **AN OVERVIEW OF THIS FISCAL YEAR**

### Water Delivery Projections

For calendar years 2011 and 2012, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 33,128 and 34,553 acre-feet, respectively.

### Department of Water Resources Activities and Related Costs

During FY 2011/12, CCWA staff will continue to work through the State Water Contractor (SWC) board and committees that interact with the Department of Water Resources (DWR) which impact CCWA and the California water agencies as a whole. There are many significant issues on which DWR and the SWC are working which have water supply, operational, and fiscal impacts on CCWA. Some of these activities could potentially have a significant fiscal impact to CCWA in the current and future years. Therefore, staff will place a high priority on working through the various available venues to minimize the fiscal impacts to CCWA and ensure that we continue to meet our goal of providing reliable, high quality supplemental water.

### DWR Costs and Financial Issues

In FY 2011/12, CCWA staff will continue to fully audit the Statement of Charges from DWR to ensure the costs allocated to CCWA are correct and appropriate based on the State Water Project Contract. The following is a list of the most significant errors remaining to be corrected in the Statement of Charges for calendar years 2011 and 2012:

- CCWA has challenged, and DWR agrees, that DWR’s allocation of revenue bond debt service payments to CCWA for the Coastal Branch Extension is incorrect. Total construction and finance related costs were around \$35 million for the project, but DWR had allocated approximately \$46 million in revenue bond principal payments to CCWA. DWR has agreed to correct this error and provide both a revised invoice for the calendar year 2012 Coastal Branch Extension debt service payments as well as adjustments to future debt amortization schedules to account for both the principal and interest reductions associated with the error.
- One of the most significant DWR billing issues in FY 2011/12 will be to continue to examine the Transportation Minimum OMP&R cost component to ensure the costs allocated to CCWA by DWR are appropriate. This cost component continues to have significant volatility from year-to-year, which in turn creates large swings in the CCWA budgets. As such, significant resources will be devoted to researching these costs to ensure the amounts charges are appropriate and accurate.

### DWR Energy Issues

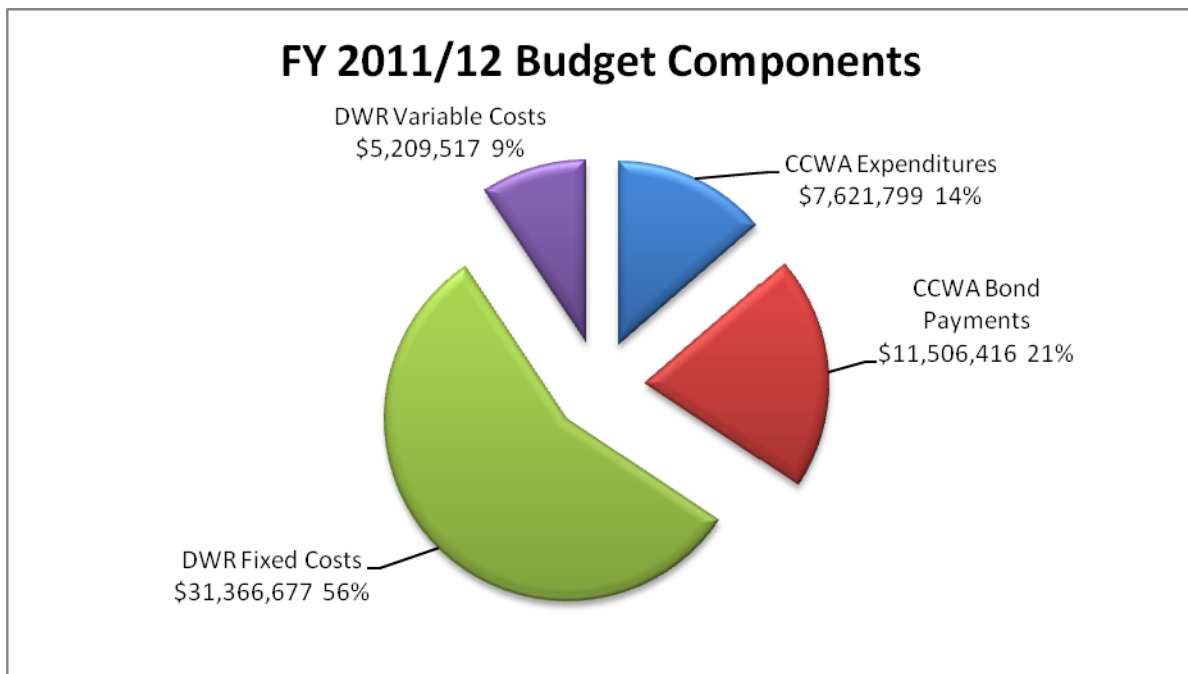
CCWA staff will continue to guide DWR through the SWC Energy Committee and the Executive Risk Oversight Committee to control and better estimate power costs by:

- Updating the electrical strategic resource plan that guides both short-term and long-term energy purchases and acquisitions

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

**FY 2011/12 BUDGET SUMMARY**

The FY 2011/12 budget calls for total project participant payments of \$55 million compared to the FY 2010/11 budget of \$56 million, a \$1.0 million decrease. These amounts include \$0.7 million in CCWA credits for FY 2011/12 and \$0.2 million for FY 2010/11. The following graph shows the breakout of the various cost components in the CCWA FY 2011/12 Budget:



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

Employment

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

Income

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

Retail Sales

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

Real Estate

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

## **OTHER INFORMATION**

### Accounting System

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

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

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

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

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

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

Respectfully submitted,



William J. Brennan  
Executive Director



Ray A. Stokes  
Deputy Director



# Introductory Section

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June 30, 2011

## Central Coast Water Authority Board of Directors

L. J. Lavagnino, Chairman	City of Santa Maria
Richard Shaikewitz, Vice Chairman	Montecito Water District
Ed Andrisek	City of Buellton
Harlan Burchardi	Santa Ynez River Water Conservation District, Improvement District #1
Dale Francisco	City of Santa Barbara
Bill Rosen	Goleta Water District
John Sabedra	City of Guadalupe
June Van Wingerden	Carpinteria Valley Water District

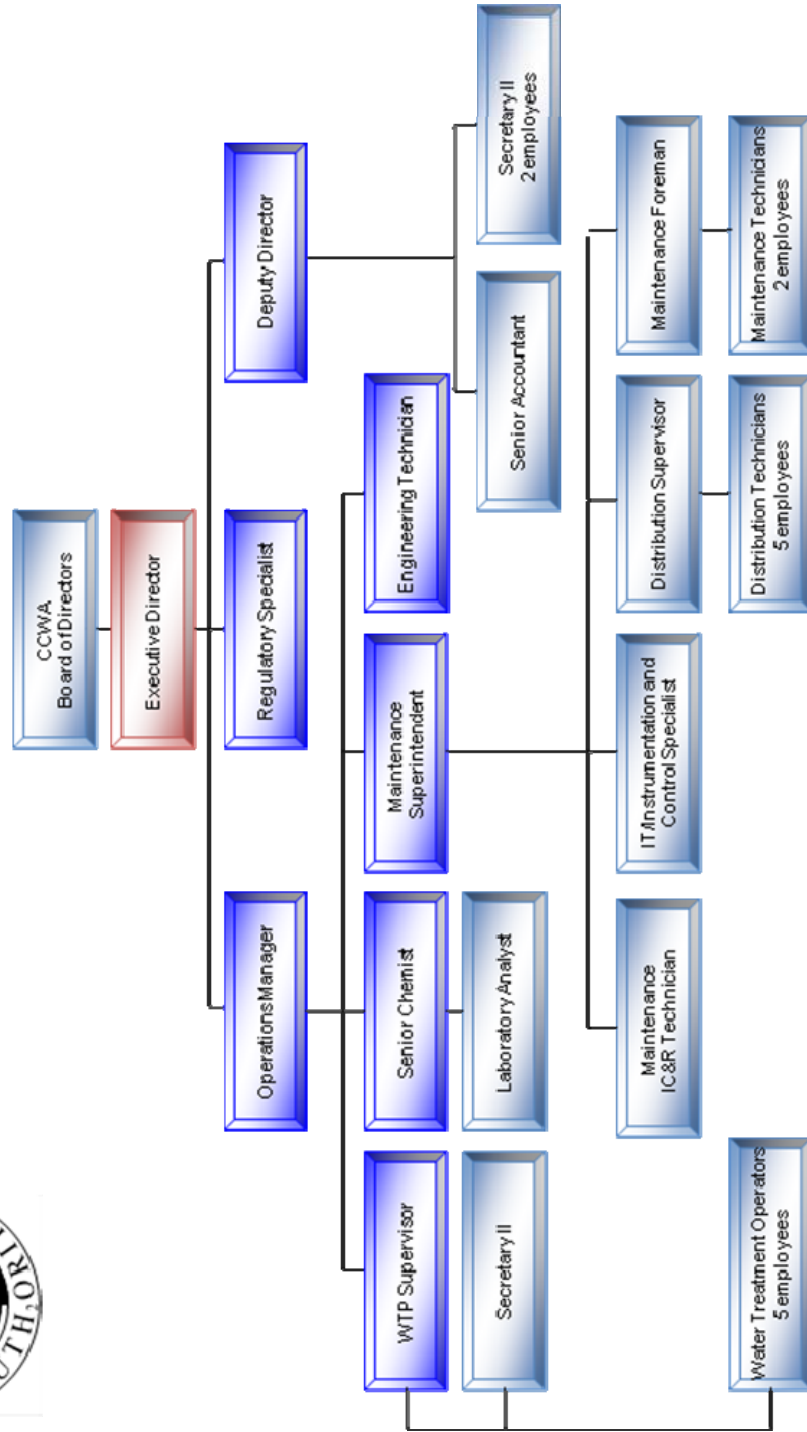
## Authority Staff

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



# Introductory Section

## Central Coast Water Authority Organization Chart FY 2011/12





# Introductory Section

## Project Map





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# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Central Coast Water Authority  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



President

Executive Director



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## FINANCIAL SECTION



# NASIF, HICKS, HARRIS & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM J. NASIF  
STEVEN J. HICKS  
JEFFERY P. HARRIS  
BARBARA ROGERS SCOLLIN  
JODY DOLAN HOLEHOUSE  
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October 18, 2011

## Independent Auditors' Report

To the Member Agencies of the  
Central Coast Water Authority

We have audited the accompanying balance sheets of the Central Coast Water Authority as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Central Coast Water Authority. Our responsibility is to express an opinion on these financial statements based upon our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Coast Water Authority as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

*Nasif, Hicks, Harris & Co., LLP*

Nasif, Hicks, Harris & Co., LLP



# Management's Discussion and Analysis

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## *MANAGEMENT'S DISCUSSION AND ANALYSIS*

Fiscal Year Ended June 30, 2011

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2011. This information should be read in conjunction with the financial statements and the additional information that we have included in our letter of transmittal.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

### Summary of Organization and Business

The Central Coast Water Authority is a public entity duly organized and existing under a Joint Exercise of Powers Agreement – Central Coast Water Authority, dated as of August 1, 1991, by and among nine public agencies in Santa Barbara County, two of which have subsequently merged. The members entered into the Agreement to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. In particular, the members expressed their desire to create the Authority to finance, develop, operate, and maintain the Authority facilities for their mutual benefit and to act on behalf of the members with respect to the Department of Water Resources (DWR) facilities. The Authority currently has a staff of 26 full time employees and three part-time employees.

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



# Management's Discussion and Analysis

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

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

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

## CCWA Committees

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

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

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

## Santa Barbara County Project Participants

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

## San Luis Obispo County Water Purchasers

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





# Management's Discussion and Analysis

## FINANCIAL HIGHLIGHTS

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

<b><u>Condensed Balance Sheet</u></b>					
	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>2011-2010 Change</b>	<b>2010-2009 Change</b>
Current Assets	\$ 55,322,239	\$ 56,034,905	\$ 55,678,339	\$ (712,666)	\$ 356,566
Non-Current Restricted Assets	11,550,510	11,604,386	11,639,955	(53,876)	(35,569)
Capital Assets	106,890,736	109,273,150	111,286,024	(2,382,414)	(2,012,874)
Other Assets	14,544,523	16,084,819	17,636,924	(1,540,296)	(1,552,105)
<b>Total Assets</b>	<b>\$ 188,308,008</b>	<b>\$ 192,997,260</b>	<b>\$ 196,241,242</b>	<b>\$ (4,689,252)</b>	<b>\$ (3,243,981)</b>
Current Liabilities	\$ 63,571,135	\$ 64,029,209	\$ 63,432,068	\$ (458,074)	\$ 597,141
Long-Term Liabilities	99,070,876	106,195,870	112,867,987	(7,124,994)	(6,672,117)
<b>Total Liabilities</b>	<b>162,642,011</b>	<b>170,225,079</b>	<b>176,300,055</b>	<b>(7,583,068)</b>	<b>(6,074,976)</b>
Net assets invested in capital assets net of related debt	23,455,258	20,682,967	17,817,946	2,772,291	2,865,021
Restricted - total	11,545,053	11,590,054	11,589,832	(45,001)	222
Unrestricted	(9,334,314)	(9,500,840)	(9,466,591)	166,526	(34,249)
<b>Total Net Assets</b>	<b>25,665,997</b>	<b>22,772,181</b>	<b>19,941,186</b>	<b>2,893,816</b>	<b>2,830,994</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 188,308,008</b>	<b>\$ 192,997,260</b>	<b>\$ 196,241,242</b>	<b>\$ (4,689,252)</b>	<b>\$ (3,243,982)</b>

### Balance Sheet Analysis

#### June 30, 2011 Comparison to June 30, 2010

- Total assets as of June 30, 2011 are \$188 million, or \$4.7 million less than the June 30, 2010 amount.
- Capital and other assets are \$3.9 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2006A revenue bond issuance costs.
- Long-term liabilities are \$7.1 million lower due to the revenue bond principal payment during the year.

#### June 30, 2010 Comparison to June 30, 2009

- Total assets as of June 30, 2010 are \$193 million, or \$3.2 million less than the June 30, 2009 amount.
- Capital and other assets are \$3.5 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2006A revenue bond issuance costs.
- Long-term liabilities are \$6.7 million lower due to the revenue bond principal payment during the year.

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.



# Management's Discussion and Analysis

## Condensed Statement of Revenues, Expenses and Changes in Net Assets

	June 30, 2011	June 30, 2010	June 30, 2009	2011-2010 Change	2010-2009 Change
<b>Operating Revenues (Expenses)</b>					
Operating revenues	\$ 18,018,693	\$ 18,685,951	\$ 18,512,443	\$ (667,258)	\$ 173,508
Operating expenses, excluding depreciation expense	(7,005,104)	(7,561,968)	(7,360,058)	556,864	(201,910)
Depreciation and amortization	(3,165,593)	(3,197,572)	(3,229,412)	31,979	31,840
<b>Operating Income</b>	<b>\$ 7,847,996</b>	<b>\$ 7,926,411</b>	<b>\$ 7,922,973</b>	<b>\$ (78,415)</b>	<b>3,438</b>
Non-operating revenues	\$ 251,965	\$ 304,506	\$ 1,012,428	\$ (52,541)	\$ (707,922)
Non-operating expenses	(5,206,143)	(5,399,923)	(6,430,489)	193,781	1,030,566
<b>Increase (decrease) in Net Assets</b>	<b>\$ 2,893,818</b>	<b>\$ 2,830,994</b>	<b>\$ 2,504,911</b>	<b>\$ 62,825</b>	<b>\$ 326,082</b>

### June 30, 2011 Comparison to June 30, 2010

- Operating revenues as of June 30, 2011 are about \$0.7 million lower than the prior year amount. This decrease is primarily attributed to a decrease in the operating reimbursements from project participants for a decrease in operations and maintenance costs for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2010/11, this credit totaled \$1.0 million compared to the FY 2009/10 credit of \$1.8 million.

- Operating expenses, excluding depreciation and amortization expense are about \$0.6 million lower than the prior year amount due to:
  1. Personnel expenses are higher than the prior year amount by about \$0.09 million due primarily to salary increases.
  2. Decrease in unexpended operating reimbursements of \$0.8 million due to a decrease in the budget surplus for FY 2010/11 which is payable back to the Authority's project participants.
  3. Decrease in professional services of about \$0.06 million for decreased legal fees and other miscellaneous professional services during the year.
  4. Increase in supplies and equipment expenses of \$0.2 million for higher chemical costs associated with a slight increase in actual water deliveries to project participants when compared to the prior year deliveries.
  5. Increase in utility expenses of \$0.08 million attributed to an increase in electrical costs for pumping water.
- Non-operating revenues are slightly lower by about \$0.05 million due to a decrease in investment income.
- Non-operating expenses are \$0.2 million lower due to a decrease in revenue bond interest expense.



# Management's Discussion and Analysis

## June 30, 2010 Comparison to June 30, 2009

- Operating revenues as of June 30, 2010 are about \$0.2 million higher than the prior year amount. This increase is primarily attributed to an increase in the operating reimbursements from project participants for an increase in operations and maintenance costs for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2009/10, this credit totaled \$1.8 million compared to the FY 2008/09 credit of \$1.0 million.

- Operating expenses, excluding depreciation and amortization expense are about \$0.2 million higher than the prior year amount due to:
  - Personnel expenses are higher than the prior year amount by about \$0.09 million due primarily to salary increases.
  - Increase in unexpended operating reimbursements of \$0.8 million due to an increase in the budget surplus for FY 2009/10 which is payable back to the Authority's project participants.
  - Decrease in professional services of about \$0.1 million for decreased legal fees and other miscellaneous professional services during the year.
  - Decrease in supplies and equipment expenses of \$0.2 million for lower chemical costs associated with a decrease in actual water deliveries to project participants when compared to the prior year deliveries.
  - Decrease in other expenses of \$0.2 million attributed to an decrease in the non-capitalized project expenses for FY 2009/10 compared to the prior year amounts.
- Non-operating revenues are about \$0.7 million lower due to a decrease in investment income.
- Non-operating expenses are \$1 million lower due to a decrease in interest income payable to the Authority's project participants of \$0.7 million and a \$0.3 million decrease in revenue bond interest expense.

## Capital Assets

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>2011-2010</u> <u>Change</u>	<u>2010-2009</u> <u>Change</u>
Land	\$ 3,178,700	\$ 3,178,700	\$ 3,178,700	\$ -	\$ -
Furniture fixtures and equipment	420,622	420,622	471,712	1	(51,090)
Equipment	28,456,894	28,494,578	28,418,821	(37,684)	75,757
Buildings and structures	48,696,149	48,709,729	48,709,739	(13,580)	(10)
Underground pipeline	58,950,134	58,950,134	58,971,623	0	(21,489)
Construction in progress	166,297	227,197	114,488	(60,900)	112,709
Total property, plant and equipment	139,868,796	139,980,961	139,865,083	(112,161)	115,878
Accumulated depreciation	(32,978,060)	(30,707,810)	(28,579,059)	(2,270,250)	(2,128,751)
Net property, plant and equipment	<u>\$ 106,890,736</u>	<u>\$ 109,273,150</u>	<u>\$ 111,286,024</u>	<u>\$ (2,382,411)</u>	<u>\$ (2,012,873)</u>

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



# Management's Discussion and Analysis

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## Debt Administration

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of \$123,190,000, which refunded the outstanding \$142,985,000 Series 1996A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24% and were issued to reduce the Authority's total debt service payments over the next 15 years by \$4.4 million, and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million. At June 30, 2011, the Authority had \$97,980,000 of outstanding 2006A revenue bonds.

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

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



# Balance Sheets

## ASSETS

	<u>For the fiscal year ended</u>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b><u>Current Assets</u></b>		
Cash and investments	\$ 19,962,710	\$ 20,090,882
Interest receivable	6,326	8,948
Other assets	282,582	283,788
Total Unrestricted Current Assets	<u>20,251,618</u>	<u>20,383,618</u>
Restricted Current Assets		
Cash and investments held for payment to DWR	<u>35,070,621</u>	<u>35,651,287</u>
<b>Total Current Assets</b>	<u>55,322,239</u>	<u>56,034,905</u>
<b><u>Non-Current Assets</u></b>		
Restricted Assets		
Cash and investments for debt service payments	11,545,053	11,590,054
Interest receivable	<u>5,457</u>	<u>14,332</u>
Total Restricted Non-Current Assets	<u>11,550,510</u>	<u>11,604,386</u>
Capital Assets		
Capital assets (Net of accumulated depreciation of \$32,978,061 for 2011 and \$30,707,810 for 2010)	103,712,036	106,094,450
Land	<u>3,178,700</u>	<u>3,178,700</u>
Total Capital Assets	<u>106,890,736</u>	<u>109,273,150</u>
Unamortized bond issuance costs, net	4,297,294	5,054,022
Long-term accounts receivable	10,247,229	11,030,797
<b>Total Non-Current Assets</b>	<u>132,985,769</u>	<u>136,962,355</u>
<b>Total Assets</b>	<u>\$ 188,308,008</u>	<u>\$ 192,997,260</u>

*Continued*

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



# Balance Sheets

## LIABILITIES AND NET ASSETS

For the fiscal year ended

### Current Liabilities

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Accounts payable	\$ 143,164	\$ 160,468
Deposits for payment to DWR	35,075,425	35,662,429
Accrued interest payable	1,187,835	1,254,784
Other liabilities	542,072	509,546
Liability for compensated absences	135,380	129,862
Current portion of bonds payable	6,960,000	6,695,000
Prepaid project participant assessments	19,527,259	19,617,120
<b>Total Current Liabilities</b>	<u>63,571,135</u>	<u>64,029,209</u>

### Long-Term Liabilities

Bonds payable	91,020,000	97,980,000
Rate coverage reserve fund	8,050,876	8,215,870
<b>Total Long-Term Liabilities</b>	<u>99,070,876</u>	<u>106,195,870</u>

### **Total Liabilities**

162,642,011                      170,225,079

### Net Assets

Net assets invested in capital assets, net of related debt	23,455,258	20,682,967
Restricted - future payment of debt service	11,545,053	11,590,054
Unrestricted	<u>(9,334,314)</u>	<u>(9,500,840)</u>
<b>Total Net Assets</b>	<u>25,665,997</u>	<u>22,772,181</u>

### **Total Liabilities and Net Assets**

\$ 188,308,008                      \$ 192,997,260

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





# Statements of Revenues, Expenses and Changes in Net Assets

	<b>For the fiscal year ended</b>	
	<b>June 30, 2011</b>	<b>June 30, 2010</b>
<b><u>Operating Revenues</u></b>		
Operating reimbursements		
from project participants	\$ 17,928,584	\$ 18,558,336
Other revenues	90,109	127,615
<b>Total Operating Revenues</b>	<b>18,018,693</b>	<b>18,685,951</b>
<b><u>Operating Expenses</u></b>		
Personnel expenses	3,574,210	3,476,813
Office expenses	20,259	14,874
General and administrative	235,809	237,448
Professional services	228,374	290,065
Supplies and equipment	960,991	739,153
Monitoring expenses	59,373	69,276
Repairs and maintenance	185,045	200,884
Utilities	351,475	268,179
Unexpended operating reimbursements	998,534	1,796,456
Depreciation and amortization	3,165,593	3,197,572
Other expenses	391,034	468,820
<b>Total Operating Expenses</b>	<b>10,170,697</b>	<b>10,759,540</b>
<b>Operating Income</b>	<b>7,847,996</b>	<b>7,926,411</b>
<b><u>Non-Operating Revenues</u></b>		
Interest income	236,522	287,296
Gain on disposal of capital assets	15,443	17,210
<b>Total Non-Operating Revenues</b>	<b>251,965</b>	<b>304,506</b>
<b><u>Non-Operating Expenses</u></b>		
Interest expense	4,818,276	5,083,426
Loss on disposal of capital assets	151,435	42,553
Interest income paid to project participants	236,434	273,944
<b>Total Non-Operating Expenses</b>	<b>5,206,145</b>	<b>5,399,923</b>
Increase in net assets before contributions	2,893,816	2,830,994
<b>Change in net assets</b>	<b>2,893,816</b>	<b>2,830,994</b>
Net assets, at beginning of year	22,772,181	19,941,186
Net assets, at end of year	<b>\$ 25,665,997</b>	<b>\$ 22,772,181</b>

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



# Statements of Cash Flows

	<b>For the fiscal year ended</b>	
	<b><u>June 30, 2011</u></b>	<b><u>June 30, 2010</u></b>
<b>Cash Flows From Operating Activities</b>		
Cash received from project participants and other operating activities	\$ 18,471,304	\$ 18,481,203
Cash payments to employees	(2,477,908)	(2,417,978)
Cash payments to suppliers	(3,545,966)	(3,506,229)
Net cash provided by operating activities	<u>12,447,430</u>	<u>12,556,996</u>
<b>Cash Flows from Investing Activities</b>		
Interest and dividends on investments	248,019	355,285
Net cash provided by investing activities	<u>248,019</u>	<u>355,285</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(177,885)	(428,879)
Deposits received for encroachment permits	82,160	-
Refunds of rate coverage reserve fund deposits	(184,350)	-
Interest paid on long-term debt	(4,885,226)	(5,147,726)
Principal payments on long-term debt	(6,695,000)	(6,430,000)
Proceeds received from sale of capital assets	15,443	17,210
Net cash used by capital and related financing activities	<u>(11,844,858)</u>	<u>(11,989,395)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Proceeds received for DWR and Warren Act charges	38,082,026	37,868,481
Payments of DWR and Warren Act charges	(39,686,456)	(38,439,517)
Net cash used by non-capital financing activities	<u>(1,604,430)</u>	<u>(571,036)</u>
Net (decrease) increase in cash and cash equivalents	(753,839)	351,850
Cash and cash equivalents, beginning of year	<u>67,332,223</u>	<u>66,980,373</u>
Unrestricted cash and investments	19,962,710	20,090,882
Restricted cash and investments held for payment to DWR	35,070,621	35,651,287
Restricted cash and investments for debt service payments	11,545,053	11,590,054
Cash and cash equivalents, end of year	<u>\$ 66,578,384</u>	<u>\$ 67,332,223</u>
<b>Cash Flows From Operating Activities</b>		
Operating Income	\$ 7,847,996	\$ 7,926,411
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,165,593	3,197,572
Unexpended operating reimbursements payable to project participants	998,534	1,796,456
Operating revenues paid (received) from credits and unearned revenue	452,612	(204,747)
Increase (decrease) in accounts payable	(17,305)	(158,696)
Net cash provided by operating activities	<u>\$ 12,447,430</u>	<u>\$ 12,556,996</u>

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



# Statements of Cash Flows

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## **Supplemental Disclosures of Cash Flow Information**

	<b><u>For the fiscal year ended</u></b>	
	<b><u>June 30, 2011</u></b>	<b><u>June 30, 2010</u></b>
<b><u>Schedule of Non-Cash Capital and Related Financing Activities</u></b>		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	<u>\$ 200,818</u>	<u>\$ 201,933</u>
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.	<u>\$ 290,049</u>	<u>\$ 313,000</u>



# Notes to Financial Statements

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

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

### **A. Reporting Entity**

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

The Central Coast Water Authority was created by its members in August 1991. The Authority is presently composed of eight members, all of which are public agencies, as follows: the cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and the Santa Ynez River Water Conservation District, Improvement District No. I (SYRWCD, ID#1, in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water District.) In addition, the Authority has one associate member, the La Cumbre Mutual Water Company (together with the members, the "Purveyor Participants"). Each of the Purveyor Participants has entered into a Water Supply Agreement with the Authority, as have non-members: Vandenberg Air Force Base ("Vandenberg AFB"), Raytheon Systems Company (formerly Santa Barbara Research Center), Morehart Land Company and 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 its contract to reduce its Table A amount to 45,486 acre-feet per year.



# Notes to Financial Statements

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 WSRAs rights transferred those rights to the Authority, a newly formed joint powers authority, in consideration for Water Supply Agreements dated August 1, 1991, which provide for the delivery of SWP water by the Authority and the payment of required costs by the transferors. The Authority's obligation to make such payments to the DWR from the payments it receives pursuant to the Water Supply Agreements is senior to its obligation to make payments with respect to the Bonds. These transfers have been consented to by DWR and were validated by an agreement between Santa Barbara County and the Authority on November 12, 1991 (the "Transfer of Financial Responsibility Agreement").

## The Water Supply Agreements

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

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

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

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

## B. Basis of Accounting

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

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

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



# Notes to Financial Statements

The Authority has adopted GASB Statements 33 through 42, and related interpretations issued through June 30, 2011. Statement 34 and subsequent Statements and Interpretations required certain other changes in terminology, format and content, as well as inclusion of the management's discussion and analysis as required supplementary information.

## C. Investments

The Authority has developed an investment policy that exceeds the minimum requirements established by the State of California. The Authority believes that it has adhered to established policies for all investment activities. As of June 30, 2011, the investment portfolio has a weighted average maturity of 0 days and a yield to maturity of 0.53%.

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, 2011 all investments are reported at amortized cost.

## D. Capital Assets

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

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

## E. Inventories

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

## F. Unamortized Bond Issuance Costs

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

## G. Deposits

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

## H. Operating Reimbursements from Project Participants

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

## I. Unexpended Operating Assessments

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

## J. Operating and Non-Operating Revenues and Expenses

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

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



# Notes to Financial Statements

## K. Long-Term Accounts Receivable

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

## L. Rate Coverage Reserve Fund

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

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

The following table shows a summary of project participant deposits in the rate coverage reserve fund as of June 30, 2011.

<u>Project Participant</u>	<u>June 30, 2011</u>
City of Buellton	\$ 258,427
Carpinteria Valley Water District	816,100
City of Guadalupe	167,787
La Cumbre Mutual Water Company	391,135
Montecito Water District	1,087,787
City of Santa Maria	4,290,190
Shandon (SLO County)	15,206
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	606,183
Santa Ynez WCD, ID #1	418,061
Total	<u>\$8,050,876</u>

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

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided approximately \$2,990 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, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Maximum claims liability	\$ 83,596	\$ 79,639
Actual claims paid	(46,295)	(53,373)

## N. Use of Estimates

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

## **Note 2: Cash and Investments**

### A. Pooling

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





# Notes to Financial Statements

## B. Demand Deposits

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

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

As of June 30, 2011, the reported amount of the Authority's demand deposits was \$274,737 and the bank balance was \$321,653. The difference of \$46,916 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, 2011, the carrying value of the Authority's position in LAIF is \$25,272,889 and the fair value is \$25,312,731.

### *Credit Risk and Concentration of Credit Risk*

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

### *Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

### *Interest Rate Risk*

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





# Notes to Financial Statements

Investment	Cost	Fair Value 6/30/2011	Interest Rate Range	Maturity Date/ Range	Weighted Average Maturity	Credit Rating
Pooled Investments:						
Local Agency Investment Fund	\$ 25,272,901	25,312,743	0.448	n/a	n/a	Non-rated
Money Market Funds	41,030,047	41,030,047	0.55-0.61	7/2011	0 days	AAA
Total Investments	<u>66,302,948</u>	<u>66,342,790</u>				
Cash in Banks:						
Interest Bearing Deposits	274,737	274,737				
Cash on Hand	699	699				
Total Cash and Investments	<u>\$ 66,578,384</u>	<u>\$ 66,618,226</u>				

### Note 3: Capital Assets

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

	2011			2010		
	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	420,622	(316,071)	104,551	420,622	(244,101)	176,521
Equipment	28,456,894	(11,804,390)	16,652,504	28,494,578	(11,094,093)	17,400,485
Buildings and structures	48,696,149	(9,804,882)	38,891,267	48,709,729	(9,107,968)	39,601,761
Underground pipeline	58,950,134	(11,052,717)	47,897,417	58,950,134	(10,261,648)	48,688,486
Construction in progress	166,297	-	166,297	227,197	-	227,197
Total property and equipment	<u>136,690,096</u>	<u>(32,978,060)</u>	<u>103,712,036</u>	<u>136,802,260</u>	<u>(30,707,810)</u>	<u>106,094,450</u>
Total property, plant, and equipment	<u>\$139,868,796</u>	<u>\$ (32,978,060)</u>	<u>\$106,890,736</u>	<u>\$139,980,960</u>	<u>\$ (30,707,810)</u>	<u>\$109,273,150</u>



# Notes to Financial Statements

The following table shows the capital asset activity for the fiscal years ended June 30, 2011 and 2010.

	Plant and Equipment	Accumulated Depreciation	Net
Balance, June 30, 2009	\$ 136,686,382	\$ (28,579,058)	\$ 108,107,324
Additions	649,403	(2,399,200)	(1,749,797)
Retirements and disposals	(533,524)	270,447	(263,077)
Balance at June 30, 2010	136,802,261	(30,707,811)	106,094,449
Additions	378,703	(2,408,864)	(2,030,161)
Retirements and transfers	(490,867)	138,614	(352,253)
Balance, June 30, 2011	\$ 136,690,097	\$ (32,978,060)	\$ 103,712,036

#### Note 4: Long-Term Debt

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

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

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

The City of Santa Maria, Golden State Water Company, Vandenberg AFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling \$22,562,433 at June 30, 2011 and June 30, 2010 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.

The annual requirements to pay all debt outstanding, as of June 30, 2011, are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2012	\$ 4,577,325	\$ 6,960,000	\$ 11,537,325
2013	4,247,463	7,335,000	11,582,463
2014	3,900,975	7,625,000	11,525,975
2015	3,510,100	8,010,000	11,520,100
2016-2020	11,211,125	46,260,000	57,471,125
2021-2022	1,102,750	21,790,000	22,892,750
	<u>\$ 28,549,738</u>	<u>\$ 97,980,000</u>	<u>\$ 126,529,738</u>

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



# Notes to Financial Statements

The long-term liability activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
Series 2006A Revenue Bonds	\$ 104,675,000	\$ -	\$ (6,695,000)	\$ 97,980,000	\$ 6,960,000
Rate Coverage Reserve Fund	8,215,870	-	(164,994)	8,050,876	-
Total	\$ 112,890,870	\$ -	\$ (6,859,994)	\$ 106,030,876	\$ 6,960,000

## Note 5: Defined Benefit Pension Plan

### A. Plan Description

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

### B. Funding Policy

Active plan members in the Central Coast Water Authority are required to contribute 7% of their annual covered salary. However, the Authority pays this amount on behalf of the employees without requiring a contribution from the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010/11 was 12.454%. The contribution rate is established and may be amended by CalPERS.

### C. Annual Pension Costs

For fiscal year 2010/11, the Central Coast Water Authority's annual pension costs were \$464,539 and the Authority actually contributed \$464,539. The required contribution for fiscal year 2010/11 was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

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

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

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>
6/30/08	\$351,620	100%
6/30/09	\$422,197	100%
6/30/10	\$448,771	100%



# Notes to Financial Statements

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

The Authority leases equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2011 were \$6,878 (2011) and \$13,527 thereafter, resulting in total minimum payments of \$20,405.

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, 2011 and June 30, 2010, the Authority had no liability for claims or judgments.

All of the accounts receivable recorded by the Authority are payable by its local participants and the DWR under the agreements more fully described in Note 1.

The Authority does not provide post employment retirement health insurance benefits and therefore has no liability for Post Employment Benefits other than pensions.

## **Note 7: Joint Powers Insurance Authority**

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

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

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

## **Note 8: Deferred Compensation Plan**

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

**STATISTICAL SECTION**





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## 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.



# Statistical Section

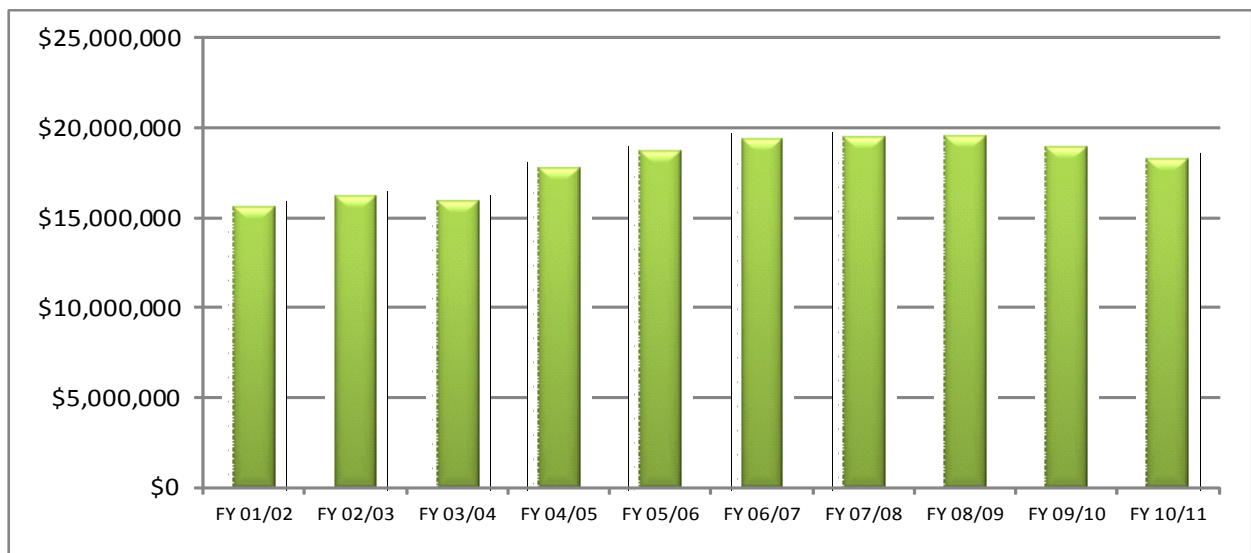
**TABLE 1**  
**General Governmental Revenues by Source**

<b>Fiscal Year</b>	<b>Operating Assessments</b>	<b>Debt Service Assessments</b>	<b>Other Revenues</b>	<b>Interest Income</b>	<b>Total Revenues</b>
2001/02	\$ 2,608,414	\$ 10,377,750	\$ 480,344	\$ 2,107,406	\$ 15,573,914
2002/03	4,027,340	10,471,871	166,719	1,491,002	16,156,930
2003/04	4,126,452	10,577,149	70,080	1,155,686	15,929,366
2004/05 (1)	5,518,626	10,646,678	33,644	1,565,540	17,764,487
2005/06	5,649,874	10,734,275	49,352	2,252,091	18,685,591
2006/07	6,577,214	10,339,149	43,226	2,381,697	19,341,285
2007/08	6,673,228	10,851,885	68,927	1,862,268	19,456,308
2008/09	7,583,365	10,894,767	77,193	1,012,428	19,567,753
2009/10	7,706,451	10,837,837	144,825	287,296	18,976,409
2010/11	7,100,093	10,828,491	105,552	236,522	18,270,658

Source: Central Coast Water Authority

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

**Total Revenue Comparison**





**TABLE 2**

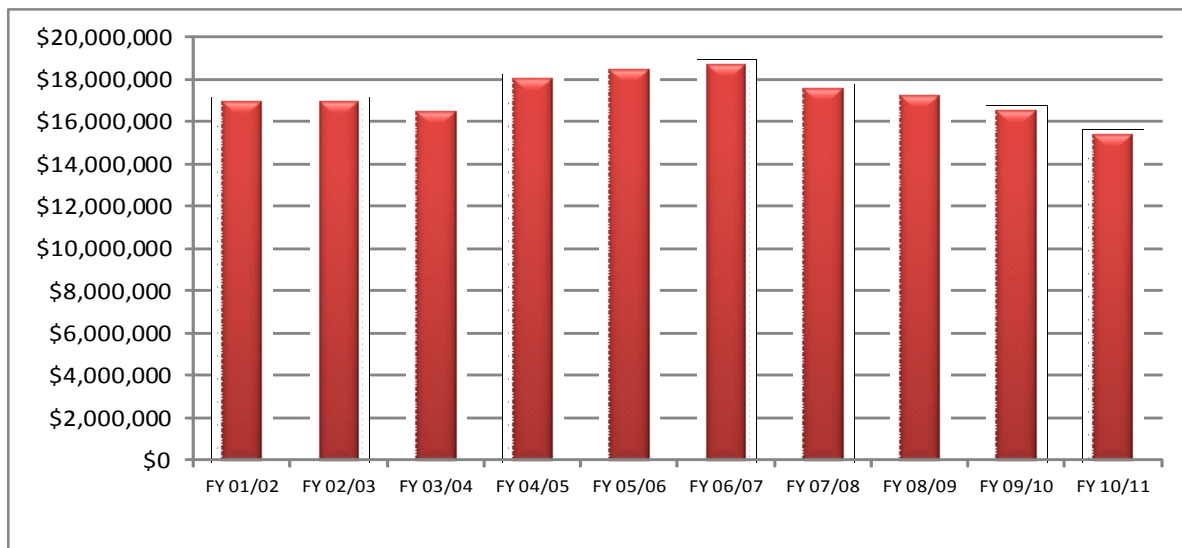
**General Governmental Expenditures by Function**

<b>Fiscal Year</b>	<b>Operating Expenses</b>	<b>Capital Improvements</b>	<b>Interest Expense</b>	<b>Interest paid to Participants</b>	<b>Total Expenditures</b>
2001/02	\$ 8,043,758	\$ 734,218	\$ 8,158,708	\$ -	\$ 16,936,684
2002/03	8,263,920	648,606	8,003,636	-	16,916,162
2003/04	8,302,059	349,809	7,831,733	-	16,483,601
2004/05 (1)	9,177,815	366,907	7,601,613	848,333	17,994,667
2005/06	9,331,814	211,441	7,336,413	1,514,040	18,393,708
2006/07	9,832,976	454,619	6,223,707	2,171,209	18,682,510
2007/08	9,627,656	471,676	5,582,876	1,858,511	17,540,719
2008/09	10,589,470	293,537	5,338,226	986,862	17,208,095
2009/10	10,759,540	428,879	5,083,426	273,944	16,545,789
2010/11	10,170,697	180,428	4,818,276	236,432	15,405,833

Source: Central Coast Water Authority

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

**Total Expenditures Comparison**







# Statistical Section

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

	<b>June 30, 2008</b>	<b>June 30, 2009</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>
Net assets, at beginning of year	\$ 15,213,921	\$ 17,436,275	\$ 19,941,187	\$ 22,772,181
Operating revenues	17,587,809	18,512,443	18,685,951	18,018,693
<u>Operating Expenses</u>				
Operating expenses	5,273,497	6,387,774	5,765,512	6,006,570
Depreciation and amortization	3,253,470	3,229,412	3,197,572	3,165,593
Unexpended operating reimbursements	1,100,689	972,284	1,796,456	998,534
Total operating expenses	<u>9,627,656</u>	<u>10,589,470</u>	<u>10,759,540</u>	<u>10,170,697</u>
Operating Income	<u>7,960,153</u>	<u>7,922,973</u>	<u>7,926,411</u>	<u>7,847,996</u>
<u>Non-operating revenues</u>				
Interest income and miscellaneous	1,868,499	1,012,428	304,506	251,965
<u>Non-Operating Expenses</u>				
Interest expense	5,582,876	5,338,226	5,083,426	4,818,276
Interest income paid to project participants	1,858,511	986,862	273,944	236,432
Other expenses	164,911	105,401	42,553	151,435
Total non-operating expenses	<u>7,606,298</u>	<u>6,430,489</u>	<u>5,399,923</u>	<u>5,206,143</u>
Increase in Net assets	<u>2,222,354</u>	<u>2,504,912</u>	<u>2,830,994</u>	<u>2,893,818</u>
Refund of capital contributions	-	-	-	-
Net assets, at end of year	<u>17,436,276</u>	<u>19,941,187</u>	<u>22,772,181</u>	<u>25,665,999</u>
Net assets invested in capital assets, net of related debt	15,393,071	17,817,946	20,682,967	23,455,258
Restricted - capital projects	282	-	-	-
Restricted - debt service	11,597,222	11,589,832	11,590,054	11,545,053
Unrestricted	(9,554,301)	(9,466,591)	(9,500,840)	(9,334,312)
Total Net Assets	<u>\$ 17,436,274</u>	<u>\$ 19,941,187</u>	<u>\$ 22,772,181</u>	<u>\$ 25,665,999</u>

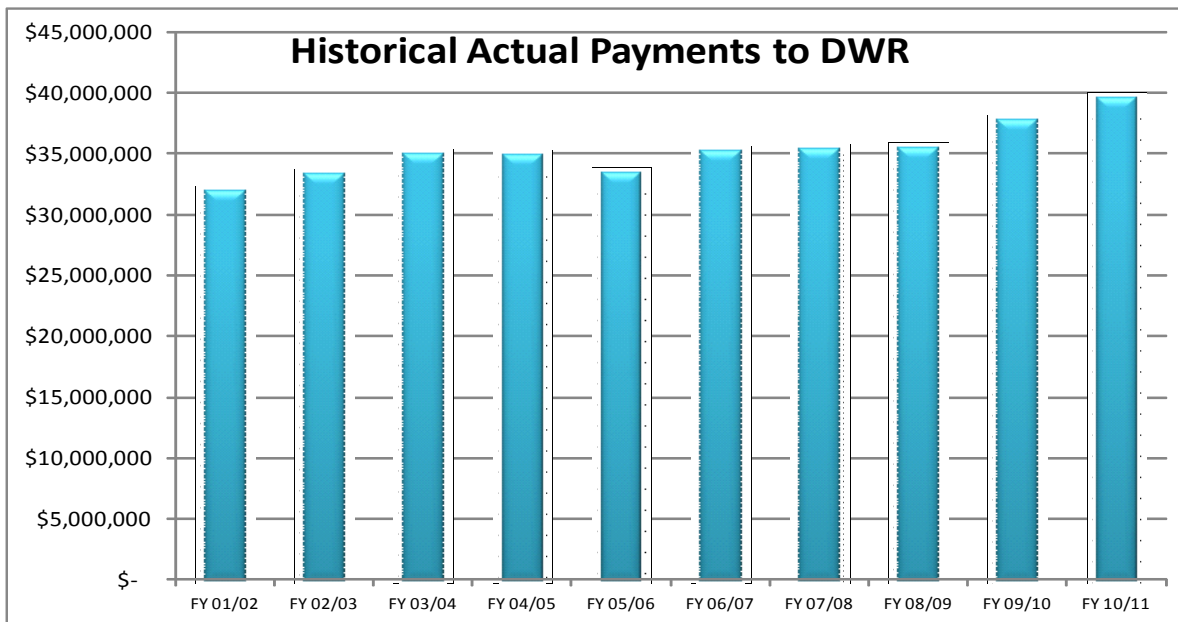


**TABLE 4**

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

<b>Project Participant</b>	<b>Balance July 1, 2010</b>	<b>FY 2010/11 Project Participant Payments and DWR Credits</b>	<b>Payments to Department of Water Resources and Other Adjustments</b>	<b>Ending Balance June 30, 2011</b>
City of Guadalupe	\$ 474,016	\$ 479,751	\$ (472,417)	\$ 481,350
City of Santa Maria	13,924,158	15,584,652	(16,108,636)	13,400,174
Golden State Water Co.	430,931	493,563	(509,478)	415,016
Vandenberg Air Force Base	4,996,205	5,512,314	(5,484,322)	5,024,197
City of Buellton	519,911	602,037	(604,396)	517,552
Santa Ynez ID#1 (Solvang only)	1,319,340	1,564,171	(1,566,308)	1,317,204
Santa Ynez ID#1 (excluding Solvang)	487,949	570,414	(572,883)	485,479
Goleta Water District	4,191,066	4,930,110	(4,775,816)	4,345,360
Morehart Land Co.	194,313	198,184	(191,644)	200,852
La Cumbre Mutual Water Co.	905,434	1,162,736	(1,178,731)	889,439
Raytheon Systems Company	45,913	53,694	(52,210)	47,397
City of Santa Barbara	2,640,815	2,934,662	(2,967,590)	2,607,887
Montecito Water District	2,740,931	3,063,014	(3,117,745)	2,686,201
Carpinteria Valley Water District	1,756,613	1,979,673	(1,978,399)	1,757,887
<b>TOTAL:</b>	<b>\$ 34,627,595</b>	<b>\$ 39,128,977</b>	<b>\$ (39,580,576)</b>	<b>\$ 34,175,996</b>

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 2011. The amounts shown above exclude Warren Act and Trust Fund MOU deposits payable to the U.S. Bureau of Reclamation and Cachuma Operations and Maintenance Board and DWR account interest income payable to the CCWA project participants as of June 30, 2011.





# Statistical Section

**TABLE 5**

**FY 2010/11 Allocation of CCWA Operating Expenses**

<b>Project Participant</b>	<b>FY 2010/11 Unadjusted Operating Expenses <sup>(1)</sup></b>	<b>Exchange Agreement Modifications <sup>(2)</sup></b>	<b>Regional Water Treatment Plant Modifications <sup>(3)</sup></b>	<b>FY 2010/11 Allocated Operating Expenses</b>
Shandon (SLO County)	\$ 6,050	N/A	N/A	\$ 6,050
Chorro Valley Turnout (SLO County)	217,541	N/A	N/A	217,541
Lopez Turnout (SLO County)	232,963	N/A	N/A	232,963
City of Guadalupe	58,564	N/A	\$ 18,681	77,245
City of Santa Maria	2,048,195	N/A	592,132	2,640,328
Golden State Water Co.	68,572	N/A	18,523	87,095
Vandenberg Air Force Base	698,833	N/A	193,990	892,823
City of Buellton	88,384	N/A	20,817	109,201
City of Solvang	235,370	N/A	55,131	290,500
Santa Ynez Imp. District #1	91,151	406,372	140,701	638,224
Goleta Water District	760,251	(146,385)	(307,587)	306,279
Morehart Land Co.	32,015	N/A	(18,424)	13,592
La Cumbre Mutual Water Co.	278,130	N/A	(129,402)	148,728
Raytheon Systems Company	10,478	N/A	(6,819)	3,660
City of Santa Barbara	506,799	(97,464)	(205,150)	204,185
Montecito Water District	604,122	(97,464)	(235,886)	270,772
Carpinteria Valley Water District	337,889	(65,060)	(136,705)	136,124
<b>TOTAL:</b>	<b>\$ 6,275,311</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,275,311</b>

1. FY 2010/11 unadjusted operating expenses is equal to total operating expenses *minus* depreciation and amortization, interest income on the general operating fund for CCWA, miscellaneous and non-annual recurring expense income, plus capital expenditures paid from operating assessments.
2. Exchange agreement modifications represent cost adjustments between the Santa Ynez River Water Conservation District, ID#1 and the South Coast project participants for Cachuma Project water.
3. Regional Water Treatment Plant modifications represents fixed, capital and variable modifications pursuant to CCWA Resolutions 92-16 and 95-13.



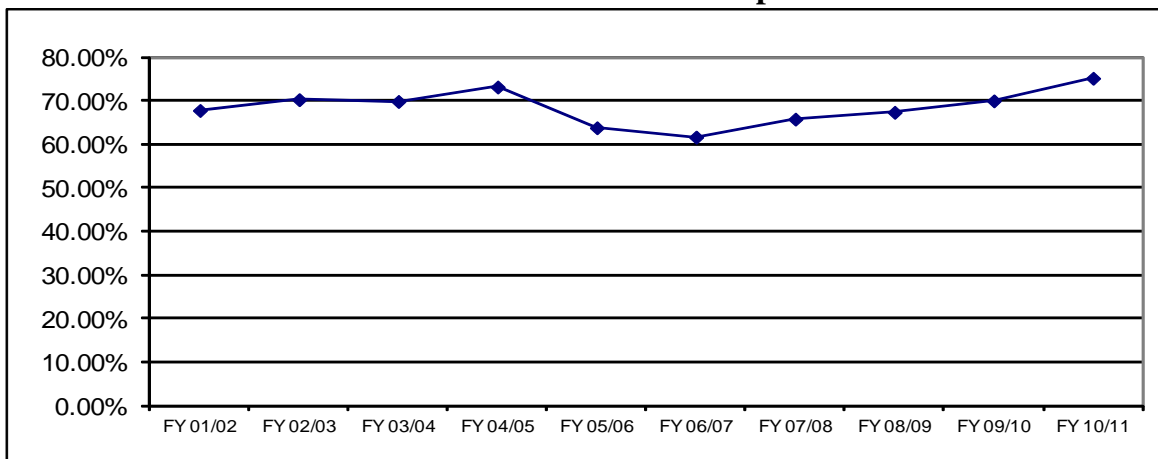
**TABLE 6**  
**Ratio of Annual Debt Service**  
**For Total Bonded Debt to Total Expenditures**

<b>Fiscal Year</b>	<b>Bond Issue</b>	<b>Principal</b>	<b>Interest <sup>(1)</sup></b>	<b>Total Debt Service</b>	<b>Total Expenditures</b>	<b>Ratio of Debt Service to Total Expenditures</b>
2001/02	96 Bonds	\$3,270,000	\$ 8,194,474	\$ 11,464,474	\$ 16,936,684	67.77%
2002/03	96 Bonds	3,535,000	8,043,405	11,578,405	16,916,162	70.24%
2003/04	96 Bonds	3,830,000	7,875,778	11,705,778	16,760,608	69.84%
2004/05	96 Bonds	4,135,000	7,663,638	11,798,638	16,129,417	73.15%
2005/06	96 Bonds	4,515,000	7,404,138	11,919,138	18,682,510	63.80%
2006/07	96 & 06 Bonds	4,915,000	6,600,947	11,515,947	18,682,510	61.64%
2007/08	2006 Bonds	5,895,000	5,641,826	11,536,826	17,540,719	65.77%
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%

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

Source: Central Coast Water Authority

**Ratio of Debt Service to Total Expenditures**





**TABLE 7**  
**Selected Demographic Information**  
*Santa Barbara County*

**S**anta Barbara County is located on the Pacific coast of the southern portion of the U.S. state of California, just west of Ventura County. The estimated total population of the County as of January 2006 was 421,625 according to the California Department of Finance. The county seat is Santa Barbara and the largest city is Santa Maria.

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

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

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

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

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

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

Source: Wikipedia



**TABLE 8  
Miscellaneous Statistical Information**

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

<u>Agency</u>	<u>Table A Amount (AFY)</u>
City of Buellton	578
Carpinteria Valley Water District	2,000
Goleta Water District	4,500
City of Guadalupe	550
La Cumbre Mutual Water Co.	1,000
Montecito Water District	3,000
Morehart Land Co.	200
City of Santa Barbara	3,000
Raytheon Systems Company	50
City of Santa Maria	16,200
Santa Ynez River W.C.D. #1	2,000
Southern California Water Co.	500
Vandenberg Air Force Base	5,500
Total Santa Barbara County *	<u>39,078</u>
Avila Beach C.S.D	100
Avila Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16 I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano CSD	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Co.	275
SLO Co. Comm. Coll. District (Cuesta College)	200
Total San Luis Obispo County	<u>4,830</u>
<b>TOTAL TABLE A AMOUNT</b>	<b><u>43,908</u></b>

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



TABLE 9  
**Santa Barbara County Largest Employers**

<b>Company or Organization</b>	<b>Jobs</b>	<b>Percent of Total County Employment</b>
Vandenberg Air Force Base	6,330	3.17%
University of California, Santa Barbara	4,334	2.17%
County of Santa Barbara	4,025	2.01%
Cottage Health System	3,440	1.72%
Santa Barbara School Districts	2,500	1.25%
Santa Barbara City College	2,252	1.13%
Santa Maria-Bonita School District	1,886	0.94%
City of Santa Barbara	1,687	0.84%
Raytheon	1,450	0.73%
Marian Medical Center	1,436	0.72%

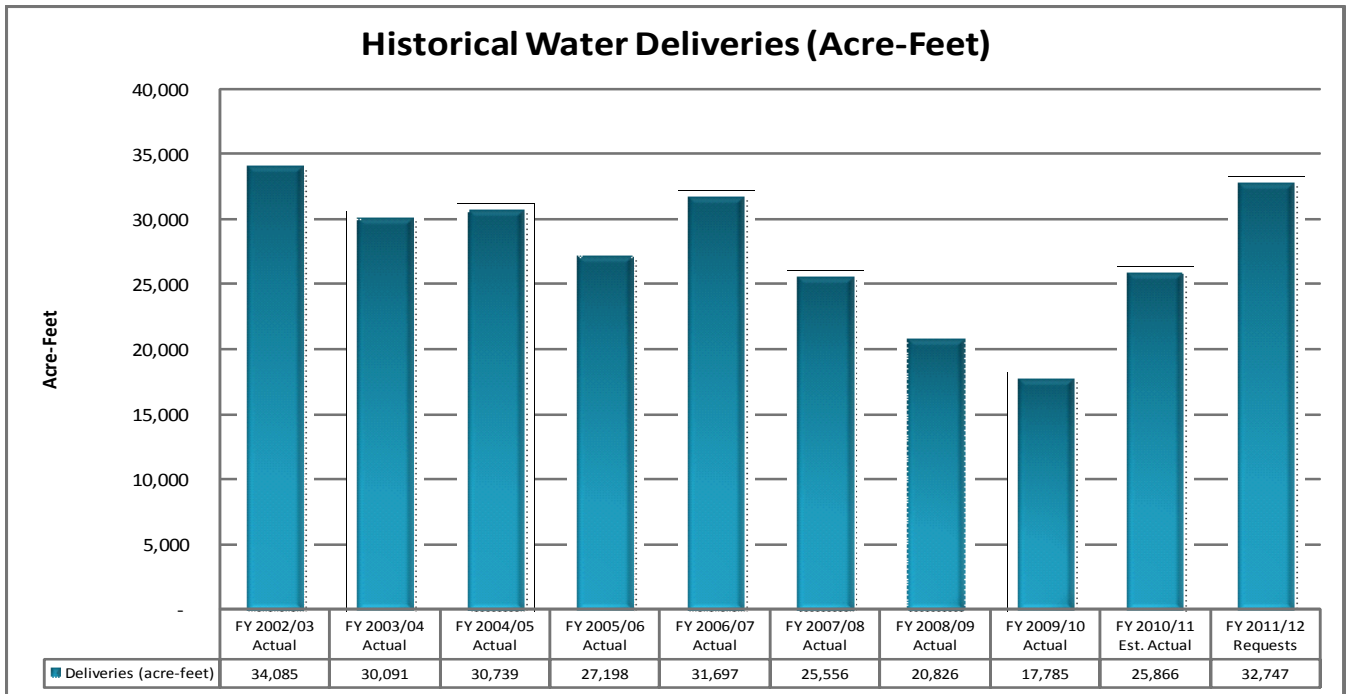
Source: Santa Barbara County



# Statistical Section

**TABLE 10**  
**FY 2010/11 Actual State Water Deliveries (acre feet)**

<b>Project Participant</b>	<b>Table A Deliveries</b>	<b>Exchange Agreement Deliveries</b>	<b>Total Deliveries</b>
Lopez Turnout (SLO County)	2,215	N/A	2,215
Chorro Valley Turnout (SLO County)	2,039	N/A	2,039
City of Guadalupe	-	N/A	-
City of Santa Maria	11,529	N/A	11,529
Golden State Water Company	424	N/A	424
Vandenberg Air Force Base	1,976	N/A	1,976
City of Buellton	326	N/A	326
Santa Ynez ID #1 (City of Solvang)	1,151	N/A	1,151
Santa Ynez ID #1	698	3,223	3,921
Goleta Water District	1,161	(1,161)	-
Morehart Land Company	-	N/A	-
La Cumbre Mutual Water Company	1,213	-	1,213
Raytheon Systems Company	72	N/A	72
City of Santa Barbara	773	(773)	-
Montecito Water District	1,773	(773)	1,000
Carpinteria Valley Water District	516	(516)	-
<b>TOTAL:</b>	<b>25,866</b>	<b>-</b>	<b>25,866</b>







**TABLE 11**  
**Schedule of Insurance**  
**Valued June 30, 2011**

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
Travelers Casualty and Surety Company	4-1-11 to 4-1-12	Excess Crime Coverage	\$ 2,000,000	Dishonesty and forgery coverage \$1,000,000 Computer fraud \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-11 to 4-1-12	Property Insurance	\$ 65,318,860	Buildings (\$27,315,759); Personal property (\$1,273,200); Fixed Equipment (\$36,729,901)
ACWA Joint Powers Insurance Authority	10-1-10 to 10-1-11	General and Auto Liability	\$ 1,000,000	Liability JPIA pooled layer
Everest Reinsurance Co. #71RE700002-101	10-1-10 to 10-1-11	General and Auto Liability	\$ 10,000,000	Liability umbrella policy
Ironshore Speciality #000585301	10-1-10 to 10-1-11	General and Auto Liability	\$ 9,000,000	Liability umbrella policy
Allied World National #0305-7912	10-1-10 to 10-1-11	General and Auto Liability	\$ 20,000,000	Liability umbrella policy
Great American Assurance Company #EXC2098192	10-1-10 to 10-1-11	General and Auto Liability	\$ 20,000,000	Liability umbrella policy



**TABLE 12**  
**Full-time Equivalent Employees by Position**

<b>Position Title</b>	<b>Number Authorized FY 2008/09</b>	<b>Number Authorized FY 2009/10</b>	<b>Number Authorized FY 2010/11</b>	<b>Change Over FY 2008/09</b>	<b>Change Over FY 2009/10</b>
Executive Director	1.00	1.00	1.00	-	-
Deputy Director	1.00	1.00	1.00	-	-
Chief Engineer	1.00	1.00	1.00	-	-
Regulatory Specialist	1.00	1.00	1.00	-	-
Senior Accountant	1.00	1.00	1.00	-	-
Secretary II	2.50	2.50	2.50	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Maintenance Superintendent	1.00	1.00	1.00	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Laboratory Analyst	0.75	0.75	0.75	-	-
IT/Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Engineering Technician	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	1.00	1.00	1.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
<b>TOTAL:</b>	<b>28.25</b>	<b>28.25</b>	<b>28.25</b>	<b>-</b>	<b>-</b>



# Statistical Section City of Pismo Beach (San Luis Obispo County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2001	4,158	\$ 1,710,063	1,983
2002	4,233	1,751,585	2,219
2003	4,234	1,772,352	2,001
2004	4,365	1,872,673	1,962
2005	4,405	1,888,635	1,953
2006	4,443	1,994,992	1,924
2007	4,472	2,124,500	2,003
2008	4,713	2,619,579	2,269
2009	4,540	2,834,803	2,135
2010	4,558	2,874,984	1,971

## Largest Customers as of June 30, 2010

	Water Usage <sup>(1)</sup>	Annual Payment
Pismo Mobile Home Park	15,105	\$ 40,145
Cliffs Shell Beach-4605	13,562	31,107
Oxford Suites Resort	7,759	24,233
Shorecliff Lodge	7,913	18,313
Pismo Lighthouse Suites	6,654	15,009
Motel 6	6,592	16,265
Lucia Mar Unified School District-507	5,172	14,128
Lucia Mar Unified School District-3929	5,486	13,844
Cliffs Shell Beach-4607	5,175	12,132
Seacrest Resort	5,325	10,965
Total	78,743	\$ 196,141

(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
2001	\$ 3,086,559	\$ 1,265,673	\$ 1,820,886	\$ 1,110,301	-	1.64
2002	3,304,001	1,179,819	2,124,182	1,197,934	-	1.77
2003	3,259,930	1,248,739	2,011,191	1,287,062	-	1.56
2004	2,854,004	1,523,338	1,330,666	1,198,295	-	1.11
2005	3,051,700	1,561,213	1,490,487	1,251,600	-	1.19
2006	3,485,014	1,732,240	1,752,774	1,204,253	-	1.46
2007	3,858,063	1,923,694	1,934,369	939,309	-	2.06
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

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)
2001	5,198	\$ 3,785,189	1,238
2002	5,251	3,857,137	1,253
2003	5,254	3,802,287	1,349
2004	5,383	3,852,954	1,205
2005	5,399	3,436,322	976
2006	5,473	3,884,085	1,009
2007	5,489	3,911,610	1,275
2008	5,531	3,610,462	1,187
2009	5,547	3,588,500	1,130
2010	5,545	3,574,319	1,282

### Largest Customers as of June 30, 2010

	Water Usage <sup>(1)</sup>	Annual Payment
Morro Bay High School	87,162	\$ 218,717
City of Morro Bay	18,706	179,603
Pacific Care Center	9,998	141,129
Inn at Morro Bay	8,624	159,427
Mission Linen Supply	124,490	95,922
Department of Parks	5,180	63,029
Morro Dunes Trailer Park	5,056	62,435
San Luis Coastal School District	3,794	38,327
Silver City Manor	3,656	43,415
Morro Bay Mobil	3,400	45,899
Total	270,066	\$ 1,047,903

(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
2001	\$ 3,867,608	\$ 535,004	\$ 3,332,604	\$ 1,662,862	-	2.00
2002	3,857,137	495,459	3,361,678	1,739,275	-	1.93
2003	4,165,957	637,036	3,528,921	1,844,889	-	1.91
2004	3,947,340	938,793	3,008,547	1,815,661	-	1.66
2005	3,531,000	1,047,262	2,483,738	1,888,003	-	1.32
2006	3,884,085	1,150,536	2,733,549	1,854,271	-	1.47
2007	3,896,420	1,203,618	2,692,802	1,783,837	-	1.51
2008	3,762,674	1,185,688	2,576,986	1,886,622	-	1.37
2009	3,893,904	1,273,381	2,620,523	2,055,446	-	1.27
2010	3,661,837	1,587,764	1,968,552	2,074,073	-	0.95

Source: City of Morro Bay



# Statistical Section City of Guadalupe

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30</b>	<b>Municipal Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
2001	1,638	\$ 921,050	735
2002	1,714	889,048	741
2003	1,804	980,076	764
2004	1,912	1,011,608	811
2005	1,857	1,001,571	605
2006	1,907	1,003,346	719
2007	1,920	1,052,861	1,062
2008	1,916	1,198,705	920
2009	1,926	1,303,214	966
2010	1,915	1,344,941	900

## Largest Customers as of June 30, 2010

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Apio Coller	151,602	\$ 492,707
Obispo Cooling	5,717	18,580
Guadalupe Union School District	4,610	14,983
Pan American Seed	3,580	11,635
Guadalupe Cemetery	2,448	7,956
P&M Properties	1,822	5,922
Simplot Soil Builders	982	3,192
Far Western Tavern	876	2,847
Lupe's Company	648	2,106
Delfino Hernandez Apts.	643	2,090
<b>Total</b>	<b>172,928</b>	<b>\$ 562,018</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
2001	\$ 1,081,498	\$ 209,025	\$ 154,212	\$ 1,026,685	\$ 597,890	1.72
2002	1,257,016	365,254	154,212	1,045,974	549,327	1.90
2003	1,089,354	372,200	155,315	872,469	685,609	1.27
2004	1,901,527	328,840	154,756	1,727,443	669,041	2.58
2005	1,179,481	281,965	154,756	1,052,272	611,570	1.72
2006	1,062,928	319,283	172,643	916,288	690,570	1.33
2007	1,222,669	489,461	168,777	901,985	675,108	1.34
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

Source: City of Guadalupe



# Statistical Section City of Santa Maria

## Historic Water Connections and Sales Revenues

<b>Fiscal Year</b> <b>Ending June 30</b>	<b>Water</b> <b>Connections</b>	<b>Sales</b> <b>Revenues</b>	<b>Water</b> <b>Deliveries</b> <b>(acre-feet per year)</b>
2001	17,189	\$ 14,985,470	12,216
2002	17,735	16,350,234	12,990
2003	18,301	17,569,216	12,647
2004	19,170	19,392,893	13,267
2005	19,596	20,479,665	11,375
2006	20,588	20,901,096	13,026
2007	20,762	23,490,792	14,219
2008	20,830	24,605,620	14,047
2009	20,919	25,859,215	14,489
2010	20,927	25,411,420	13,986

## Largest Customers as of June 30, 2010

	<b>Water</b> <b>Usage</b> <sup>(1)</sup>	<b>Annual</b> <b>Payment</b>
City of Santa Maria	267,910	\$ 1,187,330
Santa Maria Elementary Schools	104,275	471,265
SP Village Green, LLC	61,289	256,058
Casa Grande Mobile Homes	53,548	166,434
Alan Hancock College	48,094	213,544
S.B. County Housing Authority	35,800	166,262
Marian Hospital & Facilities	33,870	175,130
Mission Linen Supply	24,862	104,397
Casa Del Rio Mobile Estates	24,230	77,076
Pictsweet Frozen Foods	23,667	103,789
<b>Total</b>	<b>677,545</b>	<b>\$ 2,921,285</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year</b> <b>Ending June 30</b>	<b>Total</b> <b>Revenues</b> <sup>(1)</sup>	<b>Operating</b> <b>Expenses</b>	<b>Rate</b> <b>Coverage</b> <b>Fund</b>	<b>Net</b> <b>Revenues</b>	<b>State Water</b> <b>Payments</b>	<b>Coverage</b>
2001	\$ 22,413,302	\$ 5,150,615	\$ 3,573,420	\$ 20,836,107	\$12,940,418	1.61
2002	22,508,856	5,395,197	3,656,826	20,770,485	10,081,569	2.06
2003	25,344,832	7,952,493	3,666,401	21,058,740	13,749,295	1.53
2004	26,977,067	7,118,174	4,002,906	23,861,799	13,858,267	1.72
2005	29,016,811	7,651,981	4,002,906	25,367,736	13,962,911	1.82
2006	28,810,320	6,264,092	4,034,968	26,581,196	15,658,361	1.70
2007	33,218,519	8,428,868	3,752,454	28,542,105	15,009,816	1.90
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

(1) Includes wastewater fees and charges.

Source: City of Santa Maria



# Statistical Section City of Buellton

## Historic Water Connections and Sales Revenues

<b>Fiscal Year</b>		<b>Sales</b>	<b>Water</b>
<b>Ending June 30</b>	<b>Connections</b>	<b>Revenues</b>	<b>Deliveries</b>
			<b>(acre-feet per year)</b>
2001	1,251	1,134,691	984
2002	1,314	1,144,605	1,068
2003	1,424	1,233,563	1,111
2004	1,491	1,365,416	1,257
2005	1,472	1,300,677	1,115
2006	1,498	1,334,328	1,205
2007	1,540	1,462,049	1,343
2008	1,549	1,474,151	1,295
2009	1,548	1,467,933	1,284
2010	1,558	1,467,931	1,300

## Largest Customers as of June 30, 2010

	<b>Water</b>	<b>Annual</b>
	<b>Usage <sup>(1)</sup></b>	<b>Payment</b>
Professional Investment Planning	22,822	\$ 65,685
Buellton Union School District	22,225	45,706
FPA Flying Flags Assoc. L.P.	17,504	35,750
Santa Ynez Valley Marriott	13,623	28,105
Rivergrove Mobile Home Park	9,380	26,125
Terravant Wine Company	9,504	19,801
Rancho De Maria	7,850	17,460
Thin Film	5,935	12,333
The Laurel Company	4,647	10,305
The Inn Group	4,525	9,759
<b>Total</b>	<b>118,015</b>	<b>\$ 271,029</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year</b>	<b>Total</b>	<b>Operating</b>	<b>Rate Coverage</b>	<b>Net</b>	<b>State Water</b>	
<b>Ending June 30</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Fund Deposit</b>	<b>Revenues</b>	<b>Payments</b>	<b>Coverage</b>
2001	\$ 1,669,930	\$ 298,585	\$ 214,262	\$ 1,585,607	\$ 809,805	1.96
2002	1,648,494	386,855	227,940	1,489,579	792,378	1.88
2003	1,636,470	383,962	239,150	1,491,658	909,639	1.64
2004	1,821,513	418,725	238,324	1,641,112	895,101	1.83
2005	1,418,037	390,028	238,324	1,266,333	940,465	1.35
2006	1,540,833	521,597	241,639	1,260,875	932,461	1.35
2007	1,876,713	521,113	219,910	1,575,510	879,640	1.79
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

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)
2001	1,890	\$ 2,616,048	1,549
2002	1,893	3,108,477	1,594
2003	1,901	2,929,186	1,518
2004	1,903	3,286,624	1,506
2005	1,907	3,229,500	1,589
2006	1,903	3,543,426	1,321
2007	1,939	4,023,837	1,512
2008	1,964	4,180,995	1,512
2009	2,017	4,085,678	1,483
2010	1,981	3,957,709	1,315

### Largest Customers as of June 30, 2010

	Water Usage <sup>(1)</sup>	Annual Payment
Rancho Santa Ynez Mobile Estate	26,449	\$ 80,669
Alisal Guest Ranch	12,885	39,299
Solvang Lutheran Home	9,192	28,615
Mission Oaks	8,762	26,724
City of Solvang	8,610	26,261
Chumash Resort	6,307	19,236
Worldmark Solvang	6,212	18,947
Wine Valley inn	5,659	17,260
Solvang LLM	5,512	16,812
Solvang School	5,370	16,440
Total	94,958	\$ 290,263

(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
2001	\$ 2,721,479	\$ 730,837	\$ 480,244	\$ 2,470,886	\$ 1,933,392	1.28
2002	3,199,145	992,031	511,478	2,718,592	1,844,616	1.47
2003	2,976,966	778,728	536,633	2,734,871	2,040,658	1.34
2004	3,293,660	854,671	534,808	2,973,797	2,064,965	1.44
2005	3,288,331	795,547	534,808	3,027,592	2,002,319	1.51
2006	3,628,170	1,191,775	547,407	2,983,802	2,189,627	1.36
2007	4,146,380	1,051,531	540,980	3,635,829	2,355,170	1.54
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

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)
2001	2,238	\$ 3,092,440	5,573
2002	2,260	3,505,160	5,859
2003	2,351	3,373,470	4,968
2004	2,363	3,816,702	6,012
2005	2,422	3,518,032	4,637
2006	2,442	3,848,782	4,800
2007	2,444	4,607,704	5,223
2008	2,567	4,883,168	5,926
2009	2,583	5,030,245	5,947
2010	2,579	5,096,678	5,416

### Largest Customers as of June 30, 2010

	Water Usage <sup>(1)</sup>	Annual Payment
City of Solvang	85	\$ 130,386
Cachuma Snitation	75	80,391
Chumash Casino	37	44,339
Private Education Facility	32	39,119
Private Mutual Water Company	27	33,898
Private Commercial Agriculture	157	29,347
Private Commercial Agriculture	145	27,534
Private Commercial Agriculture	98	17,786
Private Agriculture	42	16,890
Private Agriculture	76	14,063
<b>Total</b>	<b>774</b>	<b>\$ 433,753</b>

(1) In acre-feet per year.

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

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30 <sup>(1)</sup>	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
2000	\$ 7,808,188	\$ 2,092,409	\$ 783,813	\$ 6,499,592	\$ 2,688,507	2.41
2001	7,021,956	2,490,288	826,350	5,358,018	2,888,552	1.85
2002	6,845,936	2,339,610	880,195	5,386,521	2,912,443	1.85
2003	6,629,264	2,558,215	923,484	4,994,533	3,148,476	1.59
2004	7,004,003	3,000,250	920,343	4,924,096	3,179,539	1.55
2005	6,915,751	2,786,325	920,343	5,049,769	3,119,539	1.62
2006	7,302,870	2,978,983	933,145	5,257,032	3,584,153	1.47
2007	8,108,093	3,393,751	924,751	5,639,093	3,699,006	1.52
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

(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

<b>Fiscal Year</b>		<b>Sales</b>	<b>Water</b>
<b>Ending June 30</b>	<b>Connections</b>	<b>Revenues</b>	<b>Deliveries</b>
			<b>(acre-feet per year)</b>
2001	15,621	\$ 14,263,374	12,727
2002	15,717	15,173,245	13,223
2003	15,999	14,941,700	12,786
2004	16,249	16,146,551	14,083
2005	16,039	14,922,566	12,619
2006	16,202	15,425,971	12,077
2007	16,459	18,582,563	14,406
2008	16,466	22,697,939	14,387
2009	16,373	17,891,752	14,198
2010	16,346	16,554,650	12,971

## Largest Customers as of June 30, 2010

	<b>Water</b>	<b>Annual</b>
	<b>Usage <sup>(1)</sup></b>	<b>Payment</b>
UCSB	871	\$ 1,426,684
Santa Barbara U.S.D.	123	253,473
Touchstone Golf	227	247,822
City of Santa Barbara	83	240,335
Goleta Union School District	126	224,376
Michael Towbes	85	170,200
Cavaletto Ranches, LLC	357	167,974
Bacara Resort Services	96	167,907
Sandpiper Golf Course	231	164,522
Maravilla LLC	58	115,764
<b>Total</b>	<b>2,257</b>	<b>\$ 3,179,057</b>

(1) In acre-feet per year.

## State Water Payment Coverage Calculations

<b>Fiscal Year</b>	<b>Total</b>	<b>Operating</b>	<b>Rate Coverage</b>	<b>Net</b>	<b>State Water</b>	
<b>Ending June 30</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Fund Deposit</b>	<b>Revenues</b>	<b>Payments</b>	<b>Coverage</b>
2001	\$ 18,163,714	\$ 9,226,642	\$ -	\$ 8,937,072	\$ 6,140,949	1.46
2002	19,127,924	9,076,023	-	10,051,901	6,363,680	1.58
2003	20,942,599	9,757,739	-	11,184,860	7,159,868	1.56
2004	22,648,173	11,824,796	-	10,823,377	7,355,604	1.47
2005	20,566,002	10,831,320	-	9,734,682	6,677,042	1.46
2006	23,328,943	11,632,904	-	11,696,039	6,724,499	1.74
2007	25,425,947	11,734,133	-	13,691,814	6,791,250	2.02
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

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)
2000	1,424	1,652,635	1,546
2001	1,429	1,461,097	1,399
2002	1,436	2,081,946	1,891
2003	1,437	1,918,454	1,724
2004	1,449	2,146,100	1,923
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

### Largest Customers as of December 31, 2009

	Water Usage <sup>(1)</sup>	Annual Payment
La Cumbre Golf & County Club	62,379	\$ 195,178
Timothy Pasquinelli	7,535	42,572
Marsupial Properties	5,761	36,871
Sanford Farms	7,004	36,224
Stephen Redding	6,625	31,879
Carriage Hill Association	5,343	29,391
William Foley	5,131	23,998
Christopher & Ann Conway	4,502	21,906
Elk Trust	5,373	21,775
Laguna Blanca School	3,292	18,511
Total	112,945	\$ 458,305

(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
2000	\$ 2,526,109	\$ 709,568	\$ 354,510	\$ 2,171,051	\$ 1,276,799	1.69
2001	2,276,469	671,417	343,866	1,948,918	1,417,985	1.37
2002	2,879,539	909,109	346,327	2,316,757	1,370,014	1.69
2003	2,668,781	862,951	345,084	2,150,914	1,485,915	1.45
2004	2,904,071	985,101	345,084	2,264,054	1,571,521	1.44
2005	2,662,982	1,086,734	353,407	1,929,655	1,430,960	1.35
2006	2,854,771	1,201,326	353,407	2,006,852	1,558,596	1.29
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

Source: La Cumbre Mutual Water Co.



# Statistical Section City of Santa Barbara

## Historic Water Connections and Sales Revenues

<b>Fiscal Year</b>	<b>Water</b>	<b>Sales</b>	<b>Water</b>
<b>Ending June 30</b>	<b>Connections</b>	<b>Revenues</b>	<b>Deliveries</b>
			<b>(acre-feet per year)</b>
2001	25,267	\$ 21,298,011	14,618
2002	25,388	21,121,848	14,575
2003	25,527	20,822,544	12,779
2004	25,653	23,127,138	13,568
2005	25,809	24,447,594	12,724
2006	25,821	24,765,305	13,290
2007	25,918	27,588,409	14,753
2008	26,009	29,448,078	14,926
2009	26,153	28,669,429	13,819
2009	26,504	28,163,162	13,428

## Largest Customers as of June 30, 2010

	<b>Water</b>	<b>Annual</b>
	<b>Usage <sup>(1)</sup></b>	<b>Payment</b>
City of Santa Barbara	170,503	\$ 586,947
Santa Barbara School Districts	74,700	305,132
Montecito Country Club	72,127	174,165
Cottage Hospital	25,938	156,475
Fess Parker's Double Tree Inn	35,888	155,314
Housing Authority of Santa Barbara	28,145	151,311
Samarkand Retirement	28,454	143,322
Dario Pini	25,186	116,301
Santa Barbara City College	27,721	115,423
Mission Linen Supply	19,763	99,630
<b>Total</b>	<b>508,425</b>	<b>\$ 2,004,020</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year</b>	<b>Total</b>	<b>Operating</b>	<b>Net</b>	<b>State Water</b>	<b>Parity Debt</b>	
<b>Ending June 30</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Revenues</b>	<b>Payments</b>	<b>Service</b>	<b>Coverage</b>
2001	\$ 24,876,337	\$ 11,223,259	\$ 13,653,078	\$ 3,991,623	\$ 2,281,089	2.18
2002	25,125,762	14,167,864	10,957,898	3,965,732	1,366,367	2.06
2003	24,217,862	13,833,176	10,384,686	4,439,646	1,783,100	1.67
2004	25,431,147	13,822,119	11,609,028	4,481,194	1,870,214	1.83
2005	27,074,924	14,553,073	12,521,851	4,315,818	1,853,342	2.03
2006	28,255,283	15,993,253	12,262,030	4,524,129	1,861,889	1.92
2007	32,081,577	16,362,453	15,719,124	4,148,802	1,854,987	2.62
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

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)
2001	4,409	\$ 5,831,244	4,909
2002	4,453	6,338,736	5,535
2003	4,505	6,406,516	5,494
2004	4,554	7,579,730	6,055
2005	4,406	7,168,706	5,447
2006	4,588	6,974,106	5,067
2007	4,612	9,168,272	6,333
2008	4,630	9,893,221	6,518
2009	4,583	10,015,310	5,963
2010	4,558	9,429,322	5,274

## Largest Customers as of June 30, 2010

	Water Usage <sup>(1)</sup>	Annual Payment
Resort Hotel	39,194	\$ 174,925
Golf Course	65,536	154,856
Golf Course	35,930	149,203
Private College	28,995	115,931
Single Family Residence	15,539	88,010
Retirement Home	19,592	87,875
Residential Housing Association	15,101	74,339
Single Family Residence	13,442	70,641
Commercial	12,314	61,452
Cemetery	15,384	58,786
<b>Total</b>	<b>261,027</b>	<b>\$ 1,036,018</b>

(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
2001	\$ 8,713,872	\$ 3,465,938	\$ 956,320	\$ 6,204,254	\$ 3,507,602	1.77
2002	9,540,728	3,752,696	956,320	6,744,352	3,433,729	1.96
2003	9,244,612	4,002,960	963,170	6,204,822	4,419,336	1.40
2004	10,839,346	4,809,464	959,705	6,989,587	4,550,214	1.54
2005	10,502,210	4,533,557	959,705	6,928,358	4,475,119	1.55
2006	10,509,053	4,855,534	973,053	6,626,572	4,723,577	1.40
2007	13,014,537	5,353,583	970,780	8,631,734	4,658,858	1.85
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

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)
2001	4,146	\$ 5,428,686	4,135
2002	4,155	5,888,252	4,338
2003	4,160	6,061,867	4,185
2004	4,168	7,010,594	4,572
2005	4,171	7,341,470	3,647
2006	4,168	9,029,076	3,983
2007	4,230	9,996,151	4,474
2008	4,272	10,529,618	4,506
2009	4,288	10,393,601	4,099
2010	4,326	10,089,936	3,825

## Largest Customers as of June 30, 2010

	Water Usage <sup>(1)</sup>	Annual Payment
Casitas Village (Home Owners' Assn)	21,849	\$ 231,301
Villa Del Mar (Home Owners' Assn)	26,002	230,902
Sandpiper	20,483	201,749
City of Carpinteria	23,078	113,373
Cate School	28,811	108,152
Herbtime Farms	50,148	82,813
Kilovac Corp	19,556	67,820
B&H Flowers	32,596	66,665
Circle G	21,263	51,770
Cervini Farm CA, Inc.	20,776	38,637
Total	264,562	\$ 1,193,182

(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
2001	\$ 6,466,008	\$ 2,673,804	\$ 750,000	\$ 4,542,204	\$ 2,178,815	2.08
2002	6,511,543	3,076,394	750,000	4,185,149	2,329,012	1.80
2003	6,416,969	3,108,514	755,372	4,063,827	2,859,212	1.42
2004	7,212,653	3,547,673	752,655	4,417,635	2,968,996	1.49
2005	8,433,644	3,722,069	752,655	5,464,230	2,991,544	1.83
2006	9,537,158	4,108,439	763,122	6,191,841	2,995,352	2.07
2007	10,598,119	4,153,923	663,427	7,107,623	2,653,710	2.68
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

Source: Carpinteria Valley Water District