

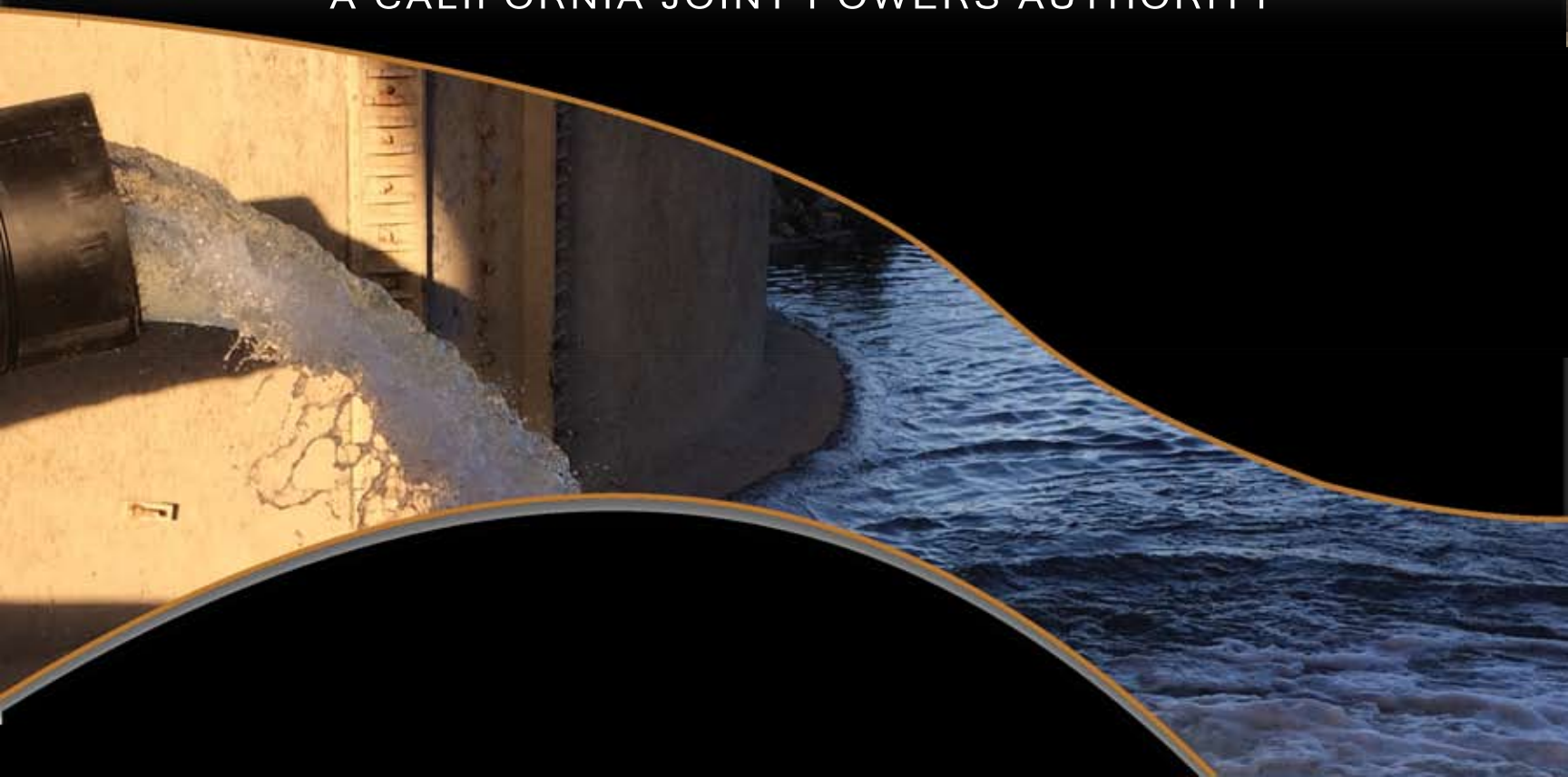


# Comprehensive Annual Financial Report

Fiscal years ended June 30, 2020 and 2019



CENTRAL COAST WATER AUTHORITY  
A CALIFORNIA JOINT POWERS AUTHORITY



*Central Coast Water Authority*  
*Comprehensive Annual Financial Report*  
*Fiscal Years Ended June 30, 2020 and 2019*

Prepared by Lisa Long

Cover design by Julie Baker  
Cover photo – Darin Dargatz

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# INTRODUCTORY SECTION





Eric Friedman  
Chairman

Ed Andrisek  
Vice Chairman

Ray Stokes  
Executive Director

Brownstein Hyatt  
Farber Schreck  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

January 28, 2021

**Members of the Board  
Central Coast Water Authority**

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020. The Comprehensive Annual Financial Report (“CAFR”) of the Central Coast Water Authority for the fiscal year (“FY”) ended June 30, 2020 is submitted as prepared by the Authority’s Finance and Administration Departments. The report is published to provide to our project participants, the Authority Board, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

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

The Authority requires that its financial statements be audited by a Certified Public Accountant selected by the Authority’s Board of Directors, and Glenn Burdette, Certified Public Accountants, have issued an unmodified (“clean”) opinion on Central Coast Water Authority’s financial statements for the year ended June 30, 2020. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**PROFILE OF THE AUTHORITY**

The Central Coast Water Authority (“CCWA” or “Authority”) is a public entity organized under a Joint Exercise of Powers Agreement dated August 1, 1991 and operates as a Joint Powers Authority (“JPA”). CCWA is a wholesale water provider to 13 water purveyors and private companies in Santa Barbara County, and another 11 water purchasers in San Luis Obispo County.

CCWA is presently composed of eight members, all of which are public agencies within Santa Barbara County: 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). Each member agency is represented on the CCWA Board of Directors by one individual and an alternate. In addition, CCWA has one associate member, the La Cumbre Mutual Water Company and three non-member, private water users, Raytheon Systems Company, Morehart Land Company, and Golden State Water Company. Water service is also provided to Vandenberg Air Force Base through a Utility Agreement.

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's Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement.

The Authority also provides supplemental water to certain entities within San Luis Obispo County: California Men's Colony, County of San Luis Obispo, Cuesta College, City of Morro Bay, Avila Beach Community Services District, Avila Valley Mutual Water Company, Oceano Community Services District, City of Pismo Beach, San Luis Coastal Unified School District and San Miguelito Mutual Water Company.

### Facilities

The Authority's facilities include a water treatment plant located at Polonio Pass in northeastern San Luis Obispo County and a distribution system that delivers water from the State Water Project to project participants in Santa Barbara and San Luis Obispo Counties. The distribution system consists of an approximate 130 mile long pipeline, treated water tanks at the water treatment plant, three interim storage facilities, one energy dissipation facility, ten turnouts, four isolation valve facilities, a chloramines removal and water pumping facility and Cachuma Lake inlet monitoring facility.

Central Coast Water Authority is innovative and forward thinking in its methods to provide high-quality water, through an efficient and reliable system that is capable of delivering supplemental water from other water sources in addition to allocations through the State Water Project for our project participants. During the recent and ongoing drought in California, this delivery system was instrumental in allowing our project participants to maintain adequate water resources for their communities by providing a link to the statewide water supply system.

The Authority receives its water through the State Water Project, which is a network of canals, pipelines, tunnels and reservoirs. The State Water Project is managed by the California Department of Water Resources ("DWR"), a State agency which protects, conserves, develops, and manages much of California's water supply including the State Water Project which provides water for more than 27 million residents and businesses, and irrigates about 750,000 acres of farmland. Through the Santa Barbara County Flood Control and Water Conservation District ("SBCFC&WCD"), the Authority holds a contract with DWR to purchase up to 45,486 acre-feet of water per year. The costs for this water are charged to the Authority's Santa Barbara County project participants. San Luis Obispo County pays DWR directly for its DWR costs.

### **LOCAL ECONOMY**

Santa Barbara County is dominated by three principal economic activities: tourism, Vandenberg Air Force Base, and education, and is characterized by three geographically diverse regions. The Santa Barbara Project Participants are located in all three different geographic areas of Santa Barbara County:

North County (City of Santa Maria, City of Guadalupe, Golden State Water Company and Vandenberg Air Force Base); the Santa Ynez Valley (City of Buellton and Santa Ynez River Water Conservation District, Improvement District No. 1, which includes within its boundaries the City of Solvang); and the South Coast (City of Santa Barbara, Goleta Water District, Montecito Water District, Carpinteria Valley Water District, La Cumbre Mutual Water Company, Raytheon Systems Company and Morehart Land Company).

Historically the North County has been an agricultural area, but it has experienced significant urban development in the last twenty-six 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. The general location of certain of the Santa Barbara Project Participants and of the major components of the Authority Project in Santa Barbara County is shown on the map under the caption “Project Map” in the end of the Introductory Section of the CAFR.

## **LONG-TERM FINANCIAL PLANNING**

To assist our project participants, the Authority prepares a Ten-Year Financial plan to provide pro forma projections of the Authority’s expenditures and includes projections for both the Authority and the Department of Water Resources portions of the budget. The Department of Water Resources provides projections for each of these years for both the fixed and variable costs, and the Authority expenses are generally projected with a 3% inflation factor to all operating expenses.

The Ten-Year Financial Plan is prepared only as an informational tool and is used by the member agencies and other project participants for their planning and long-term budgeting purposes.

## **RELEVANT FINANCIAL POLICIES AND CONTROLS**

The Authority has adopted a comprehensive set of financial policies governing Reserves, Purchasing, Budget, Investments, Debt Management, and Capital Improvements. Following is a brief discussion on the policies that were relevant this year:

### Pandemic Response Plan

The Central Coast Water Authority activated its Pandemic Response Plan on Monday March 16, 2020 in response to the Santa Barbara County Health Officer declaring a local health emergency on Thursday March 12 and President Trump declaring a national emergency on Friday March 13, 2020 related to COVID-19. Due to the ongoing nature of the COVID-19 Pandemic, this plan is still in place at the time of preparation of this report.

The CCWA Pandemic Response Plan (Plan) was first developed in 2002, as required by the Bioterrorism Act of 2002. Our Plan includes all of the main action items that were currently recommended by the Centers for Disease Control, and as our Plan specifies, staff continues to consult the current CDC recommendations and update the plan with current information as needed.

The overall strategy for CCWA’s Plan implementation was to maximize social distancing through a “no crossing of paths” concept. The idea was to eliminate gatherings and reduce person-to-person interactions through physical separation and schedule separation to the maximum extent. Each department accomplished this while still maintaining operations and ensuring business needs were met while keeping staff safe at all times.



### Appropriated Contingency

The CCWA Budget includes an appropriated contingency fund. The amount of this fund is established at 2% of the total budget, excluding variable electrical and chemical budget amounts. Any use of this fund requires authorization by the Board of Directors. The Board approved the expenditure of \$61,822 from the FY 2019/20 budgeted amount for two urgent situations that required the use of appropriated contingencies.

### Capital Improvement Projects and Carryover

The Capital Improvements Projects (“CIP”) is a component of the non-operating expenses section of the budget. Certain capital expenditures included in the Fiscal year 2018/19 budget and the Fiscal year 2019/20 budget were not expended due to timing and scheduling.

When appropriate, capital improvements will be paid through current revenue sources rather than financing capital projects over a period of time. In September 2019 the Board approved \$681,425 in carryover funds to Fiscal Year 2019/20 to be used for capital projects not completed in Fiscal Year 2018/19. Also approved by the Board was \$1,218,399 of carryover funds for capital projects funded for Fiscal Year 2019/20 and carried over into Fiscal Year 2020/21 for completion.

### Investment Policy

The Authority will operate its idle cash investments in compliance with Government Code Section 16045-16054 Uniform Prudent Investor Act which states: “...in investing...property for the benefit of another, a trustee shall exercise judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs...”. As such, the Board has adopted an Investment Policy governing cash investments.

Section XV of the CCWA Investment Policy states the “...investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends.” The Authority reviews the Investment Policy and relevant Government Code Sections annually to ensure the policy is up to date and in compliance with the Government Code. There were found to be no significant changes in Government Code Section 53630-53686 during Fiscal Years’ 2018/19 and 2019/20 which required modification of the policy.

### Debt Management Policy

Central Coast Water Authority is authorized to incur indebtedness to finance Authority facilities and to assign and pledge to the repayment by its participants. The Debt Management Policy adopted by the Board in 2017 establishes parameters for issuing debt, covers general provisions for periodic review, conditions for debt issuance, standards for use of debt financing, financing criteria, refinancing outstanding debt, outstanding debt limitations, security for debt, a covenant for bond coverage, method of issuance, debt administration and reporting requirements.

### 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. Management believes that the Authority's controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **MAJOR INITIATIVES FOR THE FISCAL YEAR**

The activities of the Board and staff at the Authority are driven by our mission statement: To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.

### State Water Project Contract Assignment

The original contract with the Department of Water Resources ("DWR") was executed between DWR and the Santa Barbara County Flood Control and Water Conservation District (the County) in 1963. However, there were no facilities to bring State water into Santa Barbara County until CCWA was formed to construct and operate the facilities for the delivery of State Water in 1991.

When CCWA was formed in 1991, it entered into an agreement with the County called the "Transfer of Financial Responsibility Agreement" ("TFRA") whereby CCWA agreed to be responsible for all costs of the State Water Project in Santa Barbara County. One of the provisions of the TFRA was that the parties expressed the desire to have the State Water Contract fully assigned from the County to CCWA. However, CCWA did not have ability to levy a property tax in the event of payment default, a key form of payment security in the DWR contracts and bonds, until recent legislation was passed which allows JPAs to exercise the taxing authority of their member agencies. CCWA now has the ability to levy a property tax for State water costs in the event of a payment default to DWR and as such, is actively pursuing full assignment of the State Water contract from the County to CCWA. CCWA will continue to work with DWR and the County to obtain approval for the full assignment of the contract to CCWA.

### Suspended Water Reacquisition

In the 1980's, Santa Barbara County requested that DWR set aside, or "suspend" 12,214 acre-feet of the County's 57,700 acre-feet of State Water allotment as it was determined the 12,214 acre-feet was in excess of the needs of the various Santa Barbara County water purveyors. DWR agreed to suspend this water and agreed that the County could reacquire the water at a future date, which has been extended a number of times.

CCWA has requested, and DWR has agreed to allow CCWA, through the County, to reacquire the 12,214 acre-feet of suspended contract allotment. CCWA will continue to pursue this reacquisition in the coming year.

State Water Contract Amendments

The Department of Water Resources (DWR) and the State Water Project Contractors (Contractors) have fully negotiated two amendments to the State Water Contract: (1) State Water Contract Extension Amendment and (2) Water Management Tools Amendment.

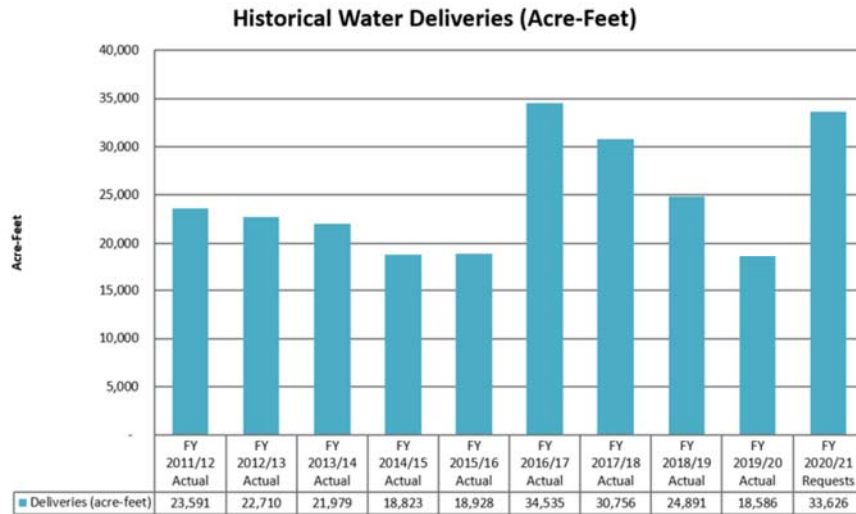
The State Water Contract Extension Amendment primarily amends the State Water Contract to extend the term of the contract from the current expiration beginning in 2035, to the year 2085. Additionally, the amendment changes certain financial aspects of the Contract intended to modernize certain financial aspects of the Contract.

The Water Management Tools Contract Amendment changes the contract to allow additional flexibility regarding transfers and exchanges of State water by and between the SWP’s 29 Contractors.

CCWA has requested that the Santa Barbara County Flood Control and Water Conservation District execute both amendments to the SWP Contract and will continue to work with the District to fully implement the contract amendment in the District’s Contract with DWR.

Water Deliveries

Total deliveries during FY 2019/20 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 18,586 acre-feet compared to the actual FY 2018/19 deliveries of 24,891 acre-feet. The graph below shows water deliveries for the last nine fiscal years and the requested water deliveries for FY 2020/21.



**THE FUTURE**

Water Delivery Projections

For calendar years 2020 and 2021, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 33,192 acre-feet and 33,764 acre-feet respectively.

## Department of Water Resources (“DWR”) Activities and Related Costs

During FY 2020/21, CCWA staff will continue to work through the State Water Contractor (“SWC”) board and committees that interact with the 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.

The Authority received the DWR Statement of Charges (“SOC”) for calendar year 2020 in June 2019, and the calendar year 2021 SOC in June 2020. The Calendar year 2019 SOC reflected a large increase in the calendar year DWR Transportation Minimum OMP&R cost component over Calendar year 2018. The Calendar year 2020 SOC reflected a reduction of Transportation Minimum costs over 2019, but were still higher than 2018. Transportation Minimum costs are fixed Operation & Maintenance (“O&M”) costs related to the O&M of the State Water Project (“SWP”) facilities which do not vary with the quantity of water delivered to the 29 SWP Contractors. Historically, the Transportation Minimum cost component of DWR SOC has been the most volatile DWR charge for CCWA. The volatility is partly based on DWR’s SOC being based on estimates and then reconciling or preparing a “true-up” based on the actual costs incurred.

One financial reach which tends to create the most volatility from year-to-year is Reach 33A, due to work done by DWR on the facilities within that reach. Because Reach 33A is located on the coastal branch of the SWP and there are only two SWP Contractors within the coastal branch, the Counties of Santa Barbara (90%) and San Luis Obispo (10%), any changes (up or down) are allocated to only these two counties, further amplifying the variances.

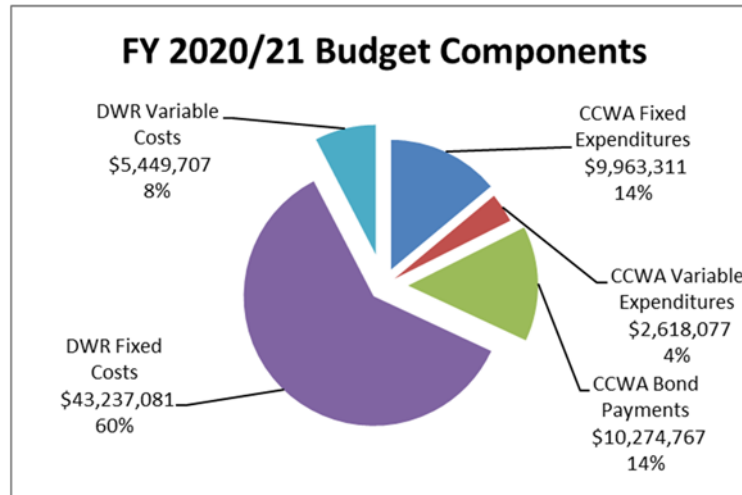
CCWA staff and State Water Contractors (“SWC”) accounting staff are both working with DWR to analyze the reason for the large swings in costs. Additionally, CCWA retained auditors, Ernst & Young to further examine the DWR accounting records to ensure costs that are being charged to CCWA are accurate.

## Coronavirus (COVID-19)

As a result of the State of Emergency declared by Governor Newsom due to the COVID-19 pandemic, and associated restrictions imposed by the State of California and the County of Santa Barbara as part of the COVID-19 pandemic response, some CCWA project participants experienced significant decreases in revenues associated with lower water usage. In April 2020 the CCWA Board approved a one-time optional revised payment schedule for the DWR fixed costs for FY 2020/21 so that CCWA project participants had the option of paying their DWR fixed costs in two installments: (1) June, 1, 2020 payment of all DWR fixed costs for the months of July to December 2020, and (2) December 1, 2020 payment of all DWR fixed costs for the months of January to June 2021.

## Fiscal Year 2020/21 Budget Summary

The FY 2020/21 budget calls for total project participant payments of \$71 million compared to the FY 2019/20 budget of \$74.2 million, a \$3.1 million decrease. These amounts include \$0.45 million in CCWA credits for FY 2020/21 and \$0.48 million for FY 2019/20. The following graph shows the breakout of the various cost components in the CCWA FY 2020/21 budget:



## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Coast Water Authority for its comprehensive annual financial report (“CAFR”) for the fiscal year ended June 30, 2019. This was the twenty-third consecutive year the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one fiscal year. We believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting to the GFOA to determine its eligibility for another certificate.

The authority also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document dated April 25, 2020. This was the twenty-fourth consecutive year the Authority has achieved this prestigious award. To qualify for the Distinguished Budget Presentation Award, the Authority’s budget document had to be judged proficient as a policy document, financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank each member of both departments for their assistance in providing the data necessary to prepare this report. Credit is also due to Senior Management and the Board of Directors for leadership and support in maintaining the highest standards of professionalism in the management of Central Coast Water Authority’s finances.

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

Respectfully submitted,

Ray A. Stokes  
Executive Director

# Introductory Section

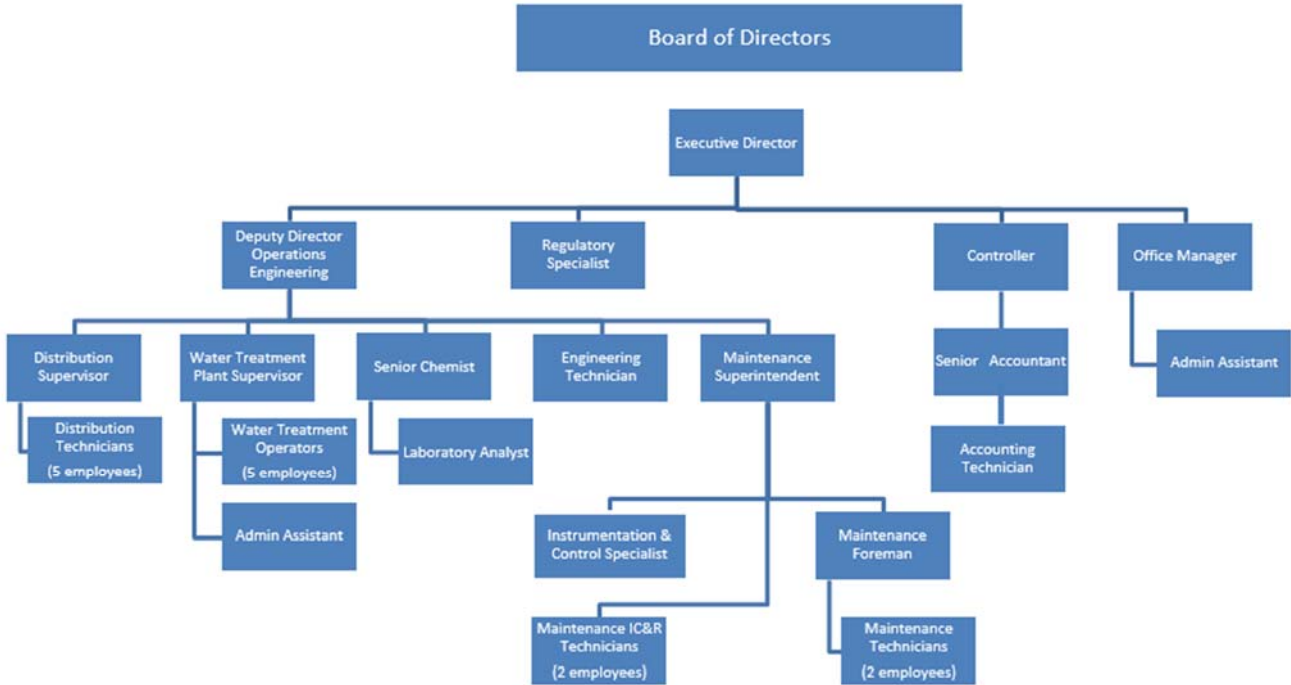
June 30, 2020

## Central Coast Water Authority Board of Directors

Eric Friedman, Chairman	City of Santa Barbara
Ed Andrisek	City of Buellton
Etta Waterfield	City of Santa Maria
Floyd Wicks	Montecito Water District
Jeff Clay	Santa Ynez River Water Conservation District, Improvement District #1
Farfalla Borah	Goleta Water District
Gina Rubalcaba	City of Guadalupe
Shirley Johnson	Carpinteria Valley Water District

## Authority Staff

Ray Stokes	Executive Director
John Brady	Deputy Director Operations /Engineering



# Project Map





Government Finance Officers Association

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, 2019

*Christopher P. Morill*

Executive Director/CEO



# FINANCIAL SECTION





## Independent Auditors' Report

Member Agencies  
Central Coast Water Authority  
Buellton, California

### Report on the Financial Statements

We have audited the accompanying statements of net position of the Central Coast Water Authority (the Authority), as of June 30, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

1

[GLENNBURDETTE.COM](http://GLENNBURDETTE.COM)

**SAN LUIS OBISPO**  
1150 Palm Street  
San Luis Obispo, CA 93401  
p 805 544 1441  
f 805 544 4351

**PASO ROBLES**  
102 South Vine Street, Ste. A  
Paso Robles, CA 93446  
p 805 237 3995  
f 805 239 9332

**SANTA MARIA**  
2222 South Broadway, Ste. A  
Santa Maria, CA 93454  
p 805 922 4010  
f 805 922 4286

**Member Agencies**

**Central Coast Water Authority**

**Page 2**

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The financial statements of Central Coast Water Authority as of June 30, 2019, were audited by other auditors whose report dated December 9, 2019, expressed an unmodified opinion on those statements.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**Member Agencies**

**Central Coast Water Authority**

**Page 3**

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Glenn Burdette Attest Corporation*

Glenn Burdette Attest Corporation  
San Luis Obispo, California

December 14, 2020

# Management's Discussion and Analysis

**Fiscal Year Ended  
June 30, 2020**

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2020. This information should be read in conjunction with the financial statements and the additional information that we have included in our letter of transmittal.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

## **Summary of Organization and Business**

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

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

# Management's Discussion and Analysis

District.) In addition, the Authority has an Associate Member, 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.

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. The Committees review and recommend actions to the Authority Board of Directors with regard to finance and personnel related matters.

# Management's Discussion and Analysis

## Santa Barbara County Project Participants

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

## San Luis Obispo County Water Purchasers

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

## FINANCIAL HIGHLIGHTS

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

### Condensed Balance Sheet

	June 30, 2020	June 30, 2019	June 30, 2018	2020-19 Change	2019-18 Change
Current Assets	\$ 60,852,086	\$ 79,211,151	\$ 70,701,493	\$ (18,359,065)	\$ 8,509,658
Non-Current Restricted Assets	12,999,504	12,689,543	10,930,215	309,961	1,759,328
Capital Assets	91,599,700	92,914,339	94,214,034	(1,314,639)	(1,299,695)
Other Assets	1,282,591	2,510,452	3,688,475	(1,227,861)	(1,178,023)
<b>Total Assets</b>	<b>\$ 166,733,881</b>	<b>\$ 187,325,485</b>	<b>\$ 179,534,217</b>	<b>\$ (20,591,604)</b>	<b>\$ 7,791,268</b>
Revenue Bond Deferred Amount	\$ 208,496	\$ 513,833	\$ 944,761	\$ (305,337)	\$ (430,928)
Pension Plan Deferred Amount	1,169,839	1,256,477	1,532,296	(86,638)	(275,819)
OPEB Plan Deferred Amount	170,603	59,449	53,122	111,154	6,327
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,548,938</b>	<b>\$ 1,829,759</b>	<b>\$ 2,530,179</b>	<b>\$ (280,821)</b>	<b>\$ (700,420)</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 168,282,819</b>	<b>\$ 189,155,244</b>	<b>\$ 182,064,396</b>	<b>\$ (20,872,425)</b>	<b>\$ 7,090,848</b>
Current Liabilities	\$ 67,872,595	\$ 86,149,904	\$ 77,563,390	\$ (18,277,309)	\$ 8,586,514
Non-current Liabilities	27,311,501	37,046,318	45,883,095	(9,734,817)	(8,836,777)
<b>Total Liabilities</b>	<b>95,184,096</b>	<b>123,196,222</b>	<b>123,446,485</b>	<b>(28,012,126)</b>	<b>(250,263)</b>
Revenue Bond Deferred Amount	\$ 108,424	\$ 267,207	\$ 491,308	\$ (158,783)	\$ (224,101)
Pension Plan Deferred Amount	164,951	146,732	139,586	18,219	7,146
OPEB Deferred Amount	174,140	7,770	9,280	166,370	(1,510)
<b>Total Deferred Inflows of Resources</b>	<b>447,515</b>	<b>421,709</b>	<b>640,174</b>	<b>25,806</b>	<b>(218,465)</b>
Net investment in capital assets	\$ 73,172,291	\$ 66,554,791	\$ 60,312,509	\$ 6,617,500	\$ 6,242,282
Restricted	10,423,636	10,418,498	10,411,593	5,138	6,905
Unrestricted	(10,944,719)	(11,435,976)	(12,746,365)	491,257	1,310,389
<b>Total Net Position</b>	<b>72,651,208</b>	<b>65,537,313</b>	<b>57,977,737</b>	<b>7,113,895</b>	<b>7,559,576</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 168,282,819</b>	<b>\$ 189,155,244</b>	<b>\$ 182,064,396</b>	<b>\$ (20,872,425)</b>	<b>\$ 7,090,848</b>

# Management's Discussion and Analysis

## BALANCE SHEET ANALYSIS

### *June 30, 2020 Comparison to June 30, 2019*

- Total assets as of June 30, 2020 are \$166.7 million, or \$20.6 million less than the amount on June 30, 2019. This is due to a \$20.4 million decrease in cash and investments held for payment to DWR as a result of the Board decision to allow participants to pay the DWR portion of their annual fixed assessment in two installments due to COVID-19 pandemic-related revenue decreases experienced by some of the participants. The remainder of the DWR fixed assessments will be collected on December 1, 2020 in advance of when payment will be due to the Department of Water Resources.
- Capital and other assets are \$2.5 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2016A revenue bond issuance costs.
- Current liabilities are \$18.3 million less than the prior year. This is largely due to a \$20.5 million decrease in deposits for payment to DWR, as a result of the Board decision discussed above. This is partially offset by an increase of \$1.4 million in Project Participant Deposits and unearned revenue, a \$0.25 million increase in deposits for supplemental water purchases related to the reacquisition of Suspended Table A water (see Note 1 for more information on Suspended Table A water), and a \$0.45 million increase in debt due within one year related to the annual Bond principal payment.
- Non-current liabilities are \$9.7 million lower due to the revenue bond principal payment during the year.

### *June 30, 2019 Comparison to June 30, 2018*

- Total assets as of June 30, 2019 are \$187.3 million, or \$7.8 million more than the amount on June 30, 2018.
- Capital and other assets are \$2.5 million lower than the prior year amount due to depreciation of the Authority's capital assets and amortization of the CCWA 2016A revenue bond issuance costs.
- Non-current liabilities are \$8.8 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 Position with corresponding analysis regarding significant variances.



# Management's Discussion and Analysis

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

	June 30, 2020	June 30, 2019	June 30, 2018	2020-19 Change	2019-18 Change
Operating Revenues	\$ 18,868,291	\$ 19,442,445	\$ 19,025,855	\$ (574,154)	\$ 416,590
Operating Expenses excluding depreciation and amortization	(8,995,179)	(9,144,370)	(9,529,429)	149,191	385,059
Depreciation and Amortization	(1,659,217)	(1,299,198)	(1,061,706)	(360,019)	(237,492)
<b>Operating Income</b>	<b>8,213,895</b>	<b>8,998,877</b>	<b>8,434,720</b>	<b>(784,982)</b>	<b>564,157</b>
Non-operating Revenues	1,141,562	1,281,897	635,825	(140,335)	646,072
Non-operating Expenses	(2,241,562)	(2,721,198)	(2,698,488)	479,636	(22,710)
<b>Change in Net Position</b>	<b>7,113,895</b>	<b>7,559,576</b>	<b>6,372,057</b>	<b>(445,681)</b>	<b>1,187,519</b>
Net position at beginning of year	65,537,313	57,977,737	51,605,680	7,559,576	6,372,057
Net position at end of year	\$ 72,651,208	\$ 65,537,313	\$ 57,977,737	\$ 7,113,895	\$ 7,559,576

### June 30, 2020 Comparison to June 30, 2019

Operating revenues for the period ending June 30, 2020 are about \$0.5 million lower than the prior year amount, primarily due to reduced operating costs related to utilities costs.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments, or as deposits to the DWR Reserve Fund (See Note 1, item M for further information on the DWR Reserve Fund). For FY 2019/20, this credit totaled \$0.35 million for the fixed component of the O&M assessments, as compared to the FY 2018/19 credit of \$0.9 million. Credits for the variable assessment component were applied throughout the fiscal year with each quarterly variable assessment when applicable.

Operating expenses, excluding depreciation and amortization expense are about \$0.1 million lower than the prior year amount due to:

1. Increase in personnel expenses of about \$0.6 million due to filling of prior year unfilled positions.
2. Decrease in unexpended operating reimbursements of \$0.5 million due to a decrease in the budget surplus for FY 2019/20 which is payable back to the Authority's project participants.
3. Decrease in supplies, equipment and monitoring expenses of \$0.2 million for lower chemical costs associated with a decrease in water deliveries and therefore a decrease in chemical usage.
4. Decrease in utilities expenses of \$0.5 million for reduced electrical costs for pumping due to decrease in water deliveries.

Non-operating revenues are lower by about \$0.1 million due to the decrease of interest income from lower interest rates and the decreased balance in cash and investments held for payment to DWR.

Non-operating expenses are \$0.5 million lower due to reduced interest expense of the Series 2016A bond.

# Management's Discussion and Analysis

## June 30, 2019 Comparison to June 30, 2018

Operating revenues for the period ending June 30, 2018 are about \$0.4 million higher than the prior year amount. The increase is primarily attributed to an increase in the operating reimbursements from project participants for increases in operations and maintenance cost for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments, or as deposits to the DWR Reserve Fund (See Note 1, item M for further information on the DWR Reserve Fund). For FY 2018/19, this credit totaled \$0.9 million for the fixed component of the O&M assessments, as compared to the FY 2017/18 credit of \$0.67 million. Credits for the variable assessment component were applied throughout the fiscal year with each quarterly variable assessment when applicable.

Operating expenses, excluding depreciation and amortization expense are about \$0.4 million lower than the prior year amount due to:

1. Decrease in personnel expenses of about \$0.16 million due to salary and benefit savings for unfilled positions during recruitment periods, and new hires entering at a lower pay rate than their predecessors.
2. Increase in unexpended operating reimbursements of \$0.2 million due to an increase in the budget surplus for FY 2018/19 which is payable back to the Authority's project participants.
3. Decrease in supplies, equipment and monitoring expenses of \$0.12 million for lower chemical costs associated with a decrease in water deliveries and therefore a decrease in chemical usage.
4. Decrease in utilities expenses of \$0.3 million for reduced electrical costs for pumping due to decrease in water deliveries.

Non-operating revenues are higher by about \$0.6 million due to the increase of interest income from higher interest rates and the increased balance in cash and investments held for payment to DWR.

Non-operating expenses are \$0.02 million higher due to an increase in interest income paid to CCWA project participants, which was offset by reduced interest expense of the Series 2016A bond.

# Management's Discussion and Analysis

## Capital Assets

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

	June 30, 2020	June 30, 2019	June 30, 2018	2020-19		2019-18	
				Change	Change	Change	Change
Land	\$ 3,178,700	\$ 3,178,700	\$ 3,178,700	\$ -	\$ -	\$ -	\$ -
Furniture fixtures and equipment	862,125	595,393	491,748	266,733		103,645	
Lab, transportation, plant and pipeline equipment	30,385,484	29,166,337	28,896,483	1,219,147		269,854	
Buildings and structures	48,946,358	48,946,358	48,696,149	-		250,209	
Underground pipeline	59,925,077	59,925,077	59,925,077	-		-	
Land improvement	62,266	-	-	62,266		-	
Construction in progress	245,991	785,149	834,306	(539,158)		(49,157)	
Total property, plant and equipment	143,606,001	142,597,014	142,022,463	1,008,987		574,551	
Accumulated depreciation	(52,006,301)	(49,682,675)	(47,808,429)	(2,323,626)		(1,874,246)	
Net property, plant and equipment	\$ 91,599,700	\$ 92,914,339	\$ 94,214,034	\$ (1,314,639)		\$ (1,299,695)	

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

# Management's Discussion and Analysis

## Debt Administration

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

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

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of \$45,470,000, which refunded the outstanding \$59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued for the purpose of reducing the Authority's total debt service payments over the next 5 years by \$5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5.4 million. The Authority also realized the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016.

At June 30, 2020, the Authority had \$19,710,000 of outstanding 2016A revenue bonds.

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

# STATEMENT OF NET POSITION

	June 30, 2020	June 30, 2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Unrestricted Current Assets		
Cash and investments (Note 2)	\$ 27,190,970	\$ 25,163,750
Interest receivable	64,641	114,578
Prepaid Expenses	165,063	103,309
Inventory	<u>121,993</u>	<u>120,158</u>
Total Unrestricted Current Assets	<u>27,542,667</u>	<u>25,501,795</u>
Restricted Current Assets		
Cash and investments held for payment to DWR	<u>33,309,419</u>	<u>53,709,356</u>
<b>Total Current Assets</b>	<u>60,852,086</u>	<u>79,211,151</u>
<b>Non-Current Assets</b>		
Restricted Assets		
Cash and investments for debt service payments	10,423,636	10,418,498
Cash and investments for DWR Reserve (Note 1)	1,996,280	1,562,433
Cash and investments for Escrow Deposits	513,000	480,959
Interest receivable	<u>66,588</u>	<u>227,653</u>
Total Restricted Non-Current Assets	<u>12,999,504</u>	<u>12,689,543</u>
Capital Assets (Note 3)		
Capital assets, net of accumulated depreciation	88,421,000	89,735,639
Land, not depreciated	<u>3,178,700</u>	<u>3,178,700</u>
Total Capital Assets	<u>91,599,700</u>	<u>92,914,339</u>
Unamortized bond insurance costs, net	12,308	30,333
Long-term accounts receivable	<u>1,270,283</u>	<u>2,480,119</u>
<b>Total Non-Current Assets</b>	<u>105,881,795</u>	<u>108,114,334</u>
<b>Total Assets</b>	<u>166,733,881</u>	<u>187,325,485</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on refunding	208,496	513,833
Deferred amount from pension plan (Note 6)	1,169,839	1,256,477
Deferred amount from OPEB (Note 7)	<u>170,603</u>	<u>59,449</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,548,938</u>	<u>1,829,759</u>

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

Continued

# STATEMENT OF NET POSITION

## LIABILITIES AND NET POSITION

	June 30, 2020	June 30, 2019
<b>Current Liabilities</b>		
Accounts payable	\$ 341,627	\$ 134,546
Deposits for payment to DWR	33,374,791	53,912,176
Accrued interest payable	246,376	360,876
Deposits for supplemental water purchases	251,334	-
Other liabilities	138,180	91,840
Compensated absences payable	220,612	208,967
Debt due within one year	9,615,000	9,160,000
Project participant deposits and unearned revenue	23,684,675	22,281,499
<b>Total Current Liabilities</b>	<u>67,872,595</u>	<u>86,149,904</u>
<b>Non-Current Liabilities</b>		
Bonds payable, net (Note 5)	10,686,930	21,168,793
OPEB liability (Note 7)	874,907	970,227
Rate coverage reserve fund (Note 1)	9,495,379	9,369,439
DWR reserve fund (Note 1)	1,996,280	1,562,433
Escrow Deposits	513,000	480,959
Net pension liability (Note 6)	3,745,005	3,494,467
<b>Total Non-Current Liabilities</b>	<u>27,311,501</u>	<u>37,046,318</u>
<b>Total Liabilities</b>	<u>95,184,096</u>	<u>123,196,222</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on refunding	108,424	267,207
Deferred amount from pension plan (Note 6)	164,951	146,732
Deferred amount from OPEB (Note 7)	174,140	7,770
<b>Total Deferred Inflows of Resources</b>	<u>447,515</u>	<u>421,709</u>
<b>Net Position</b>		
Net investment in capital assets	73,172,291	66,554,791
Restricted - future payment of debt service	10,423,636	10,418,498
Unrestricted	(10,944,719)	(11,435,976)
<b>Total Net Position</b>	<u>\$ 72,651,208</u>	<u>\$ 65,537,313</u>

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

# STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	For the fiscal year ended	
	June 30, 2020	June 30, 2019
<b>Operating Revenues</b>		
Operating reimbursements from project participants	\$ 18,769,261	\$ 19,284,409
Other revenues	99,030	158,036
<b>Total Operating Revenues</b>	<b>18,868,291</b>	<b>19,442,445</b>
<b>Operating Expenses</b>		
Personnel expenses	5,416,605	4,839,488
Office expenses	16,571	18,517
General and administrative	190,760	213,275
Professional services	509,814	335,847
Supplies and equipment	803,682	1,027,130
Monitoring expenses	97,187	86,218
Repairs and maintenance	263,108	278,452
Utilities	374,049	887,696
Unexpended operating reimbursements (Note 1)	347,332	909,746
Depreciation and amortization	1,659,217	1,299,198
Other expenses	976,071	548,001
<b>Total Operating Expenses</b>	<b>10,654,396</b>	<b>10,443,568</b>
<b>Operating Income</b>	<b>8,213,895</b>	<b>8,998,877</b>
<b>Non-Operating Revenues</b>		
Interest income	1,141,562	1,281,897
<b>Total Non-Operating Revenues</b>	<b>1,141,562</b>	<b>1,281,897</b>
<b>Non-Operating Expenses</b>		
Interest expenses	1,100,000	1,552,500
Interest income paid to project participants	1,141,562	1,168,698
<b>Total Non-Operating Expenses</b>	<b>2,241,562</b>	<b>2,721,198</b>
<b>Change in Net Position</b>	<b>7,113,895</b>	<b>7,559,576</b>
Net position, at beginning of year	65,537,313	57,977,737
Net position, at end of year	\$ <b>72,651,208</b>	\$ <b>65,537,313</b>

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

# STATEMENT OF CASH FLOWS

	For the fiscal year ended	
	June 30, 2020	June 30, 2019
<b>Cash Flows From Operating Activities</b>		
Cash received from project participants and other operating activities	\$ 20,813,716	\$ 21,727,402
Cash payments to employees	(3,269,244)	(3,175,026)
Cash payments to suppliers	<u>(4,861,835)</u>	<u>(5,295,407)</u>
Net cash provided by operating activities	<u>12,682,637</u>	<u>13,256,969</u>
<b>Cash Flows from Investing Activities</b>		
Interest and dividends on investments	<u>1,346,605</u>	<u>1,025,347</u>
Net cash provided by investing activities	<u>1,346,605</u>	<u>1,025,347</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(1,046,862)	(992,965)
Deposits received for encroachment permits	-	800
Payments on encroachment permit projects	-	(1,021)
Interest paid on long-term debt	(1,214,500)	(1,661,500)
Principal payments on long-term debt	<u>(9,160,000)</u>	<u>(8,720,000)</u>
Net cash (used) for capital and related financing activities	<u>(11,421,362)</u>	<u>(11,374,686)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Proceeds received for DWR and Warren Act charges	30,890,014	59,258,808
Payments of DWR and Warren Act charges	(51,427,400)	(49,980,508)
Proceeds received for supplemental water purchases	651,866	59,738
Payments for supplemental water purchases	<u>(624,051)</u>	<u>(1,802,560)</u>
Net cash provided (used) by non-capital financing activities	<u>(20,509,571)</u>	<u>7,535,478</u>
Net increase (decrease) in cash and cash equivalents	(17,901,691)	10,443,108
Cash and cash equivalents, beginning of year	<u>91,334,996</u>	<u>80,891,888</u>
Unrestricted cash and investments	27,190,970	25,163,750
Restricted cash and investments other	513,000	480,959
Restricted cash and investments held for payment to DWR	33,309,419	53,709,356
Restricted cash and investments - DWR Reserve	1,996,280	1,562,433
Restricted cash and investments for debt service payments	<u>10,423,636</u>	<u>10,418,498</u>
Cash and cash equivalents, end of year	<u>\$ 73,433,305</u>	<u>\$ 91,334,996</u>
<b>Cash Flows From Operating Activities</b>		
Operating Income (Note 11)	\$ 8,213,895	\$ 8,998,877
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,659,217	1,299,198
Unexpended operating reimbursements payable to project participants	299,614	909,746
Operating revenues paid from credits and unearned revenue (Note 11)	1,993,143	2,592,040
Increase (decrease) of other assets and liabilities	(5,604)	-
Increase (decrease) in other post-employment liability and deferred items	(40,104)	91,213
Increase (decrease) in net pension liability and deferred items	355,395	(530,365)
Increase (decrease) in accounts payable	<u>207,081</u>	<u>(103,740)</u>
Net cash provided by operating activities	<u>\$ 12,682,637</u>	<u>\$ 13,256,969</u>

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



# STATEMENT OF CASH FLOWS

## Supplemental Disclosures of Cash Flow Information

For the fiscal year ended  
June 30, 2020      June 30, 2019

### Schedule of Non-Cash Capital and Related Financing Activities

The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.

\$	<u>1,586,021</u>	\$	<u>1,039,853</u>
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The Authority disposed of certain property, plant and equipment which were determined to no longer be usable. The aggregate original purchase cost of the assets was disposed.

\$	<u>37,875</u>	\$	<u>416,145</u>
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Difference between cost and fair value of investments held by the Authority at the end of the fiscal year.

\$	<u>(308,243)</u>	\$	<u>(164,490)</u>
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*The notes to the financial statements are an integral part of these statements.*

# Notes to Financial Statements

## Note 1: Summary of Significant Accounting Policies

The accounting policies of the Central Coast Water Authority ("Authority") conform to Generally Accepted Accounting Principles ("GAAP"). 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 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 ("SWP") to certain water purveyors and users in Santa Barbara County.

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

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

Historically, the North County has been an agricultural area but has seen significant urban development in the last

twenty-seven 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 Community Services 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 of water from the SWP. San Luis Obispo County's Table A amount was 25,000 acre-feet per year and Santa Barbara County's Table A amount was 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, thereby leaving 12,214 set aside, or "suspended" as it was determined this amount was in excess of the needs of

# Notes to Financial Statements

the various Santa Barbara County water purveyors. DWR agreed to suspend this water and agreed that the County could reacquire the water at a future date.

CCWA has requested, and DWR has agreed to allow CCWA, through the County, to reacquire the 12,214 acre-feet of suspended contract allotment. CCWA is currently pursuing this option with the County of Santa Barbara.

In 1983, Santa Barbara County entered into a series of Water Supply Retention Agreements ("WSRAs") with local water purveyors and users within Santa Barbara County. These WSRAs initially granted the purveyors and users an option to obtain an assignment of Santa Barbara County's State Water Supply Contract rights and, as of July 1, 1989, actually granted the full assignment of those rights. Thereafter, certain of the local water purveyors and users holding the WSRA rights transferred those rights to the Authority, a newly formed Joint Powers Authority, in consideration for Water Supply Agreements dated August 1, 1991, which provide for the delivery of SWP water by the Authority and the payment of required costs by the transferors. The Authority's obligation to make such payments to 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 position (i.e., fund equity) is segregated into net position 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").

## 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.

# Notes to Financial Statements

As of June 30, 2020, the investment portfolio has a weighted average maturity of 0 days and a yield to maturity of 0.64%

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, 2020 all investments are reported at amortized cost.

## D. Capital Assets

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

Furniture fixtures and equipment	5-10 years
Equipment	10-50 years
Buildings and structures	30-50 years
Underground pipeline	75 years
Land Improvements	15 years

## E. Inventories

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

## F. Deferred Outflows and Inflows of Resources

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

## G. Deposits

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

## H. Operating Reimbursements from Project Participants

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

## I. Unexpended Operating Assessments

Prior to fiscal year 2015/16, it was the Authority's policy to return unexpended fixed and variable operating assessments and interest income to the project participants after the close of each fiscal year. Beginning fiscal year 2015/16 the Authority revised this policy with respect only to the variable operating assessment component. A quarterly true-up process of variable operating costs was implemented to help avoid over and under collections due to changes in water deliveries. For fiscal year 2018/19, the unexpended fixed operating assessments and the investment income earned on the Authority's unrestricted cash balances are recorded as unearned revenue and returned to the project participants as credits. Beginning fiscal year 2018/19, credits for Participants electing to participate in the newly established and voluntary DWR Reserve Fund were transferred to their DWR Reserve Fund balances. Credits for Participants not electing to participate in the DWR Reserve Fund will be applied to their following year's operating assessments. See Note 1, item M for further information on the DWR Reserve Fund.

## 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 statement of net position, 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, 2020.

<u>Project Participant</u>	<u>June 30, 2020</u>
City of Buellton	\$ 274,861
Carpinteria Valley Water District	859,791
City of Guadalupe	191,013
La Cumbre Mutual Water Company	400,354
Montecito Water District	1,493,966
City of Santa Maria	5,166,640
Shandon (SLO County)	15,709
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	632,101
Santa Ynez WCD, ID #1	<u>460,943</u>
Total	<u>\$9,495,378</u>

## M. Department of Water Resources (DWR) Reserve Fund

In March 2019, the Authority adopted the DWR reserve fund policy to provide a mechanism to provide the Authority's project participants with a funding source for payments to the State of California Department of Water Resources ("DWR") when there is a difference between estimates used to prepare the DWR portion of the annual CCWA budget and the actual amounts billed to the Authority by DWR.

Contributions to the DWR Reserve Fund are voluntary with Project Participants electing to participate in the reserve fund notifying the Authority. Funding of each participating Project Participant's share of the DWR Reserve Fund will come from a combination of (1) CCWA Operating Expense budget surpluses, if any (2) Interest earnings on funds held in all other accounts on behalf of the participating Project Participant and (3) excess amounts, if any, from any of the DWR Statement of Charges cost components.

The following table shows a summary of project participant deposits in the DWR reserve fund as of June 30, 2020.

<u>Project Participant</u>	<u>June 30, 2020</u>
City of Buellton	\$ 63,311
City of Guadalupe	38,507
La Cumbre Mutual Water Company	98,577
Morehart Land Company	34,651
City of Santa Barbara	245,951
Raytheon	9,144
City of Santa Maria	1,170,122
Golden State Water Company	44,978
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	146,779
Santa Ynez WCD, ID #1	<u>144,260</u>
Total	<u>\$1,996,280</u>

## N. 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 was provided \$3,578 this 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, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Maximum claims liability	99,747	104,726
Actual claims paid	(58,103)	(63,476)

# Notes to Financial Statements

## O. 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. As a result, actual results may differ from those estimates.

## P. New and Future Accounting Pronouncements

In FY 2019/20 there were no new GASB Pronouncements affecting the Authority's current financial statements.

Future GASB Pronouncements which may affect the Authority's financial statements:

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

Requirements as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately.

Certain requirements are effective for fiscal years beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has not yet determined the impact of this statement on its financial statements.

GASB 96 – Subscription-Based Information Technology Arrangements, effective for periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end

users (governments). Management has not yet determined the impact of this statement on its financial statements.

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance – effective immediately:

The Effective dates of certain provisions are postponed by one year:

Statement No. 84 – now applicable in 6/30/21

Statement No. 88 – now applicable in 6/30/20

Statement No. 89 – now applicable in 6/30/22

Statement No. 90 – now applicable in 6/30/21

Statement No. 91 – now applicable in 6/30/23

Statement No. 92 – now applicable in 6/30/23

Statement No. 93 – now applicable in 6/30/22

Statement No. 87 – now applicable in 6/30/22

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Management has not yet determined the impact of this statement on its financial statements.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Management has not yet determined the impact of this statement on its financial statements.

GASB 93 – Replacement of Interbank Offered Rates, effective for periods beginning after June 15, 2020. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Management has not yet determined the impact of this statement on its financial statements.

GASB 92 – Omnibus 2020, effective for periods beginning after June 15, 2021. See GASB 95 for postponed of effective date. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has not yet determined the impact of this statement on its financial statements.

# Notes to Financial Statements

GASB 91 – Conduit Debt Obligations, effective for periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Management has not yet determined the impact of this statement on its financial statements.

GASB 90 – Majority Equity Interests – an amendment of GASB Statements 14 and 61, effective for periods beginning after December 15, 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Management has not yet determined the impact of this statement on its financial statements.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period, effective for periods beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management has not yet determined the impact of this statement on its financial statements.

GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, effective for periods beginning after June 15, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. Implementation of this Statement did not have a material impact on the Authority's financial statements.

GASB 87 – Leases, effective for periods beginning after June 15, 2021 (FY 6/30/21). See GASB 95 for postponement of effective date. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Management has not yet determined the impact of this statement on its financial statements.

GASB 84 – Fiduciary Activities, effective for periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and

financial reporting purposes and how those activities should be reported. Management has not yet determined the impact of this statement on its financial statements.

GASB 83 – Certain Asset Retirement Obligations, effective for periods beginning after June 15, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Implementation of this Statement did not have a material impact on the Authority's financial statements.

## Q. Net Pension Liability

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

## R. Other Post Employment Benefit ("OPEB") Liability

In measuring the net OPEB liability, deferred outflows and inflows of resources related to the OPEB benefit and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been prepared in accordance with GASB Statement No. 75. The valuation for the fiscal years 2018/19 and 2019/20 was actuarially prepared and was based on the Authorities Plan provisions, participant data and asset information provided by the Authority. As permitted under GASB 75, the total OPEB liability has been calculated using the June 30, 2019 actuarial valuation.

## S. Fair Value Measurements

The Authority's investments are carried at fair value and its fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority used valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair

# Notes to Financial Statements

value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. For fiscal year June 30, 2020 and 2019 the application of valuation techniques applied to the Authority's financial statements has been consistent.

## T. Net Position

GASB Statement No. 34, amended by GASB Statement No. 63, adds the concept of net position, which is measured on the full accrual basis. Net position is the Authority's excess of all of the Authority's assets over all its liabilities. Net position is divided into three categories and are described as follows:

**Net Investment in Capital Assets:** Describes the portion of the net position which is represented by the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance those assets.

**Restricted Net Position:** Describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include debt service requirements.

**Unrestricted Net Position:** Describes the portion of net position which is not restricted to use.

## U. Reclassifications

Certain reclassifications have been made to the prior year financial statements to confirm to the current year presentation.

## Note 2: Cash and Investments

### A. Pooling

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

### B. Demand Deposits

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

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

As of June 30, 2020, the reported amount of the Authority's demand deposits was \$374,080 and the bank balance was \$365,478. The difference of \$8,602 was principally due to checks which had not yet cleared the bank.

As of June 30, 2019, the reported amount of the Authority's demand deposits was \$492,273 and the bank balance was \$575,826. The difference of \$83,553 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").



# Notes to Financial Statements

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 Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in an active market;

Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active; and,

Level 3: Investments reflect prices based upon unobservable sources.

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. LAIF invests in Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall within the top three ratings of a nationally recognized rating service. The State LAIF pool credit quality is unrated and not subject to the fair value hierarchy.

At June 30, 2020, the carrying value of the Authority's position in LAIF was \$62,742,991 and the fair value was \$63,051,234, with an overall average maturity of 191 days.

At June 30, 2019, the carrying value of the Authority's position in LAIF was \$64,829,784 and the fair value was \$64,940,759, with an overall average maturity of 173 days.

The Authority did not hold any U.S. Treasury Notes as of June 30, 2020.

The par value of U.S. Treasury Notes held by the Authority as of June 30, 2019 was \$10,000,000. The net unamortized discounts and premiums associated with these notes of (\$22,307) resulted in a carrying value of \$9,977,694 of the bonds. These notes had a fair value of \$9,986,562 as of June 30, 2019. Fair value in this instance is the value at which the notes held were actively trading on open markets at the date of the financial statements and included in Level 1 of the fair value hierarchy.

## *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

## Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Capital Assets, not depreciated				
Land	\$ 3,178,700	\$ -	\$ -	\$ 3,178,700
Construction-in-process	785,149	1,072,316	(1,611,474)	245,991
Total Capital Assets, not depreciated	<u>3,963,849</u>	<u>1,072,316</u>	<u>(1,611,474)</u>	<u>3,424,691</u>
Depreciable Assets:				
Furniture fixtures and equipment	595,393	282,304	(15,571)	862,126
Lab Equipment	267,902	-	-	267,902
Transportation Equipment	785,795	76,520	-	862,315
Plant Equipment	16,563,961	614,553	-	17,178,514
Pipeline Equipment	11,548,680	550,379	(22,305)	12,076,754
Buildings and structures	48,946,358	-	-	48,946,358
Underground pipeline	59,925,077	-	-	59,925,077
Land improvement	-	62,266	-	62,266
Total depreciable assets	<u>138,633,166</u>	<u>1,586,022</u>	<u>(37,876)</u>	<u>140,181,312</u>
Accumulated Depreciation:				
Furniture fixtures and equipment	(447,324)	(47,230)	15,571	(478,983)
Lab Equipment	(254,345)	(3,320)	-	(257,665)
Transportation Equipment	(693,694)	(56,393)	-	(750,087)
Plant Equipment	(7,652,761)	(364,436)	-	(8,017,197)
Pipeline Equipment	(7,766,350)	(356,258)	22,305	(8,100,303)
Buildings and structures	(15,446,861)	(729,451)	-	(16,176,312)
Underground pipeline	(17,421,341)	(804,067)	-	(18,225,408)
Land Improvement	-	(346)	-	(346)
Total Accumulated Depreciation	<u>(49,682,676)</u>	<u>(2,361,501)</u>	<u>37,876</u>	<u>(52,006,301)</u>
Total Depreciable Capital Assets, net	<u>88,950,490</u>	<u>(775,479)</u>	<u>-</u>	<u>88,175,010</u>
Total Capital Assets, net	<u>\$ 92,914,339</u>	<u>\$ 296,836</u>	<u>\$ (1,611,474)</u>	<u>\$ 91,599,700</u>

# Notes to Financial Statements

Capital asset activity for the fiscal year ended June 30, 2019:

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Capital Assets, not depreciated				
Land	\$ 3,178,700	\$ -	\$ -	\$ 3,178,700
Construction-in-process	834,306	992,965	(1,042,123)	785,148
Total Capital Assets, not depreciated	4,013,006	992,965	(1,042,123)	3,963,848
Depreciable Assets:				
Furniture fixtures and equipment	491,748	103,645	-	595,393
Lab Equipment	267,902	-	-	267,902
Transportation Equipment	719,682	66,112	-	785,794
Plant Equipment	16,420,038	560,068	(416,145)	16,563,961
Pipeline Equipment	11,488,862	59,817	-	11,548,679
Buildings and structures	48,696,149	250,210	-	48,946,359
Underground pipeline	59,925,077	-	-	59,925,077
Land improvement	-	-	-	-
Total depreciable assets	138,009,458	1,039,852	(416,145)	138,633,165
Accumulated Depreciation:				
Furniture fixtures and equipment	(429,202)	(18,122)	-	(447,324)
Lab Equipment	(251,024)	(3,320)	-	(254,344)
Transportation Equipment	(629,206)	(64,488)	-	(693,694)
Plant Equipment	(7,739,052)	(329,853)	416,145	(7,652,760)
Pipeline Equipment	(7,412,650)	(353,700)	-	(7,766,350)
Buildings and structures	(14,730,022)	(716,840)	-	(15,446,862)
Underground pipeline	(16,617,274)	(804,067)	-	(17,421,341)
Land Improvement	-	-	-	-
Total Accumulated Depreciation	(47,808,430)	(2,290,390)	416,145	(49,682,675)
Total Depreciable Capital Assets, net	90,201,028	(1,250,538)	-	88,950,490
Total Capital Assets, net	\$ 94,214,034	\$ (257,573)	\$ (1,042,123)	\$ 92,914,338

# Notes to Financial Statements

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

Beginning in fiscal year 2014/2015, the Authority reported deferred outflows and inflows of resources in connection with its issue of revenue bonds in 2006 & 2016 and pension-related adjustments in accordance with GASB 68, and in fiscal year 2017/2018 began reporting OPEB related adjustments in accordance with GASB 75.

The table below presents the balances of deferred outflows and deferred inflows of resources as of June 30, 2020.

	<u>Deferred Outflows of Resources</u>
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt	\$ 13,195,235
Accumulated Amortization	<u>(12,986,739)</u>
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net	\$ 208,496
Pension-related adjustments	1,169,839
OPEB-related adjustments	<u>170,603</u>
Total Deferred Outflows of Resources, Net	<u>\$ 1,548,938</u>
	<u>Deferred Inflows of Resources</u>
Deferred amount on refunding	\$ 108,424
Pension-related adjustments	164,951
OPEB-related adjustments	<u>174,140</u>
Total Deferred inflows of Resources	<u>\$ 447,515</u>

The table below presents the balances of deferred outflows and deferred inflows of resources as of June 30, 2019.

	<u>Deferred Outflows of Resources</u>
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt	\$ 13,195,235
Accumulated Amortization	<u>(12,681,402)</u>
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net	\$ 513,833
Pension-related adjustments	1,256,477
OPEB-related adjustments	<u>59,449</u>
Total Deferred Outflows of Resources, Net	<u>\$ 1,829,759</u>
	<u>Deferred Inflows of Resources</u>
Deferred amount on refunding	\$ 267,207
Pension-related adjustments	146,732
OPEB-related adjustments	<u>7,770</u>
Total Deferred inflows of Resources	<u>\$ 421,709</u>

# Notes to Financial Statements

## Note 5: Long-Term Debt

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

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

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

The City of Santa Maria, Golden State Water Company, Vandenberg AFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling \$22,562,433 at June 30, 2016 and June 30, 2015 have been accounted for as contributed capital. Under the Water Supply Agreements, each project participant is obligated to make payments to the Authority, with the payments pledged to secure the payment of the principal and interest of the bonds. The 2006 bonds are backed by a municipal bond insurance policy issued by Financial Security Assurance.

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of \$45,470,000, which refunded the outstanding \$59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued for the purpose of reducing the Authority's total debt service payments over the subsequent 5 years by \$5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5.4 million. The Authority also realized the benefits of lower interest rates, which were

issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016. Aggregate savings between the 2006A and 2016A Bond debt service at the time of the refunding is shown below:

Fiscal Year	Refunding Revenue Bond Savings		
	2016A Series Revenue Bond Principal and Interest Due	2006A Series Revenue Bond	Refunding Savings (Costs)
2017 <sup>(1)</sup>	\$ 1,578,819	\$ 1,224,175	\$ (354,644)
2018	9,956,500	11,528,050	1,571,550
2019	10,381,500	11,476,750	1,095,250
2020	10,374,500	11,467,625	1,093,125
2021	10,360,125	11,453,750	1,093,625
2022	10,347,375	11,439,000	1,091,625
Total	\$ 52,998,819	\$ 58,589,350	\$ 5,590,531

(1) Fiscal Year 2017 only reflects the increase cost of interest due to the timing of refunding.

The annual requirements to pay all debt outstanding, as of June 30, 2020, are as follows:

Fiscal Year	Interest	Principal	Total
2021	\$ 745,125	\$ 9,615,000	\$ 10,360,125
2022	252,375	10,095,000	10,347,375
Total	\$ 997,500	\$ 19,710,000	\$ 20,707,500

The 2016A bond outstanding bears interest of 5.00%, with a true interest cost of 1.355%.

In the unlikely event that the Authority defaults on its obligations under the Series 2016A refunding revenue bonds, acceleration protocols exist under the terms of the refunding revenue bond agreement that may accelerate the due date of the entire amount payable for the bonds. Therefore, were a default of payment to occur the debt that is currently classified as non-current may be required to be re-classified as a current obligation.

Project participants are classified as either "Northern Santa Barbara Project Participants" or "Southern Santa Barbara Project Participants" based on their location. In the event that a project participant defaults on their share of the Series 2016A refunding revenue bonds, the share of other participants in their same classification may be increased to cover those participant(s) that have defaulted, provided that such increases for any non-defaulting participant shall not exceed, without its written consent, an accumulated maximum of 25% of its Fixed and Variable Costs for such Year. In the water supply agreement this is referred to as the "Step-up Provision". In the history of the Authority there has never been a situation where implementing the Step-Up Provision was necessary.

# Notes to Financial Statements

The long-term liability activity for the year ended June 30, 2020 is as follows:

	Balance			Balance	
	July 1, 2019	Additions	Reductions	June 30, 2020	
Revenue Bonds:					
Series 2016A Revenue Bonds	\$ 28,870,000	\$ -	\$ (9,160,000)	\$ 19,710,000	
Premium on issuance of 2016 Series A	1,458,793	-	(866,863)	591,930	
Total	30,328,793	-	(10,026,863)	20,301,930	
Less: Current Portion	(9,160,000)	-	(455,000)	(9,615,000)	
Total Bonds Payable, net	21,168,793	-	(10,481,863)	10,686,930	
OPEB Liability	970,227	56,907	(152,227)	874,907	
Rate Coverage Reserve Fund	9,369,439	125,940	-	9,495,379	
DWR Reserve Fund	1,562,433	(1,205)	435,052	1,996,280	
Escrow Deposits	480,959	46,115	(14,074)	513,000	
Net Pension Liability	3,494,467	250,538	-	3,745,005	
Total Non-Current Liabilities	\$ 37,046,318	\$ 478,295	\$ (10,213,112)	\$ 27,311,501	

The long-term liability activity for the year ended June 30, 2019 is as follows:

	Balance			Balance	
	July 1, 2018	Additions	Reductions	June 30, 2019	
Revenue Bonds:					
Series 2016A Revenue Bonds	\$ 37,590,000	\$ -	\$ (8,720,000)	\$ 28,870,000	
Premium on issuance of 2016 Series A	2,682,251	-	(1,223,459)	1,458,792	
Total	40,272,251	-	(9,943,459)	30,328,792	
Less: Current Portion	(8,720,000)	-	(440,000)	(9,160,000)	
Total Bonds Payable, net	31,552,251	-	(10,383,459)	21,168,792	
OPEB Liability	883,831	179,349	(92,953)	970,227	
Rate Coverage Reserve Fund	9,282,179	87,260	-	9,369,439	
DWR Reserve Fund	-	-	1,562,433	1,562,433	
Escrow Deposits	408,675	80,755	(8,472)	480,958	
Net Pension Liability	3,756,159	(261,692)	-	3,494,467	
Total Non-Current Liabilities	\$ 45,883,096	\$ 85,672	\$ (8,922,451)	\$ 37,046,316	

# Notes to Financial Statements

## Note 6: Pension Plan

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

### A. General Information about the Pension Plans

**Plan Description** - All qualified employees and probationary employees are required to participate in the Authority's cost-sharing multiple-employer defined benefit pension plan ("Plan") administered by the California Public Employees' Retirement System ("CalPERS"). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pools. Accordingly, rate plans are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The Authority currently sponsors one miscellaneous rate plan. Benefit provisions under the Plan are established by State statute and the Authority's resolution. Requests for detailed plan provisions and copies of CalPERS' annual financial report can be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA, 94229-2703 or <http://www.calpers.ca.gov>.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic and PEPRAs members with five years of total service are eligible to retire at age 50 or 52 respectively with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Authority Plan	
	Classic Member*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.0%	6.50%
Required employer contribution rates	18.825%	7.250%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The Authority's required contribution for the unfunded liability was \$221,403 in fiscal year 2019/20. The Authority's required contribution for the unfunded liability was \$216,535 in fiscal year 2018/19.

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

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

# Notes to Financial Statements

Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The Authority's contributions to the Plan for the year ended June 30, 2020 were \$658,106.

The Authority's contributions to the Plan for the year ended June 30, 2019 were \$606,354.

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

As of June 30, 2019, the Authority reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)	
	Fiscal Year Ending	
	June 30, 2020	June 30, 2019
Total	\$ 3,745,005	\$ 3,494,467

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Proportionate Share of Net Pension Liability		
	Percentage Share of Plan		Change: Increase (Decrease)
	6/30/2020	6/30/2019	
Measurement Date	6/30/2019	6/30/2018	
Percentage of Plan (PERF C) NPL	0.03655%	0.03626%	0.00029%
Pension Expense for Fiscal Year			2019/20
Total pension expense for fiscal year			\$ 1,013,501

For the year ending June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 260,107	\$ (20,153)
Changes of assumptions	178,579	(63,305)
Net differences between projected and actual earnings on plan investments	-	(65,474)
Change in employer's proportion	39,178	-
Differences between the employer's contributions and the employer's proportionate share of contributions	33,869	(16,019)
Pension contributions subsequent to measurement date	658,106	-
Total	\$ 1,169,839	\$ (164,951)

\$658,106 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Deferred Outflows/Inflows of Resources
2021	\$ 318,203
2022	(16,907)
2023	32,255
2024	13,231
2025	-
Thereafter	-
	\$ 346,782



# Notes to Financial Statements

**Actuarial Assumptions** - For the measurement period ending June 30, 2019, the total pension liabilities were determined from the June 30, 2018 actuarial valuation date. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	Plan
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Inflation	2.50%
Projected salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation (found in the CalPERS CAFR for June 30, 2019 here: <https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>) were based on the results of the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The Experience Study report may be accessed on the CalPERS website at <http://www.calpers.ca.gov> under Forms and Publications.

**Change in Assumptions** – In 2018, demographic assumptions and the inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The Experience Study report may be accessed on the CalPERS website at <http://www.calpers.ca.gov> under Forms and Publications.

**Discount Rate** No changes were made in the discount rate in fiscal year 2019-20 and 2018-19. In Fiscal Year 2016-17, the financial reporting discount rate used by CalPERS was reduced from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board of Administration approved lowering the funding discount rate used from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. The discount rate used in the actuarial valuation reflects the long-term expected rate of return for the plan. Lowering the discount rate means the Authority will see increases in both normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities. These increases will result in higher required employer contributions. In addition, active members hired after January 1, 2013, under the PEPRa may also see their contributions rates rise.

To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, the amortization and smoothing methods adopted by the CalPERS Board in 2013 were used. CalPERS conducted cash flow projections to determine if assets would run out under the assumed discount rate. CalPERS refers to these projections as “crossover tests”. Based on crossover testing of the plan, the tests revealed the assets would not run out. Therefore the 7.15% long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (“PERF”) cash flows. Using historical returns of all the Public Employees Retirement Funds’ asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each

# Notes to Financial Statements

PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate.

Asset Class <sup>(a)</sup>	Assumed	Real Return Years 1–10 <sup>(b)</sup>	Real Return Years 11+ <sup>(c)</sup>
	Target Allocation		
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92)%
Total	100.00%		

<sup>(a)</sup> In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>(b)</sup> An expected inflation of 2.0% used for this period.

<sup>(c)</sup> An expected inflation of 2.92% used for this period.

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

Miscellaneous	Discount	Current	Discount
	Rate – 1%	Rate	Rate + 1%
Plan’s Net Pension Liability/(Asset)	(6.15%)	(7.15%)	(8.15%)
	\$6,287,541	\$3,745,005	\$1,646,322

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

## Note 7: Post-Employment Benefits Other Than Pensions

### A. General Information about OPEB

The Authority provides other post-employment benefits (“OPEB”), to qualified employees who retire within 120 days of separation from employment with the Authority, and are eligible to receive medical services under a plan offered through the California Public Employees’ Medical and Hospital Care Act (“PEMHCA”) at the time of retirement. The CalPERS PEMHCA Plan is a defined contribution, cost sharing multiple-employer defined benefit healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by CalPERS. Copies of the CalPERS annual financial report can be found online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Plan Description - Eligibility:** For full time employees retired prior to September 22, 2016, or retiring with less than 10 years of service with the Authority, the benefit will be the minimum contribution as required by PEMCHA. Vesting will be applied to an enhanced retiree benefit that is provided for employees retired after September 22, 2016, who are at least 62 years of age at retirement and have at least 10 years of service with the Authority. This vesting schedule ranges from 50% to 80% of the retiree premium only and is based on years of CCWA service. The enhanced contribution requirements are established and may be amended by the Board of Directors. Plan information is summarized in the table below:

Plan Information		Fiscal Year End June 30, 2020
Plan Type		Single Employer
OPEB Trust		Yes
Special Funding Situation		No
Non-employer contributing entities		No
Covered Participants as of June 30, 2019 Measurement Date		
In-actives currently receiving benefits		4
In-actives entitled to but not yet receiving benefits		3
Active Employees		29
Total		36

# Notes to Financial Statements

## Applicable Dates and Periods

	Fiscal Year End
	<b>June 30, 2020</b>
Measurement date (MD)	June 30, 2019
Measurement period	July 1, 2018 to June 30, 2019
Actuarial Valuation Date	June 30, 2019

**Actuarial Assumptions** - For the measurement period ending June 30, 2019, the total OPEB liabilities were determined from the June 30, 2019 actuarial valuation date. For the measurement period ended June 30, 2018, the total OPEB liabilities were determined by rolling forward the June 30, 2018 total OPEB liability from the June 30, 2017 actuarial valuation date. The June 30, 2019 total OPEB liability was based on the following actuarial methods and assumptions:

### Significant Actuarial Assumptions used for Total OPEB Liability

Actuarial Assumption	Measurement Date
Actuarial Valuation Date	June 30, 2019
Contribution Policy	Authority Contributes full ADC
Discount Rate and Long Term Expected Rate of Return on Assets	6.50% at June 30, 2019 6.50% at June 30, 2018 Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75%
Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study*
Mortality	CalPERS 1997-2011 Experience Study*
Mortality Improvement	Mortality projected fully generational with scale MP-2019 Aggregate - 3%
Salary Increases	Merit - CalPERS 1997-2015 Experience Study Non-Medicare-7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Medical Trend	Medicare-6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
PEMHCA Minimum Increases	4.25%
Cap Increases	Medical Trend 45% elect single coverage
Active Employee/Spouse Participation at Retirement	35% elect dual coverage (spouses pay full premium, no Authority cash subsidy except for survivors)
Medical Plan at Retirement	Remain in their current plan upon retirement

Changes of Assumptions	Demographic assumptions updated to those from CalPERS 1997-2015 Experience Study* Mortality improvement scale was updated to Scale MP-2019
Changes of benefit terms	None
Events subsequent to June 30, 2019 measurement date and before June 30, 2020	The ACA Excise Tax law was repealed in December 2019. Since that occurred after the 6/30/19 measurement date, the tax is included in the Authority's GASB 75 accounting report for FY 2019/20. If the tax were removed, it would reduce the Authority's June 30, 2019 liability by \$19,000

\*The CalPERS Experience Study reports may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Funding Policy:** PEMHCA determines the amount contributed by the Authority toward retiree health insurance. In January 2020, the minimum required contribution the Authority pays toward the cost of retiree health insurance increased from \$136 per month to \$139 per month, which is the same amount contributed toward active employee health insurance. The balance of the retiree premium, averaging approximately \$255 per month, is paid directly by the retirees to CalPERS. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulations. Beginning in calendar year 2009, the contribution amount increases by the change in the annual consumer price index. During the 2019-20 fiscal year, \$7,124 was recognized for post-retirement health insurance contribution on a pay-as-you-go basis. During the 2018-19 fiscal year \$4,464 was recognized for post-retirement health insurance contribution on a pay-as-you-go basis.

### Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2020, is shown below:

	Net OPEB Liability	
	Fiscal Year Ending	
	6/30/2019	6/30/2020
	Measurement Date 6/30/2018	Measurement Date 6/30/2019
Total OPEB Liability	\$ 1,271,000	\$ 1,248,498
Fiduciary Net Position	300,773	373,591
Net OPEB Liability	\$ 970,227	\$ 874,907
Funded Status	23.7%	29.9%

# Notes to Financial Statements

**Annual OPEB Cost:** For fiscal year ended June 30, 2020, the Authority recorded the OPEB expense as indicated below. This cost is comprised by calculating service cost, interest on the Total OPEB Liability, projected earnings on investments, and any return of assets:

**OPEB Expense for Fiscal Year 2019/20**

Measurement Period 2018/19	
OPEB Expense	\$ 124,287

Deferred Outflows/Inflows	Balances at June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 169,531
Changes of assumptions	6,212	-
Net differences between projected and actual earnings on plan investments*	-	4,609
Employer contributions made subsequent to the measurement date**	164,391	-
<b>Total</b>	<b>\$ 170,603</b>	<b>\$ 174,140</b>

\* Deferred Inflows and Outflows combined for footnote disclosure

\*\* Contributions to trust of \$152,227 plus \$7,344 cash benefits and \$4,741 implied subsidy benefits paid by the Authority

\$164,391 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2021	(23,852)
2022	(23,852)
2023	(21,534)
2024	(21,331)
2025	(21,490)
Thereafter	(55,869)
	<b>\$ (167,928)</b>

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

Changes in Net OPEB Liability during the fiscal year are shown below:

	Changes in the Net OPEB Liability		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/20 (6/30/19 measurement date)	\$ 1,271,000	\$ 300,773	\$ 970,227
Changes for the year:			
Service Cost	81,735	-	81,735
Interest	87,696	-	87,696
Benefit changes	-	-	-
Actual vs. expected exp.	(191,838)	-	(191,838)
Assumption changes	7,029	-	7,029
Contributions-employer *	-	59,449	(59,449)
Contributions-employee	-	-	-
Net investment income**	-	20,816	(20,816)
Benefit payments	(7,124)	(7,124)	-
Administrative Exp.	-	(323)	323
<b>Net Changes</b>	<b>22,502</b>	<b>72,818</b>	<b>(95,320)</b>
Balance at 6/30/20 (6/30/19 measurement date)	\$1,248,498	\$373,591	\$ 874,907

\* Contributions to trust of \$152,227 plus \$7,344 cash benefits paid by the Authority.

\*\* Adjusted for rounding issues

**Sensitivity of the Net OPEB Liability to Changes in the Interest Rate and Healthcare Trend Rate-** The following presents the Authority's net OPEB liability for the Plan, illustrating sensitivity based on changes in the discount rate and changes in the Healthcare Trend Rate:

	Changes in the Discount Rate		
	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$1,087,749	\$ 874,907	\$ 702,801

# Notes to Financial Statements

## Changes in the Healthcare Trend Rate

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 672,960	\$ 874,907	\$1,131,253

## Expected Long-Term Rate of Return

Asset Class Component	Portfolio Weight * ICMA-RC	Expected Real Rate of Return
US Short Duration Govt/Credit	10.50%	1.26%
US Aggregate Bonds	19.99%	1.47%
TIPS	3.76%	1.29%
US High Yield Bonds	5.00%	3.60%
US Large Cap	45.06%	4.36%
US Mid Cap	2.05%	4.86%
US Small Cap	0.79%	5.18%
Int'l Equity – Developed	10.54%	4.60%
Int'l Equity – Emerging Markets	2.31%	5.58%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return**		6.50%

\* For VT II Model Portfolio Moderate Fund  
\*\* Rounded

time, however all water in the 2016 AVEK exchange must be returned no later than December 31, 2026.

The Authority entered into a water exchange agreement (SWPAO# 18-016) in June 2018 with the Mojave Water Agency (“MWA”) on behalf of certain project participants for a total of up to 5,633 acre-feet (“AF”) of water at the cost of \$320 per AF plus administrative costs. This exchange was an unbalanced 4:1 exchange requiring return of 1,409 AF, with participants responsible for the transportation charges for returning the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water returned to MWA, and are estimated to be \$250 per AF. As of June 30, 2020 a balance remains of 193 AF of water to be returned. Estimated transportation costs for that water are \$48,250. Actual timing of the return is not known at this time, however all water in this exchange must be returned by December 31, 2028.

The Authority entered into a water exchange agreement (SWPAO# 20-004) in March 2020 with the Mojave Water Agency (“MWA”) on behalf of certain project participants for a total of up to 1,000 acre-feet (“AF”) of water at the cost of \$320 per AF plus administrative costs. Only one participant took part in the agreement for a total of 400 AF of water. This exchange was an unbalanced 4:1 exchange requiring return of 100 AF, with the participant responsible for the transportation charges for returning the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water returned to MWA, and are estimated to be \$250 per AF. As of June 30, 2020 80 AF of water was taken, incurring a liability of 20 AF to be returned. Estimated transportation costs for that water are \$5,000. The additional 320 AF of exchange is expected to be completed by the end of the 2020 calendar year. Actual timing of the return is not known at this time, however all water in this exchange must be returned by December 31, 2028.

The Authority leases equipment under non-cancelable operating leases. Lease payments made in FY 2019/20 totaled \$7,505 with future scheduled lease payments as of June 30, 2020 of \$8,097, resulting in total scheduled lease payments of \$15,602.

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

## Note 8: Commitments and Uncertainties

The Authority entered into a water exchange agreement (SWPAO# 15-005) with Antelope Valley-East Kern Water Agency (“AVEK”) in 2015 on behalf of certain project participants for a total of 9,600 acre-feet (AF) of water. This exchange was an even 1:1 exchange with participants responsible for the transportation charges for returning the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water returned to AVEK, and are estimated to be \$250 per AF. As of June 2020, 7,100 AF had been returned, leaving a balance of 2,500 AF to be returned in the future. Estimated transportation costs for that water are \$625,000. Actual costs and timing of the return are not known at this time, however all water in this exchange must be returned by December 31, 2025.

The Authority entered into an additional exchange agreement (SWPAO# 16-017) with AVEK in 2016 on behalf of certain project participants to allow for delivery of 10,000 AF of water. That agreement was an unbalanced 2:1 exchange requiring return of 5,000 AF, with no obligation to pay transportation charges. As of June 2020, a total of 3,000 AF has been returned, leaving a balance of 2,000 to be returned. Actual timing of the return is not known at this

# Notes to Financial Statements

has been incurred and an amount is reasonably estimable. For the periods ending June 30, 2020 and June 30, 2019, the Authority estimates no liability for claims or judgments.

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

## Note 9: Joint Powers Insurance Authority

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

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

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

## Note 10: Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code

Section 457. Under the terms of this plan, in calendar year 2020 these limits were raised to up to one hundred percent of salary or \$19,500 per year, whichever is less. Additionally, employees over the age of 50 are permitted to defer up to an additional \$6,500 per year for those years in which they did not fully contribute the annual maximum prior to age 50.

In calendar year 2019 these limits were up to one hundred percent of salary or \$19,000 per year, whichever is less. Additionally, employees over the age of 50 were permitted to defer up to an additional \$6,000 per year for those years in which they did not fully contribute the annual maximum prior to age 50.

## Note 11: COVID-19 Pandemic

As noted in the Management’s Discussion and Analysis, the Authority has been impacted by the recent COVID-19 pandemic. Due to uncertainty surrounding the pandemic, the length and severity of the outbreak, and the volatility in the world investment markets, there is uncertainty as to how these events will affect results of operations and investment returns going forward.

## Note 12: Subsequent Events

Events subsequent to June 30, 2020, have been evaluated through December 14, 2020, which is the date the financial statements were available to be issued. Management did not identify any subsequent events for the year ending June 30, 2020 that required disclosure

# Required Supplementary Information

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY SIX YEAR REVIEW <sup>1</sup>

As of June 30, 2020

	Fiscal Year End					
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	6/30/2019	6/30/2018	06/30/2017	06/30/2017	06/30/2015	06/30/2014
Authority's Proportion of the Net Pension Liability	0.036550%	0.036260%	0.037875%	0.038348%	0.037178%	0.040196%
Authority's Proportionate Share of the Net Pension Liability	\$3,745,005	\$3,494,467	\$3,756,159	\$3,318,324	\$2,551,875	\$2,501,206
Authority's covered Payroll	3,014,603	2,980,919	2,835,039	2,771,667	2,713,663	2,860,537
Authority's Proportionate Share of the net pension liability as percentage of covered payroll	124.23%	117.23%	132.49%	119.72%	94.04%	87.44%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.28%

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in the future fiscal years until 10 years of data is presented.

## SCHEDULE OF PENSION PLAN CONTRIBUTIONS - SIX YEAR REVIEW <sup>1</sup>

As of June 30, 2020

Miscellaneous Plan	2019-20 <sup>1</sup>	2018-19 <sup>1</sup>	2017-18 <sup>1</sup>	2016-17 <sup>1</sup>	2015-16 <sup>1</sup>	2014-15 <sup>1</sup>
Actuarial determined contributions (ADC)	\$ 533,106	\$ 481,354	\$ 444,625	\$ 423,429	\$ 395,321	\$ 392,033
Contributions in relation to the actuarially determined contribution <sup>2</sup>	(658,106)	(606,354)	(569,625)	(548,429)	(395,321)	(392,033)
Contribution deficiency (excess)	\$ (125,000)	\$ (125,000)	\$ (125,000)	\$ (125,000)	\$ -	\$ -
Authority's covered payroll <sup>3,4</sup>	\$ 3,088,204	\$ 3,014,603	\$ 2,980,919	\$ 2,835,039	\$ 2,771,667	\$ 2,713,663
Contributions as a percentage of covered payroll <sup>3</sup>	21.31%	20.11%	19.11%	19.34%	14.26%	14.45%

<sup>1</sup> This is a 10-year schedule. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total covered earnings, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.

<sup>4</sup> Fiscal Payroll from prior year was assumed to increase by the 3.00% payroll growth assumption

# Required Supplementary Information

## SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS - THREE YEAR REVIEW <sup>1</sup>

As of June 30, 2020

	2019-20 <sup>1</sup>	2018-19 <sup>1</sup>	2017-18 <sup>1</sup>
Actuarial determined contributions (ADC)	\$ 156,800	\$ 152,227	\$ 147,785
Contributions in relation to the actuarially determined contribution <sup>2</sup>	(164,391)	(59,449)	(53,122)
Contribution deficiency (surplus)	\$ (7,591)	\$ 92,778	\$ 94,663
Authority's covered payroll <sup>3</sup>	\$ 3,335,171	\$ 3,224,398	\$ 3,273,043
Contributions as a percentage of covered payroll	4.9%	1.8%	1.6%

<sup>1</sup> This is a 10-year schedule. Information in this schedule is not available prior to 2017/18. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

<sup>2</sup> Actual Fiscal Year contribution

<sup>3</sup> For the 12 month period ending on June 30 (fiscal year end)

### Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	18-year fixed period for 2019/20
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.50%
General Inflation	2.75%
Medical Trend	<u>Non-Medicare</u> - 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years <u>Medicare</u> - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality Improvement Society of Actuaries Scale MP-2019 Demographic assumptions updated to those from CalPERS 1997-2015 Experience Study
Changes in Assumptions	Mortality improvement scale was updated to Scale MP-2019
Changes of Benefit Terms	None
Events Subsequent to June 30, 2019 measurement date and before June 30, 2020	The ACA Excise Tax law was repealed in December 2019. Since that occurred after the 6/30/19 measurement date, the tax is included in the Authority's GASB 75 accounting report for FY 2019/20. If the tax were removed, it would reduce the Authority's June 30, 2019 liability by \$19,000.



# Required Supplementary Information

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - THREE YEAR REVIEW <sup>1</sup>  
AND RELATED RATIOS  
As of June 30, 2020

	2019/20 Measurement Period 2018/19	2018/19 Measurement Period 2017/18	2017/18 Measurement Period 2016/17
<b>Changes in Total OPEB Liability</b>			
Service Cost	\$ 81,735	\$ 79,354	\$ 77,043
Interest	87,696	77,709	68,416
Actual vs. Expected Experience	(191,838)	-	-
Assumption Changes	7,029	-	-
Benefit Payments	(7,124)	(4,464)	(5,123)
Changes of benefit terms	-	-	-
Net Changes	\$ (22,502)	\$ 152,599	\$ 140,336
Total OPEB Liability (beginning of year)	1,271,000	1,118,401	978,065
Total OPEB Liability (end of year)	1,248,498	1,271,000	1,118,401
<b>Changes in Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 59,449	\$ 53,122	\$ 43,201
Contributions - employee	-	-	-
Net Investment income	20,816	17,801	24,237
Benefit payments	(7,124)	(4,464)	(5,123)
Administrative Expenses	(323)	(256)	(122)
Other Changes	-	-	-
Net Changes	72,818	66,203	62,193
Plan Fiduciary Net Position (beginning of year)	300,773	234,570	172,377
Plan Fiduciary Net Position (end of year)	\$ 373,591	\$ 300,773	\$ 234,570
Net OPEB Liability	\$ 874,907	\$ 970,227	\$ 883,831
Fiduciary Net Position as a percentage of Total OPEB Liability	29.9%	23.7%	21.0%
Covered Payroll <sup>2</sup>	3,224,398	3,273,043	3,194,536
Net OPEB Liability as a percentage of covered payroll	27.1%	29.6%	27.7%

<sup>1</sup> This is a 10-year schedule. Information in this schedule is not available prior to 2017/18. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

<sup>2</sup> For the 12-month period ending on the Measurement Date



# STATISTICAL SECTION



## STATISTICAL SECTION NARRATIVE SUMMARY

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

### Financial Trends

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

### Debt Capacity

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

### Economic and Demographic Information

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

### Operating Information

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

TABLE 1

## General Governmental Revenues by Source

Fiscal Year	Operating Assessments <sup>1</sup>	Debt Service Assessments	Other Revenues	Interest Income	Total Revenues
2010/11	\$ 7,100,093	\$ 10,828,491	\$ 105,552	\$ 236,522	\$ 18,270,658
2011/12	7,056,434	10,751,690	64,258	166,276	18,038,658
2012/13	7,504,558	10,758,676	125,443	139,554	18,528,231
2013/14	8,642,389	10,669,540	329,292	120,693	19,761,914
2014/15	9,100,035	10,620,321	146,713	118,755	19,985,824
2015/16	8,702,151	10,560,476	108,915	176,276	19,547,818
2016/17	9,667,165	10,857,086	307,089	328,130	21,159,470
2017/18	9,901,333	8,966,976	157,546	635,825	19,661,680
2018/19	9,997,429	9,286,980	158,036	1,281,897	20,724,342
2019/20	9,544,645	9,224,616	99,030	1,141,562	20,009,853

Source: Central Coast Water Authority

<sup>1</sup> Operating Assessments exclude year-end credits for unexpended operating reimbursements.

### Total Revenue Comparison

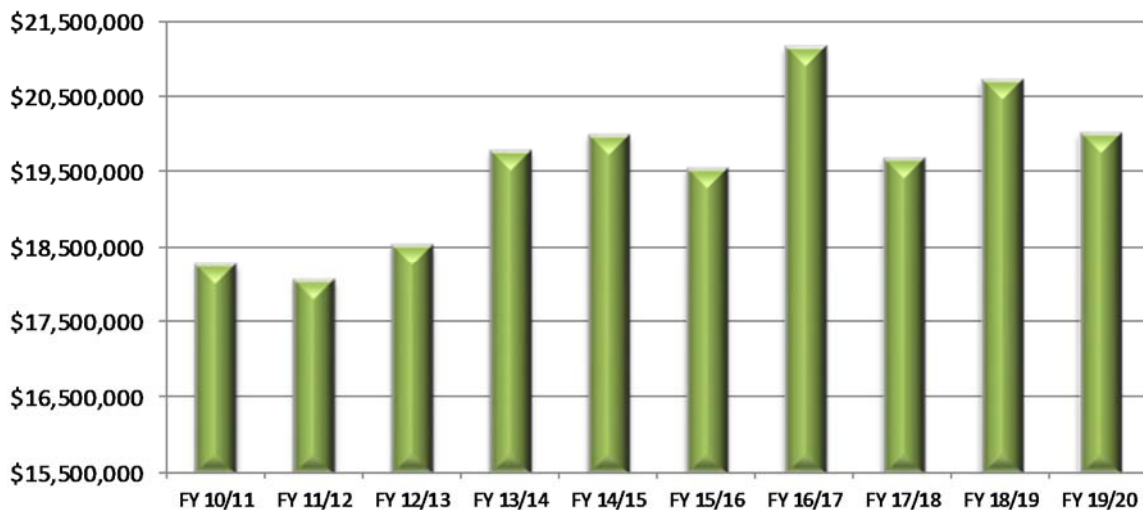


TABLE 2

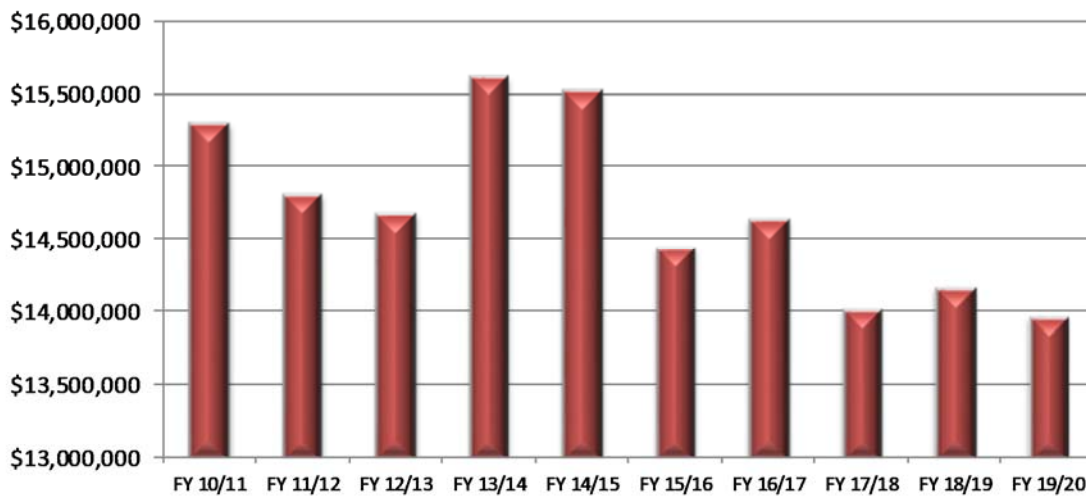
## General Governmental Expenses by Function

Fiscal Year	Operating Expenses <sup>1</sup>	Capital Improvements	Interest Expense	Interest paid to Participants <sup>1</sup>	Total Expenses
2010/11	\$ 10,058,131	\$ 180,428	\$ 4,818,276	\$ 236,432	\$ 15,293,267
2011/12	9,786,406	365,801	4,490,322	165,476	14,808,005
2012/13	9,908,687	459,637	4,169,532	139,500	14,677,356
2013/14	10,937,701	749,170	3,805,662	120,693	15,613,226
2014/15	11,671,645	314,087	3,409,975	118,755	15,514,462
2015/16	10,633,214	629,440	2,994,662	176,276	14,433,592
2016/17	11,205,868	254,360	2,869,594	301,630	14,631,452
2017/18	10,591,135	811,276	1,978,000	635,927	14,016,338
2018/19	10,443,568	992,965	1,552,500	1,168,698	14,157,731
2019/20	10,654,396	1,072,316	1,100,000	1,141,562	13,968,274

Source: Central Coast Water Authority

<sup>1</sup> Operating Expenses include year-end credits for unexpended operating reimbursements, and interest credits paid to project participants are shown on a separate line.

### Total Expenditures Comparison



# Statistical Section

TABLE 3

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

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Net position, at beginning of year	\$ 22,020,369	\$ 25,026,753	\$ 28,570,625	\$ 32,843,775	\$ 37,640,493
Operating revenues	18,018,693	17,872,382	18,383,991	19,641,221	19,831,984
<b>Operating Expenses</b>					
Operating expenses	6,006,570	5,855,361	6,451,537	7,261,549	7,805,038
Depreciation and amortization	3,053,027	2,980,787	2,770,306	2,715,546	2,710,711
Unexpended operating reimbursements	998,534	950,258	686,844	960,606	1,155,896
Total operating expenses	10,058,131	9,786,406	9,908,687	10,937,701	11,671,645
Operating Income	7,960,562	8,085,976	8,475,304	8,703,520	8,160,339
<b>Non-operating revenues</b>					
Interest income and miscellaneous	251,965	166,276	144,240	120,693	153,840
<b>Non-Operating Expenses</b>					
Interest expense	4,818,276	4,490,322	4,169,532	3,805,662	3,409,975
Bond issuance expenses	-	-	-	-	-
Interest income to project participants	236,432	165,476	139,500	120,693	118,755
Other expenses	151,435	52,582	37,362	101,140	88,164
Total non-operating expenses	5,206,143	4,708,380	4,346,394	4,027,495	3,616,894
Increase in Net Position	3,006,384	3,543,872	4,273,150	4,796,718	4,697,285
Refund of capital contributions	-	-	-	-	-
Restatement of net position	-	-	-	-	(2,643,043)
Net position, at end of year	25,026,753	28,570,625	32,843,775	37,640,493	39,694,735
Net investment in capital assets	19,447,578	23,467,011	28,134,152	33,258,360	38,420,586
Restricted - capital projects	-	-	-	-	-
Restricted - debt service	11,545,053	11,597,425	11,540,588	11,537,581	11,522,948
Unrestricted	(5,965,878)	(6,493,811)	(6,830,965)	(7,155,448)	(10,248,799)
<b>Total Net Position</b>	<b>\$ 25,026,753</b>	<b>\$ 28,570,625</b>	<b>\$ 32,843,775</b>	<b>\$ 37,640,493</b>	<b>\$ 39,694,735</b>

Continued

# Statistical Section

TABLE 3 (continued)

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

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Net position, at beginning of year	\$ 39,694,735	\$ 45,427,613	\$ 51,605,680	\$ 57,977,737	\$ 65,537,313
Operating revenues	19,334,566	20,825,040	19,025,855	19,442,445	18,868,291
<b>Operating Expenses</b>					
Operating expenses	7,592,444	9,448,706	8,858,438	8,234,624	8,647,847
Depreciation and amortization	2,710,417	1,027,928	1,061,706	1,299,198	1,659,217
Unexpended operating reimbursements	330,353	729,234	670,991	909,746	347,332
Total operating expenses	10,633,214	11,205,868	10,591,135	10,443,568	10,654,396
Operating Income	8,701,352	9,619,172	8,434,720	8,998,877	8,213,895
<b>Non-operating revenues</b>					
Interest income and miscellaneous	213,252	334,430	635,825	1,281,897	1,141,562
<b>Non-Operating Expenses</b>					
Interest expense	2,994,662	2,869,594	1,978,000	1,552,500	1,100,000
Bond issuance expenses	-	576,155	-	-	-
Interest income to project participants	176,276	301,630	635,927	1,168,698	1,141,562
Other expenses	10,788	28,156	84,561	-	-
Total non-operating expenses	3,181,726	3,775,535	2,698,488	2,721,198	2,241,562
Increase in Net Position	5,732,878	6,178,067	6,372,057	7,559,576	7,113,895
Refund of capital contributions	-	-	-	-	-
Restatement of net position	-	-	-	-	-
Net position, at end of year	45,427,613	51,605,680	57,977,737	65,537,313	72,651,208
Net investment in capital assets	44,108,951	55,164,579	60,312,509	66,554,791	73,172,291
Restricted - capital projects	-	-	-	-	-
Restricted - debt service	11,513,337	9,978,731	10,411,593	10,418,498	10,423,636
Unrestricted	(10,194,675)	(13,537,630)	(12,746,365)	(11,435,976)	(10,944,719)
<b>Total Net Position</b>	<b>\$ 45,427,613</b>	<b>\$ 51,605,680</b>	<b>\$ 57,977,737</b>	<b>\$ 65,537,313</b>	<b>\$ 72,651,208</b>



# Statistical Section

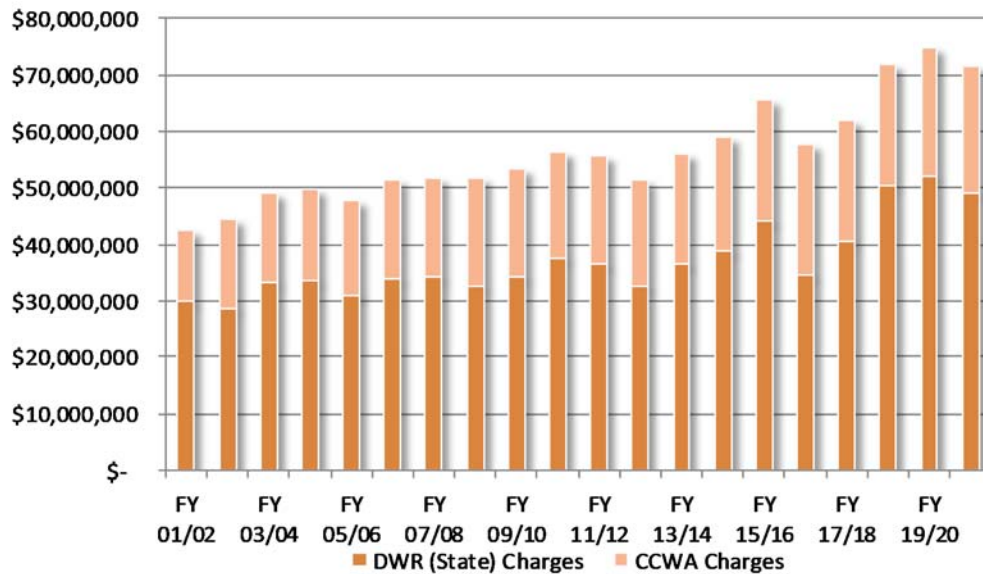
TABLE 4

## Fiscal Year Gross Budget History (Excludes Credits)

Fiscal Year	CCWA Charges	DWR (State) Charges	Total	Increase (Decrease)	Percentage Change
FY 01/02	\$ 12,732,473	\$ 29,872,420	\$ 42,604,893	\$ 1,573,801	4%
FY 02/03	15,923,396	28,667,780	44,591,176	1,986,283	5%
FY 03/04	15,826,610	33,290,820	49,117,430	4,526,254	10%
FY 04/05	16,309,830	33,576,516	49,886,346	768,916	2%
FY 05/06	16,898,682	30,918,963	47,817,645	(2,068,701)	-4%
FY 06/07	17,665,638	33,887,106	51,552,744	3,735,099	8%
FY 07/08	17,368,381	34,383,152	51,751,533	198,789	0%
FY 08/09	18,866,218	32,712,348	51,578,566	(172,967)	0%
FY 09/10	19,113,716	34,400,137	53,513,853	1,935,287	4%
FY 10/11	18,542,903	37,656,903	56,199,806	2,685,953	5%
FY 11/12	19,000,056	36,704,353	55,704,409	(495,397)	-1%
FY 12/13	18,871,714	32,473,910	51,345,624	(4,358,785)	-8%
FY 13/14	19,303,293	36,720,999	56,024,292	4,678,668	9%
FY 14/15	19,905,931	38,928,105	58,834,036	2,809,744	5%
FY 15/16	21,408,675	44,258,987	65,667,662	6,833,626	12%
FY 16/17	22,991,413	34,730,498	57,721,911	(7,945,751)	-12%
FY 17/18	21,280,493	40,494,796	61,775,289	4,053,378	7%
FY 18/19	21,485,218	50,494,069	71,979,287	10,203,998	17%
FY 19/20	22,618,488	52,066,151	74,684,639	2,705,353	4%
FY 20/21	22,317,186	49,225,756	71,542,942	(3,141,697)	-4%

Note: Excludes CCWA credits.

CCWA Gross Budget by Fiscal Year



# Statistical Section

TABLE 5

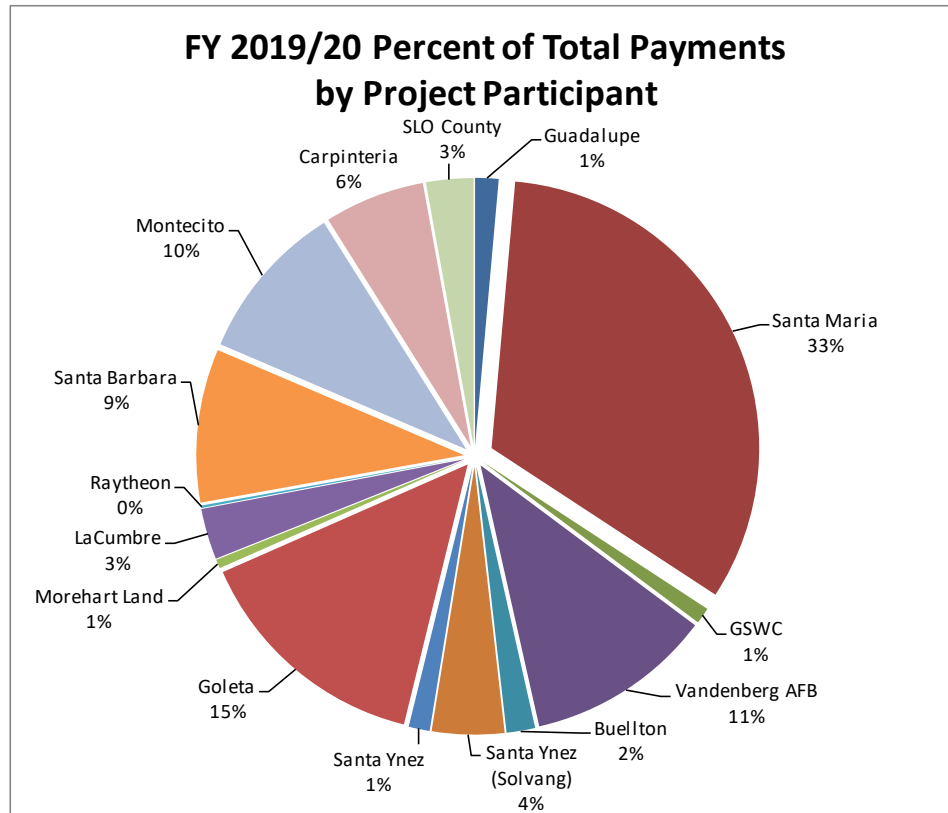
FY 2019/20 Total Payments by Project Participant

Project Participant	FY 2019/20 Operating Expenses <sup>(1)</sup>	FY 2019/20 Debt Service Payments	FY 2019/20 DWR Costs	FY 2019/20 Warren Act Charges <sup>(2)</sup>	FY 2019/20 CCWA Credits	FY 2019/20 Total Payments
Guadalupe	\$ 132,917	\$ 146,858	686,928	\$ -	\$ 174	\$ 966,877
Santa Maria	3,894,994	-	20,260,937	-	-	24,155,931
Golden State Water Co.	124,260	-	606,281	-	-	730,541
Vandenberg AFB	1,432,512	-	6,981,925	-	-	8,414,437
Buellton	164,208	260,199	722,916	-	-	1,147,323
Santa Ynez (Solvang)	447,825	798,844	1,876,155	-	-	3,122,824
Santa Ynez	510,984	300,009	637,193	-	(261,411)	1,186,775
Goleta	768,933	2,518,936	6,085,819	42,291	(18,902)	9,397,077
Morehart Land	37,403	115,689	245,104	1,325	-	399,521
La Cumbre	234,453	553,514	1,253,025	9,827	-	2,050,819
Raytheon	10,458	24,218	66,403	280	-	101,359
Santa Barbara	512,489	1,548,469	4,168,197	24,822	-	6,253,977
Montecito	512,489	1,819,845	3,703,197	28,568	(152,640)	5,911,459
Carpinteria	341,797	1,040,450	2,486,870	17,784	(8,328)	3,878,572
Shandon	12,684	11,685	N/A	-	358	24,727
Chorro Valley	313,891	930,838	N/A	-	(28,147)	1,216,582
Lopez	352,526	240,695	N/A	-	(17,769)	575,452
<b>TOTAL:</b>	<b>\$ 9,804,823</b>	<b>\$ 10,310,249</b>	<b>\$ 49,780,950</b>	<b>\$ 124,897</b>	<b>\$ (486,665)</b>	<b>\$ 69,534,254</b>

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

(2) Adjusted for Santa Ynez Exchange Agreement Modifications.

This schedule represents the budgeted amounts plus the increase or decrease in charges for certain participants due to changes in delivery requests which were not included in the original fiscal year 2019/20 budget.



# Statistical Section

TABLE 6

## Ratio of Outstanding Debt by Type For Total Bonded Debt to Total Expenses

Fiscal Year	Bond Issue	Principal	Interest <sup>(1)</sup>	Total Debt Service	Total Expenses	Ratio of Debt Service to Total Expenses
2010/11	2006 Bonds	\$ 6,695,000	\$ 4,885,226	\$ 11,580,226	\$ 15,405,833	75.17%
2011/12	2006 Bonds	6,960,000	4,577,326	11,537,326	14,912,912	77.36%
2012/13	2006 Bonds	7,335,000	4,247,463	11,582,463	14,677,356	78.91%
2013/14	2006 Bonds	7,625,000	3,900,975	11,525,975	15,613,226	73.82%
2014/15	2006 Bonds	8,010,000	3,510,100	11,520,100	15,514,462	74.25%
2015/16	2006 Bonds	8,405,000	3,099,725	11,504,725	14,433,592	79.71%
2016/17	06 & 16 Bonds	8,825,000	3,023,619	11,848,619	13,963,559	84.85%
2017/18	2016 Bonds	7,880,000	2,076,500	9,956,500	14,016,338	71.03%
2018/19	2016 Bonds	8,720,000	1,661,500	10,381,500	14,157,731	73.33%
2019/20	2016 Bonds	9,160,000	1,214,500	10,374,500	13,968,274	74.27%

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

Source: Central Coast Water Authority

### Ratio of Debt Service to Total Expenses

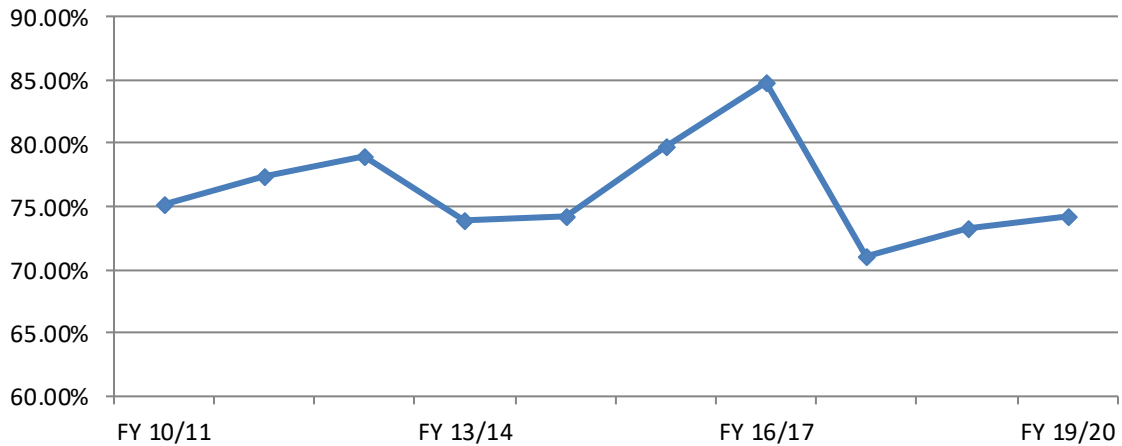


TABLE 7  
*Selected Demographic Information*  
*Santa Barbara County*

Santa Barbara County is located on the Pacific coast of the southern portion of the U.S. state of California, just west of Ventura County. The estimated total population of the County as of August 2020 was 451,840 according to the Santa Barbara County 2019/20 CAFR. The county seat is Santa Barbara and the largest city is Santa Maria.

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

The County has a total area of 2,737 square miles and four of the Channel Islands – San Miguel Island, Anacapa Island, Santa Cruz Island and Santa Rosa Island – are in Santa Barbara County. They form the largest part of the Channel Islands National Park.

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

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

**TABLE 8**  
**Miscellaneous Statistical Information**

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	30.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
Number of water storage tanks	7
Number of turnouts	10

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

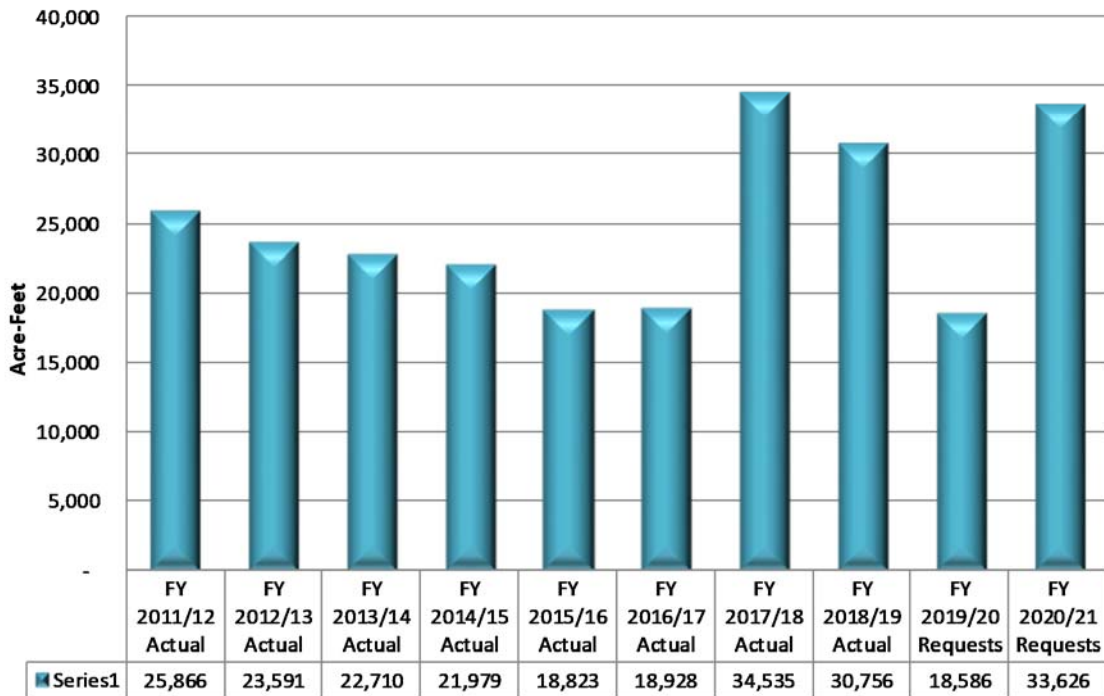
# Statistical Section

TABLE 9

FY 2019/20 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Shandon Turnout (SLO County)	6	N/A	6
Lopez Turnout (SLO County)	845	N/A	845
Chorro Valley Turnout (SLO County)	1,890	N/A	1,890
City of Guadalupe	455	N/A	455
City of Santa Maria	8,316	N/A	8,316
Golden State Water Company	254	N/A	254
Vandenberg Air Force Base	2,820	N/A	2,820
City of Buellton	289	N/A	289
Santa Ynez ID #1 (City of Solvang)	799	N/A	799
Santa Ynez ID #1	328	2,137	2,465
Goleta Water District	769	(769)	-
Morehart Land Company	17	N/A	17
La Cumbre Mutual Water Company	418	N/A	418
Raytheon Systems Company	12	N/A	12
City of Santa Barbara	513	(513)	-
Montecito Water District	513	(513)	-
Carpinteria Valley Water District	342	(342)	-
<b>TOTAL:</b>	<b>18,586</b>	<b>-</b>	<b>18,586</b>

Historical Water Deliveries (Acre-Feet)

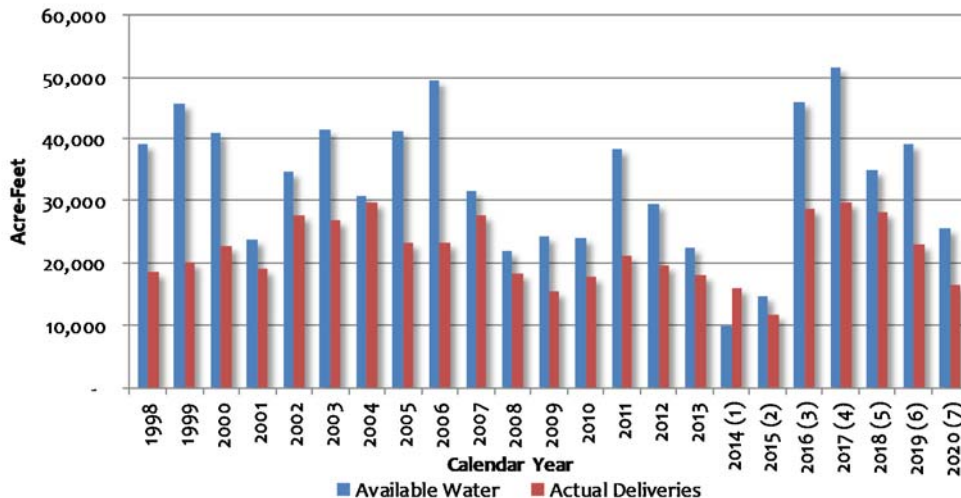


# Statistical Section

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

Calendar Year	(Acre-Feet)		
	Available Water	Actual Deliveries	Total CCWA Actual Costs
1998	38,986	18,618	\$ 36,225,479
1999	45,486	20,137	24,898,645
2000	40,937	22,741	50,707,485
2001	23,734	18,945	39,445,139
2002	34,715	27,600	37,237,621
2003	41,476	26,970	43,929,781
2004	30,793	29,705	44,152,940
2005	41,092	23,343	43,750,040
2006	49,506	23,275	47,067,848
2007	31,516	27,740	45,660,843
2008	22,036	18,391	46,236,486
2009	24,162	15,452	48,521,830
2010	24,033	17,775	50,707,485
2011	38,389	21,050	51,876,819
2012	29,566	19,474	45,904,819
2013	22,430	18,018	54,450,977
2014 <sup>(1)</sup>	9,955	15,942	59,621,280
2015 <sup>(2)</sup>	14,691	11,673	67,372,895
2016 <sup>(3)</sup>	45,774	28,807	53,704,188
2017 <sup>(4)</sup>	51,622	29,696	61,352,586
2018 <sup>(5)</sup>	34,883	28,165	76,476,705
2019 <sup>(6)</sup>	39,195	22,959	74,197,973
2020 <sup>(7)</sup>	25,470	16,353	72,644,178
<b>Total:</b>	<b>760,447</b>	<b>502,829</b>	<b>\$ 1,176,144,042</b>
<b>Avg. Cost per Acre-foot:</b>	<b>\$ 1,547</b>	<b>\$ 2,339</b>	
<b>Percent of Table A:</b>	<b>75.99%</b>	<b>50.25%</b>	

- (1) 2014 amounts include CCWA Supplemental Water Purchase Program costs of \$4.2 million for 5,909 AF.
- (2) 2015 amounts include CCWA Supplemental Water Purchase Program costs of \$4.8 million for 9,600 AF.
- (3) 2016 amounts include CCWA Supplemental Water Purchase Program costs of \$2.9 million for 11,500 AF.
- (4) No requests were made for CCWA Supplemental Water Purchase Program (SWPP) in 2017.
- (5) 2018 amounts include CCWA Supplemental Water Purchase Program costs of \$1.8 million for 5,633 AF.
- (6) No requests were made for CCWA Supplemental Water Purchase Program (SWPP) in 2019.
- (7) 2020 amounts are estimates. No requests were made for CCWA Supplemental Water Purchase Program (SWPP) in 2020.



# Statistical Section

TABLE 11

## Schedule of Insurance Valued June 30, 2020

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
Alliant Insurance Services	7-1-19 to 7-1-20	Excess Crime Coverage	\$ 7,000,000	Dishonesty, faithful performance, forgery, computer fraud, pension plans including ERISA
ACWA Joint Powers Insurance Authority	7-1-19 to 7-1-20	Crime Coverage	\$ 100,000	Public employee theft, depositors forgery or alterations, computer and funds transfer fraud
ACWA Joint Powers Insurance Authority	7-1-19 to 7-1-20	Property Insurance	\$ 81,373,710	Buildings (\$33,373,056); Personal property (\$1,589,361); Fixed Equipment (\$46,411,294)
ACWA Joint Powers Insurance Authority	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability JPIA pooled layer
Safety National Casualty Corporation	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy
Great American Insurance Company/ Markel Global Reinsurance Co (50/50 quota share)	10-1-19 to 10-1-20	General and Auto Liability	\$ 10,000,000	Liability umbrella policy
Everest Reinsurance Co.	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy
Lloyd's of London Brit Scion	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy
Great American E&S Ins Co	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy
Allied World National Assurance Co	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy
Illinois Union Ins Co	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy
Hallmark Specialty Ins Co	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy
General Security Indemnity Company of Arizona	10-1-19 to 10-1-20	General and Auto Liability	\$ 5,000,000	Liability umbrella policy



TABLE 12

## Full-time Equivalent Employees by Position

Position Title	Number Authorized FY 2017/18	Number Authorized FY 2018/19	Number Authorized FY 2019/20	Change Over FY 2017/18	Change Over FY 2018/19
Executive Director	1.00	1.00	1.00	-	-
Deputy Director of Operations	1.00	1.00	1.00	-	-
Safety & Environmental Specialist	1.00	1.00	1.00	-	-
Controller	1.00	1.00	1.00	-	-
Senior Accountant	-	-	1.00	1.00	1.00
Deputy Controller	1.00	1.00	-	(1.00)	(1.00)
Office Manager	1.00	1.00	1.00	-	-
Accounting Technician	0.75	0.75	0.75	-	-
Administrative Assistant	1.50	1.50	1.50	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Maintenance Manager	1.00	1.00	1.00	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Laboratory Analyst	1.00	1.00	1.00	-	-
IT/Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Engineering Technician	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	2.00	2.00	2.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
<b>TOTAL:</b>	30.25	30.25	30.25	-	-

TABLE 13  
**Santa Barbara County Largest Employers**

Company or Organization	Jobs (1)	Percent of Total County Employment
University of California, Santa Barbara	4,300	2.33%
County of Santa Barbara	4,255	2.31%
Cottage Health System	3,245	1.76%
Vandenberg Air Force Base	2,500	1.35%
Marian Regional Medical Center	2,170	1.18%
Chumash Casino Resort	2,000	1.08%
Santa Barbara Unified School District	1,400	0.76%
Sansum Clinic	1,200	0.65%
City of Santa Barbara	1,200	0.65%
Santa Barbara City College	<u>1,193</u>	<u>0.65%</u>
Total ten largest	23,463	12.71%
Total all other	<u>161,127</u>	<u>87.29%</u>
Total companies or organizations	<u>184,590</u>	<u>100.00%</u>

(1) Source: County of Santa Barbara CAFR, FY ended June 30, 2020

# Statistical Section

## City of Pismo Beach

### (San Luis Obispo County)

#### Historic Water Connections and Sales Revenues

Fiscal Year	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
Ending June 30			
2010	4,558	\$ 2,874,984	1,735
2011	4,569	3,048,595	1,717
2012	4,584	3,257,915	1,785
2013	4,596	3,390,236	1,828
2014	4,695	3,793,692	1,944
2015	4,718	3,362,918	1,840
2016	4,787	3,201,546	1,644
2017	4,836	3,346,533	1,589
2018	4,848	3,938,273	1,782
2019	4,680	3,607,025	1,646

#### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Cliff's Shell Beach	11,867	\$ 45,293
Pismo Coast Village	11,319	48,505
Pismo Beach Mobile Home Park	10,295	44,747
Oxford Suites Hotel	6,914	26,955
Dolphin Bay Hotel	6,835	28,277
Pismo Lighthouse Suites	7,600	27,987
Motel 6, Inc.	5,953	23,589
Pismo Dunes Resort – Meter #1	5,878	23,313
Pismo Dunes Resort – Meter #2	5,805	23,045
Seacrest Resort	5,688	22,616
Total	78,154	\$ 314,327

(1) In hundred cubic feet.

#### State Water Payment Coverage Calculations

Fiscal Year	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Coverage
Ending June 30					
2010	\$ 4,316,125	\$ 2,954,934	\$ 1,361,191	\$ 1,290,981	1.05
2011	4,652,847	2,665,865	1,986,982	1,633,880	1.22
2012	5,003,098	2,612,189	2,390,909	1,435,883	1.67
2013	5,002,618	2,616,024	2,386,594	1,413,314	1.69
2014	5,638,215	2,671,261	2,966,954	1,238,740	2.40
2015	6,490,834	2,748,519	3,742,315	1,562,731	2.39
2016	5,975,795	3,384,808	2,590,987	1,503,993	1.72
2017	6,730,397	3,211,371	3,519,026	1,443,742	2.44
2018	6,464,939	3,646,068	2,818,871	1,508,550	1.87
2019	6,235,411	3,482,656	2,752,755	1,714,572	1.61

Source: City of Pismo Beach

# Statistical Section

## City of Morro Bay

### (San Luis Obispo County)

#### Historic Water Connections and Sales Revenues

Fiscal Year		Sales	Water
Ending June 30	Connections	Revenues	Deliveries
			(acre-feet per year)
2010	5,545	\$ 3,574,319	1,282
2011	5,385	3,421,151	1,250
2012	5,401	3,396,936	1,177
2013	5,455	3,377,534	1,141
2014	5,473	3,491,575	1,214
2015	5,455	3,311,970	1,094
2016	5,455	4,130,990	996
2017	5,483	5,077,312	942
2018	5,496	5,647,331	936
2019	5,513	5,856,088	994

#### Largest Customers as of June 30, 2019

	Water	Annual
	Usage <sup>(1)</sup>	Payment
City of Morro Bay	16,765	\$ 232,144
Morro Bay High School	14,770	109,052
Mission Linen Center	9,351	237,556
Pacific Care Center	7,987	204,722
Imperial Coast, LP	4,826	134,928
CA Dept of Parks	4,705	98,726
Silver City Resort	4,362	109,244
Culligan Water	2,145	52,020
Morro Dunes Trailer Park	2,109	52,999
Central Coast Management Group	2,094	52,873
<b>Total</b>	<b>69,114</b>	<b>\$ 1,284,264</b>

(1) In hundred cubic feet.

#### State Water Payment Coverage Calculations

Fiscal Year	Total	Operating	Net	State Water	
Ending June 30	Revenues	Expenses	Revenues	Payments	Coverage
2010	\$ 3,661,837	\$ 1,587,764	\$ 2,074,073	\$ 1,968,552	1.05
2011	3,491,186	1,813,559	1,677,627	2,108,814	0.80
2012	3,646,957	2,021,803	1,625,154	2,186,578	0.74
2013	3,453,217	1,764,241	1,688,976	2,155,816	0.78
2014	3,550,868	1,958,281	1,592,587	2,158,842	0.74
2015	3,332,358	1,599,955	1,732,403	2,238,795	0.77
2016	4,487,576	1,969,828	2,517,748	2,166,523	1.16
2017	5,029,287	1,286,244	3,743,043	2,010,166	1.86
2018	5,647,331	1,138,167	4,509,164	2,157,811	2.09
2019	5,856,088	659,977	5,196,111	2,419,569	2.15

Source: City of Morro Bay

# Statistical Section

## City of Guadalupe

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Municipal Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2010	1,915	\$ 1,344,941	900
2011	1,927	1,320,373	921
2012	1,931	1,466,881	989
2013	1,940	1,462,443	912
2014	1,945	1,769,651	1,078
2015	1,960	1,721,143	1,039
2016	1,973	1,624,652	952
2017	2,017	1,727,388	944
2018	2,099	1,998,263	1,189
2019	2,166	1,925,825	914

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Curation (formerly Apio)	147,456	\$ 704,253
County Housing Authority	6,284	30,011
Guadalupe Union School	4,754	22,706
Riverview Townhomes	4,738	22,629
Guadalupe Laundromat	3,440	16,429
Guadalupe Cemetery	3,206	15,311
Obispo Cooling	3,147	15,028
Beachside Cooling	2,263	10,806
JR Simplot Co	2,087	9,969
Pan American Seed	1,911	9,126
Total	179,286	\$ 856,268

(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
2010	\$ 1,402,871	\$ 436,644	\$ 165,531	\$ 1,131,758	\$ 699,287	1.62
2011	1,395,787	426,842	167,444	1,136,389	667,445	1.70
2012	1,519,883	499,857	167,705	1,187,731	599,469	1.98
2013	1,515,152	435,004	167,787	1,247,935	758,852	1.64
2014	1,856,503	505,615	167,787	1,518,675	744,436	2.04
2015	1,811,430	468,004	186,615	1,530,041	741,040	2.06
2016	1,729,167	698,968	186,615	1,216,814	663,337	1.83
2017	1,847,672	453,726	186,819	1,580,765	796,095	1.99
2018	2,204,907	860,891	188,366	1,532,382	877,255	1.75
2019	2,180,450	901,117	191,013	1,470,346	1,042,760	1.41

Source: City of Guadalupe

# Statistical Section

## City of Santa Maria

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2010	20,927	\$ 25,411,420	13,986
2011	21,050	26,393,674	13,016
2012	21,199	27,803,548	13,264
2013	21,385	29,938,893	13,338
2014	21,580	31,962,813	13,882
2015	21,901	31,403,212	13,009
2016	22,152	33,883,550	12,022
2017*	22,362	37,915,296	12,357
2018	22,692	42,216,742	13,508
2019	22,794	39,474,873	12,694

\* In fiscal year 2017, the number of connections for 2017 was reported as 22,981. The City discovered (while preparing the 2018 report) that number was overstated by 619. The correct number of connections for 2017 is 22,362, as reflected above.

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Nipomo Community Services District	412,977	\$ 1,616,418
City of Santa Maria	220,147	1,505,084
Santa Maria Elementary School	116,251	766,237
Titan Frozen Fresh	78,053	469,282
Fresh Venture Foods	65,728	395,480
Santa Maria Land Partners, LLC	55,527	345,614
Casa Grande Mobile Homes	49,886	231,151
Marian /Dignity Health	26,128	211,341
S.B. County Housing Authority	28,252	203,269
Alan Hancock College	42,698	130,644
<b>Total</b>	<b>1,095,647</b>	<b>\$ 5,874,520</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues <sup>(1)</sup>	Operating Expenses	Rate Coverage Fund	Net Revenues	State Water Payments	Coverage
2010	\$ 32,956,256	\$ 9,282,313	\$ 4,258,071	\$ 27,932,014	\$ 17,103,082	1.63
2011	34,634,358	10,389,795	4,281,382	28,525,945	17,150,434	1.66
2012	36,330,166	10,260,908	4,288,071	30,357,329	14,671,346	2.07
2013	38,305,281	12,698,916	4,290,188	29,896,553	17,851,202	1.67
2014	42,467,011	11,523,665	4,290,188	35,233,534	17,793,198	1.98
2015	41,771,720	13,564,740	5,001,279	33,208,259	19,191,415	1.73
2016	44,478,328	12,193,440	5,001,279	37,286,167	16,072,296	2.32
2017	48,626,344	14,727,515	5,006,756	38,905,585	18,589,602	2.09
2018	53,564,449	16,796,669	5,001,279	41,769,059	19,867,737	2.10
2019	53,262,165	15,888,325	5,001,279	42,375,119	26,575,853	1.59

(1) Includes wastewater fees and charges.

Source: City of Santa Maria

# Statistical Section

## City of Buellton

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2010	1,558	\$ 1,467,931	1,300
2011	1,557	1,387,651	1,184
2012	1,570	1,368,805	1,212
2013	1,569	1,460,658	1,226
2014	1,569	1,532,887	1,300
2015	1,582	1,436,127	1,141
2016	1,584	1,426,171	1,043
2017	1,699	1,865,124	1,089
2018	1,733	2,416,040	1,240
2019	1,798	2,523,773	1,154

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Professional Investment Planning	17,132	\$ 51,053
Buellton Union School District	12,423	37,021
Santa Ynez Valley Marriott	11,801	35,167
Flying Flags Association, L.P.	10,453	31,150
Rivergrove Mobilehome Park	7,675	22,872
Figueroa Mountain Brewing	6,148	18,321
Terravant Wine Co.	5,817	17,335
Hampton Inn and Suites	5,348	15,937
Santa Ynez Valley Quality Inn	4,740	14,125
The Inn Group	4,559	13,586
Total	86,096	\$ 256,567

(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
2010	\$ 1,579,341	\$ 542,240	\$ 256,494	\$ 1,293,595	\$ 943,326	1.37
2011	1,494,307	486,807	257,898	1,265,398	938,136	1.35
2012	1,431,453	598,093	258,300	1,091,660	894,257	1.22
2013	1,512,243	550,655	258,427	1,220,015	1,017,156	1.20
2014	1,555,656	553,211	258,427	1,260,872	962,999	1.31
2015	1,642,522	632,937	274,861	1,284,446	1,043,536	1.23
2016	1,983,721	490,933	274,861	1,767,649	908,360	1.95
2017	2,069,593	728,200	275,162	1,616,555	946,522	1.71
2018	2,675,975	759,603	274,861	2,191,233	1,017,206	2.15
2019	2,676,047	718,925	274,861	2,231,983	1,228,404	1.82

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)
2010	1,981	\$ 3,957,709	1,315
2011	2,019	3,927,817	1,322
2012	2,118	4,167,680	1,347
2013	2,153	4,455,120	1,416
2014	2,156	4,631,124	1,409
2015	2,178	4,361,233	1,074
2016	2,211	4,378,420	962
2017	2,225	4,490,615	997
2018	2,227	4,823,204	1,178
2019	2,228	4,709,964	1,100

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Rancho Santa Ynez Mobile Home Park	20,442	\$ 113,929
City of Solvang	14,092	122,430
Alisal Guest Ranch	14,901	87,226
Atterdag Village	4,779	71,143
Chumash Casino Resort (Hotel Corque)	7,210	56,004
Worldmark	5,276	55,993
Solvang Mesa, LLMD	5,751	48,685
Mission Oaks	6,177	44,889
Solvang School	5,831	37,946
Vacations Inn Solvang	5,402	31,160
<b>Total</b>	<b>89,861</b>	<b>\$ 669,405</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
2010	\$ 4,043,117	\$ 1,321,839	\$ 603,156	\$ 3,324,434	\$ 2,637,865	1.26
2011	3,995,627	1,214,624	604,939	3,385,942	2,647,201	1.28
2012	4,230,365	1,231,366	605,884	3,604,883	2,438,576	1.48
2013	4,677,242	1,436,931	606,183	3,846,494	2,656,129	1.45
2014	5,152,838	1,998,916	606,183	3,760,105	2,743,342	1.37
2015	4,920,397	1,580,530	606,183	3,946,050	2,960,871	1.33
2016	4,751,452	1,317,454	606,183	4,040,181	2,534,152	1.59
2017	4,668,636	1,213,706	606,847	4,061,777	2,557,331	1.59
2018	4,946,103	1,332,300	611,871	4,225,674	2,691,366	1.57
2019	4,896,150	1,225,664	611,871	4,282,357	3,332,930	1.28

Source: City of Solvang



# Statistical Section

## Santa Ynez River Water Conservation District, ID# 1

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales		Water
		Revenues		Deliveries (acre-feet per year)
2010	2,579	\$	5,096,678	5,416
2011	2,519		5,009,463	5,255
2012	2,515		5,371,780	5,260
2013	2,598		5,531,585	5,371
2014	2,624		6,889,450	5,358
2015	2,618		6,157,964	4,341
2016	2,664		5,868,155	3,712
2017	2,672		6,367,009	3,511
2018	2,692		7,798,410	3,817
2019	2,709		6,006,678	3,323

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>		Annual Payment
Private Agriculture	115	\$	57,861
Private Agriculture	86		46,600
Private Agriculture	82		42,337
Public Agency	56		239,342
Private Agriculture	53		27,143
Private Agriculture	24		11,271
Private Agriculture	23		10,851
Private Agriculture	17		7,529
Private Agriculture	16		7,280
Private Agriculture	14		6,841
<b>Total</b>	<b>486</b>	<b>\$</b>	<b>457,055</b>

(1) In acre-feet per year.

### 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
2010	\$ 8,785,547	\$ 3,778,443	\$ 1,019,126	\$ 6,026,230	\$ 3,956,531	1.52
2011	8,759,268	3,597,194	1,022,142	6,184,216	4,003,719	1.54
2012	8,209,585	3,179,858	1,023,739	6,053,466	4,112,646	1.47
2013	8,213,596	3,310,123	1,024,244	5,927,717	4,238,934	1.40
2014	10,538,309	4,610,406	1,024,244	6,952,147	4,307,127	1.61
2015	9,533,850	4,781,398	1,062,841	5,815,293	4,604,806	1.26
2016	9,657,032	4,713,576	1,062,841	6,006,297	3,895,465	1.54
2017	10,127,574	4,585,443	1,064,005	6,606,136	3,606,066	1.83
2018	11,585,534	4,811,401	1,072,814	7,846,947	3,623,388	2.17
2019	12,379,921	3,277,539	1,072,814	10,175,196	5,340,163	1.91

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

Source: Santa Ynez Improvement District #1

# Statistical Section

## Goleta Water District

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2010	16,346	\$ 16,554,650	12,971
2011	16,401	15,721,915	12,161
2012	16,295	18,668,008	12,275
2013	16,518	22,171,254	13,923
2014	16,542	24,005,806	14,884
2015	16,441	19,988,107	11,883
2016	16,474	29,771,141	10,773
2017	16,561	28,532,344	9,658
2018	16,578	33,222,144	10,799
2019	16,725	29,319,499	9,631

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
U.C.S.B.	953	\$ 3,323,236
Cavaletto Ranches, LLC	442	875,056
Sandpiper Golf Course	214	315,496
Touchstone Glen Annie Golf	208	416,858
County of Santa Barbara	163	713,954
Bacara Resort	123	492,341
Roy Butera	120	253,528
Wallover, Inc.	120	211,679
Towbes	83	367,172
Santa Barbara Unified School District	77	388,070
<b>Total</b>	<b>2,503</b>	<b>\$ 7,357,390</b>

(1) In acre-feet per year.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
2010	\$ 24,129,754	\$ 16,268,616	\$ -	\$ 7,861,138	\$ 6,561,134	1.20
2011	25,378,145	11,788,948	-	13,589,197	7,251,071	1.87
2012	27,426,627	14,741,694	-	12,684,933	6,309,979	2.01
2013	32,409,693	15,146,414	-	17,263,279	7,284,547	2.37
2014	34,188,412	18,210,976	-	15,977,436	7,998,066	2.00
2015	32,951,960	16,527,332	-	16,424,628	9,369,850	1.75
2016	39,174,119	21,847,412	-	17,326,707	7,973,075	2.17
2017	38,016,844	24,700,536	-	13,316,308	8,707,040	1.53
2018	43,479,431	19,018,608	-	24,460,823	8,731,412	2.80
2019	40,389,412	26,589,217	-	13,800,195	11,456,456	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)
2009	1,468	\$ 2,586,518	1,702
2010	1,469	2,377,639	1,523
2011	1,471	2,608,037	1,465
2012	1,471	3,023,989	1,587
2013	1,485	3,279,957	1,776
2014	1,494	3,117,612	1,373
2015	1,494	3,242,513	1,140
2016	1,497	3,241,825	1,067
2017	1,504	3,998,026	1,123
2018	1,507	4,289,036	1,202

### Largest Customers as of December 31, 2018

	Water Usage <sup>(1)</sup>	Annual Payment
La Cumbre Golf & Country Club	51,545	\$ 310,628
Stephen Redding	6,369	91,987
Timothy Pasquinelli	6,126	84,274
Jeffrey Henley	4,753	66,252
Dean & Darcy Christal	3,772	52,998
Overwater, LLC	3,615	52,502
Frances Nielsen	2,807	40,511
Susan Caffrey	2,791	38,741
Carriage Hill Association	2,694	30,133
Laguna Blanca School	3,054	29,745
<b>Total</b>	<b>87,526</b>	<b>\$ 797,771</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending Dec. 31	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
2009	\$ 3,510,409	\$ 1,670,353	\$ 392,003	\$ 2,232,059	\$ 1,684,349	1.33
2010	3,261,377	1,649,171	389,217	2,001,423	1,870,892	1.07
2011	3,641,641	1,419,353	391,224	2,613,512	1,962,355	1.33
2012	3,987,385	1,401,788	391,135	2,976,732	1,425,464	2.09
2013	4,402,802	1,530,254	391,135	3,263,683	1,696,315	1.92
2014	4,185,177	1,504,177	391,135	3,072,135	1,875,217	1.64
2015	4,306,838	1,453,837	391,135	3,244,136	2,052,272	1.58
2016	4,526,872	1,911,022	392,065	3,007,915	1,572,834	1.91
2017	5,196,914	1,792,262	391,135	3,795,787	1,769,030	2.15
2018	5,730,042	2,053,227	394,805	4,071,620	1,814,233	2.24

Source: La Cumbre Mutual Water Co.

# Statistical Section City of Santa Barbara

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
2010	26,504	\$ 28,163,162	13,428
2011	26,761	27,181,923	13,284
2012	26,649	29,992,081	13,949
2013	26,797	32,683,467	14,366
2014	26,919	33,296,287	14,218
2015	26,921	31,512,114	10,775
2016	26,988	41,433,002	9,935
2017	27,111	46,187,721	9,009
2018	27,191	52,356,068	9,918
2019	27,280	48,949,080	9,201

## Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Santa Barbara Unified School District	32,092	\$ 408,467
Dario Pini	23,881	313,098
Housing Authority of the City of Santa Barbara	24,522	298,674
City of Santa Barbara - Parks	25,012	269,919
Santa Barbara Cottage Hospital	17,403	260,606
Santa Barbara Community College District	13,920	258,441
Hilton Santa Barbara Beachfront Resort (formerly Fess Parker)	23,005	219,473
Santa Barbara Highlands HOA (Miramonte)	15,816	162,856
Transition House	7,730	150,492
Mission Linen Supply	18,546	145,845
<b>Total</b>	<b>201,927</b>	<b>\$ 2,487,871</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt Service	Coverage
2010	\$ 33,763,232	\$ 18,546,457	\$ 15,216,775	\$ 4,466,645	\$ 1,697,698	2.47
2011	32,082,335	17,793,001	14,289,334	4,619,893	1,847,271	2.21
2012	37,696,027	19,547,823	18,148,204	4,180,184	1,738,160	3.07
2013	38,439,062	21,464,993	16,974,069	4,744,097	1,847,618	2.58
2014	37,185,303	22,994,993	14,190,310	5,230,535	2,774,171	1.77
2015	35,348,935	25,475,134	9,873,801	6,348,335	2,654,446	1.10
2016	45,677,508	21,316,587	24,360,921	5,780,222	3,225,980	2.70
2017	52,271,592	22,533,661	29,737,931	6,335,560	4,274,453	2.80
2018	57,798,973	29,129,726	28,669,247	5,668,670	4,520,212	2.81
2019	57,600,119	32,678,555	24,921,564	7,325,803	7,495,812	1.68

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)
2010	4,558	\$ 9,429,322	5,274
2011	4,575	8,401,945	4,715
2012	4,577	9,345,967	5,302
2013	4,585	10,573,025	5,945
2014	4,597	11,260,539	5,775
2015	4,593	6,752,280	3,331
2016	4,601	7,652,442	3,440
2017	4,602	7,470,909	3,127
2018	4,604	8,925,156	3,783
2019	4,619	8,380,077	3,424

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Resort Hotel	38,874	\$ 397,113
Agriculture	31,647	225,131
Agriculture	23,405	157,803
Golf Club	22,921	243,444
Private College	19,350	201,914
Golf Club	16,541	195,071
Agriculture	12,692	89,754
Resort Hotel	10,652	88,060
Non-potable	10,532	18,740
Single Family Residential	9,592	99,185
<b>Total</b>	<b>196,206</b>	<b>\$ 1,716,215</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
2010	\$ 14,555,964	\$ 5,931,617	\$ 1,079,637	\$ 9,703,984	\$ 5,123,778	1.89
2011	12,277,049	5,588,083	1,085,554	7,774,520	5,334,729	1.46
2012	13,224,023	6,299,364	1,087,250	8,011,909	4,412,658	1.82
2013	14,315,026	6,497,450	1,087,787	8,905,363	4,898,038	1.82
2014	16,880,381	8,222,385	1,087,787	9,745,783	5,978,116	1.63
2015	16,264,644	8,048,179	1,417,526	9,633,991	6,573,858	1.47
2016	20,063,580	9,007,873	1,417,526	12,473,233	5,778,933	2.16
2017	18,583,907	7,760,628	1,419,078	12,242,357	5,491,272	2.23
2018	18,541,652	8,570,817	1,417,526	11,388,361	5,966,292	1.91
2019	17,669,922	8,332,193	1,443,312	10,781,041	7,306,084	1.48

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)
2010	4,326	\$ 10,089,936	3,825
2011	4,322	10,101,197	3,599
2012	4,339	10,575,216	3,871
2013	4,441	10,798,634	4,352
2014	4,444	11,229,175	4,551
2015	4,485	11,031,043	3,728
2016	4,501	12,023,205	3,604
2017	4,503	12,457,730	3,395
2018	4,506	12,776,055	3,870
2019	4,506	12,744,079	3,413

### Largest Customers as of June 30, 2019

	Water Usage <sup>(1)</sup>	Annual Payment
Circle G	59,486	\$ 148,158
Schaff, Victor	21,039	46,288
Casitas Village Home Assn	19,682	286,930
Cate School	18,665	105,883
Villa Del Mar HOA	17,809	251,416
Sandpiper Village	17,252	253,881
City of Carpinteria	13,114	117,811
Van Wingerden, William	12,122	30,010
Norman, Francis L	11,592	27,221
Roberts Ranch	11,578	25,433
<b>Total</b>	<b>202,339</b>	<b>\$ 1,293,031</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
2010	\$ 10,499,950	\$ 4,639,111	\$ 809,995	\$ 6,670,834	\$ 3,006,719	2.22
2011	10,350,057	4,791,179	814,431	6,373,309	3,107,837	2.05
2012	11,267,253	5,052,870	815,699	7,030,082	2,785,680	2.52
2013	11,835,527	5,068,463	816,100	7,583,164	3,135,384	2.42
2014	12,218,169	5,711,413	816,100	7,322,856	3,539,365	2.07
2015	12,349,806	5,467,213	816,100	7,698,693	3,909,986	1.97
2016	13,112,109	6,345,931	816,100	7,582,278	3,324,260	2.28
2017	12,760,851	5,337,062	816,994	8,240,783	3,444,393	2.39
2018	13,325,096	5,914,427	823,757	8,234,426	3,732,379	2.21
2019	14,504,256	7,471,851	823,757	7,856,162	4,557,777	1.72

Source: Carpinteria Valley Water District

