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September 28, 2000

Robert W. Puddicombe
Chairman

Neil Jones
Vice Chairman

Dan Masnada
Executive Director

Hatch & Parent
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

Members of the Board
Central Coast Water Authority

The Comprehensive Annual Financial Report of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2000 is submitted as prepared by the Authority's Finance Department. The report is published to provide to our customers, the Authority Board, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

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

GENERAL BACKGROUND INFORMATION

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

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

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

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

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

CCWA Committees

There are currently five Central Coast Water Authority committees. They consist of the Finance, Operating, Personnel, Policy and Water Treatment Plant Advisory 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 once a month to act on matters such as construction, operations and financial issues and recommends actions to the Authority Board of Directors.

Santa Barbara County Project Participants

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

San Luis Obispo County Water Purchasers

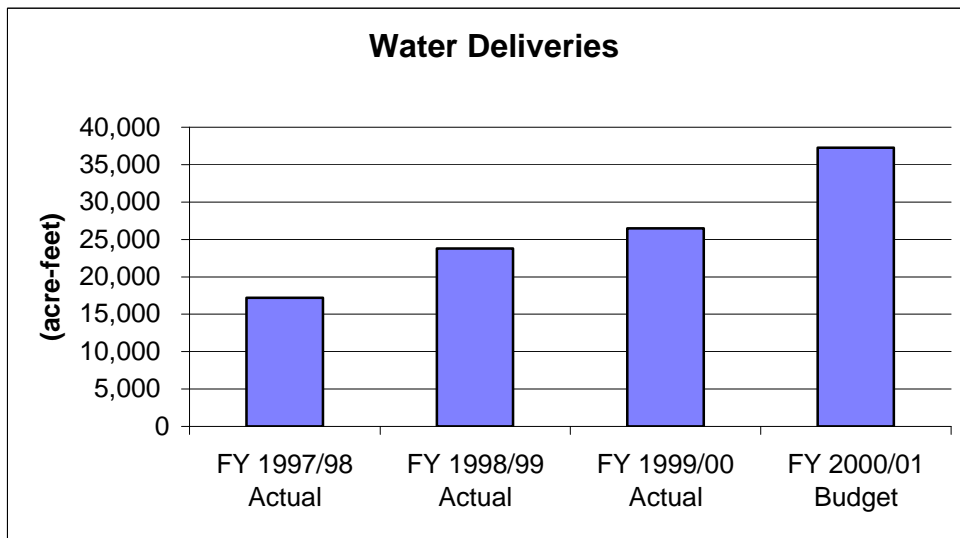
Each San Luis Obispo County water purchaser is a water purveyor or user located in San Luis Obispo County which obtained contractual rights from SLOFCWCD to receive water from the State Water Project.

SIGNIFICANT ACCOMPLISHMENTS

State Water Deliveries

Total water deliveries for FY 1999/00 were 26,462 acre-feet. This compares to the projected deliveries of 33,949 acre-feet, or a difference of 7,487 acre-feet. This difference is due to decreased demand by certain project participants when compared to the requested water deliveries at the beginning of the year.

The following table shows the historical and projected State water deliveries since CCWA began water deliveries in August 1997.



Y2"OK"

As the year 2000 was being ushered in, all CCWA facilities and computer systems were fully operational and we experienced no Y2K (Year 2000) setbacks. Thomas Fischetti, CCWA Project Engineer, is to be commended for his diligent efforts in the successful and smooth transition to the year 2000 for the CCWA computer systems, communication components and system instrumentation.

DWR Off-Peak Pumping Credit

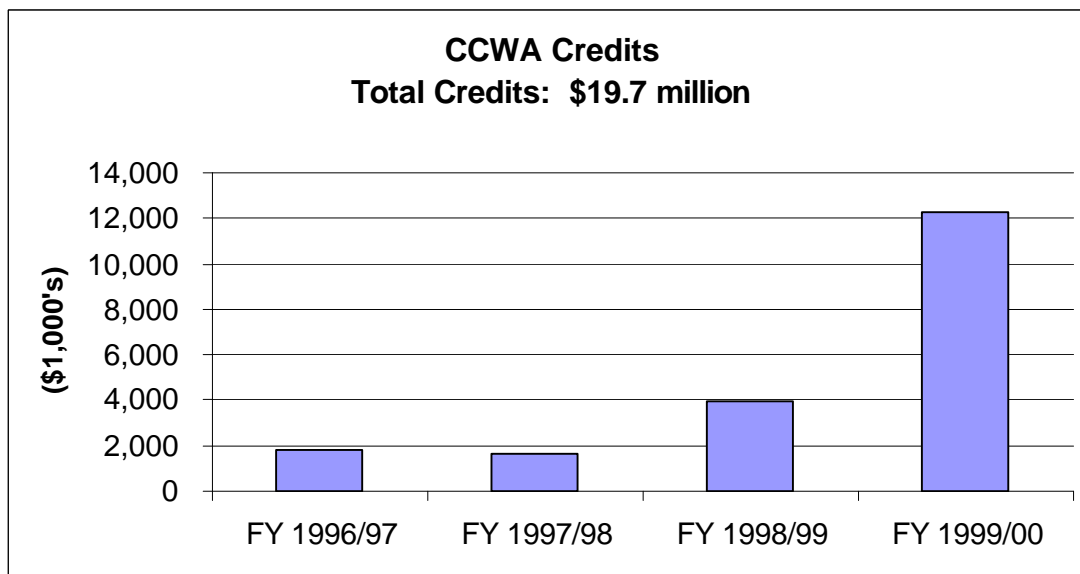
Design and construction of the Coastal Branch Phase II project by the Department of Water Resources (DWR) included additional capacity in certain reaches to eliminate the need to pump water during "on-peak" electrical demand periods. In addition, DWR originally proposed and commenced design of a power plant in the vicinity of San Luis Obispo County. The cost of both these project features are borne by all State water contractors, not just CCWA (and San Luis Obispo County), because the attendant decreases in electrical power costs serve to reduce the melded State power rate all contractors pay.

During final construction and initial operation of the Coastal Branch Phase II project, DWR included in CCWA's annual Statement of Charges a credit for the off-peak pumping capacity

based on an estimated capital cost of about \$19 million. In November 1999, CCWA successfully concluded a 1½ year-long negotiation process with DWR and the State Water Contractors (SWC) to increase the annual credit based on actual project costs. We also convinced DWR and SWC to include in the annual credit amortization of the sunk costs of the San Luis Obispo Power Plant, which was deleted from the project when DWR determined the plant was uneconomic to build. As a result, the capital cost basis for the annual credit was increased by almost \$12 million. This action reduced CCWA's and San Luis Obispo County's 2000 Statements of Charges by \$2.3 million. Also, starting next year, it will reduce the combined Statements of Charges by \$0.5 million annually for the remainder of the State Water Contract term.

CCWA Credits

For the fourth consecutive year, actual CCWA operating expenses were less than budgeted. For Fiscal Years 1996/97 to 1999/00, CCWA has provided approximately \$19.7 million in credits to its project participants. These credits include \$3.2 million for unexpended operating expenses, \$2.6 million for interest income and \$13.8 million for debt service and other credits. The following graph shows the credits by fiscal year that have been given to the CCWA project participants.



Lake Cachuma Facility Inspection and Repairs

In September 1999, CCWA assisted the Cachuma Operations and Maintenance Board (COMB) and the United States Bureau of Reclamation (USBR) by providing engineering and construction management services to perform critical inspection and repairs of the Bradbury Dam outlet works structure. Although not owned by CCWA, we utilize this facility to deliver State water to Lake Cachuma for subsequent conveyance and delivery to CCWA's South Coast project participants. COMB and USBR utilized our services for performing this work because of CCWA's technical expertise and cost effectiveness demonstrated during inspection and repair of the Cachuma discharge tower in early 1999 on behalf of Santa Ynez River Water Conservation District, Improvement District #1 and the South Coast project participants.

CCWA is currently participating in a technical committee with COMB, its member units and USBR to address a number of ongoing issues relating to the Lake Cachuma facilities being used to deliver State water to South Coast project participants. Our participation is important to ensure that State water continues to be most cost effectively delivered to South Coast project participants.

Awards and Competitions

During FY 1999/00, CCWA received the Association of California Water Agencies' Theodore Roosevelt Environmental Award of Excellence in Conservation and Natural Resources Management for CCWA's project environmental mitigation program. Our winning entry was one of fourteen in the "over \$100,000" category.

Over the past year, CCWA received the GFOA "Distinguished Budget Presentation" award and the CSMFO "Award for Excellence in Operational Budgeting" for the FY 1999/00 Budget and the GFOA "Excellence in Financial Reporting" award for the FY 1998/99 Comprehensive Annual Financial Report.

Other Accomplishments

We completed a remodel of the Suite B portion of the Buellton Administration office to enhance the facilities for the Distribution O&M Department staff. Additionally, the new SCADA (Supervisory Control and Data Acquisition) system is now fully operational. The new system provides all the specified components the original system was intended to provide in a better, simpler and more easily maintained platform.

FINANCIAL INFORMATION

Accounting System

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. Where appropriate, net total assets (i.e., fund equity) is segregated into contributed capital and retained earnings. 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.

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 judgements by management.

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

FINANCIAL HIGHLIGHTS

For FY 1999/00, the Authority incurred a net loss of \$3,038,345. This loss is attributed to depreciation and amortization expense partially offset by investment income on the Authority's general fund balances.

For FY 1999/00, the Authority realized total revenues of \$12.67 million compared to \$5.17 million for FY 1998/99, or an increase of \$7.50 million. This increase is mainly attributed to the debt service credits given to the financing participants during FY 1998/99 as part of the project closeout, thereby decreasing the FY 1998/99 operating reimbursements from the project participants.

The following table compares the revenue sources for FY 1999/00 and 1998/99:

| <u>Description</u> | <u>FY 1999/00</u> | <u>FY 1998/99</u> | <u>Change</u> | <u>% Change</u> |
|---|----------------------|---------------------|---------------------|-----------------|
| O&M assessments from project participants | \$ 1,963,376 | \$ 1,295,241 | \$ 668,135 | 51.58% |
| Debt service operating assessments | 7,779,256 | - | 7,779,256 | N/A |
| Interest income | 2,924,419 | 3,874,283 | (949,864) | -24.52% |
| Other revenues | 2,598 | 460 | 2,138 | 464.78% |
| Total Revenues | \$ 12,669,649 | \$ 5,169,984 | \$ 7,499,665 | 145.06% |

O&M Assessments from project participants: Operations and maintenance assessments paid by project participants totaled \$1.96 million for FY 1999/00 compared to \$1.29 million for FY 1998/99, an increase of \$0.67 million.

It is the Authority's policy to return O&M assessment surpluses and interest income earned on the Authority's general cash balances to the project participants in the form of credits against future assessments. For FY 1999/00, this credit totaled \$0.69 million compared to the FY 1998/99 credit of \$1.02 million.

Debt service operating assessments: Assessment income for debt service payments on the 1996 Revenue Bonds for FY 1999/00 was \$7.78 million compared to \$0 for FY 1998/99, an increase of \$7.78 million.

During FY 1998/99, the Authority completed the reconciliation of its project construction and related capital costs. Final debt service amortization schedules were prepared for the financing participants and credits of about \$9.6 million were allocated to the financing participants based

on the reconciliation of actual debt service payments. These credits decreased the debt service assessment revenue to the Authority for FY 1998/99.

Interest income: Interest income totaled \$2.92 million for FY 1999/00, a decrease of about \$0.95 million from the prior year. This decrease is attributed to lower cash balances available for investment during FY 1999/00. Interest income includes interest earned from the State of California Local Agency Investment Fund (LAIF) on the Santa Maria and Vandenberg Air Force Base escrow accounts, the Authority general accounts and investment income earned on the cash and investments with fiscal agents.

Operating Expenses

Operating expenses for FY 1999/00 totaled \$7.26 million (includes depreciation and amortization) compared to \$7.71 million for FY 1998/99, a decrease of \$0.45 million.

The following table compares the operating expenses for FY 1999/00 and 1998/99:

| <u>Description</u> | <u>FY 1999/00</u> | <u>FY 1998/99</u> | <u>Change</u> | <u>% Change</u> |
|----------------------------------|----------------------|----------------------|---------------------|-----------------|
| Personnel expenses | \$ 2,013,613 | \$ 1,929,120 | \$ 84,493 | 4.38% |
| Office expenses | 22,191 | 19,687 | 2,504 | 12.72% |
| General and administrative | 101,295 | 123,401 | (22,106) | -17.91% |
| Professional services | 551,805 | 274,513 | 277,292 | 101.01% |
| Supplies and equipment | 407,503 | 371,843 | 35,660 | 9.59% |
| Monitoring expenses | 56,682 | 97,294 | (40,612) | -41.74% |
| Repairs and maintenance | 176,160 | 235,965 | (59,805) | -25.34% |
| Utilities | 225,942 | 172,714 | 53,228 | 30.82% |
| Depreciation and amortization | 3,501,801 | 4,307,285 | (805,484) | -18.70% |
| Other expenses | 203,077 | 176,278 | 26,799 | 15.20% |
| Total Operating Expenses | 7,260,069 | 7,708,100 | (448,031) | -5.81% |
| Interest expense | 8,447,925 | 8,806,337 | (358,412) | -4.07% |
| Loss on disposal of fixed assets | - | 180,000 | (180,000) | N/A |
| Total Expenses | \$ 15,707,994 | \$ 16,694,437 | \$ (986,443) | -5.91% |

Personnel Expenses: Personnel expenses increased \$84,493 over the previous year due to salary increases effective July 1, 1999 and increases in employee medical insurance and temporary services expenses. These increases were partially offset by decreases in PERS retirement and dental/vision expenses for the year.

Professional Services: Professional services increased \$277,292 over the previous year due to the SCADA system maintenance contract fees paid to Systems Integrated, environmental expenses and legal fees associated with the Zurich storm damage insurance claim.

Monitoring Expenses: Monitoring expenses decreased \$40,612 over the previous year due to the re-evaluation of lab sampling requirements consistent with California Department of Health Services regulations.

Repairs and Maintenance: Repairs and maintenance expenses decreased \$59,805 when compared to the prior year due to the inspection and repair of the Cachuma Project facilities used for South Coast deliveries in FY 1998/99.

Utilities: Utility expenses increased approximately \$53,000 compared to the prior year amount due to higher variable electrical expenses for increased water deliveries to the South Coast project participants.

Depreciation and Amortization: Depreciation and amortization expenses decreased by \$805,484 over the previous year due to the adjustment of the fixed asset estimated useful lives in FY 1998/99.

NON-OPERATING EXPENSES

Interest Expense

Total interest expense for FY 1999/00 was \$8.40 million compared to the FY 1998/99 amount of \$8.80 million, a decrease of \$0.40 million. This decrease is attributed to three months interest expense on the Series B bonds in FY 1998/99, which were redeemed on October 1, 1998.

OTHER INFORMATION

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

Cash Management

Cash was invested in demand deposits, mutual funds, commercial paper, federal agencies, treasuries and the State of California's Local Agency Investment Fund (LAIF) during FY 1999/00. At June 30, 2000, the Authority's investment portfolio had a weighted average maturity of 70 days (excluding the guaranteed investment contract) and a weighted average yield of 6.42%.

Risk Management

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. Workers' compensation insurance is purchased through traditional commercial insurance providers.

The Authority also self-insures the dental and vision insurance provided for the benefit of its employees and their families. The self-funded dental/vision plan provides annual limits of \$2,500 per family. As of June 30, 2000, the Authority had incurred \$18,082 of expenses compared to the total allowance of \$61,562 for calendar year 2000.

Debt Administration

At June 30, 2000, the Authority had \$165,280,000 of outstanding 1996 Series A revenue bonds.

The Authority's 1996 revenue bond indenture and the Water Supply Agreements require that certain CCWA project participants and contractors maintain a ratio of net revenues to contract

payments of at least 1.25. Additionally, the Authority has complied with the Securities and Exchange Commission Rule 15c12 which requires all local governments that bring municipal debt to market after July 3, 1995 to provide specified financial and operating information on an annual basis which mirrors the information provided in the 1996 revenue bond official statement.

As of June 30, 2000, the Authority had an arbitrage rebate liability of \$30,187 on the 1996 revenue bonds and \$0 on the 1992 revenue bonds.

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Coast Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial reports.

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

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

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

Respectfully submitted,



Dan Masnada
Executive Director



Ray A. Stokes
Controller and Treasurer



Introductory Section

June 30, 2000

CENTRAL COAST WATER AUTHORITY BOARD OF DIRECTORS

| | |
|-----------------------------|---|
| Robert Puddicombe, Chairman | Montecito Water District |
| Neil Jones, Vice Chairman | City of Buellton |
| Jean Blois | Goleta Water District |
| Harlan Burchardi | Santa Ynez River Water Conservation District, Improvement District No. 1 |
| Joseph Centeno | City of Santa Maria |
| Sam Arca | City of Guadalupe |
| Frederick Lemere | Carpinteria Valley Water District |
| Dan Secord | City of Santa Barbara |

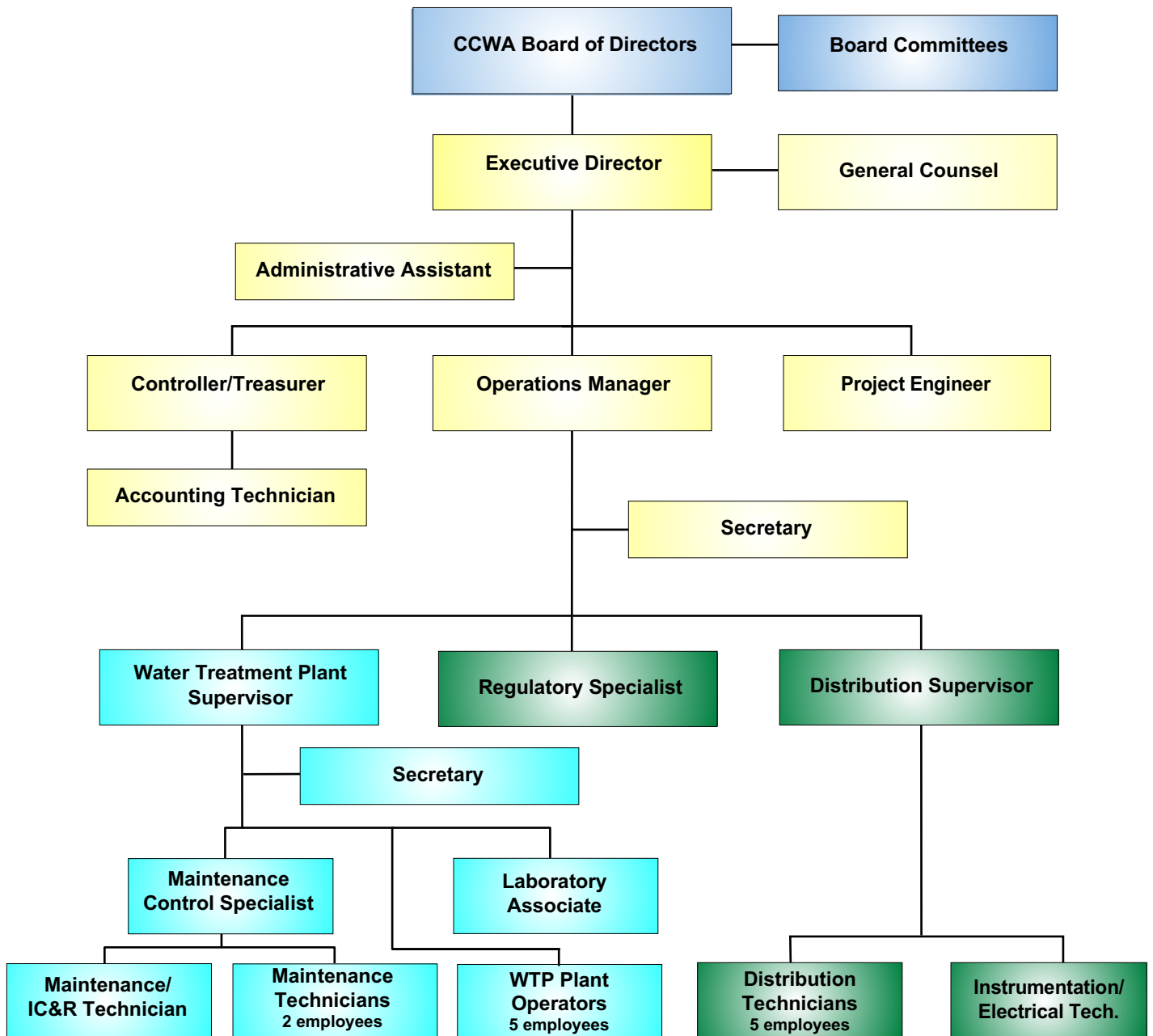
AUTHORITY STAFF

| | |
|------------------|--------------------------|
| Dan Masnada | Executive Director |
| William Brennan | Operations Manager |
| Ray Stokes | Controller and Treasurer |
| Thomas Fischetti | Project Engineer |



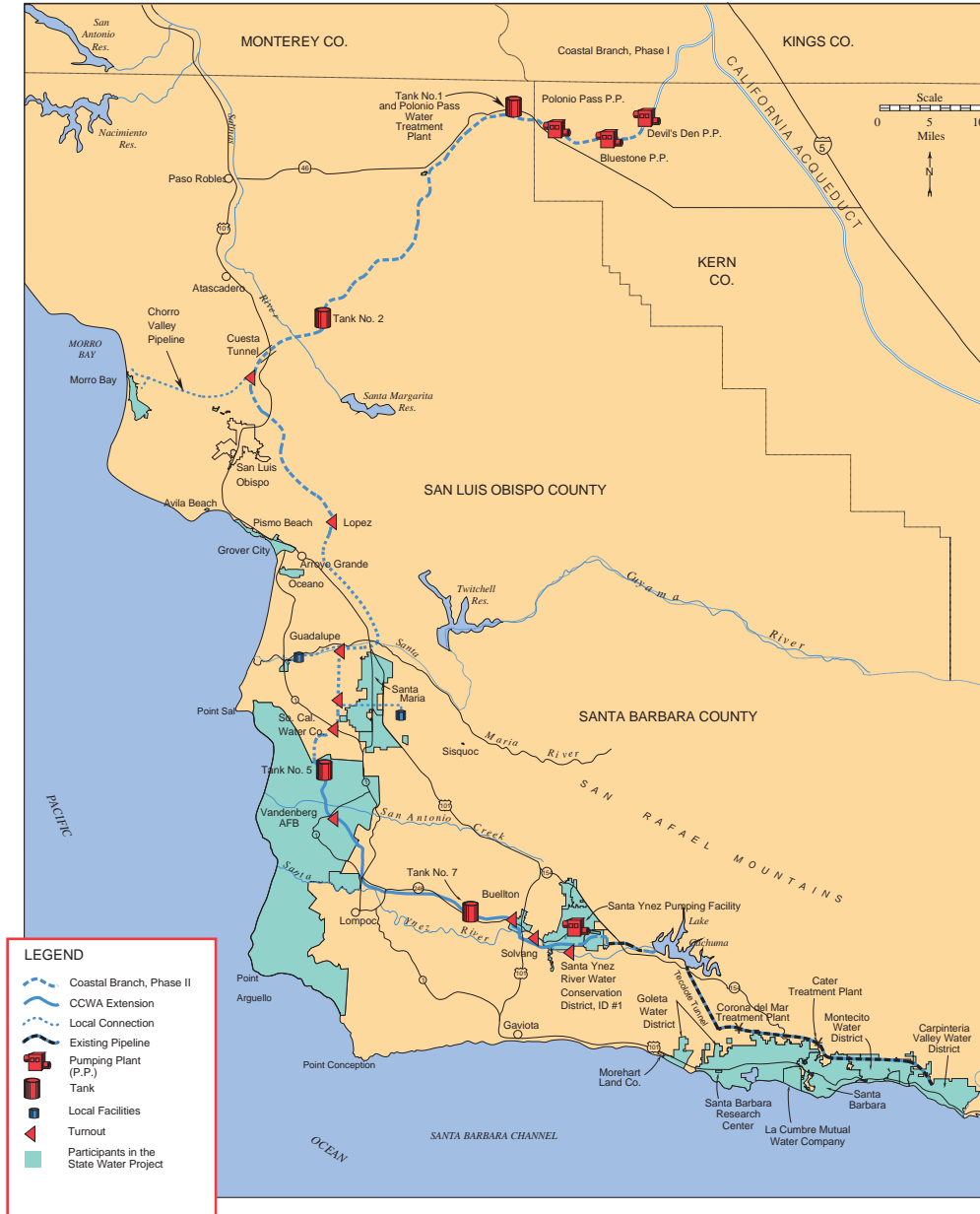
Introductory Section

Central Coast Water Authority Organization Chart





Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Coast Water
Authority, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

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



Cathy Brueck
President

Jeffrey L. Esler
Executive Director



NASIF, HICKS, HARRIS & CO.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM J. NASIF
STEVEN J. HICKS
JEFFERY P. HARRIS
MARIANNE F. BLOOM
JODY R. DOLAN
BARBARA ROGERS SCOLLIN

1111 GARDEN STREET, SUITE 200
SANTA BARBARA, CALIFORNIA 93101
TELEPHONE (805) 966-1521
FAX (805) 963-1780

Independent Auditors' Report

To the Member Agencies of the
Central Coast Water Authority

We have audited the accompanying balance sheets of the Central Coast Water Authority as of June 30, 2000 and 1999, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the years then ended, as listed in the foregoing table of contents on pages 2 through 14. These financial statements are the responsibility of the management of the Central Coast Water Authority. Our responsibility is to express an opinion on these financial statements based upon our audits.

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

In our opinion, the 2000 and 1999 financial statements referred to above present fairly, in all material respects, the financial position of the Central Coast Water Authority as of June 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Nasif, Hicks, Harris & Co.
Nasif, Hicks, Harris & Co.

August 25, 2000



Balance Sheets

ASSETS

| | <u>June 30, 2000</u> | <u>June 30, 1999</u> |
|--|---------------------------|---------------------------|
| <u>Current Assets</u> | | |
| Cash and investments | \$ 28,426,687 | \$ 27,653,774 |
| Accounts receivable | 20,730 | - |
| Accrued interest receivable | 815,609 | 548,986 |
| Other assets | 98,462 | 88,684 |
| Total Current Assets | <u>29,361,488</u> | <u>28,291,444</u> |
| <u>Restricted Assets</u> | | |
| Cash and investments with fiscal agents | 13,387,009 | 21,318,007 |
| Cash and investments held for deposits | 30,736,557 | 27,903,666 |
| Total Restricted Assets | <u>44,123,566</u> | <u>49,221,673</u> |
| <u>Property, Plant and Equipment</u> | | |
| Property, plant and equipment (Net of Accumulated Depreciation of \$7,060,661 for 2000 and \$5,064,860 for 1999) | 131,861,018 | 133,713,829 |
| Total Property, Plant and Equipment | <u>131,861,018</u> | <u>133,713,829</u> |
| <u>Other Assets</u> | | |
| Unamortized bond issuance costs | 18,174,527 | 19,504,918 |
| Long term accounts receivable | 16,420,656 | 17,150,602 |
| Total Other Assets | <u>34,595,183</u> | <u>36,655,520</u> |
| Total Assets | <u>\$ 239,941,255</u> | <u>\$ 247,882,466</u> |

Continued

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



Balance Sheets

LIABILITIES AND FUND EQUITY

| | <u>June 30, 2000</u> | <u>June 30, 1999</u> |
|---|------------------------------|------------------------------|
| <u>Current Liabilities</u> | | |
| Accounts payable | \$ 254,303 | \$ 424,270 |
| Deposits | 30,736,557 | 27,903,666 |
| Accrued interest payable | 2,098,106 | 2,098,106 |
| Other liabilities | 658,875 | 609,745 |
| Retainage payable | - | 183,412 |
| Current portion of bonds payable | 3,010,000 | 2,775,000 |
| Rate coverage reserve fund | 7,051,715 | 7,898,536 |
| Prepaid project participant assessments | 18,354,263 | 19,421,820 |
| Total Current Liabilities | <u>62,163,819</u> | <u>61,314,555</u> |
| <u>Long-Term Liabilities</u> | | |
| Bonds payable | 162,270,000 | 165,280,000 |
| Total Long-Term Liabilities | <u>162,270,000</u> | <u>165,280,000</u> |
| <u>Commitments and Uncertainties</u> | | |
| <u>Fund Equity</u> | | |
| Contributed capital, net | 22,890,770 | 25,632,900 |
| Retained earnings (deficit) | (7,383,334) | (4,344,989) |
| Total Fund Equity | <u>15,507,436</u> | <u>21,287,911</u> |
| Total Liabilities and Fund Equity | <u>\$ 239,941,255</u> | <u>\$ 247,882,466</u> |

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



Statements of Revenues, Expenses and Changes in Retained Earnings

| | <u>June 30, 2000</u> | <u>June 30, 1999</u> |
|---|-----------------------|-----------------------|
| <u>Operating Revenues</u> | | |
| Operating reimbursements from project participants | \$ 9,742,632 | \$ 1,295,241 |
| Other revenues | 2,598 | 460 |
| Total Operating Revenues | <u>9,745,230</u> | <u>1,295,701</u> |
| <u>Operating Expenses</u> | | |
| Personnel expenses | 2,013,613 | 1,929,120 |
| Office expenses | 22,191 | 19,687 |
| General and administrative | 101,295 | 123,401 |
| Professional services | 551,805 | 274,513 |
| Supplies and equipment | 407,503 | 371,843 |
| Monitoring expenses | 56,682 | 97,294 |
| Repairs and maintenance | 176,160 | 235,965 |
| Utilities | 225,942 | 172,714 |
| Depreciation and amortization | 3,501,801 | 4,307,285 |
| Other expenses | 203,077 | 176,278 |
| Total Operating Expenses | <u>7,260,069</u> | <u>7,708,100</u> |
| Operating Income (Loss) | <u>2,485,161</u> | <u>(6,412,399)</u> |
| <u>Non-Operating Revenues</u> | | |
| Interest income | 2,924,419 | 3,493,312 |
| Gain on sale of investments | - | 380,971 |
| Total Non-Operating Revenues | <u>2,924,419</u> | <u>3,874,283</u> |
| <u>Non-Operating Expenses</u> | | |
| Interest expense | 8,447,925 | 8,806,337 |
| Loss on disposal of property, plant and equipment | - | 180,000 |
| Total Non-Operating Expenses | <u>8,447,925</u> | <u>8,986,337</u> |
| Net Loss | <u>(3,038,345)</u> | <u>(11,524,453)</u> |
| <u>Retained Earnings (deficit)</u> | | |
| Retained earnings, (deficit), at beginning of year | <u>(4,344,989)</u> | <u>7,179,464</u> |
| Retained earnings, (deficit), at end of year | <u>\$ (7,383,334)</u> | <u>\$ (4,344,989)</u> |

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



Statements of Cash Flows

| | <u>June 30, 2000</u> | <u>June 30, 1999</u> |
|---|----------------------|----------------------|
| Cash Flows From Operating Activities | | |
| Operating Income (Loss) | \$ 2,485,161 | \$ (6,412,399) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,501,801 | 4,307,285 |
| Decrease in accounts receivable | 709,216 | 604,714 |
| (Increase) Decrease in other assets | (9,778) | 14,557 |
| Decrease in accounts payable | (169,967) | (336,962) |
| Increase in other liabilities | 49,130 | 601,649 |
| Increase (Decrease) in prepaid project participant assessments | (1,067,557) | 2,512,951 |
| Net cash provided by operating activities | <u>5,498,006</u> | <u>1,291,795</u> |
| Cash Flows from Non-Capital Financing Activities | | |
| Increase in cash received for deposits | 2,832,891 | 266,058 |
| Increase (Decrease) in cash received for rate coverage fund deposits | (846,821) | 776,586 |
| Net cash provided by non-capital financing activities | <u>1,986,070</u> | <u>1,042,644</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Acquisition of capital assets | (318,601) | (1,866,709) |
| Decrease in contributed capital | (2,742,130) | (2,604,406) |
| Interest paid on long-term debt | (8,447,925) | (9,164,748) |
| Principal payments on long-term debt | (2,775,000) | (25,920,000) |
| Decrease in retainage payable | (183,412) | (434,997) |
| Net cash used by capital and related financing activities | <u>(14,467,068)</u> | <u>(39,990,860)</u> |
| Cash Flows from Investing Activities | | |
| Interest and dividends on investments | 2,657,796 | 4,522,232 |
| Net cash provided from investing activities | <u>2,657,796</u> | <u>4,522,232</u> |
| Net decrease in cash and cash equivalents | (4,325,196) | (33,134,189) |
| Cash and cash equivalents, beginning of year | <u>76,875,447</u> | <u>110,009,636</u> |
| Cash and investments | 28,426,687 | 27,653,774 |
| Cash and investments with fiscal agent | 13,387,009 | 21,318,007 |
| Cash and investments held for deposits | 30,736,557 | 27,903,666 |
| Cash and cash equivalents, end of year | <u>\$ 72,550,254</u> | <u>\$ 76,875,447</u> |

Continued

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



Statements of Cash Flows

Supplemental Disclosures of Cash Flow Information

| | <u>June 30, 2000</u> | <u>June 30, 1999</u> |
|---|-----------------------------|-----------------------------|
| <u>Schedule of Non-Cash Capital and Related Financing Activities</u> | | |
| The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment. | <u>\$ 674,461</u> | <u>\$ 1,457,864</u> |
| The Authority transferred certain expenditures for local projects from construction in progress to contributed capital for those project participants which contributed cash for the construction of their local facilities. This transfer represents a reduction (increase) of contributed capital for these project participants. | <u>\$ 414,466</u> | <u>\$ (42,213)</u> |
| The Authority disposed of certain property, plant and equipment which were determined to no longer be usable. | <u>\$ 181,034</u> | <u>\$ 180,000</u> |

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



Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

The Authority Participants are located in three different geographic areas of Santa Barbara County: North County (Guadalupe, Santa Maria, Southern California Water Company and Vandenberg AFB); the Santa Ynez Valley (Buellton and SYRWCD, ID#1); and the South Coast (Carpinteria, Goleta, La Cumbre Mutual Water Company, Montecito, Morehart Land Company, Santa Barbara and Raytheon Systems Company, formerly Santa Barbara Research Center). Historically, the North County has been an agricultural area but has seen significant urban development in the last twenty years and expects additional urban development in the future; the Santa Ynez Valley is a rural agricultural area and tourist destination; and the South Coast is a generally developed urban area which does not expect significant growth in the future.

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

Facilities Constructed by the Authority

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

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

Contractual Relationships

The State of California Department of Water Resources ("DWR") entered into contracts (the "State Water Supply Contracts") with San Luis Obispo and Santa Barbara Counties in 1963 pursuant to which the counties received entitlements to water from the SWP. San Luis Obispo County's entitlement was for 25,000 acre-feet per year and Santa Barbara County's entitlement was for 57,700 acre-feet per year. In 1981, Santa Barbara County amended its contract to reduce its entitlement to 45,486 acre-feet per year.

In 1983, Santa Barbara County entered into a series of Water Supply Retention Agreements ("WSRAs") with local water purveyors and users within Santa Barbara County. These WSRAs initially granted the purveyors and users an option to obtain an assignment of Santa Barbara County's State Water Supply Contract rights and, as of July 1, 1989, actually granted the full assignment of those rights. Thereafter, certain of the local water purveyors and users holding the WSRA



Notes to Financial Statements

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

The Water Supply Agreements

Each Project Participant has entered into a Water Supply Agreement to provide for the development, financing, construction, operation and maintenance of the Project. The purpose of the Water Supply Agreements is to assist in carrying out the purposes of the Authority with respect to the Project by: (1) requiring the Authority to sell, and the Project Participants to buy, a specified amount of water from the project, and (2) assigning the Project Participants' entitlement 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 sheet. Where appropriate, net total assets (i.e., fund equity) is segregated into contributed capital and retained earnings. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

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

C. Investments

The Authority has developed an investment policy that exceeds the minimum requirements established by the State of California. The Authority believes that it has adhered to established policies for all investment activities. As of June 30, 2000, the investment portfolio has a weighted average maturity (excluding the guaranteed investment contract) of 70 days and a weighted average yield of 6.4198%.

The Authority reports investments at amortized cost with a maturity at the time of purchase of less than one year. Investments with a maturity greater than one year at the time of purchase are reported at fair value. As of June 30, 2000 all investments are reported at amortized cost.

D. Property, Plant and Equipment

Property, plant and equipment purchased or constructed by the Authority is stated at cost. Depreciation has been provided 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



Notes to Financial Statements

addition, certain technical and engineering related studies associated with the Project have also been capitalized and included in the basis of the assets. The estimated useful lives of depreciated assets is as follows:

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

E. Inventories

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

F. Unamortized Bond Issuance Costs

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

G. Deposits

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

H. Operating Reimbursements from Project Participants

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

I. Unexpended Operating Assessments

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

J. Long-Term Receivable

Certain project participants requested that the Authority finance local facilities and other costs associated with the State water project owned and operated by the individual project

participants. These costs are recorded as a long-term receivable on the Authority's balance sheet and repaid by the project participants in the form of revenue bond debt service payments to the Authority.

K. 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.

| <u>Project Participant</u> | <u>June 30, 2000</u> |
|--|---------------------------|
| Avila Beach CSD (SLO County) | \$25,172 |
| City of Buellton | 217,604 |
| Carpinteria Valley Water District | 762,121 |
| City of Guadalupe | 156,706 |
| La Cumbre Mutual Water Company | 348,874 |
| Montecito Water District | 971,238 |
| Oceano CSD (SLO County) | 92,130 |
| City of Santa Maria | 3,625,525 |
| Shandon (SLO County) | 13,240 |
| Santa Ynez Water Conservation District, ID #1 (City of Solvang portion) | 487,600 |
| Santa Ynez WCD, ID #1 | 351,505 |
| Total | <u>\$7,051,715</u> |

L. Self-Funded Dental/Vision Insurance Plan

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided \$2,500 per calendar year to pay dental and vision expenses for the employee and their qualified dependents. As of June 30, 2000, the calendar year 2000 maximum liability under the plan was \$61,562 and year-to-date claims paid were \$18,083.

The following table shows a summary of the claims liability and claims paid for the plan years ended December 31, 1998 and 1999.

| | <u>1999</u> | <u>1998</u> |
|--------------------------|-------------|-------------|
| Maximum claims liability | \$61,562 | \$57,396 |
| Actual claims paid | (31,621) | (35,718) |



Notes to Financial Statements

M. Use of Estimates

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

Note 2: Cash and Investments

A. Demand Deposits

The Authority's demand deposits with a central California regional bank totaled \$271,064 and \$204,815 at June 30, 2000 and 1999, respectively. Such deposits are insured up to a maximum of \$100,000 by the Federal Deposit Insurance Corporation.

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.

Deposits are classified as to credit risk by three categories as follows:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the Authority's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Category 3: Uncollateralized.

As of June 30, 2000, the reported amount of the Authority's demand deposits was \$271,064 and the bank balance was \$1,048,611. Of the bank balance, \$100,000 is considered category one deposits (insured or collateralized with securities held by the Authority or by its agent in the Authority's name) and the remaining balance is considered category three deposits (uncollateralized).

B. 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, and the State Treasurer's Local Agency Investment Funds (LAIF).

The fair value of pooled investments is determined annually and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. At June 30, 2000, the carrying value of the Authority's position in LAIF is \$17,859,353 and the fair value is \$17,839,092.

The investments that are represented by specific identifiable investment securities are classified as to credit risk into three categories as follows:

Category 1: Insured or registered, or securities held by the Authority or its agent in the Authority's name.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Authority's name.

Based upon the categories listed above, the Authority's securities are considered category three investments. These are uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent, but not specifically in the Authority's name. LAIF funds, money market fund deposits and the guaranteed investment contract are not categorized.



Notes to Financial Statements

C. Collateralized Investment Agreement

On December 23, 1998, the Authority entered into a collateralized investment agreement in the amount of \$12,758,750 for the revenue bond debt service reserve fund. The collateralized investment agreement pays interest semi-annually at a rate of 5.47% and matures on October 1, 2022. The underlying collateral for the investment agreement is held in trust by a third party collateral agent.

D. Cash and Investments with Fiscal Agent

The Authority has monies held by trustees or fiscal agents pledged to the payment or security of the bonds payable. The California Government Code provides that these monies, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the indentures specifying the types of investment the trustees or fiscal agents may make.

E. Cash Equivalents

The Authority considers all pooled cash and investments to be cash equivalents.

F. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the terms of this plan, employees may defer amounts of income up to a maximum of thirty-three percent of salary or \$8,000 per year, whichever is less. Amounts so deferred may not be paid to the employee during employment with the Authority except for a catastrophic circumstance creating an undue and unforeseen financial hardship for the employee.

G. 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 carrying and market values of cash and investments consisted of the following at June 30:

| | 2000 | | 1999 |
|--|---------------------|---------------------|---------------------|
| | Carrying Amount | Fair Value | Carrying Amount |
| Cash and Investments | | | |
| Cash in bank | \$270,364 | \$270,364 | \$204,115 |
| Petty cash | 700 | 700 | 700 |
| Local Agency Investment Fund | 17,741,353 | 17,721,226 | 25,411,935 |
| Commercial Paper | 9,639,722 | 9,700,456 | 10,021,539 |
| U.S. Government Securities | 31,004,346 | 31,022,929 | 18,157,232 |
| Money Market Funds | 506,760 | 506,760 | 1,761,919 |
| | <u>59,163,245</u> | <u>59,222,435</u> | <u>55,557,440</u> |
| Less: cash and investments held for deposits | | | |
| | <u>(30,736,557)</u> | <u>(30,736,557)</u> | <u>(27,903,666)</u> |
| Total Cash and Investments | <u>28,426,688</u> | <u>28,485,878</u> | <u>27,653,774</u> |
| Cash and Investments with Fiscal Agents | | | |
| Money market funds | 510,259 | 510,259 | 1,277,275 |
| Commercial paper | - | - | 881,211 |
| U.S. Government securities | - | - | 1,237,274 |
| Local Agency Investment Fund | 118,000 | 117,866 | 5,163,497 |
| Guaranteed Investment Contract | 12,758,750 | 12,758,750 | 12,758,750 |
| Total Cash and Investments with Fiscal Agents | <u>13,387,009</u> | <u>13,386,875</u> | <u>21,318,007</u> |
| Total | <u>\$72,550,254</u> | <u>\$72,609,310</u> | <u>\$76,875,447</u> |

Note 3: Property, Plant and Equipment

Property, plant and equipment is as follows at June 30,

| | 2000 | 1999 |
|--|----------------------|----------------------|
| Land | \$ 3,148,500 | \$3,134,255 |
| Furniture fixtures and equipment | 429,485 | 437,827 |
| Equipment | 27,035,326 | 26,454,458 |
| Buildings and structures | 48,975,212 | 48,940,096 |
| Underground pipeline | 59,315,696 | 59,288,507 |
| Construction in progress | 17,460 | 523,546 |
| Total property, plant and equipment | <u>138,921,679</u> | <u>138,778,689</u> |
| Accumulated depreciation | <u>(7,060,661)</u> | <u>(5,064,860)</u> |
| Net property, plant and equipment | <u>\$131,861,018</u> | <u>\$133,713,829</u> |



Notes to Financial Statements

Note 4: Long-Term Debt

On November 5, 1996, the Authority issued \$198,015,000 in revenue bonds with an average interest rate of 5.55% to advance refund \$177,120,000 of outstanding 1992 Revenue Bonds with an average interest rate of 6.64%. The net proceeds of \$189 million (after deducting \$6.5 million in original issue discount, \$1.9 million in underwriting fees and other issuance costs) were used to purchase State and Local Government Securities (SLGS). Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Revenue Bonds. As of June 30, 2000, \$167,700,000 of the 1992 Revenue Bonds are considered to be defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$14.01 million. This difference, reported in the accompanying financial statements as unamortized bond issuance costs, is being charged to operations through the year 2022 in proportion to the bond interest expense incurred for each fiscal year. The Authority completed the advance refunding to reduce its total debt service payments over the next 25 years by \$10.3 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5.97 million.

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

The City of Santa Maria, Southern California Water Company, Vandenberg AFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling \$22,890,770 and \$25,632,900 at June 30, 2000 and 1999, respectively, 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 1996 bonds are backed by a municipal bond insurance policy issued by AMBAC Indemnity. The Central Coast Water Authority Note, issued June 1992 in the amount of \$23,545,000, was advance refunded from proceeds of the 1992 revenue bond issue.

The annual requirements to pay all debt outstanding, as of June 30, 2000, are as follows:

| <u>Fiscal Year</u> | <u>Interest</u> | <u>Principal</u> | <u>Total</u> |
|--------------------|----------------------|----------------------|----------------------|
| 2001 | \$8,329,215 | \$3,010,000 | \$11,339,215 |
| 2002 | 8,194,474 | 3,270,000 | 11,464,474 |
| 2003 | 8,043,405 | 3,535,000 | 11,578,405 |
| 2004 | 7,875,778 | 3,830,000 | 11,705,778 |
| 2005-2009 | 35,521,513 | 25,405,000 | 60,926,513 |
| 2010-2014 | 27,291,944 | 35,565,000 | 62,856,944 |
| 2015-2019 | 17,208,750 | 45,430,000 | 62,638,750 |
| 2020-2023 | 4,661,375 | 45,235,000 | 49,896,375 |
| Total | <u>\$117,126,454</u> | <u>\$165,280,000</u> | <u>\$282,406,454</u> |

The 1996 Revenue Bonds were issued in two series: Series A bonds totaled \$173,015,000 and Series B bonds totaled \$25,000,000. On October 1, 1998, the Authority exercised the optional Series B bond call in the principal amount of \$23,380,000 with excess construction proceeds.

Series A bonds outstanding bear interest ranging from 4.20% to 6.00%.

Note 5: Defined Benefit Pension Plan

A. Plan Description

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



Notes to Financial Statements

Funding Policy

Active plan members in the Central Coast Water Authority are required to contribute 7% of their annual covered salary. However, the Authority pays this amount on behalf of the employees without requiring a contribution from the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 1999/00 was 6.814%. The contribution rate is established and may be amended by CalPERS.

B. Annual Pension Costs

For fiscal year 1999/00, the Central Coast Water Authority's annual pension costs were \$194,715 and the Authority actually contributed \$194,715. The required contribution for fiscal year 1999/00 was determined as part of the June 30, 1997 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members, and (c) 3.50% cost-of living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Authority's plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1998 was 15 years.

Three-Year Trend Information for the Central Coast Water Authority

| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------|---------------------------|-------------------------------|------------------------|
| 6/30/96 | \$52,432 | 100% | \$0 |
| 6/30/97 | \$87,776 | 100% | \$0 |
| 6/30/98 | \$111,617 | 100% | \$0 |

Funded Status of Plan

| Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded/ (Overfunded) Liability |
|----------------|------------------------------------|---------------------------|----------------------------------|
| 6/30/96 | \$271,467 | \$269,325 | \$2,142 |
| 6/30/97 | \$362,911 | \$465,717 | \$(102,806) |
| 6/30/98 | \$562,324 | \$744,561 | \$(182,237) |

| Valuation Date | Funded Ratio | Annual Covered Payroll | UAAL As a Percentage of Payroll (1) |
|----------------|--------------|------------------------|-------------------------------------|
| 6/30/96 | 99.2% | \$836,244 | 0.256% |
| 6/30/97 | 128.3% | \$1,124,458 | (9.143%) |
| 6/30/98 | 132.4% | \$1,203,077 | (15.148%) |

(1) UAAL: Unfunded Actuarial Accrued Liability

Note 6: Commitments and Uncertainties

The Authority has entered into long-term contracts with prime contractors for consultation and the construction of the facilities described in Note 1. Remaining balances on construction contracts signed total \$76,166 at June 30, 2000.

The Authority leases other equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2000 were \$9,919 (2001) and \$9,709 thereafter, resulting in total minimum payments of \$19,628.

At June 30, 2000, the Authority was obligated on a promissory note with a local commercial bank in the amount of \$324,000 to support a letter of credit to the California Department of Fish and Game under a memorandum of understanding for ongoing mitigation efforts along the Authority's pipeline. As of June 30, 2000 there have been no draws against the letter of credit.

The Authority is involved in various legal proceedings, lawsuits and claims of a nature considered normal for its activities. It is the Authority's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable.

The Authority is also involved in a lawsuit, *Santa Maria Valley Water Conservation District v. City of Santa Maria, et al., etc.* (Superior Court, County of Santa Clara, Case No. CV 770214). This is a complex water rights lawsuit involving the rights of the parties to pump from the Santa Maria Valley Groundwater Basin and to store and recapture imported water in the basin. There are currently approximately 700 parties to the lawsuit. They include five cities, three community services districts, two publicly-owned utilities, and many private entities and persons. Many cross-complaints have been filed in this action.

This case began with the filing by the Santa Maria Valley Water Conservation District ("District") of a complaint against the City of Santa Maria after it entered into a contract with the Central Coast Water Authority to import 16,200 acre-feet of State Water Project water into the Santa Maria Valley. The District brought this lawsuit to stop the City from storing imported water in the basin and to prevent the City from



Notes to Financial Statements

pumping return flows from imported water. Since the Authority does not pump water from the basin or store water in the basin it is very unlikely that this action will have any financial impact on the Authority.

While it is not possible to predict with certainty the outcome of any case, it is the opinion of management that the lawsuits, claims and proceedings which are pending against the Authority are without merit or will not have a material adverse effect on the Authority's operating results, liquidity or financial position.

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 7: Contributed Capital

The following schedule provides changes in contributed capital for the fiscal year ended June 30, 2000:

| | Beginning Balance 7/1/99 | Refunds | Local Project Costs | Ending Balance 6/30/00 |
|------------------|--------------------------------|----------------------|---------------------------|------------------------------|
| Avila Valley | \$ 17,008 | \$ (1,952) | | \$ 15,056 |
| San Luis Schools | 5,971 | (686) | | 5,285 |
| San Miguelito | 247,722 | (26,806) | | 220,916 |
| Santa Maria | 13,708,688 | (80,040) | | 13,628,648 |
| Vandenberg AFB | 10,572,069 | (2,087,445) | \$(414,466) | 8,070,158 |
| So Cal Water | 1,000,323 | (130,735) | | 869,588 |
| Guadalupe | 81,119 | - | | 81,119 |
| Totals | \$25,632,900 | \$(2,327,664) | \$(414,466) | \$22,890,770 |

Expenditures for the construction of local facilities on behalf of those project participants which contributed cash for their proportionate share of project costs are recorded as a reduction of contributed capital.

Note 8: Joint Powers Insurance Authority

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

ACWA - JPIA provides liability, property, workers' compensation, fidelity and boiler and machinery insurance for approximately 287 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.



TABLE 1

General Governmental Revenues by Source

| Fiscal Year | Operating Assessments | Debt Service Assessments | Other Revenues | Interest Income | Total Revenues |
|------------------------|------------------------------|---------------------------------|-----------------------|------------------------|-----------------------|
| 1991/92 | \$ 912,390 | \$ - | \$ 63,384 | \$ 22,947 | \$ 998,721 |
| 1992/93 | 1,463,823 | - | 655,252 | 1,109,523 | 3,228,598 |
| 1993/94 | 1,176,743 | - | 295,333 | 1,541,382 | 3,013,458 |
| 1994/95 | 1,364,258 | - | 1,142 | 1,665,769 | 3,031,169 |
| 1995/96 | 1,798,493 | - | 2,713 | 1,145,103 | 2,946,309 |
| 1996/97 | 1,495,834 | 2,081,902 | 9,118 | 1,074,057 | 4,660,911 |
| 1997/98 | 1,545,147 | 8,689,624 | 7,548 | 4,374,272 | 14,616,591 |
| 1998/99 ⁽¹⁾ | 1,295,241 | - | 460 | 3,493,312 | 4,789,013 |
| 1999/00 | 1,963,376 | 7,779,256 | 2,598 | 2,924,419 | 12,669,649 |

Source: Central Coast Water Authority

(1) Fiscal year 1998/99 revenues decreased for debt service credits provided to the project participants from the project closeout.

Total Revenue Comparison

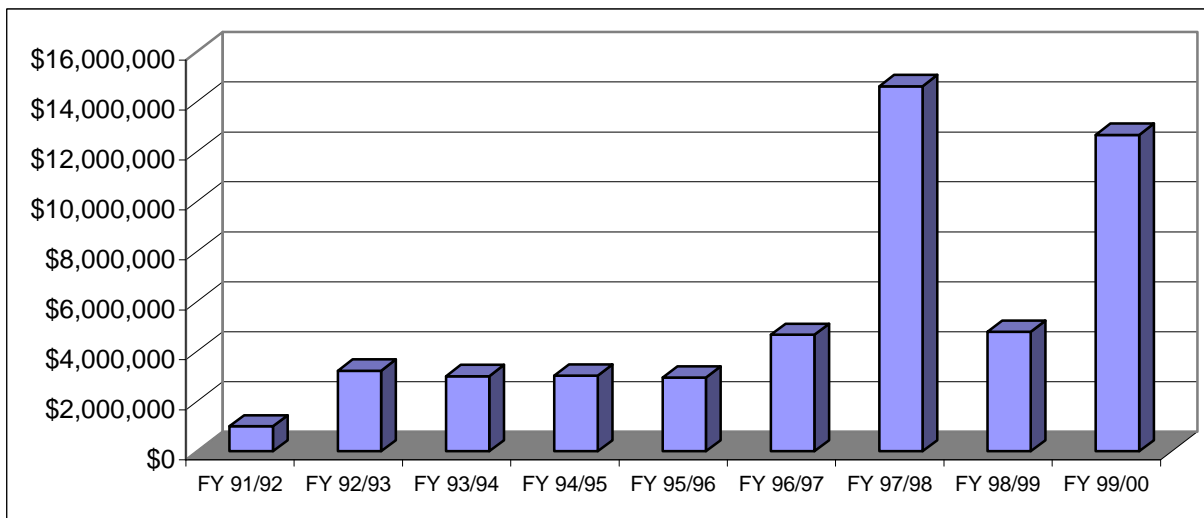




TABLE 2

General Governmental Expenditures by Function

| Fiscal Year | Operating Expenses | Capital Improvements | Interest Expense | Other Expenses | Total Expenditures |
|-------------|--------------------|----------------------|------------------|----------------|--------------------|
| 1991/92 | \$ 504,256 | \$ 4,031,498 | \$ - | \$ - | \$ 4,535,754 |
| 1992/93 | 742,716 | 11,416,026 | - | - | 12,158,742 |
| 1993/94 | 893,418 | 18,288,545 | - | - | 19,181,963 |
| 1994/95 | 762,826 | 66,888,392 | - | - | 67,651,218 |
| 1995/96 | 975,003 | 39,318,423 | - | - | 40,293,426 |
| 1996/97 | 3,539,031 | 16,036,392 | 1,314,904 | - | 20,890,327 |
| 1997/98 | 6,718,882 | 3,922,279 | 9,865,258 | - | 20,506,419 |
| 1998/99 | 7,708,099 | 1,983,928 | 8,806,337 | 180,000 | 18,678,364 |
| 1999/00 | 7,260,069 | 318,601 | 8,447,925 | - | 16,026,595 |

Source: Central Coast Water Authority

Total Expenditures Comparison

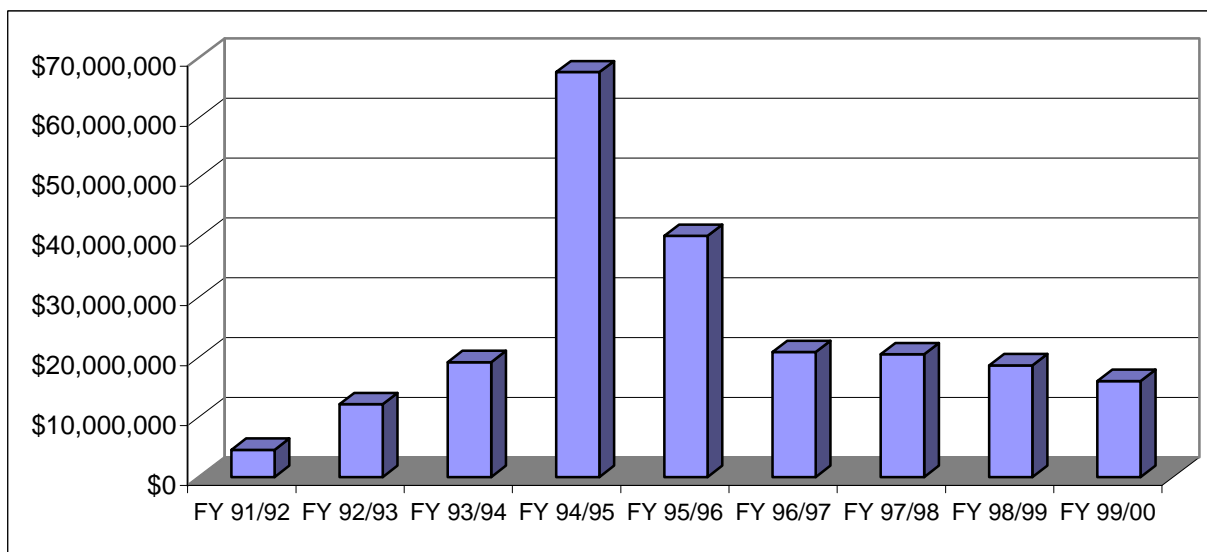




TABLE 3

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

| Fiscal Year | Bond Issue | Principal | Interest ⁽¹⁾ | Total Debt Service | Total Expenditures | Ratio of Debt Service to Total Expenditures |
|------------------------|-------------------|------------------|--------------------------------|---------------------------|---------------------------|--|
| 1991/92 | 92 Note | \$ - | \$ 1,118,388 | \$ 1,118,388 | \$ 4,535,754 | 24.66% |
| 1992/93 | 92 Bonds | - | 5,645,065 | 5,645,065 | 12,158,742 | 46.43% |
| 1993/94 | 92 Bonds | - | 11,290,130 | 11,290,130 | 19,181,963 | 58.86% |
| 1994/95 | 92 Bonds | - | 11,290,130 | 11,290,130 | 67,651,218 | 16.69% |
| 1995/96 | 92 Bonds | - | 11,290,130 | 11,290,130 | 40,293,426 | 28.02% |
| 1996/97 | 92 & 96 Bonds | - | 7,922,882 | 7,922,882 | 20,890,327 | 37.93% |
| 1997/98 | 96 Bonds | 4,040,000 | 9,904,443 | 13,944,443 | 20,506,419 | 68.00% |
| 1998/99 ⁽²⁾ | 96 Bonds | 25,920,000 | 9,164,749 | 35,084,749 | 18,678,364 | 187.84% |
| 1999/00 | 96 Bonds | 2,775,000 | 8,447,925 | 11,222,925 | 16,026,595 | 70.03% |

(1) Represents actual cash payment without regard to payments from the capitalized interest fund.
 (2) FY 1998/99 bond principal payment includes the Series B bond call in the amount of \$23,380,000.

Source: Central Coast Water Authority

Ratio of Debt Service to Total Expenditures

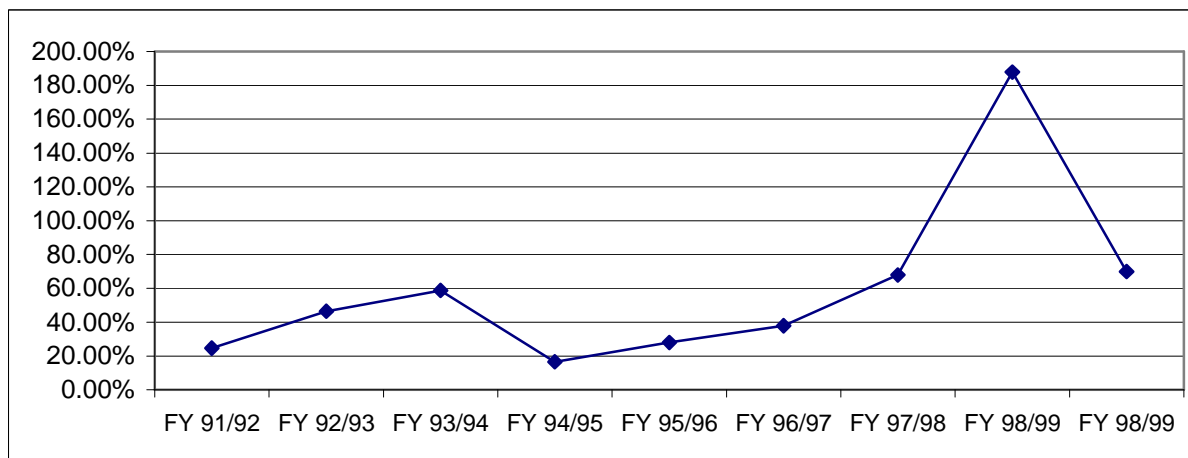




TABLE 4

FY 1999/00 Allocation of CCWA Operating Expenses

| Project Participant | FY 1999/00 Unadjusted Operating Expenses (1) | Exchange Agreement Modifications (2) | Regional Water Treatment Plant Modifications (3) | FY 1999/00 Allocated Operating Expenses |
|------------------------------------|---|---|---|--|
| Shandon (SLO County) | \$ 3,828 | N/A | N/A | \$ 3,828 |
| Chorro Valley Turnout (SLO County) | 127,103 | N/A | N/A | 127,103 |
| Lopez Turnout (SLO County) | 119,919 | N/A | N/A | 119,919 |
| City of Guadalupe | 40,216 | N/A | \$ 17,034 | 57,251 |
| City of Santa Maria | 1,100,843 | N/A | 497,688 | 1,598,531 |
| Southern California Water Co. | 38,342 | N/A | 15,052 | 53,394 |
| Vandenberg Air Force Base | 446,283 | N/A | 168,459 | 614,742 |
| City of Buellton | 57,469 | N/A | 18,023 | 75,492 |
| City of Solvang | 133,391 | N/A | 43,779 | 177,170 |
| Santa Ynez Imp. District #1 | 82,065 | 308,038 | 92,892 | 482,994 |
| Goleta Water District | 491,285 | (234,915) | (208,477) | 47,894 |
| Morehart Land Co. | 19,823 | N/A | (14,397) | 5,426 |
| La Cumbre Mutual Water Co. | 139,906 | - | (86,495) | 53,410 |
| Raytheon (SBRC) | 7,095 | - | (4,797) | 2,298 |
| City of Santa Barbara | 297,370 | - | (215,962) | 81,408 |
| Montecito Water District | 311,939 | (29,473) | (204,092) | 78,373 |
| Carpinteria Valley Water District | 198,247 | (43,650) | (118,707) | 35,889 |
| TOTAL: | \$ 3,615,123 | \$ 0 | \$ 0 | \$ 3,615,123 |

1. FY 1999/00 unadjusted operating expenses is equal to total operating expenses *minus* depreciation and amortization and interest income on the general operating fund for CCWA *plus* capital expenditures paid from operating assessments.
2. Exchange agreement modifications represent cost adjustments between the Santa Ynez River Water Conservation District, ID#1 and the South Coast project participants for Cachuma Project water.
3. Regional Water Treatment Plant modifications represents fixed and variable modifications pursuant to the Regional Water Treatment Plant Retreatment agreement.



TABLE 5

Deposits for Payments to the Department of Water Resources

| Project Participant | Balance July 1, 1999 | FY 1999/00 Project Participant Payments and DWR Credits | Payments to Department of Water Resources and Other Adjustments | Ending Balance June 30, 2000 |
|-------------------------------------|-----------------------------|--|--|-------------------------------------|
| City of Guadalupe | \$ 364,613 | \$ 404,337 | \$ (374,675) | \$ 394,275 |
| City of Santa Maria | 11,198,727 | 12,417,792 | (11,356,323) | 12,260,196 |
| Southern California Water Co. | 386,634 | 366,133 | (340,413) | 412,354 |
| Vandenberg Air Force Base | 4,028,017 | 4,454,715 | (4,154,852) | 4,327,881 |
| City of Buellton | 415,873 | 475,029 | (438,146) | 452,756 |
| Santa Ynez ID#1 (Solvang only) | 981,869 | 1,265,582 | (1,068,925) | 1,178,526 |
| Santa Ynez ID#1 (excluding Solvang) | 455,571 | 395,083 | (395,222) | 455,432 |
| Goleta Water District | 3,522,918 | 3,877,886 | (3,565,381) | 3,835,424 |
| Morehart Land Co. | 137,127 | 161,997 | (142,528) | 156,597 |
| La Cumbre Mutual Water Co. | 734,197 | 785,868 | (715,336) | 804,730 |
| Raytheon (SBRC) | 37,593 | 40,886 | (39,194) | 39,284 |
| City of Santa Barbara | 1,914,607 | 2,373,367 | (2,080,542) | 2,207,432 |
| Montecito Water District | 1,946,207 | 2,432,532 | (2,108,786) | 2,269,953 |
| Carpinteria Valley Water District | 1,346,522 | 1,594,665 | (1,424,288) | 1,516,899 |
| TOTAL: | \$ 27,470,475 | \$ 31,045,874 | \$ (28,204,609) | \$ 30,311,740 |

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 2000. The amounts shown above exclude Warren Act and Trust Fund MOU deposits payable to the Cachuma Operations and Maintenance Board, the U.S. Bureau of Reclamation and DWR account interest income payable to the CCWA project participants as of June 30, 2000.



TABLE 6

FY 1999/00 Actual State Water Deliveries (acre feet)

| Project Participant | Requested Deliveries | Exchange Agreement Deliveries | Net Deliveries |
|------------------------------------|-----------------------------|--------------------------------------|-----------------------|
| Chorro Valley Turnout (SLO County) | 2,360 | N/A | 2,360 |
| Lopez Turnout (SLO County) | 1,489 | N/A | 1,489 |
| City of Guadalupe | 491 | N/A | 491 |
| City of Santa Maria | 12,231 | N/A | 12,231 |
| Southern California Water Co. | 227 | N/A | 227 |
| Vandenberg Air Force Base | 3,770 | N/A | 3,770 |
| City of Buellton | 587 | N/A | 587 |
| City of Solvang | - | N/A | - |
| Santa Ynez Imp. Dist. #1 | 726 | | 2,477 |
| Goleta Water District | 2,978 | | (1,889) |
| Morehart Land Co. | - | N/A | - |
| La Cumbre Mutual Water Co. | 711 | | - |
| Raytheon (SBRC) | 55 | N/A | 55 |
| City of Santa Barbara | - | | - |
| Montecito Water District | 486 | | (237) |
| Carpinteria Valley Water District | 351 | | (351) |
| TOTAL: | 26,462 | | - |

FY 2000/01 Requested State Water Deliveries (acre feet)

| Project Participant | Requested Deliveries | Exchange Agreement Deliveries | Net Deliveries |
|------------------------------------|-----------------------------|--------------------------------------|-----------------------|
| Chorro Valley Turnout (SLO County) | 2,338 | N/A | 2,338 |
| Lopez Turnout (SLO County) | 1,735 | N/A | 1,735 |
| City of Guadalupe | 605 | N/A | 605 |
| City of Santa Maria | 16,134 | N/A | 16,134 |
| Southern California Water Co. | 550 | N/A | 550 |
| Vandenberg Air Force Base | 6,050 | N/A | 6,050 |
| City of Buellton | 578 | N/A | 578 |
| City of Solvang | 1,150 | N/A | 1,150 |
| Santa Ynez Imp. Dist. #1 | 638 | | 2,730 |
| Goleta Water District | 5,152 | | (2,122) |
| Morehart Land Co. | 88 | N/A | 88 |
| La Cumbre Mutual Water Co. | 700 | | - |
| Raytheon (SBRC) | 55 | N/A | 55 |
| City of Santa Barbara | - | | - |
| Montecito Water District | 869 | | (383) |
| Carpinteria Valley Water District | 610 | | (225) |
| TOTAL: | 37,252 | | - |



TABLE 7

Selected Demographic Information

| <u>Description</u> | <u>Santa Barbara County</u> |
|--|-------------------------------------|
| Reporting Period, March 1998 Population | 405,000 |
| White | 254,772 |
| Black | 10,768 |
| Latino | 119,055 |
| Asian & Other | 18,961 |
| Male | 203,759 |
| Female | 199,797 |
| Population enrolled in primary and secondary schools | 62,895 |
| College and Universities | 32,221 |
| <u>Age</u> | |
| Less than 5 years | 30,187 |
| 5 to 19 | 80,627 |
| 20 to 34 | 97,207 |
| 35 to 44 | 65,894 |
| 45 to 54 | 48,428 |
| 55 to 64 | 31,201 |
| Greater than 64 | 50,012 |
| Employed Population | 167,825 |
| <u>Median Family Income</u> | |
| United States | \$ 55,200 |
| California | \$ 58,500 |
| Santa Barbara County | \$ 51,400 |
| Average Salary | \$ 26,403 |

Source: University of Santa Barbara Economic Forecast Project



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

| | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|--------|--------|--------|--------|--------|
| Civilian Labor Force ⁽¹⁾ | 193.14 | 191.07 | 195.59 | 195.73 | 199.44 |
| Employment | 180.14 | 180.17 | 185.85 | 187.08 | 191.73 |
| Unemployment | 13.00 | 10.91 | 9.74 | 8.65 | 7.70 |
| Unemployment Rate | 6.74% | 5.71% | 4.98% | 4.43% | 3.87% |
| Wage and Salary Employment ⁽²⁾ | | | | | |
| Total, all Industries | 158.56 | 160.20 | 166.10 | 168.78 | 175.30 |
| Agriculture | 14.12 | 14.64 | 14.73 | 13.83 | 16.40 |
| Non-Agriculture | 144.44 | 145.56 | 151.37 | 154.95 | 158.90 |
| Mining | 1.16 | 1.18 | 1.03 | 0.92 | 0.82 |
| Construction | 5.37 | 5.86 | 6.67 | 6.84 | 7.67 |
| Manufacturing | 15.93 | 16.37 | 17.08 | 17.80 | 16.39 |
| Transportation & Public Utilities | 5.14 | 5.12 | 5.42 | 5.34 | 5.00 |
| Trade | 35.24 | 34.95 | 36.55 | 37.36 | 39.07 |
| Finance, Ins. & Real Estate | 7.22 | 7.07 | 7.21 | 7.47 | 7.52 |
| Services | 44.67 | 45.32 | 46.52 | 47.39 | 49.99 |
| Government | 29.69 | 29.69 | 30.88 | 31.82 | 32.42 |
| Federal Government | 3.71 | 3.43 | 3.72 | 3.97 | 3.88 |

Notes:

⁽¹⁾ Based on place of residence.

⁽²⁾ Based on place of employment.

Source: Economic Sciences Corporation



TABLE 9

Santa Barbara County Largest Employers

| Company | Location | Type of Business | Number of Employees |
|---|----------------------|---------------------|---------------------|
| University of California at Santa Barbara | Goleta | Education | 8,912 |
| Vandenberg Air Force Base (VAFB) | Lompoc | Defense | 5,011 |
| County of Santa Barbara | Santa Barbara | Government | 4,484 |
| Santa Barbara Cottage Hospital | Santa Barbara | Healthcare | 1,818 |
| Santa Barbara High School District | Santa Barbara | Education | 1,645 |
| Lompoc Unified School District | Lompoc | Education | 1,561 |
| Santa Barbara City College | Santa Barbara | Education | 1,500 |
| Santa Maria-Bonia Schools | Santa Maria | Education | 1,400 |
| Allan Hancock College | Santa Maria & Lompoc | Education | 1,200 |
| Santa Barbara Bank & Trust | Santa Barbara | Bank | 1,100 |
| U.S. Postal Service | Santa Barbaa County | Postal Service | 1,100 |
| Marian Medical Center | Santa Maria | Healthcare | 1,040 |
| City of Santa Barbara | Santa Barbara | Government | 1,030 |
| Lockheed Martin | VAFB | VAFB Launch Support | 992 |
| Sansum Medical Clinic | Santa Barbara | Healthcare | 943 |

Source: University of Santa Barbara Economic Forecast Project



TABLE 10
Miscellaneous Statistical Information

| | |
|---|----------------------------|
| Form of government | Joint Powers Authority |
| Date of organization | August 1, 1991 |
| Number of full-time equivalent positions | 26.75 |
| Polonio Pass Water Treatment Plant design capacity | 43 million gallons per day |
| Authority pipeline (in miles) | 42.50 |
| Coastal Branch pipeline (in miles) | 100.60 |
| Number of water storage tanks | 5 |
| Number of turnouts | 10 |

| <u>Agency</u> | <u>Entitlement (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 (SBRC) | 50 |
| City of Santa Maria | 16,200 |
| Santa Ynez River W.C.D. #1 | 2,000 |
| Southern California Water Co. | 500 |
| Vandenberg Air Force Base | 5,500 |
| Total Santa Barbara County * | <u>39,078</u> |
| | |
| Avila Beach C.S.D | 100 |
| Avila Valley Mutual Water Co., Inc. | 20 |
| California Mens Colony (State) | 400 |
| County of SLO C.S.A. No. 16 I.D. #1 | 100 |
| County of SLO (Op. Center & Reg. Park) | 425 |
| City of Morro Bay | 1,313 |
| Oceano CSD | 750 |
| City of Pismo Beach | 1,240 |
| San Luis Coastal Unified School District | 7 |
| San Miguelito Mutual Water Co. | 275 |
| SLO Co. Comm. Coll. District (Cuesta College) | 200 |
| Total San Luis Obispo County | <u>4,830</u> |
| | |
| TOTAL ENTITLEMENT | <u><u>43,908</u></u> |

Note: * Excludes CCWA drought buffer entitlement of 3,908 AFY and Goleta Water District additional entitlement of 2,500 AFY.



TABLE 11

**Schedule of Insurance
Valued June 30, 2000**

| <u>Company</u> | <u>Policy Period</u> | <u>Insurance Type</u> | <u>Limits</u> | <u>Coverages</u> |
|---|----------------------|----------------------------|---------------|--|
| National Union Fire Insurance Company | 4-1-00 to 4-1-01 | Commercial Crime Coverage | \$ 2,000,000 | Dishonesty and forgery coverage \$1,000,000 Faithful performance of duties to \$1,000,000 |
| ACWA Joint Powers Insurance Authority | 4-1-00 to 4-1-01 | Property Insurance | \$ 46,536,310 | Buildings (\$31,797,100); Personal property (\$965,510); Fixed Equipment (\$13,623,700) |
| ACWA Joint Powers Insurance Authority | 10-1-99 to 10-1-00 | General and Auto Liability | \$ 500,000 | Liability JPIA pooled layer |
| Insurance Co. of the State of Pennsylvania #4198-4472 | 10-1-99 to 10-1-00 | General and Auto Liability | \$ 4,500,000 | Liability umbrella policy |
| Insurance Co. of the State of Pennsylvania #4198-4473 | 10-1-99 to 10-1-00 | General and Auto Liability | \$ 35,000,000 | Liability umbrella policy |
| AIU Insurance Co. # 3101437 | 10-1-99 to 10-1-00 | General and Auto Liability | \$ 10,000,000 | Liability umbrella policy |
| Lmbermans Mutual Casualty Company #9SR129376-00 | 10-1-99 to 10-1-00 | General and Auto Liability | \$ 20,000,000 | Liability umbrella policy |



Statistical Section

San Luis Obispo County Improvement District #1 (SLO County)

Historic Water Connections and Sales Revenues

| Fiscal Year Ending June 30 | Connections | Sales Revenues | Water Deliveries (acre-feet per year) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 215 | \$ 71,646 | 206 |
| 1993 | 230 | 76,587 | 180 |
| 1994 | 232 | 81,696 | 190 |
| 1995 | 236 | 122,699 | 202 |
| 1996 | 237 | 134,483 | 203 |
| 1997 | 243 | 148,173 | 195 |
| 1998 | 236 | 122,088 | 136 |
| 1999 | 234 | 143,398 | 229 |

Largest Customers as of June 30, 1998

| | Water Usage ⁽¹⁾ | Annual Payment |
|--------------------------|-------------------------------|-------------------|
| Shandon Park | 975 | \$ 4,593 |
| Caltrans | 856 | 4,048 |
| Shandon School | 1,056 | 3,618 |
| Residence | 556 | 2,087 |
| Residence | 386 | 1,476 |
| Shandon Methodist Church | 374 | 1,186 |
| Residence | 335 | 1,183 |
| Residence | 288 | 1,084 |
| Residence | 278 | 1,098 |
| Residence | 273 | 1,021 |
| Total | 5,377 | \$ 21,394 |

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

| Fiscal Year Ending June 30 | Total Revenues | Operating Expenses | Net Revenues | State Water Payments | Coverage |
|-------------------------------|-------------------|-----------------------|-----------------|-------------------------|----------|
| 1992 | 80,581 | 80,105 | 476 | - | N/A |
| 1993 | 97,421 | 101,349 | (3,928) | 9,598 | - |
| 1994 | 94,489 | 103,171 | (8,682) | 10,392 | - |
| 1995 | 126,520 | 84,536 | 41,984 | 25,382 | 1.65 |
| 1996 | 153,587 | 81,174 | 72,413 | 40,083 | 1.81 |
| 1997 | 173,729 | 70,536 | 103,193 | 42,461 | 2.43 |
| 1998 | 139,720 | 76,756 | 62,964 | 41,765 | 1.51 |
| 1999 | 160,622 | 92,464 | 68,158 | 43,895 | 1.55 |

Source: San Luis Obispo County



Statistical Section

Avila Beach Community Services District

(SLO County)

Historic Water Connections and Sales Revenues

| Fiscal Year Ending June 30 | Connections | Sales Revenues | Water Deliveries (acre-feet per year) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 153 | \$ 61,500 | 51 |
| 1993 | 153 | 62,500 | 57 |
| 1994 | 155 | 75,693 | 55 |
| 1995 | 155 | 76,627 | 54 |
| 1996 | 156 | 93,209 | 61 |
| 1997 | 157 | 88,922 | 54 |
| 1998 | 157 | 91,035 | 64 |
| 1999 | 157 | 89,043 | 51 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|-----------------------|-------------------------------|-------------------|
| Villa Avila | 132 | \$ 5,610 |
| Surfside/Western Inns | 131 | 5,535 |
| Dun Sailing | 57 | 2,462 |
| La Casita | 31 | 1,255 |
| P. Prather | 29 | 1,003 |
| Top of the Hill Motel | 25 | 1,001 |
| J. McKiernan | 22 | 837 |
| D. DeGroot | 17 | 707 |
| Kennedy | 15 | 612 |
| W J Retzlaff | 14 | 575 |
| Total | 473 | \$ 19,597 |

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

| Fiscal Year Ending June 30 | Total Revenues | Operating Expenses | Net Revenues | State Water Payments | Coverage |
|-------------------------------|-------------------|-----------------------|-----------------|-------------------------|----------|
| 1992 | 71,745 | 61,844 | 9,901 | - | N/A |
| 1993 | 81,939 | 79,379 | 2,560 | 12,271 | 0.21 |
| 1994 | 94,364 | 88,760 | 5,604 | 10,589 | 0.53 |
| 1995 | 88,831 | 64,988 | 23,843 | 21,198 | 1.12 |
| 1996 | 101,209 | 70,129 | 31,080 | 51,600 | 0.60 |
| 1997 | 174,362 | 69,672 | 104,690 | 72,284 | 1.45 |
| 1998 | 160,191 | 79,974 | 80,217 | 81,619 | 0.98 |
| 1999 | 176,286 | 81,951 | 94,335 | 88,339 | 1.07 |

Source: Avila Beach Community Services District



Statistical Section City of Pismo Beach (SLO County)

Historic Water Connections and Sales Revenues

| Fiscal Year Ending June 30 | Connections | Sales Revenues | Water Deliveries (acre-feet per year) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 4,068 | \$ 1,077,307 | 1,831 |
| 1993 | 4,147 | 1,192,029 | 1,822 |
| 1994 | 4,162 | 1,294,703 | 1,843 |
| 1995 | 4,227 | 1,312,946 | 1,742 |
| 1996 | 4,257 | 1,433,899 | 1,803 |
| 1997 | 4,250 | 1,410,581 | 1,873 |
| 1998 | 4,359 | 1,018,641 | 1,803 |
| 1999 | 4,429 | 1,118,375 | 1,959 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|-------------------------------------|-------------------------------|-------------------|
| Pismo Coast Village R.V. Parks | 21,134 | \$ 29,893 |
| The Cliffs Hotel | 19,391 | 18,969 |
| Pismo Mobile Home Park | 14,894 | 14,683 |
| Hacienda del Pismo Mobile Home Park | 12,482 | 14,619 |
| Seacrest Motel | 12,058 | 12,615 |
| Shore Cliff Lodge | 11,772 | 11,971 |
| Oxford Suites | 11,136 | 11,883 |
| Motel 6 | 9,234 | 9,249 |
| Whalers Inn | 7,125 | 8,232 |
| Kon Tiki Inn | 6,737 | 6,427 |
| Total | 125,963 | \$ 138,541 |

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

| Fiscal Year Ending June 30 | Total Revenues | Operating Expenses | Net Revenues | State Water Payments | Parity Debt | Coverage |
|-------------------------------|-------------------|-----------------------|-----------------|-------------------------|----------------|----------|
| 1992 | 1,273,022 | 992,808 | 280,214 | - | 125,000 | N/A |
| 1993 | 1,402,310 | 1,000,975 | 401,335 | 119,005 | 125,000 | 1.64 |
| 1994 | 1,561,195 | 1,030,813 | 530,382 | 123,003 | 123,381 | 2.15 |
| 1995 | 1,660,079 | 1,009,780 | 650,299 | 374,526 | 123,544 | 1.31 |
| 1996 | 2,040,334 | 1,053,606 | 986,728 | 746,228 | 123,479 | 1.13 |
| 1997 | 2,232,597 | 1,192,153 | 1,040,444 | 894,779 | - | 1.16 |
| 1998 | 2,554,992 | 1,119,067 | 1,435,925 | 1,053,312 | - | 1.36 |
| 1999 | 2,950,803 | 1,074,072 | 1,876,731 | 1,029,404 | - | 1.82 |

Source: City of Pismo Beach



Statistical Section City of Morro Bay (SLO County)

Historic Water Connections and Sales Revenues

| Fiscal Year Ending June 30 | Connections | Sales Revenues | Water Deliveries (acre-feet per year) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 4,629 | \$ 1,258,757 | 1,270 |
| 1993 | 4,722 | 1,433,350 | 1,375 |
| 1994 | 4,749 | 1,854,168 | 1,432 |
| 1995 | 4,810 | 2,355,151 | 1,409 |
| 1996 | 4,825 | 3,437,371 | 1,475 |
| 1997 | 4,887 | 3,606,969 | 1,546 |
| 1998 | 4,949 | 3,599,977 | 1,402 |
| 1999 | 5,010 | 3,585,083 | 1,363 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|----------------------------------|-------------------------------|-------------------|
| San Luis Unified School District | 1,858,200 | \$ 191,181 |
| City of Morro Bay | 1,920,000 | 167,222 |
| Pacific Care Center | 1,024,700 | 104,103 |
| Mission Linen | 706,800 | 75,158 |
| Inn at Morro Bay | 522,300 | 51,199 |
| Morro Dunes Trailer Park | 487,200 | 43,472 |
| Silver City Manor | 402,900 | 36,441 |
| Motel 6 | 372,700 | 34,882 |
| St. Dept. of Recreation & Parks | 277,200 | 23,273 |
| Best Western San Marcos | 20,848 | 20,365 |
| Total | 7,592,848 | \$ 747,296 |

(1) In cubic feet.

State Water Payment Coverage Calculations

| Fiscal Year Ending June 30 | Total Revenues | Operating Expenses | Net Revenues | State Water Payments | Parity Debt | Coverage |
|-------------------------------|-------------------|-----------------------|-----------------|-------------------------|----------------|----------|
| 1992 | 1,402,563 | 786,000 | 616,563 | - | 5,000 | N/A |
| 1993 | 1,592,350 | 828,000 | 764,350 | - | 5,000 | N/A |
| 1994 | 1,903,743 | 928,300 | 975,443 | 154,816 | 5,000 | 6.10 |
| 1995 | 2,424,026 | 979,967 | 1,444,059 | 279,470 | 5,000 | 5.08 |
| 1996 | 3,489,231 | 719,098 | 2,770,133 | 1,789,687 | 7,000 | 1.54 |
| 1997 | 3,673,481 | 746,430 | 2,927,051 | 1,676,152 | - | 1.75 |
| 1998 | 3,578,066 | 716,505 | 2,861,561 | 1,493,155 | - | 1.92 |
| 1999 | 3,556,769 | 522,037 | 3,034,732 | 1,527,252 | - | 1.99 |

Source: City of Morro Bay



Statistical Section

Oceano Community Services District

(SLO County)

Historic Water Connections and Sales Revenues

| Fiscal Year Ending June 30 | Connections | Sales Revenues | Water Deliveries (acre-feet per year) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 1,771 | \$ 451,213 | 725 |
| 1993 | 1,757 | 573,268 | 799 |
| 1994 | 1,778 | 633,020 | 802 |
| 1995 | 1,811 | 655,289 | 767 |
| 1996 | 1,817 | 758,775 | 818 |
| 1997 | 1,830 | 958,169 | 828 |
| 1998 | 1,848 | 1,057,473 | 799 |
| 1999 | 1,888 | 1,073,437 | 806 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|-------------------------------------|-------------------------------|-------------------|
| National Home Communities | 12,119 | \$ 35,027 |
| Lucia Mar Unified School District | 8,270 | 27,390 |
| Sand and Surf (Transient RV Park) | 6,666 | 22,322 |
| Oceano 1 Condo Home Owners Assoc. | 7,860 | 22,070 |
| Duna Vista Mobile Home Park | 6,613 | 21,456 |
| State of California (Park Facility) | 4,032 | 17,004 |
| PTI Inc. | 4,645 | 16,360 |
| Porticos Mobile Home Park | 5,411 | 15,871 |
| Pleasant Hill Mobile Home Manor | 3,965 | 10,812 |
| Casa Del Rey Mobile Home Park | 2,741 | 9,550 |
| Total | 62,322 | \$ 197,862 |

(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 | Parity Debt | Coverage |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------------|----------|
| 1992 | 1,503,864 | 475,220 | - | 1,028,644 | - | 85,914 | N/A |
| 1993 | 705,833 | 485,260 | - | 220,573 | - | 85,580 | N/A |
| 1994 | 735,953 | 540,650 | - | 195,303 | 74,397 | 114,243 | 1.04 |
| 1995 | 830,054 | 526,257 | - | 303,797 | 158,986 | 80,203 | 1.27 |
| 1996 | 1,026,334 | 512,893 | - | 513,441 | 387,646 | 79,953 | 1.10 |
| 1997 | 1,068,942 | 497,567 | - | 571,375 | 520,938 | - | 1.10 |
| 1998 | 1,250,157 | 567,195 | 35,112 | 718,074 | 614,936 | - | 1.17 |
| 1999 | 1,233,299 | 559,699 | - | 673,600 | 598,998 | - | 1.12 |

Source: Oceano Community Services District



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) |
|-------------------------------|--------------------------|-------------------|---|
| 1992 | 1,579 | \$ 260,751 | 598 |
| 1993 | 1,592 | 277,259 | 580 |
| 1994 | 1,637 | 375,331 | 541 |
| 1995 | 1,638 | 509,491 | 566 |
| 1996 | 1,705 | 573,212 | 562 |
| 1997 | 1,578 | 781,376 | 613 |
| 1998 | 1,577 | 809,553 | 730 |
| 1999 | 1,579 | 846,539 | 714 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|------------------------|-------------------------------|-------------------|
| Apio Coller | 25,749 | \$ 111,850 |
| Guadalupe Union School | 5,010 | 17,800 |
| Waller Flower Seed | 3,184 | 10,663 |
| Lupe Alvarez | 2,209 | 9,435 |
| P&M Properties | 2,129 | 6,814 |
| Far Western Tavern | 1,803 | 8,081 |
| Guadalupe Cemetery | 1,560 | 4,981 |
| Simplot Soil Builders | 1,401 | 4,427 |
| Playa, Inc. | 846 | 2,850 |
| McKenzie Junior High | 789 | 2,328 |
| Total | 44,680 | \$ 179,229 |

(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 |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------|
| 1992 | 322,649 | 222,975 | - | 99,674 | 58,847 | 1.69 |
| 1993 | 415,276 | 202,830 | - | 212,446 | 32,201 | 6.60 |
| 1994 | 402,334 | 189,326 | - | 213,008 | 60,044 | 3.55 |
| 1995 | 569,345 | 203,581 | - | 365,764 | 138,671 | 2.64 |
| 1996 | 649,169 | 274,814 | - | 374,355 | 258,396 | 1.45 |
| 1997 | 845,468 | 190,000 | - | 655,468 | 493,298 | 1.33 |
| 1998 | 877,834 | 131,288 | 18,389 | 764,935 | 491,491 | 1.56 |
| 1999 | 883,908 | 131,634 | 18,916 | 771,190 | 454,395 | 1.70 |

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) |
|---|------------------------------------|---------------------------------|--|
| 1992 | 15,372 | \$ 5,336,584 | 11,925 |
| 1993 | 15,415 | 5,941,248 | 11,778 |
| 1994 | 15,655 | 7,475,162 | 12,124 |
| 1995 | 15,864 | 6,899,319 | 11,750 |
| 1996 | 16,006 | 8,797,200 | 12,999 |
| 1997 | 16,198 | 10,671,207 | 12,876 |
| 1998 | 16,406 | 11,577,701 | 11,003 |
| 1999 | 16,586 | 11,733,020 | 12,807 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|-------------------------------|---|---------------------------------|
| City of Santa Maria | 142,094 | \$ 435,883 |
| Santa Maria Elementary School | 76,681 | 224,320 |
| Allan Hancock College | 73,657 | 197,915 |
| Casa Grande Mobile Homes | 71,539 | 180,451 |
| Romain Properties | 65,466 | 166,941 |
| Santa Maria Associates | 62,168 | 164,263 |
| VG Apartments | 59,174 | 152,685 |
| Pictsweet Frozen Foods | 38,239 | 100,665 |
| Marian Hospital | 32,863 | 101,959 |
| Mission Linen Supply | 24,654 | 63,434 |
| Total | 646,535 | \$ 1,788,516 |

(1) In hundred cubic feet.

State Water Payment Coverage Calculations

| Fiscal Year Ending June 30 | Total Revenues ⁽¹⁾ | Operating Expenses | Rate Coverage Fund | Net Revenues | State Water Payments | Coverage |
|---|--|-------------------------------------|---|-------------------------------|---------------------------------------|-----------------|
| 1992 | 5,813,594 | 4,045,530 | \$ - | 1,768,064 | 367,562 | 4.81 |
| 1993 | 6,243,663 | 3,286,457 | - | 2,957,206 | 816,427 | 3.62 |
| 1994 | 7,881,235 | 3,372,763 | - | 4,508,472 | 2,153,735 | 2.09 |
| 1995 | 8,396,554 | 3,102,670 | - | 5,293,884 | 3,248,105 | 1.63 |
| 1996 | 13,075,742 | 4,608,906 | - | 8,466,836 | 5,082,855 | 1.67 |
| 1997 | 14,270,631 | 5,637,937 | - | 8,632,694 | 9,335,682 | 0.92 |
| 1998 | 18,527,735 | 4,544,329 | 2,862,780 | 16,846,186 | 11,789,392 | 1.43 |
| 1999 | 19,926,823 | 5,345,513 | 3,250,757 | 17,832,067 | 10,890,688 | 1.64 |

(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) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 949 | \$ 367,839 | 964 |
| 1993 | 947 | 404,290 | 959 |
| 1994 | 950 | 456,120 | 918 |
| 1995 | 950 | 601,372 | 870 |
| 1996 | 965 | 769,590 | 922 |
| 1997 | 993 | 1,063,140 | 992 |
| 1998 | 1,043 | 964,878 | 821 |
| 1999 | 1,051 | 1,040,487 | 860 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|--------------------------------|-------------------------------|-------------------|
| Ranch Club Mobile Estates | 22,258 | \$ 63,947 |
| Zaca Creek Golf Course | 27,443 | 31,750 |
| Rancho S B Marriott | 13,855 | 28,566 |
| Flying Flags Recreation Park | 24,753 | 27,695 |
| Rivergrove Mobile Home Park | 10,395 | 25,551 |
| Andersen's Restaurant | 6,074 | 12,525 |
| Buellton Union School District | 5,540 | 12,154 |
| Andersen's Inn | 4,969 | 9,916 |
| Motel 6 | 4,144 | 8,215 |
| Days Inn | 3,103 | 6,011 |
| Total | 122,534 | \$ 226,330 |

(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 |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------|
| 1992 | \$ 322,649 | \$ 222,975 | \$ - | \$ 99,674 | \$ 58,847 | 1.69 |
| 1993 | 415,276 | 202,830 | 0 | 212,446 | 32,201 | 6.60 |
| 1994 | 402,334 | 189,326 | 0 | 213,008 | 60,044 | 3.55 |
| 1995 | 569,345 | 203,581 | 0 | 365,764 | 138,671 | 2.64 |
| 1996 | 649,169 | 274,814 | 0 | 374,355 | 258,396 | 1.45 |
| 1997 | 1,285,504 | 345,222 | 0 | 940,282 | 638,885 | 1.47 |
| 1998 | 1,318,509 | 312,810 | 19,325 | 1,025,024 | 653,493 | 1.57 |
| 1999 | 1,185,623 | 330,644 | 19,879 | 874,858 | 606,157 | 1.44 |

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) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 1,704 | \$ 780,631 | 1,917 |
| 1993 | 1,757 | 927,667 | 1,852 |
| 1994 | 1,778 | 942,899 | 1,807 |
| 1995 | 1,810 | 1,246,985 | 1,710 |
| 1996 | 1,821 | 1,459,267 | 1,611 |
| 1997 | 1,836 | 1,942,808 | 1,556 |
| 1998 | 1,854 | 1,764,735 | 1,275 |
| 1999 | 1,887 | 1,857,632 | 1,558 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|---------------------------------|-------------------------------|-------------------|
| Rancho Santa Ynez Mobile Estate | 23,786 | \$ 53,829 |
| Alisal Guest Ranch | 21,688 | 52,310 |
| Luthern Home | 9,334 | 26,203 |
| Alisal Oak Apartments | 4,433 | 22,399 |
| Solvang School | 10,544 | 22,251 |
| Royal Scandinavian Inn | 5,323 | 21,503 |
| Danish County Inn | 5,772 | 15,241 |
| Oak Park Apartments | 4,536 | 13,003 |
| Quality Inn | 3,824 | 11,421 |
| Alisal Golf Course | 1,867 | 8,960 |
| Total | 91,107 | \$ 247,120 |

(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 |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------|
| 1992 | 830,478 | 591,550 | \$ - | 238,928 | - | N/A |
| 1993 | 856,987 | 792,654 | - | 64,333 | 138,343 | 0.47 |
| 1994 | 1,074,895 | 759,676 | - | 315,219 | 186,670 | 1.69 |
| 1995 | 1,566,935 | 747,567 | - | 819,368 | 422,594 | 1.94 |
| 1996 | 1,526,135 | 897,583 | - | 628,552 | 642,551 | 0.98 |
| 1997 | 2,106,802 | 1,259,466 | - | 847,336 | 1,666,389 | 0.51 |
| 1998 | 1,897,791 | 524,837 | - | 1,372,954 | 1,682,460 | 0.82 |
| 1999 | 1,921,077 | 583,976 | 456,044 | 1,793,145 | 1,597,628 | 1.12 |

Source: City of Solvang



Statistical Section

Santa Ynez River Water Conservation District, ID#1

Historic Water Connections and Sales Revenues

| Fiscal Year Ending June 30 | Connections | Sales Revenues | Water Deliveries (acre-feet per year) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 2,103 | \$ 1,198,864 | 5,644 |
| 1993 | 2,112 | 1,306,240 | 5,607 |
| 1994 | 2,160 | 1,524,806 | 5,750 |
| 1995 | 2,163 | 1,633,570 | 5,386 |
| 1996 | 2,157 | 1,926,000 | 5,979 |
| 1997 | 2,183 | 2,194,190 | 6,505 |
| 1998 | 2,220 | 2,370,258 | 4,542 |
| 1999 | 2,266 | 2,468,151 | 4,963 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|--------------------------------|-------------------------------|-------------------|
| City of Solvang ⁽²⁾ | 74 | \$ 59,095 |
| Ramirez Bros. | 391 | 52,010 |
| Rancho Marcelino Water Company | 74 | 44,050 |
| Gainey Ranch/Vineyard | 255 | 44,013 |
| Bautista Produce | 237 | 30,112 |
| Dunnn School | 72 | 29,665 |
| Indian Ditch Ranch | 90 | 26,646 |
| Douglas Herthel | 73 | 14,629 |
| S.Y. Valley Union High School | 39 | 12,721 |
| Buttonwood Farm | 73 | 12,678 |
| Total | 1,378 | \$ 325,619 |

(1) In acre-feet per year.

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

State Water Payment Coverage Calculations

| Fiscal Year Ending June 30 | Total Revenues | Operating Expenses | Rate Coverage Fund Deposit | Net Revenues | State Water Payments | Coverage |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------|
| 1992 | 2,208,488 | 1,613,430 | - | 595,058 | 200,000 | 2.98 |
| 1993 | 2,456,342 | 1,707,708 | - | 748,634 | 167,786 | 4.46 |
| 1994 | 2,955,216 | 1,440,247 | - | 1,514,969 | 280,128 | 5.41 |
| 1995 | 4,639,999 | 1,357,614 | - | 3,282,385 | 347,539 | 9.44 |
| 1996 | 4,152,336 | 1,604,014 | - | 2,548,322 | 912,287 | 2.79 |
| 1997 ⁽¹⁾ | 3,896,090 | 2,716,430 | - | 1,179,660 | 1,476,671 | 0.80 |
| 1998 ⁽¹⁾ | 7,454,547 | 1,993,633 | 246,045 | 5,706,959 | 2,669,473 | 2.14 |
| 1999 ⁽¹⁾ | 5,680,162 | 1,936,833 | 314,557 | 4,057,886 | 2,351,446 | 1.73 |

(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) |
|---------------------------------------|--------------------|---------------------------|--|
| 1992 | 14,338 | \$ 9,643,479 | 9,076 |
| 1993 | 14,388 | 11,328,524 | 12,172 |
| 1994 | 14,280 | 11,561,508 | 11,773 |
| 1995 | 14,281 | 12,077,792 | 11,701 |
| 1996 | 14,442 | 12,372,767 | 12,345 |
| 1997 | 14,489 | 13,661,494 | 13,508 |
| 1998 | 14,582 | 13,010,036 | 12,947 |
| 1999 | 14,827 | 14,065,684 | 12,641 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|--|---------------------------------------|---------------------------|
| University of California-Santa Barbara | 785 | \$ 985,787 |
| County of Santa Barbara | 297 | 349,890 |
| Glen Annie Golf Course | 295 | 227,451 |
| La Cumbre Mutual Water Co. | 1,013 | 194,275 |
| Applied Magnetics | 130 | 177,660 |
| Sierra Pacific Farm | 442 | 161,185 |
| George Cavalletto | 365 | 154,801 |
| La Cumbre Golf Course | 162 | 123,615 |
| Sandpiper Golf Course | 289 | 94,905 |
| Glen Parks/Rancho Tres Canadas | 226 | 72,930 |
| Total | 4,004 | \$ 2,542,499 |

(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 |
|---------------------------------------|---------------------------|-------------------------------|---------------------------------------|-------------------------|---------------------------------|-----------------|
| 1992 | 10,119,612 | 6,087,982 | - | 4,031,630 | 558,102 | 7.22 |
| 1993 | 11,838,118 | 5,375,407 | - | 6,462,711 | 559,957 | 11.54 |
| 1994 | 12,221,845 | 5,215,154 | - | 7,006,691 | 510,533 | 13.72 |
| 1995 | 13,107,864 | 5,778,337 | - | 7,329,527 | 789,345 | 9.29 |
| 1996 | 14,089,421 | 7,316,341 | - | 6,773,080 | 1,523,313 | 4.45 |
| 1997 | 16,167,847 | 9,457,602 | - | 6,710,245 | 2,723,910 | 2.46 |
| 1998 | 21,635,460 | 7,383,382 | 1,497,654 | 15,749,732 | 5,686,052 | 2.77 |
| 1999 | 17,674,354 | 7,507,895 | 1,537,496 | 11,703,955 | 3,631,870 | 3.22 |

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) |
|-------------------------------|-------------|-------------------|---|
| 1991 | 1,343 | \$ 880,518 | 1,010 |
| 1992 | 1,357 | 898,358 | 1,270 |
| 1993 | 1,383 | 1,043,531 | 1,276 |
| 1994 | 1,388 | 1,115,247 | 1,334 |
| 1995 | 1,391 | 1,188,044 | 1,238 |
| 1996 | 1,391 | 1,492,547 | 1,375 |
| 1997 | 1,425 | 1,980,613 | 1,633 |
| 1998 | 1,415 | 1,370,862 | 1,337 |

Largest Customers as of December 31, 1998

| | Water Usage ⁽¹⁾ | Annual Payment |
|------------------------------|-------------------------------|-------------------|
| La Cumbre Golf & County Club | 24,600 | \$ 61,168 |
| ELK Trust | 13,011 | 41,379 |
| Aaron Kotler | 6,781 | 21,882 |
| Carriage Hill Association | 4,922 | 20,378 |
| Barney Klinger | 8,742 | 20,015 |
| Stephen Redding | 6,608 | 17,867 |
| Lewis Geysler | 6,038 | 17,715 |
| Christopher Conway | 2,645 | 17,595 |
| Laguna Blanca School | 4,960 | 15,681 |
| William Foley | 4,433 | 11,616 |
| Total | 82,740 | \$ 245,296 |

(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 |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------|
| 1991 | 1,046,539 | 1,021,241 | - | 25,298 | 66,853 | 0.38 |
| 1992 | 1,056,863 | 675,732 | - | 381,131 | 146,408 | 2.60 |
| 1993 | 1,219,519 | 667,019 | - | 552,500 | 88,301 | 6.26 |
| 1994 | 1,296,090 | 660,413 | - | 635,677 | 149,401 | 4.25 |
| 1995 | 1,426,908 | 641,474 | - | 785,434 | 233,241 | 3.37 |
| 1996 | 1,794,966 | 799,628 | - | 995,338 | 420,166 | 2.37 |
| 1997 | 2,209,613 | 715,858 | 308,434 | 1,802,189 | 945,127 | 1.91 |
| 1998 | 2,037,867 | 601,926 | 308,434 | 1,744,375 | 1,639,076 | 1.06 |

Source: La Cumbre Mutual Water Co.



Statistical Section City of Santa Barbara

Historic Water Connections and Sales Revenues

| Fiscal Year Ending June 30 | Average Connections | Sales Revenues | Water Deliveries (acre-feet per year) |
|-------------------------------|------------------------|-------------------|---|
| 1992 | 24,473 | \$ 14,017,897 | 9,520 |
| 1993 | 24,609 | 15,690,162 | 11,071 |
| 1994 | 24,653 | 15,841,994 | 11,438 |
| 1995 | 24,631 | 16,807,644 | 12,337 |
| 1996 | 24,702 | 17,979,681 | 13,055 |
| 1997 | 24,971 | 19,338,989 | 13,916 |
| 1998 | 25,076 | 18,220,227 | 13,124 |
| 1998 | 25,169 | 19,742,981 | 13,961 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|----------------------------|-------------------------------|-------------------|
| S.B. Cottage Hospital | 30,136 | \$ 112,066 |
| Fess Parker's Red Lion Inn | 30,379 | 110,037 |
| S.B. Cottage Hospital | 30,422 | 108,276 |
| City of Santa Barbara | 71,362 | 99,478 |
| Montecito County Club | 52,591 | 72,720 |
| S.B. Zoo | 14,670 | 57,248 |
| St. Francis Hospital | 12,274 | 43,615 |
| AMB Inst. Realty ADV, Inc. | 10,598 | 40,724 |
| La Cumbre Conv. Hospital | 10,854 | 38,672 |
| La Colina Jr. High | 9,140 | 36,041 |
| Total | 272,426 | \$ 718,877 |

(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 |
|-------------------------------|-------------------|-----------------------|-----------------|-------------------------|------------------------|----------|
| 1992 | 18,234,000 | 9,552,760 | 8,681,240 | 88,200 | 2,490,425 | 3.37 |
| 1993 | 24,501,675 | 10,743,067 | 13,758,608 | 278,068 | 2,492,090 | 4.97 |
| 1994 | 24,505,519 | 10,853,926 | 13,651,593 | 552,394 | 1,732,171 | 5.98 |
| 1995 | 25,304,124 | 11,800,957 | 13,503,167 | 526,222 | 2,637,835 | 4.27 |
| 1996 | 26,423,864 | 11,763,687 | 14,660,177 | 728,922 | 2,399,248 | 4.69 |
| 1997 | 26,725,375 | 12,313,251 | 14,412,124 | 1,445,632 | 2,457,398 | 3.69 |
| 1998 | 21,662,821 | 10,061,553 | 11,601,268 | 3,625,606 | 2,394,212 | 1.93 |
| 1999 | 23,207,547 | 12,844,077 | 10,363,470 | 1,706,350 | 2,394,629 | 2.53 |

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) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 3,509 | \$ 3,256,273 | 2,866 |
| 1993 | 3,559 | 4,055,272 | 3,640 |
| 1994 | 3,595 | 3,780,815 | 3,544 |
| 1995 | 3,640 | 3,887,695 | 3,695 |
| 1996 | 4,118 | 4,627,755 | 4,369 |
| 1997 | 4,199 | 5,282,394 | 4,974 |
| 1998 | 4,238 | 4,633,281 | 4,310 |
| 1999 | 4,280 | 5,487,926 | 4,813 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|-------------------------------------|-------------------------------|-------------------|
| Four Seasons Hotel | 37,932 | \$ 169,753 |
| Birnam Wood Golf Club | 77,432 | 141,533 |
| Westmont College | 43,539 | 125,310 |
| Montecito Retirement Association | 19,218 | 67,073 |
| Alisos Ranch | 43,126 | 56,315 |
| Valley Club of Montecito | 31,635 | 55,953 |
| Popayan Ranch | 25,254 | 49,974 |
| Santa Barbara Polo and Racquet Club | 14,606 | 47,287 |
| Ellen Knill | 16,884 | 42,934 |
| Carpinteria Valley Farms | 13,430 | 26,146 |
| Total | 323,056 | \$ 782,278 |

(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 |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------|
| 1992 | \$ 4,239,831 | \$ 2,734,657 | \$ - | \$ 1,505,174 | \$ 126,918 | 11.86 |
| 1993 | 6,999,902 | 3,037,466 | - | 3,962,436 | 132,016 | 30.01 |
| 1994 | 5,190,442 | 2,410,016 | - | 2,780,426 | 320,726 | 8.67 |
| 1995 | 5,864,997 | 2,129,633 | - | 3,735,364 | 614,523 | 6.08 |
| 1996 | 6,219,739 | 2,585,257 | - | 3,634,482 | 1,284,698 | 2.83 |
| 1997 | 7,462,674 | 2,962,077 | - | 4,500,597 | 1,449,536 | 3.10 |
| 1998 | 7,169,644 | 2,743,341 | 767,671 | 5,193,974 | 2,706,621 | 1.92 |
| 1999 | 7,961,038 | 3,166,606 | 869,154 | 5,663,586 | 3,030,743 | 1.87 |

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) |
|-------------------------------|-------------|-------------------|---|
| 1992 | 3,991 | \$ 1,773,358 | 3,974 |
| 1993 | 4,019 | 2,312,030 | 4,179 |
| 1994 | 4,019 | 2,583,104 | 4,249 |
| 1995 | 4,042 | 2,650,897 | 4,097 |
| 1996 | 4,036 | 3,096,261 | 4,177 |
| 1997 | 4,074 | 4,989,024 | 4,445 |
| 1998 | 4,083 | 5,023,009 | 4,038 |
| 1999 | 4,112 | 5,439,578 | 4,364 |

Largest Customers as of June 30, 1999

| | Water Usage ⁽¹⁾ | Annual Payment |
|--------------------------------------|-------------------------------|-------------------|
| B&H Flowers (Nursery) | 64,049 | \$ 95,402 |
| Casitas Village (Home Owners' Assn) | 30,220 | 94,162 |
| Villa Del Mar (Home Owners' Assn) | 32,017 | 91,604 |
| Cate School (Private School) | 25,725 | 68,121 |
| Myriad Flowers (Nursery) | 40,812 | 64,264 |
| Sandpiper Village (Mobile Home Park) | 25,655 | 58,984 |
| Ocean Breeze (Nursery) | 33,013 | 55,415 |
| Norman's Nursery | 30,542 | 48,261 |
| Persoon, John (Nursery) | 25,674 | 43,008 |
| H&M Roses (Nursery) | 29,061 | 42,134 |
| Total | 336,768 | \$ 661,355 |

(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 |
|-------------------------------|-------------------|-----------------------|-------------------------------|-----------------|-------------------------|----------|
| 1992 | \$ 2,191,208 | \$ 1,545,480 | | \$ 645,728 | \$ 272,980 | 2.37 |
| 1993 | 2,990,475 | 1,722,886 | | 1,267,589 | 138,491 | 9.15 |
| 1994 | 3,343,760 | 1,919,052 | | 1,424,708 | 191,233 | 7.45 |
| 1995 | 3,699,032 | 1,825,006 | | 1,874,026 | 316,275 | 5.93 |
| 1996 | 4,464,274 | 2,152,633 | | 2,311,641 | 683,621 | 3.38 |
| 1997 | 5,518,056 | 2,413,360 | | 3,104,696 | 1,673,411 | 1.86 |
| 1998 | 5,717,569 | 2,243,307 | 750,000 | 4,224,262 | 2,321,529 | 1.82 |
| 1999 | 6,204,013 | 2,853,338 | 758,938 | 4,109,613 | 1,999,387 | 2.06 |

Source: Carpinteria Valley Water District