

**Central Coast Water Authority**  
a California Joint Powers Authority



**Comprehensive  
Annual Financial  
Report**

*Year Ended June 30, 1998*

**Central Coast Water Authority**  
a California Joint Powers Authority



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Annual Financial  
Report**

*Year Ended June 30, 1998*

Prepared by Ray A. Stokes  
Controller and Treasurer



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# **Introductory Section**



September 24, 1998

Robert W. Puddicombe  
Chairman

Joseph P. Centeno  
Vice Chairman

Dan Masnada  
Executive Director

Stanley C. Hatch  
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, 1998 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, has 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

255 Industrial Way  
Buellton, CA 93427-9565  
(805) 688-2292  
FAX: (805) 686-4700

Conservation District (SLOCFCWCD and/or San Luis Obispo Water Purchasers) has expressed an interest in joining the Authority. However, any decision to do so must be approved by the unanimous vote of the present members.

The member agencies are represented on the CCWA Board of Directors by an individual chosen by each public entity's Board or City Council. Each vote on the Authority Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement. The following table outlines 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 Improvement District #1	7.64%
Goleta Water District	17.20%
City of Santa Barbara	11.47%
Montecito Water District	9.50%
Carpinteria Valley Water District	<u>7.64%</u>
TOTAL	100.00%

CCWA Committees

There are currently four Central Coast Water Authority committees. They consist of the Finance, Operating, Personnel and Policy Committees.

The Operating Committee is composed of the general managers, city administrators or water supply managers 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 project 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 San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) to receive water from the State Water Project.

## **SIGNIFICANT ACCOMPLISHMENTS**

### State Water Deliveries

FY 1997/98 represents the first year of operations for the Authority. Total water deliveries for the year, which began in August 1997, were 17,180 acre-feet. This compares to the projected deliveries of 29,274 acre-feet, or a difference of 12,094 acre-feet. This difference is due to the excessive rainfall received on the California Central Coast during the 1997/98 winter, which dramatically reduced demand and associated water deliveries for the year.

### State Water Ribbon Cutting Ceremony

On July 18, 1997, the Department of Water Resources (DWR) and the Authority held a joint ribbon cutting and dedication ceremony for the Coastal Branch Phase II and Authority project facilities. This ceremony marked the culmination of many years' effort to bring State water to Santa Barbara and San Luis Obispo counties. The Authority began delivering water to pipeline turnouts on August 11, 1997 and to Lake Cachuma on November 20, 1997.

### City of Solvang Litigation

In 1998, final judgement was rendered regarding the litigation between the City of Solvang (Plaintiff) and the Santa Ynez River Water Conservation District, Improvement District #1 (Defendant). In order to protect the interest of the other CCWA project participants, CCWA participated in this matter as a Defendant in Intervention. Judgement was rendered in favor of Improvement District #1 on virtually all causes of action filed by the City of Solvang.

### Reserve Funds

In FY 1997/98, the Authority adopted two reserve fund policies. The Operations and Maintenance Reserve Fund was established to provide funds for use in emergency situations and was funded at \$2,000,000.

The Rate Coverage Reserve Fund was established to aid the project participants in complying with the rate coverage obligations contained in the Water Supply Agreements. A project participant may elect to place on deposit with CCWA up to 25% of its annual State water payment. This represents a one-time payment. There is an immediate savings to its ratepayers because the project participant does not need to continue to collect the additional coverage amount through its water rates each year.

### CCWA Turnback Pool Program

In FY 1997/98, the Authority adopted a "turnback" program for one-year sales of water between CCWA project participants. This program was implemented for the first time in early 1998 and resulted in the sale of 1,070 acre feet by certain project participant sellers to two project participant buyers.



## CCWA Project Completion

On June 25, 1998, the Authority's Board of Directors declared the CCWA project complete under the terms of the 1996 revenue bond indenture. While certain amounts were retained from the bond proceeds and capital deposits for estimated future construction expenditures, the project is deemed to be complete. As such, final cost allocations and revenue bond debt amortization schedules are being prepared for each project participant representing the final cost allocations.

## **FINANCIAL INFORMATION**

### Accounting System

The Central Coast Water 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 1997/98, the Authority realized total revenues of \$14.61 million compared to \$4.66 million for FY 1996/97, or an increase of \$9.95 million.

The following table compares the revenue sources for FY 1997/98 and 1996/97:

<u>Description</u>	<u>FY 1997/98</u>	<u>FY 1996/97</u>	<u>Change</u>	<u>% Change</u>
O&M assessments from project participants	\$ 1,545,147	\$ 1,495,834	\$ 49,313	3.3%
Debt service assessments	8,689,624	2,081,902	6,607,722	317.4%
Interest income	4,374,272	1,074,057	3,300,215	307.8%
Other revenues	7,548	9,118	(1,570)	(17.21)%
<b>Total Revenues</b>	<b>\$14,616,591</b>	<b>\$ 4,660,911</b>	<b>\$ 9,955,680</b>	<b>213.6%</b>

**O&M Assessments from project participants:** Operations and maintenance assessments paid by project participants totaled \$1.54 million for FY 1997/98 compared to \$1.49 million for FY 1996/97, or an increase of \$0.05 million.

During FY 1997/98, the Authority returned \$1.3 million to the project participants representing an excess general fund cash balance. This credit reduced the O&M assessments billed to the project participants and the corresponding revenue recognized on the financial statements.

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 1997/98, this credit totaled \$1.12 million.

**Debt service operating assessments:** Assessment income for debt service payments on the 1996 Revenue Bonds for FY 1997/98 was \$8.68 million compared to \$2.08 million for FY 1996/97, or an increase of \$6.60 million.

FY 1997/98 is the first year in which debt service assessments were billed to the financing participants for the \$4.04 million Series A and Series B principal payment paid on October 1, 1997. Additionally, the majority of the financing participants did not elect to pay their share of the revenue bond interest expense with capitalized interest funds, thereby increasing the debt service assessment income for the year.

**Interest income:** Interest income totaled \$4.37 million for FY 1997/98 or an increase of about \$3.3 million from the prior year. 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 and the Authority general accounts.

FY 1997/98 represents the first year in which revenue bond interest expense was not capitalized as a part of the basis of the construction project. In previous years, capitalized interest expense was netted against investment earnings, thereby decreasing investment income.

Operating Expenses

Operating expenses for FY 1997/98 totaled \$6.7 million (includes depreciation and amortization) compared to \$3.5 million for FY 1996/97, or an increase of \$3.18 million.

The following table compares the operating expenses for FY 1997/98 and 1996/97:

<u>Description</u>	<u>FY 1997/98</u>	<u>FY 1996/97</u>	<u>Change</u>	<u>% Change</u>
Personnel expenses	\$ 1,765,755	\$1,421,745	\$ 344,011	24.2%
Office expenses	29,036	34,950	(5,914)	(16.9)%
General and administrative	81,165	89,525	(8,360)	(9.3)%
Professional services	238,704	389,364	(150,660)	(38.7)%
Supplies and equipment	367,762	29,896	337,866	1,130.1%
Monitoring expenses	74,476	20,545	53,931	262.5%
Repairs and maintenance	129,317	77,234	52,083	67.4%
Utilities	259,445	146,816	112,629	76.7%
Depreciation and amortization	3,499,660	1,150,851	2,348,809	204.1%
Other expenses	273,561	178,105	95,455	53.6%
<b>Total Operating Expenses</b>	<b>6,718,882</b>	<b>3,539,031</b>	<b>3,179,851</b>	<b>89.8%</b>
Interest expense	9,865,258	1,314,904	8,550,354	650.7%
<b>Total Expenses</b>	<b>\$16,584,140</b>	<b>\$4,853,935</b>	<b>\$11,730,205</b>	<b>241.7%</b>

Personnel Expenses: Personnel expenses increased \$344,011 over the previous year due to full staffing for the entire year for both the Water Treatment Plant Operations and Maintenance (O&M) department and the Distribution O&M department.

Professional Services: Professional services decreased \$150,660 over the previous year due to a decrease in legal fees of about \$76,000 and a decrease in accounting related fees of approximately \$48,000.

Supplies and Equipment: Supplies and equipment expenses increased about \$338,000 when compared to the prior year due to chemical expenses for the first full year of water deliveries.

Depreciation and Amortization: Depreciation and amortization expenses increased by \$2.3 million over the previous year due to the transfer of construction in progress balances to fixed assets and the corresponding depreciation expense incurred for FY 1997/98.

## **NON-OPERATING EXPENSES**

### Interest Expense

Total interest expense for FY 1997/98 was \$9.86 million compared to the FY 1996/97 amount of \$1.31 million, or an increase of \$8.55 million. This increase is attributed to the fact that interest expense was not capitalized as a part of the basis of the construction project for FY 1997/98.

## **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 1997/98. At June 30, 1998, the Authority's investment portfolio had a weighted average maturity of 229 days and a weighted average yield of 5.72%.

### 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, 1998, the Authority had incurred \$16,058 of expenses compared to the total allowance of \$55,312 for calendar year 1998.

### Debt Administration

At June 30, 1998, the Authority had \$170,595,000 of outstanding 1996 Series A revenue bonds and \$23,380,000 of outstanding 1996 Series B revenue bonds.

On September 1, 1998, notice of bond call was given to the holders of the Series B bonds pursuant to the 1996 revenue bond indenture for a full redemption of all outstanding 1996 Series B revenue bonds on October 1, 1998. These bonds will be called with excess bond proceeds.

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 which mirrors the information provided in the 1996 revenue bond official statement.

As of June 30, 1998, the Authority had an arbitrage rebate liability of \$1,502 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.

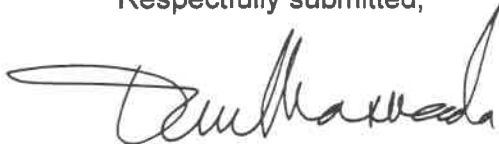
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Coast Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1997. The Certificate 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, 1998

## CENTRAL COAST WATER AUTHORITY BOARD OF DIRECTORS

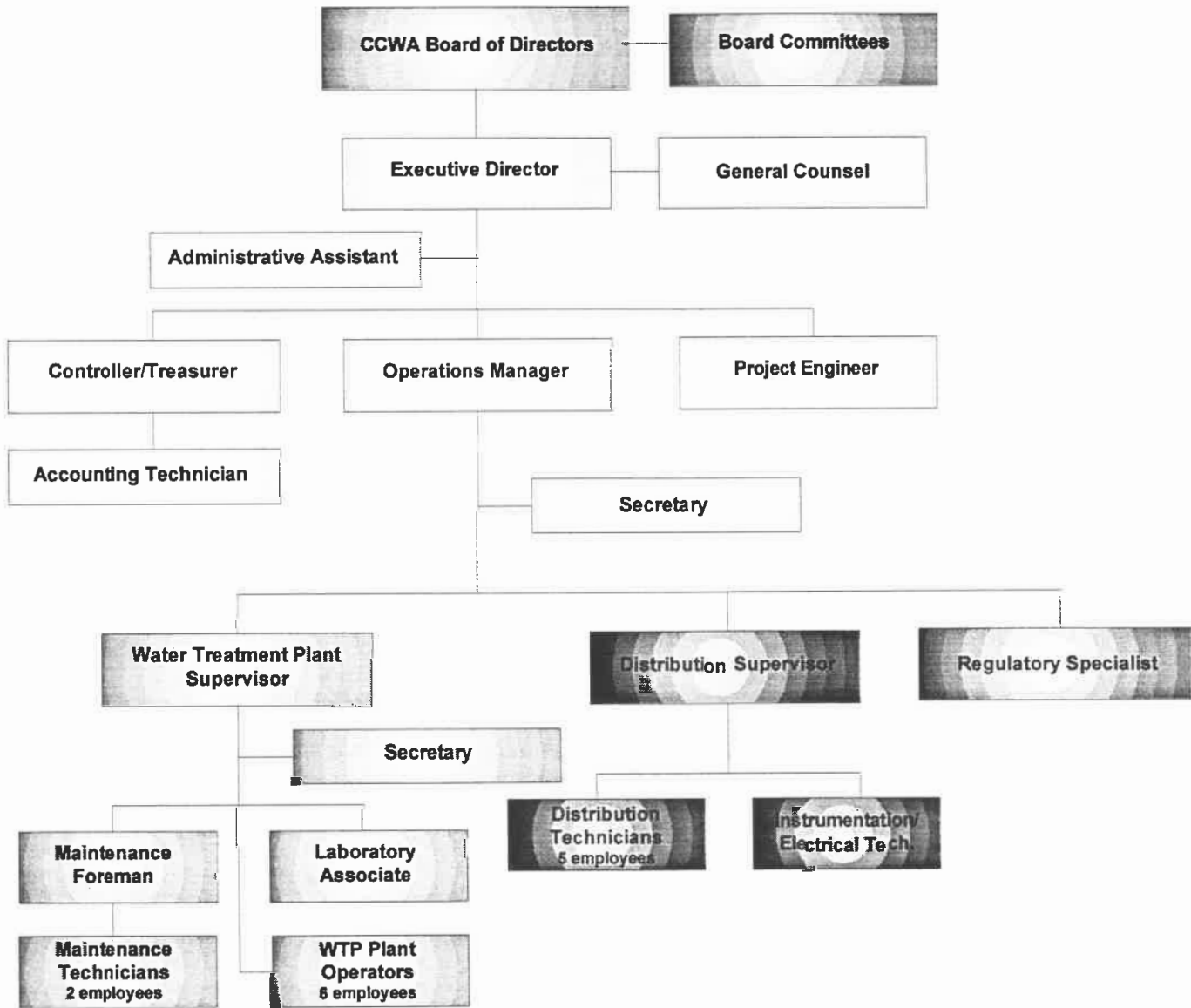
Robert Puddicombe, Chairman	Montecito Water District
Joseph Centeno, Vice Chairman	City of Santa Maria
Jean Blois	Goleta Water District
Marty Blum	City of Santa Barbara
Harlan Burchardi	Santa Ynez River Water Conservation District, Improvement District No. 1
Neil Jones	City of Buellton
Frederick Lemere	Carpinteria Valley Water District
Renaldo Pili	City of Guadalupe

## AUTHORITY STAFF

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



## ORGANIZATION CHART



# 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, 1997

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.



*Douglas R. Ellsworth*  
President

*Jeffrey L. Esser*  
Executive Director







# Financial Section

**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, 1998 and 1997, 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 13 through 25. 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 1998 and 1997 financial statements referred to above present fairly, in all material respects, the financial position of Central Coast Water Authority as of June 30, 1998 and 1997, 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 26, 1998



# Balance Sheets

## **ASSETS**

	<u>June 30, 1998</u>	<u>June 30, 1997</u>
<b><u>Current Assets</u></b>		
Cash and investments (Note 2)	\$ 26,423,735	\$ 11,752,729
Accounts receivable (Note 6)	436,193	216,155
Accrued interest receivable	1,196,934	975,913
Other assets (Note 1)	103,241	89,925
<b>Total Current Assets</b>	<u>28,160,103</u>	<u>13,034,722</u>
<b><u>Restricted Assets</u></b>		
Cash and investments with fiscal agents (Note 2)	55,948,293	62,636,309
Cash and investments held for deposits (Note 2)	27,637,608	4,633,290
<b>Total Restricted Assets</b>	<u>83,585,901</u>	<u>67,269,599</u>
<b><u>Property, Plant and Equipment</u></b>		
Property, plant and equipment (Net of Depreciation of \$2,150,049 for 1998 and \$193,480 for 1997, Notes 1 and 3 )	134,941,930	155,785,795
<b>Total Property, Plant and Equipment</b>	<u>134,941,930</u>	<u>155,785,795</u>
<b><u>Other Assets</u></b>		
Unamortized bond issuance costs (Notes 1 and 4)	20,897,394	22,440,485
Long term accounts receivable (Note 1)	17,319,122	-
<b>Total Other Assets</b>	<u>38,216,516</u>	<u>22,440,485</u>
<b>Total Assets</b>	<u>\$ 284,904,450</u>	<u>\$ 258,530,601</u>

*Continued*

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



# Balance Sheets

## **LIABILITIES AND FUND EQUITY**

	<u>June 30, 1998</u>	<u>June 30, 1997</u>
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 761,232	\$ 680,181
Deposits (Note 1)	27,637,608	4,633,290
Accrued interest payable	2,456,518	2,495,703
Other liabilities (Note 1)	459,217	451,172
Retainage payable	618,409	1,002,410
Current portion of bonds payable (Note 4)	25,920,000	4,040,000
Rate coverage reserve fund (Note 1)	7,121,950	-
Prepaid project participant assessments (Note 1)	16,457,746	6,667,073
<b>Total Current Liabilities</b>	<u>81,432,680</u>	<u>19,969,829</u>
<b><u>Long-Term Liabilities</u></b>		
Bonds payable (Note 4)	168,055,000	193,975,000
<b>Total Long-Term Liabilities</b>	<u>168,055,000</u>	<u>193,975,000</u>
<b><u>Commitments and Uncertainties</u></b>		
<b><u>Fund Equity</u></b>		
Contributed capital, net (Note 7)	28,237,306	35,438,760
Retained earnings	7,179,464	9,147,012
<b>Total Fund Equity</b>	<u>35,416,770</u>	<u>44,585,772</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 284,904,450</u>	<u>\$ 258,530,601</u>

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



# Statement of Revenues, Expenses and Changes in Retained Earnings

	June 30, 1998	June 30, 1997
<b><u>Operating Revenues</u></b>		
Operating reimbursements		
from project participants (Note 1)	\$ 10,234,771	\$ 3,577,736
Other revenues	7,548	9,118
<b>Total Operating Revenues</b>	10,242,319	3,586,854
<b><u>Operating Expenses</u></b>		
Personnel expenses	1,765,755	1,421,745
Office expenses	29,036	34,950
General and administrative	81,165	89,525
Professional services	238,704	389,364
Supplies and equipment	367,762	29,896
Monitoring expenses	74,476	20,545
Repairs and maintenance	129,317	77,234
Utilities	259,445	146,816
Depreciation and amortization	3,499,660	1,150,851
Other expenses	273,561	178,105
<b>Total Operating Expenses</b>	6,718,881	3,539,031
<b>Operating Income</b>	3,523,438	47,823
<b><u>Non-Operating Revenues</u></b>		
Interest income	3,850,272	1,074,057
Net increase in the fair value of investments (Note 2)	500,523	-
Gain on sale of investments	23,477	-
<b>Total Non-Operating Revenues</b>	4,374,272	1,074,057
<b><u>Non-Operating Expenses</u></b>		
Interest expense	9,865,258	1,314,904
<b>Total Non-Operating Expenses</b>	9,865,258	1,314,904
<b>Net Income (Loss)</b>	(1,967,548)	(193,024)
<b><u>Retained Earnings</u></b>		
Retained earnings at beginning of year	9,147,012	9,340,036
Retained earnings at end of year	\$ 7,179,464	\$ 9,147,012

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



# Statements of Cash Flows

	<u>June 30, 1998</u>	<u>June 30, 1997</u>
<b>Cash Flows From Operating Activities</b>		
Operating Income	\$ 3,523,438	\$ 47,823
Adjustments to reconcile operating income to cash flows:		
Depreciation and amortization	3,499,660	1,150,851
(Increase) Decrease in accounts receivable	(220,038)	2,586,290
(Increase) in other assets	(13,316)	(89,925)
Increase (Decrease) in accounts payable	81,050	(2,263,017)
Increase in other liabilities	8,045	451,172
Increase in prepaid project participant assessments	9,790,673	5,085,098
Net cash provided (used) by operating activities	<u>16,669,512</u>	<u>6,968,292</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Increase (Decrease) in cash received for deposits	23,004,317	(3,876,068)
Increase in cash received for rate coverage fund deposits	7,121,950	-
Net cash provided by non-capital financing activities	<u>30,126,267</u>	<u>(3,876,068)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(3,922,277)	(16,036,392)
Proceeds from 1996 Revenue bonds	-	198,015,000
Deposit to escrow fund to defease 1992 Revenue bonds	-	(189,019,244)
Cash payments for bond issuance costs-1996 Revenue bonds	-	(8,514,261)
Decrease in contributed capital	(1,711,000)	(142,185)
Decrease in accrued interest payable	(39,185)	(326,830)
Interest paid on long-term debt	(9,865,258)	(1,314,904)
Principal payments on long-term debt	(4,040,000)	-
Increase (Decrease) in retainage payable	(384,001)	918,179
Net cash used by capital and related financing activities	<u>(19,961,721)</u>	<u>(16,420,637)</u>
<b>Cash Flows from Investing Activities</b>		
Decrease in cash with fiscal agent	7,212,016	15,444,790
Interest and dividends on investments	3,850,272	1,074,057
Increase in accrued interest receivable	(221,021)	(149,248)
Net cash provided from investing activities	<u>10,841,267</u>	<u>16,369,599</u>
Net increase (decrease) in cash and cash equivalents	37,675,325	3,041,186
Cash and cash equivalents, beginning of year	<u>16,386,019</u>	<u>13,344,833</u>
Cash and cash equivalents, end of year	<u>\$ 54,061,344</u>	<u>\$ 16,386,019</u>

*Continued*

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



# Statements of Cash Flows

## Supplemental Disclosures of Cashflow Information

	<u>June 30, 1998</u>	<u>June 30, 1997</u>
<b><u>Schedule of Non-Cash Capital and Related Financing Activities</u></b>		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	<u>\$ 136,466,042</u>	<u>\$ -</u>
The Authority and certain project participants completed construction of certain assets and transferred them from construction in progress to a long-term receivable to be repaid to the Authority by the project participants through revenue bond debt service assessments.	<u>\$ 17,319,122</u>	<u>\$ -</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 of contributed capital for these project participants (Note 7).	<u>\$ 5,490,454</u>	<u>\$ -</u>





# Notes to Financial Statements

## Note 1: Summary 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, has 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"), 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 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 Central Coast Water Authority entered into an agreement with San Luis Obispo 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



# Notes to Financial Statements

purveyors and users within Santa Barbara County. These WSRAs initially granted the purveyors and users an option to obtain an assignment of Santa Barbara County's State Water Supply Contract rights, and, as of July 1, 1989, actually granted the full assignment of those rights. Thereafter, certain of the local water purveyors and users holding the WSRAs rights transferred those rights to the Authority, a newly formed joint powers authority, in consideration for Water Supply Agreements dated August 1, 1991, which provide for the delivery of SWP water by the Authority and the payment of required costs by the transferors. The Authority's obligation to make such payments to the DWR from the payments it receives pursuant to the Water Supply Agreements is senior to its obligation to make payments with respect to the Bonds. These transfers have been consented to by DWR and were validated by an agreement between Santa Barbara County and the Authority on November 12, 1991 (the "Transfer of Financial Responsibility Agreement").

## The Water Supply Agreements

Each Project Participant has entered into a Water Supply Agreement in order 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. Investments are classified as held-to-maturity and are stated at amortized cost. Investments have been purchased with maturity dates to coincide with cash needs. As of June 30, 1998, the investment portfolio has a weighted average maturity of 229 days and a weighted average yield of 5.717%.



# Notes to Financial Statements

## 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 addition, certain technical and engineering related studies associated with the Project have also been capitalized and will be amortized. The estimated useful life of depreciated assets is as follows:

Buildings	20-50 years
Improvements other than buildings	10-100 years
Equipment	3-12 years

## F. 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.

## G. 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).

## H. 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).

## I. 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.

## J. 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.

## K. 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.

## L. Rate Coverage Reserve Fund

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

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

## 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 could differ from those estimates.

## Note 2: Cash and Investments

### A. Demand Deposits

The Authority's demand deposits with a central California regional bank totaled \$1,034,686 and \$3,774,584 at June 30, 1998 and 1997, respectively. Such deposits are insured up to a



# Notes to Financial Statements

maximum of \$100,000 by the Federal Deposit Insurance Corporation.

## B. Cash and Investments

Effective July 1, 1997, the Authority adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which require governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the Authority has stated certain investments at fair value. The change requires retroactive restatement of the prior year financial statements. However, the change is not material and therefore no retroactive adjustment was recorded.

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.

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, 1998 and June 30, 1997, the fair value of the Authority's position in LAIF is the same as the value of the pool shares.

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 and money market fund deposits are not categorized.

## C. 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.

## D. Cash Equivalents

The Authority considers all pooled cash and investments, except funds with fiscal agents, to be cash equivalents.

## E. 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.

Effective July 1, 1997, the Authority adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which rescinds GASB Statement No. 2, *Financial Reporting of Deferred Compensation Plans*



# Notes to Financial Statements

Adopted under the Provisions of Internal Revenue Code Section 457. Based on changes to the laws governing these plans as of August 20, 1996, amounts deferred by employees and the related income are no longer available to the Authority and are not subject to the claims of creditors. They are therefore not shown on the Authority's balance sheets. The Authority has restated the balance sheet and related statement of cash flows for the prior fiscal year to reflect the change.

## F. 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:

	1998		1997
	Carrying Amount	Fair Value	Carrying Amount
Cash and Investments			
Cash in bank	\$1,034,686	\$1,034,686	\$3,774,584
Petty cash	668	668	668
Local Agency Investment Fund	16,536,289	16,536,289	6,619,525
Commercial Paper	13,637,358	13,637,358	-
U.S. Government Securities	22,180,095	22,171,148	-
Money Market Funds	672,247	672,356	5,991,242
	<u>54,061,343</u>	<u>54,052,505</u>	<u>16,386,019</u>
Less: cash and investments held for deposits	<u>(27,637,608)</u>	<u>(27,637,608)</u>	<u>(4,633,290)</u>
Total Cash and Investments	<u>26,423,735</u>	<u>26,414,897</u>	<u>11,752,729</u>
Cash and Investments with Fiscal Agents			
Money market funds	616,766	616,766	2,305,045
Commercial paper	3,887,112	3,887,112	7,558,172
U.S. Government securities	45,504,111	45,482,202	43,343,589
Local Agency Investment Fund	5,940,304	5,940,304	9,429,503
Total Cash and Investments with Fiscal Agents	<u>55,948,293</u>	<u>55,926,384</u>	<u>62,636,309</u>
Total	<u>\$110,009,636</u>	<u>\$109,978,889</u>	<u>\$79,022,328</u>

## Note 3: Property, Plant and Equipment

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

	1998	1997
Land	\$ 3,134,255	\$ -
Equipment	133,678,179	319,226
Construction in progress	279,546	155,660,049
Total property, plant and equipment	137,091,980	155,979,275
Accumulated depreciation	(2,150,050)	(193,480)
Net property, plant and equipment	<u>\$134,941,930</u>	<u>\$155,785,795</u>

## 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 a result, the 1992 Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the Authority's balance sheets.

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



# Notes to Financial Statements

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 \$28,237,306 and \$35,438,760 at June 30, 1998 and 1997, 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 October 1992 revenue bonds were sold at interest rates ranging from 4.85% to 6.60%.

The annual requirements to pay all debt outstanding, as of June 30, 1998, are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1999	\$9,704,102	\$4,085,000	\$13,789,102
2000	9,532,073	4,250,000	13,782,073
2001	9,345,181	4,425,000	13,770,181
2002	9,142,772	4,615,000	13,757,772
2003-2007	41,854,233	26,640,000	68,494,233
2008-2012	33,398,559	34,795,000	68,193,559
2013-2017	23,173,254	44,705,000	67,878,254
2018-2023	10,337,309	70,460,000	80,797,309
Total	<u>\$146,487,483</u>	<u>\$193,975,000</u>	<u>\$340,462,483</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. The Authority has elected to exercise the optional Series B bond call on October 1, 1998 in the amount of \$23,380,000 which includes \$1,545,000 of Series B principal scheduled to mature on October 1, 1998, with excess construction funds. The bond issuance costs associated with the Series B bonds are being amortized on the straight-line basis through October 1, 1998.

Series A bonds outstanding bear interest ranging from 4.00% 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.

### B. Funding Policy

Active plan members in the Central Coast Water Authority are required to contribute 7% of their annual covered salary. However, the Authority pays this amount on behalf of the employees without requiring a contribution from the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 1997/98 was 7.412%. The contribution rate is established and may be amended by CalPERS.

### C. Annual Pension Costs

For fiscal year 1997/98, the Central Coast Water Authority's annual pension costs was \$87,776 and the Authority actually contributed \$87,776. The required contribution for fiscal year 1997/98 was determined as part of the June 30, 1995 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 4.5% to 14.95% for miscellaneous members, and (c) 4.50% cost-of living adjustment. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of the Authority's



# Notes to Financial Statements

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, 1997 was 25 years.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/94	\$37,790	100%	\$0
6/30/95	\$40,924	100%	\$0
6/30/96	\$52,432	100%	\$0

### Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability
6/30/94	\$106,867	\$87,063	\$19,804
6/30/95	196,845	163,038	27,807
6/30/96	271,467	269,325	2,142

Valuation Date	Funded Ratio	Annual Covered Payroll	UAAL As a Percentage of Payroll (1)
6/30/94	81.5%	\$602,710	3.286%
6/30/95	85.9%	652,689	4.260%
6/30/96	99.2%	836,244	0.256%

(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 \$1,327,557 at June 30, 1998.

The Authority leases its main office facility under an operating lease expiring July 31, 2000. Rent expense under the arrangement is \$7,555 per month. The lease provides for an annual CPI adjustment. Rental expense for fiscal year 1998 and 1997 was \$90,556 and \$89,412, respectively.

The Authority leases other equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 1998 were \$8,923 (1999) and \$18,032 thereafter, resulting in total minimum payments of \$26,955.

At June 30, 1998, 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, 1998 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, *City of Solvang v. Santa Ynez River Water Conservation District, Improvement District No. 1* (Santa Barbara County Superior Court No. SM 93289). Defendant in this action is one of the Authority project participants and is obligated to take 2,000 acre feet per year from the State Water Project under a contract with the Authority. Plaintiff city sought to limit or avoid its obligations under a separate contract it has with defendant to take 75% of defendant's entitlement from the State Water Project. In substance, plaintiff's primary contention was that it was misled or not fully informed of the extent of its financial obligations under the contract with defendant and sought to limit those obligations to 75% of \$18.4 million (which plaintiff argues was a cap amount on costs), or avoid them entirely, on a variety of legal theories. If plaintiff had prevailed on one of its legal theories, the contract would be void and all other contracts for payment of water between the Authority and its members might also be void. In such event, the Authority would be unable to meet its obligation to pay bondholders and litigation and enforcement activity would likely ensue. If plaintiff had prevailed on other theories, it would have limited or no obligations under its contract with defendants. In that event, defendant might have difficulties in satisfying its obligations to the Authority to pay for its water entitlement and certain members of the Authority may have to pay up to 25% more for their water entitlements under their respective similar contracts with the Authority. For these reasons, the Authority intervened as a party to the litigation. After a trial ending in June, the trial court issued a decision in favor of defendant. Judgment has been entered and plaintiff has taken an appeal. No briefs have yet been filed.

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



# Notes to Financial Statements

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.

## Year 2000 Compliance

Most computer programs were designed to perform data computations using the last two digits of the numerical value of a year. When a computation referencing the year 2000 is performed, these systems may interpret "00" as the year 1900 and could either stop processing date-related computations or could process them incorrectly. Computations referencing the year 2000 might be invoked at any time, but are likely to begin occurring in the year 1999. The Authority's information systems are 2000 compliant and does not anticipate that it will incur material expenditures for the resolution of any year 2000 issues relating to either its own information systems, databases and programs, or its software products. However, the Authority could be adversely impacted by year 2000 issues faced by major distributors, suppliers, customers, vendors, and financial service organizations with which the Authority interacts.

## Note 7: Contributed Capital

The following schedule provides changes in contributed capital for the fiscal year ended June 30, 1998:

	Beginning Balance 7/1/97	Refunds	Local Project Costs	Ending Balance 6/30/98
Avila Valley	\$ 23,920		(990)	\$ 22,930
San Luis Schools	8,372		(347)	8,025
San Miguelito	328,900		(13,612)	315,288
Santa Maria	19,549,000	(1,711,000)	(1,558,235)	16,279,765
Vandenberg AFB	14,447,127		(3,917,271)	10,529,856
So Cal Water	1,000,322			1,000,322
Guadalupe	81,119			81,119
Totals	\$35,438,760	(1,711,000)	(5,490,455)	\$28,237,305

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 291 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.





# **Statistical Section**



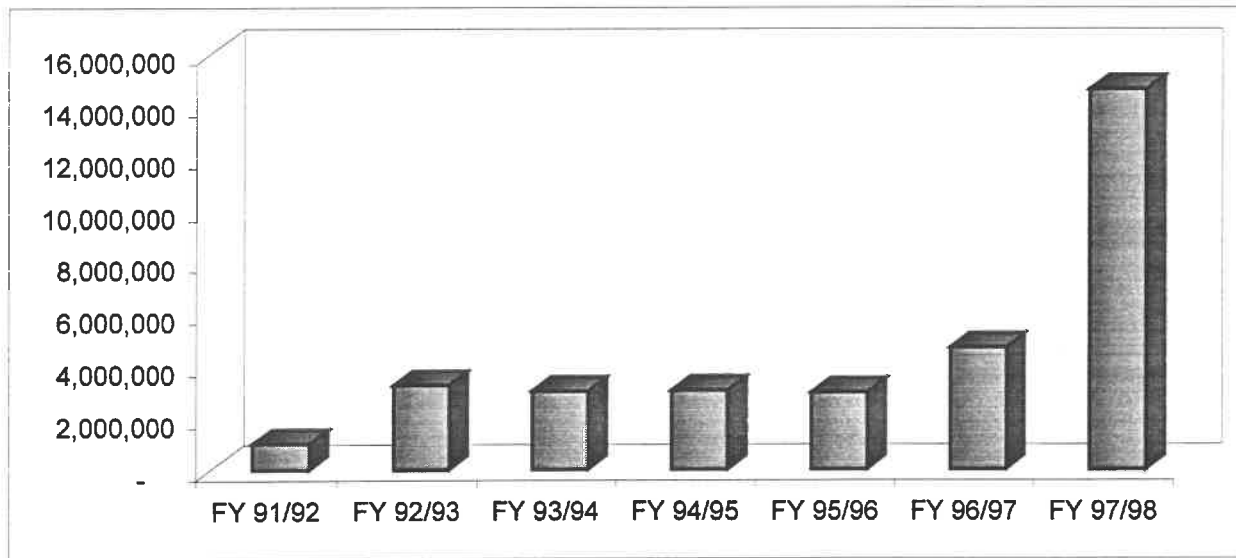
**GENERAL GOVERNMENTAL REVENUES BY SOURCE**

**Table 1**

<b>Fiscal Year</b>	<b>Operating Assessments</b>	<b>Debt Service Assessments</b>	<b>Other Revenues</b>	<b>Interest Income</b>	<b>Total Revenues</b>
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

Source: Central Coast Water Authority

**Total Revenue Comparison**





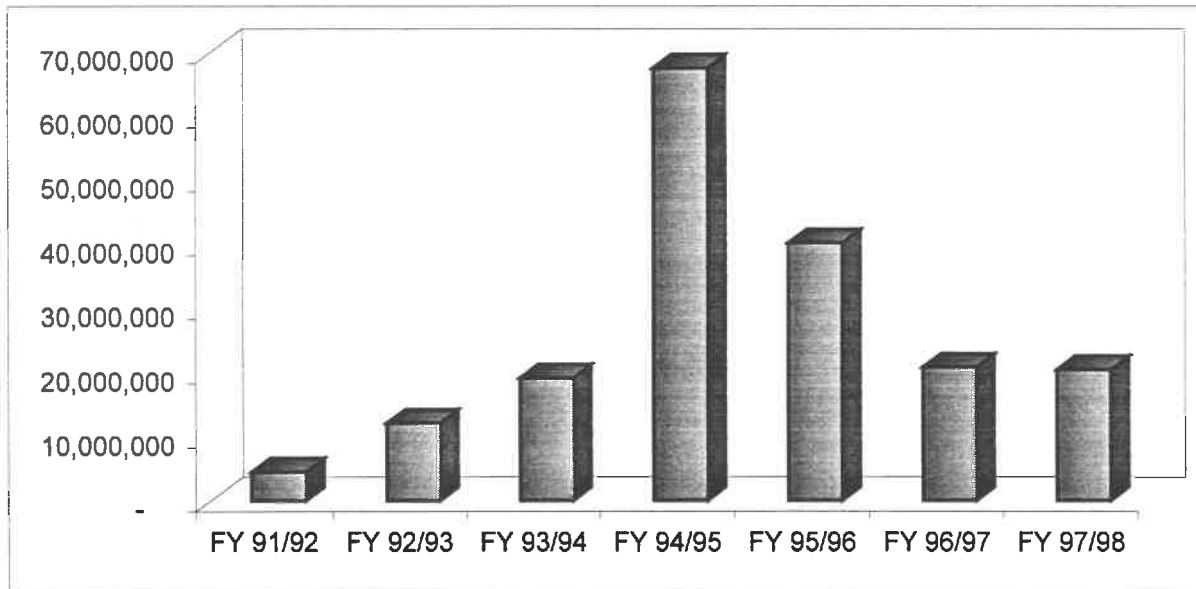
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**

**Table 2**

<b>Fiscal Year</b>	<b>Operating Expenses</b>	<b>Capital Improvements</b>	<b>Interest Expense</b>	<b>Total Expenditures</b>
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

Source: Central Coast Water Authority

**Total Expenditures Comparison**





**RATIO OF ANNUAL DEBT SERVICE FOR TOTAL BONDED DEBT TO TOTAL EXPENDITURES**

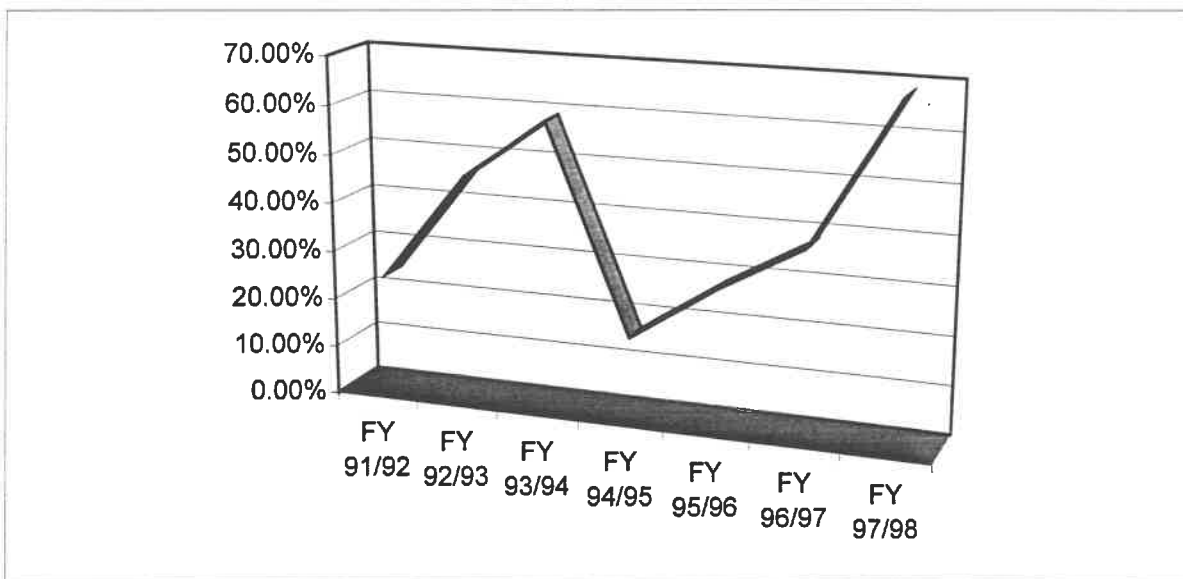
**Table 3**

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%

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

Source: Central Coast Water Authority

**Ratio of Debt Service to Total Expenditures**





FY 1997/98 ALLOCATION OF CCWA OPERATING EXPENSES

Table 4

Project Participant	FY 1997/98 Unadjusted Operating Expenses (1)	Exchange Agreement Modifications (2)	Regional Water Treatment Plant Modifications (3)	FY 1997/98 Allocated Operating Expenses
Shandon	\$ 2,948	\$ -	\$ -	\$ 2,948
Chorro Valley Turnout	99,541	-	-	99,541
Lopez Turnout	95,742	-	-	95,742
City of Guadalupe	28,146	-	16,693	44,839
City of Santa Maria	950,238	-	502,000	1,452,238
So. California Water Co.	26,358	-	15,179	41,537
Vandenberg Air Force Base	341,431	-	170,059	511,490
City of Buellton	46,980	-	18,177	65,157
City of Solvang	98,794	-	45,526	144,319
Santa Ynez Imp. District #1	41,614	142,520	56,039	240,173
Goleta Water District	425,526	(158,435)	(272,652)	(5,561)
Morehart Land Co.	15,305	-	(12,980)	2,325
La Cumbre Mutual Water Co.	92,538	-	(69,728)	22,810
Santa Barbara Research Center	3,807	-	(3,239)	567
City of Santa Barbara	228,399	-	(174,403)	53,996
Montecito Water District	230,165	(6,047)	(174,403)	49,715
Carpinteria Valley Water District	154,581	(7,928)	(116,268)	30,384
<b>TOTAL:</b>	<b>\$ 2,882,111</b>	<b>\$ (29,890)</b>	<b>\$ 0</b>	<b>\$ 2,852,221</b>

1. FY 1997/98 unadjusted operating expenses is equal to total operating expenses minus depreciation and amortization and interest income on the general operating fund for CCWA.
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 Lake water.
3. Regional Water Treatment Plant modifications represents fixed and variable modifications pursuant to the Regional Water Treatment Plant Retreatment agreement.



DEPOSITS FOR PAYMENTS TO THE DEPARTMENT OF WATER RESOURCES

Table 5

Project Participant	Balance 7-1-97	FY 1997/98 Project Participant Payments	Credits from Department of Water Resources	Payments to Department of Water Resources	Ending Balance 6-30-98
City of Guadalupe	\$ 13,576	\$ 673,104	\$ 17,687	\$ (342,398)	\$ 361,969
City of Santa Maria	347,506	20,851,352	486,691	(10,693,058)	10,992,491
So. California Water Co.	199,825	477,456	14,984	(314,739)	377,527
Vandenberg Air Force Base	1,844,066	5,610,872	172,785	(3,719,450)	3,908,274
City of Buellton	19,187	776,962	19,229	(401,021)	414,357
Santa Ynez ID#1 (Solvang only)	11,765	1,939,906	45,781	(967,056)	1,030,395
Santa Ynez ID#1 (excluding Solvang)	83,522	717,069	30,276	(372,205)	458,662
Goleta Water District	139,769	6,483,231	206,617	(3,299,635)	3,529,982
Morehart Land Co.	408	254,035	4,926	(129,994)	129,375
La Cumbre Mutual Water Co.	333,065	1,026,312	29,501	(680,757)	708,121
Santa Barbara Research Center	16,734	53,064	1,641	(34,499)	36,940
City of Santa Barbara	879,833	3,009,010	86,964	(1,943,015)	2,032,792
Montecito Water District	(14,559)	3,935,103	86,952	(1,948,224)	2,059,272
Carpinteria Valley Water District	618,971	2,001,289	60,919	(1,307,985)	1,373,194
<b>TOTAL:</b>	<b>\$ 4,493,667</b>	<b>\$ 47,808,765</b>	<b>\$ 1,264,952</b>	<b>\$ (26,154,037)</b>	<b>\$ 27,413,348</b>

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 1998.



STATE WATER DELIVERIES

Table 6

FY 1997/98 Actual State Water Deliveries (acre feet)

Project Participant	Entitlement Deliveries	Exchange Agreement Deliveries	Net Deliveries
Chorro Valley Turnout	1,533		1,533
Lopez Turnout	1,291		1,291
City of Guadalupe	-		-
City of Santa Maria	8,702		8,702
So. California Water Co.	1		1
Vandenberg Air Force Base	2,022		2,022
City of Buellton	488		488
Santa Ynez ID#1 (Solvang only)	-		-
Santa Ynez ID#1 (excluding Solvang)	1,789	(1,283)	506
Morehart Land Co.	2		2
La Cumbre Mutual Water Co.	418		418
Santa Barbara Research Center	-		-
Goleta Water District	934	1,179	2,113
City of Santa Barbara	-		-
Montecito Water District	-	45	45
Carpinteria Valley Water District	-	59	59
<b>TOTAL:</b>	<b>17,180</b>	<b>-</b>	<b>17,180</b>

FY 1998/99 Requested State Water Deliveries (acre feet)

Project Participant	Entitlement Deliveries	Exchange Agreement Deliveries	Net Deliveries
Chorro Valley Turnout	1,664		1,664
Lopez Turnout	2,494		2,494
City of Guadalupe	401		401
City of Santa Maria	16,032		16,032
So. California Water Co.	550		550
Vandenberg Air Force Base	4,460		4,460
City of Buellton	578		578
Santa Ynez ID#1 (Solvang only)	-		-
Santa Ynez ID#1 (excluding Solvang)	975	2,623	3,598
Morehart Land Co.	120		120
La Cumbre Mutual Water Co.	901		901
Santa Barbara Research Center	50		50
Goleta Water District	4,700	(2,076)	2,624
City of Santa Barbara	-		-
Montecito Water District	364	(170)	194
Carpinteria Valley Water District	610	(377)	233
<b>TOTAL:</b>	<b>33,899</b>	<b>-</b>	<b>33,899</b>



**SELECTED DEMOGRAPHIC INFORMATION**

**Table 7**

<u>Description</u>	<u>Santa Barbara County</u>
Reporting Period, March 1998	
Population	402,449
White	255,267
Black	11,270
Latino	115,995
Asian & Other	19,917
Male	202,831
Female	199,619
Population enrolled in primary and secondary schools	62,895
College and Universities	32,221
<u>Age</u>	
Less than 5 years	27,672
5 to 24	104,345
25 to 44	139,779
45 to 64	80,597
Greater than 64	40,796
Employed Population	196,338
<u>Median Family Income</u>	
United States	\$ 53,400
California	\$ 55,700
Santa Barbara County	\$ 49,300
Average Salary	\$ 27,385

Source: University of Santa Barbara Economic Forecast Project





**SANTA BARBARA COUNTY CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES**

**Table 8**

(Amounts in Thousands)

	1993	1994	1995	1996	1997
Civilian Labor Force <sup>(1)</sup>	194.97	196.89	193.33	192.74	194.06
Employment	180.14	182.77	180.37	181.78	184.27
Unemployment	14.82	14.12	12.97	10.96	9.78
Unemployment Rate	7.60%	7.17%	6.71%	5.70%	5.03%
Wage and Salary Employment <sup>(2)</sup>					
Total, all Industries	156.31	157.02	156.85	161.16	165.22
Agriculture	11.57	13.28	13.04	14.57	14.18
Non-Agriculture	144.74	143.74	143.81	146.58	151.04
Mining	5.92	5.03	4.97	1.11	1.12
Construction	1.06	0.95	1.02	5.82	6.54
Manufacturing	19.20	17.26	16.57	16.20	16.93
Transportation and Public Utilities	5.28	4.91	4.92	5.33	5.53
Trade	33.71	34.47	34.94	34.97	36.32
Finance, Insurance and Real Estate	7.61	7.62	7.33	7.10	7.27
Services	42.72	44.05	44.04	46.42	46.63
Government	29.24	29.46	30.00	29.63	30.67
Federal Government	4.10	4.15	4.06	3.30	3.57

Notes:

<sup>(1)</sup> Based on place of residence.

<sup>(2)</sup> Based on place of employment.

Source: Economic Sciences Corporation



SANTA BARBARA COUNTY LARGEST EMPLOYERS

Table 9

Company	Location	Type of Business	Number of Employees
UCSB	Goleta	Education	8,660
Vandenberg Air Force Base	Lompoc	Defense	5,195
County of Santa Barbara	Santa Barbara	Government	4,285
Santa Barbara Cottage Hospital	Santa Barbara	Healthcare	1,712
Santa Barbara City College	Santa Barbara	Education	1,675
Allan Hancock College	Santa Maria/Lompoc	Education	1,100
Santa Maria-Bonita Schools	Santa Maria	Education	1,100
U.S. Postal Service	Santa Barbara County	Postal Service	1,083
Lompoc Unified School District	Lompoc	Education	1,061
Lockheed Martin	VAFB	VAFB Launch Support	1,046
Applied Magnetics	Goleta/Santa Maria	Manufacturer	1,046
City of Santa Barbara	Santa Barbara	Government	948
Santa Barbara Research Center	Goleta	Infrared Components	944
Marian Medical Center	Santa Maria	Healthcare	935
Santa Barbara High School District	Santa Barbara	Education	920

Source: University of Santa Barbara Economic Forecast Project



MISCELLANEOUS STATISTICAL INFORMATION

Table 10

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	26.6
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
Santa Barbara Research Center	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
Avial Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16 I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano CSD	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Co.	275
SLO Co. Comm. Coll. District (Cuesta College)	200
Total San Luis Obispo County	<u>4,830</u>
<b>TOTAL ENTITLEMENT</b>	<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.



**SCHEDULE OF INSURANCE**

Valued June 30, 1998

**Table 11**

<u>Company</u>	<u>Policy Period</u>	<u>Limits</u>	<u>Coverages</u>
Hartford Insurance	4-1-98 to 4-1-99	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Faithful performance of duties to \$100,000
ACWA Joint Powers Insurance Authority	10-1-97 to 10-1-98	\$ 2,000,000	Commercial general liability, contractual liability
ACWA Joint Powers Insurance Authority	10-1-97 to 10-1-98	\$ 2,000,000	Auto liability, hired autos and non-owned autos.
ACWA Joint Powers Insurance Authority	4-1-98 to 4-1-99	\$ 39,709,300	Buildings (\$27,861,800); Personal property (\$854,500); Fixed Equipment (\$10,993,000)
ACWA Joint Powers Insurance Authority	10-1-97 to 10-1-98	\$ 500,000	Liability JPIA pooled layer
Insurance Co. of the State of Pennsylvania #4191-2442	10-1-97 to 10-1-98	\$ 4,500,000	Liability umbrella policy
Insurance Co. of the State of Pennsylvania #4191-2445	10-1-97 to 10-1-98	\$ 5,000,000	Liability umbrella policy
AIU Insurance Co. # 4265554	10-1-97 to 10-1-98	\$ 20,000,000	Liability umbrella policy
Insurance Co. of the State of Pennsylvania #4195-4416	10-1-97 to 10-1-98	\$ 10,000,000	Liability umbrella policy



# Statistical Section

## San Luis Obispo County Improvement District #1

### 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	Not Yet Available		

### Largest Customers as of June 30, 1997

	Water Usage <sup>(1)</sup>	Annual Payment
Shandon Unified School District	1,377	\$ 5,530
Caltrans	1,023	4,409
Shandon Park	730	3,043
Shandon Methodist Church	385	1,385
Wild Horse Inn	356	1,268
Residence	354	1,233
Residence	363	1,222
Residence	279	977
Residence	275	959
Residence	266	953
<b>Total</b>	<b>5,408</b>	<b>\$ 20,979</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	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	Not Yet Available				

Source: San Luis Obispo County



# Statistical Section Avila Beach Community Services District

## 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	Not Yet Available		

## Largest Customers as of June 30, 1997

	Water Usage <sup>(1)</sup>	Annual Payment
Villa Avila	147	\$ 6,028
Surfside	109	4,464
Custom House	84	3,454
Mr. Ricks	83	3,417
Beach Prop.	67	2,764
Beach Prop.	66	2,696
Port	59	2,434
Dun Sailing	53	2,188
Port	52	2,152
Laundrymat	47	1,921
<b>Total</b>	<b>767</b>	<b>\$ 31,518</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	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	Not Yet Available				

Source: Avila Beach Community Services District



# Statistical Section City of Pismo Beach

## 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	Not Yet Available		

## Largest Customers as of June 30, 1997

	Water Usage <sup>(1)</sup>	Annual Payment
Pismo Coast Village R.V. Parks	16,289	\$ 27,098
Pismo Beach Mobile Home Park	15,930	19,164
Hacienda del Pismo Mobile Home Park	12,701	17,196
Cliffs Hotel	11,908	14,896
Oxford Suites	10,330	14,762
Seacrest Motel	10,110	14,704
Shore Cliff Lodge	9,189	12,119
Motel 6	8,474	11,821
Whalers Inn	6,725	11,810
Kon Tiki Inn	6,485	9,314
Total	108,141	\$ 152,884

(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	Not Yet Available					

Source: City of Pismo Beach



# Statistical Section City of Morro Bay

## 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	Not Yet Available		

## Largest Customers as of June 30, 1997

	Water Usage <sup>(1)</sup>	Annual Payment
City of Morro Bay	2,352,400	\$ 231,908
San Luis Unified School District	1,549,900	155,108
Inn at Morro Bay	735,200	77,635
Pacific Care Center	1,177,900	73,409
Department of Parks and Recreation	709,200	64,648
Mission Linen	593,900	61,906
Morro Dunes Trailer Park	611,800	55,683
Silver City Manor	424,500	41,575
Cypress Plaza	261,500	21,083
Albertson's	165,400	13,425
<b>Total</b>	<b>8,581,700</b>	<b>\$ 796,380</b>

(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	Not Yet Available					

Source: City of Morro Bay





# Statistical Section Oceano Community Services District

## 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

## Largest Customers as of June 30, 1998

	Water Usage <sup>(1)</sup>	Annual Payment
Rancho Del Arroyo Mobile Home Park	11,496	\$ 33,445
Sand and Surf (Transient RV Park)	8,476	27,661
Lucia Mar Unified School District	7,455	25,037
Oceano 1 Condo Home Owners Assoc.	7,653	21,647
Duna Vista Mobile Home Park	6,371	20,912
Portico's Mobile Home Park	5,966	17,119
PTI Inc.	4,532	16,026
State of California (Park Facility)	3,446	15,275
Casa Del Rey Mobile Home Park	2,737	9,541
Pleasant Hill Mobile Home Manor	3,378	9,480
<b>Total</b>	<b>61,510</b>	<b>\$ 196,143</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	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	1,260,650	575,294	35,112	720,468	614,936	-	1.17

Source: Oceano Community Services District



# Statistical Section City of Guadalupe

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30,</b>	<b>Municipal Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
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

## Largest Customers as of June 30, 1998

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Apio Coller	20,279	\$ 65,906
Guadalupe Union School	5,256	17,081
Waller Flower Seed	2,968	9,645
Coastal Valley Packing	2,313	7,517
Lupe Alvarez	2,147	6,977
P&M Properties	2,080	6,759
Far Western Tavern	1,664	5,407
Simplot Soil Builders	1,332	4,328
Southern Pacific Co.	1,280	4,159
Playa, Inc.	855	2,778
<b>Total</b>	<b>40,174</b>	<b>\$ 130,557</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30,</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
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 <sup>(1)</sup>	897,304	206,124	18,389	709,569	491,491	1.44

(1) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the City on June 1, 1998.

Source: City of Guadalupe



# Statistical Section City of Santa Maria

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30,	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	Not Yet Available		

## Largest Customers as of June 30, 1997

	Water Usage <sup>(1)</sup>	Annual Payment
City of Santa Maria	208,769	\$ 478,986
Casa Grande Mobile Homes	83,157	185,229
Allan Hancock College	66,153	151,815
Gallup & Whelan	51,826	116,076
R.I. Management	34,330	77,291
Pictsweet Frozen Foods	30,219	69,365
Marian Hospital	25,457	76,026
Ramada Inn	21,266	54,706
Mission Linen Supply	18,526	41,499
El Capital Mobile Home Park	15,890	34,139
Total	555,593	\$ 1,285,132

(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	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	Not Yet Available				

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	970,954	345

## Largest Customers as of June 30, 1998

	Water Usage <sup>(1)</sup>	Annual Payment
Ranch Club Mobile Estates	21,976	\$ 64,018
Zaca Creek Golf Course	17,326	30,000
Flying Flags Recreation Park	9,730	20,015
Rancho S B Marriott	10,266	21,495
Rivergrove Mobile Home Park	7,696	22,808
Andersen's Restaurant	5,278	11,359
Buellton Union School District	6,203	12,875
Andersen's Inn	5,309	9,770
Windmill Motor Inn	3,652	8,463
Motel 6	4,191	8,678
Total	91,627	\$ 209,481

(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 <sup>(1)</sup>	1,251,817	339,060	19,870	932,627	653,493	1.43

(1) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the City on June 1, 1998.

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	Not Yet Available		

### Largest Customers as of June 30, 1997

	Water Usage <sup>(1)</sup>	Annual Payment
Rancho Santa Ynez Mobile Estates	28,348	\$ 59,880
Alisal Guest Ranch	17,919	42,408
Royal Scandinavian Inn	7,165	24,996
Alisal Golf Courses	10,832	24,757
Luthern Home	8,187	23,392
Alisal Oak Apartments	6,368	20,989
Solvang School	7,156	16,204
Danish County Inn	5,580	15,582
Oak Park Apartments	5,971	15,134
Quality Inn	5,444	13,994
<b>Total</b>	<b>102,970</b>	<b>\$ 257,336</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	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 <sup>(1)</sup>	1,797,257	510,094	1,287,163	1,682,460	0.77

(1) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the City on June 1, 1998.

Source: City of Solvang



# Statistical Section

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

### 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	2,033,846	4,542

### Largest Customers as of June 30, 1998

	Water Usage <sup>(1)</sup>	Annual Payment
City of Solvang <sup>(2)</sup>	95	\$ 60,675
Ramirez Bros.	482	53,185
Gainey Ranch/Vineyard	222	34,421
Bettencourt/Old College Ranch	61	32,103
Dunn School	60	23,146
Lupin Hill Farm	119	22,914
Indian Ditch Ranch	46	14,421
Douglas Herthel	74	12,870
Bautista Produce	115	11,666
S.Y. Valley Union High School	40	11,499
Total	1,314	\$ 276,900

(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 <sup>(1)</sup>	3,896,090	2,716,430	-	1,179,660	1,476,671	0.80
1998 <sup>(1 &amp; 2)</sup>	7,496,721	1,684,999	246,045	6,057,767	2,669,473	2.27

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

(2) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the District on June 1, 1998.

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

## Largest Customers as of June 30, 1998

	Water Usage <sup>(1)</sup>	Annual Payment
University of California-Santa Barbara	780	\$ 941,879
County of Santa Barbara	308	365,460
Applied Magnetics	158	210,386
Glen Annie Golf Course	340	199,481
La Cumbre Mutual Water Co.	791	176,166
George Cavalletto	343	160,995
Sierra Pacific Farm	349	129,183
Francisco Torres	83	109,472
Glen Parks/Rancho Tres Canadas	246	93,906
La Cumbre Golf Course	110	77,384
<b>Total</b>	<b>3,505</b>	<b>\$ 2,464,312</b>

(1) In acre-feet per year.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
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 <sup>(1)</sup>	21,424,586	7,150,245	1,497,654	15,771,995	5,686,052	2.77

(1) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the District on June 1, 1998.

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

### Largest Customers as of December 31, 1997

	Water Usage <sup>(1)</sup>	Annual Payment
La Cumbre Golf & County Club	24,150	\$ 56,739
ELK Trust	17,073	46,166
Barney Klinger	19,059	42,515
Laguna Blanca School	10,917	24,966
Aaron Kotler	8,406	24,284
Stephen Redding	7,103	19,357
Carriage Hill Association	5,335	16,278
William Foley	5,181	12,967
Christopher Conway	3,619	10,190
Godwin Pelissero	5,092	9,893
Total	105,935	\$ 263,355

(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

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

## Largest Customers as of June 30, 1998

	Water Usage <sup>(1)</sup>	Annual Payment
Cottage Hospital	41,858	\$ 163,177
Fess Parker's Red Lion Inn	29,122	112,204
S.B. Municipal Golf Course	64,463	90,371
Montecito County Club	49,824	73,212
S.B. Cottage Hospital	17,780	67,880
S.B. Zoo	14,670	55,646
AMB Inst. Realty (Apartments)	10,424	42,440
St. Francis Hospital	11,230	42,389
Mission Linen Supply	9,476	35,834
St. Francis Hospital	8,997	34,119
<b>Total</b>	<b>257,844</b>	<b>\$ 717,272</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt Service	Coverage
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 <sup>(1)</sup>	21,489,838	10,105,915	11,383,923	3,625,606	2,394,212	1.89

(1) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the City on June 1, 1998.

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

## Largest Customers as of June 30, 1998

	Water Usage <sup>(1)</sup>	Annual Payment
Four Seasons Hotel	38,838	\$ 184,638
Birnam Wood Golf Club	60,025	107,046
Westmont College	32,354	85,059
Gawzner Corporation (Mirmar Hotel)	14,050	59,286
Valley Club of Montecito	34,272	57,167
Casa Dorinda	18,242	54,661
Alisos Ranch	40,178	50,981
Jackson Ranch	34,467	46,002
Popayan Ranch	27,728	37,997
SB Cemetary Assn.	11,640	32,041
<b>Total</b>	<b>311,794</b>	<b>\$ 714,878</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
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 <sup>(1)</sup>	7,169,644	2,694,586	767,671	5,242,729	2,706,621	1.94

(1) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the District on June 1, 1998.

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

## Largest Customers as of June 30, 1998

	Water Usage <sup>(1)</sup>	Annual Payment
Ocean Breeze (Nursery)	71,492	\$ 116,553
Casitas Village (Home Owners' Assn)	29,771	93,304
B&H Flowers (Nursery)	60,515	90,666
Villa Del Mar (Home Owners' Assn)	29,342	86,494
Carpinteria School District	22,092	76,824
City of Carpinteria	20,757	66,444
Norman's Nursery	38,651	60,076
Sandpiper Village (Mobile Home Park)	25,861	59,377
H&M Roses (Nursery)	34,029	48,791
Westerley Roses (Nursery)	23,813	36,948
<b>Total</b>	<b>356,323</b>	<b>\$ 735,479</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30,	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
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 <sup>(1)</sup>	5,717,569	2,243,307	750,000	4,224,262	2,321,529	1.82

(1) State water payment for FY 1997/98 excludes payments for FY 1998/99 paid by the District on June 1, 1998.

Source: Carpinteria Valley Water District