



Board of Directors:

ELLEN SPIEGEL, President  
KRISTINA BREWER, Vice President  
SUSIE KOESTERER, Director  
MARCIA MARCUS, Director  
BOB NAST, Director

AKBAR ALIKHAN  
General Manager

353 Santa Monica Drive · Channel Islands Beach, CA · 93035-4473 · (805) 985-6021 · FAX (805) 985-7156  
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# BOARD OF DIRECTORS REGULAR BOARD MEETING NOTICE & AGENDA

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**NOTICE IS HEREBY GIVEN** that the Board of Directors of the Channel Islands Beach Community Services District will hold A Regular Meeting beginning at 6:00 PM on Tuesday, March 13, 2018. The Meeting will be held at the **District Office Conference Room, 353 Santa Monica Drive, Channel Islands Beach, CA 93035.** The Agenda is as follows:

**A. CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE:**

**B. PUBLIC COMMENTS:**

1. Opportunity for members of the public to address the Board on matters under the purview of the District and which are not on the agenda. (Time limit 3 minutes per speaker)

**C. CONSENT CALENDAR:**

1. Approve the Agenda Order
2. Financial Reports:
  - a. Cash Disbursal & Receipt Report –February 2018
3. Operations & Maintenance Report
4. Minutes
  - a. February 13, 2018

5. Authorize customer request for relief from water charges due to leaks on the property consistent with Resolution 16-06:

	<b>Account Number</b>	<b>Water Relief</b>	<b>Sewer Relief</b>	<b>Total Relief</b>
<b>a.</b>	15380-01	-\$38.62	-\$133.96	-\$172.58
<b>b.</b>	45000-03	-\$52.80	-\$123.65	-\$176.45
<b>c.</b>	13750-07	-\$72.60	-\$170.02	-\$242.62
<b>d.</b>	19000-01	-\$34.14	-\$87.59	-\$121.73
<b>e.</b>	06460-02	-\$11.08	-\$41.22	-\$52.30
<b>f.</b>	14770-01	-\$69.91	-\$190.63	-\$260.54

## **D. ACTION CALENDAR**

### **1. CalPers Resolution of Intention to Enroll**

Recommendation:

- 1) Approve Resolution of Intention to Enroll in the California Public Employee Retirement System (CalPERS).
- 2) Set date for final Resolution to Enroll for April 10, 2018.
- 3) Direct staff to include CalPERS formula cost in upcoming FY 2018 – 2019 Budget.
- 4) Authorize \$7,000 in additional Benefits for FY 2017 – 2018 for employer's share of CalPERS formula for May – June 2018.

### **2. Consideration of Resolution 18-01 Requesting Consolidation of the Channel Islands Beach Community Services District Election with the November 06, 2018 General Election**

Recommendation:

- 1) Adopt Resolution 18-01
- 2) Approve the "Notice of Elective Offices" to be filed with the candidates being responsible for cost of candidate statements in the sample ballot.

### **3. FY 2016 – 2017 Annual Audit Report**

Recommendation:

- 1) Approve the Channel Islands Beach Community Services District Annual Audit Report for Fiscal Year Ended June 30, 2017.
- 2) Authorize staff to present a Final Audit Report only if there are substantive changes between the Draft and Final Audit report.

### **4. Review of FY 2018 – 2019 Preliminary Budget**

Recommendation:

- 1) Review the proposed budget and make modifications as appropriate.

## **E. INFORMATION CALENDAR**

1. Traffic Safety Letter to County
2. Report on Ventura County Short-term rental policy
3. PHWA Agenda Review

4. Report from Board Members of any meeting or conference where compensation from the District for attendance was received.

**F. BOARD MEMBER COMMENTS**

**G. GENERAL COUNSEL & GENERAL MANAGER COMMENTS**

**AGENDA POSTING CERTIFICATION**

This agenda was posted Thursday, March 8, 2018 by 5:00 PM. The agenda is posted at the District Office and two public notice bulletin boards, which are accessible 24 hours per day. The locations include:

- Hollywood Beach School, 4000 Sunset
- Corner Store, 2425 Roosevelt Blvd.
- District Office, 353 Santa Monica Drive

Agendas are also posted on the District's website at [www.cibcsd.com](http://www.cibcsd.com).



Akbar Alikhan  
*General Manager*

**REQUESTS FOR DISABILITY-RELATED MODIFICATION OR ACCOMMODATION, INCLUDING AUXILIARY AIDS OR SERVICES, IN ORDER TO ATTEND OR PARTICIPATE IN A MEETING, SHOULD BE MADE TO THE SECRETARY OF THE BOARD IN ADVANCE OF THE MEETING TO ENSURE THE AVAILABILITY OF REQUESTED SERVICE OR ACCOMODATION. NOTICES, AGENDAS AND PUBLIC DOCUMENTS RELATED TO THE BOARD MEETINGS CAN BE MADE AVAILABLE IN ALTERNATIVE FORMAT UPON REQUEST.**

Channel Islands Beach 2013

3/7/2018 2:33 PM

Register: 1002 · Checking Pacific Western

From 02/01/2018 through 02/28/2018

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
02/13/2018		Arco	4 - Maintenance Expen...	Payment by ph...	933.48			684,012.85
02/13/2018	4769	A to Z Law, LLP	2000 - Accounts Payable		3,420.37			680,592.48
02/13/2018	4770	ARC Document Solu...	2000 - Accounts Payable	Map scanning	301.95			680,290.53
02/13/2018	4771	AT & T	2000 - Accounts Payable		506.37			679,784.16
02/13/2018	4772	AWA	2000 - Accounts Payable	Ed Lunch Akb...	175.00			679,609.16
02/13/2018	4773	Chicago Title Compa...	2000 - Accounts Payable	Prelim Report (...)	325.00			679,284.16
02/13/2018	4774	City of Oxnard	2000 - Accounts Payable	Sewer Chrgs fo...	196,169.79			483,114.37
02/13/2018	4775	County of Ventura - ...	2000 - Accounts Payable		300.00			482,814.37
02/13/2018	4776	County of Ventura - ...	2000 - Accounts Payable		420.16			482,394.21
02/13/2018	4777	Data West Corp.	2000 - Accounts Payable		810.00			481,584.21
02/13/2018	4778	Document Systems, I...	2000 - Accounts Payable	Office HP	60.69			481,523.52
02/13/2018	4779	EJ Harrison & Sons, ...	2000 - Accounts Payable	pr pd 12/16/17 ...	40,670.53			440,852.99
02/13/2018	4780	Elecsys Corporation	2000 - Accounts Payable		223.50			440,629.49
02/13/2018	4781	Famcon Pipe and Su...	2000 - Accounts Payable		1,595.89			439,033.60
02/13/2018	4782	FGL Environmental I...	2000 - Accounts Payable		619.00			438,414.60
02/13/2018	4783	Frontier	2000 - Accounts Payable		270.27			438,144.33
02/13/2018	4784	Microsoft Corporation	2000 - Accounts Payable		2,074.14			436,070.19
02/13/2018	4785	Nationwide Retirement	2000 - Accounts Payable	pr pd 1/27/18 t...	3,492.15			432,578.04
02/13/2018	4786	Office Depot	2000 - Accounts Payable		88.67			432,489.37
02/13/2018	4787	Pacific Couriers	2000 - Accounts Payable		205.70			432,283.67
02/13/2018	4788	Pitney Bowes Inc.	2000 - Accounts Payable		144.16			432,139.51
02/13/2018	4789	Plumbers Depot, Inc.	2000 - Accounts Payable	Sewer Smart co...	34,101.02			398,038.49
02/13/2018	4790	Prime Masonry Mate...	2000 - Accounts Payable		571.30			397,467.19
02/13/2018	4791	Sam Hill & Sons, Inc.	2000 - Accounts Payable		6,050.65			391,416.54
02/13/2018	4792	So. California Edison...	2000 - Accounts Payable		856.16			390,560.38
02/13/2018	4793	Soares, Sandall, Bern...	2000 - Accounts Payable		2,775.00			387,785.38
02/13/2018	4794	SoCalGas	2000 - Accounts Payable		41.65			387,743.73
02/13/2018	4795	Spectrum	2000 - Accounts Payable	cable	44.64			387,699.09
02/13/2018	4796	Streamline	2000 - Accounts Payable	website	200.00			387,499.09
02/13/2018	4797	Tampa Hardware 2	2000 - Accounts Payable		114.76			387,384.33
02/13/2018	4798	Underground Service...	2000 - Accounts Payable		29.80			387,354.53
02/13/2018	4799	Xerox Financial Serv...	2000 - Accounts Payable		260.91			387,093.62
02/13/2018	4800	ImageSource	2000 - Accounts Payable		66.20			387,027.42
02/13/2018		QuickBooks Payroll ...	-split-	Created by Pay...	23,672.77			363,354.65
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/12			16,724.73	380,079.38
02/14/2018	DEP	DEPOSIT	2050 - Customer Depo...	Dep 2/12			150.00	380,229.38
02/14/2018	DEP	DEPOSIT	2050 - Customer Depo...	Dep 2/12			150.00	380,379.38
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/13			17,422.68	397,802.06
02/14/2018	DEP	DEPOSIT	2050 - Customer Depo...	Dep 2/1			150.00	397,952.06
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/1			652.07	398,604.13

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3/7/2018 2:33 PM

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Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/12			972.43	399,576.56
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/8			12,627.34	412,203.90
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/9			7,685.73	419,889.63
02/14/2018	DEP	DEPOSIT	2050 - Customer Depo...	Dep 2/1			150.00	420,039.63
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/5			4,644.64	424,684.27
02/14/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/6			5,923.67	430,607.94
02/14/2018	EDEP	DEPOSIT	1200 - Accounts Recei...	e-checks			36,438.79	467,046.73
02/14/2018	To Print	Carol J Dillon	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	Casey D Johnson	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	E.D. Brock	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	Erika F Davis	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	Keila E Wilson	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	Mark A Espinosa	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	Peter A. Martinez	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	Akbar Alikhan	-split-	Direct Deposit		X		467,046.73
02/14/2018	To Print	Lupe C Lopez	-split-	Direct Deposit		X		467,046.73
02/16/2018		CalPers	-split-	Health Benefits...	9,606.68			457,440.05
02/20/2018	4801	ACWA/JPIA Health ...	2000 - Accounts Payable		842.57			456,597.48
02/20/2018	4802	Aflac	2000 - Accounts Payable		450.75			456,146.73
02/20/2018	4803	National Meter & Au...	2000 - Accounts Payable		4,083.73			452,063.00
02/20/2018	4804	Spectrum	2000 - Accounts Payable		124.98			451,938.02
02/20/2018	4805	Western Alliance Bank	2000 - Accounts Payable	Interest Pymt/...	17,855.39			434,082.63
02/27/2018	4806	A to Z Law, LLP	2000 - Accounts Payable		4,031.22			430,051.41
02/27/2018	4807	ARC Document Solu...	2000 - Accounts Payable		253.15			429,798.26
02/27/2018	4808	Bay Alarm Company	2000 - Accounts Payable	103152	1,758.24			428,040.02
02/27/2018	4809	Frontier	2000 - Accounts Payable		845.46			427,194.56
02/27/2018	4810	Mission Linen & Uni...	2000 - Accounts Payable		111.56			427,083.00
02/27/2018	4811	Nationwide Retirement	2000 - Accounts Payable	pr pd 2/10/18 t...	3,395.92			423,687.08
02/27/2018	4812	SCE- Office	2000 - Accounts Payable		240.49			423,446.59
02/27/2018	4813	SEIU, Local 721	2000 - Accounts Payable		301.50			423,145.09
02/27/2018	4814	So. California Edison...	2000 - Accounts Payable		267.53			422,877.56
02/27/2018	4815	CHARLES STEVENS	2000 - Accounts Payable	CUSTOMER ...	78.14			422,799.42
02/27/2018	4816	KELLY ESTES	2000 - Accounts Payable	CUSTOMER ...	94.19			422,705.23
02/27/2018	4817	KEVIN MEET	2000 - Accounts Payable	CUSTOMER ...	59.51			422,645.72
02/27/2018	4818	WILSON CALDON	2000 - Accounts Payable	CUSTOMER ...	22.45			422,623.27
02/27/2018		QuickBooks Payroll ...	-split-	Created by Pay...	24,275.76			398,347.51
02/28/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/26			1,582.94	399,930.45
02/28/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/23			5,616.10	405,546.55
02/28/2018	DEP	DEPOSIT	2050 - Customer Depo...	Dep 2/21			150.00	405,696.55
02/28/2018	DEP	DEPOSIT	2050 - Customer Depo...	Dep 2/23			150.00	405,846.55

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<b>Date</b>	<b>Number</b>	<b>Payee</b>	<b>Account</b>	<b>Memo</b>	<b>Payment</b>	<b>C</b>	<b>Deposit</b>	<b>Balance</b>
02/28/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/22			2,646.75	408,493.30
02/28/2018	DEP	DEPOSIT	2050 - Customer Depo...	Dep 2/26			150.00	408,643.30
02/28/2018	DEP	DEPOSIT	3120 Sewer Revenues:...	Dep 2/27			405,435.56	814,078.86
02/28/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/16			1,369.38	815,448.24
02/28/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/14			590.00	816,038.24
02/28/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/28			2,596.79	818,635.03
02/28/2018	DEP	DEPOSIT	1200 - Accounts Recei...	Dep 2/28			1,797.42	820,432.45
02/28/2018	EDEP	DEPOSIT	1200 - Accounts Recei...	E-checks MAK...	84,587.08			735,845.37
02/28/2018	To Print	Carol J Dillon	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	Casey D Johnson	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	E.D. Brock	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	Erika F Davis	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	Mark A Espinosa	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	Akbar Alikhan	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	Keila E Wilson	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	Lupe C Lopez	-split-	Direct Deposit		X		735,845.37
02/28/2018	To Print	Peter A. Martinez	-split-	Direct Deposit		X		735,845.37

MINUTES OF THE  
CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT  
REGULAR BOARD MEETING, February 13, 2018

**A. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE:**

Vice President Spiegel called the meeting to order at 6:02 PM and led everyone in attendance in the Pledge of Allegiance. In attendance President Koesterer, Director Brewer, Director Nast, General Manager, Akbar Alikhan, Clerk of the Board, Erika Davis, General Counsel, John Mathews and Deputy General Manager/ Operations Manager Pete Martinez.

**B. PUBLIC COMMENTS:**

1. CHP Officer Kevin Denharder said the CHP Officers have been regularly dealing with traffic issues such as illegal parking. He said they have had vehicles towed. He offered answers to questions about the topics of speeding and signage. His response was the County Roads Department regulates the signage according to their guidelines. The CHP handles enforcement.

**6:05 p.m. Director Marcus joins the meeting.**

2. Board President of United Water Conservation District, Robert Eranio gave a PowerPoint Presentation clarifying United Water Conservation District's role and the obstacles they are facing today. General Manager Mauricio E. Guardado, Jr., and Deputy General Manager Anthony Emmert joined the presentation and answered questions. Stacy Miller from Stacy Miller Public Affairs commented on the coalition building efforts.

**C. CONSENT CALENDAR:**

General Manager Alikhan requested an Agenda Order change moving Action Item D2 ahead of D1. Director Nast moved to approve the Agenda Order change to hear D2 first and Director Marcus seconded the motion. The motion passed.

Koesterer, Spiegel, Marcus, Brewer, Nast    5 - Yes   0 - No

Director Nast moved to approve the Consent Calendar and President Koesterer seconded the motion. The motion passed unanimously.

Koesterer, Spiegel, Marcus, Brewer, Nast    5 - Yes   0 - No

## D. ACTION CALENDAR

### 1. Summary of Fisherman's Wharf Design Charrette Exercise

General Manager Alikhan and Director Brewer attended the Charrette Exercise. General Manager Alikhan said the goal of Charrette Exercise was to develop an alternative plan. Director Brewer felt that the main take was that the individual groups majority preferred a recreational setting not an apartment setting. The General Manager said he was invited to attend the February 22<sup>nd</sup> Harbor Task Force meeting held by the City of Oxnard. The General Manager asked for direction from the Board regarding attending the meeting. The Board advised that the General Manager should attend the meeting focusing on the master public works plan.

Koesterer, Spiegel, Marcus, Brewer, Nast 5 - Yes 0 – No

### 2. AMI Pilot Test and Financial Plan

General Manager Alikhan explained that 10 Smart Meters were installed in the community taking part in the pilot test study. General Manager gave a PowerPoint presentation regarding the Financial Plan. United Water Board President Robert Eranio discussed his experience and satisfaction with the Smart Meters.

### 3. Board Reorganization for Calendar Year 2018

Director Marcus moved to nominate Vice President Spiegel for President for the 2018 Calendar year. President Koesterer seconded the motion and the motion passed unanimously.

Koesterer, Spiegel, Marcus, Brewer, Nast 5 - Yes 0 – No

Director Marcus moved to nominate Director Brewer for Vice President for the 2018 Calendar year. Director Nast seconded the motion and the motion passed unanimously.

Koesterer, Spiegel, Marcus, Brewer, Nast 5 - Yes 0 – No

The Board made changes to the CIBCSD Board Member Assignments Calendar Year 2018 for District Representative to Member Organizations and Representatives to District Committees. See attached.

Director Marcus moved to appoint the members of the Board to represent the District Calendar Year 2018. Director Koesterer seconded the motion and the motion passed all in favor.

Koesterer, Spiegel, Marcus, Brewer, Nast 5 - Yes 0 – No



**E. INFORMATION CALENDAR**

1. Report from Board Members of any meeting or conference where compensation from the District for attendance was received.

None.

2. Public Notification of Surplus Property.

General Manager Alikhan informed the Board that on February 1<sup>st</sup> the required notice was sent out to the 10 agencies regarding the listing of the District's surplus property.

3. Port Hueneme Water Agency Agenda Review

General Manager Alikhan announced the PHWA meeting is scheduled for Tuesday, February 20<sup>th</sup> at 4:00 p.m. Baseline testing will be on the Agenda for the meeting. He also said that he will be sitting in Steve Hickox's seat at the March meeting.

**F. BOARD MEMBER COMMENTS:**

Director Marcus said she attended a meeting in Ventura. She shared Emergency information material she received and thought it would be a helpful reference for the Community and Staff.

**G. GENERAL COUNSEL & GENERAL MANAGER COMMENTS:**

General Counsel said he had no comments.

General Manager stated the following items are expected to be agendized for the March 13<sup>th</sup> meeting:

- 1) CalPERS Intention to enroll
- 2) Agreement with the County Watershed Protection District.
- 3) Authorization for payment of Redwood Trunk Line True up

The Board Meeting adjourned at 9:05 PM.

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Ellen Spiegel, Vice President

<b>Organization</b>	<b>Member(s)</b>	<b>Alternate</b>
<b>Board Positions</b>		
President	Ellen Spiegel	n/a
Vice President	Kristina Brewer	n/a
<b>Committee Assignments</b>		
Finance Committee	Kristina Brewer, Bob Nast	Ellen Spiegel
Facilities Committee	Susie Koesterer, Marcia Marcus	Ellen Spiegel
Water Rate Review Committee	President (Ellen Spiegel)	Vice President (Kristina Brewer)
<b>Agency Appointments</b>		
ACWA/JPIA Board	Kristina Brewer	Bob Nast
ACWA Region 8 Council	Kristina Brewer	Bob Nast
PHWA, Board of Directors	Ellen Spiegel, Bob Nast	Marcia Marcus
VCSDA, Board of Directors	Kristina Brewer	Bob Nast
VRSD & Committee	Susie Koesterer	Ellen Spiegel
CSDA	Kristina Brewer	
CASA	Bob Nast	



Board of Directors:

ELLEN SPIEGEL, President  
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SUSIE KOESTERER, Director  
MARCIA MARCUS, Director  
BOB NAST, Director

AKBAR ALIKHAN  
General Manager

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## Regular Board Meeting, March 13, 2018

**To:** Board of Directors  
**From:** Akbar Alikhan, *General Manager*  
**Subject:** CalPERS Resolution of Intention to Enroll  
**Item No.** D-1

### RECOMMENDATION:

1. Approve Resolution of Intention to Enroll in the California Public Employee Retirement System (CalPERS).
2. Set date for final Resolution to Enroll for April 10, 2018.
3. Direct staff to include CalPERS formula cost in upcoming FY 2018 – 2019 Budget.
4. Authorize \$7,000 in additional Benefits for FY 2017 – 2018 for employer's share of CalPERS formula for May – June 2018.

**FINANCIAL IMPACT:** Approximately \$40,000 increase to future District budgets for employer portion of CalPERS formula, beginning in FY 2018 – 2019. District portion would be adjusted proportionally to salaries in future budget years.

### BACKGROUND:

The District provides retirement benefits to its employees in the form of a contribution to 457b Deferred Compensation (retirement) account, equal to 10% of gross wages. For example, an employee earning \$50,000 per year, would receive \$5,000 in retirement benefits. Employees have the option to make additional contributions to the 457b account up to the Federal maximum. For FY 2017 – 2018, budgeted retirement expenses amounted to \$60,900, or 10% of total District salaries.

In early 2017, the District expressed its interest to move towards a defined benefit retirement system. To that end, the District submitted its application to enroll in CalPERS in May 2017. In addition to being the District's existing health plan provider, CalPERS oversees pension benefits for over 1.5 million public agency employees and retirees. The District received its preliminary approval for enrollment into CalPERS in November 2017.

### DISCUSSION/ANALYSIS:

To fund the pension system, CalPERS relies on a contribution from the employee and the employer. The employer and employee share of the CalPERS formula is summarized in the table below. The percentages are derived from an actuarial analysis performed by CalPERS.

<b>Employer Share</b>	6.533%
<b>Employee Share</b>	6.250%
<b>Total</b>	12.783%

Prior to submitting the application for enrollment, the Board tentatively agreed to the following guidelines upon enrollment:

- District's current contribution towards 457b retirement accounts (10% of salary) would be redirected towards the employer share of the CalPERS formula (6.533%). The difference between the current contribute of 10% and the employer share of the CalPERS formula (6.533%) would continue to be contributed toward 457b retirement account (3.467%).
- Take-home pay of District staff would not decrease as a result of enrollment into CalPERS.

To accommodate the change in employee benefits, there are two changes that would need to be made to future budgets.

1. Current retirement contributions of 10% would be split into two parts
  - a. 6.533% reallocated to employer share of CalPERS formula
  - b. 3.467% contribution to 457b account
2. One-time adjustment of 6.25% to staff wages to maintain take-home pay at current level

To illustrate what effect on the District budget these two changes would have, the table below is a reproduction of the Salaries & Benefits portion of the FY 2017 – 2018 Budget with and without the proposed changes.

	FY 2017 - 2018 Adopted	Change	FY 2017 - 2018 Adjusted
Regular Salaries	\$609,000	\$38,063	\$647,063
Payroll Taxes	\$18,000		\$18,000
Group Insurance	\$119,000		\$119,000
457B Contribution	\$60,900	(\$39,786)	\$21,114
CalPERS Contribution	\$0	\$39,786	\$39,786
Uniforms	\$2,600		\$2,600
Worker's Comp Insurance	\$16,000		\$16,000
Employee Education	\$5,500		\$5,500
	<b>\$831,000</b>	<b>\$38,063</b>	<b>\$869,063</b>

Attached for Board consideration is a Resolution of Intention to approve the enrollment contract between the District and CalPERS. Approval of this Resolution communicates to CalPERS that the District understands the financial commitment of being part of the retirement system and wishes to enroll. Additionally, CalPERS has provided a draft contract for the Board's consideration. The executable version will be included as part of the Final Enrollment Resolution.

The remaining milestones to complete the CalPERS enrollment process are summarized in the table below.

<b>Milestone</b>	<b>Date</b>
<b>Resolution of Intention to Enroll</b>	March 13, 2018
<b>Employee Ballot</b>	March 14, 2018
<b>Resolution for Final Enrollment</b>	April 10, 2018
<b>CalPERS Effective Date</b>	May 5, 2018

To fund the employer's share of the CalPERS formula for May and June of 2018, staff proposes a \$7,000 increase to Benefits for the current fiscal year.

**ATTACHMENTS:**

1. Resolution of Intention to Approve a Contract between the Board of Administration California Public Employees' Retirement System and the Board of Directors Channel Islands Beach Community Services District
2. Contract between the Board of Administration California Public Employees' Retirement System and the Board of Directors Channel Islands Beach Community Services District

**RESOLUTION OF INTENTION  
TO APPROVE A CONTRACT  
BETWEEN THE  
BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AND THE  
BOARD OF DIRECTORS  
CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies in the Public Employees' Retirement System, making their employees members of said System, and sets forth the procedure by which participation may be accomplished; and

WHEREAS, one of the steps required in the procedure is the adoption by the governing body of the public agency of a resolution giving notice of intention to approve a contract for such participation of said agency in the Public Employees' Retirement System, which resolution shall contain a summary of the major provisions of the proposed retirement plan; ~~and~~

~~WHEREAS, attached is a summary of the major provisions of the proposed plan;~~

NOW, THEREFORE, BE IT RESOLVED, that the governing body of the above agency gives, and it does hereby give notice of intention to approve a contract between said governing body and the Board of Administration of the Public Employees' Retirement System, providing for participation of said agency in said retirement system, a copy of said contract and a copy of the summary of the major provisions of the proposed plan being attached hereto, as an "Exhibit", and by this reference made a part hereof.

By: \_\_\_\_\_  
Presiding Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date adopted and approved



## EXHIBIT

California  
Public Employees' Retirement System

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# CONTRACT

Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
Board of Directors  
Channel Islands Beach Community Services District

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In consideration of the covenants and agreement hereafter contained and on the part of both parties to be kept and performed, the governing body of above public agency, hereafter referred to as "Public Agency", and the Board of Administration, Public Employees' Retirement System, hereafter referred to as "Board", hereby agree as follows:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 62 for local miscellaneous members.
2. Public Agency shall participate in the Public Employees' Retirement System from and after \_\_\_\_\_ making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:

- (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
  - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
  - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
- a. Employees other than local safety members (herein referred to as local miscellaneous members).
5. Any exclusion(s) shall remain in effect until such time as the Public Employees' Retirement System determines that continuing said exclusion(s) would risk a finding of non-compliance with any federal tax laws or regulations. If such a determination is contemplated, the Public Employees' Retirement System will meet with the Public Agency to discuss the matter and coordinate any required changes or amendments to the contract.

In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

#### **NO ADDITIONAL EXCLUSIONS**

6. The percentage of final compensation to be provided for new local miscellaneous members for each year of credited prior service is 0% and the percentage of final compensation to be provided for each year of credited current service is 100% and determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).



7. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
8. Public Agency shall also contribute to said Retirement System as follows:
  - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574.5 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
  - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
  - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
9. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
10. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
ARNITY PAIGE, CHIEF  
PENSION CONTRACTS AND PREFUNDING  
PROGRAMS DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

PLEASE DO NOT SIGN "EXHIBIT ONLY"

BOARD OF DIRECTORS  
CHANNEL ISLANDS BEACH  
COMMUNITY SERVICES DISTRICT

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"

NEW AGENCY CalPERS ID #2660271290  
PERS-CON-702N



## CalPERS Resolution of Intent to Enroll

REGULAR BOARD MEETING - MARCH 13, 2018

AKBAR ALIKHAN, GENERAL MANAGER

## Current Retirement Benefits



- District contributes 10% of employee wages towards a 457 deferred compensation account.
  - Ex: An employee earning \$50K/year, would earn \$5K in District retirement benefits
  - Employees can make additional contributions to 457 account from earned wages
- For FY 2017-2018, District budgeted retirement expenses are \$60,900 (10% of all salaries).
- District has made efforts to move to a defined benefit program (CalPERS)



## CalPERS Enrollment Process

- **May 2017** – District submitted enrollment forms with CalPERS
- **November 2017** – District received “preliminary approval” for enrollment
- **December 2017** – District submitted individual employee data for actuarial analysis
- **January 2018** – Received actuarial analysis and Union approval

### Remaining Milestones

- Board Approval of Resolutions (3/15 and 4/10)
- Employee Balloting (3/14)
- May 5, 2018 – Expected Enrollment



## Previously Agreed to Terms

Board of Directors and staff tentatively agreed to the following upon enrollment into CalPERS:

- District’s current contribution towards 457b retirement accounts (10% of salary) would be redirected towards the employer share of the CalPERS formula
  - Difference between the current contribute of 10% and the employer share of the CalPERS formula would continue to be contributed toward retirement account
- Take-home pay of staff would not decrease as a result of enrollment into CalPERS



## Actuarial Results

- CalPERS formula requires approximately 13% of employee wages (based on actuarial results) to fund the defined benefit system.
  
- CalPERS specifies the exact percentage from each party
  - District share: 6.533%
  - Employee share: 6.250%
  - Total of 12.753%



## CalPERS Contribution Rules

- Currently District contributes 10% of wages towards retirement benefits

### **10% Contribution towards 457B Account**

- 6.533% will be reallocated toward the employer's share of the CalPERS formula
- Remaining 3.467% of contribution will remain in 457 account

### **One-time Wage Adjustment**

- To prevent take-home pay from going down, employee wages would need to be adjusted by employee share of formula (6.25%)



## Effect on Future District Budgets

	FY 2017 - 2018 Adopted	Change	FY 2017 - 2018 Adjusted
Regular Salaries	\$609,000	\$38,063	\$647,063
Payroll Taxes	\$18,000		\$18,000
Group Insurance	\$119,000		\$119,000
457B Contribution	\$60,900	(\$39,786)	\$21,114
CalPERS Contribution	\$0	\$39,786	\$39,786
Uniforms	\$2,600		\$2,600
Worker's Comp Insurance	\$16,000		\$16,000
Employee Education	\$5,500		\$5,500
	<b>\$831,000</b>	<b>\$38,063</b>	<b>\$869,063</b>



## Next Steps

Milestone	Date
Resolution of Intention to Enroll	March 13, 2018
Employee Ballot	March 14, 2018
Resolution for Final Enrollment	April 10, 2018
CalPERS Effective Date	May 5, 2018



Board of Directors:

ELLEN SPIEGEL, President  
KRISTINA BREWER, Vice President  
SUSIE KOESTERER, Director  
MARCIA MARCUS, Director  
BOB NAST, Director

AKBAR ALIKHAN  
General Manager

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**Regular Board Meeting, March 13, 2018**

**To:** Board of Directors  
**From:** Akbar Alikhan, *General Manager*  
**Subject:** Consideration of Resolution 18-01 Requesting Consolidation of the Channel Islands Beach Community Services District Election with the November 06, 2018 General Election  
**Item No.** D-2

**RECOMMENDATION:**

1. Adopt Resolution 18-01
2. Approve the “Notice of Elective Offices” to be filed with the candidates being responsible for cost of candidate statements in the sample ballot.

**FINANCIAL IMPACT:** No impact. Costs for required notifications will be requested in FY 2018 – 2019 Operating Budget.

**BACKGROUND/DISCUSSION:**

The District’s Board election is scheduled for November 6, 2018. This is a state wide consolidated election. The District has historically conducted all its elections utilizing the services of the County Clerk’s Office. The filing period for candidates for our Director positions is Monday, July 16, 2018 through Friday, August 10, 2018.

Attached is Resolution 18-01 which provides for the required language and request that the County provide election services for the District. Additionally, the ‘Notice of Elective Offices to be filled, designating those offices involved. Staff recommends that the District continues to require candidates filling for election to be responsible for the cost of their statement in the sample ballot. This sample ballot is prepared and mailed by the Clerk of the Board as part of their service package. All of these provisions are consistent with all the previous elections held for the Board of Director elections in District history.

**ATTACHMENT(S):**

1. Resolution No. 18-01: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT REQUESTING CONSOLIDATION OF THE CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT GENERAL DISTRICT ELECTION WITH THE STATEWIDE GENERAL ELECTION

**RESOLUTION NO. 18-01**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT REQUESTING CONSOLIDATION OF THE CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT GENERAL DISTRICT ELECTION WITH THE STATEWIDE GENERAL ELECTION**

**Whereas**, an election is scheduled to be held within the Channel Islands Beach Community Services District on November 6, 2018, for the purposes of electing three District Directors to the Channel Islands Beach Community Services District Board of Directors; and

**Whereas**, a statewide general election will be held within the County of Ventura on that same day;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board Community Services District, as follows:

1. The Board of Supervisors of Ventura County is requested to order that the Channel Islands Beach Community Services District election be consolidated with the statewide election on November 6, 2018 pursuant to Election Code Section 10400 et seq.
2. The Board of Supervisors is authorized to canvass the returns of that election pursuant to Elections Code 1041.
3. Pursuant to Elections Code Section 10002, the Board of Supervisors is requested to permit the county elections officials, to render all services specified by Elections Code Section 10418 relating to the election, for which services Channel Islands Beach Community Services District agrees to reimburse the County in accordance with established charges and procedures.
4. Each candidate is to pay for the printing, handling, translating, and mailing of the candidate's statements pursuant to Section 13307 of the Elections Code.
5. In the event of a tie vote, pursuant to Section 10551, subdivision b of the Elections Code the vote shall be determined by lot.

**PASSED AND ADOPTED** on this 13<sup>th</sup> day of March 2018, by the following vote, to Wit:

AYES:

NOES:

ABSENT:



---

Ellen Spiegel, *Board President*

I, Erika Davis, Secretary to the Board of Directors of Channel Islands Beach Community Services District, hereby certify that the foregoing Resolution was introduced at a Regular Meeting of the Board of Directors of said District, held on the 13th day of March 2018, and was adopted at this meeting.

---

Erika F. Davis, *Clerk of the Board*



Board of Directors:

ELLEN SPIEGEL, President  
KRISTINA BREWER, Vice President  
SUSIE KOESTERER, Director  
MARCIA MARCUS, Director  
BOB NAST, Director

AKBAR ALIKHAN  
General Manager

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**Regular Board Meeting, March 13, 2018**

**To:** Board of Directors  
**From:** Akbar Alikhan, *General Manager*  
**Subject:** FY 2016 – 2017 Annual Audit Report  
**Item No.** D-3

**RECOMMENDATION:**

1. Approve Allocations (transfers) for June 30, 2017.
2. Approve the Channel Islands Beach Community Services District Annual Audit Report for Fiscal Year Ended June 30, 2017.
3. Authorize staff to present a Final Audit Report only if there are substantive changes between the Draft and Final Audit report.

**FINANCIAL IMPACT:** No impact to future budget. Board action validates the independent and professional review of the District’s financial statements to ensure the agency is compliant with all State reporting rules and guidelines.

**BACKGROUND/DISCUSSION:**

Attached for Board review is the Draft FY 2016 – 2017 Audit Report prepared by Teaman, Ramirez, & Smith, Inc. The auditing team has indicated there are no anticipated changes of note between the Draft and Final Audit reports.

The report issues a clean report for the District’s financial statements, internal controls and compliance with fiscal policies set by the Board. The reports indicated the following breakdown of performance by enterprise and can be tied directly to the audit on the page indicated in the table below.

Enterprise/Account	Performance	Page
<b>Water Enterprise</b>	\$279,964	Page 34
<b>Sewer Enterprise</b>	\$373,126	Page 37
<b>Solid Waste Enterprise</b>	(\$19,200)	Page 39
<b>Community Service</b>	(\$43,690)	Page 41

Page 3 of the Audit Report details the Financial Highlights of the fiscal year. The conclusions represented in the audit are arrived at based on the following procedures auditors perform during the audit, but are not limited to:

- Review all bank statements and cancelled checks, including bank reconciliations.
- Review accounts receivable, analysis and sampling of customer pay histories and rates and confirm with the customer the actual amount paid during the year.
- Review procedures and policies of the District to ascertain the staff is in compliance.
- Review accounts payable, including verification of payments.
- Review payroll records for accuracy of pay rates, overtime, accrued vacation and sick time.
- Review contracts with vendors to ascertain the District is in compliance with the agreement.
- Prepare the audited financial statements in accordance with Government Auditing Standards and generally accepted accounting principles.

Prior to considering the Audit Report, the Board must approve the allocations, or transfer of funds, between the District's accounts. This is an annual exercise that shifts funds within each Enterprise to help meet the District's established reserve policies. The allocations are summarized in Attachment 1.

**ATTACHMENTS:**

1. Allocations for June 30, 2017
2. Draft 2017 Financial Statements
3. Draft 2017 Internal Control Report

# Cash Allocations June 30, 2016



LEGEND	
Water	
Sewer	
Trash	

**Total Reserve Balance** 5,487,344

UNRESTRICTED				
	WATER	SEWER	TRASH	COMMUNITY SERVICE
Transfer In/Out	(237,939)	(42,960)	47,939	0
Ending Balance	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>0</b>

BOARD RESTRICTED								
	WATER OP RESERVE	WATER CAPITAL RESERVE	WATER RATE STAB	SEWER OP RESERVE	SEWER CAPITAL RESERVE	SEWER RATE STAB	TRASH OP RESERVE	TRASH RATE STAB
Transfer In/Out	224,299	(68,792)	82,431	362,005	580,777	(582,993)	84,365	(132,303)
Ending Balance	<b>363,300</b>	<b>2,187,579</b>	<b>187,900</b>	<b>444,600</b>	<b>1,619,888</b>	<b>206,700</b>	<b>144,800</b>	<b>153,998</b>

OUTSIDE RESTRICTED			
	WATER	SEWER	TRASH
Transfer In/Out	1	(316,829)	0
Ending Balance	<b>23,241</b>	<b>27,097</b>	<b>23,241</b>

**CHANNEL ISLANDS BEACH**  
**COMMUNITY SERVICES DISTRICT**  
**ANNUAL AUDIT REPORT**  
Years Ended June 30, 2017 and 2016

**Channel Islands Beach Community Services District**  
**Annual Audit Report**  
Years Ended June 30, 2017 and 2016

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Channel Islands Beach Community  
Services District  
Oxnard, CA

### Report on the Financial Statements

We have audited the accompanying financial statements of the Channel Islands Beach Community Services District (the "District"), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Channel Islands Beach Community Services District, as of June 30, 2017 and 2016, and the respective changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information section is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplemental information section is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information section is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reported dated \_\_\_\_\_, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Riverside, California

\_\_\_\_\_, 2018



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Channel Islands Beach Community Services District, we offer readers of the Channel Islands Beach Community Services District's financial statements this narrative overview and analysis of the Channel Islands Beach Community Services District and its financial activities for the fiscal year ended June 30, 2017.

### OVERVIEW

#### FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include four components: 1) Statements of Net Position; 2) Statements of Revenues, Expenses and Changes in Net Position; 3) Statements of Cash Flows; and, 4) Notes to the Financial Statements. In addition to the basic financial statements, supplementary information is also presented.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The Statement of Cash Flows presents information regarding the District's use of cash during the year. Cash flows will differ from revenues and expenses because the statement accounts only for transactions that resulted in the District's receipt or payment of cash during the year.

### FINANCIAL HIGHLIGHTS

#### SIGNIFICANT EVENTS AND TRANSACTIONS

- ◆ The Board of Directors restricted the following amounts to their respective utilities:
- ◆ Water - \$2,187,580 for future unanticipated repairs and maintenance of the water distribution system, a \$363,300 operating reserve and \$187,900 for rate stabilization.
- ◆ Sewer - \$444,600 operating reserve and \$206,700 for rate stabilization and \$1,619,888 for unanticipated repairs and maintenance.
- ◆ Trash - \$144,800 operating reserve and \$153,998 for rate stabilization.
- ◆ Other receivable has decreased by \$597,158 and accounts payable has decreased by 755,774, most of which is related to receipt and payment of accrued waste water charges from and to the City of Oxnard.

- ◆ The District had not revised the rate structure for services in recent years; recently the district hired an outside consultant to conduct a rate study to calculate the cost of providing services, cost of future maintenance requirements of the District's infrastructures and cost of future capital expenditure needs. Based on the recommendation of the outside consultants the board of directors has initiated a rate increase with effect from the billing period starting July 15, 2018. There will be an increase of 5% on water rate, increase of 6% on waste water rate and 2.5% on solid waste removal rate. The board anticipates more changes in rate structure will take place in the near term to maintain the level of services provided by the District.

## FINANCIAL STATEMENTS

### NET POSITION

The District's Net Position as of June 30, 2017, 2016 and 2015 totaled \$10,773,370, \$10,200,108 and \$9,742,290, respectively. At the end of the current year, the District is able to report positive balances in all categories of net position. The District's net position increased by \$573,262 from the prior year.

**FIGURE 1. NET POSITION**

	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
<b>Assets</b>			
Current Assets	\$ 6,617,453	\$ 6,632,275	\$ 5,726,908
Restricted Assets	73,578	393,380	397,600
Capital Assets, Net	5,600,796	5,850,525	6,073,652
Other Assets	<u>3,269,114</u>	<u>3,366,443</u>	<u>3,471,053</u>
TOTAL ASSETS	<u>\$ 15,560,941</u>	<u>\$ 16,242,623</u>	<u>\$ 15,669,213</u>
<b>Deferred Outflows of Resources</b>			
Deferred Amount on Refunding	<u>\$ 250,144</u>	<u>\$ 247,783</u>	<u>\$ 294,979</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 250,144</u>	<u>\$ 247,783</u>	<u>\$ 294,979</u>
<b>Liabilities</b>			
Current Liabilities	\$ 1,203,989	\$ 1,999,458	\$ 1,576,302
Long-Term Debt	<u>3,833,726</u>	<u>4,290,840</u>	<u>4,645,600</u>
TOTAL LIABILITIES	<u>\$ 5,037,715</u>	<u>\$ 6,290,298</u>	<u>\$ 6,221,902</u>
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 1,802,133	\$ 1,690,147	\$ 1,615,943
Unrestricted	<u>8,971,237</u>	<u>8,509,961</u>	<u>8,126,347</u>
TOTAL NET POSITION	<u>\$ 10,773,370</u>	<u>\$ 10,200,108</u>	<u>\$ 9,742,290</u>

Total assets decreased by \$681,682, which is mostly due to settlement of receivable from City of Oxnard, depreciation taken on District's capital assets and utilization of liquid assets to pay district's long term debt payment obligation. Total liabilities decreased by \$1,252,583 which is due to a combination of decrease in long-term debt due to principal payments made on outstanding sewer and water bonds and settlement of payable to City of Oxnard.

**REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Charges for operating services totaled \$4,361,931, \$3,962,528 and \$3,885,773, respectively for the years ended June 30, 2017, 2016, and 2015. The District is reporting operating income of \$784,583, \$626,077, and \$691,863, respectively for the years ended June 30, 2017, 2016 and 2015. Operating expenses before depreciation and amortization totaled \$3,274,723, \$3,029,922 and \$2,924,652, respectively for the years ended June 30, 2017, 2016 and 2015. Depreciation and amortization expenses totaled \$302,625, \$306,529 and \$269,258, respectively as of June 30, 2017, 2016 and 2015.

**FIGURE 2. REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30:**

	2017	2016	2015
<b>Revenues</b>			
Charges for Operating Services	\$ 4,361,931	\$ 3,962,528	\$ 3,885,773
Interest	35,874	22,317	14,982
Other Non-Operating Revenues*	27,758	27,135	(28,347)
<b>TOTAL REVENUES</b>	<b>\$ 4,425,563</b>	<b>\$ 4,011,980</b>	<b>\$ 3,872,408</b>
<b>Expenses</b>			
Operating Expenses	\$ 3,577,348	\$ 3,336,451	\$ 3,193,910
Other Non-Operating Expenses	258,015	200,773	211,766
Depreciation on Contributed Assets	16,938	16,938	16,938
<b>TOTAL EXPENSES</b>	<b>\$ 3,852,301</b>	<b>\$ 3,554,162</b>	<b>\$ 3,422,614</b>
<b>Change in Net Position</b>	<b>\$ 573,262</b>	<b>\$ 457,818</b>	<b>\$ 449,794</b>
<b>Net Position at Beginning of Year</b>	<b>\$ 10,200,108</b>	<b>\$ 9,742,290</b>	<b>9,292,496</b>
<b>Net Position at End of Year</b>	<b>\$ 10,773,370</b>	<b>\$ 10,200,108</b>	<b>\$ 9,742,290</b>

\* Includes \$80,391, \$87,671 and \$169,062 loss from Joint Venture for year ended June 30, 2017, 2016, and 2015, respectively.

Total revenues increased by \$413,583. Most of the increase is due to an increase in charges for water and increase in sewer revenue from City of Oxnard..

Total expenses increased by \$298,139. Most of the increase is due to increase in amount due to the City of Oxnard for waste water transportation and operations and maintenance costs of sewer lines and increase in salaries and benefits.

## CAPITAL ASSETS

The District's Capital Assets for 2015, 2016 and 2017 are as follows:

	<u>Cost</u>	<u>Less Accumulated Depreciation</u>	<u>Net Depreciable Assets</u>
2015	\$ 10,132,986	\$ (4,059,334)	\$ 6,073,652
2016	\$ 10,154,820	\$ (4,304,295)	\$ 5,850,525
2017	\$ 10,164,277	\$ (4,563,481)	\$ 5,600,796

During the current year, the District capitalized various operating assets totaling \$9,457. Please refer to Note 4, *Capital Assets*, presented in the Notes to Financial Statements for additional detail regarding the District's Capital Assets.

## LONG-TERM DEBT

At the end of the current fiscal year, the District had \$4,201,687 total long-term debt outstanding. For 2016 and 2015, the District had \$4,644,470 and \$4,988,888 total long-term debt outstanding. The 2005A Sewer Revenue Bond was refunded by the 2016 Wastewater Refunding Bonds in September 2016. Please refer to Note 5, *Long-Term Debt*, presented in the Notes to Financial Statements for additional detail regarding the District's Long-Term Debt.

## ECONOMIC FACTORS AND BUDGET

The District does not anticipate any increase in business or water consumption within the Harbor for Fiscal Year 2017-18. However, when the economic climate improves, the District anticipates significant redevelopment or new development to occur within the Channel Islands Harbor resulting in increased consumption and revenues. The District will take that into consideration in future budget years.

Another factor affecting the District's operation is California's ongoing draught and state's mandated water conservation program. Although the District has ample water supplies to meet current customer demands, the District has implemented stage 2 water supply shortage regulations, which includes limits on outdoor watering and wasteful water practices. The District's efforts to comply with state mandated water conservation requirements has resulted in decreased water consumption by District's customers.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board, the District's Member Agencies, taxpayers, and creditors with a general overview of the Channel Islands Beach Community Services District's accountability for the money it manages. If you have questions about this report or need additional financial information, contact the Channel Islands Beach Community Services District's Administration Department, 353 Santa Monica Drive Oxnard, California, 93035.

## **BASIC FINANCIAL STATEMENTS**

**Channel Islands Beach Community Services District**  
**Statements of Net Position**  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current Assets:		
Unrestricted Cash (Notes 1, 2 and 3)	\$ 105,000	\$ 105,000
Board Restricted Cash and Cash Equivalents (Notes 1, 2 and 3)	5,308,766	4,724,703
Accounts Receivable (Note 1)	490,169	428,418
Other Receivable (Note 1)	551,662	1,148,820
Interest Receivable	9,585	7,253
Prepaid Items (Note 1)	143,744	208,013
Inventory (Note 1)	8,527	10,068
Total Current Assets	6,617,453	6,632,275
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents (Notes 1, 2 and 3)	73,578	393,380
Land and Construction in Progress, Not Being Depreciated (Note 4)	42,060	42,060
Capital Assets, Net of Depreciation (Note 4)	5,558,736	5,808,465
Total Noncurrent Assets	5,674,374	6,243,905
<b>OTHER ASSETS</b>		
Investment in Water JPA, Net of Accumulated Depreciation (Notes 3 and 10)	3,269,114	3,366,443
Total Other Assets	3,269,114	3,366,443
Total Assets	15,560,941	16,242,623
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charge on Refunding (Note 1)	250,144	247,783
Total Deferred Outflows of Resources	\$ 250,144	\$ 247,783

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Statements of Net Position - Continued**  
June 30, 2017 and 2016

	2017	2016
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 654,375	\$ 1,410,149
Other Liabilities (Note 1)	20,774	20,000
Current Portion of Long-term Debt (Note 5)	367,961	353,630
Accrued Payroll, Taxes and Benefits	62,398	101,915
Customer Deposits	69,722	72,695
Accrued Interest	28,759	41,069
Total Current Liabilities	1,203,989	1,999,458
Long-term Debt (Note 5):		
Sewer Revenue Series 2005A Bond Payable, Net	-	2,937,034
Water Refunding Series 2012 Bond Payable, Net	1,443,806	1,707,436
Wastewater Refunding Series 2016 Bond Payable, Net	2,757,881	-
Total Long-term Debt, Net of Unamortized Premium (Note 5)	4,201,687	4,644,470
Less Current Portion	(367,961)	(353,630)
Total Long-term Debt	3,833,726	4,290,840
Total Liabilities	5,037,715	6,290,298
<b>NET POSITION (Notes 1 and 6)</b>		
Net Investment in Capital Assets	1,802,133	1,690,147
Unrestricted	8,971,237	8,509,961
Total Net Position	\$ 10,773,370	\$ 10,200,108

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>OPERATING REVENUES</b>		
Water Revenue	\$ 1,717,112	\$ 1,598,172
Sewer Revenue	1,120,788	1,115,762
Sewer Revenue - Oxnard	837,004	582,194
Trash Revenue	687,027	666,400
Total Operating Revenues	4,361,931	3,962,528
<b>OPERATING EXPENSES</b>		
Water System Expenses:		
PHWA Water Expenses	575,898	604,009
Water Samples	12,795	11,948
SDHS Annual Administrative Fee	16,381	5,069
Cross Connect Contract Charges	1,681	1,633
Repairs and Maintenance - Distribution	109,772	84,442
Water Quality Report	1,537	1,483
Total Water System Expenses	718,064	708,584
Sewer System Expenses:		
Waste Water Transportation - Oxnard	740,439	607,717
Operations and Maintenance	97,546	104,464
Telemetry	19,159	20,232
Power	14,424	15,077
Total Sewer System Expenses	871,568	747,490
Trash Expenses:		
Trash Services	488,579	474,637
Total Trash Expenses	488,579	474,637
Maintenance Expenses:		
Vehicle Expenses	4,896	8,311
Building Maintenance and Security	6,275	8,219
Sign and Banner Expense	703	-
Public Landscape Project	1,751	1,559
Employee Workplace Safety	3,438	3,682
Gasoline Expenses	9,662	12,043
Emergency Preparedness Expense	429	527
Total Maintenance Expenses	27,154	34,341
Salaries and Benefits:		
Regular Salaries	612,579	547,873
Retirement Benefits	66,068	51,607
Uniforms	3,114	2,721
Insurance	127,787	125,003
Payroll Taxes	13,082	12,817
Employee Educational Expense	2,865	2,988
Total Salaries and Benefits	\$ 825,495	\$ 743,009

The accompanying notes are an integral part of these statements.



**Channel Islands Beach Community Services District**  
**Statements of Revenues, Expenses and Changes in Net Position - Continued**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>OPERATING EXPENSES (CONTINUED)</b>		
Administrative Expenses:		
Board Meetings	\$ 10,550	\$ 8,100
Board/Committee Expenses	1,606	358
Conferences and Seminars - Board	1,781	15,106
Dues/ Membership	18,153	17,202
Office Supplies	8,435	6,399
E-Pay Online	5,655	6,670
Communications	16,477	15,025
Printing and Publications	7,895	2,592
Postage and Shipping	13,106	15,722
Utilities	3,220	3,300
Miscellaneous Office Expense	11,901	11,010
Other Professional Services	33,329	81,740
Office Equipment Maintenance	8,551	6,794
Insurance	27,022	28,199
Accounting Services	39,955	36,700
Computer Services	15,255	15,841
Legal Services	82,289	41,472
Engineering Services	33,105	-
Bank and Trustee Fees	280	1,778
Legal Notices Publication Expense	2,858	3,604
	<u>341,423</u>	<u>317,612</u>
Other Operating Expenses:		
Depreciation (Note 4)	259,186	260,462
Amortization (Note 1)	43,439	46,067
Bad Debt (Note 1)	2,440	4,249
	<u>305,065</u>	<u>310,778</u>
Total Other Operating Expenses	<u>305,065</u>	<u>310,778</u>
Total Operating Expenses	<u>3,577,348</u>	<u>3,336,451</u>
<b>OPERATING INCOME</b>	<u>\$ 784,583</u>	<u>\$ 626,077</u>

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Statements of Revenues, Expenses and Changes in Net Position - Continued**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>NON-OPERATING REVENUES AND EXPENSES</b>		
Investment Earnings	\$ 35,874	\$ 22,317
Net Gain (Loss) from Joint Venture (Note 10)	(80,391)	(87,671)
Developmental Impact Fee (Note 1)	43,242	47,632
County Tax Apportionment (Note 1)	64,907	67,174
Interest Expense	(85,816)	(200,773)
Bond Issuance Costs	(172,199)	-
	(194,383)	(151,321)
<b>INCOME BEFORE CONTRIBUTIONS</b>	590,200	474,756
<b>CAPITAL CONTRIBUTIONS</b>		
Amortization on Contributed Capital	(16,938)	(16,938)
	(16,938)	(16,938)
<b>CHANGE IN NET POSITION</b>	573,262	457,818
<b>NET POSITION, BEGINNING OF YEAR</b>	10,200,108	9,742,290
<b>NET POSITION, END OF YEAR</b>	\$ 10,773,370	\$ 10,200,108

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**

**Statements of Cash Flows**

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Water, Sewer and Trash Services	\$ 4,894,898	\$ 3,369,876
Cash Payments to Contract and Water System Services	(2,767,596)	(1,720,886)
Cash Payments to Maintenance and Administration Services	(371,355)	(344,599)
Cash Payments to Employees for Services	<u>(865,012)</u>	<u>(731,367)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>890,935</u>	<u>573,024</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
County Tax Apportionment	<u>64,907</u>	<u>67,174</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>64,907</u>	<u>67,174</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Wastewater Revenue Refunding Bonds	2,763,441	-
Acquisition and Construction of Capital Assets	(9,457)	(37,335)
Capital Contributions	43,242	47,632
Principal Paid on Debt	(263,630)	(343,288)
Interest Paid on Debt	(98,126)	(204,059)
Bond Costs Paid on the Issuance of Revenue Bonds	(172,482)	-
Payment to Escrow Agent	<u>(2,988,111)</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(725,123)</u>	<u>(537,050)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Earnings	<u>33,542</u>	<u>18,955</u>
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>33,542</u>	<u>18,955</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	264,261	122,103
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>5,223,083</u>	<u>5,100,980</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 5,487,344</u></u>	<u><u>\$ 5,223,083</u></u>

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Statements of Cash Flows - Continued**  
Years Ended June 30, 2017 and 2016

	2017	2016
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating Income	\$ 784,583	\$ 626,077
<b>ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation and Amortization	302,625	306,529
Bad Debt Expense	2,440	4,249
(Increase) Decrease in Accounts and Other Receivables	532,967	(592,652)
(Increase) Decrease in Prepaid Items	64,269	(197,730)
(Increase) Decrease in Inventory	1,541	10,451
Increase (Decrease) in Accounts Payable and Other Liabilities	(755,000)	411,513
Increase (Decrease) in Accrued Payroll, Taxes and Benefits	(39,517)	11,642
Increase (Decrease) in Customer Deposits	(2,973)	(7,055)
<b>TOTAL ADJUSTMENTS</b>	<b>106,352</b>	<b>(53,053)</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ 890,935</b>	<b>\$ 573,024</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash and Cash Equivalents		
Unrestricted Cash	\$ 105,000	\$ 105,000
Board Restricted Cash and Cash Equivalents	5,308,766	4,724,703
Restricted Cash and Cash Equivalents	73,578	393,380
Total	<b>\$ 5,487,344</b>	<b>\$ 5,223,083</b>
Non-cash Investing and Financing Activities consisted of the following:		
Amortization Related to Long-term Debt	\$ 43,439	\$ 46,067
Amortization on Contributed Capital	\$ 16,938	\$ 16,938

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The Channel Islands Beach Community Services District, a public agency, was created by election held on November 2, 1982 as the first such district in Ventura County. The District began operations December 13, 1982 pursuant to the Community Services District Law of the State of California, as amended, with authority under the Government Code, Section 61000 et. seq. The District's major utility operations include the provision of water, sewer and trash utility services.

The Channel Islands Beach Community Services District is a successor district to its first predecessor agency, the Oxnard Beach County Water District ("OBCWD"), which was organized on January 28, 1960. Its inception resulted from the merging of three mutual water companies for the purpose of more economically providing water services to the beach communities and County of Ventura Channel Islands Harbor facilities. The District's immediate predecessor agency, the Channel Islands County Water District, succeeded OBCWD in 1973, followed by the Channel Islands Beach Community Services Districts' succession by its formation in 1982.

The Channel Islands Beach Community Services District is located on the coastal plain of Ventura County. The District comprises an unincorporated total of 6,630 acres; however, the major portion of this acreage is in a seaward extension to the three-mile limit. The developed portion of the District, which is on the county assessment rolls, lies around the Channel Islands Harbor and comprises about 151 acres. The District is bound on the east by the United States Naval Base Ventura County, Port Hueneme, on the north and west by portions of the Cities of Oxnard and Port Hueneme, and on the south by the Pacific Ocean.

The Channel Islands Beach Community Services District serves the communities of Hollywood Beach, Hollywood by the Sea and Silver Strand. The District also serves an adjacent incorporated portion of the Channel Islands Harbor, which is outside the District's boundaries, pursuant to existing service agreements with the County of Ventura and the City of Oxnard.

**B) Basis of Presentation**

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies reflected in the financial statements are summarized as follows:

**C) Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred regardless of the timing of related cash flows.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Basis of Accounting and Measurement Focus - Continued**

Proprietary funds distinguishes operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by water sales and services while operating expenses pertain directly the furnishing of those services. Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water and services.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D) 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, deferred outflows/inflows of resources 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 reporting period. Actual results could differ from those estimates.

**E) Restricted Net Position**

Restricted net position represents restricted assets net of liabilities and related deferred inflows of resources that relate to those specific restricted assets. Restricted net position is assets for which constraints have been placed on the asset's use by creditors, contributors, laws or regulations of other governments, or as a consequence of a restriction established by the reporting government's own governing body at the time a particular fee, charge, levy, or assessment was approved. These restrictions must be more narrow than the general purposes for which the reporting government can use its resources.

A liability is considered to relate to restricted assets if the restricted assets resulted from the incurring of that liability or if the liability will be liquidated with those specific restricted assets held at year end.

**F) Budgetary Data**

Formal budgetary accounting is employed as a management control for the District. Annual operating budgets are adopted each fiscal year on the budgetary basis in accordance with existing legal requirements. Budgetary control is exercised at the utility enterprise divisional program level. The District did not modify their adopted budget for the year ended June 30, 2017.

The encumbrance method of accounting for budget information is not employed by the District.

**G) Investments**

As a governmental entity other than an external investment pool in accordance with GASB 31, the District's investments are stated at fair value except for interest-earning investment contracts (See Notes 2 and 3).

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**G) Investments - Continued**

In applying GASB 31, the District utilized the following methods and assumptions:

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio did not hold investments in any of the following:
  - a) Items required to be reported at amortized cost,
  - b) Items in external pools that are not SEC registered,
  - c) Items subject to involuntary participation in an external pool,
  - d) Items associated with a fund other than the fund to which the income is assigned;
- 3) The gain/loss resulting from valuation will be reported within the revenue account "investment earnings" on the Statement of Revenues and Expenses.

In accordance with GASB Statement 9, for purposes of the statement of cash flows, all cash and investments with original maturities of 90 days or less are considered cash or cash equivalents.

**H) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Currently, the District does not report any deferred inflows.

**I) Net Position**

GASB No. 63 requires that the difference between assets, liabilities and deferred outflows/inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position classified as net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**J) Accounts Receivable**

Accounts receivable include \$169,367 and \$150,357 of unbilled utility services as of June 30, 2017 and 2016, respectively, which is attributable to the second half of the June 30<sup>th</sup> service period billed in July. The District has established a reserve for doubtful accounts based on the prior three years of bad debts. The amount of the reserve for doubtful accounts at June 30, 2017 and 2016 was \$5,000 and \$5,000 respectively. The Bad Debt expense was \$2,440 and \$4,249 as of June 30, 2017 and 2016, respectively.

**K) Other Receivables and Other Liabilities**

Other receivables include \$551,662 and \$1,148,820 from the City of Oxnard as of June 30, 2017 and 2016. The District and the City of Oxnard share a pipeline for wastewater transportation and treatment in which the City of Oxnard reimburses the District for the estimated cost for their portion of the use of the pipeline. Other liabilities, also, includes amounts accrued for trash services of \$20,744 and \$20,000 respectively, as of June 30, 2017 and 2016.

**L) Inventory and Prepaid Items**

Inventory is valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid items include \$14,699 for insurance and dues, \$126,045 for water purchases (Port Hueneme Water Agency true-up), and \$3,000 in other prepaids, as of June 30, 2017. Prepaid items include \$13,380 for insurance and dues, and \$194,633 for water purchases (Port Hueneme Water Agency true-up), as of June 30, 2016.

**M) County Tax Apportionment**

Taxes are considered revenue in the year in which collections are made, as that is when they are both measurable and available.

The District utilizes the services of Ventura County for the assessment and collection of taxes (special benefit assessments and general property taxes). These taxes are collected at the same time and on the same tax rolls as are county, cities, school districts and other special district taxes. Assessed valuations are the same for both District and County taxing purposes. The District receives an apportionment of the County's one percent (1%) maximum property tax levy. The percentage of tax that the District receives is determined by a formula prepared by the Ventura County Tax Assessor in accordance with State law. The valuation of property is determined as of March 1 of each year. Secured taxes are payable in two installments the first is due November 1, and the second due February 1. Such taxes are considered delinquent if not paid by December 10 and April 10 immediately following their respective due dates. Taxes on unsecured property are due March 1 and become delinquent August 31 and such taxes are levied at the prior years' secured tax rate. The county wide 1% levy has been pledged to debt service of the District.



**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**N) Bond Discounts and Premiums**

The District amortizes bond discounts and premiums using the straight-line method over the term of the related bond issue. The current related bond issue is the Sewer Revenue Bonds Series 2005A.

**O) Compensated Absences**

Employees are entitled to accumulate vacation leave at a rate of two, three or four weeks per year, depending on the number of years of service completed. Upon termination, separation, or retirement, each employee is paid for all their accumulated vacation hours at the hourly rate then in effect. In accordance with accounting principles generally accepted in the United States of America, the liability is reflected in the line item for accrued payroll, taxes and benefits on the statement of net position and the current year allocation has been expensed.

Employees are entitled to accumulate sick leave at a rate of twelve days per year. Once during a twelve month period, an employee may request to exchange excess sick leave accruals for vacation hours at the rate of one hour of vacation time for each two hours of sick leave accrued if they comply with the following conditions: 1) must have accrued at least twelve days of unused sick leave and used six days or less during the previous twelve months, and 2) must maintain a sick leave accrual balance of at least ten days of sick leave after the once a year exchange of excess sick leave for vacation hours takes place. Upon termination, separation, or retirement, each employee is paid for all their accumulated sick leave at the hourly rate in effect. In accordance with accounting principles generally accepted in the United States of America, the liability is reflected in the line item for accrued payroll, taxes and benefits on the statement of net position and the current year allocation has been expensed.

**P) Contributed Capital**

Contributed capital represents cash or utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment. In accordance with GASB Statement 33 all such capital contributions are reflected as revenues.

**Q) Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**2) CASH AND INVESTMENTS**

The District has defined cash for purposes of the statement of cash flows to include cash on hand, demand deposits and cash with the County Treasurer.

The District participates in the County Pool Investment Program with interest being allocated on the basis of deposit in the Treasury. Investment policies and associated risk factors applicable to District monies are those of the County of Ventura and are included in the County's Annual Financial Report. The carrying value and estimated market value of the County of Ventura Pool at June 30, 2017, were \$2,081,499,390 and \$2,082,109,868, respectively. The District's share of the Pool at June 30, 2017, was approximately 0.2115 percent.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**2) CASH AND INVESTMENTS - Continued**

The District utilized a commercial bank for all operational transactions. The District invests cash with the County Treasurer and in Union Bank (fiscal agent for proceeds of debt). At June 30, 2017 and 2016 the carrying amount of the District's petty cash, deposits and investments were \$5,487,344 and \$5,223,083 and are broken down as follows:

	<u>2017</u>	<u>2016</u>
Petty Cash	\$ 500	\$ 500
Union Bank	-	334,403
Wilmington Trust	3,856	-
County Treasury	4,401,461	4,309,159
Pacific Western Bank	<u>1,081,527</u>	<u>579,021</u>
Total	<u>\$ 5,487,344</u>	<u>\$ 5,223,083</u>

The District has adopted an investment policy, which authorizes the District's investment in local obligations, obligations of the United States Treasury and agencies, the County Pool Investment Program, savings and other interest bearing accounts. The District selects its investments based on safety, liquidity and yield.

Cash and Investments are classified in the accompanying financial statements as follows:

	<u>2017</u>	<u>2016</u>
Statement of Net Position:		
Unrestricted Cash	\$ 105,000	\$ 105,000
Board Restricted Cash and Cash Equivalents	5,308,766	4,724,703
Restricted Cash and Cash Equivalents	<u>73,578</u>	<u>393,380</u>
Total Cash and Investments	<u>\$ 5,487,344</u>	<u>\$ 5,223,083</u>

Cash and investments consist of the following:

	<u>2017</u>	<u>2016</u>
Cash on Hand	\$ 500	\$ 500
Deposits with Financial Institutions	1,081,527	579,021
Ventura County Treasurer's Pooled Investments	4,401,461	4,309,159
Investments	<u>3,856</u>	<u>334,403</u>
Total Cash and Investments	<u>\$ 5,487,344</u>	<u>\$ 5,223,083</u>

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**2) CASH AND INVESTMENTS - Continued**

**Investments Authorized by the California Government Code and the District's Investment Policy - Continued**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of *Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None

\*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2017, the District had the following investments:

		<u>Maturity Date</u>
Ventura County Treasurer's Pooled Investments	\$ 4,401,461	N/A
Held by Bond Trustee: Money Market Funds	<u>3,856</u>	N/A
Total	<u>\$ 4,405,317</u>	

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**2) CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Credit Risk - Continued**

Investment Type		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	AA	Not Rated
Ventura County Treasurer's Pooled Investments	\$ 4,401,461	N/A	\$ -	\$ 4,401,461	\$ -	\$ -
Held by Bond Trustee: Money Market Funds	<u>3,856</u>	A	<u>-</u>	<u>3,856</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,405,317</u>		<u>\$ -</u>	<u>\$ 4,405,317</u>	<u>\$ -</u>	<u>\$ -</u>

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Government Code. The District has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total District's investments.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**Cash and Investments with Fiscal Agent - Restricted Assets**

Cash and investments held and invested by fiscal agents on behalf of the District are pledged for payment or security of certain long-term debt issuances and construction projects. Fiscal agents are mandated by bond indentures as to the types of investments in which debt proceeds can be invested. The investments predominately consist of Governments securities which are held in book entry form by the trustee.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**2) CASH AND INVESTMENTS - Continued**

**Board Restricted Cash**

Cash is Board restricted for the cost of the following District projects:

	2017	2016
Water and Sewer Distribution Unanticipated		
Repairs and Maintenance	\$ 3,807,468	\$ 3,271,749
Rate Stabilization	548,598	1,172,954
Reserved for Operations	952,700	280,000
Total	\$ 5,308,766	\$ 4,724,703

**Restricted Cash**

Cash is restricted for the following:

	2017	2016
Debt Service and Capital Improvements:		
Sewer Revenue Bond Series 2005A	\$	\$ 320,685
Wastewater Refund Bond Series 2016	3,856	
Customer Deposits	69,722	72,695
Total	\$ 73,578	\$ 393,380

**3) FAIR VALUE MEASUREMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

*Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

*Level 2* inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

*Level 3* inputs are unobservable inputs for the asset or liability.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**3) FAIR VALUE MEASUREMENTS - Continued**

Fair value of assets measured on a recurring basis are as follows:

	2017		
	Fair Value	Significant Unobservable Inputs (Level 3)	Uncategorized
Investments:			
Ventura County Treasurer's Pooled Investments	\$ 4,401,461	\$ -	\$ 4,401,461
Held by Bond Trustee:			
Money Market Funds	3,856	-	3,856
Total Investments	<u>\$ 4,405,317</u>	<u>\$ -</u>	<u>\$ 4,405,317</u>
Other Assets:			
Investment in Water JPA, Net of Accumulated Deprecation	\$ 3,269,114	\$ 3,269,114	\$ -
	2016		
	Fair Value	Significant Unobservable Inputs (Level 3)	Uncategorized
Investments:			
Ventura County Treasurer's Pooled Investments	\$ 4,309,159	\$ -	\$ 4,309,159
Held by Bond Trustee:			
Money Market Funds	334,403	-	334,403
Total Investments	<u>\$ 4,643,562</u>	<u>\$ -</u>	<u>\$ 4,643,562</u>
Other Assets:			
Investment in Water JPA, Net of Accumulated Deprecation	\$ 3,366,443	\$ 3,366,443	\$ -

The Ventura County Treasurer's Pooled Investments and money market funds and money market mutual funds are exempt under GASB No. 72 fair value measurements. The Investment in Water JPA, Net of Accumulated Deprecation, classified in Level 3 is valued using the equity method. See Note 10.

**4) CAPITAL ASSETS**

Minor expenditures for renewals and betterment are charged to expense. Major expenditures for renewals and betterment are capitalized. Costs of assets sold, retired or otherwise disposed of have been eliminated from accounts, and gains or losses on disposition are included in operations. Public domain (infrastructure) fixed assets are capitalized and include water distribution systems and sewer collection systems. Donated land or other donated capital assets are recorded at their estimated acquisition value rather than fair market value on the date contributed.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**4) CAPITAL ASSETS - Continued**

The cost of capital assets is depreciated over the estimated lives of the assets on the straight-line method of depreciation. Estimated useful lives are:

Category	Life in years
Office Furniture and Equipment	5 to 10
Mobile Equipment	3 to 5
Tools and Shop Equipment	10
Office Building	20
Water System/Plant	25 to 50
1911 Act Sewer Lines	40

A summary of changes in capital assets for the year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 42,060	\$ -	\$ -	\$ 42,060
Total Capital Assets, Not Depreciated	42,060	-	-	42,060
Capital Assets, Being Depreciated:				
Office Furniture and Equipment	86,910	9,457	-	96,367
Vehicles	175,867	-	-	175,867
Tools and Shop Equipment	250,819	-	-	250,819
Office Building	96,393	-	-	96,393
1911 Act Sewer Line	6,544,017	-	-	6,544,017
Water Distribution System	2,958,754	-	-	2,958,754
Total Capital Assets, Being Depreciated	10,112,760	9,457	-	10,122,217
Less Accumulated Depreciation:				
Office Furniture and Equipment	(64,962)	(5,724)	-	(70,686)
Vehicles	(138,447)	(12,178)	-	(150,625)
Tools and Shop Equipment	(203,850)	(6,590)	-	(210,440)
Office Building	(81,770)	(1,081)	-	(82,851)
1911 Act Sewer Line	(1,615,196)	(146,389)	-	(1,761,585)
Water Distribution System	(2,200,070)	(87,224)	-	(2,287,294)
Total Accumulated Depreciation	(4,304,295)	(259,186)	-	(4,563,481)
Total Capital Assets, Being Depreciated, Net	5,808,465	(249,729)	-	5,558,736
Capital Assets, Net of Depreciation	\$ 5,850,525	\$ (249,729)	\$ -	\$ 5,600,796

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**5) LONG-TERM DEBT**

The following is a summary of the changes in Long-Term Debt:

Changes in Long-Term Debt	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2005A Sewer Revenue Bonds Series	\$ 2,915,000	\$ -	\$ 2,915,000 <sup>(1)</sup>	\$ -	\$ -
2012 Water Refunding Bonds Series	1,707,436	-	263,630	1,443,806	272,961
2016 Wastewater Refunding Bonds Series	-	2,605,000	-	2,605,000	95,000
Premiums on Bonds	22,034	158,441	27,594	152,881	-
<b>Total</b>	<b>\$ 4,644,470</b>	<b>\$ 2,763,441</b>	<b>\$ 3,206,224</b>	<b>\$ 4,201,687</b>	<b>\$ 367,961</b>

<sup>(1)</sup>This amount includes a bond refunding of \$2,915,000.

**Bonds Payable**

In 2006, the District issued \$3,455,000 in Sewer Revenue Certificates of Participation Series 2005A to fund certain improvements to the Sewer System and to the Water System. The Certificates interest rates range from 3.70% to 5.25%. Interest on the Certificates is payable November 1<sup>st</sup> and May 1<sup>st</sup> of each year. Principal on the Certificates is payable in annual installments ranging from \$70,000 to \$225,000 commencing November 1, 2009 through November 1, 2035.

In June 2012, the District issued \$2,716,072 in Water Revenue Refunding Bonds Series 2012 to advance refund the 2005B Revenue Refunding Certificates of Participation. The bonds interest rate is 3.05%. Interest on the bonds is payable September 1<sup>st</sup> and March 1<sup>st</sup> of each year. Principal on the bonds is payable in annual installment ranging from \$240,984 to \$303,604 commencing September 1, 2012 through September 1, 2021.

In September 2016, the District issued \$2,605,000 in Wastewater Revenue Refunding Bonds Series 2016 to advance refund the 2005A Sewer Revenue Certificates of Participation. The bonds interest rates range from 2% to 4%. Interest on the bonds is payable November 1<sup>st</sup> and May 1<sup>st</sup> of each year. Principal on the bonds is payable in annual installments, ranging from \$95,000 to \$180,000, commencing November 1, 2017 through November 1, 2035.

Future debt requirements are as follows:

Year Ending June 30,	Water Bond Series 2012		Wastewater Bond Series 2016		Total Debt Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 272,961	\$ 39,873	\$ 95,000	\$ 83,531	\$ 367,961	\$ 123,404
2019	281,332	31,420	105,000	81,531	386,332	112,951
2020	289,240	22,719	110,000	78,831	399,240	101,550
2021	296,669	13,784	105,000	75,606	401,669	89,390
2022	303,604	4,630	110,000	72,381	413,604	77,011
2023-2027	-	-	625,000	293,156	625,000	293,156
2028-2032	-	-	760,000	159,991	760,000	159,991
2033-2036	-	-	695,000	41,513	695,000	41,513
<b>Total</b>	<b>\$ 1,443,806</b>	<b>\$ 112,426</b>	<b>\$ 2,605,000</b>	<b>\$ 886,540</b>	<b>\$ 4,048,806</b>	<b>\$ 998,966</b>



**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**5) LONG-TERM DEBT - Continued**

**Revenues Pledged**

The District has pledged a portion of water revenues and a portion of investment earnings to repay the District's Water Revenue Refunding Bonds Series 2012. The District's Water Revenue Refunding Bonds are payable solely from water revenues and a portion of investment earnings. Total principal and interest remaining on the Water Revenue Refunding Bonds are \$1,556,232, payable through fiscal year 2022. For the current year, principal and interest paid by water revenues and investment earnings were \$263,630 and \$48,056, respectively.

The District has pledged a portion of future sewer revenues and a portion of investment earnings to repay the District's Wastewater Revenue Refunding Bonds Series 2016. The District's Wastewater Revenue Refunding Bonds are payable solely from sewer revenues and a portion of investment earnings. Total principal and interest remaining on the Wastewater Revenue Refunding Bonds are \$3,491,540, payable through fiscal year 2036. For the current year, interest paid by sewer revenues and investment earnings was \$49,750.

**Advance Refunding**

In 2017, the District issued \$2,605,000 in Wastewater Revenue Refunding Bonds Series 2016 with interest rates ranging from 2% to 4% to advance refund \$2,915,000 of the 2005A Sewer Revenue Certificates of Participation. The net proceeds of \$2,588,604 (which includes a premium of \$158,441 and after payment of \$26,050 in underwriting fees and other issuance costs) plus an additional \$399,507 of prior funds were deposited in an irrevocable trust to provide funds for the future debt service payments on the 2005A Sewer Revenue Certificates of Participation. As a result, the 2005A Sewer Revenue Certificates of Participation is considered to be defeased and the liability of this bond has been removed from long-term debt.

The reacquisition price exceeded the net carrying amount of the old debt by \$51,360. The District advance refunded the 2005A Sewer Revenue Certificates of Participation to reduce its total debt service payments over 19 years by \$952,992 and to obtain an economic gain (difference between the present values of the debt service payments of the old debt and new debt) of \$748,715.

**6) NET POSITION**

Net position at June 30, 2017 and 2016, consisted of the following:

	2017	2016
Net Position:		
Net Investment in Capital Assets	\$ 1,802,133 <sup>(1)</sup>	\$ 1,690,147 <sup>(2)</sup>
Unrestricted Net Position	8,971,237	8,509,961
Total Net Position	\$ 10,773,370	\$ 10,200,108

<sup>(1)</sup> As of June 30, 2017, \$250,144 of deferred outflows of resources and \$(4,048,806) of capital related debt were included in the net investment in capital assets.

<sup>(2)</sup> As of June 30, 2016, \$247,783 of deferred outflows of resources and \$(4,408,161) of capital related debt (net of reserves) were included in the net investment in capital assets.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**7) RETIREMENT PLAN**

The District established a retirement plan for all eligible District employees during the year ended June 30, 1986. All full time, classified employees qualify. The plan is an Internal Revenue Service Code Section 457, Public Employees Deferred Compensation Plan. Contributions by employees are voluntary, and may be in any fixed amount, with modifications available at fixed intervals. The District contributes 10% of gross pay, with all contributions being currently funded. The District begins to deposit its contributions to the employee's annuity account upon successful completion of the employee's initial six (6) month probationary period. Vesting of the District's contributions begins at the end of the first year of employment. Thirty three and one third percent (33.3%) vests at the end of the first year, sixty-six and two thirds percent (66.6%) vests at the end of the second year, and one-hundred percent (100%) or full vesting occurs at the end of the third year of service, as measured from the date of initial hire of the employee. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may select from various investment fund options for the investment of their contributions and matching employer contributions. Employees may also select retirement benefit options ranging from lump sum distributions to life annuities upon separation from service.

The Deferred Compensation Plan is administered by Nationwide Retirement Solutions, Inc.

As a result of legislative changes, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to the legislative changes, these amounts were solely the property and rights of the District subject only to the claims of the District's general creditors. As a result, as of June 30, 1999, the deferred compensation investments are no longer reported in the District's financial statements.

**8) INCOME TAX**

The District is exempt from income taxes.

**9) JOINT POWERS AGENCY (ACWAJPIA)**

The District is a member of the Association of California Water Agency Joint Powers Insurance Authority (ACWAJPIA). The District receives the benefits of the pooled insurance risk program, but not as an equity member of the authority. Total insurance payments for the year ended June 30, 2017 and 2016 were \$28,340 and \$31,297, respectively.

**10) PORT HUENEME WATER AGENCY/JOINT VENTURE**

In 1994, the CIBCSD entered into a Joint Powers Agency Agreement (JPA) with the City of Port Hueneme (COPH) to create the Port Hueneme Water Agency (PHWA). The JPA was formed in order to develop a subregional Water Quality Improvement Program to address the need for area-wide planning, coordination, development, financing, constructions and operation of a water desalination plant and the necessary transport facilities to service the water need of CIBCSD, COPH, the US Navy installations at the Naval Base Ventura County, Port Hueneme. The PHWA is responsible to design, construct and operate facilities necessary to deliver a combination of ground water and imported water.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2017 and 2016

**10) PORT HUENEME WATER AGENCY/JOINT VENTURE - Continued**

Financial statements for the PHWA can be obtained through the COPH.

CIBCSD's percentage share in PHWA's cost of the improvements and related liabilities varies from 0% to 86%, based on each party's share of the facilities - overall the total cost of improvements through June 30, 2017 was \$15,257,630, of which CIBCSD's share was \$3,015,128. CIBCSD's share in ongoing operating costs vary from 12% to 16% for certain fixed costs; other variable operating costs are allocated based on the volume of water delivered to each party.

CIBCSD uses the equity method to account for its share of the JPA according to the joint venture agreement. The initial investment was recorded at cost.

CIBCSD's share of joint venture's net income is reported in CIBCSD's operating statement as a profit or loss in the joint venture. Nonoperating transactions between CIBCSD and the joint venture increase or decrease the equity interest. A summary of the assets, liabilities and results of operations of PHWA are as follows.

	2017	2016
Total Assets	\$ 18,522,938	\$ 19,437,574
Total Liabilities	1,980,048	2,402,161
Net Position		
Net Investment in Capital Assets	14,778,446	15,315,287
Restricted for Operations	479,188	522,700
Unrestricted	1,285,256	1,197,426
Total Net Position	\$ 16,542,890	\$ 17,035,413

	2017	2016
Total Revenues	\$ 4,169,986	\$ 4,109,638
Total Expenses	(4,662,509)	(4,638,997)
Net Increase (Decrease) in Net Position	\$ (492,523)	\$ (529,359)

CIBCSD's report its share of the PHWA as follows:

Investment in PHWA	\$ 3,269,114	\$ 3,366,443
Profit (Loss) in PHWA Joint Venture	\$ (80,391)	\$ (87,671)
Amortization on Contributed Capital	\$ 16,938	\$ (16,938)

## **SUPPLEMENTAL INFORMATION**

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - All Activities**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Water Revenue	\$ 1,806,100	\$ 1,717,112	\$ (88,988)
Sewer Revenue	1,215,400	1,120,788	(94,612)
Sewer Revenue - Oxnard	803,800	837,004	33,204
Trash Revenue	684,300	687,027	2,727
	<u>4,509,600</u>	<u>4,361,931</u>	<u>(147,669)</u>
<b>OPERATING EXPENSES</b>			
Water System Expenses:			
PHWA Water Expense	844,892	575,898	268,994
Water Samples	16,000	12,795	3,205
SDHS Annual Admin. Fee	6,400	16,381	(9,981)
Cross Connect Contract Charges	1,700	1,681	19
Repairs and Maintenance - Distribution	82,000	109,772	(27,772)
Water Quality Report	1,600	1,537	63
	<u>952,592</u>	<u>718,064</u>	<u>234,528</u>
Sewer System Expenses:			
Waste Water Transportation - Oxnard	668,100	740,439	(72,339)
Operations and Maintenance	121,000	97,546	23,454
Telemetry	19,000	19,159	(159)
Power	21,000	14,424	6,576
Capital Replacement Fund	507,000	-	507,000
	<u>1,336,100</u>	<u>871,568</u>	<u>464,532</u>
Trash Expenses:			
Trash Services	493,000	488,579	4,421
	<u>493,000</u>	<u>488,579</u>	<u>4,421</u>
Maintenance Expenses:			
Vehicle Maintenance Expenses	6,000	4,896	1,104
Building Security	860	840	20
Building Maintenance	18,500	5,435	13,065
Sign and Banner Expense	1,500	703	797
Public Landscape Project	1,900	1,751	149
Employee Workplace Safety	4,000	3,438	562
Gasoline Expenses	15,000	9,662	5,338
Emergency Preparedness Expense	1,500	429	1,071
	<u>\$ 49,260</u>	<u>\$ 27,154</u>	<u>\$ 22,106</u>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - All Activities - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING EXPENSES (CONTINUED)</b>			
Salaries and Benefits:			
Regular Salaries	\$ 555,000	\$ 612,579	\$ (57,579)
Retirement Benefits	55,500	66,068	(10,568)
Uniforms	2,600	3,114	(514)
Group Insurance	119,000	111,602	7,398
Worker's Compensation Insurance	16,000	16,185	(185)
Payroll Taxes	16,100	13,082	3,018
Employee Educational Expense	5,500	2,865	2,635
	<u>769,700</u>	<u>825,495</u>	<u>(55,795)</u>
Administrative Expenses:			
Regular Board Payments	7,650	7,400	250
Special Board Meetings	2,350	3,150	(800)
Board/Committee Expenses	1,300	1,606	(306)
Conferences and Seminars - Board	6,000	345	5,655
Board Travel and Lodging	8,500	1,436	7,064
Dues/Membership - District	19,000	18,153	847
Office Supplies	7,000	8,435	(1,435)
E-Pay Online	6,750	5,655	1,095
Communications	14,000	16,477	(2,477)
Printing and Publications	5,100	7,895	(2,795)
Postage and Shipping	15,000	13,106	1,894
Utilities	3,060	3,220	(160)
Miscellaneous Office Expense	11,300	11,901	(601)
Other Professional Services	20,000	33,329	(13,329)
Office Equipment Maintenance	6,080	8,551	(2,471)
Equipment Purchases	37,000	-	37,000
Insurance	31,000	27,022	3,978
Accounting Services	50,000	39,955	10,045
Computer Services	13,900	15,255	(1,355)
Legal Services	50,000	82,289	(32,289)
Engineering Services	150,000	33,105	116,895
Bank and Trustee Fees	6,000	280	5,720
Legal Notices Publication Expense	8,000	2,858	5,142
Public Information Expense	1,500	-	1,500
	<u>\$ 480,490</u>	<u>\$ 341,423</u>	<u>\$ 139,067</u>
Total Administrative Expenses			

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - All Activities - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING EXPENSES (CONTINUED)</b>			
Other Operating Expenses:			
Depreciation	\$ -	\$ 259,186	\$ (259,186)
Amortization	-	43,439	(43,439)
Bad Debt	-	2,440	(2,440)
Total Other Operating Expenses	-	305,065	(305,065)
Total Operating Expenses	4,081,142	3,577,348	503,794
<b>OPERATING INCOME (LOSS)</b>	<b>428,458</b>	<b>784,583</b>	<b>356,125</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>			
Nonoperating Revenue:			
Investment Earnings	8,000	35,874	27,874
Net Gain (Loss) from Joint Venture	-	(80,391)	(80,391)
Developmental Impact Fee	-	43,242	43,242
County Tax Apportionment	60,000	64,907	4,907
Total Nonoperating Revenues	68,000	63,632	(4,368)
Nonoperating Expenses:			
Interest Expense	192,299	85,816	106,483
Bond Issuance Costs	-	172,199	(172,199)
Total Nonoperating Expenses	192,299	258,015	(65,716)
Total Nonoperating Revenues and Expenses	(124,299)	(194,383)	(70,084)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>\$ 304,159</b>	<b>\$ 590,200</b>	<b>\$ 286,041</b>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Water**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Water Revenue	\$ 1,806,100	\$ 1,717,112	\$ (88,988)
Total Operating Revenues	<u>1,806,100</u>	<u>1,717,112</u>	<u>(88,988)</u>
<b>OPERATING EXPENSES</b>			
Water System Expenses:			
PHWA Water Expense	844,892	575,898	268,994
Water Samples	16,000	12,795	3,205
SDHS Annual Admin. Fee	6,400	16,381	(9,981)
Cross Connect Contract Charges	1,700	1,681	19
Repairs and Maintenance - Distribution	82,000	109,772	(27,772)
Water Quality Report	1,600	1,537	63
Total Water System Expenses	<u>952,592</u>	<u>718,064</u>	<u>234,528</u>
Maintenance Expenses:			
Vehicle Maintenance Expenses	2,460	2,007	453
Building Security	215	210	5
Building Maintenance	4,625	1,359	3,266
Sign and Banner Expense	375	175	200
Employee Workplace Safety	1,640	1,410	230
Gasoline Expenses	6,150	3,961	2,189
Emergency Preparedness Expense	375	108	267
Total Maintenance Expenses	<u>15,840</u>	<u>9,230</u>	<u>6,610</u>
Salaries and Benefits:			
Regular Salaries	205,350	226,654	(21,304)
Retirement Benefits	20,535	24,445	(3,910)
Uniforms	1,040	1,246	(206)
Group Insurance	44,030	41,293	2,737
Worker's Compensation Insurance	5,920	5,988	(68)
Payroll Taxes	5,957	4,840	1,117
Employee Educational Expense	2,200	1,146	1,054
Total Salaries and Benefits	<u>\$ 285,032</u>	<u>\$ 305,612</u>	<u>\$ (20,580)</u>



**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Water - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING EXPENSES (CONTINUED)</b>			
Administrative Expenses:			
Regular Board Payments	\$ 2,295	\$ 2,220	\$ 75
Special Board Meetings	705	945	(240)
Board/Committee Expenses	390	482	(92)
Conferences and Seminars - Board	2,040	117	1,923
Board Travel and Lodging	3,400	574	2,826
Dues/Membership - District	7,790	7,443	347
Office Supplies	2,240	2,699	(459)
E-Pay Online	2,295	1,923	372
Communications	3,500	4,119	(619)
Printing and Publications	1,530	2,369	(839)
Postage and Shipping	4,500	3,932	568
Utilities	918	966	(48)
Miscellaneous Office Expense	3,390	3,570	(180)
Other Professional Services	6,000	9,999	(3,999)
Office Equipment Maintenance	2,918	4,104	(1,186)
Equipment Purchases	14,430	-	14,430
Insurance	10,850	9,458	1,392
Accounting Services	22,000	17,580	4,420
Computer Services	4,170	4,577	(407)
Legal Services	22,000	36,207	(14,207)
Engineering Services	130,500	28,801	101,699
Bank and Trustee Fees	960	45	915
Legal Notices Publication Expense	2,720	972	1,748
Public Information Expense	375	-	375
	<u>251,916</u>	<u>143,102</u>	<u>108,814</u>
Total Administrative Expenses			
Other Operating Expenses:			
Depreciation	-	132,184	(132,184)
Amortization	-	47,196	(47,196)
Bad Debt	-	830	(830)
	<u>-</u>	<u>180,210</u>	<u>(180,210)</u>
Total Other Operating Expenses			
	<u>1,505,380</u>	<u>1,356,218</u>	<u>149,162</u>
Total Operating Expenses			
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 300,720</u>	<u>\$ 360,894</u>	<u>\$ 60,174</u>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Water - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>NONOPERATING REVENUES AND EXPENSES</b>			
Nonoperating Revenues:			
Investment Earnings	\$ 2,800	\$ 12,556	\$ 9,756
Net Gain (Loss) from Joint Venture	-	(80,391)	(80,391)
Developmental Impact Fee	-	25,930	25,930
	<u>2,800</u>	<u>(41,905)</u>	<u>(44,705)</u>
Total Nonoperating Revenues			
Nonoperating Expenses:			
Interest Expense	48,056	39,025	9,031
	<u>48,056</u>	<u>39,025</u>	<u>9,031</u>
Total Nonoperating Expenses			
	<u>48,056</u>	<u>39,025</u>	<u>9,031</u>
Total Nonoperating Revenues and Expenses	<u>(45,256)</u>	<u>(80,930)</u>	<u>(35,674)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>\$ 255,464</u>	<u>\$ 279,964</u>	<u>\$ 24,500</u>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Wastewater**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Sewer Revenue	\$ 1,215,400	\$ 1,120,788	\$ (94,612)
Sewer Revenue - Oxnard	803,800	837,004	33,204
Total Operating Revenues	<u>2,019,200</u>	<u>1,957,792</u>	<u>(61,408)</u>
<b>OPERATING EXPENSES</b>			
Sewer System Expense:			
Waste Water Transportation - Oxnard	668,100	740,439	(72,339)
Operations and Maintenance	121,000	97,546	23,454
Telemetry	19,000	19,159	(159)
Power	21,000	14,424	6,576
Capital Replacement Fund	507,000	-	507,000
Total Sewer System Expenses	<u>1,336,100</u>	<u>871,568</u>	<u>464,532</u>
Maintenance Expenses:			
Vehicle Maintenance Expenses	2,280	1,860	420
Building Security	215	210	5
Building Maintenance	4,625	1,359	3,266
Sign and Banner Expense	375	176	199
Employee Workplace Safety	1,520	1,306	214
Gasoline Expenses	5,700	3,672	2,028
Emergency Preparedness Expense	375	107	268
Total Maintenance Expenses	<u>15,090</u>	<u>8,690</u>	<u>6,400</u>
Salaries and Benefits:			
Regular Salaries	205,350	226,654	(21,304)
Retirement Benefits	20,535	24,445	(3,910)
Uniforms	1,014	1,214	(200)
Group Insurance	44,030	41,293	2,737
Worker's Compensation Insurance	5,920	5,988	(68)
Payroll Taxes	5,957	4,840	1,117
Employee Educational Expense	2,200	1,146	1,054
Total Salaries and Benefits	<u>\$ 285,006</u>	<u>\$ 305,580</u>	<u>\$ (20,574)</u>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Wastewater - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING EXPENSES (CONTINUED)</b>			
Administrative Expenses:			
Regular Board Payments	\$ 2,295	\$ 2,220	\$ 75
Special Board Meetings	705	945	(240)
Board/Committee Expenses	390	482	(92)
Conferences and Seminars - Board	2,040	117	1,923
Board Travel and Lodging	3,400	574	2,826
Dues/Membership - District	6,080	5,809	271
Office Supplies	2,240	2,699	(459)
E-Pay Online	2,228	1,866	362
Communications	3,500	4,119	(619)
Printing and Publications	1,530	2,369	(839)
Postage and Shipping	4,500	3,932	568
Utilities	918	966	(48)
Miscellaneous Office Expense	3,390	3,570	(180)
Other Professional Services	6,000	9,999	(3,999)
Office Equipment Maintenance	1,702	2,394	(692)
Equipment Purchases	17,390	-	17,390
Insurance	10,850	9,458	1,392
Accounting Services	16,000	12,786	3,214
Computer Services	4,170	4,577	(407)
Legal Services	16,000	26,332	(10,332)
Engineering Services	19,500	4,304	15,196
Bank and Trustee Fees	3,120	146	2,974
Legal Notices Publication Expense	2,640	943	1,697
Public Information Expense	375	-	375
	<u>130,963</u>	<u>100,607</u>	<u>30,356</u>
Total Administrative Expenses			
Other Operating Expenses:			
Depreciation	-	119,226	(119,226)
Amortization	-	(3,757)	3,757
Bad Debt	-	805	(805)
	<u>-</u>	<u>116,274</u>	<u>(116,274)</u>
Total Other Operating Expenses			
	<u>1,767,159</u>	<u>1,402,719</u>	<u>364,440</u>
Total Operating Expenses			
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 252,041</u>	<u>\$ 555,073</u>	<u>\$ 303,032</u>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Wastewater - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>NONOPERATING REVENUES AND EXPENSES</b>			
Nonoperating Revenues:			
Investment Earnings	\$ 4,400	\$ 19,731	\$ 15,331
Developmental Impact Fee	-	17,312	17,312
	<u>4,400</u>	<u>37,043</u>	<u>32,643</u>
Nonoperating Expenses:			
Interest Expense	144,243	46,791	97,452
	-	172,199	(172,199)
	<u>144,243</u>	<u>218,990</u>	<u>(74,747)</u>
	<u>(139,843)</u>	<u>(181,947)</u>	<u>(42,104)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>\$ 112,198</u>	<u>\$ 373,126</u>	<u>\$ 260,928</u>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Solid Waste Disposal**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Trash Revenue	\$ 684,300	\$ 687,027	\$ 2,727
Total Operating Revenues	<u>684,300</u>	<u>687,027</u>	<u>2,727</u>
<b>OPERATING EXPENSES</b>			
Trash Expense:			
Trash Service	493,000	488,579	4,421
Total Trash Expense	<u>493,000</u>	<u>488,579</u>	<u>4,421</u>
Maintenance Expenses:			
Vehicle Maintenance Expenses	720	588	132
Building Security	215	210	5
Building Maintenance	4,625	1,359	3,266
Sign and Banner Expense	375	176	199
Employee Workplace Safety	480	413	67
Gasoline Expenses	1,800	1,159	641
Emergency Preparedness Expense	375	107	268
Total Maintenance Expenses	<u>8,590</u>	<u>4,012</u>	<u>4,578</u>
Salaries and Benefits:			
Regular Salaries	94,350	104,139	(9,789)
Retirement Benefits	9,435	11,232	(1,797)
Uniforms	312	374	(62)
Group Insurance	20,230	18,972	1,258
Worker's Compensation Insurance	2,720	2,752	(32)
Payroll Taxes	2,737	2,225	512
Employee Educational Expense	825	430	395
Total Salaries and Benefits	<u>130,609</u>	<u>140,124</u>	<u>(9,515)</u>
Administrative Expenses:			
Regular Board Payments	\$ 765	\$ 740	\$ 25
Special Board Meetings	235	315	(80)
Board/Committee Expenses	130	161	(31)
Conferences and Seminars - Board	960	55	905
Board Travel and Lodging	1,275	215	1,060
Dues/Membership - District	3,230	3,086	144
E-Pay Online	2,227	1,866	361

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Solid Waste Disposal - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING EXPENSES (CONTINUED)</b>			
Administrative Expenses: (Continued)			
Office Supplies	\$ 2,240	\$ 2,699	\$ (459)
Communications	3,500	4,119	(619)
Printing and Publications	1,530	2,369	(839)
Postage and Shipping	4,500	3,932	568
Utilities	918	966	(48)
Miscellaneous Office Expense	3,390	3,570	(180)
Other Professional Services	6,000	9,999	(3,999)
Office Equipment Maintenance	1,216	1,710	(494)
Equipment Purchases	5,180	-	5,180
Insurance	3,100	2,702	398
Accounting Services	10,000	7,991	2,009
Computer Services	4,170	4,577	(407)
Legal Services	10,000	16,458	(6,458)
Bank and Trustee Fees	960	45	915
Legal Notices Publication Expense	2,640	943	1,697
Public Information Expense	375	-	375
	<u>68,541</u>	<u>68,518</u>	<u>23</u>
Total Administrative Expenses			
Other Operating Expenses:			
Depreciation	-	7,776	(7,776)
Bad Debt	-	805	(805)
	<u>-</u>	<u>8,581</u>	<u>(8,581)</u>
Total Other Operating Expenses			
	<u>700,740</u>	<u>709,814</u>	<u>(9,074)</u>
Total Operating Expenses			
<b>OPERATING INCOME (LOSS)</b>	<u>(16,440)</u>	<u>(22,787)</u>	<u>(6,347)</u>
Nonoperating Revenues:			
Investment Earnings	<u>800</u>	<u>3,587</u>	<u>2,787</u>
	<u>800</u>	<u>3,587</u>	<u>2,787</u>
Total Nonoperating Revenues			
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>\$ (15,640)</u>	<u>\$ (19,200)</u>	<u>\$ (3,560)</u>

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Community Service**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
	\$ -	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES</b>			
Maintenance Expenses:			
Vehicle Maintenance Expenses	540	441	99
Building Security	215	210	5
Building Maintenance	4,625	1,358	3,267
Sign and Banner Expense	375	176	199
Public Landscape Project	1,900	1,751	149
Employee Workplace Safety	360	309	51
Gasoline Expenses	1,350	870	480
Emergency Preparedness Expense	375	107	268
Total Maintenance Expenses	<u>9,740</u>	<u>5,222</u>	<u>4,518</u>
Salaries and Benefits:			
Regular Salaries	49,950	55,132	(5,182)
Retirement Benefits	4,995	5,946	(951)
Uniforms	234	280	(46)
Group Insurance	10,710	10,044	666
Worker's Compensation Insurance	1,440	1,457	(17)
Payroll Taxes	1,449	1,177	272
Employee Educational Expense	275	143	132
Total Salaries and Benefits	<u>69,053</u>	<u>74,179</u>	<u>(5,126)</u>
Administrative Expenses:			
Regular Board Payments	\$ 2,295	\$ 2,220	\$ 75
Special Board Meetings	705	945	(240)
Board/Committee Expenses	390	481	(91)
Conferences and Seminars - Board	960	56	904
Board Travel and Lodging	425	73	352
Dues/Membership - District	1,900	1,815	85
Office Supplies	280	338	(58)
Communications	3,500	4,120	(620)
Printing and Publications	510	788	(278)
Postage and Shipping	1,500	1,310	190
Utilities	306	322	(16)



**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Community Service - Continued**  
Year Ended June 30, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>OPERATING EXPENSES (CONTINUED)</b>			
Administrative Expenses: (Continued)			
Miscellaneous Office Expense	\$ 1,130	\$ 1,191	\$ (61)
Other Professional Services	2,000	3,332	(1,332)
Office Equipment Maintenance	244	343	(99)
Insurance	6,200	5,404	796
Accounting Services	2,000	1,598	402
Computer Services	1,390	1,524	(134)
Legal Services	2,000	3,292	(1,292)
Bank and Trustee Fees	960	44	916
Public Information Expense	375	-	375
	<u>29,070</u>	<u>29,196</u>	<u>(126)</u>
Other Operating Expenses:			
Depreciation	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Operating Expenses	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>107,863</u>	<u>108,597</u>	<u>(734)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(107,863)</u>	<u>(108,597)</u>	<u>(734)</u>
<b>NONOPERATING REVENUES AND EXPENSES</b>			
Nonoperating Revenue:			
County Tax Apportionment	60,000	64,907	4,907
	<u>60,000</u>	<u>64,907</u>	<u>4,907</u>
Total Nonoperating Revenues	<u>60,000</u>	<u>64,907</u>	<u>4,907</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>\$ (47,863)</u>	<u>\$ (43,690)</u>	<u>\$ 4,173</u>

**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Channel Islands Beach Community  
Services District  
Oxnard, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Channel Islands Beach Community Services District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2017-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **District's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Riverside, California  
\_\_\_\_\_, 2018

**CHANNEL ISLANDS BEACH COMMUNITY SERVICES DISTRICT**  
**SCHEDULE OF FINDINGS**  
Year Ended June 30, 2017

SIGNIFICANT DEFICIENCY

2017-001 - Bond Refunding Transactions

*Condition:* The District issued a refunding bond during the year that advance refunded the 2005A Sewer Certificates of Participation. The transactions related to the advance refunding for long-term debt and related deferred outflows were not recorded in a timely manner.

*Criteria:* Proper internal controls require transactions to be recorded in a timely manner to provide management and the Board of Directors the most current financial information.

*Cause:* The transactions were not recorded in a timely manner due to the complexity of the entries required and were posted to a suspense account until those transactions could be properly reclassified which was recorded after the end of the fiscal year in February 2018. The bond refunding transactions occurred approximately on September 29, 2016.

*Effect:* Since these transactions were not recorded timely, the long-term debt and related transactions were not adjusted until after the end of the fiscal year. Financial reports, during this time, may have not had the most current financial information for management and the Board of Directors.

*Recommendation:* We recommend the District review its suspense account on a monthly basis and reclassify and adjust items to their proper accounts at the end of each month. This will avoid any delays in recording transactions and provide more current financial information to management and the Board of Directors.

*Response:* After discussing the error with the District's Auditor, Management agrees with the finding and will be working closely with their outside accountant to be timely in recording entries and reclassifying suspense items. In the future, the suspense account will be reviewed monthly and cleared during the month end reconciliations.



Board of Directors:

ELLEN SPIEGEL, President  
KRISTINA BREWER, Vice President  
SUSIE KOESTERER, Director  
MARCIA MARCUS, Director  
BOB NAST, Director

AKBAR ALIKHAN  
General Manager

353 Santa Monica Drive · Channel Islands Beach, CA · 93035-4473 · (805) 985-6021 · FAX (805) 985-7156  
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### Regular Board Meeting, March 13, 2018

**To:** Board of Directors  
**From:** Akbar Alikhan, *General Manager*  
**Subject:** Review of FY 2018 – 2019 Preliminary Budget  
**Item No.** D-4

#### RECOMMENDATION:

1. Review the proposed budget and make modifications as appropriate.

**FINANCIAL IMPACT:** Current action has no financial impact. Requested changes will be incorporated into next draft of Operating and Capital Budgets in preparation for Board approval at a future meeting.

#### BACKGROUND:

Attached for Board review is the FY 2018 – 2019 Operating Budget and Capital Improvement Program (CIP) Budget. Requested edits by Board members will be incorporated into future drafts of the Budget, in preparation for adoption at the June 12, 2018 Regular Board Meeting.

#### DISCUSSION/ANALYSIS:

##### Budget to Projected Review

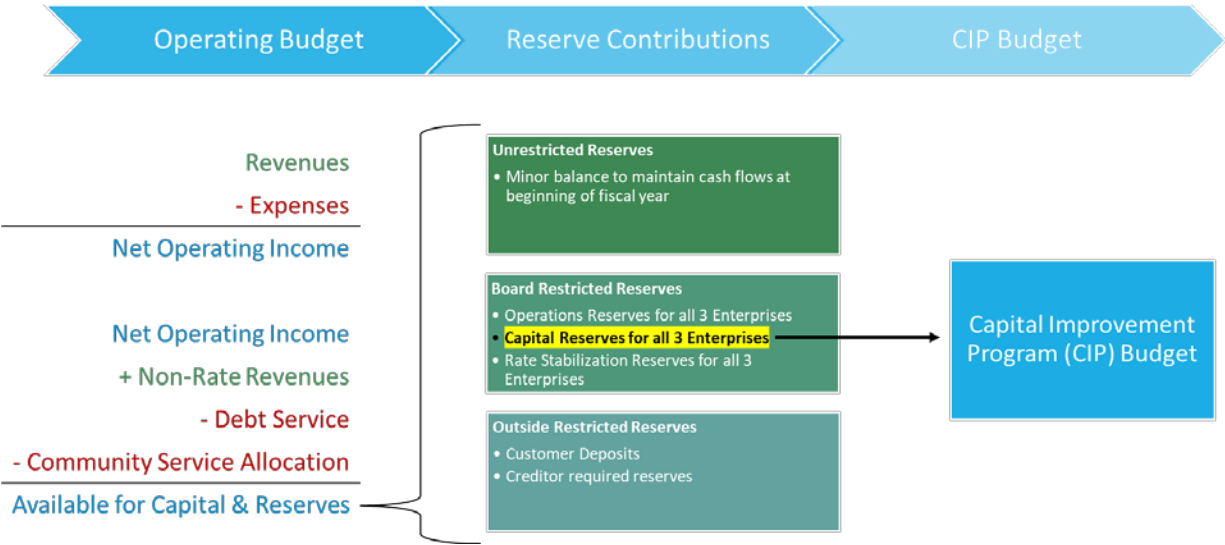
As part of the annual budget process, Board and staff perform a review of budgeted expenses compared to the projected expenditures by fiscal year end. These projections are based on actual expenses incurred as of January 31, 2018 and take into account any known outstanding obligations. Still, projected values are staff's best estimate of future total expenditures.

Overall, the District is projected to be under budget by 5.6% for FY 2017 – 2018, which is mostly attributable to lower than anticipate water purchase costs and the postponement of professional services. However, there were other budget sections in which the budget was exceeded. The table below summarizes the adopted budget versus projected expenditures.

	Budget	Projected	% Change
Total Water System Expense	\$858,990	\$766,764	-10.7%
Total Sewer System Expense	\$982,000	\$976,922	-0.5%
Total Trash Expense	\$492,000	\$493,100	0.2%
Total Maintenance Expenses	\$54,420	\$58,813	8.1%
Total Salaries & Benefits	\$798,500	\$742,000	-7.1%
Total Administrative Expenses	\$477,300	\$421,898	-11.6%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$3,663,210</b>	<b>\$3,459,497</b>	<b>-5.6%</b>

**Budget Format Changes**

In previous budget cycles, the District’s contribution to capital funds was shown as a line item expense in the Operating Budget. For FY 2018 – 2019, staff recommends transitioning to a two-budget approach, as is commonly done at many public utilities. The new format will correctly state the District’s true operating costs and provide detail on how capital funds are expended, as shown in the CIP Budget. The graphic below summarizes the flow of cash between the two budgets and how they interact.



**FY 2018 – 2019 Operating Budget**

The proposed Operating Budget represents an overall 2.8% increase from the previous year’s budget. The table below summarizes the proposed budget changes for the upcoming fiscal year.

	FY 2017 – 2018	FY 2018 – 2019	% Change
Total Water System Expense	\$858,990	\$877,400	2.1%
Total Sewer System Expense	\$982,000	\$1,012,000	3.1%
Total Trash Expense	\$492,000	\$528,000	7.3%
Total Maintenance Expenses	\$54,420	\$52,800	-3.0%
Total Salaries & Benefits	\$798,500	\$884,000	10.7%
Total Administrative Expenses	\$477,300	\$412,150	-13.6%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$3,663,210</b>	<b>\$3,766,350</b>	<b>2.8%</b>

There are four key changes to the proposed Operating Budget from previous year's budget amounts.

- Contract Trash Services from EJ Harrison are expected to increase by 6%. This increase is due to increased tipping fees that EJ Harrison must pay for disposal at the landfill. Staff recommends using Solid Waste Rate Stabilization reserves to cover the difference and consider issuing a new Proposition 218 notice in FY 2019 – 2020.
- The Water Enterprise is proposed to have a Telemetry program. This budget line item of \$11,000 is for cellular data transmission of the new smart water meters. The total annual cost is \$22,000; the remaining half is proposed to be paid by the Wastewater Enterprise.
- Salaries and Benefits are proposed to increase by 10.7%. This increase is primarily caused by the transition to CalPERS (6.25%) and the expected Cost-of-Living Adjustment for July 2018 (3.5%). Furthermore, tuition reimbursement costs are expected to increase based on management personnel's contract with the District. This temporary increase expires in FY 2021.
- Public Information & Outreach is proposed to increase from \$1,500 to \$16,000 for the upcoming fiscal year. The increase is primarily due to various outreach functions in other programs being relocated and consolidated under one program. In addition, staff is planning to develop print outreach collateral, bolster branding efforts, and make further enhancements to the District's website.

**FY 2018 – 2019 Capital Improvement Program Budget**

The proposed CIP Budget calls for \$1.22M in capital spending for FY 2018 – 2019, with \$460,000 assigned to the Water Enterprise and \$760,000 assigned to the Sewer Enterprise. The proposed projects accomplish several of the District's ongoing goals such as:

- Reducing unwanted flows into sewage collection system
- Modernizing equipment and operations
- Meeting and exceeding all regulatory requirements

The Board's action on June 12, 2018 will be to approve planned expenditures for FY 2018 – 2019 only. However, staff has prepared a five-year CIP Budget document to show upcoming capital needs. In some cases, a single project can straddle several years.

While staff has identified costs for each project based on best available data, it is anticipated that some project costs may be updated prior to final adoption on June 12, 2018. Specifically, the District is awaiting results of the Sewer Lift Station Condition Assessment and the Concept Design Study for the District Office and Yard Redesign. These documents will likely impact key projects contained in the CIP Budget. Staff will update the Board of any changes to the proposed budgeted amounts prior to final adoption.

**Next Steps**

The Board has several opportunities for Budget Workshops if it feels the workshops are necessary. The table below summarizes the dates and milestones towards final budget adoption.

Date	Event
<b>March 27, 2018</b>	Board Budget Workshop (if needed)
<b>April 10, 2018</b>	Board Budget Workshop (if needed)
<b>April 24, 2018</b>	Board Budget Workshop (if needed)
<b>May 8, 2018</b>	1 <sup>st</sup> Reading of Rate Ordinance
<b>June 12, 2018</b>	2 <sup>nd</sup> Reading of Rate Ordinance and Budget Adoption
<b>July 1, 2018</b>	Beginning of Fiscal Year
<b>July 15, 2018</b>	New Rates Effective

**ATTACHMENTS:**

1. FY 2018 – 2019 Operating and Capital Improvement Program Budget. Full Budget Document is available by request to Board Clerk or accessible by visiting [www.cibcsd.com/budget](http://www.cibcsd.com/budget).





## FY 2018 - 2019 CAPITAL IMPROVEMENT PROGRAM

No.	Capital Project	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1	I&I Reduction - Gravity Main Improvements	\$360,000	\$420,000	\$0	\$0	\$0
2	Lift Station and Pump Rehabilitation	\$0	\$60,000	\$0	\$60,000	\$0
3	Manhole Rehab	\$0	\$0	\$75,000	\$0	\$0
4	CCTV Video Inspection	\$30,000	\$0	\$70,000	\$0	\$0
5	Hydrogen Sulfide Reduction	\$0	\$100,000	\$100,000	\$0	\$0
6	Pump Station Structural Improvements	\$0	\$0	\$200,000	\$0	\$0
7	Oxnard Wastewater Plant Allocation	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000
8	Water Line Relocation "Santa Ana to Harbor"	\$230,000	\$10,000	\$0	\$0	\$0
9	Water Line Relocation "San Nicholas to Highland"	\$0	\$35,000	\$285,000	\$0	\$0
10	Well Rehabilitation	\$10,000	\$0	\$0	\$0	\$0
11	PHWA Improvements	\$30,000	\$50,000	\$0	\$200,000	\$1,000,000
12	SCADA Improvements	\$150,000	\$0	\$0	\$0	\$0
13	Smart Meter Deployment	\$250,000	\$100,000	\$100,000	\$100,000	\$100,000
14	Yard and Building Improvements	\$50,000	\$150,000	\$0	\$0	\$0
15	Billing and Financial Sytems Software	\$40,000	\$0	\$0	\$0	\$0
16	Metering at Interconnections	\$20,000	\$0	\$0	\$0	\$0
<b>Water</b>		<b>\$460,000</b>	<b>\$220,000</b>	<b>\$335,000</b>	<b>\$250,000</b>	<b>\$1,050,000</b>
<b>Sewer</b>		<b>\$760,000</b>	<b>\$805,000</b>	<b>\$595,000</b>	<b>\$210,000</b>	<b>\$150,000</b>
<b>Total</b>		<b>\$1,220,000</b>	<b>\$1,025,000</b>	<b>\$930,000</b>	<b>\$460,000</b>	<b>\$1,200,000</b>

Water Enterprise	FY 2019
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Beginning Capital Reserve Balance	\$1,761,752
Contributions for FY 2018 - 2019:	\$269,300
Planned Capital Expenditures	-\$460,000
Ending Capital Reserve Balance	\$1,571,052
 Minimum Capital Reserve Balance	 \$825,955

Sewer Enterprise	FY 2019
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Beginning Capital Reserve Balance	\$1,399,888
Contributions for FY 2018 - 2019:	\$446,200
Planned Capital Expenditures	-\$760,000
Ending Capital Reserve Balance	\$1,086,088
 Minimum Capital Reserve Balance	 \$1,048,640

FY 2018 - 2019 OPERATING BUDGET

Sheet No.	Account	Adopted FY 2017 - 2018	Actual Through 1/31/2018	Projected June 2018	Proposed FY 2018 - 2019	Percent Expended	Water Enterprise		Sewer Enterprise		Solid Waste Enterprise		Community Service		Total	
							\$	%	\$	%	\$	%	\$	%		
<b>OPERATING REVENUES</b>																
<b>Rate Revenues</b>																
1	Water Revenue	3110	1,879,000	1,172,047	2,092,262	2,021,000	111%	2,021,000	100%	0	0%	0	0%	0	0%	2,021,000
2	Sewer Revenue	3120	2,067,000	746,448	2,170,373	2,180,000	105%	0	0%	2,180,000	100%	0	0%	0	0%	2,180,000
3	Solid Waste Revenue	3130	684,300	388,800	694,832	731,000	102%	0	0%	0	0%	731,000	100%	0	0%	731,000
<b>Total Rate Revenues</b>			\$ 4,630,300		\$ 4,957,467	\$ 4,932,000	107%	\$ 2,021,000		\$ 2,180,000		\$ 731,000		\$ -	\$ 4,932,000	
<b>OPERATING EXPENSES</b>																
<b>Water System Expense</b>																
4	PHWA Water Contract	4210	724,000	253,533	633,830	740,000	88%	740,000	100%	0	0%	0	0%	0	0%	740,000
5	Water Sampling	4215	16,400	8,682	14,000	17,000	85%	17,000	100%	0	0%	0	0%	0	0%	17,000
6	SWRCB Annual Admin Fee	4220	12,240	12,603	12,603	12,700	103%	12,700	100%	0	0%	0	0%	0	0%	12,700
7	Annual Water Quality Report	4225	1,650	0	1,650	4,000	100%	4,000	100%	0	0%	0	0%	0	0%	4,000
8	Cross Connect Contract Charge	4230	1,700	1,260	1,681	1,700	99%	1,700	100%	0	0%	0	0%	0	0%	1,700
9	Water Repair & Maintenance	4235	103,000	35,000	103,000	91,000	100%	91,000	100%	0	0%	0	0%	0	0%	91,000
10	Telemetry	4240	0	0	0	11,000	0%	11,000	100%	0	0%	0	0%	0	0%	11,000
<b>Total Water System Expense</b>			\$ 858,990		\$ 766,764	\$ 877,400	89%	\$ 877,400		\$ -		\$ -		\$ -	\$ 877,400	
<b>Sewer System Expense</b>																
11	Wastewater Transportation	4260	823,000	392,340	823,022	840,000	100%	0	0%	840,000	100%	0	0%	0	0%	840,000
12	Sewer Repair & Maintenance	4265	121,000	35,315	121,000	121,000	100%	0	0%	121,000	100%	0	0%	0	0%	121,000
13	Telemetry	4270	20,000	9,682	16,600	33,000	83%	0	0%	33,000	100%	0	0%	0	0%	33,000
14	Power	4275	18,000	9,480	16,300	18,000	91%	0	0%	18,000	100%	0	0%	0	0%	18,000
<b>Total Sewer System Expense</b>			\$ 982,000		\$ 976,922	\$ 1,012,000	99%	\$ -		\$ 1,012,000		\$ -		\$ -	\$ 1,012,000	
<b>Trash Expense</b>																
15	Contract Trash Services	4285	492,000	289,968	493,100	528,000	100%	0	0%	0	0%	528,000	100%	0	0%	528,000
<b>Total Trash Expense</b>			\$ 492,000		\$ 493,100	\$ 528,000	100%	\$ -		\$ -		\$ 528,000		\$ -	\$ 528,000	
<b>Maintenance Expenses</b>																
16	Gasoline	4310	20,000	9,682	16,600	15,000	83%	6,450	43%	6,150	41%	2,100	14%	300	2%	15,000
17	Vehicle Maintenance	4320	6,120	3,221	6,120	10,000	100%	4,300	43%	4,100	41%	1,400	14%	200	2%	10,000
18	Building Security	4330	900	631	950	1,600	106%	528	33%	544	34%	528	33%	0	0%	1,600
19	Building Maintenance	4340	18,500	24,650	25,550	9,000	138%	2,970	33%	3,060	34%	2,970	33%	0	0%	9,000
20	Signs & Banners	4350	1,500	1,000	1,500	1,500	100%	495	33%	510	34%	495	33%	0	0%	1,500
21	Public Landscaping	4360	1,900	1,368	2,593	9,200	136%	0	0%	0	0%	0	0%	9,200	100%	9,200
22	Employee Workplace Safety	4370	4,000	1,191	4,000	5,000	100%	2,150	43%	2,050	41%	700	14%	100	2%	5,000
23	Emergency Preparedness	4380	1,500	134	1,500	1,500	100%	0	0%	0	0%	0	0%	1,500	100%	1,500
<b>Total Maintenance Expenses</b>			\$ 54,420		\$ 58,813	\$ 52,800	108%	\$ 16,893		\$ 16,414		\$ 8,193		\$ 11,300	\$ 52,800	

**FY 2018 - 2019 OPERATING BUDGET**

Sheet No.	Account	Adopted	Actual Through	Projected	Proposed	Percent Expended	Water Enterprise		Sewer Enterprise		Solid Waste Enterprise		Community Service		Total	
		FY 2017 - 2018	1/31/2018	June 2018	FY 2018 - 2019		\$	%	\$	%	\$	%	\$	%		
<b>Salaries &amp; Benefits</b>																
24	Regular Salaries	4400	583,000	332,509	563,000	646,000	97%	251,940	39%	258,400	40%	122,740	19%	12,920	2%	646,000
25	Payroll Taxes	4500	17,000	9,142	14,000	19,000	82%	7,410	39%	7,600	40%	3,610	19%	380	2%	19,000
26	Group Insurance	4525	119,000	58,494	90,000	119,000	76%	46,410	39%	47,600	40%	22,610	19%	2,380	2%	119,000
27	Retirement Benefits	4550	58,300	39,708	58,300	64,600	100%	25,194	39%	25,840	40%	12,274	19%	1,292	2%	64,600
28	Uniforms	4575	2,600	1,886	2,600	3,900	100%	1,677	43%	1,599	41%	546	14%	78	2%	3,900
29	Workers' Comp Insurance	4600	16,000	4,089	11,500	14,000	72%	5,460	39%	5,600	40%	2,660	19%	280	2%	14,000
30	Employee Education	4650	2,600	1,886	2,600	17,500	100%	6,825	39%	7,000	40%	3,325	19%	350	2%	17,500
<b>Total Salaries &amp; Benefits</b>			\$ 798,500	\$ 742,000	\$ 884,000		93%	\$ 344,916		\$ 353,639		\$ 167,765		\$ 17,680		\$ 884,000
<b>Administrative Expenses</b>																
31	Regular Board Payments	5010	7,650	3,000	7,650	7,650	100%	2,984	39%	3,060	40%	1,454	19%	153	2%	7,650
32	Special Board Meetings	5020	2,350	400	2,350	2,350	100%	917	39%	940	40%	447	19%	47	2%	2,350
33	Board/ Committee Expenses	5030	1,500	806	1,500	1,500	100%	585	39%	600	40%	285	19%	30	2%	1,500
34	Board Conferences & Seminars	5040	6,000	1,745	6,000	6,000	100%	2,340	39%	2,400	40%	1,140	19%	120	2%	6,000
35	Travel & Lodging	5050	8,500	4,760	6,000	8,500	71%	3,315	39%	3,400	40%	1,615	19%	170	2%	8,500
36	District Dues & Memberships	5100	20,000	17,696	19,000	20,000	95%	8,602	43%	7,790	39%	3,416	17%	192	1%	20,000
37	Office Supplies	5210	7,150	5,864	7,150	7,150	100%	2,360	33%	2,431	34%	2,360	33%	0	0%	7,150
38	On-Line Bill Paying	5215	6,750	5,000	6,145	7,000	91%	2,310	33%	2,380	34%	2,310	33%	0	0%	7,000
39	Communications	5220	15,000	11,287	15,000	13,500	100%	4,455	33%	4,590	34%	4,455	33%	0	0%	13,500
40	Printing & Publications	5230	6,000	3,002	3,000	6,000	50%	1,980	33%	2,040	34%	1,980	33%	0	0%	6,000
41	Postage & Shipping	5240	15,000	8,057	15,000	15,000	100%	4,950	33%	5,100	34%	4,950	33%	0	0%	15,000
42	Miscellaneous Office Expense	5250	12,000	11,197	14,000	12,000	117%	3,960	33%	4,080	34%	3,960	33%	0	0%	12,000
43	Office Utilities	5260	4,200	1,710	2,931	3,500	70%	1,155	33%	1,190	34%	1,155	33%	0	0%	3,500
44	Office Equipment Maintenance	5290	9,600	6,382	9,000	10,000	94%	3,300	33%	3,400	34%	3,300	33%	0	0%	10,000
45	Asset Replacement	5300	28,000	5,711	37,000	35,000	132%	11,550	33%	11,900	34%	11,550	33%	0	0%	35,000
46	Insurance	5400	31,100	27,607	37,872	39,000	122%	15,990	41%	17,160	44%	5,850	15%	0	0%	39,000
47	Legal Services	5510	50,000	35,655	61,000	55,000	122%	31,400	57%	17,600	32%	6,000	11%	0	0%	55,000
48	Accounting Services	5520	50,000	12,715	50,000	50,000	100%	20,500	41%	22,000	44%	7,500	15%	0	0%	50,000
49	Computer Services & Subscriptions	5530	15,000	9,873	15,000	18,000	100%	7,380	41%	7,920	44%	2,700	15%	0	0%	18,000
50	Engineering Services	5540	120,000	3,332	50,000	60,000	42%	24,600	41%	26,400	44%	9,000	15%	0	0%	60,000
51	Bank & Trustee Fees	5560	5,000	2,500	4,000	4,000	80%	1,640	41%	1,760	44%	600	15%	0	0%	4,000
52	Other Professional Services	5565	50,000	6,614	50,000	10,000	100%	4,100	41%	4,400	44%	1,500	15%	0	0%	10,000
53	Legal Notices Publication	5600	5,000	0	800	5,000	16%	1,650	33%	1,700	34%	1,650	33%	0	0%	5,000
54	Public Information & Outreach	5650	1,500	0	1,500	16,000	100%	5,280	33%	5,440	34%	5,280	33%	0	0%	16,000
<b>Total Administrative Expenses</b>			\$ 477,300	\$ 421,898	\$ 412,150		88%	\$ 167,301		\$ 159,681		\$ 84,455		\$ 712		\$ 412,150
<b>TOTAL OPERATING EXPENSES</b>			\$ 3,663,210	\$ 3,459,497	\$ 3,766,350			\$ 1,406,510		\$ 1,541,734		\$ 788,413		\$ 29,692		\$ 3,766,350
<b>NET OPERATING INCOME</b>			\$ 967,090	\$ 1,497,970	\$ 1,165,650			\$ 614,490		\$ 638,266		\$ (57,413)		\$ (29,692)		\$ 1,165,650

**FY 2018 - 2019 OPERATING BUDGET**

Sheet No.	Account	Adopted	Actual Through	Projected	Proposed	Percent	Water Enterprise		Sewer Enterprise		Solid Waste Enterprise		Community Service		Total
		FY 2017 - 2018	1/31/2018	June 2018	FY 2018 - 2019		Expended	\$	%	\$	%	\$	%	\$	
<b>OTHER REVENUES</b>															
55	Interest Earnings	6100	8,000	19,082	25,000	313%	13,300	35%	20,900	55%	3,800	10%	0	0%	38,000
56	Penalty Revenue	6200	0	0	0	36,000	0	0%	0	0%	0	0%	36,000	100%	36,000
57	Secured & Unsecured Taxes	6320	60,000	42,100	65,000	65,000	0	0%	0	0%	0	0%	65,000	100%	65,000
<b>TOTAL OTHER REVENUES</b>			\$ 68,000	\$ 90,000	\$ 139,000	132%	\$ 13,300		\$ 20,900		\$ 3,800		\$ 101,000		\$ 139,000
<b>DEBT OBLIGATIONS</b>															
58	2012 Water Revenue Bonds	2805	312,834	312,834	312,834	313,000	313,000	100%	0	0%	0	0%	0	0%	313,000
59	2016 Sewer Refunding Bonds	2855	186,991	0	186,991	191,000	0	0%	191,000	100%	0	0%	0	0%	191,000
<b>TOTAL DEBT OBLIGATION</b>			\$ 499,825	\$ 499,825	\$ 504,000	100%	\$ 313,000		\$ 191,000		\$ -		\$ -		\$ 504,000
<b>OTHER BUDGET ITEMS</b>															
60	Allocation of Community Service	N/A	47,662	0	0	50,000	20,500	41%	22,000	44%	7,500	15%	(50,000)	0%	0
<b>TOTAL OTHER BUDGET ITEMS</b>			\$ 47,662	\$ -	\$ 50,000		\$ 20,500		\$ 22,000		\$ 7,500		\$ (50,000)		\$ -
<b>AVAILABLE FOR CAPITAL &amp; RESERVES</b>			\$ 487,603	\$ -	\$ 1,088,145	\$ 750,650	\$ 294,290		\$ 446,166		\$ (61,113)		\$ 121,308		\$ 800,650
<b>RESERVE CONTRIBUTIONS</b>															
<b>Unrestricted</b>															
	Water						0		0		0		0		0
	Sewer						0		0		0		0		0
	Solid Waste						0		0		0		0		0
	Community Reserves						0		0		0		121,308		121,308
<b>Total Unrestricted Contributions</b>							\$ -		\$ -		\$ -		\$ 121,308		\$ 121,308
<b>Board Restricted</b>															
	Water Operations Reserve						10,000		0		0				10,000
	Water Rate Stabilization						15,000				0				15,000
	Water Capital Reserve						269,300		0		0				269,300
	Sewer Operations Reserve						0		0		0				0
	Sewer Rate Stabilization						0		0		0				0
	Sewer Capital Reserve						0		446,200		0				446,200
	Solid Waste Operations Reserve						0		0		0				0
	Solid Waste Rate Stabilization						0		0		(61,113)				(61,113)
	Solid Waste Capital Reserve						0		0		0				0
<b>Total Board Restricted Contributions</b>							\$ 294,300		\$ 446,200		\$ (61,113)				\$ 679,387
<b>Outside Restricted</b>															
	Water						0		0		0		0		0
	Sewer						0		0		0		0		0
	Solid Waste						0		0		0		0		0
<b>Total Outside Restricted Contributions</b>							\$ -		\$ -		\$ -		\$ -		\$ -
<b>AVAILABLE AFTER RESERVE CONTRIBUTIONS</b>							\$0		\$0		\$0		\$0		\$0



## Preliminary Draft FY 2018 – 2019 Budget

MARCH 13, 2018– REGULAR BOARD MEETING

AKBAR ALIKHAN, GENERAL MANAGER  
3/13/2018

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## Presentation Agenda

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- Budget process
- Budget to Projected Review
- Budget format changes
- FY 2018 – 2019 Operating Budget
  - Current vs. Previous year comparison
  - Budget highlights
- FY 2018 – 2019 Capital Improvement Program (CIP) Budget
- Adoption Timeline

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## Budget Process

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- **Completed**

- Internal Draft budget development
- Review of Preliminary Draft by Finance Committee
- Review of Preliminary Draft by full Board (tonight's exercise)
  - Goal: Provide direction to Staff on requested changes to Operating/CIP Budgets

- **Remaining**

- Staff to develop second draft based on Committee/Board feedback
- Hold additional budget workshops as needed
- 1<sup>st</sup> and 2<sup>nd</sup> reading of rate Ordinances
- Budget Adoption

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## Budget to Projected Review



## Adopted vs. Projected – Overview

- Compares adopted budget for current year to what District staff expects to spend by fiscal year-end, based on expenditures to date and anticipated obligations

	Adopted FY 2017 – 2018	Projected FY 2017 – 2018	% Change
Total Water System Expense	\$858,990	\$766,764	-10.7%
Total Sewer System Expense	\$982,000	\$976,922	-0.5%
Total Trash Expense	\$492,000	\$493,100	0.2%
Total Maintenance Expenses	\$54,420	\$58,813	8.1%
Total Salaries & Benefits	\$798,500	\$742,000	-7.1%
Total Administrative Expenses	\$477,300	\$421,898	-11.6%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$3,663,210</b>	<b>\$3,459,497</b>	<b>-5.6%</b>

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## Adopted vs. Projected - Detail

### The "Overs"

Sheet No.		Adopted FY 2017 – 2018	Projected FY 2017 – 2018	% Change
19	Building Maintenance	18,500	25,550	38.1%
21	Public Landscaping	1,900	2,593	36.5%
45	Asset Replacement	28,000	37,000	32.1%
47	Legal Services	50,000	61,000	22.0%

### The "Unders"

Sheet No.		Adopted FY 2017 – 2018	Projected FY 2017 – 2018	% Change
26	Group Insurance	119,000	90,000	-24.4%
29	Workers' Comp Insurance	16,000	11,500	-28.1%
40	Printing & Publications	6,000	3,000	-50.0%
50	Engineering Services	120,000	50,000	-58.3%

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# Budget Format Changes



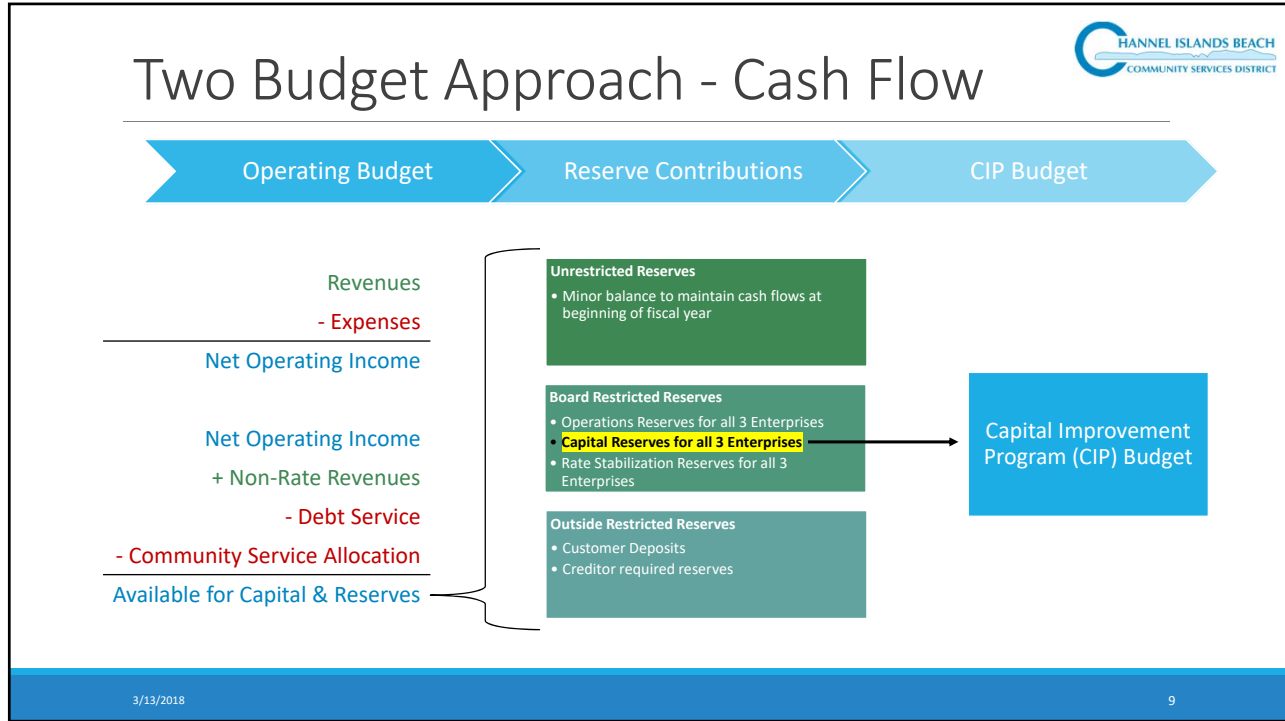
## Format Changes – Previous Format



	G/L	16/17	YTD Actual & Projected	17/18 Adopted
	Account	Budget	06/17	Budget
<b>Sewer System Expense</b>				
Waste Water Transportation	4260	668,100	607,718	823,000
Operations & Maintenance	4265	121,000	121,000	121,000
Telemetry	4270	19,000	19,000	20,000
Power	4275	21,000	17,000	18,000
Capital Replacement Fund	4280	0	0	435,597
<b>Total Sewer System Expense</b>		<b>829,100</b>	<b>764,718</b>	<b>1,417,597</b>

- Contributions to capital will flow to capital reserve and then be used for capital projects
  - New format will correctly state District’s true operating costs
  - Provide detail on what capital funds are to be used for via CIP Budget
- Two Budget format (Operating + CIP) is preferred budget format





## Format Changes – Revised Format

Account	Adopted	Actual Through	Projected	Proposed	Percent Expended	Water Enterprise		Sewer Enterprise		Solid Waste Enterprise		Community Service		
	FY 2017 - 2018	1/31/2018	June 2018	FY 2018 - 2019		\$	%	\$	%	\$	%	\$	%	
<b>Sewer System Expense</b>														
Wastewater Transportation	4260	823,000	392,340	823,022	840,000	100%	0	0%	840,000	100%	0	0%	0	0%
Sewer Repair & Maintenance	4265	121,000	35,315	121,000	121,000	100%	0	0%	121,000	100%	0	0%	0	0%
Telemetry	4270	20,000	9,682	16,600	33,000	83%	0	0%	33,000	100%	0	0%	0	0%
Power	4275	18,000	9,480	16,300	18,000	91%	0	0%	18,000	100%	0	0%	0	0%
<b>Total Sewer System Expense</b>		\$ 982,000		\$ 976,922	\$ 1,012,000	99%	\$ -		\$ 1,012,000		\$ -		\$ -	
<b>AVAILABLE FOR CAPITAL &amp; RESERVES</b>		\$ 487,603	\$ -	\$ 1,088,145	\$ 750,650		\$ 294,290		\$ 446,166		\$ (61,113)		\$ 121,308	

- Contributions to reserves not shown as an Operating Expense
- Amount available for reserves is shown after all operating, overhead, and debt allocations have been subtracted from revenues
- District expenditures are captured by two budgets instead of one
  - Operating Budget
  - Capital Improvement Program Budget

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## Operating Budget – Macro View

	FY 2017 - 2018	FY 2018 - 2019	% Change
Total Rate Revenues	\$4,630,300	\$4,932,000	6.5%

	FY 2017 - 2018	FY 2018 - 2019	% Change
Total Water System Expense	\$858,990	\$877,400	2.1%
Total Sewer System Expense	\$982,000	\$1,012,000	3.1%
Total Trash Expense	\$492,000	\$528,000	7.3%
Total Maintenance Expenses	\$54,420	\$52,800	-3.0%
Total Salaries & Benefits	\$798,500	\$884,000	10.7%
Total Administrative Expenses	\$477,300	\$412,150	-13.6%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$3,663,210</b>	<b>\$3,766,350</b>	<b>2.8%</b>

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## Highlights – Contract Trash Services

Sheet No.		FY 2017 - 2018	FY 2018 - 2019	% Change
15	Contract Trash Services	\$492,000	\$528,000	7.3%

- District was notified of 6% cost increase in November 2017, effective July 2018
  - Increase caused by higher tipping fees EJ Harrison must pay to Gold Coast for disposal at landfill
- District only anticipated 2.5% increase when issuing Proposition 218 notice
  - If District wishes to maintain pace with costs (adjust trash rates by 6% instead of planned 2.5%) for FY 2018 – 2019, it would require reissuing of Proposition 218 notice
  - Staff recommends using rate stabilization reserves to balance Solid Waste Budget and consider issuing Prop 218 notice in FY 2019 - 2020

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## Highlights – Water Telemetry

Sheet No.		FY 2017 - 2018	FY 2018 - 2019	% Change
10	Telemetry	\$0	\$11,000	#N/A

- New operating cost for FY 2018 - 2019
  - Covers costs for meter data transmission for new smart water meters
  - Total costs will likely be \$22,000. Other half of costs is assigned to Sewer Enterprise

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## Highlights – Salaries and Benefits

Sheet No.		FY 2017 - 2018	FY 2018 - 2019	% Change
24	Regular Salaries	583,000	646,000	10.8%
25	Payroll Taxes	17,000	19,000	11.8%
26	Group Insurance	119,000	119,000	0.0%
27	Retirement Benefits	58,300	64,600	10.8%
28	Uniforms	2,600	3,900	50.0%
29	Workers' Comp Insurance	16,000	14,000	-12.5%
30	Employee Education	2,600	17,500	573.1%
	<b>Total Salaries &amp; Benefits</b>	<b>\$798,500</b>	<b>\$884,000</b>	<b>10.7%</b>

- Salary adjusted caused by
  - CalPERS enrollment (6.25%)
  - COLA effective July 2018 (est. 3.5%)
- Employee Education
  - Temporary increase based on Management contract (expires FY 2021)
  - Proposed adjustment to tuition reimbursement to \$2,000

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## Highlights – Public Information & Outreach

Sheet No.		FY 2017 - 2018	FY 2018 - 2019	% Change
54	Public Information & Outreach	1,500	16,000	966.7%

- Moved in costs from other programs that were outreach-related, to consolidate under one program
- Includes new Records Management costs
- New emphasis on outreach methods like Reverse 911, NextDoor ad buys or pinned posts, and graphic design services

# CAPITAL IMPROVEMENT PROGRAM BUDGET





## Notes on CIP Budget

- Board will be considering adoption of FY 2019 capital expenditures only
- Anticipated capital expense due to outside agencies are estimates and may occur earlier/later
- Some project costs may change based on results of Sewer Lift Station Condition Assessment on final proposed CIP Budget
  - Results expected 3<sup>rd</sup> week of March
- Full project descriptions will be included in Budget adoption presentation



## Capital Improvement Program Budget

	Project Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1	I&I Reduction - Gravity Main Improvements	\$360,000	\$420,000	\$0	\$0	\$0
2	Lift Station and Pump Rehabilitation	\$0	\$60,000	\$0	\$60,000	\$0
3	Manhole Rehab	\$0	\$0	\$75,000	\$0	\$0
4	CCTV Video Inspection	\$30,000	\$0	\$70,000	\$0	\$0
5	Hydrogen Sulfide Reduction	\$0	\$100,000	\$100,000	\$0	\$0
6	Pump Station Structural Improvements	\$0	\$0	\$200,000	\$0	\$0
7	Oxnard Wastewater Plant Allocation	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000
8	Water Line Relocation "Santa Ana to Harbor"	\$230,000	\$10,000	\$0	\$0	\$0
9	Water Line Relocation "San Nicholas to Highland"	\$0	\$35,000	\$285,000	\$0	\$0
10	Well Rehabilitation	\$10,000	\$0	\$0	\$0	\$0
11	PHWA Improvements	\$30,000	\$50,000	\$0	\$200,000	\$1,000,000
12	SCADA Improvements	\$150,000	\$0	\$0	\$0	\$0
13	Smart Meter Deployment	\$250,000	\$100,000	\$100,000	\$100,000	\$100,000
14	Yard and Building Improvements	\$50,000	\$150,000	\$0	\$0	\$0
15	Billing and Financial Systems Software	\$40,000	\$0	\$0	\$0	\$0
16	Metering at Interconnections	\$20,000	\$0	\$0	\$0	\$0
	<b>Water</b>	\$460,000	\$220,000	\$335,000	\$250,000	\$1,050,000
	<b>Sewer</b>	\$760,000	\$805,000	\$595,000	\$210,000	\$150,000
	<b>Total</b>	<b>\$1,220,000</b>	<b>\$1,025,000</b>	<b>\$930,000</b>	<b>\$460,000</b>	<b>\$1,200,000</b>



## Fund Balances

Water Enterprise	FY 2019
Beginning Capital Reserve Balance	\$1,761,752
Contributions for FY 2018 - 2019:	\$269,300
Planned Capital Expenditures	-\$460,000
Ending Capital Reserve Balance	\$1,571,052
Minimum Capital Reserve Balance	\$825,955

Sewer Enterprise	FY 2019
Beginning Capital Reserve Balance	\$1,399,888
Contributions for FY 2018 - 2019:	\$446,200
Planned Capital Expenditures	-\$760,000
Ending Capital Reserve Balance	\$1,086,088
Minimum Capital Reserve Balance	\$1,048,640

## NEXT STEPS



## Next Steps

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Date	Event
March 27, 2018	Board Budget Workshop (if needed)
April 10, 2018	Board Budget Workshop (if needed)
April 24, 2018	Board Budget Workshop (if needed)
May 8, 2018	1 <sup>st</sup> Reading of Rate Ordinance
June 12, 2018	2 <sup>nd</sup> Reading of Rate Ordinance and Budget Adoption
July 1, 2018	Beginning of Fiscal Year
July 15, 2018	New Rates Effective





Board of Directors:

ELLEN SPIEGEL, President  
KRISTINA BREWER, Vice President  
SUSIE KOESTERER, Director  
MARCIA MARCUS, Director  
BOB NAST, Director

AKBAR ALIKHAN  
General Manager

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**March 8, 2018**

David Fleisch  
Director of Transportation  
Ventura County Public Works Agency  
800 South Victoria Avenue  
Ventura, CA 93009-1620  
Hall of Administration, 3<sup>rd</sup> Floor

Dear Mr. Fleisch,

Recently we have received requests from several residents and members of our Board regarding traffic safety and speeding motorists. The primary area of concern is Sunset Lane between Channel Islands Boulevard and Los Robles Street as well as portions of Ocean Drive. As you may be aware, there was an incident that occurred recently as a result of a speeding motorist, which led to a public altercation on Sunset Lane.

While many have asked for more intrusive measures along this roadway, such as the installation of speed humps, we would respectfully request to increase traffic safety signage to address the issue as a simple starting point. We feel this will go a long way in helping to alleviate the street safety concerns brought to our attention by our concerned residents.

We hope the County can address this by introducing new signage in the area of concern. The District is willing to work together as a joint effort with the County to alleviate the speeding issue aforementioned above.

Sincerely,

A handwritten signature in black ink that reads 'Akbar Alikhan'.

Akbar Alikhan  
General Manager