

CHANNEL ISLANDS BEACH
COMMUNITY SERVICES DISTRICT
ANNUAL AUDIT REPORT
Years Ended June 30, 2018 and 2017

Channel Islands Beach Community Services District
Annual Audit Report
Years Ended June 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 and the required supplementary section on pages 3 - 6 and 36 - 37 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 February 15, 2019, 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.

Teaman Ramirez & Smith, Inc.

Riverside, California

February 15, 2019

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, 2018.

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 - \$2,240,345 for capital and future unanticipated repairs and maintenance of the water distribution system, \$316,628 operating reserve, \$313,000 for debt service and \$140,651 for rate stabilization.
- ◆ Sewer - \$2,062,492 for capital and future unanticipated repairs and maintenance of sewer system, \$350,434 operating reserve, \$191,000 for debt service and \$154,173 for rate stabilization.
- ◆ Trash - \$81,034 for capital and future unanticipated repairs and maintenance, \$162,103 for operating reserve and \$78,841 for rate stabilization.
- ◆ Community service - \$41,363 for capital and future unanticipated repairs and maintenance and \$7,423 for operating reserve.

- Other receivable has decreased by \$338,302 and accounts payable has decreased by \$164,750 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 was 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, 2018, 2017 and 2016 totaled \$11,675,222, \$10,773,370 and \$10,200,108 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 \$901,852 from the prior year.

FIGURE 1. NET POSITION

	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>
Assets			
Current Assets	\$ 7,051,804	\$ 6,617,453	\$ 6,632,275
Restricted Assets	66,925	73,578	393,380
Capital Assets, Net	5,706,785	5,600,796	5,850,525
Other Assets	<u>3,164,007</u>	<u>3,269,114</u>	<u>3,366,443</u>
TOTAL ASSETS	<u>\$ 15,989,521</u>	<u>\$ 15,560,941</u>	<u>\$ 16,242,623</u>
Deferred Outflows of Resources			
Deferred Amount on Refunding	\$ 200,244	\$ 250,144	\$ 247,783
Pension Related Items	<u>5,985</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 206,229</u>	<u>\$ 250,144</u>	<u>\$ 247,783</u>
Liabilities			
Current Liabilities	\$ 1,081,473	\$ 1,203,989	\$ 1,999,458
Long-Term Debt	<u>3,439,055</u>	<u>3,833,726</u>	<u>4,290,840</u>
TOTAL LIABILITIES	<u>\$ 4,520,528</u>	<u>\$ 5,037,715</u>	<u>\$ 6,290,298</u>
Net Position			
Net Investment in Capital Assets	\$ 2,226,184	\$ 1,802,134	\$ 1,690,147
Unrestricted	<u>9,449,038</u>	<u>8,971,236</u>	<u>8,509,961</u>
TOTAL NET POSITION	<u>\$ 11,675,222</u>	<u>\$ 10,773,370</u>	<u>\$ 10,200,108</u>

Total assets increased by \$428,580, which is mostly due to increase in cash account due to current year's operating surplus and settlement of receivable from City of Oxnard. Total liabilities decreased by \$517,187 which is due to a combination of a decrease in long-term debt due to principal payments made on outstanding sewer and water bonds, and settlement of a payable to the City of Oxnard.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Charges for operating services totaled \$4,727,017, \$4,361,931 and \$3,962,528, respectively for the years ended June 30, 2018, 2017, and 2016. The District is reporting operating income of \$970,224, \$784,583, and \$626,077, respectively for the years ended June 30, 2018, 2017 and 2016. Operating expenses before depreciation and amortization totaled \$3,450,424, \$3,274,723 and \$3,029,922, respectively for the years ended June 30, 2018, 2017 and 2016. Depreciation and amortization expenses totaled \$306,369 \$302,625 and \$306,529, respectively as of June 30, 2018, 2017 and 2016.

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

	2018	2017	2016
Revenues			
Charges for Operating Services	\$ 4,727,017	\$ 4,361,931	\$ 3,962,528
Interest	64,486	35,874	22,317
Other Non-Operating Revenues*	(7,793)	(15,484)	(20,497)
Development impact fee	12,128	43,242	47,632
TOTAL REVENUES	\$ 4,795,838	\$ 4,425,563	\$ 4,011,980
Expenses			
Operating Expenses	\$ 3,756,793	\$ 3,577,348	\$ 3,336,451
Other Non-Operating Expenses	120,255	258,015	200,773
Depreciation on Contributed Assets	16,938	16,938	16,938
TOTAL EXPENSES	\$ 3,893,986	\$ 3,852,301	\$ 3,554,162
Change in Net Position	\$ 901,852	\$ 573,262	\$ 457,818
Net Position at Beginning of Year	\$ 10,773,370	\$ 10,200,108	\$ 9,742,290
Net Position at End of Year	\$ 11,675,222	\$ 10,773,370	\$ 10,200,108

* Includes \$88,169, \$80,391 and \$87,671 loss from Joint Venture for years ended June 30, 2018, 2017, and 2016, respectively.

Total revenues increased by \$370,275. 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 \$41,685. Most of the increase is due to the combination of increase in cost of water from PHWA, amount due to the City of Oxnard for waste water transportation, as offset by the decrease in one-time bond issuance costs which was incurred in 2017.

CAPITAL ASSETS

The District's Capital Assets for 2016, 2017 and 2018 are as follows:

	<u>Cost</u>	<u>Less Accumulated Depreciation</u>	<u>Net Depreciable Assets</u>
2016	\$ 10,154,820	\$ (4,304,295)	\$ 5,850,525
2017	\$ 10,164,277	\$ (4,563,481)	\$ 5,600,796
2018	\$ 10,486,560	\$ (4,779,775)	\$ 5,706,785

During the current year, the District capitalized various operating assets totaling \$370,797 and retired previously capitalized assets totaling \$48,514. 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 \$3,825,387 total long-term debt outstanding. For 2017 and 2016, the District had \$4,201,687 and \$4,644,470 total long-term debt outstanding. 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 2018-19. 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, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Unrestricted Cash (Notes 1, 2 and 3)	\$ 105,000	\$ 105,000
Board Restricted Cash and Cash Equivalents (Notes 1, 2 and 3)	6,139,487	5,308,766
Accounts Receivable (Note 1)	525,244	490,169
Other Receivable (Note 1)	213,360	551,662
Interest Receivable	29,289	9,585
Prepaid Items (Note 1)	31,077	143,744
Inventory (Note 1)	8,347	8,527
Total Current Assets	7,051,804	6,617,453
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents (Notes 1, 2 and 3)	66,925	73,578
Land and Construction in Progress, Not Being Depreciated (Note 4)	42,060	42,060
Capital Assets, Net of Depreciation (Note 4)	5,664,725	5,558,736
Total Noncurrent Assets	5,773,710	5,674,374
OTHER ASSETS		
Investment in Water JPA, Net of Accumulated Depreciation (Notes 3 and 11)	3,164,007	3,269,114
Total Other Assets	3,164,007	3,269,114
Total Assets	15,989,521	15,560,941
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding (Note 1)	200,244	250,144
Pension Related Items (Note 7)	5,985	-
Total Deferred Outflows of Resources	\$ 206,229	\$ 250,144

The accompanying notes are an integral part of these statements.

Channel Islands Beach Community Services District
Statements of Net Position - Continued
June 30, 2018 and 2017

	2018	2017
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 489,625	\$ 654,375
Other Liabilities (Note 1)	20,535	20,774
Current Portion of Long-term Debt (Note 5)	386,332	367,961
Accrued Payroll, Taxes and Benefits	92,389	62,398
Customer Deposits	66,925	69,722
Accrued Interest	25,667	28,759
Total Current Liabilities	1,081,473	1,203,989
Long-term Debt (Note 5):		
Water Refunding Series 2012 Bond Payable, Net	1,170,845	1,443,806
Wastewater Refunding Series 2016 Bond Payable, Net	2,654,542	2,757,881
Total Long-term Debt, Net of Unamortized		
Premium (Note 5)	3,825,387	4,201,687
Less Current Portion	(386,332)	(367,961)
Total Long-term Debt	3,439,055	3,833,726
Total Liabilities	4,520,528	5,037,715
NET POSITION (Notes 1 and 6)		
Net Investment in Capital Assets	2,226,184	1,802,134
Unrestricted	9,449,038	8,971,236
Total Net Position	\$ 11,675,222	\$ 10,773,370

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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Water Revenue	\$ 1,941,872	\$ 1,717,112
Sewer Revenue	1,239,758	1,120,788
Sewer Revenue - Oxnard	832,157	837,004
Trash Revenue	713,230	687,027
Total Operating Revenues	4,727,017	4,361,931
OPERATING EXPENSES		
Water System Expenses:		
PHWA Water Expenses	667,125	575,898
Water Samples	14,563	12,795
SDHS Annual Administrative Fee	12,603	16,381
Cross Connect Contract Charges	2,101	1,681
Repairs and Maintenance - Distribution	99,363	109,772
Water Quality Report	1,673	1,537
Total Water System Expenses	797,428	718,064
Sewer System Expenses:		
Waste Water Transportation - Oxnard	823,022	740,439
Operations and Maintenance	111,727	97,546
Telemetry	15,402	19,159
Power	13,747	14,424
Total Sewer System Expenses	963,898	871,568
Trash Expenses:		
Trash Services	492,391	488,579
Total Trash Expenses	492,391	488,579
Maintenance Expenses:		
Vehicle Expenses	10,195	4,896
Building Maintenance and Security	13,849	6,275
Sign and Banner Expense	1,089	703
Public Landscape Project	2,673	1,751
Employee Workplace Safety	2,077	3,438
Gasoline Expenses	11,806	9,662
Emergency Preparedness Expense	736	429
Total Maintenance Expenses	42,425	27,154
Salaries and Benefits:		
Regular Salaries	614,559	612,579
Retirement Benefits	48,373	66,068
Uniforms	3,961	3,114
Insurance	103,389	127,787
Payroll Taxes	12,486	13,082
Employee Educational Expense	10,475	2,865
Total Salaries and Benefits	\$ 793,243	\$ 825,495

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, 2018 and 2017

	2018	2017
OPERATING EXPENSES (CONTINUED)		
Administrative Expenses:		
Board Meetings	\$ 4,900	\$ 10,550
Board/Committee Expenses	807	1,606
Conferences and Seminars - Board	10,778	1,781
Dues/ Membership	17,676	18,153
Office Supplies	11,439	8,435
E-Pay Online	5,074	5,655
Communications	17,865	16,477
Printing and Publications	5,566	7,895
Postage and Shipping	12,953	13,106
Utilities	2,678	3,220
Miscellaneous Office Expense	16,198	11,901
Other Professional Services	10,930	33,329
Office Equipment Maintenance	11,704	8,551
Insurance	34,888	27,022
Accounting Services	41,372	39,955
Computer Services	15,883	15,255
Legal Services	66,001	82,289
Engineering Services	69,760	33,105
Bank and Trustee Fees	2,500	280
Legal Notices Publication Expense	542	2,858
	<u>359,514</u>	<u>341,423</u>
Total Administrative Expenses		
Other Operating Expenses:		
Depreciation (Note 4)	264,808	259,186
Amortization (Note 1)	41,561	43,439
Bad Debt (Note 1)	1,525	2,440
	<u>307,894</u>	<u>305,065</u>
Total Other Operating Expenses		
Total Operating Expenses	<u>3,756,793</u>	<u>3,577,348</u>
OPERATING INCOME	<u>\$ 970,224</u>	<u>\$ 784,583</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, 2018 and 2017

	2018	2017
NON-OPERATING REVENUES AND EXPENSES		
Investment Earnings	\$ 64,486	\$ 35,874
Net Gain (Loss) from Joint Venture (Note 11)	(88,169)	(80,391)
Net Gain (Loss) on Sale of Capital Assets	8,500	-
County Tax Apportionment (Note 1)	71,876	64,907
Interest Expense	(120,255)	(85,816)
Bond Issuance Costs	-	(172,199)
	(63,562)	(237,625)
INCOME BEFORE CONTRIBUTIONS	906,662	546,958
CAPITAL CONTRIBUTIONS		
Developmental Impact Fee (Note 1)	12,128	43,242
Amoritzation on Contributed Capital	(16,938)	(16,938)
	(4,810)	26,304
CHANGE IN NET POSITION	901,852	573,262
NET POSITION, BEGINNING OF YEAR	10,773,370	10,200,108
NET POSITION, END OF YEAR	\$ 11,675,222	\$ 10,773,370

The accompanying notes are an integral part of these statements.

Channel Islands Beach Community Services District

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Water, Sewer and Trash Services	\$ 5,028,719	\$ 4,894,898
Cash Payments to Contract and Water System Services	(2,311,789)	(2,767,596)
Cash Payments to Maintenance and Administration Services	(398,806)	(371,355)
Cash Payments to Employees for Services	(769,237)	(865,012)
	1,548,887	890,935
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
County Tax Apportionment	71,876	64,907
	71,876	64,907
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Wastewater Revenue Refunding Bonds	-	2,763,441
Acquisition and Construction of Capital Assets	(370,797)	(9,457)
Proceeds from the Sale of Capital Assets	8,500	-
Capital Contributions	12,128	43,242
Principal Paid on Debt	(367,961)	(263,630)
Interest Paid on Debt	(123,347)	(98,126)
Bond Costs Paid on the Issuance of Revenue Bonds	-	(172,482)
Payment to Escrow Agent	-	(2,988,111)
	(841,477)	(725,123)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	44,782	33,542
	44,782	33,542
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	824,068	264,261
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,487,344	5,223,083
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,311,412	\$ 5,487,344

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, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME		
TO NET CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Operating Income	\$ 970,224	\$ 784,583
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and Amortization	306,369	302,625
Bad Debt Expense	1,525	2,440
(Increase) Decrease in Accounts and Other Receivables	301,702	532,967
(Increase) Decrease in Prepaid Items	112,667	64,269
(Increase) Decrease in Inventory	180	1,541
(Increase) Decrease in Deferred Outflows - Pension Related Items	(5,985)	-
Increase (Decrease) in Accounts Payable and Other Liabilities	(164,989)	(755,000)
Increase (Decrease) in Accrued Payroll, Taxes and Benefits	29,991	(39,517)
Increase (Decrease) in Customer Deposits	(2,797)	(2,973)
TOTAL ADJUSTMENTS	578,663	106,352
NET CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES	\$ 1,548,887	\$ 890,935
SUPPLEMENTAL DISCLOSURES		
Cash and Cash Equivalents		
Unrestricted Cash	\$ 105,000	\$ 105,000
Board Restricted Cash and Cash Equivalents	6,139,487	5,308,766
Restricted Cash and Cash Equivalents	66,925	73,578
Total	\$ 6,311,412	\$ 5,487,344
Non-cash Investing and Financing Activities consisted of the following:		
Amortization Related to Long-term Debt	\$ 41,561	\$ 43,439
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, 2018 and 2017

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, 2018 and 2017

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) 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, 2018.

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

F) 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).

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;

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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

F) Investments - Continued

- 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.

G) Accounts Receivable

Accounts receivable include \$166,504 and \$169,367 of unbilled utility services as of June 30, 2018 and 2017, respectively, which is attributable to the second half of the June 30th 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, 2018 and 2017 was \$5,000 and \$5,000 respectively. The Bad Debt expense was \$1,525 and \$2,440 as of June 30, 2018 and 2017, respectively.

H) Other Receivables and Other Liabilities

Other receivables include \$213,360 and \$551,662 from the City of Oxnard as of June 30, 2018 and 2017. 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 include amounts accrued for trash services of \$20,258 and \$20,744 respectively, as of June 30, 2018 and 2017. Also, included in other liabilities, for June 30, 2018 is \$277 for other expenses.

I) 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 \$14,746 for insurance and dues, \$16,331 for water purchases (Port Hueneme Water Agency true-up), as of June 30, 2018. 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.

J) 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 the following items that qualify for reporting in this category. The District has deferred charges 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.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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

J) Deferred Outflows/Inflows of Resources - Continued

This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also has deferred outflows related to pensions for pension contributions subsequent to the measurement date of the net pension liability.

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.

K) 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.

L) 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 2016 Wastewater Refunding Bond Series.

M) Pensions

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

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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

N) 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.

O) 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.

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.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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, 2018, were \$2,442,085,809 and \$2,447,381,120, respectively. The District's share of the Pool at June 30, 2018, was approximately 0.228 percent.

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, 2018 and 2017 the carrying amount of the District's petty cash, deposits and investments were \$6,311,412 and \$5,487,344 and are broken down as follows:

	2018	2017
Petty Cash	\$ 500	\$ 500
Wilmington Trust	-	3,856
County Treasury	5,568,102	4,401,461
Pacific Western Bank	742,810	1,081,527
Total	\$ 6,311,412	\$ 5,487,344

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:

	2018	2017
Statement of Net Position:		
Unrestricted Cash	\$ 105,000	\$ 105,000
Board Restricted Cash and Cash Equivalents	6,139,487	5,308,766
Restricted Cash and Cash Equivalents	66,925	73,578
Total Cash and Investments	\$ 6,311,412	\$ 5,487,344

Cash and investments consist of the following:

	2018	2017
Cash on Hand	\$ 500	\$ 500
Deposits with Financial Institutions	742,810	1,081,527
Ventura County Treasurer's Pooled Investments	5,568,102	4,401,461
Investments	-	3,856
Total Cash and Investments	\$ 6,311,412	\$ 5,487,344

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

2) CASH AND INVESTMENTS - Continued

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.

<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, 2018, the District had the following investments:

		<u>Maturity Date</u>
Ventura County Treasurer's Pooled Investments	<u>\$ 5,568,102</u>	N/A
Total	<u>\$ 5,568,102</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, 2018 and 2017

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk - Continued

<u>Investment Type</u>		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
				AAA	AA	Not Rated
Ventura County Treasurer's Pooled Investments	\$ 5,568,102	N/A	\$ -	\$ 5,568,102	\$ -	\$ -
Total	\$ 5,568,102		\$ -	\$ 5,568,102	\$ -	\$ -

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, 2018, 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, 2018 and 2017

2) CASH AND INVESTMENTS - Continued

Board Restricted Cash

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

	2018	2017
Capital and Unanticipated Repairs and Maintenance	\$ 4,425,234	\$ 3,807,468
Rate Stabilization	373,666	548,598
Reserved for Operations	836,587	952,700
Debt Service	504,000	-
Total	\$ 6,139,487	\$ 5,308,766

Restricted Cash

Cash is restricted for the following:

	2018	2017
Wastewater Refund Bond Series 2016	\$ -	\$ 3,856
Customer Deposits	66,925	69,722
Total	\$ 66,925	\$ 73,578

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, 2018 and 2017

3) FAIR VALUE MEASUREMENTS - Continued

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

	2018		
	Fair Value	Significant Unobservable Inputs (Level 3)	Uncategorized
Investments:			
Ventura County Treasurer's Pooled Investments	\$ 5,568,102	\$ -	\$ 5,568,102
Total Investments	<u>\$ 5,568,102</u>	<u>\$ -</u>	<u>\$ 5,568,102</u>
Other Assets:			
Investment in Water JPA, Net of Accumulated Deprecation	\$ 3,164,007	\$ 3,164,007	\$ -
	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	<u>3,856</u>	<u>-</u>	<u>3,856</u>
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	\$ -

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 11.

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, 2018 and 2017

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:

	2018			
	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	96,367	8,120	18,343	86,144
Vehicles	175,867	-	-	175,867
Tools and Shop Equipment	250,819	56,207	29,896	277,130
Office Building	96,393	12,938	275	109,056
1911 Act Sewer Line	6,544,017	293,532	-	6,837,549
Water Distribution System	2,958,754	-	-	2,958,754
Total Capital Assets, Being Depreciated	10,122,217	370,797	48,514	10,444,500
Less Accumulated Depreciation:				
Office Furniture and Equipment	(70,686)	(7,317)	(18,343)	(59,660)
Vehicles	(150,625)	(12,178)	-	(162,803)
Tools and Shop Equipment	(210,440)	(7,996)	(29,896)	(188,540)
Office Building	(82,851)	(1,567)	(275)	(84,143)
1911 Act Sewer Line	(1,761,585)	(148,526)	-	(1,910,111)
Water Distribution System	(2,287,294)	(87,224)	-	(2,374,518)
Total Accumulated Depreciation	(4,563,481)	(264,808)	(48,514)	(4,779,775)
Total Capital Assets, Being Depreciated, Net	5,558,736	105,989	-	5,664,725
Capital Assets, Net of Depreciation	\$ 5,600,796	\$ 105,989	\$ -	\$ 5,706,785

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

4) CAPITAL ASSETS - Continued

	2017			
	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

5) LONG-TERM DEBT

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

Changes in Long-Term Debt	2018				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2012 Water Refunding Bonds Series	\$ 1,443,806	\$ -	\$ 272,961	\$ 1,170,845	\$ 281,332
2016 Wastewater Refunding Bonds Series	2,605,000	-	95,000	2,510,000	105,000
Premiums on Bonds	152,881	-	8,339	144,542	-
Total	\$ 4,201,687	\$ -	\$ 376,300	\$ 3,825,387	\$ 386,332

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

5) LONG-TERM DEBT - Continued

Changes in Long-Term Debt	2017				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2005A Sewer Revenue Bonds Series	\$ 2,915,000	\$ -	\$ 2,915,000 ⁽¹⁾	\$ -	\$ -
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	-
Total	\$ 4,644,470	\$ 2,763,441	\$ 3,206,224	\$ 4,201,687	\$ 367,961

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

Bonds Payable

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 1st and March 1st 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 1st and May 1st 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
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	-	-	115,000	68,431	115,000	68,431
2024-2028	-	-	650,000	267,656	650,000	267,656
2029-2033	-	-	785,000	134,791	785,000	134,791
2034-2036	-	-	530,000	23,781	530,000	23,781
Total	\$ 1,170,845	\$ 72,553	\$ 2,510,000	\$ 803,008	\$ 3,680,845	\$ 875,561

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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 \$1,243,398, payable through fiscal year 2022. For the current year, principal and interest paid by water revenues and investment earnings were \$272,961 and \$39,873, 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 \$3,313,008, payable through fiscal year 2036. For the current year, principal and interest paid by sewer revenues and investment earnings was \$95,000 and \$83,531, respectively.

6) NET POSITION

Net position at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Net Position:		
Net Investment in Capital Assets	\$ 2,226,184 ⁽¹⁾	\$ 1,802,134 ⁽²⁾
Unrestricted Net Position	9,449,038	8,971,236
Total Net Position	\$ 11,675,222	\$ 10,773,370

⁽¹⁾ As of June 30, 2018, \$200,244 of deferred outflows of resources and \$(3,680,845) of capital related debt were included in the net investment in capital assets.

⁽²⁾ 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.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

7) CALPERS RETIREMENT PLAN

A) General Information about the Pension Plans

During the 2018 fiscal year, the District entered into a retirement contract with the California Public Employees' Retirement System (CalPERS) for a defined benefit retirement plan. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, certain CalPERS contributions were deferred along with the required additional disclosures in this note and required supplemental information in the financial statements.

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors one rate plan (miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Benefits Provided - Continued

The rate plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous</u>
	On or After
Hire Date	<u>January 1, 2013</u>
Benefit Formulas	2.0% at 62
Benefit Vesting Schedule	5 Years Service
Benefit Payments	Monthly for Life
Retirement Age	52 - 67+
Monthly Benefits, as a % of Eligible Compensation	1.0% - 2.5%
Required Employee Contribution Rates	6.25%
Required Employer Contribution Rates	6.533%

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

7) CALPERS RETIREMENT PLAN - Continued

A) General Information about the Pension Plans - Continued

Contributions

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

The District's contributions to the Plan for the year ended June 30, 2018 were \$5,985.

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

The District entered into a retirement contract with CalPERS effective May 5, 2018. As of June 30, 2018, the District's net pension liability for its proportionate share of the net pension liability of the Plan was \$0. Since the District entered into the retirement contract towards the end of the fiscal year, its proportionate share was not included in the most recent (available) actuarial valuation.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	CalPERS Pension Plan ⁽¹⁾
Proportion - June 30, 2016	0.00000%
Proportion - June 30, 2017	0.00000%
Change - Increase (Decrease)	0.00000%

(1) Currently, the District has no net pension liability since its proportionate share was not included in the most recent (available) actuarial valuation.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

7) CALPERS RETIREMENT PLAN - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2018, the District recognized had no pension expense since its proportionate share of the net pension liability was not included in the most recent actuarial valuation. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,985	\$ -
Total	\$ 5,985	\$ -

The District reported \$5,985 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS Pension Plan
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality	CalPERS Membership Data ⁽¹⁾

⁽¹⁾ The Mortality Rate Table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from the CalPERS website.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. The Experience Study can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

7) CALPERS RETIREMENT PLAN - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Change of Assumptions

In the 2017 measurement period, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is deemed not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report call "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above the rounded down to the nearest one quarter of one percent.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

7) CALPERS RETIREMENT PLAN - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100%</u>		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS Pension Plan
1% Decrease	6.15%
Net Pension Liability	\$ 0
Current Discount Rate	7.15%
Net Pension Liability	\$ 0
1% Increase	8.15%
Net Pension Liability	\$ 0

(1) Currently, the District has no net pension liability since its proportionate share was not included in the most recent (available) actuarial valuation.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

7) CALPERS RETIREMENT PLAN - Continued

B) Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2018, the District reported, in accrued payroll, taxes and benefits, a payable of \$5,985 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

8) DEFERRED COMPENSATION

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.

9) INCOME TAX

The District is exempt from income taxes.

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

10) 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, 2018 and 2017 were \$34,934 and \$28,340, respectively.

11) PORT HUENEME WATER AGENCY/JOINT VENTURE

In 1994, the CIBCSO 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 CIBCSO, 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.

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

CIBCSO'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, 2018 was \$14,675,748, of which CIBCSO's share was \$2,900,140. CIBCSO'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.

CIBCSO 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.

CIBCSO's share of joint venture's net income is reported in CIBCSO's operating statement as a profit or loss in the joint venture. Nonoperating transactions between CIBCSO 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.

	2018	2017
Total Assets	\$ 17,365,116	\$ 18,522,938
Total Liabilities	1,354,108	1,980,048
Net Position		
Net Investment in Capital Assets	14,208,077	14,778,446
Restricted for Operations	467,675	479,188
Unrestricted	1,335,256	1,285,256
Total Net Position	\$ 16,011,008	\$ 16,542,890

Channel Islands Beach Community Services District
Notes to Financial Statements
Years Ended June 30, 2018 and 2017

11) PORT HUENEME WATER AGENCY/JOINT VENTURE - Continued

	2018	2017
Total Revenues	\$ 4,796,339	\$ 4,169,986
Total Expenses	(5,328,221)	(4,662,509)
Net Increase (Decrease) in Net Position	\$ (531,882)	\$ (492,523)
CIBCS D's report its share of the PHWA as follows:		
Investment in PHWA	\$ 3,164,007	\$ 3,269,114
Profit (Loss) in PHWA Joint Venture	\$ (88,169)	\$ (80,391)
Amortization on Contributed Capital	\$ (16,938)	\$ (16,938)

12) SUBSEQUENT EVENT

In August 2018, the District received a loan of \$700,000 from the California Special Districts Association (CSDA) Finance Corporation for a water meter project. The loan has a 3.4% interest rate with annual payments of \$84,000 per year for ten years.

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REQUIRED SUPPLEMENTARY INFORMATION

Channel Islands Beach Community Services District
Schedule of the District's Proportionate Share of the Net Pension Liability
CalPERS Pension Plan
Last Ten Years*
As of June 30, 2018

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018*	0.00000%	\$ 0	\$ 91,605	N/A	N/A

Notes to Schedule:

Benefit Changes. On May 5, 2018, the District entered into a retirement contract with CalPERS.

Changes in Assumptions. In 2018 (for the June 30, 2017 measurement period), the discount rate reduced from 7.65% to 7.15%.

Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the District's proportionate share of the CalPERS Miscellaneous Risk Pool.

* Fiscal year 2018 was the 1st year the District entered into a retirement contract with CalPERS. For fiscal year 2018, the District has no net pension liability since its proportionate share was not included in the most recent (available) actuarial valuation. Future years' information will be displayed up to 10 years as information becomes available.

Channel Islands Beach Community Services District
Schedule of Contributions
CalPERS Pension Plan
Last Ten Years*
As of June 30, 2018

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 5,985	\$ (5,985)	\$ 0	\$ 91,605	6.53%

* Fiscal year 2018 was the 1st year the District entered into a retirement contract with CalPERS. Future years' information will be displayed up to 10 years as information becomes available.

SUPPLEMENTAL INFORMATION

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - All Activities
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Water Revenue	\$ 1,879,000	\$ 1,941,872	\$ 62,872
Sewer Revenue	1,256,129	1,239,758	(16,371)
Sewer Revenue - Oxnard	810,871	832,157	21,286
Trash Revenue	690,000	713,230	23,230
	<u>4,636,000</u>	<u>4,727,017</u>	<u>91,017</u>
Total Operating Revenues			
OPERATING EXPENSES			
Water System Expenses:			
PHWA Water Expense	724,000	667,125	56,875
Water Samples	16,400	14,563	1,837
SDHS Annual Admin. Fee	12,240	12,603	(363)
Cross Connect Contract Charges	1,700	2,101	(401)
Repairs and Maintenance - Distribution	103,000	99,363	3,637
Water Quality Report	1,650	1,673	(23)
Capital Replacement Fund	128,469	-	128,469
	<u>987,459</u>	<u>797,428</u>	<u>190,031</u>
Total Water System Expenses			
Sewer System Expenses:			
Waste Water Transportation - Oxnard	823,000	823,022	(22)
Operations and Maintenance	121,000	111,727	9,273
Telemetry	20,000	15,402	4,598
Power	18,000	13,747	4,253
Capital Replacement Fund	435,597	-	435,597
	<u>1,417,597</u>	<u>963,898</u>	<u>453,699</u>
Total Sewer System Expenses			
Trash Expenses:			
Trash Services	492,000	492,391	(391)
	<u>492,000</u>	<u>492,391</u>	<u>(391)</u>
Total Trash Expenses			
Maintenance Expenses:			
Vehicle Expenses	6,120	10,195	(4,075)
Building Security	900	4,932	(4,032)
Building Maintenance	18,500	8,917	9,583
Sign and Banner Expense	1,500	1,089	411
Public Landscape Project	1,900	2,673	(773)
Employee Workplace Safety	4,000	2,077	1,923
Gasoline Expenses	15,000	11,806	3,194
Emergency Preparedness Expense	1,500	736	764
	<u>\$ 49,420</u>	<u>\$ 42,425</u>	<u>\$ 6,995</u>
Total Maintenance Expenses			

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - All Activities - Continued
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING EXPENSES (CONTINUED)			
Salaries and Benefits:			
Regular Salaries	\$ 596,000	\$ 614,559	\$ (18,559)
Retirement Benefits	59,600	48,373	11,227
Uniforms	2,600	3,961	(1,361)
Group Insurance	119,000	96,395	22,605
Worker's Compensation Insurance	16,000	6,994	9,006
Payroll Taxes	17,000	12,486	4,514
Employee Educational Expense	5,500	10,475	(4,975)
	<u>815,700</u>	<u>793,243</u>	<u>22,457</u>
Administrative Expenses:			
Regular Board Payments	7,650	4,500	3,150
Special Board Meetings	2,350	400	1,950
Board/Committee Expenses	1,500	807	693
Conferences and Seminars - Board	6,000	3,375	2,625
Board Travel and Lodging	8,500	7,403	1,097
Dues/Membership - District	20,000	17,676	2,324
Office Supplies	7,150	11,439	(4,289)
E-Pay Online	6,750	5,074	1,676
Communications	15,000	17,865	(2,865)
Printing and Publications	6,000	5,566	434
Postage and Shipping	15,000	12,953	2,047
Utilities	4,200	2,678	1,522
Miscellaneous Office Expense	12,000	16,198	(4,198)
Other Professional Services	20,000	10,930	9,070
Office Equipment Maintenance	9,600	11,704	(2,104)
Equipment Purchases	28,000	-	28,000
Insurance	31,100	34,888	(3,788)
Accounting Services	50,000	41,372	8,628
Computer Services	15,000	15,883	(883)
Legal Services	50,000	66,001	(16,001)
Engineering Services	150,000	69,760	80,240
Bank and Trustee Fees	5,000	2,500	2,500
Legal Notices Publication Expense	5,000	542	4,458
Public Information Expense	1,500	-	1,500
	<u>\$ 477,300</u>	<u>\$ 359,514</u>	<u>\$ 117,786</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, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING EXPENSES (CONTINUED)			
Other Operating Expenses:			
Depreciation	\$ -	\$ 264,808	\$ (264,808)
Amortization	-	41,561	(41,561)
Bad Debt	-	1,525	(1,525)
Total Other Operating Expenses	-	307,894	(307,894)
Total Operating Expenses	4,239,476	3,756,793	482,683
OPERATING INCOME (LOSS)	396,524	970,224	573,700
NONOPERATING REVENUES AND EXPENSES			
Nonoperating Revenue:			
Investment Earnings	25,000	64,486	39,486
Net Gain (Loss) from Joint Venture	-	(88,169)	(88,169)
Net Gain (Loss) on Sale of Capital Assets	-	8,500	8,500
County Tax Apportionment	60,000	71,876	11,876
Total Nonoperating Revenues	85,000	56,693	(28,307)
Nonoperating Expenses:			
Interest Expense	131,864	120,255	11,609
Total Nonoperating Expenses	131,864	120,255	11,609
Total Nonoperating Revenues and Expenses	(46,864)	(63,562)	(16,698)
INCOME (LOSS) BEFORE CONTRIBUTIONS	\$ 349,660	\$ 906,662	\$ 557,002

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Water
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Water Revenue	\$ 1,879,000	\$ 1,941,872	\$ 62,872
Total Operating Revenues	<u>1,879,000</u>	<u>1,941,872</u>	<u>62,872</u>
OPERATING EXPENSES			
Water System Expenses:			
PHWA Water Expense	724,000	667,125	56,875
Water Samples	16,400	14,563	1,837
SDHS Annual Admin. Fee	12,240	12,603	(363)
Cross Connect Contract Charges	1,700	2,101	(401)
Repairs and Maintenance - Distribution	103,000	99,363	3,637
Water Quality Report	1,650	1,673	(23)
Capital Replacement Fund	128,469	-	128,469
Total Water System Expenses	<u>987,459</u>	<u>797,428</u>	<u>190,031</u>
Maintenance Expenses:			
Vehicle Expenses	2,632	4,384	(1,752)
Building Security	297	1,627	(1,330)
Building Maintenance	6,105	2,943	3,162
Sign and Banner Expense	495	360	135
Employee Workplace Safety	1,720	892	828
Gasoline Expenses	6,450	5,077	1,373
Total Maintenance Expenses	<u>17,699</u>	<u>15,283</u>	<u>2,416</u>
Salaries and Benefits:			
Regular Salaries	232,440	239,678	(7,238)
Retirement Benefits	23,244	18,866	4,378
Uniforms	1,118	1,703	(585)
Group Insurance	46,410	37,594	8,816
Worker's Compensation Insurance	6,240	2,728	3,512
Payroll Taxes	6,630	4,870	1,760
Employee Educational Expense	2,255	4,294	(2,039)
Total Salaries and Benefits	<u>\$ 318,337</u>	<u>\$ 309,733</u>	<u>\$ 8,604</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Water - Continued
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING EXPENSES (CONTINUED)			
Administrative Expenses:			
Regular Board Payments	\$ 2,984	\$ 1,755	\$ 1,229
Special Board Meetings	917	156	761
Board/Committee Expenses	600	323	277
Conferences and Seminars - Board	2,400	1,350	1,050
Board Travel and Lodging	3,570	3,109	461
Dues/Membership - District	9,000	7,954	1,046
Office Supplies	2,288	3,660	(1,372)
E-Pay Online	2,295	1,725	570
Communications	4,950	5,895	(945)
Printing and Publications	2,040	1,892	148
Postage and Shipping	4,950	4,274	676
Utilities	1,386	884	502
Miscellaneous Office Expense	3,960	5,345	(1,385)
Other Professional Services	8,800	4,809	3,991
Office Equipment Maintenance	4,800	5,852	(1,052)
Equipment Purchases	11,500	-	11,500
Insurance	13,062	14,653	(1,591)
Accounting Services	20,006	16,548	3,458
Computer Services	6,002	6,353	(351)
Legal Services	25,000	33,001	(8,001)
Engineering Services	130,005	60,691	69,314
Bank and Trustee Fees	1,100	550	550
Legal Notices Publication Expense	1,700	184	1,516
Public Information Expense	495	-	495
	<u>263,810</u>	<u>180,963</u>	<u>82,847</u>
Total Administrative Expenses			
Other Operating Expenses:			
Depreciation	-	135,052	(135,052)
Amortization	-	47,197	(47,197)
Bad Debt	-	519	(519)
	<u>-</u>	<u>182,768</u>	<u>(182,768)</u>
Total Other Operating Expenses			
	<u>1,587,305</u>	<u>1,486,175</u>	<u>101,130</u>
Total Operating Expenses			
OPERATING INCOME (LOSS)	<u>\$ 291,695</u>	<u>\$ 455,697</u>	<u>\$ 164,002</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Water - Continued
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
NONOPERATING REVENUES AND EXPENSES			
Nonoperating Revenues:			
Investment Earnings	\$ 8,750	\$ 22,570	\$ 13,820
Net Gain (Loss) from Joint Venture	-	(88,169)	(88,169)
Net Gain (Loss) from Sale of Capital Assets	-	3,740	3,740
	<u>8,750</u>	<u>(61,859)</u>	<u>(70,609)</u>
Total Nonoperating Revenues			
Nonoperating Expenses:			
Interest Expense	<u>39,873</u>	<u>37,098</u>	<u>2,775</u>
	<u>39,873</u>	<u>37,098</u>	<u>2,775</u>
Total Nonoperating Expenses			
	<u>(31,123)</u>	<u>(98,957)</u>	<u>(67,834)</u>
Total Nonoperating Revenues and Expenses			
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ 260,572</u>	<u>\$ 356,740</u>	<u>\$ 96,168</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Wastewater
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Sewer Revenue	\$ 1,256,129	\$ 1,239,758	\$ (16,371)
Sewer Revenue - Oxnard	810,871	832,157	21,286
Total Operating Revenues	<u>2,067,000</u>	<u>2,071,915</u>	<u>4,915</u>
OPERATING EXPENSES			
Sewer System Expense:			
Waste Water Transportation - Oxnard	823,000	823,022	(22)
Operations and Maintenance	121,000	111,727	9,273
Telemetry	20,000	15,402	4,598
Power	18,000	13,747	4,253
Capital Replacement Fund	435,597	-	435,597
Total Sewer System Expenses	<u>1,417,597</u>	<u>963,898</u>	<u>453,699</u>
Maintenance Expenses:			
Vehicle Expenses	2,509	4,180	(1,671)
Building Security	297	1,628	(1,331)
Building Maintenance	6,105	2,943	3,162
Sign and Banner Expense	495	359	136
Employee Workplace Safety	1,640	852	788
Gasoline Expenses	6,150	4,840	1,310
Total Maintenance Expenses	<u>17,196</u>	<u>14,802</u>	<u>2,394</u>
Salaries and Benefits:			
Regular Salaries	238,400	245,824	(7,424)
Retirement Benefits	23,840	19,349	4,491
Uniforms	1,066	1,624	(558)
Group Insurance	47,600	38,558	9,042
Worker's Compensation Insurance	6,400	2,798	3,602
Payroll Taxes	6,800	4,994	1,806
Employee Educational Expense	2,255	4,295	(2,040)
Total Salaries and Benefits	<u>\$ 326,361</u>	<u>\$ 317,442</u>	<u>\$ 8,919</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Wastewater - Continued
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING EXPENSES (CONTINUED)			
Administrative Expenses:			
Regular Board Payments	\$ 3,060	\$ 1,800	\$ 1,260
Special Board Meetings	940	160	780
Board/Committee Expenses	600	323	277
Conferences and Seminars - Board	2,400	1,350	1,050
Board Travel and Lodging	3,570	3,109	461
Dues/Membership - District	7,000	6,187	813
Office Supplies	2,288	3,660	(1,372)
E-Pay Online	2,228	1,674	554
Communications	4,950	5,895	(945)
Printing and Publications	1,980	1,837	143
Postage and Shipping	5,100	4,405	695
Utilities	1,386	884	502
Miscellaneous Office Expense	3,960	5,345	(1,385)
Other Professional Services	8,800	4,809	3,991
Office Equipment Maintenance	2,784	3,394	(610)
Equipment Purchases	14,500	-	14,500
Insurance	13,062	14,653	(1,591)
Accounting Services	22,008	18,204	3,804
Computer Services	6,602	6,989	(387)
Legal Services	19,000	25,080	(6,080)
Engineering Services	19,995	9,069	10,926
Bank and Trustee Fees	2,850	1,425	1,425
Legal Notices Publication Expense	1,650	179	1,471
Public Information Expense	495	-	495
	<u>151,208</u>	<u>120,431</u>	<u>30,777</u>
Total Administrative Expenses			
Other Operating Expenses:			
Depreciation	-	121,812	(121,812)
Amortization	-	(5,636)	5,636
Bad Debt	-	503	(503)
	<u>-</u>	<u>116,679</u>	<u>(116,679)</u>
Total Other Operating Expenses			
	<u>1,912,362</u>	<u>1,533,252</u>	<u>379,110</u>
Total Operating Expenses			
OPERATING INCOME (LOSS)	<u>\$ 154,638</u>	<u>\$ 538,663</u>	<u>\$ 384,025</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Wastewater - Continued
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
NONOPERATING REVENUES AND EXPENSES			
Nonoperating Revenues:			
Investment Earnings	\$ 13,750	\$ 35,467	\$ 21,717
Net Gain (Loss) on Sale of Capital Assets	-	2,720	2,720
Total Nonoperating Revenues	<u>13,750</u>	<u>38,187</u>	<u>24,437</u>
Nonoperating Expenses:			
Interest Expense	<u>91,991</u>	<u>83,157</u>	<u>8,834</u>
Total Nonoperating Expenses	<u>91,991</u>	<u>83,157</u>	<u>8,834</u>
Total Nonoperating Revenues and Expenses	<u>(78,241)</u>	<u>(44,970)</u>	<u>33,271</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ 76,397</u>	<u>\$ 493,693</u>	<u>\$ 417,296</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Solid Waste Disposal
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Trash Revenue	\$ 690,000	\$ 713,230	\$ 23,230
Total Operating Revenues	<u>690,000</u>	<u>713,230</u>	<u>23,230</u>
OPERATING EXPENSES			
Trash Expense:			
Trash Service	492,000	492,391	(391)
Total Trash Expense	<u>492,000</u>	<u>492,391</u>	<u>(391)</u>
Maintenance Expenses:			
Vehicle Expenses	857	1,427	(570)
Building Security	288	1,578	(1,290)
Building Maintenance	5,920	2,853	3,067
Sign and Banner Expense	480	348	132
Employee Workplace Safety	560	291	269
Gasoline Expenses	2,100	1,653	447
Total Maintenance Expenses	<u>10,205</u>	<u>8,150</u>	<u>2,055</u>
Salaries and Benefits:			
Regular Salaries	113,240	116,766	(3,526)
Retirement Benefits	11,324	9,191	2,133
Uniforms	364	555	(191)
Group Insurance	22,610	18,315	4,295
Worker's Compensation Insurance	3,040	1,328	1,712
Payroll Taxes	3,230	2,372	858
Employee Educational Expense	880	1,676	(796)
Total Salaries and Benefits	<u>154,688</u>	<u>150,203</u>	<u>4,485</u>
Administrative Expenses:			
Regular Board Payments	\$ 1,453	\$ 855	\$ 598
Special Board Meetings	446	76	370
Board/Committee Expenses	300	161	139
Conferences and Seminars - Board	1,200	675	525
Board Travel and Lodging	1,360	1,185	175
Dues/Membership - District	4,000	3,535	465
E-Pay Online	2,227	1,675	552

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Solid Waste Disposal - Continued
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING EXPENSES (CONTINUED)			
Administrative Expenses: (Continued)			
Office Supplies	\$ 2,288	\$ 3,660	\$ (1,372)
Communications	4,800	5,717	(917)
Printing and Publications	1,980	1,837	143
Postage and Shipping	4,950	4,274	676
Utilities	1,344	856	488
Miscellaneous Office Expense	3,840	5,183	(1,343)
Other Professional Services	2,400	1,312	1,088
Office Equipment Maintenance	2,016	2,458	(442)
Equipment Purchases	2,000	-	2,000
Insurance	4,976	5,582	(606)
Accounting Services	7,347	6,206	1,141
Computer Services	2,204	2,382	(178)
Legal Services	5,000	6,600	(1,600)
Bank and Trustee Fees	1,050	525	525
Legal Notices Publication Expense	1,650	179	1,471
Public Information Expense	480	-	480
	<u>59,311</u>	<u>54,933</u>	<u>4,378</u>
Other Operating Expenses:			
Depreciation	-	7,944	(7,944)
Bad Debt	-	503	(503)
	<u>-</u>	<u>8,447</u>	<u>(8,447)</u>
Total Operating Expenses	<u>716,204</u>	<u>714,124</u>	<u>2,080</u>
OPERATING INCOME (LOSS)	<u>(26,204)</u>	<u>(894)</u>	<u>25,310</u>
Nonoperating Revenues:			
Investment Earnings	2,500	6,449	3,949
Net Gain (Loss) on Sale of Capital Assets	-	1,700	1,700
	<u>2,500</u>	<u>8,149</u>	<u>5,649</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ (23,704)</u>	<u>\$ 7,255</u>	<u>\$ 30,959</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Community Service
Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
	\$ -	\$ -	\$ -
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES			
Maintenance Expenses:			
Vehicle Expenses	122	204	(82)
Building Security	18	99	(81)
Building Maintenance	370	178	192
Sign and Banner Expense	30	22	8
Public Landscape Project	1,900	2,673	(773)
Employee Workplace Safety	80	42	38
Gasoline Expenses	300	236	64
Emergency Preparedness Expense	<u>1,500</u>	<u>736</u>	<u>764</u>
Total Maintenance Expenses	<u>4,320</u>	<u>4,190</u>	<u>130</u>
Salaries and Benefits:			
Regular Salaries	11,920	12,291	(371)
Retirement Benefits	1,192	967	225
Uniforms	52	79	(27)
Group Insurance	2,380	1,928	452
Worker's Compensation Insurance	320	140	180
Payroll Taxes	340	250	90
Employee Educational Expense	<u>110</u>	<u>210</u>	<u>(100)</u>
Total Salaries and Benefits	<u>16,314</u>	<u>15,865</u>	<u>449</u>
Administrative Expenses:			
Regular Board Payments	153	90	63
Special Board Meetings	47	8	39
Office Supplies	286	459	(173)
Communications	300	358	(58)
Utilities	84	54	30
Miscellaneous Office Expense	240	325	(85)
Accounting Services	639	414	225
Computer Services	192	159	33
Legal Services	1,000	1,320	(320)
Public Information Expense	<u>30</u>	<u>-</u>	<u>30</u>
Total Administrative Expenses	<u>\$ 2,971</u>	<u>\$ 3,187</u>	<u>\$ (216)</u>

Channel Islands Beach Community Services District
Schedule of Revenues and Expenses - Budget to Actual - Community Service - Continued
Year Ended June 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OPERATING EXPENSES (CONTINUED)			
Other Operating Expenses:			
Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Other Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>23,605</u>	<u>23,242</u>	<u>363</u>
OPERATING INCOME (LOSS)	<u>(23,605)</u>	<u>(23,242)</u>	<u>363</u>
NONOPERATING REVENUES AND EXPENSES			
Nonoperating Revenue:			
Net Gain (Loss) on Sale of Capital Assets	-	340	340
County Tax Apportionment	<u>60,000</u>	<u>71,876</u>	<u>11,876</u>
Total Nonoperating Revenues	<u>60,000</u>	<u>72,216</u>	<u>12,216</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>\$ 36,395</u>	<u>\$ 48,974</u>	<u>\$ 12,579</u>