

**CHANNEL ISLANDS BEACH**  
**COMMUNITY SERVICES DISTRICT**  
**ANNUAL AUDIT REPORT**  
Years Ended June 30, 2016 and 2015



**Channel Islands Beach Community Services District**  
**Annual Audit Report**  
Years Ended June 30, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2016, the District adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our reported dated March 29, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Riverside, California

March 29, 2017

## **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, 2016.

### **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 between the two 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 - \$2,240,121 for future unanticipated repairs and maintenance of the water distribution system, a \$138,000 operating reserve and \$104,709 for rate stabilization.
  - Sewer - \$82,000 operating reserve and \$784,006 for rate stabilization and \$1,031,628 for unanticipated repairs and maintenance.
  - Trash - \$60,000 operating reserve and \$284,239 for rate stabilization.
- ◆ Capital assets decreased by \$223,127. Most of the decrease was due to depreciation expense of \$260,462 and the purchase of \$37,335 in office furniture and equipment.
- ◆ Accounts payable has increased by \$413,958, most of which is related to accrued waste water charges to the City of Oxnard.

## FINANCIAL STATEMENTS

### NET POSITION

The District's Net Position as of June 30, 2016, 2015 and 2014 totaled \$10,200,108 \$9,742,290 and \$9,292,496, 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 \$457,818 from the prior year.

**FIGURE 1. NET POSITION**

|  | <u>As of June 30, 2016</u> | <u>As of June 30, 2015</u> | <u>As of June 30, 2014</u> |
|--|----------------------------|----------------------------|----------------------------|
| <b>Assets</b>                          |                            |                            |                            |
| Current Assets                         | \$ 6,632,275               | \$ 5,726,908               | \$ 6,385,597               |
| Restricted Assets                      | 393,380                    | 397,600                    | 1,420,385                  |
| Capital Assets, Net                    | 5,850,525                  | 6,073,652                  | 3,845,688                  |
| Other Assets                           | 3,366,443                  | 3,471,053                  | 3,657,053                  |
| TOTAL ASSETS                           | \$ 16,242,623              | \$ 15,669,213              | \$ 15,308,723              |
| <b>Deferred Outflows of Resources</b>  |                            |                            |                            |
| Deferred Charge on Refunding           | \$ 247,783                 | \$ 294,979                 | \$ 342,176                 |
| TOTAL DEFERRED OUTFLOW<br>OF RESOURCES | \$ 247,783                 | \$ 294,979                 | \$ 342,176                 |
| <b>Liabilities</b>                     |                            |                            |                            |
| Current Liabilities                    | \$ 1,999,458               | \$ 1,576,302               | \$ 1,368,385               |
| Long-Term Debt                         | 4,290,840                  | 4,645,600                  | 4,990,018                  |
| TOTAL LIABILITIES                      | \$ 6,290,298               | \$ 6,221,902               | \$ 6,358,403               |
| <b>Net Position</b>                    |                            |                            |                            |
| Net Investment in Capital Assets       | \$ 1,690,147               | \$ 1,615,943               | \$ 1,848,450               |
| Unrestricted                           | 8,509,961                  | 8,126,347                  | 7,444,046                  |
| TOTAL NET POSITION                     | \$ 10,200,108              | \$ 9,742,290               | \$ 9,292,496               |

Total assets increased by \$573,410, which is mostly due to the increase in net position as a result of operations. Total liabilities increased by \$68,396 which is due to a combination of increased current liabilities and a decrease in long-term debt due to principal payments made on outstanding sewer and water bonds.



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

Charges for operating services totaled \$3,962,528, \$3,885,773 and \$3,976,345 for the years ended June 30, 2016, 2015, and 2014 respectively. The District is reporting operating income of \$626,077, \$691,863, and \$932,532 for the years ended June 30, 2016, 2015 and 2014. Operating expenses before depreciation and amortization totaled \$3,029,922, \$2,924,652 and \$2,807,344 for the years ended June 30, 2016, 2015 and 2014. Depreciation and amortization expenses totaled \$306,529, \$269,258 and \$236,469 as of June 30, 2016, 2015 and 2014.

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

|  | <u>2016</u>                 | <u>2015</u>                | <u>2014</u>                |
|--|-----------------------------|----------------------------|----------------------------|
| <b>Revenues</b>                          |                             |                            |                            |
| Charges for Operating Services           | \$ 3,962,528                | \$ 3,885,773               | \$ 3,976,345               |
| Interest                                 | 22,317                      | 14,982                     | 15,065                     |
| Other Non-Operating Revenues*            | <u>27,135</u>               | <u>(28,347)</u>            | <u>38,231</u>              |
| <b>TOTAL REVENUES</b>                    | <u>\$ 4,011,980</u>         | <u>\$ 3,872,408</u>        | <u>\$ 4,029,641</u>        |
| <b>Expenses</b>                          |                             |                            |                            |
| Operating Expenses                       | \$ 3,336,451                | \$ 3,193,910               | \$ 3,043,813               |
| Other Non-Operating Expenses             | 200,773                     | 211,766                    | 223,377                    |
| Amortization on Contributed Assets       | <u>16,938</u>               | <u>16,938</u>              | <u>16,938</u>              |
| <b>TOTAL EXPENSES</b>                    | <u>\$ 3,554,162</u>         | <u>\$ 3,422,614</u>        | <u>\$ 3,284,128</u>        |
| <b>Change in Net Position</b>            | \$ 457,818                  | \$ 449,794                 | \$ 745,513                 |
| <b>Net Position at Beginning of Year</b> | <u>\$ 9,742,290</u>         | <u>\$ 9,292,496</u>        | <u>\$ 8,546,983</u>        |
| <b>Net Position at End of Year</b>       | <u><u>\$ 10,200,108</u></u> | <u><u>\$ 9,742,290</u></u> | <u><u>\$ 9,292,496</u></u> |

\* Includes \$87,671, \$169,062 and \$82,834 loss from Joint Venture for the years ended June 30, 2016, 2015, and 2014, respectively.

Total revenues increased by \$139,572. Most of the increase is due to an increase in charges for service which increased by \$76,755.

Total expenses increased by \$131,548. Most of the increase is due to an increase in amount due to the City of Oxnard for waste water transportation and operations and maintenance costs of sewer lines.

## CAPITAL ASSETS

The District's Capital Assets for 2014, 2015 and 2016 are as follows:

|      | <u>Cost</u>   | <u>Less<br/>Accumulated Depreciation</u> | <u>Net<br/>Depreciable Assets</u> |
|------|---------------|--|-----------------------------------|
| 2014 | \$ 7,714,524  | \$ (3,868,836)                           | \$ 3,845,688                      |
| 2015 | \$ 10,132,986 | \$ (4,059,334)                           | \$ 6,073,652                      |
| 2016 | \$ 10,154,820 | \$ (4,304,295)                           | \$ 5,850,525                      |

During the current year, the District capitalized sewer lines totaling \$15,097 and various operating assets totaling \$22,238. Please refer to Note 4, *Capital Assets*, presented in the Notes to Financial Statements for additional detail regarding the District's Capital Assets.

## LONG-TERM DEBT

At the end of the current fiscal year, the District had \$4,644,470 total long-term debt outstanding. For 2015 and 2014, the District had \$4,988,888 and \$5,327,421 total long-term debt outstanding. The decrease in Long-Term Debt was mostly due to principal payments of \$343,288. 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 2016-17. 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.

The District has not revised the rate structure for services in recent years; however the board periodically reviews the cost of providing services, future maintenance requirements of the District's infrastructures and future capital expenditures needs in order to set new rates for the District's services. The board anticipates such changes will take place in the near term to maintain the level of services provided by the District.

## 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, 2016 and 2015

|   | 2016       | 2015       |
|---|------------|------------|
| <b>ASSETS</b>   |            |            |
| Current Assets:   |            |            |
| Unrestricted Cash (Notes 1, 2 and 3)                                      | \$ 105,000 | \$ 105,000 |
| Board Restricted Cash and Cash Equivalents (Notes 1, 2 and 3)             | 4,724,703  | 4,598,380  |
| Accounts Receivable (Note 1)  | 428,418    | 422,209    |
| Other Receivable (Note 1)   | 1,148,820  | 566,626    |
| Interest Receivable   | 7,253      | 3,891      |
| Prepaid Items (Note 1)  | 208,013    | 10,283     |
| Inventory (Note 1)  | 10,068     | 20,519     |
| Total Current Assets  | 6,632,275  | 5,726,908  |
| Noncurrent Assets:  |            |            |
| Restricted Assets:  |            |            |
| Cash and Cash Equivalents (Notes 1, 2 and 3)                              | 393,380    | 397,600    |
| Land and Construction in Progress, Not Being Depreciated (Note 4)         | 42,060     | 42,060     |
| Capital Assets, Net of Depreciation (Note 4)                              | 5,808,465  | 6,031,592  |
| Total Noncurrent Assets   | 6,243,905  | 6,471,252  |
| <b>OTHER ASSETS</b>   |            |            |
| Investment in Water JPA, Net of Accumulated Depreciation (Notes 3 and 10) | 3,366,443  | 3,471,053  |
| Total Other Assets  | 3,366,443  | 3,471,053  |
| Total Assets  | 16,242,623 | 15,669,213 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |            |            |
| Deferred Charge on Refunding (Note 1)                                     | 247,783    | 294,979    |
| Total Deferred Outflows of Resources                                      | \$ 247,783 | \$ 294,979 |

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Statements of Net Position - Continued**  
June 30, 2016 and 2015

|   | 2016          | 2015         |
|---|---------------|--------------|
| <b>LIABILITIES</b>                            |               |              |
| Current Liabilities:                          |               |              |
| Accounts Payable                              | \$ 1,410,149  | \$ 996,191   |
| Other Liabilities (Note 1)                    | 20,000        | 22,445       |
| Current Portion of Long-term Debt (Note 5)    | 353,630       | 343,288      |
| Accrued Payroll, Taxes and Benefits           | 101,915       | 90,273       |
| Customer Deposits                             | 72,695        | 79,750       |
| Accrued Interest                              | 41,069        | 44,355       |
| Total Current Liabilities                     | 1,999,458     | 1,576,302    |
| Long-term Debt (Note 5):                      |               |              |
| Sewer Revenue Series 2005A Bond Payable, Net  | 2,937,034     | 3,023,164    |
| Water Refunding Series 2012 Bond Payable, Net | 1,707,436     | 1,965,724    |
| Total Long-term Debt, Net of Unamortized      |               |              |
| Premium (Note 5)                              | 4,644,470     | 4,988,888    |
| Less Current Portion                          | (353,630)     | (343,288)    |
| Total Long-term Debt                          | 4,290,840     | 4,645,600    |
| Total Liabilities                             | 6,290,298     | 6,221,902    |
| <b>NET POSITION (Notes 1 and 6)</b>           |               |              |
| Net Investment in Capital Assets              | 1,690,147     | 1,615,943    |
| Unrestricted                                  | 8,509,961     | 8,126,347    |
| Total Net Position                            | \$ 10,200,108 | \$ 9,742,290 |

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, 2016 and 2015

|  | 2016         | 2015         |
|--|--------------|--------------|
| <b>OPERATING REVENUES</b>              |              |              |
| Water Revenue                          | \$ 1,598,172 | \$ 1,561,168 |
| Sewer Revenue                          | 1,115,762    | 1,106,821    |
| Sewer Revenue - Oxnard                 | 582,194      | 566,626      |
| Trash Revenue                          | 666,400      | 651,158      |
| Total Operating Revenues               | 3,962,528    | 3,885,773    |
| <b>OPERATING EXPENSES</b>              |              |              |
| Water System Expenses:                 |              |              |
| PHWA Water Expenses                    | 604,009      | 583,618      |
| Water Samples                          | 11,948       | 9,541        |
| SDHS Annual Administrative Fee         | 5,069        | -            |
| Cross Connect Contract Charges         | 1,633        | 1,586        |
| Repairs and Maintenance - Distribution | 84,442       | 93,952       |
| Water Quality Report                   | 1,483        | 1,332        |
| Total Water System Expenses            | 708,584      | 690,029      |
| Sewer System Expenses:                 |              |              |
| Waste Water Transportation - Oxnard    | 607,717      | 607,717      |
| Operations and Maintenance             | 104,464      | 213,708      |
| Telemetry                              | 20,232       | 19,822       |
| Power                                  | 15,077       | 18,256       |
| Total Sewer System Expenses            | 747,490      | 859,503      |
| Trash Expenses:                        |              |              |
| Trash Services                         | 474,637      | 472,312      |
| Total Trash Expenses                   | 474,637      | 472,312      |
| Maintenance Expenses:                  |              |              |
| Vehicle Expenses                       | 8,311        | 5,575        |
| Building Maintenance and Security      | 8,219        | 8,321        |
| Sign and Banner Expense                | -            | 776          |
| Public Landscape Project               | 1,559        | 1,274        |
| Employee Workplace Safety              | 3,682        | 2,099        |
| Gasoline Expenses                      | 12,043       | 13,448       |
| Emergency Preparedness Expense         | 527          | 658          |
| Total Maintenance Expenses             | 34,341       | 32,151       |
| Salaries and Benefits:                 |              |              |
| Regular Salaries                       | 547,873      | 491,732      |
| Retirement Benefits                    | 51,607       | 48,045       |
| Uniforms                               | 2,721        | 3,104        |
| Insurance                              | 125,003      | 115,171      |
| Payroll Taxes                          | 12,817       | 11,972       |
| Employee Educational Expense           | 2,988        | 2,462        |
| Total Salaries and Benefits            | \$ 743,009   | \$ 672,486   |

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, 2016 and 2015

|                                       | 2016              | 2015              |
|---------------------------------------|-------------------|-------------------|
| <b>OPERATING EXPENSES (CONTINUED)</b> |                   |                   |
| Administrative Expenses:              |                   |                   |
| Board Meetings                        | \$ 8,100          | \$ 8,100          |
| Board/Committee Expenses              | 358               | 886               |
| Conferences and Seminars - Board      | 15,106            | 9,076             |
| Dues/ Membership                      | 17,202            | 14,228            |
| Office Supplies                       | 6,399             | 6,135             |
| E-Pay Online                          | 6,670             | 6,291             |
| Communications                        | 15,025            | 12,663            |
| Printing and Publications             | 2,592             | 3,989             |
| Postage and Shipping                  | 15,722            | 13,356            |
| Utilities                             | 3,300             | 2,455             |
| Miscellaneous Office Expense          | 11,010            | 10,868            |
| Other Professional Services           | 81,740            | 7,678             |
| Office Equipment Maintenance          | 6,794             | 4,175             |
| Insurance                             | 28,199            | 20,732            |
| Accounting Services                   | 36,700            | 38,645            |
| Computer Services                     | 15,841            | 10,731            |
| Legal Services                        | 41,472            | 16,938            |
| Payroll Services                      | -                 | 31                |
| Engineering Services                  | -                 | 4,742             |
| Bank and Trustee Fees                 | 1,778             | 1,765             |
| Legal Notices Publication Expense     | 3,604             | 1,180             |
| Public Information Expense            | -                 | 1,150             |
|                                       | <u>317,612</u>    | <u>195,814</u>    |
| Total Administrative Expenses         |                   |                   |
| Other Operating Expenses:             |                   |                   |
| Depreciation (Note 4)                 | 260,462           | 223,191           |
| Amortization (Note 1)                 | 46,067            | 46,067            |
| Bad Debt (Note 1)                     | 4,249             | 2,357             |
|                                       | <u>310,778</u>    | <u>271,615</u>    |
| Total Other Operating Expenses        |                   |                   |
|                                       | <u>3,336,451</u>  | <u>3,193,910</u>  |
| Total Operating Expenses              |                   |                   |
| <b>OPERATING INCOME</b>               | <u>\$ 626,077</u> | <u>\$ 691,863</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, 2016 and 2015

|  | 2016                 | 2015                |
|--|----------------------|---------------------|
| <b>NON-OPERATING REVENUES AND EXPENSES</b>   |                      |                     |
| Investment Earnings                          | \$ 22,317            | \$ 14,982           |
| Net Gain (Loss) from Joint Venture (Note 10) | (87,671)             | (169,062)           |
| Developmental Impact Fee (Note 1)            | 47,632               | 77,072              |
| County Tax Apportionment (Note 1)            | 67,174               | 60,546              |
| Interest Expense                             | (200,773)            | (211,766)           |
| Net Gain (Loss) from Sale of Capital Assets  | -                    | 3,097               |
|  | <u>(151,321)</u>     | <u>(225,131)</u>    |
| <b>INCOME BEFORE CONTRIBUTIONS</b>           | <u>474,756</u>       | <u>466,732</u>      |
| <b>CAPITAL CONTRIBUTIONS</b>                 |                      |                     |
| Amortization on Contributed Capital          | (16,938)             | (16,938)            |
|  | <u>(16,938)</u>      | <u>(16,938)</u>     |
| <b>CHANGE IN NET POSITION</b>                | 457,818              | 449,794             |
| <b>NET POSITION, BEGINNING OF YEAR</b>       | <u>9,742,290</u>     | <u>9,292,496</u>    |
| <b>NET POSITION, END OF YEAR</b>             | <u>\$ 10,200,108</u> | <u>\$ 9,742,290</u> |

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**

**Statements of Cash Flows**

Years Ended June 30, 2016 and 2015

|   | <u>2016</u>                | <u>2015</u>                |
|---|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                            |                            |
| Cash Received from Water, Sewer and Trash Services                              | \$ 3,369,876               | \$ 3,901,885               |
| Cash Payments to Contract and Water System Services                             | (1,720,886)                | (1,814,691)                |
| Cash Payments to Maintenance and Administration Services                        | (344,599)                  | (219,444)                  |
| Cash Payments to Employees for Services   | <u>(731,367)</u>           | <u>(673,836)</u>           |
| <b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>                     | <u>573,024</u>             | <u>1,193,914</u>           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                          |                            |                            |
| County Tax Apportionment  | <u>67,174</u>              | <u>60,546</u>              |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>                     | <u>67,174</u>              | <u>60,546</u>              |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                 |                            |                            |
| Cash Paid for Acquisition and Construction of Capital Assets                    | (37,335)                   | (2,451,448)                |
| Capital Contributions   | 47,632                     | 77,072                     |
| Principal Paid on Debt  | (343,288)                  | (337,403)                  |
| Interest Paid on Debt   | (204,059)                  | (215,537)                  |
| Proceeds from Sale of Assets  | <u>-</u>                   | <u>3,390</u>               |
| <b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <u>(537,050)</u>           | <u>(2,923,926)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |                            |                            |
| Investment Earnings   | <u>18,955</u>              | <u>15,103</u>              |
| <b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>                     | <u>18,955</u>              | <u>15,103</u>              |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                     | 122,103                    | (1,654,363)                |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>                            | <u>5,100,980</u>           | <u>6,755,343</u>           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                                  | <u><u>\$ 5,223,083</u></u> | <u><u>\$ 5,100,980</u></u> |

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Statements of Cash Flows - Continued**  
Years Ended June 30, 2016 and 2015

|   | 2016              | 2015                |
|---|-------------------|---------------------|
| <b>RECONCILIATION OF OPERATING INCOME</b>                               |                   |                     |
| <b>TO NET CASH PROVIDED BY (USED FOR)</b>                               |                   |                     |
| <b>OPERATING ACTIVITIES</b>   |                   |                     |
| Operating Income  | \$ 626,077        | \$ 691,863          |
| <b>ADJUSTMENTS TO RECONCILE NET OPERATING INCOME</b>                    |                   |                     |
| <b>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                     |                   |                     |
| Depreciation and Amortization   | 306,529           | 269,258             |
| Bad Debt Expense  | 4,249             | 2,357               |
| (Increase) Decrease in Accounts and Other Receivables                   | (592,652)         | 16,112              |
| (Increase) Decrease in Prepaid Expenses                                 | (197,730)         | 435                 |
| (Increase) in Inventory   | 10,451            | 8,086               |
| Increase (Decrease) in Accounts Payable and Other Liabilities           | 411,513           | 216,488             |
| Increase in Accrued Payroll Taxes and Benefits                          | 11,642            | (1,350)             |
| (Decrease) in Deposits  | (7,055)           | (9,335)             |
| <b>TOTAL ADJUSTMENTS</b>  | <b>(53,053)</b>   | <b>502,051</b>      |
| <b>NET CASH PROVIDED BY (USED FOR)</b>                                  |                   |                     |
| <b>OPERATING ACTIVITIES</b>   | <b>\$ 573,024</b> | <b>\$ 1,193,914</b> |
| <b>SUPPLEMENTAL DISCLOSURES</b>   |                   |                     |
| Cash and Cash Equivalents   |                   |                     |
| Unrestricted Cash   | \$ 105,000        | \$ 105,000          |
| Board Restricted Cash and Cash Equivalents                              | 4,724,703         | 4,598,380           |
| Restricted Cash and Cash Equivalents                                    | 393,380           | 397,600             |
| Total   | \$ 5,223,083      | \$ 5,100,980        |
| Non-cash Investing and Financing Activities consisted of the following: |                   |                     |
| Amortization Related to Long-term Debt                                  | \$ 46,067         | \$ 46,067           |
| Amortization on Contributed Capital                                     | \$ 16,938         | \$ 16,938           |

The accompanying notes are an integral part of these statements.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

**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) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standard Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Statement No. 72 is effective for periods beginning after June 15, 2015. The District implemented GASB No. 72 and is reflected on the District's financial statements.

**C) 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:

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

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

**D) 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.

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.

**E) Use of Estimates**

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

**F) Restricted Net Position**

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

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

**G) 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, 2016.

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

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

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

**H) 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;
- 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.

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

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

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

**J) Net Position**

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

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

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

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

**K) Accounts Receivable**

Accounts receivable include \$150,357 and \$145,331 of unbilled utility services as of June 30, 2016 and 2015, respectively, which is attributable to the second half of the June 30<sup>th</sup> service period billed in July. The District has established a reserve for doubtful accounts based on the prior three years of bad debts. The amount of the reserve for doubtful accounts at June 30, 2016 and 2015 was \$5,000 and \$5,000 respectively. The Bad Debt expense was \$4,249 and \$2,357 as of June 30, 2016 and 2015, respectively.

**L) Other Receivables and Other Liabilities**

Other receivables include \$1,148,820 and \$566,626 from the City of Oxnard as of June 30, 2016 and 2015. The District and the City of Oxnard share a pipeline for wastewater transportation and treatment in which the City of Oxnard reimburses the District for the estimated cost for their portion of the use of the pipeline. Other liabilities, also, includes amounts accrued for trash services of \$20,000 and \$22,445 respectively, as of June 30, 2016 and 2015.

**M) 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 \$13,380 for insurance and dues, and \$194,633 for water purchases (Port Hueneme Water Agency true-up), as of June 30, 2016. Prepaid items include \$10,283 for insurance and dues as of June 30, 2015.

**N) 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.

**O) Bond Discounts and Premiums**

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

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

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

**P) 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.

**Q) 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.

**R) Reclassifications**

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

**2) CASH AND INVESTMENTS**

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

The District participates in the County Pool Investment Program with interest being allocated on the basis of deposit in the Treasury. Investment policies and associated risk factors applicable to District monies are those of the County of Ventura and are included in the County's Annual Financial Report. The carrying value and estimated market value of the County of Ventura Pool at June 30, 2016, were \$2,092,243,347 and \$2,095,922,399, respectively. The District's share of the Pool at June 30, 2016, was approximately 0.2060 percent.



**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

**2) CASH AND INVESTMENTS - Continued**

The District utilized a commercial bank for all operational transactions. The District invests cash with the County Treasurer and in Union Bank (fiscal agent for proceeds of debt). At June 30, 2016 and 2015 the carrying amount of the District's petty cash, deposits and investments were \$5,223,083 and \$5,100,980 and are broken down as follows:

|                       | <u>2016</u>             | <u>2015</u>             |
|-----------------------|-------------------------|-------------------------|
| Petty Cash            | \$ 500                  | \$ 500                  |
| Union Bank            | 334,403                 | 331,410                 |
| County Treasury       | 4,309,159               | 4,227,594               |
| First California Bank | <u>579,021</u>          | <u>541,476</u>          |
| <br>Total             | <br><u>\$ 5,223,083</u> | <br><u>\$ 5,100,980</u> |

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

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

|  | <u>2016</u>             | <u>2015</u>             |
|--|-------------------------|-------------------------|
| Statement of Net Position:                 |                         |                         |
| Unrestricted Cash                          | \$ 105,000              | \$ 105,000              |
| Board Restricted Cash and Cash Equivalents | 4,724,703               | 4,598,380               |
| Restricted Cash and Cash Equivalents       | <u>393,380</u>          | <u>397,600</u>          |
| <br>Total Cash and Investments             | <br><u>\$ 5,223,083</u> | <br><u>\$ 5,100,980</u> |

Cash and investments consist of the following:

|   | <u>2016</u>             | <u>2015</u>             |
|---|-------------------------|-------------------------|
| Cash on Hand                                  | \$ 500                  | \$ 500                  |
| Deposits with Financial Institutions          | 579,021                 | 541,476                 |
| Ventura County Treasurer's Pooled Investments | 4,309,159               | 4,227,594               |
| Investments                                   | <u>334,403</u>          | <u>331,410</u>          |
| <br>Total Cash and Investments                | <br><u>\$ 5,223,083</u> | <br><u>\$ 5,100,980</u> |

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

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

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

**2) CASH AND INVESTMENTS - Continued**

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

| <u>Authorized<br/>Investment Type</u> | <u>Maximum<br/>Maturity</u> | <u>Maximum<br/>Percentage<br/>Of *Portfolio</u> | <u>Maximum<br/>Investment<br/>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, 2016, the District had the following investments:

|   |                     | <u>Maturity Date</u> |
|---|---------------------|----------------------|
| Ventura County Treasurer's Pooled Investments | \$ 4,309,159        | N/A                  |
| Held by Bond Trustee:<br>Money Market Funds   | <u>334,403</u>      | N/A                  |
| Total   | <u>\$ 4,643,562</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, 2016 and 2015

**2) CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Credit Risk - Continued**

| <u>Investment Type</u>                           |                     | <u>Minimum<br/>Legal<br/>Rating</u> | <u>Exempt<br/>From<br/>Disclosure</u> | <u>Rating as of Year End</u> |             |                      |
|--|---------------------|-------------------------------------|---------------------------------------|------------------------------|-------------|----------------------|
|  |                     |                                     |                                       | <u>AAA</u>                   | <u>AA</u>   | <u>Not<br/>Rated</u> |
| Ventura County Treasurer's<br>Pooled Investments | \$ 4,309,159        | N/A                                 | \$ -                                  | \$ 4,309,159                 | \$ -        | \$ -                 |
| Held by Bond Trustee:<br>Money Market Funds      | <u>334,403</u>      | A                                   | <u>-</u>                              | <u>334,403</u>               | <u>-</u>    | <u>-</u>             |
| Total  | <u>\$ 4,643,562</u> |                                     | <u>\$ -</u>                           | <u>\$ 4,643,562</u>          | <u>\$ -</u> | <u>\$ -</u>          |

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

As of June 30, 2016, 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, 2016 and 2015

**2) CASH AND INVESTMENTS - Continued**

**Board Restricted Cash**

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

|  | 2016         | 2015         |
|--|--------------|--------------|
| Water and Sewer Distribution Unanticipated |              |              |
| Repairs and Maintenance                    | \$ 3,271,749 | \$ 2,723,941 |
| Rate Stabilization                         | 1,172,954    | 1,594,439    |
| Reserved for Operations                    | 280,000      | 280,000      |
| Total                                      | \$ 4,724,703 | \$ 4,598,380 |

**Restricted Cash**

Cash is restricted for the following:

|  | 2016       | 2015       |
|--|------------|------------|
| Debt Service and Capital Improvements: |            |            |
| Sewer Revenue Bond Series 2005A        | \$ 320,685 | \$ 317,850 |
| Customer Deposits                      | 72,695     | 79,750     |
| Total                                  | \$ 393,380 | \$ 397,600 |

**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, 2016 and 2015

**3) FAIR VALUE MEASUREMENTS - Continued**

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

|  | 2016                |  |                     |
|--|---------------------|--|---------------------|
|  | Fair Value          | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Uncategorized       |
| Investments:   |                     |  |                     |
| Ventura County Treasurer's Pooled<br>Investments           | \$ 4,309,159        | \$ -   | \$ 4,309,159        |
| Held by Bond Trustee:<br>Money Market Funds                | <u>334,403</u>      | <u>-</u>   | <u>334,403</u>      |
| Total Investments  | <u>\$ 4,643,562</u> | <u>\$ -</u>  | <u>\$ 4,643,562</u> |
| Other Assets:  |                     |  |                     |
| Investment in Water JPA,<br>Net of Accumulated Deprecation | \$ 3,366,443        | \$ 3,366,443                                       | \$ -                |
|  |                     |  |                     |
|  | 2015                |  |                     |
|  | Fair Value          | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Uncategorized       |
| Investments:   |                     |  |                     |
| Ventura County Treasurer's Pooled<br>Investments           | \$ 4,227,594        | \$ -   | \$ 4,227,594        |
| Held by Bond Trustee:<br>Money Market Funds                | <u>331,410</u>      | <u>-</u>   | <u>331,410</u>      |
| Total Investments  | <u>\$ 4,559,004</u> | <u>\$ -</u>  | <u>\$ 4,559,004</u> |
| Other Assets:  |                     |  |                     |
| Investment in Water JPA,<br>Net of Accumulated Deprecation | \$ 3,471,053        | \$ 3,471,053                                       | \$ -                |

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

**4) CAPITAL ASSETS**

Minor expenditures for renewals and betterment are charged to expense. Major expenditures for renewals and betterment are capitalized. Costs of assets sold, retired or otherwise disposed of have been eliminated from accounts, and gains or losses on disposition are included in operations. Public domain (infrastructure) fixed assets are capitalized and include water distribution systems and sewer collection systems. Donated land is recorded at estimated or appraised value at the date donated to the District, as required by generally accepted accounting principles.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

**4) CAPITAL ASSETS - Continued**

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

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

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

|   | Beginning<br>Balance | Additions    | Deletions | Ending<br>Balance |
|---|----------------------|--------------|-----------|-------------------|
| Capital Assets, Not Depreciated:                |                      |              |           |                   |
| Land  | \$ 42,060            | \$ -         | \$ -      | \$ 42,060         |
| Total Capital Assets,<br>Not Depreciated        | 42,060               | -            | -         | 42,060            |
| Capital Assets, Being Depreciated:              |                      |              |           |                   |
| Office Furniture and Equipment                  | 77,164               | 22,238       | 12,492    | 86,910            |
| Vehicles  | 175,867              | -            | -         | 175,867           |
| Tools and Shop Equipment                        | 253,828              | -            | 3,009     | 250,819           |
| Office Building                                 | 96,393               | -            | -         | 96,393            |
| 1911 Act Sewer Line                             | 6,528,920            | 15,097       | -         | 6,544,017         |
| Water Distribution System                       | 2,958,754            | -            | -         | 2,958,754         |
| Total Capital Assets, Being<br>Depreciated      | 10,090,926           | 37,335       | 15,501    | 10,112,760        |
| Less Accumulated Depreciation:                  |                      |              |           |                   |
| Office Furniture and Equipment                  | (73,601)             | (3,853)      | (12,492)  | (64,962)          |
| Vehicles  | (125,363)            | (13,084)     | -         | (138,447)         |
| Tools and Shop Equipment                        | (198,032)            | (8,827)      | (3,009)   | (203,850)         |
| Office Building                                 | (80,686)             | (1,084)      | -         | (81,770)          |
| 1911 Act Sewer Line                             | (1,468,806)          | (146,390)    | -         | (1,615,196)       |
| Water Distribution System                       | (2,112,846)          | (87,224)     | -         | (2,200,070)       |
| Total Accumulated Depreciation                  | (4,059,334)          | (260,462)    | (15,501)  | (4,304,295)       |
| Total Capital Assets, Being<br>Depreciated, Net | 6,031,592            | (223,127)    | -         | 5,808,465         |
| Capital Assets, Net of Depreciation             | \$ 6,073,652         | \$ (223,127) | \$ -      | \$ 5,850,525      |

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

**5) LONG-TERM DEBT**

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

| Changes in Long-Term Debt        | Beginning<br>Balance       | Additions          | Deletions                | Ending<br>Balance          | Due Within<br>One Year   |
|----------------------------------|----------------------------|--------------------|--------------------------|----------------------------|--------------------------|
| 2005A Sewer Revenue Bond Series  | \$ 3,000,000               | \$ -               | \$ 85,000                | \$ 2,915,000               | \$ 90,000                |
| 2012 Water Refunding Bond Series | 1,965,724                  | -                  | 258,288                  | 1,707,436                  | 263,630                  |
| Premiums on Bonds                | <u>23,164</u>              | <u>-</u>           | <u>1,130</u>             | <u>22,034</u>              | <u>-</u>                 |
| <b>Total</b>                     | <b><u>\$ 4,988,888</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 344,418</u></b> | <b><u>\$ 4,644,470</u></b> | <b><u>\$ 353,630</u></b> |

**Bonds Payable**

In 2006, the District issued \$3,455,000 in Sewer Revenue Certificates of Participation Series 2005A to fund certain improvements to the Sewer System and to the Water System. The Certificates interest rates range from 3.70% to 5.25%. Interest on the Certificates is payable November 1<sup>st</sup> and May 1<sup>st</sup> of each year. Principal on the Certificates is payable in annual installments ranging from \$70,000 to \$225,000 commencing November 1, 2009 through November 1, 2035. At June 30, 2016, the District has a cash reserve balance for debt service of \$236,310 which is sufficient to cover the Certificates Indenture Reserve Requirement.

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

Future debt requirements are as follows:

| Year Ending<br>June 30, | Sewer Bond<br>Series 2005A |                            | Water Bond<br>Series 2012  |                          | Total<br>Debt Requirements |                            |
|-------------------------|----------------------------|----------------------------|----------------------------|--------------------------|----------------------------|----------------------------|
|                         | Principal                  | Interest                   | Principal                  | Interest                 | Principal                  | Interest                   |
| 2017                    | \$ 90,000                  | \$ 144,242                 | \$ 263,630                 | \$ 48,056                | \$ 353,630                 | \$ 192,298                 |
| 2018                    | 95,000                     | 140,173                    | 272,961                    | 39,873                   | 367,961                    | 180,046                    |
| 2019                    | 100,000                    | 135,833                    | 281,332                    | 31,420                   | 381,332                    | 167,253                    |
| 2020                    | 105,000                    | 131,193                    | 289,240                    | 22,719                   | 394,240                    | 153,912                    |
| 2021                    | 105,000                    | 126,390                    | 296,669                    | 13,784                   | 401,669                    | 140,174                    |
| 2022-2026               | 615,000                    | 549,931                    | 303,604                    | 4,630                    | 918,604                    | 554,561                    |
| 2027-2031               | 785,000                    | 375,244                    | -                          | -                        | 785,000                    | 375,244                    |
| 2032-2036               | <u>1,020,000</u>           | <u>139,388</u>             | <u>-</u>                   | <u>-</u>                 | <u>1,020,000</u>           | <u>139,388</u>             |
| <b>Total</b>            | <b><u>\$2,915,000</u></b>  | <b><u>\$ 1,742,394</u></b> | <b><u>\$ 1,707,436</u></b> | <b><u>\$ 160,482</u></b> | <b><u>\$ 4,622,436</u></b> | <b><u>\$ 1,902,876</u></b> |

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

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

**Revenues Pledged**

The District has pledged a portion of future sewer revenues and a portion of investment earnings to repay the District's Sewer Revenue Certificates of Participation Series 2005A. The District's Sewer Certificates of Participation are payable solely from sewer revenues and a portion of investment earnings. Total principal and interest remaining on the Sewer Certificates of Participation are \$4,657,394, payable through fiscal year 2036. For the current year, principal and interest paid by sewer revenues and investment earnings were \$85,000 and \$148,050, respectively.

The District has pledged a portion of water revenues and a portion of investment earnings to repay the District's Water Revenue Refunding Certificates of Participation Series 2012. The District's Water Certificates of Participation are payable solely from water revenues and a portion of investment earnings. Total principal and interest remaining on the Water Certificates of Participation are \$1,867,918, payable through fiscal year 2022. For the current year, principal and interest paid by water revenues and investment earnings were \$258,288 and \$56,016, respectively.

**6) NET POSITION**

Net position at June 30, 2016 and 2015, consisted of the following:

|                                  | 2016                     | 2015                     |
|----------------------------------|--------------------------|--------------------------|
| Invested in Capital Assets:      |                          |                          |
| Net Investment in Capital Assets | \$ 1,690,147             | \$ 1,615,943             |
| Total Invested in Capital Assets | 1,690,147 <sup>(1)</sup> | 1,615,943 <sup>(2)</sup> |
| Unrestricted Net Position        | 8,509,961                | 8,126,347                |
| Total Net Position               | \$ 10,200,108            | \$ 9,742,290             |

<sup>(1)</sup> As of June 30, 2016, \$247,783 of deferred outflows of resources and \$(4,408,161) of capital related debt (net of reserves) were included in the net investment in capital assets.

<sup>(2)</sup> As of June 30, 2015, \$294,979 of deferred outflows of resources and \$(4,752,688) of capital related debt (net of reserves) were included in the net investment in capital assets.

**7) RETIREMENT PLAN**

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



**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

**7) RETIREMENT PLAN - Continued**

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

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

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

**8) INCOME TAX**

The District is exempt from income taxes.

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

The District is a member of the Association of California Water Agency Joint Powers Insurance Authority (ACWAJPIA). The District receives the benefits of the pooled insurance risk program, but not as an equity member of the authority. Total insurance payments for the year ended June 30, 2016 and 2015 were \$31,297 and \$20,663 respectively.

**10) 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, 2016 was \$15,837,984, of which CIBCSO's share was \$3,129,814. 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.

**Channel Islands Beach Community Services District**  
**Notes to Financial Statements**  
Years Ended June 30, 2016 and 2015

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

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

|   | 2016          | 2015          |
|---|---------------|---------------|
| Total Assets                                      | \$ 19,437,574 | \$ 18,999,794 |
| Total Liabilities                                 | 2,402,161     | 1,435,022     |
| Net Position                                      |               |               |
| Net Investment in Capital Assets                  | 15,315,287    | 15,887,452    |
| Restricted for Operations                         | 522,700       | 367,223       |
| Unrestricted                                      | 1,197,426     | 1,310,097     |
| Total Net Position                                | \$ 17,035,413 | \$ 17,564,772 |
|   |               |               |
|   | 2016          | 2015          |
| Total Revenues                                    | \$ 4,109,638  | \$ 4,256,886  |
| Total Expenses                                    | (4,638,997)   | 5,198,114     |
| Net Increase (Decrease) in Net Position           | \$ (529,359)  | \$ (941,228)  |
| CIBCSD's report its share of the PHWA as follows: |               |               |
| Investment in PHWA                                | \$ 3,366,443  | \$ 3,471,053  |
| Profit (Loss) in PHWA Joint Venture               | \$ (87,671)   | \$ (169,062)  |
| Amortization on Contributed Capital               | \$ (16,938)   | \$ (16,938)   |

**11) SUBSEQUENT EVENTS**

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

On August 9, 2016, the District adopted Ordinance 85 which changed the water and wastewater service charges structure that became effective on September 15, 2016.

## **SUPPLEMENTAL INFORMATION**



**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - All Activities**  
Year Ended June 30, 2016

|  | Original<br>and<br>Final Budget | Actual           | Variance<br>Positive<br>(Negative) |
|--|---------------------------------|------------------|------------------------------------|
| <b>OPERATING REVENUES</b>              |                                 |                  |                                    |
| Water Revenue                          | \$ 1,710,000                    | \$ 1,598,172     | \$ (111,828)                       |
| Sewer Revenue                          | 1,142,560                       | 1,115,762        | (26,798)                           |
| Sewer Revenue - Oxnard                 | 608,440                         | 582,194          | (26,246)                           |
| Trash Revenue                          | 667,680                         | 666,400          | (1,280)                            |
|  | <u>4,128,680</u>                | <u>3,962,528</u> | <u>(166,152)</u>                   |
| <b>OPERATING EXPENSES</b>              |                                 |                  |                                    |
| Water System Expenses:                 |                                 |                  |                                    |
| PHWA Water Expense                     | 743,000                         | 604,009          | 138,991                            |
| Water Samples                          | 14,000                          | 11,948           | 2,052                              |
| SDHS Annual Admin. Fee                 | 6,400                           | 5,069            | 1,331                              |
| Cross Connect Contract Charges         | 1,600                           | 1,633            | (33)                               |
| Repairs and Maintenance - Distribution | 66,000                          | 84,442           | (18,442)                           |
| Water Quality Report                   | 1,600                           | 1,483            | 117                                |
| Capital Replacement Fund               | 112,128                         | -                | 112,128                            |
|  | <u>944,728</u>                  | <u>708,584</u>   | <u>236,144</u>                     |
| Sewer System Expenses:                 |                                 |                  |                                    |
| Waste Water Transportation - Oxnard    | 655,000                         | 607,717          | 47,283                             |
| Operations and Maintenance             | 115,000                         | 104,464          | 10,536                             |
| Telemetry                              | 15,500                          | 20,232           | (4,732)                            |
| Power                                  | 21,000                          | 15,077           | 5,923                              |
| Capital Replacement Fund               | 208,656                         | -                | 208,656                            |
|  | <u>1,015,156</u>                | <u>747,490</u>   | <u>267,666</u>                     |
| Trash Expenses:                        |                                 |                  |                                    |
| Trash Services                         | 489,000                         | 474,637          | 14,363                             |
|  | <u>489,000</u>                  | <u>474,637</u>   | <u>14,363</u>                      |
| Maintenance Expenses:                  |                                 |                  |                                    |
| Vehicle Maintenance Expenses           | 6,000                           | 8,311            | (2,311)                            |
| Building Security                      | 860                             | 837              | 23                                 |
| Building Maintenance                   | 18,500                          | 7,382            | 11,118                             |
| Sign and Banner Expense                | 1,500                           | -                | 1,500                              |
| Public Landscape Project               | 1,500                           | 1,559            | (59)                               |
| Employee Workplace Safety              | 4,000                           | 3,682            | 318                                |
| Gasoline Expenses                      | 15,000                          | 12,043           | 2,957                              |
| Emergency Preparedness Expense         | 1,500                           | 527              | 973                                |
|  | <u>\$ 48,860</u>                | <u>\$ 34,341</u> | <u>\$ 14,519</u>                   |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - All Activities - Continued**  
Year Ended June 30, 2016

|                                       | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|---------------------------------------|---------------------------------|-------------------|------------------------------------|
| <b>OPERATING EXPENSES (CONTINUED)</b> |                                 |                   |                                    |
| Salaries and Benefits:                |                                 |                   |                                    |
| Regular Salaries                      | \$ 531,030                      | \$ 547,873        | \$ (16,843)                        |
| Retirement Benefits                   | 53,103                          | 51,607            | 1,496                              |
| Uniforms                              | 2,600                           | 2,721             | (121)                              |
| Group Insurance                       | 105,700                         | 110,528           | (4,828)                            |
| Worker's Compensation Insurance       | 17,000                          | 14,475            | 2,525                              |
| Payroll Taxes                         | 15,400                          | 12,817            | 2,583                              |
| Employee Educational Expense          | 3,000                           | 2,988             | 12                                 |
|                                       | <u>727,833</u>                  | <u>743,009</u>    | <u>(15,176)</u>                    |
| Administrative Expenses:              |                                 |                   |                                    |
| Regular Board Payments                | 7,500                           | 6,100             | 1,400                              |
| Special Board Meetings                | 2,300                           | 2,000             | 300                                |
| Board/Committee Expenses              | 1,300                           | 358               | 942                                |
| Conferences and Seminars - Board      | 4,000                           | 4,800             | (800)                              |
| Board Travel and Lodging              | 5,000                           | 10,306            | (5,306)                            |
| Dues/Membership - District            | 18,500                          | 17,202            | 1,298                              |
| Office Supplies                       | 7,000                           | 6,399             | 601                                |
| E-Pay Online                          | 6,750                           | 6,670             | 80                                 |
| Communications                        | 14,000                          | 15,025            | (1,025)                            |
| Printing and Publications             | 5,000                           | 2,592             | 2,408                              |
| Postage and Shipping                  | 15,000                          | 15,722            | (722)                              |
| Utilities                             | 3,000                           | 3,300             | (300)                              |
| Miscellaneous Office Expense          | 11,300                          | 11,010            | 290                                |
| Other Professional Services           | 10,000                          | 81,740            | (71,740)                           |
| Office Equipment Maintenance          | 6,000                           | 6,794             | (794)                              |
| Equipment Purchases                   | 44,500                          | -                 | 44,500                             |
| Insurance                             | 22,200                          | 28,199            | (5,999)                            |
| Accounting Services                   | 42,000                          | 36,700            | 5,300                              |
| Computer Services                     | 13,600                          | 15,841            | (2,241)                            |
| Legal Services                        | 25,000                          | 41,472            | (16,472)                           |
| Engineering Services                  | 51,000                          | -                 | 51,000                             |
| Bank and Trustee Fees                 | 6,000                           | 1,778             | 4,222                              |
| Legal Notices Publication Expense     | 5,000                           | 3,604             | 1,396                              |
| Public Information Expense            | 1,500                           | -                 | 1,500                              |
|                                       | <u>\$ 327,450</u>               | <u>\$ 317,612</u> | <u>\$ 9,838</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, 2016

|   | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|------------------------------------|
| <b>OPERATING EXPENSES (CONTINUED)</b>     |                                 |                   |                                    |
| Other Operating Expenses:                 |                                 |                   |                                    |
| Depreciation                              | \$ -                            | \$ 260,462        | \$ (260,462)                       |
| Amortization                              | -                               | 46,067            | (46,067)                           |
| Bad Debt                                  | -                               | 4,249             | (4,249)                            |
| Total Other Operating Expenses            | -                               | 310,778           | (310,778)                          |
| Total Operating Expenses                  | 3,553,027                       | 3,336,451         | 216,576                            |
| <b>OPERATING INCOME (LOSS)</b>            | <b>575,653</b>                  | <b>626,077</b>    | <b>50,424</b>                      |
| <b>NONOPERATING REVENUES AND EXPENSES</b> |                                 |                   |                                    |
| Nonoperating Revenue:                     |                                 |                   |                                    |
| Investment Earnings                       | 6,500                           | 22,317            | 15,817                             |
| Net Gain (Loss) from Joint Venture        | -                               | (87,671)          | (87,671)                           |
| Developmental Impact Fee                  | -                               | 47,632            | 47,632                             |
| County Tax Apportionment                  | 55,000                          | 67,174            | 12,174                             |
| Total Nonoperating Revenues               | 61,500                          | 49,452            | (12,048)                           |
| Nonoperating Expenses:                    |                                 |                   |                                    |
| Interest Expense                          | 204,066                         | 200,773           | 3,293                              |
| Total Nonoperating Expenses               | 204,066                         | 200,773           | 3,293                              |
| Total Nonoperating Revenues and Expenses  | (142,566)                       | (151,321)         | (8,755)                            |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b> | <b>\$ 433,087</b>               | <b>\$ 474,756</b> | <b>\$ 41,669</b>                   |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Water**  
Year Ended June 30, 2016

|  | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|--|---------------------------------|-------------------|------------------------------------|
| <b>OPERATING REVENUES</b>              |                                 |                   |                                    |
| Water Revenue                          | \$ 1,710,000                    | \$ 1,598,172      | \$ (111,828)                       |
| Total Operating Revenues               | <u>1,710,000</u>                | <u>1,598,172</u>  | <u>(111,828)</u>                   |
| <b>OPERATING EXPENSES</b>              |                                 |                   |                                    |
| Water System Expenses:                 |                                 |                   |                                    |
| PHWA Water Expense                     | 743,000                         | 604,009           | 138,991                            |
| Water Samples                          | 14,000                          | 11,948            | 2,052                              |
| SDHS Annual Admin. Fee                 | 6,400                           | 5,069             | 1,331                              |
| Cross Connect Contract Charges         | 1,600                           | 1,633             | (33)                               |
| Repairs and Maintenance - Distribution | 66,000                          | 84,442            | (18,442)                           |
| Water Quality Report                   | 1,600                           | 1,483             | 117                                |
| Capital Replacement Fund               | 112,128                         | -                 | 112,128                            |
| Total Water System Expenses            | <u>944,728</u>                  | <u>708,584</u>    | <u>236,144</u>                     |
| Maintenance Expenses:                  |                                 |                   |                                    |
| Vehicle Maintenance Expenses           | 2,460                           | 3,408             | (948)                              |
| Building Security                      | 215                             | 209               | 6                                  |
| Building Maintenance                   | 4,625                           | 1,846             | 2,779                              |
| Sign and Banner Expense                | 375                             | -                 | 375                                |
| Employee Workplace Safety              | 1,640                           | 1,510             | 130                                |
| Gasoline Expenses                      | 6,150                           | 4,938             | 1,212                              |
| Emergency Preparedness Expense         | 375                             | 132               | 243                                |
| Total Maintenance Expenses             | <u>15,840</u>                   | <u>12,043</u>     | <u>3,797</u>                       |
| Salaries and Benefits:                 |                                 |                   |                                    |
| Regular Salaries                       | 207,102                         | 213,669           | (6,567)                            |
| Retirement Benefits                    | 20,710                          | 20,127            | 583                                |
| Uniforms                               | 1,066                           | 1,116             | (50)                               |
| Group Insurance                        | 41,223                          | 43,106            | (1,883)                            |
| Worker's Compensation Insurance        | 6,630                           | 5,645             | 985                                |
| Payroll Taxes                          | 6,006                           | 4,998             | 1,008                              |
| Employee Educational Expense           | 1,200                           | 1,195             | 5                                  |
| Total Salaries and Benefits            | <u>\$ 283,937</u>               | <u>\$ 289,856</u> | <u>\$ (5,919)</u>                  |



**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Water - Continued**  
Year Ended June 30, 2016

|                                       | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|---------------------------------------|---------------------------------|-------------------|------------------------------------|
| <b>OPERATING EXPENSES (CONTINUED)</b> |                                 |                   |                                    |
| Administrative Expenses:              |                                 |                   |                                    |
| Regular Board Payments                | \$ 2,250                        | \$ 1,830          | \$ 420                             |
| Special Board Meetings                | 690                             | 600               | 90                                 |
| Board/Committee Expenses              | 390                             | 107               | 283                                |
| Conferences and Seminars - Board      | 1,360                           | 1,632             | (272)                              |
| Board Travel and Lodging              | 2,000                           | 4,122             | (2,122)                            |
| Dues/Membership - District            | 7,585                           | 7,053             | 532                                |
| Office Supplies                       | 2,240                           | 2,048             | 192                                |
| E-Pay Online                          | 2,295                           | 2,268             | 27                                 |
| Communications                        | 3,500                           | 3,756             | (256)                              |
| Printing and Publications             | 1,500                           | 778               | 722                                |
| Postage and Shipping                  | 4,500                           | 4,717             | (217)                              |
| Utilities                             | 900                             | 990               | (90)                               |
| Miscellaneous Office Expense          | 3,390                           | 3,303             | 87                                 |
| Other Professional Services           | 3,000                           | 24,522            | (21,522)                           |
| Office Equipment Maintenance          | 2,880                           | 3,261             | (381)                              |
| Equipment Purchases                   | 16,465                          | -                 | 16,465                             |
| Insurance                             | 7,770                           | 9,870             | (2,100)                            |
| Accounting Services                   | 18,480                          | 16,148            | 2,332                              |
| Computer Services                     | 4,080                           | 4,752             | (672)                              |
| Legal Services                        | 11,000                          | 18,248            | (7,248)                            |
| Engineering Services                  | 7,650                           | -                 | 7,650                              |
| Bank and Trustee Fees                 | 960                             | 284               | 676                                |
| Legal Notices Publication Expense     | 1,700                           | 1,225             | 475                                |
| Public Information Expense            | 375                             | -                 | 375                                |
|                                       | <u>106,960</u>                  | <u>111,514</u>    | <u>(4,554)</u>                     |
| Total Administrative Expenses         |                                 |                   |                                    |
| Other Operating Expenses:             |                                 |                   |                                    |
| Depreciation                          | -                               | 132,835           | (132,835)                          |
| Amortization                          | -                               | 47,197            | (47,197)                           |
| Bad Debt                              | -                               | 1,445             | (1,445)                            |
|                                       | <u>-</u>                        | <u>181,477</u>    | <u>(181,477)</u>                   |
| Total Other Operating Expenses        |                                 |                   |                                    |
|                                       | <u>1,351,465</u>                | <u>1,303,474</u>  | <u>47,991</u>                      |
| Total Operating Expenses              |                                 |                   |                                    |
| <b>OPERATING INCOME (LOSS)</b>        | <u>\$ 358,535</u>               | <u>\$ 294,698</u> | <u>\$ (63,837)</u>                 |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Water - Continued**  
Year Ended June 30, 2016

|   | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|------------------------------------|
| <b>NONOPERATING REVENUES AND EXPENSES</b> |                                 |                   |                                    |
| Nonoperating Revenues:                    |                                 |                   |                                    |
| Investment Earnings                       | \$ 2,275                        | \$ 7,811          | \$ 5,536                           |
| Net Gain (Loss) from Joint Venture        | -                               | (87,671)          | (87,671)                           |
| Developmental Impact Fee                  | -                               | 42,392            | 42,392                             |
|   | <u>2,275</u>                    | <u>(37,468)</u>   | <u>(39,743)</u>                    |
| Total Nonoperating Revenues               |                                 |                   |                                    |
| Nonoperating Expenses:                    |                                 |                   |                                    |
| Interest Expense                          | <u>56,016</u>                   | <u>55,355</u>     | <u>661</u>                         |
|   | <u>56,016</u>                   | <u>55,355</u>     | <u>661</u>                         |
| Total Nonoperating Expenses               |                                 |                   |                                    |
|   | <u>(53,741)</u>                 | <u>(92,823)</u>   | <u>(39,082)</u>                    |
| Total Nonoperating Revenues and Expenses  |                                 |                   |                                    |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b> | <u>\$ 304,794</u>               | <u>\$ 201,875</u> | <u>\$ (102,919)</u>                |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Wastewater**  
Year Ended June 30, 2016

|                                     | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|-------------------------------------|---------------------------------|-------------------|------------------------------------|
| <b>OPERATING REVENUES</b>           |                                 |                   |                                    |
| Sewer Revenue                       | \$ 1,142,560                    | \$ 1,115,762      | \$ (26,798)                        |
| Sewer Revenue - Oxnard              | 608,440                         | 582,194           | (26,246)                           |
| Total Operating Revenues            | <u>1,751,000</u>                | <u>1,697,956</u>  | <u>(53,044)</u>                    |
| <b>OPERATING EXPENSES</b>           |                                 |                   |                                    |
| Sewer System Expense:               |                                 |                   |                                    |
| Waste Water Transportation - Oxnard | 655,000                         | 607,717           | 47,283                             |
| Operations and Maintenance          | 115,000                         | 104,464           | 10,536                             |
| Telemetry                           | 15,500                          | 20,232            | (4,732)                            |
| Power                               | 21,000                          | 15,077            | 5,923                              |
| Capital Replacement Fund            | 208,656                         | -                 | 208,656                            |
| Total Sewer System Expenses         | <u>1,015,156</u>                | <u>747,490</u>    | <u>267,666</u>                     |
| Maintenance Expenses:               |                                 |                   |                                    |
| Vehicle Maintenance Expenses        | 2,280                           | 3,158             | (878)                              |
| Building Security                   | 215                             | 210               | 5                                  |
| Building Maintenance                | 4,625                           | 1,846             | 2,779                              |
| Sign and Banner Expense             | 375                             | -                 | 375                                |
| Employee Workplace Safety           | 1,520                           | 1,399             | 121                                |
| Gasoline Expenses                   | 5,700                           | 4,576             | 1,124                              |
| Emergency Preparedness Expense      | 375                             | 132               | 243                                |
| Total Maintenance Expenses          | <u>15,090</u>                   | <u>11,321</u>     | <u>3,769</u>                       |
| Salaries and Benefits:              |                                 |                   |                                    |
| Regular Salaries                    | 185,860                         | 191,756           | (5,896)                            |
| Retirement Benefits                 | 18,586                          | 18,062            | 524                                |
| Uniforms                            | 988                             | 1,034             | (46)                               |
| Group Insurance                     | 36,995                          | 38,685            | (1,690)                            |
| Worker's Compensation Insurance     | 5,950                           | 5,066             | 884                                |
| Payroll Taxes                       | 5,390                           | 4,486             | 904                                |
| Employee Educational Expense        | 1,200                           | 1,195             | 5                                  |
| Total Salaries and Benefits         | <u>\$ 254,969</u>               | <u>\$ 260,284</u> | <u>\$ (5,315)</u>                  |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Wastewater - Continued**  
Year Ended June 30, 2016

|                                       | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|---------------------------------------|---------------------------------|-------------------|------------------------------------|
| <b>OPERATING EXPENSES (CONTINUED)</b> |                                 |                   |                                    |
| Administrative Expenses:              |                                 |                   |                                    |
| Regular Board Payments                | \$ 2,250                        | \$ 1,830          | \$ 420                             |
| Special Board Meetings                | 690                             | 600               | 90                                 |
| Board/Committee Expenses              | 390                             | 107               | 283                                |
| Conferences and Seminars - Board      | 1,360                           | 1,632             | (272)                              |
| Board Travel and Lodging              | 2,000                           | 4,122             | (2,122)                            |
| Dues/Membership - District            | 5,920                           | 5,505             | 415                                |
| Office Supplies                       | 2,240                           | 2,048             | 192                                |
| E-Pay Online                          | 2,228                           | 2,201             | 27                                 |
| Communications                        | 3,500                           | 3,756             | (256)                              |
| Printing and Publications             | 1,500                           | 778               | 722                                |
| Postage and Shipping                  | 4,500                           | 4,717             | (217)                              |
| Utilities                             | 900                             | 990               | (90)                               |
| Miscellaneous Office Expense          | 3,390                           | 3,303             | 87                                 |
| Other Professional Services           | 3,000                           | 24,522            | (21,522)                           |
| Office Equipment Maintenance          | 1,680                           | 1,902             | (222)                              |
| Equipment Purchases                   | 24,920                          | -                 | 24,920                             |
| Insurance                             | 7,770                           | 9,870             | (2,100)                            |
| Accounting Services                   | 13,440                          | 11,744            | 1,696                              |
| Computer Services                     | 4,080                           | 4,752             | (672)                              |
| Legal Services                        | 8,000                           | 13,271            | (5,271)                            |
| Engineering Services                  | 43,350                          | -                 | 43,350                             |
| Bank and Trustee Fees                 | 3,120                           | 925               | 2,195                              |
| Legal Notices Publication Expense     | 1,650                           | 1,189             | 461                                |
| Public Information Expense            | 375                             | -                 | 375                                |
|                                       | <u>142,253</u>                  | <u>99,764</u>     | <u>42,489</u>                      |
| Total Administrative Expenses         |                                 |                   |                                    |
| Other Operating Expenses:             |                                 |                   |                                    |
| Depreciation                          | -                               | 119,813           | (119,813)                          |
| Amortization                          | -                               | (1,130)           | 1,130                              |
| Bad Debt                              | -                               | 1,402             | (1,402)                            |
|                                       | <u>-</u>                        | <u>120,085</u>    | <u>(120,085)</u>                   |
| Total Other Operating Expenses        |                                 |                   |                                    |
|                                       | <u>1,427,468</u>                | <u>1,238,944</u>  | <u>188,524</u>                     |
| Total Operating Expenses              |                                 |                   |                                    |
| <b>OPERATING INCOME (LOSS)</b>        | <u>\$ 323,532</u>               | <u>\$ 459,012</u> | <u>\$ 135,480</u>                  |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Wastewater - Continued**  
Year Ended June 30, 2016

|   | Original<br>and<br>Final Budget | Actual            | Variance<br>Positive<br>(Negative) |
|---|---------------------------------|-------------------|------------------------------------|
| <b>NONOPERATING REVENUES AND EXPENSES</b> |                                 |                   |                                    |
| Nonoperating Revenues:                    |                                 |                   |                                    |
| Investment Earnings                       | \$ 3,575                        | \$ 12,274         | \$ 8,699                           |
| Developmental Impact Fee                  | -                               | 5,240             | 5,240                              |
|   | <u>3,575</u>                    | <u>17,514</u>     | <u>13,939</u>                      |
| Total Nonoperating Revenues               |                                 |                   |                                    |
| Nonoperating Expenses:                    |                                 |                   |                                    |
| Interest Expense                          | 148,050                         | 145,418           | 2,632                              |
|   | <u>148,050</u>                  | <u>145,418</u>    | <u>2,632</u>                       |
| Total Nonoperating Expenses               |                                 |                   |                                    |
|   | <u>(144,475)</u>                | <u>(127,904)</u>  | <u>16,571</u>                      |
| Total Nonoperating Revenues and Expenses  |                                 |                   |                                    |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b> | <u>\$ 179,057</u>               | <u>\$ 331,108</u> | <u>\$ 152,051</u>                  |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Solid Waste Disposal**  
Year Ended June 30, 2016

|                                  | Original<br>and<br>Final Budget | Actual         | Variance<br>Positive<br>(Negative) |
|----------------------------------|---------------------------------|----------------|------------------------------------|
| <b>OPERATING REVENUES</b>        |                                 |                |                                    |
| Trash Revenue                    | \$ 667,680                      | \$ 666,400     | \$ (1,280)                         |
| Total Operating Revenues         | <u>667,680</u>                  | <u>666,400</u> | <u>(1,280)</u>                     |
| <b>OPERATING EXPENSES</b>        |                                 |                |                                    |
| Trash Expense:                   |                                 |                |                                    |
| Trash Service                    | 489,000                         | 474,637        | 14,363                             |
| Total Trash Expense              | <u>489,000</u>                  | <u>474,637</u> | <u>14,363</u>                      |
| Maintenance Expenses:            |                                 |                |                                    |
| Vehicle Maintenance Expenses     | 720                             | 997            | (277)                              |
| Building Security                | 215                             | 209            | 6                                  |
| Building Maintenance             | 4,625                           | 1,846          | 2,779                              |
| Sign and Banner Expense          | 375                             | -              | 375                                |
| Employee Workplace Safety        | 480                             | 442            | 38                                 |
| Gasoline Expenses                | 1,800                           | 1,445          | 355                                |
| Emergency Preparedness Expense   | 375                             | 132            | 243                                |
| Total Maintenance Expenses       | <u>8,590</u>                    | <u>5,071</u>   | <u>3,519</u>                       |
| Salaries and Benefits:           |                                 |                |                                    |
| Regular Salaries                 | 90,275                          | 93,138         | (2,863)                            |
| Retirement Benefits              | 9,028                           | 8,773          | 255                                |
| Uniforms                         | 312                             | 327            | (15)                               |
| Group Insurance                  | 17,969                          | 18,790         | (821)                              |
| Worker's Compensation Insurance  | 2,890                           | 2,461          | 429                                |
| Payroll Taxes                    | 2,618                           | 2,179          | 439                                |
| Employee Educational Expense     | 450                             | 448            | 2                                  |
| Total Salaries and Benefits      | <u>123,542</u>                  | <u>126,116</u> | <u>(2,574)</u>                     |
| Administrative Expenses:         |                                 |                |                                    |
| Regular Board Payments           | \$ 750                          | \$ 610         | \$ 140                             |
| Special Board Meetings           | 230                             | 200            | 30                                 |
| Board/Committee Expenses         | 130                             | 36             | 94                                 |
| Conferences and Seminars - Board | 640                             | 768            | (128)                              |
| Board Travel and Lodging         | 750                             | 1,546          | (796)                              |
| Dues/Membership - District       | 3,145                           | 2,924          | 221                                |
| E-Pay Online                     | 2,227                           | 2,201          | 26                                 |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Solid Waste Disposal - Continued**  
Year Ended June 30, 2016

|   | Original<br>and<br>Final Budget | Actual             | Variance<br>Positive<br>(Negative) |
|---|---------------------------------|--------------------|------------------------------------|
| <b>OPERATING EXPENSES (CONTINUED)</b>     |                                 |                    |                                    |
| Administrative Expenses: (Continued)      |                                 |                    |                                    |
| Office Supplies                           | \$ 2,240                        | \$ 2,048           | \$ 192                             |
| Communications                            | 3,500                           | 3,756              | (256)                              |
| Printing and Publications                 | 1,500                           | 778                | 722                                |
| Postage and Shipping                      | 4,500                           | 4,717              | (217)                              |
| Utilities                                 | 900                             | 990                | (90)                               |
| Miscellaneous Office Expense              | 3,390                           | 3,303              | 87                                 |
| Other Professional Services               | 3,000                           | 24,522             | (21,522)                           |
| Office Equipment Maintenance              | 1,200                           | 1,359              | (159)                              |
| Equipment Purchases                       | 3,115                           | -                  | 3,115                              |
| Insurance                                 | 2,220                           | 2,820              | (600)                              |
| Accounting Services                       | 8,400                           | 7,340              | 1,060                              |
| Computer Services                         | 4,080                           | 4,752              | (672)                              |
| Legal Services                            | 5,000                           | 8,294              | (3,294)                            |
| Bank and Trustee Fees                     | 960                             | 284                | 676                                |
| Legal Notices Publication Expense         | 1,650                           | 1,190              | 460                                |
| Public Information Expense                | 375                             | -                  | 375                                |
|   | <u>53,902</u>                   | <u>74,438</u>      | <u>(20,536)</u>                    |
| Total Administrative Expenses             |                                 |                    |                                    |
| Other Operating Expenses:                 |                                 |                    |                                    |
| Depreciation                              | -                               | 7,814              | (7,814)                            |
| Bad Debt                                  | -                               | 1,402              | (1,402)                            |
|   | <u>-</u>                        | <u>9,216</u>       | <u>(9,216)</u>                     |
| Total Other Operating Expenses            |                                 |                    |                                    |
|   | <u>675,034</u>                  | <u>689,478</u>     | <u>(14,444)</u>                    |
| Total Operating Expenses                  |                                 |                    |                                    |
| <b>OPERATING INCOME (LOSS)</b>            | <u>(7,354)</u>                  | <u>(23,078)</u>    | <u>(15,724)</u>                    |
| Nonoperating Revenues:                    |                                 |                    |                                    |
| Investment Earnings                       | <u>650</u>                      | <u>2,232</u>       | <u>1,582</u>                       |
|   | <u>650</u>                      | <u>2,232</u>       | <u>1,582</u>                       |
| Total Nonoperating Revenues               |                                 |                    |                                    |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b> | <u>\$ (6,704)</u>               | <u>\$ (20,846)</u> | <u>\$ (14,142)</u>                 |

**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Community Service**  
Year Ended June 30, 2016

|                                  | Original<br>and<br>Final Budget | Actual        | Variance<br>Positive<br>(Negative) |
|----------------------------------|---------------------------------|---------------|------------------------------------|
| <b>OPERATING REVENUES</b>        |                                 |               |                                    |
|                                  | \$ -                            | \$ -          | \$ -                               |
| Total Operating Revenues         | <u>-</u>                        | <u>-</u>      | <u>-</u>                           |
| <b>OPERATING EXPENSES</b>        |                                 |               |                                    |
| Maintenance Expenses:            |                                 |               |                                    |
| Vehicle Maintenance Expenses     | 540                             | 748           | (208)                              |
| Building Security                | 215                             | 209           | 6                                  |
| Building Maintenance             | 4,625                           | 1,844         | 2,781                              |
| Sign and Banner Expense          | 375                             | -             | 375                                |
| Public Landscape Project         | 1,500                           | 1,559         | (59)                               |
| Employee Workplace Safety        | 360                             | 331           | 29                                 |
| Gasoline Expenses                | 1,350                           | 1,084         | 266                                |
| Emergency Preparedness Expense   | <u>375</u>                      | <u>131</u>    | <u>244</u>                         |
| Total Maintenance Expenses       | <u>9,340</u>                    | <u>5,906</u>  | <u>3,434</u>                       |
| Salaries and Benefits:           |                                 |               |                                    |
| Regular Salaries                 | 47,793                          | 49,310        | (1,517)                            |
| Retirement Benefits              | 4,779                           | 4,645         | 134                                |
| Uniforms                         | 234                             | 244           | (10)                               |
| Group Insurance                  | 9,513                           | 9,947         | (434)                              |
| Worker's Compensation Insurance  | 1,530                           | 1,303         | 227                                |
| Payroll Taxes                    | 1,386                           | 1,154         | 232                                |
| Employee Educational Expense     | <u>150</u>                      | <u>150</u>    | <u>-</u>                           |
| Total Salaries and Benefits      | <u>65,385</u>                   | <u>66,753</u> | <u>(1,368)</u>                     |
| Administrative Expenses:         |                                 |               |                                    |
| Regular Board Payments           | \$ 2,250                        | \$ 1,830      | \$ 420                             |
| Special Board Meetings           | 690                             | 600           | 90                                 |
| Board/Committee Expenses         | 390                             | 108           | 282                                |
| Conferences and Seminars - Board | 640                             | 768           | (128)                              |
| Board Travel and Lodging         | 250                             | 516           | (266)                              |
| Dues/Membership - District       | 1,850                           | 1,720         | 130                                |
| Office Supplies                  | 280                             | 255           | 25                                 |
| Communications                   | 3,500                           | 3,757         | (257)                              |
| Printing and Publications        | 500                             | 258           | 242                                |
| Postage and Shipping             | 1,500                           | 1,571         | (71)                               |
| Utilities                        | 300                             | 330           | (30)                               |



**Channel Islands Beach Community Services District**  
**Schedule of Revenues and Expenses - Budget to Actual - Community Service - Continued**  
Year Ended June 30, 2016

|   | Original<br>and<br>Final Budget | Actual             | Variance<br>Positive<br>(Negative) |
|---|---------------------------------|--------------------|------------------------------------|
| <b>OPERATING EXPENSES (CONTINUED)</b>     |                                 |                    |                                    |
| Administrative Expenses: (Continued)      |                                 |                    |                                    |
| Miscellaneous Office Expense              | \$ 1,130                        | \$ 1,101           | \$ 29                              |
| Other Professional Services               | 1,000                           | 8,174              | (7,174)                            |
| Office Equipment Maintenance              | 240                             | 272                | (32)                               |
| Insurance                                 | 4,440                           | 5,639              | (1,199)                            |
| Accounting Services                       | 1,680                           | 1,468              | 212                                |
| Computer Services                         | 1,360                           | 1,585              | (225)                              |
| Legal Services                            | 1,000                           | 1,659              | (659)                              |
| Bank and Trustee Fees                     | 960                             | 285                | 675                                |
| Public Information Expense                | 375                             | -                  | 375                                |
|   | <u>24,335</u>                   | <u>31,896</u>      | <u>(7,561)</u>                     |
| Other Operating Expenses:                 |                                 |                    |                                    |
| Depreciation                              | -                               | -                  | -                                  |
|   | <u>-</u>                        | <u>-</u>           | <u>-</u>                           |
| Total Other Operating Expenses            | <u>-</u>                        | <u>-</u>           | <u>-</u>                           |
| Total Operating Expenses                  | <u>99,060</u>                   | <u>104,555</u>     | <u>(5,495)</u>                     |
| <b>OPERATING INCOME (LOSS)</b>            | <u>(99,060)</u>                 | <u>(104,555)</u>   | <u>(5,495)</u>                     |
| <b>NONOPERATING REVENUES AND EXPENSES</b> |                                 |                    |                                    |
| Nonoperating Revenue:                     |                                 |                    |                                    |
| County Tax Apportionment                  | 55,000                          | 67,174             | 12,174                             |
|   | <u>55,000</u>                   | <u>67,174</u>      | <u>12,174</u>                      |
| Total Nonoperating Revenues               | <u>55,000</u>                   | <u>67,174</u>      | <u>12,174</u>                      |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b> | <u>\$ (44,060)</u>              | <u>\$ (37,381)</u> | <u>\$ 6,679</u>                    |