

**Coastal Districts Financing Authority  
(Carpinteria Sanitary District)**

**2012 Wastewater Revenue Bonds  
Dated: December 5, 2012**

**Continuing Disclosure Annual Report**

**Fiscal Year Ended: June 30, 2016**



**CARPINTERIA**  
Sanitary District

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## 1.0 INTRODUCTION

The purpose of this report is to provide information to the Electronic Municipal Market Access (EMMA) in order to comply with the provisions contained in the Continuing Disclosure Certificate executed and delivered by the Coastal Districts Financing Authority (Carpinteria Sanitary District) in connection with the issuance of its 2012 Wastewater Revenue Bonds with an original par amount of \$13,630,000 (the “Bonds”).

The Disclosure Certificate was executed and delivered by the Carpinteria Sanitary District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

## 2.0 CONTENT OF ANNUAL REPORT

### 2.1 Comprehensive Annual Financial Report

The District's Comprehensive Annual Financial Report (CAFR) for FY 2015/16, which contains the Audited Financial Statements prepared by an independent auditor, will be disseminated to EMMA under separate cover. The CAFR, which is prepared in accordance with standards set forth by the Governmental Accounting Standards Board, is incorporated herein by reference. When disseminated the following statement applies:

**THE CARPINTERIA SANITARY DISTRICT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12.**

### 2.2 Principal of Bonds Outstanding

The principal amount of Bonds outstanding as of June 30, 2016 is \$11,705,000. The principal amount of Bonds outstanding as of August 30, 2015 is \$12,395,000. Table 1 in Appendix A provides a schedule of payments and outstanding balances covering the entire life of the Bonds.

### 2.3 Wastewater Enterprise Billings by Customer Class

The total revenue from Sewer Service Charges (SSCs) collected by the District in FY 2015/16 was \$5,088,433. Of this amount, SSC revenue from residential customers totaled \$3,859,381 or 75.8% of overall SSC revenue. SSC revenue from non-residential customers, including commercial and industrial connections, totaled \$1,229,052 or 24.2% of the SSC revenue.

Please refer to Table 2 in Appendix A for a summary of SSC revenue by customer class.

### 2.4 Wastewater Enterprise Largest Users

Table 3 in Appendix A provides a list of the ten highest rate payers for FY 2015/16. These customers are considered to be the largest users within the enterprise. Typically, this list is comprised of mobile home parks, shopping centers and other aggregated users.

### 2.5 Wastewater Enterprise Historical Debt Service Coverage (Ratio)

The District's historical debt service coverage ratio, for the preceding ten year period, is presented in Table 4 in Appendix A. The District has consistently maintained debt service coverage ratios well in excess of the minimum standard prescribed in bond covenants.

### 2.6 Changes in Rates and Charges

The District completed a comprehensive rate and fee study in early 2011 with the assistance of Raftelis Financial Consultants. The study involved a careful review of the District's

financial plan, its long range capital improvement program, user classifications, and then existing rate structure for the wastewater enterprise. Revenue requirements were projected and a powerful financial model was developed to facilitate ongoing fiscal analyses. On June 7, 2011, the District's Board of Directors adopted Ordinance No. 12, authorizing a series of 4.5% annual rate increases that are being implemented over a five year period. This provision ended in June 2016. A new comprehensive rate study is underway to be effective for the fiscal year 2017/18.

Effective July 1, 2015, the base residential sewer service charge for one residential unit increased from \$587.71 to \$614.16. Table 5 in Appendix A presents the adopted rates for both residential and non-residential customers through FY 2015/16.

## **2.7 Parity Debt Issuance**

The District did not issue any Parity Debt during the fiscal year ended June 30, 2016.

## **2.8 Further Material Information**

Residential and non-residential SSCs are collected by the Santa Barbara County Assessor on behalf of the District via the annual property tax rolls. SSC revenue is guaranteed under the "Teeter Plan", whereby the County pays the District 100 percent of the claimed SSC total for the year. In the event of non-payment of SSCs by individual property owners, the County collects the principal amount and retains all assessed penalties. Participation in this plan not only minimizes the administrative burden for the District, but it also ensures a timely and adequate revenue stream for the purpose of making annual debt service payments for the Bonds. The District provides services to 34 parcels in Ventura County. The billing process is similar to the Santa Barbara County except that there is no "Teeter Plan" agreement with the Ventura County. There was no delinquency for the fiscal year.

### 3.0 REPORTING OF LISTED EVENTS

There were no Listed Events that occurred during the fiscal year ended June 30, 2016. According to the Disclosure Certificate, Listed Events are as follows:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TV) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holder, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the District.
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Notice of Listed Events described in Section 5, subsections (a)(xiii) and (a)(xiv) of the Disclosure Certificate need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

## **4.0 APPENDIX A**

The following pages show the referenced Appendices listed in the content of the annual report for the Fiscal Year ended June 30, 2015

**Table 1 – Schedule of Payments and Outstanding Balances**

**Table 2 – Wastewater Enterprise Billings by Customer Class**

**Table 3 – Wastewater Enterprise Largest Users**

**Table 4 – Wastewater Enterprise Historical Debt Service Coverage (Ratio)**

**Table 5 – Sewer Service Charge Rate Table**

**Table 1 – Schedule of Payments and Outstanding Balances**

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Semiannual Total</b>	<b>Fiscal Total</b>
8/1/2013 2/1/2014	\$ 565,000.00	\$ 356,466.52 \$ 266,231.25	\$ 921,466.52 \$ 266,231.25	\$ 1,187,697.77
8/1/2014 2/1/2015	\$ 670,000.00	\$ 266,231.25 \$ 256,181.25	\$ 936,231.25 \$ 256,181.25	\$ 1,192,412.50
8/1/2015 2/1/2016	\$ 690,000.00	\$ 256,181.25 \$ 242,381.25	\$ 946,181.25 \$ 242,381.25	\$ 1,188,562.50
8/1/2016 2/1/2017	\$ 715,000.00	\$ 242,381.25 \$ 228,081.25	\$ 957,381.25 \$ 228,081.25	\$ 1,185,462.50
8/1/2017 2/1/2018	\$ 745,000.00	\$ 228,081.25 \$ 213,181.25	\$ 973,081.25 \$ 213,181.25	\$ 1,186,262.50
8/1/2018 2/1/2019	\$ 775,000.00	\$ 213,181.25 \$ 197,681.25	\$ 988,181.25 \$ 197,681.25	\$ 1,185,862.50
8/1/2019 2/1/2020	\$ 800,000.00	\$ 197,681.25 \$ 183,681.25	\$ 997,681.25 \$ 183,681.25	\$ 1,181,362.50
8/1/2020 2/1/2021	\$ 830,000.00	\$ 183,681.25 \$ 167,081.25	\$ 1,013,681.25 \$ 167,081.25	\$ 1,180,762.50
8/1/2021 2/1/2022	\$ 865,000.00	\$ 167,081.25 \$ 149,781.25	\$ 1,032,081.25 \$ 149,781.25	\$ 1,181,862.50
8/1/2022 2/1/2023	\$ 905,000.00	\$ 149,781.25 \$ 127,156.25	\$ 1,054,781.25 \$ 127,156.25	\$ 1,181,937.50
8/1/2023 2/1/2024	\$ 950,000.00	\$ 127,156.25 \$ 103,406.25	\$ 1,077,156.25 \$ 103,406.25	\$ 1,180,562.50
8/1/2024 2/1/2025	\$ 1,000,000.00	\$ 103,406.25 \$ 78,406.25	\$ 1,103,406.25 \$ 78,406.25	\$ 1,181,812.50
8/1/2025 2/1/2026	\$ 1,050,000.00	\$ 78,406.25 \$ 52,156.25	\$ 1,128,406.25 \$ 52,156.25	\$ 1,180,562.50
8/1/2026 2/1/2027	\$ 135,000.00	\$ 52,156.25 \$ 49,456.25	\$ 187,156.25 \$ 49,456.25	\$ 236,612.50
8/1/2027 2/1/2028	\$ 145,000.00	\$ 49,456.25 \$ 46,556.25	\$ 194,456.25 \$ 46,556.25	\$ 241,012.50
8/1/2028 2/1/2029	\$ 150,000.00	\$ 46,556.25 \$ 44,306.25	\$ 196,556.25 \$ 44,306.25	\$ 240,862.50
8/1/2029 2/1/2030	\$ 150,000.00	\$ 44,306.25 \$ 42,056.25	\$ 194,306.25 \$ 42,056.25	\$ 236,362.50
8/1/2030 2/1/2031	\$ 155,000.00	\$ 42,056.25 \$ 39,731.25	\$ 197,056.25 \$ 39,731.25	\$ 236,787.50
8/1/2031 2/1/2032	\$ 160,000.00	\$ 39,731.25 \$ 37,331.25	\$ 199,731.25 \$ 37,331.25	\$ 237,062.50
8/1/2032 2/1/2033	\$ 165,000.00	\$ 37,331.25 \$ 34,356.25	\$ 202,331.25 \$ 34,356.25	\$ 236,687.50



8/1/2033	\$ 170,000.00	\$ 34,856.25	\$ 204,856.25	
2/1/2034		\$ 32,200.00	\$ 32,200.00	\$ 237,056.25
8/1/2034	\$ 175,000.00	\$ 32,200.00	\$ 207,200.00	
2/1/2035		\$ 29,137.50	\$ 29,137.50	\$ 236,337.50
8/1/2035	\$ 185,000.00	\$ 29,137.50	\$ 214,137.50	
2/1/2036		\$ 25,900.00	\$ 25,900.00	\$ 240,037.50
8/1/2036	\$ 190,000.00	\$ 25,900.00	\$ 215,900.00	
2/1/2037		\$ 22,575.00	\$ 22,575.00	\$ 238,475.00
8/1/2037	\$ 195,000.00	\$ 22,575.00	\$ 217,575.00	
2/1/2038		\$ 19,162.50	\$ 19,162.50	\$ 236,737.50
8/1/2038	\$ 205,000.00	\$ 19,162.50	\$ 224,162.50	
2/1/2039		\$ 15,575.00	\$ 15,575.00	\$ 239,737.50
8/1/2039	\$ 210,000.00	\$ 15,575.00	\$ 225,575.00	
2/1/2040		\$ 11,900.00	\$ 11,900.00	\$ 237,475.00
8/1/2040	\$ 220,000.00	\$ 11,900.00	\$ 231,900.00	
2/1/2041		\$ 8,050.00	\$ 8,050.00	\$ 239,950.00
8/1/2041	\$ 225,000.00	\$ 8,050.00	\$ 233,050.00	
2/1/2042		\$ 4,112.50	\$ 4,112.50	\$ 237,162.50
8/1/2042	\$ 235,000.00	\$ 4,112.50	\$ 239,112.50	\$ 239,112.50
<b>Totals</b>	<b>\$13,630,000.00</b>	<b>\$ 5,812,591.52</b>	<b>\$ 19,442,591.52</b>	<b>\$ 19,442,591.52</b>

Source: Official Statement-Carpinteria Sanitary District 2012 Wastewater Revenue Bonds

**Table 2 – Wastewater Enterprise Billings by Customer Class**

Use Type	No. of APNs	No. of Residential Units	No. of Non-Residential Units	Total SSC Revenue	Residential \$	Non-Residential \$
Residential	4,162	6,185		3,798,579	3,798,579	
Mixed Use	34	99	56	129,588	60,802	68,786
Non-Residential	255		480	1,160,266		1,160,266
Totals	4,451	6,284	536	5,088,433	3,859,381	1,229,052
					<u>75.8%</u>	<u>24.2%</u>
Total Number of Residential Units		6,284				
Residential Rates/Year		\$614.16				
Non-Residential Rates		Variable				

**Table 3 – Wastewater Enterprise Largest Users**

<b><i>APN</i></b>	<b><i>Property Owner</i></b>	<b><i>Property Address</i></b>	<b><i>Annual SSC</i></b>
005-430-021	Coveny, Carleton	3950 Via Real	\$172,578.96
001-070-057	Shepard Place LTD	1069 Casitas Pass	\$103,793.04
001-070-026	RDPH Properties Inc	5700 Via Real	\$87,210.72
001-180-051	Millennium Housing, LLC	6180 Via Real	\$76,155.84
001-070-052	Canbri Properties LLC	5750 Via Real	\$71,242.56
001-070-063	Volentine Nebraska	1000 Casitas Pass Road	\$61,753.66
003-520-003	State of California	State Park	\$53,856.59
001-070-009	HMBL, LLC	5606 Carpinteria Avenue	\$52,604.51
003-431-026	Silver Sands Village Inc.	349 Ash Avenue	\$49,746.96
004-036-024	Carpinteria Motor Inn, Inc.	4558 Carpinteria Avenue	\$47,710.98

**Table 4 – Wastewater Enterprise Historical Debt Service Coverage (Ratio)**

Fiscal Year	Debt Service Coverage
2005-06	2.23%
2006-07	2.19%
2007-08	2.11%
2008-09	1.80%
2009-10	1.97%
2010-11	1.56%
2011-12	1.93%
2012-13	1.87%
2013-14	1.84%
2014-15	1.87%
2015-16	2.26%

**Table 5 – Sewer Service Charge Rate Table**

RESIDENTIAL SEWER SERVICE CHARGES					
	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Annual charge Per Dwelling Unit	\$515.00	\$538.18	\$562.40	\$587.71	\$614.16

NON-RESIDENTIALSEWER SERVICE CHARGES						
Strength Class	Combined BOD/TSS	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Low	<380 mg/L	\$6.58	\$6.88	\$7.19	\$7.52	\$7.86
Medium Low	380 to 500 mg/L	\$7.23	\$7.56	\$7.91	\$8.27	\$8.65
Medium Low	501 to 710 mg/L	\$7.91	\$8.27	\$8.65	\$9.04	\$9.45
Medium High	711 to 1100 mg/L	\$8.51	\$8.90	\$9.31	\$9.73	\$10.17
High	1101 to 1700 mg/L	\$12.17	\$12.72	\$13.30	\$13.90	\$14.53
Very High	> 1700 ml/L	Individually Calculated				
MINIMUM CHARGE PER PARCEL		\$515.00	\$538.18	\$562.40	\$587.71	\$614.16