

# Carpinteria Sanitary District

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2015

### **BOARD OF DIRECTORS**

Michael Damron — President  
Gerald Velasco — President Pro-Tem  
Lin Graf — Treasurer  
Jeff Moorhouse — Secretary  
Mike Modugno — Secretary Pro-Tem

### **DISTRICT STAFF**

Craig Murray, P.E.— General Manager  
Hamid Hosseini — Finance Director

5300 Sixth Street  
Carpinteria, CA 93013  
[www.carpsan.com](http://www.carpsan.com)

**CARPINTERIA SANITARY DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended**  
June 30, 2015

**CARPINTERIA SANITARY DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2015

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## **INTRODUCTORY SECTION**



**CARPINTERIA**  
Sanitary District

5300 Sixth Street  
Carpinteria, CA 93013

Phone (805) 684-7214 • Fax (805) 684-7213

December 1, 2015

Mr. Michael Damron, President  
Board of Directors  
Carpinteria Sanitary District

**SUBJECT: Comprehensive Annual Financial Report – June 30, 2015 and 2014**

This letter transmits the Comprehensive Annual Financial Report (CAFR) for the Carpinteria Sanitary District for the fiscal year ended June 30, 2015.

State law requires that the accounts and fiscal affairs of all government entities be examined annually by an independent certified public accountant. The District's independent auditing firm, Bartlett, Pringle & Wolf, LLP has audited the District's financial statements, examined the internal control, and issued an unqualified opinion that financial statements for the 2014/15 fiscal year are fairly presented in conformity with generally accepted accounting principles. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable assurance rather than absolute that the financial statements are free of any misstatements. This opinion, along with the basic financial statements of the District, are hereby submitted and included in the financial section of this report in fulfillment of the above requirement.

Responsibility for accuracy of data and fairness of presentation, including all footnotes and disclosures, rests with District management. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District. The audit provides users with a reasonable assurance that the information presented is free from material misstatements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found in the Financial Section of this document, immediately following the report of the independent auditor.

**ORGANIZATION OVERVIEW**

The Carpinteria Sanitary District provides wastewater collection, treatment and disposal for the City of Carpinteria and neighboring unincorporated portions of Santa Barbara County. The District was originally formed in April of 1928 and has grown to serve approximately 16,500 permanent residents and a large visiting population.

The District has five board members that are elected at large and the General Manager serves as its Chief Executive Officer. The District Board of Directors, committee members, and support staff are as follows:

ENVIRONMENTAL LEADERSHIP IN CARPINTERIA SINCE 1928

[www.carpsan.com](http://www.carpsan.com)

## **BOARD OF DIRECTORS**

Michael Damron	President
Gerald Velasco	President Pro Tem
Jeff Moorhouse	Secretary
Mike Modugno	Secretary Pro Tem
Lin Graf	Treasurer

The District Board of Directors meets on the first and third Tuesday of each month at 5:30 p.m. in the District's Administrative Offices.

## **STANDING COMMITTEES**

### **Finance Committee**

Lin Graf	Chairperson
Jeff Moorhouse	Member

### **Personnel Committee**

Gerald Velasco	Chairperson
Mike Modugno	Member

### **Public Relations Committee**

Lin Graf	Chairperson
Michael Damron	Member

### **Joint Utilities Committee**

Jeff Moorhouse	Chairperson
Lin Graf	Member

## **DISTRICT SUPPORT STAFF**

Craig Murray, P.E.	General Manager
Hamid Hosseini	Finance Director
Mark Bennett	Operations Manager
Kim Garcia	Office Manager
Anthony Trembley	Legal Counsel – Musick, Peeler & Garrett, LLP

## **FINANCIAL INFORMATION**

The Comprehensive Annual Financial Report includes all financial activities of the District and the Statement of Fiduciary Assets and Liabilities of the Agency Fund (Assessment District 2007-1).

The District's accounting records are maintained on an accrual basis. Revenues are recorded when measurable and available and expenditures are recorded when the liability is incurred. The annual budget serves as the foundation for the District's financial planning and control. The budget is to be adopted annually by resolution, generally in June of each year for the following 12 month period. The District's budget provides a fiscal guideline for the Administration, Operations, and Safety/Training Departments, as well as an annual framework for capital improvements throughout the District. To ensure funds are available for approved capital projects, the Board of Directors authorizes a transfer from the general fund to the restricted Capital Improvement Program (CIP) fund as a part of the budget process.

The District's investment policy establishes three key objectives for placement of agency funds. In order of importance these objectives are: safety (preservation of principal), liquidity, and overall return. Accordingly, the Board has identified the California Local Agency Investment Fund (LAIF) as the District's primary investment vehicle. Investing in LAIF additionally satisfies all debt service indentures for the reserve fund.

The District is a member of the California Sanitation Risk Management Authority (CSRMA), a joint powers agency made up of 62 wastewater agencies throughout the State. CSRMA implements self-insured pools for general liability and workers' compensation insurance and, through a third party administrator, provides other forms of insurance to its members. The District benefits significantly through CSRMA participation when compared to obtaining coverage in the open market.

### **OTHER FINANCIAL INFORMATION**

In 1993, the District issued \$19,250,000 in municipal revenue bonds known as the "1993 Capital Facilities Revenue Securities" to fund a major upgrade to its wastewater treatment facility. In 2003, the District refinanced the outstanding debt with lower interest rates. Again in 2012, taking advantage of a favorable municipal interest rate environment, the District refinanced the outstanding debt and concurrently issued \$4.5M in long term debt to fund the upcoming Aerobic Digester Replacement Project. The District received an independent bond rating from Standard & Poors (AA-) as part of the refunding process. The outcome of the refinancing was quite favorable. The bond payments are approximately \$1.18M per year in aggregate. An approximate annual net savings of \$35,000 was realized, even considering the new recurring capital debt. The schedule of debt service payments is available in the statistical section of the CAFR. Bond payments are due in February and August of each year. The coupon rates range between 2% and 5% per year.

One of the principal bond covenants for the outstanding obligation requires the District to maintain revenue to debt coverage ratio of 1.25. This means that the District must set rates, fees and charges for the services provided to its customers that, when added to the projected property tax revenue for a given fiscal year, total revenue is at least equal to 125% of the aggregate amount of principal and interest on the Bonds and any parity obligations coming due and payable during that year.

In 2007, the District entered into a cooperative agreement with four other local wastewater agencies for the purpose of hiring a joint Safety and Training Officer. The group pursued this goal and hired an individual to provide the safety training for all four agencies. Each agency pays their share of expenses based on the number of employees they have and receives comprehensive safety compliance and training services from the Safety and Training Officer, who is an employee of the District.

During FY 2014/15, the District completed the final component of the South Coast Beach Communities Septic to Sewer Project, extending public sewer service to the Rincon Point community. A total of 69 new residential customers were added to the Sewer Service Charge (SSC) database. Upon completion of the sewer improvements, residual implementation funds were redistributed to the project proponents. Those homeowners that had pre-paid their original assessment received a refund, and a \$925,000 bond call was executed, lowering the bond indebtedness and the annual payment for the homeowners who opted for the long-term bond financing.

Three discrete neighborhoods are within Assessment District No. 2007-1, formed by the District in 2008, to fund the South Coast Beach Communities Septic to Sewer Project. In March 2009,



the District issued and sold approximately \$6M in limited obligation improvement bonds, secured by properties within Assessment District 2007-1 whose owners opted for long term financing. The assessment bonds were refunded in July 2012 to achieve lower interest rates. The District collects annual assessments from participating property owners to pay the debt service on the outstanding bonds.

## **FINANCIAL CONDITION AND LONG RANGE PLANNING**

The District began the current fiscal year with cash and cash equivalents balance of \$10.0M in its unrestricted general fund. Annual revenue of \$5.7M is projected, with a total estimated operating and capital improvement expenditure of approximately \$6.3M. The projected ending balance of cash and cash equivalents for FY 2015/16 will be \$9.4M. It must be noted that the \$4.5M in bond proceeds dedicated to the Aerobic Digester Replacement Project was expended during the prior fiscal year and does not reflect in the above projections.

Sewer service charges, which are the District's primary source of revenue, are collected by the County of Santa Barbara through the property tax billing system. Approximately ten percent of regular District revenue comes from allocated increment of secured and unsecured property tax. Permanent reapportionment, although currently prohibited by the State Constitution, would have serious implications to the District's financial condition. The District has been able to meet the 125% debt ratio set forth as a covenant of its long term revenue bond debt obligation each year, without exception.

A series of incremental increases to the District's sewer service charge rates over a five year period was authorized by the District Board through adoption of Ordinance No. 12 in June 2011. This ordinance established a new baseline rate and fee structure, effective as of July 1, 2011, and authorized a series of incremental, uniform 4.5% increases for each of the following four fiscal years, through FY 2015/16.


This structured rate increase is expected to keep revenue at sufficient levels to meet the District's ongoing financial obligations. The financial condition of the District will continue to be carefully monitored by District staff and the Board of Directors. Long range financial planning and careful budgeting are crucial to maintaining the financial health of the organization.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Carpinteria Sanitary District is proud to participate in the Comprehensive Annual Financial Report (CAFR) process. The District has been recognized with an award of merit from the Government Finance Officers Association each year since 2010.

Preparation of this report was accomplished through the team effort of the District's Finance and Administration Departments. We wish to express our thanks and appreciation to the President, members of the Board of Directors, and staff for their leadership, interest, and continued support in planning and conducting the financial and wastewater operations of the District in a responsible and prudent manner in the best interests of the customers of the District.

Respectfully submitted,  
CARPINTERIA SANITARY DISTRICT

  
Craig M. Murray, P.E.  
General Manager

## **CARPINTERIA SANITARY DISTRICT**

### **Demographic & Economic Information**

#### **District Overview**

The Carpinteria Sanitary District was formed in April 1928 for the purpose of providing sewage facilities and related services to properties located within the District. The District is located in the southern part of Santa Barbara County. The District's service area includes the City of Carpinteria and outlying unincorporated areas, including a small portion of unincorporated area in Ventura County.

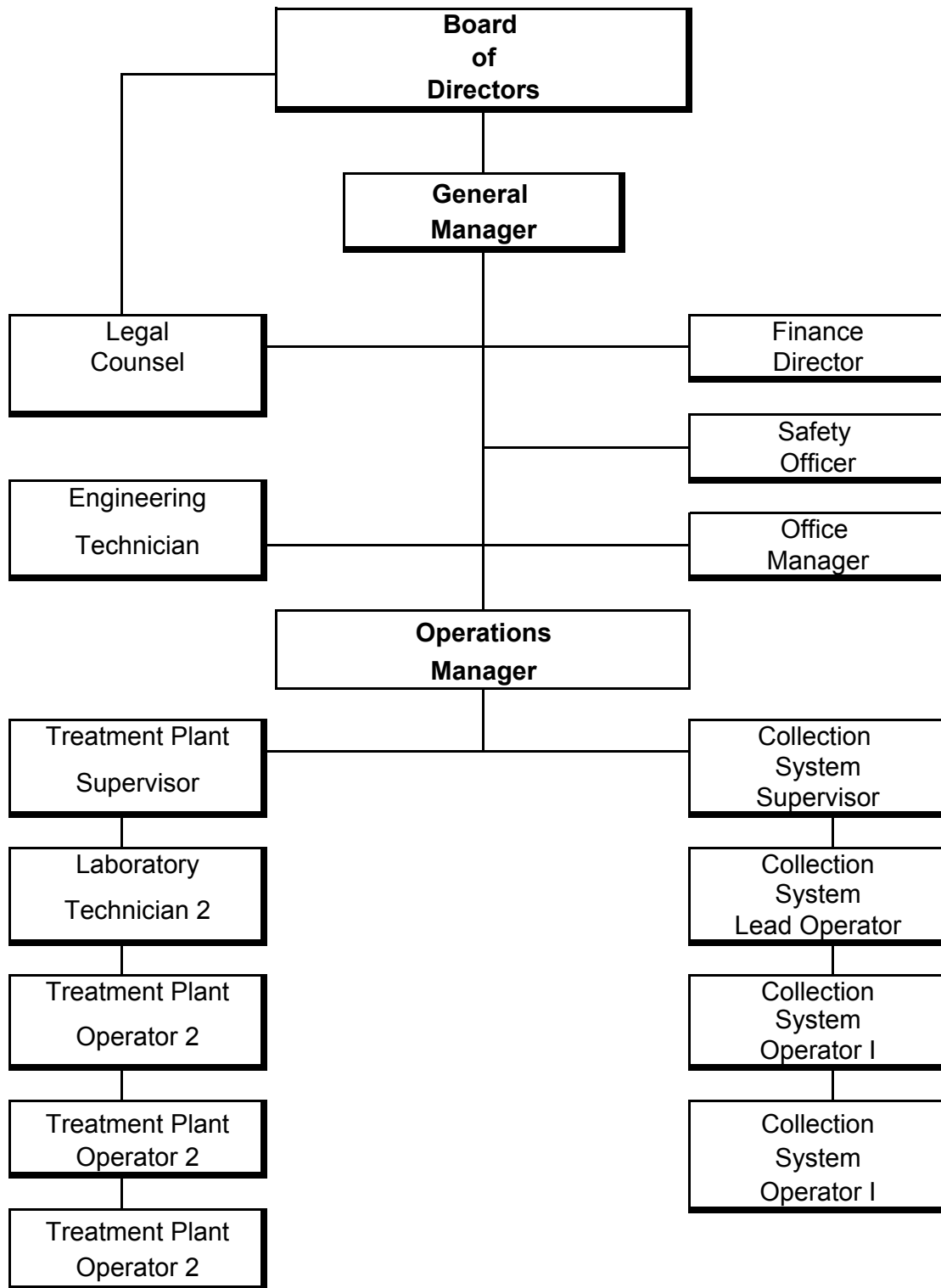
#### **Nature of Services:**

The District provides wastewater collection and treatment for approximately 6,200 residential units and 525 non-residential customers.

Miles of sewer:	49 miles (excluding house laterals)
Miles of Force Mains:	4.2
Miles of Low Pressure Sewer:	4.2
Number of Pumping Station:	8
Types of Terrain:	Level along ocean sloping 2-3 degrees toward foothills
Treatment Plant Capacity	2.5 MGD
Fees: Per Ordinance 12	Residential units \$587.71/year for FY 2014/15
	Non-Residential:
	Classified into six classes, Flow ranges between \$7.52 – 10.73 per 1000 gal with a minimum charge of \$587.71
Population in 2015	13,547
Businesses in 2015	529
Median Household Income in 2015	\$69,273
Rainfall in 2014/15	5.94 inches
Crime:	The number of violent crimes recorded in 2014/15 was 18. The number of murders and homicides was 0.
Local Festival:	Avocado Festival in October

# CARPINTERIA SANITARY DISTRICT

Organization Chart  
Fiscal Year 2014/15



Source: Carpinteria Sanitary District



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Carpinteria Sanitary District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



## **FINANCIAL SECTION**







BARTLETT, PRINGLE & WOLF, LLP  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of  
Carpinteria Sanitary District:**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Carpinteria Sanitary District (the "District") as of and for the year ended June 30, 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 as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts; 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 an opinion 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 State Controller's *Minimum Audit Requirements for California Special Districts*. 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 opinion.



## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2015 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## ***Emphasis of Matters***

As discussed in Note 2 and Note 12 to the basic financial statements, Carpinteria Sanitary District has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during fiscal year 2015. The adoption of this standard required retrospective application resulting in a \$1,605,989 reduction of net position as of July 1, 2014. Our opinion is not modified with respect to this matter.

Also discussed in Note 12 to the basic financial statements, Carpinteria Sanitary District restated the July 1, 2014 beginning net position to correct a misstatement. The District recorded a prior period adjustment during fiscal year 2015 to capitalize interest costs incurred during the construction phase of capital assets. The correction resulted in a \$1,032,535 increase to net position as of July 1, 2014. 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 4 through 12, the California Public Employees' Retirement System Schedule of Carpinteria Sanitary District's Proportionate Share of the Net Pension Liability on page 40 and the California Public Employees' Retirement System Schedule of Carpinteria Sanitary District's Contributions on page 41 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 an opinion on the financial statements that collectively comprise the Carpinteria Sanitary District's basic financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory, supplementary information, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of Carpinteria Sanitary 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 Carpinteria Sanitary District's internal control over financial reporting and compliance.

*Bartlett, Pringle & Wolf, LLP*

Santa Barbara, California  
November 19, 2015



**Carpinteria Sanitary District**  
**Management's Discussion and Analysis (MD&A)**  
**Fiscal Year 2014/15**

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This section of the financial statements for the Carpinteria Sanitary District is a narrative overview of the financial activities during the 2014/15 fiscal year (FY). The information presented here is to be considered in conjunction with additional information provided in the letter of transmittal located in the introductory section of this report.

The Carpinteria Sanitary District provides wastewater collection, treatment and disposal for the City of Carpinteria and neighboring unincorporated portions of Santa Barbara County. The District was originally formed in 1928 and has grown to serve approximately 16,500 permanent residents and a large visiting population.

**Overview of the Basic Financial Statements**

This Management Discussion and Analysis (MD&A) is a key element of the District's annual audited financial statements that are prepared in accordance with the Governmental Accounting Standards Board Statement 34 (GASB 34). The MD&A also includes other supplementary information to the basic financial statements.

The District's accounting system is configured as an enterprise fund, similar to private sector accounting systems. Operating expenses are stated as expenses and capital expenses are capitalized and depreciated over the life of the item in accordance with District fiscal policy.

In accordance with GASB 34, the District's financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The statement of net position includes all of the District's assets, deferred outflows, liabilities, and deferred inflows and provides information about the nature and amount of investments in resources (assets) and the obligations to creditors (liabilities). The District's financial statements for FY 2014/15 include a line item that reflects the agency's net pension liability as of June 30, 2015. Reporting this liability is a new requirement set forth in GASB 68 that has not been required or reported in prior years. The reported net pension liability is determined by the actuarial valuation study performed by CalPERS.

The statement of revenues, expenses, and changes in net position measures the success of the District's operations during the reporting period. The District's supplemental revenue, which includes property tax and other miscellaneous income, is also reported in this section.

The financial statement also considers and presents cash flow information for the fiscal year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments during the fiscal year.

## Financial Highlights

- During the year ended June 30, 2015, the District adopted two new standards issued by the Governmental Accounting Standards Board (GASB) related to pension activity: Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. In order to implement the new standards a prior period adjustment of \$(1,605,989) was made to decrease the July 1, 2014 net position. See footnote 7 for a discussion of the District’s defined benefit pension plan and footnote 12 for a discussion of the prior period adjustment. Certain amounts necessary to fully restate fiscal year 2013/2014 financial information was not available at the time of the issuance of these financial statements, therefore prior year balances presented in the Management Discussion and Analysis section have not been restated and are not fully comparable.
- During the 2014/2015 FY the District began capitalizing interest expense related to significant construction projects. It was identified that interest expense had not been capitalized for significant construction projects going back to FY 2007/2008. An adjustment to the July 1, 2014 net position was made to correct prior periods in the amount of \$1,032,535. See footnote 12 for further details of the prior period adjustment.
- On June 30, 2015, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$28,062,778. Of this amount, \$22,170,318 is comprised of restricted reserves and net investment in capital assets. The remaining \$5,892,460 is unrestricted. On June 30, 2014, the assets of the District were \$27,576,948 greater than its liabilities and deferred inflows. Of this amount \$4,278,098 was unrestricted.
- During FY 2014/15, the District’s net position increased by \$485,830, or about 2 percent. The increase is a result of \$1,059,284 from operations and \$(573,454) from prior period adjustments for GASB 68 and capitalized interest that is reflected beginning July 1, 2014. The 2013/2014 fiscal year balance was not restated and is presented as previously stated.
- The District’s net capital assets increased by \$6,954,299 or 26.3 percent, during the period ending June 30, 2015. This increase is due to \$5,921,764 from the net of current year additions and disposals and \$1,032,535 from interest capitalized as a result of restatement.
- The District’s current liabilities, which include upcoming debt service obligations, wages payable, and outstanding accounts payable, decreased by \$1,096,434, or 42.8 percent, during 2014/15 fiscal year.
- Long term liabilities, which consist of outstanding bond debt, compensated absences, and net pension liability increased by \$654,313, or 5.2 percent, over the prior fiscal year. This increase is almost entirely related to the GASB 68 reporting requirement mentioned above.
- Debt service payments in FY 2014/15 totaled \$882,542. This represents approximately 16.9 percent of the District’s operating revenue and conforms with applicable debt ratio covenants.

## Net Position

The District's net position increased by 1.8 percent during FY 2014/15 to a total of \$28,062,778. Of the assets on hand at the end of the reporting period, \$22,170,318 was restricted and net investment in capital assets, and the remaining \$5,892,460 was unrestricted. The following table provides a summary of the District's assets and liabilities as compared to the prior fiscal year.

	June 30, 2015	June 30, 2014	Change 2014/2015
<b>ASSETS</b>			
Current Assets	10,006,691	10,005,482	1,209
Non-Current Assets	33,688,777	33,407,507	281,270
<b>Total Assets</b>	43,695,468	43,412,989	282,479
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension	154,985	-	154,985
<b>Total Deferred Outflows of Resources</b>	154,985	-	154,985
<b>LIABILITIES</b>			
Current Liabilities	1,465,222	2,561,656	(1,096,434)
Long Term Liabilities	13,159,914	12,505,601	654,313
<b>Total Liabilities</b>	14,625,136	15,067,257	(442,121)
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Gain on Refunding Bond	741,327	768,784	(27,457)
Deferred Pension	421,212	-	421,212
<b>Total Deferred Outflows of Resources</b>	1,162,539	768,784	393,755
<b>NET POSITION</b>			
Net Investment in Capital Assets	20,905,514	13,332,542	7,572,972
Assets Restricted for Debt Service	946,181	1,119,862	(173,681)
Assets Restricted for Construction	318,623	8,846,446	(8,527,823)
Unrestricted	5,892,460	4,278,098	1,614,362
<b>Total Net Position</b>	28,062,778	27,576,948	485,830

The District's current unrestricted assets, which reflect the agency's available cash and cash equivalent balance, decreased by 12,197, or .13 percent, during the fiscal year.

Restricted assets decreased by \$6,439,482, or 83.6 percent, during the fiscal year. This decrease is attributed to funds expended for the construction of planned capital projects.

The following table provides detail on the District's net capital assets as of June 30, 2015 with comparative data for the prior year.

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>Change 2014-15</b>
<i>Assets Not Depreciated</i>			
Land	\$ 233,619	\$ 233,619	\$ -
Capital Improvement Projects (in progress)	7,538,758	5,355,236	2,183,522
<i>Assets Being Depreciated</i>			
Capital Assets	43,169,417	38,229,362	4,940,055
Accumulated Depreciation	(17,589,953)	(17,420,675)	(169,278)
<b>Total Net Capital Assets</b>	<b>\$33,351,841</b>	<b>\$26,397,542</b>	<b>\$6,954,299</b>

The District has a number of capital improvement projects that are currently in progress. The table below provides a list of ongoing projects. Note that several construction projects were completed and the project values have been transferred to fixed capital assets. Additional information is available on page 29 and 30 of the financial statements.

<b>Projects</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Plum Street Sewer Replacement Project	125,137	80,459
Aerobic Digester Replacement Project	7,256,253	887,577
Carpinteria Creek Suspended Line Crossing Restoration	80,389	38,758
PLC Replacement and Communication Upgrade	60,033	-
Admin Building Replacement Project	16,946	874,642
Computerized Maintenance Management System	-	29,854
Rincon Point Septic to Sewer Conversion, Zone A	-	4,318,588
<b>Totals</b>	<b>\$ 7,538,758</b>	<b>\$ 5,355,236</b>

During the fiscal year, the District's investment in capital assets increased by \$60,781,918 to \$33,351,841. The investment in capital assets was mostly in construction in progress (CIP), structures, underground lines, and equipment. The net deletion during the year was \$160,528. This was due to demolition of some building and structure during the year. The total transfers were \$5,300,688. The details are provided on page 29 of the financial statement.

The District both purchases and constructs capital assets throughout the year. When capital assets will be completed in a subsequent fiscal year, related expenditures are recorded as Capital Improvement Projects (CIP). In the year of completion, a project's CIP is allocated to the appropriate capital asset classification. During FY 2014/15, the District's capital assets increased by \$6,954,299 or 26.3 percent. This resulted from completion of a number of capital projects during the fiscal year and expenditures on one ongoing significant capital project. Additionally, interest was capitalized during FY 2014/2015 as well as a prior period adjustment for previous interest that should have been capitalized.

## Changes in Net Position

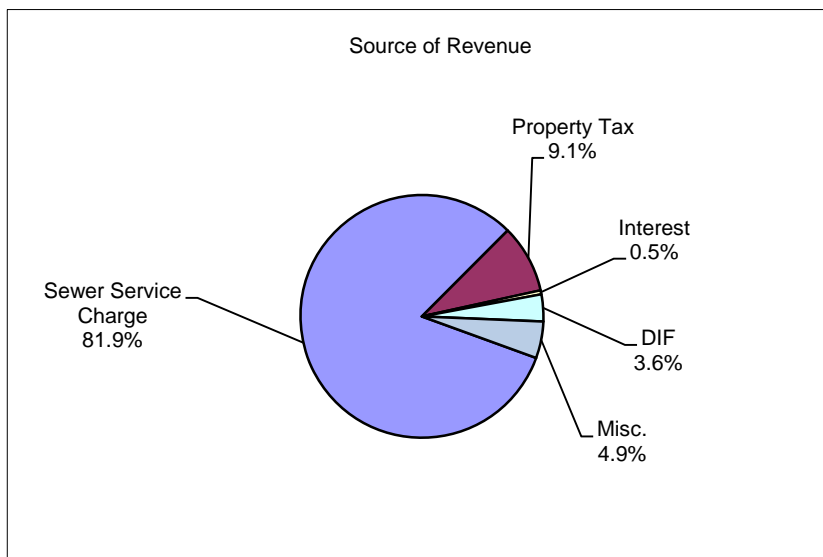
The District's net position as of the end of FY 2014/15 increased by \$485,830. The following table provides detail on revenues and expenses during the year. The increase is a result of operations and prior period adjustments for GASB 68 and capitalized interest that is reflected beginning July 1, 2014. The FY 2013/2014 balance was not restated.

### CARPINTERIA SANITARY DISTRICT

	2015	2014	2014 & 2015 Changes
Operating Revenues:			
Sewer Service Charge (SSC)	\$ 4,867,209	\$ 4,571,978	\$ 295,231
Development impact fees (DIF)	213,244	21,293	191,951
Other miscellaneous income	152,168	180,914	(28,746)
Total operating revenues	5,232,621	4,774,185	458,436
Operating Expenses:			
Salaries and wages	1,542,723	1,418,164	124,559
Employee benefits	596,842	667,393	(70,551)
General operating expenses	236,290	193,093	43,197
Environmental and monitoring	37,856	75,685	(37,829)
Utilities	250,797	233,785	17,012
Sludge disposal	106,675	106,177	498
Supplies and equipment	222,407	137,581	84,826
Repairs and maintenance	156,972	103,163	53,809
Professional and contract services	181,753	156,521	25,232
Depreciation and amortization	845,436	922,417	(76,981)
Other expenses	38,127	11,628	26,499
Total operating expenses	4,215,878	4,025,607	190,271
Operating income	1,016,743	748,578	268,165
Nonoperating Revenue (Expense):			
Investment earnings	31,868	38,292	(6,424)
Taxes and assessments	538,836	500,680	38,156
Refunds to property owners	(454,284)	-	(454,284)
Interest expense	(212,542)	(539,014)	326,472
Gain/loss on sale of capital assets	(160,529)	28,368	(188,897)
Total non-operating revenue (expense)	(256,651)	28,326	(284,977)
Income before capital contributions	760,092	776,904	(16,812)
Capital contributions			
Grant Income	299,192	-	299,192
Dedications	-	195,906	(195,906)
Total capital contributions	299,192	195,906	103,286
Change in net position	1,059,284	972,810	86,474
Net position, beginning of year, as previously stated	27,576,948	26,604,138	972,810
Effect of prior period adjustment as a result of a change in accounting policy and correction of an error	(573,454)	-	(573,454)
Net position, beginning of year, as restated	27,003,494	26,604,138	399,356
Net position, end of year	\$ 28,062,778	\$ 27,576,948	\$ 485,830



The District receives revenue from five discrete sources each year, categorized in the above table as operating revenue and non-operating revenue. The figure below shows the breakdown of the District's combined revenue on a percentage basis.



As previously mentioned, the District utilizes an enterprise system to account for the operations of the District. This allows the District to determine that the costs of providing service, including depreciation and amortization expenses, are being recovered through user charges and property tax revenue.

The total revenue from Sewer Service Charges (SSC) collected in FY 2014/15 was \$4,867,209, which represents an increase of \$295,231 over the previous year. During FY 2010/11, the District engaged a financial consultant to conduct a comprehensive wastewater rate and fee study that could be utilized to evaluate the user charges for the District's wastewater service to ensure that there is a proportionate recovery of costs from the various user classes. Based on the consultant's recommendation, the District adopted Ordinance 12 which prescribes a 4.5 percent rate increase for the following five years. SSC revenue represented about 82 percent of the District's regular revenue for FY 2014/15.

The District's operating expenses for FY 2014/15 increased by \$190,271 or 4 percent from the prior year. The following table provides additional details on the District's annual operating expenses, as compared to FY 2013/14.

Expense Category	FY 2014/15 Actual Expenses	FY 2013/14 Actual Expenses	Increase (Decrease)	Percentage Increase (Decrease)	Comments/Justification
Salaries & Wages	\$ 1,542,723	\$ 1,418,164	\$ 124,559	8.8%	Costs increased due to COLA, and merit pay increases.
Employee Benefits	\$ 596,842	\$ 667,393	\$ (70,551)	(10.6)%	Employee benefits had a moderate increase but GASB 68 adjustments had caused reductions on this category.
General Operating Expenses	\$ 236,290	\$ 193,093	\$ 43,197	22.4%	Increase resulted from a one-time penalty imposed by State Water Resources Control Board and higher vehicle fuel expenses. Minor reductions were seen in other operating expense categories.
Environment & Monitoring	\$ 37,856	\$ 75,685	\$ (37,829)	(50.0)%	Prior year costs associated with period ocean monitoring program was not applicable in FY 2014/15 resulting in lower costs in this category.
Utilities	\$ 250,797	\$ 233,785	\$ 17,012	7.3%	Higher power costs resulted from a rate increase imposed by Southern California Edison.
Sludge Disposal	\$ 106,675	\$ 106,177	\$ 498	0.5%	Costs in this category were essentially flat as compared to the prior year.
Supplies & Equipment	\$ 222,407	\$ 137,581	\$ 84,826	61.7%	Increase associated with higher volumetric rates of chemical use during a large capital construction projects at the treatment facility. Lower costs of polymers and general supplies observed.
Repairs & Maintenance	\$ 156,972	\$ 103,163	\$ 53,829	52.2%	Increase is due to higher costs of building, ground, and vehicle, treatment plan, pump station, and trunk line maintenance.
Professional & Contract Services	\$ 181,753	\$ 156,521	\$ 25,232	16.1%	Legal expenses were high during FY 2014/15 due to an ongoing enforcement action and various legal matters handled by outside counsel.
Depreciation & Amortization	\$ 845,436	\$ 922,417	\$ (76,981)	(8.3)%	Lower costs due to removal of some fixed assets as a result of construction demolition.
Other Expenses	\$ 38,127	\$ 11,628	\$ 26,499	227.9%	The District contributed to a joint water recycling facility planning study which increased the expenditure in this category.
<b>Totals</b>	<b>\$ 4,215,878</b>	<b>\$4,025,607</b>	<b>\$ 190,271</b>	<b>4.7%</b>	<b>Total Increase</b>

Non-operating revenue and expenses reflect a net reduction of \$284,977 in 2014/15. The differentials in these years can be attributed to several factors. In FY 2014/15 the District returned refunds to the property owners of the Assessment District 2007-1. The refund amount in 2014/15 was approximately \$454,300. These were the residual funds for the sewer construction project for the three neighborhoods within the Assessment District 2007-1. It should also be noted that grant funds received for Assessment District 2007-1 from State is reported as grant income.

Revenue in the Taxes and Assessments category has increased in the past two years due to higher property tax revenue. Interest income has decreased in this timeframe due to a very low interest rates and a lower average reserve balance as funds were expended on capital construction projects. Annual interest expenses for outstanding bond debt in FY 2014/15 decreased \$326,472 due to implementation of interest capitalization in FY 2014/15.

The District removed several items from its list of fixed assets during FY 2014/15. The removed items include the old digester structures and generator buildings, Lift Station 1 Grinder & VFD, surplus office equipment, and obsolete computer software and hardware.

### **Debt Administration**

During the 2012/13 fiscal year, the District took advantage of a very favorable interest rate environment and completed a refunding transaction for the outstanding 2003 Revenue Refinancing Bonds. The District Board concurrently authorized issuance of an additional \$4,500,000 in new municipal bonds to finance the Aerobic Digester Replacement Project. While the term of the prior debt was not extended, the new debt was amortized over thirty years. The District's 2012 Wastewater Revenue Bonds have an annual debt service obligation that is approximately \$1.1M through 2027. The payment will decrease to approximately \$240K per year for the subsequent seventeen annual periods.

The District's outstanding long term indebtedness as of June 30, 2015 is \$12,395,000. Bond interest rates for the 2012 Wastewater Revenue Bonds range between 2 to 5 percent per year. The schedule of payments is available in the statistical section of the financial statements. For more detailed information, also refer to Note 6 of the Financial Statements.

In FY 2008/09 the District issued \$6,053,439 in Limited Obligation Improvement Bonds to provide a long term funding mechanism for homeowners participating in a large septic to sewer conversion project. The Bonds are secured by assessments levied on parcels within the Assessment District. The Bonds are not general obligations of the District. Therefore, these bonds are not reflected as debt in the District's financials statements. During the 2012/13 fiscal year, the District also refinanced these Limited Obligation Bonds with significantly lower interest rates. The refinancing reduced the debt service payments by approximately \$95,000 per year. NBS Local Government Solutions has been the bond administrator for the Assessment District since inception. Administration fees are added to the yearly assessments and levied to properties participating in the financing.

As of the end of FY 2014/15, the District has no other long or short term debt. The District Board of Directors will continue to implement a "pay-as-you-go" approach for funding to fund capital improvements projects.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate within the City of Carpinteria is reported to be 4.7 percent, which reflects an improvement of 0.7 percent from the prior year.
- Interest earnings from the District's investments remains low due to near zero interest rates of return paid by the Local Agency Investment Fund (LAIF).
- While inflation is not rampant, the cost of goods and services is projected to increase modestly in the coming year based on economic forecasts.
- FY 2014/15 represents the fourth year of a five-year program of structured rate increases that were approved by the District's Board of Directors based on a comprehensive rate and fee study in 2011. Sewer service charges revenue is expected to increase proportional to the 4.5 percent annual rate increases through FY 2015/16. The revenue adjustments were necessary to fund operating expenses, capital expenses and debt service obligations while meeting ratio requirements set forth in outstanding bond covenants.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's customers, creditors and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Hamid Hosseini, the District's Finance Director, in writing at 5300 Sixth Street, Carpinteria, CA 93013, or by telephone at (805) 684-7214, extension 11.

**CARPINTERIA SANITARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2015**

	<u><b>2015</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments (Notes 2 and 3)	\$ 9,032,680
Restricted cash and investments (Notes 2 and 4)	927,868
Interest receivable	6,983
Accounts receivable	5,995
Prepaid expenses	20,888
Inventory	<u>12,277</u>
Total current assets	<u>10,006,691</u>
Non Current Assets:	
Restricted cash and investments (Notes 2 and 4)	<u>336,936</u>
Capital Assets:	
Depreciable:	
Computers and equipment	40,863,681
Buildings	2,305,736
Less accumulated depreciation	<u>(17,589,953)</u>
	25,579,464
Non-depreciable:	
Construction in progress	7,538,758
Land and improvements	<u>233,619</u>
Net capital assets (Note 5)	<u>33,351,841</u>
Total non current assets	<u>33,688,777</u>
Total Assets	<u>43,695,468</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension (Note 7)	<u>154,985</u>
Total Deferred Outflows of Resources	<u>\$ 154,985</u>

*See accompanying notes*

**CARPINTERIA SANITARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2015**

	<u>2015</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 473,383
Accrued salaries and benefits	50,769
Deposits payable	500
Accrued interest	213,484
Due to property owners	37,086
Current portion of long-term debt (Note 6)	<u>690,000</u>
Total current liabilities	<u>1,465,222</u>
Long-Term Liabilities:	
Compensated absences payable (Note 6)	129,537
Long-term debt, net of current portion (Note 6)	11,705,000
Net pension liability (Note 7)	<u>1,325,377</u>
Total long-term liabilities	<u>13,159,914</u>
Total Liabilities	<u>14,625,136</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred gain on refunding (Note 2)	741,327
Deferred pension (Note 7)	<u>421,212</u>
Total Deferred Inflows of Resources	<u>1,162,539</u>
<b>NET POSITION</b>	
Net investment in capital assets	20,905,514
Restricted for debt service	946,181
Restricted for construction	318,623
Unrestricted	<u>5,892,460</u>
Total Net Position	<u><u>\$ 28,062,778</u></u>

*See accompanying notes*

**CARPINTERIA SANITARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended June 30, 2015**

	<b>2015</b>
Operating Revenues:	
District sewer service charges	\$ 4,867,209
Development impact fees	213,244
Other services	152,168
Total operating revenues	<u>5,232,621</u>
Operating Expenses:	
Salaries and wages	1,542,723
Employee benefits	596,842
General operating expenses	236,290
Environmental and monitoring	37,856
Utilities	250,797
Sludge disposal	106,675
Supplies and equipment	222,407
Repairs and maintenance	156,972
Professional and contract services	181,753
Depreciation and amortization	845,436
Other expenses	38,127
Total operating expenses	<u>4,215,878</u>
Income from operations	<u>1,016,743</u>
Nonoperating Revenue (Expense):	
Investment earnings	31,868
Taxes and assessments	538,836
Refunds to property owners	(454,284)
Interest expense	(212,542)
Gain/loss on sale of capital assets	(160,529)
Total non-operating revenue (expense)	<u>(256,651)</u>
Excess of revenue over expenses	<u>760,092</u>
Capital Contributions:	
Grant Income	299,192
Total capital contributions	<u>299,192</u>
Change in net position	<u>1,059,284</u>
Net position, beginning of year, as previously stated	27,576,948
Effect of prior period adjustment as a result of a change in accounting policy and correction of an error (Note 12)	<u>(573,454)</u>
Net position, beginning of year, as restated	<u>27,003,494</u>
Net position, end of year	<u><u>\$ 28,062,778</u></u>

*See accompanying notes*

**CARPINTERIA SANITARY DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended June 30, 2015**

	<u><b>2015</b></u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 5,444,459
Cash payments to vendors for goods and services	(1,396,486)
Cash payments to employees for services	<u>(2,150,468)</u>
Net cash provided by operating activities	<u>1,897,505</u>
Cash Flows from Noncapital Financing Activities:	
Property taxes	<u>538,836</u>
Net cash provided by noncapital financing activities	<u>538,836</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from grants	299,192
Purchase of capital assets	(6,653,690)
Property taxes and assessments	(927,499)
Principal payments on long-term debt	(670,000)
Refunds to property owners	(454,284)
Interest payments on long-term debt	<u>(514,038)</u>
Net cash used by capital and related financing activities	<u>(8,920,319)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>32,299</u>
Net cash provided by investing activities	<u>32,299</u>
Net decrease in cash and restricted cash	(6,451,679)
Cash and restricted cash – beginning of year	<u>16,749,163</u>
Cash and restricted cash – end of year	<u><u>\$ 10,297,484</u></u>
Reconciliation to Statement of Net Position:	
Cash and investments	\$ 9,032,680
Restricted cash and investments- current	927,868
Restricted cash and investments- non current	<u>336,936</u>
	<u><u>\$ 10,297,484</u></u>

*See accompanying notes*



**CARPINTERIA SANITARY DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Fiscal Year Ended June 30, 2015**

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**2015**

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Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 1,016,743
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	845,436
Change in assets and liabilities:	
Prepays	10,929
Accounts receivable	211,838
Inventory	(3,057)
Deferred pension outflow	(6,731)
Accounts payable	(165,106)
Accrued salaries and benefits	4,064
Accrued interest	(8,375)
Compensated absences	(582)
Net pension liability	(428,866)
Deferred pension inflow	421,212
Net cash provided by operating activities	<u>\$ 1,897,505</u>

*See accompanying notes*

**CARPINTERIA SANITARY DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**June 30, 2015**

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	<u><b>2015</b></u>
<b>ASSETS</b>	
Cash and investments with fiscal agent	\$ 1,398,231
Interest receivable	<u>125</u>
Total Assets	<u><u>\$ 1,398,356</u></u>
<b>LIABILITIES</b>	
Due to bondholders	<u>\$ 1,398,356</u>
Total Liabilities	<u><u>\$ 1,398,356</u></u>

*See accompanying notes*

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 1 - Reporting Entity**

The Carpinteria Sanitary District was formed in April 1928 for the purpose of providing sewage facilities and related services to properties located within the District. The District is located in the southern part of Santa Barbara County, California, and generally comprises the City of Carpinteria and adjoining areas. The District is governed by a board of directors consisting of five members elected at large. The directors serve without compensation except for nominal fees paid for attendance at District board and committee meetings.

The Board of Directors meets the first and third Tuesday of each month. The District's reporting entity is defined as follows: (a) the primary government (District), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Note 2 - Summary of Significant Accounting Policies**

A) Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants (AICPA).

B) Accounting Basis

Separate financial statements are provided for the proprietary fund and the agency fund. The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District reports the following major enterprise fund:

The *Sewer Utility Fund* accounts for the activities of the District's sewer operations.

Additionally, the District reports an agency fund to account for money received by the District as an agent for individuals, other governments and other entities. Specifically, the District accounts for activities of the Assessment District 2007-1 in the agency fund because the resources of those funds are not available to support the District's own operations. The agency fund is reported using the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**B) Accounting Basis (continued)**

The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

**C) Budget**

The District prepares an annual budget which estimates major sources of revenue to be received during the fiscal year, as well as estimated expenditures needed for operation of District facilities.

**D) Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the District are reported at fair value.

**E) Property, Plant and Equipment**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the District's enterprise fund. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the District values these capital assets at the estimated fair value of the item at the date of its donation.

Construction in Progress - The District occasionally constructs capital assets for its own use in the plant operations and within its sewer collection system. The costs associated with these projects are accumulated in a construction in progress account while the project is being developed. Once the project is completed, the entire cost of the constructed assets are transferred to the capital assets account and depreciated over the estimated useful life of the capital assets.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**E) Property, Plant and Equipment (continued)**

Interest incurred during the construction period of an asset is capitalized as part of the cost.

Capital assets are depreciated over their estimated useful lives (ranging from 5-75 years) under the straight-line method of depreciation according to the following schedule:

Office Furniture	5 years
Pumping and Filters	15 years
Treatment Plant Structures	40 years
Meters, Manholes, Trunk Lines	50 years
Ocean Outfall Lines	75 years

**F) Inventory and Prepaid Items**

Inventory is valued at the lower of cost (first-in, first-out) or market, and consist of expendable supplies. The cost of such inventories are recorded as expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

**G) Compensated Absences**

Employees are entitled to accumulate up to 60 working days of sick leave, at the rate of eight hours per month. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

Employees are also entitled to accumulate vacation leave at a rate of two to four weeks per year, depending on the number of years of service completed. Such accumulated leave cannot exceed two and one-half times the employees' annual entitlement. All vacation pay is accrued when incurred in the financial statements.

**H) Property Taxes**

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**H) Property Taxes (continued)**

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1	
Levy Year	July 1 to June 30	
Due Dates	November 1	1 <sup>st</sup> Installment
	February 1	2 <sup>nd</sup> Installment
Delinquent Dates	December 10	1 <sup>st</sup> Installment
	April 10	2 <sup>nd</sup> Installment

Under California law, property taxes are assessed and collection by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to cities and districts based on complex formulas prescribed by state statutes.

During the fiscal year ended June 30, 1994, the District adopted the “Teeter Plan” as defined in the Revenue and Taxation Code. Under this plan, the District is guaranteed 99.6% of the secured property taxes each year. The District is also assured of receiving 95% of the unsecured property taxes for each fiscal year by July 31 of the following fiscal year. The remaining 5% is placed in a Tax Loss Reserve Fund which will be used to offset future tax sale losses incurred by the County. Additionally, the District is assured of receiving 100% of its sewer service charges for each fiscal year by July 31 of the following year.

**I) Sewer Service Charges**

The District is exempt from the annual appropriations limit required by Senate Bill 813 (Chapter 1025, Statutes of 1987) in accordance with California Constitution Article XIII B. This exemption is based on a tax rate not greater than 12-1/2 cents per \$100 of assessed valuation in 1978. The District’s Sewer Service Charges (SSC) are determined pursuant to District Ordinance No. 12, which was developed and adopted based on a comprehensive wastewater rate and fee study in fiscal year 2010-11. It established a series of 4.5% increases for five years commencing fiscal year 2011-12. The residential SSC’s are based on a flat rate and non-residential SSC’s are based on water usage and wastewater characteristics. Additionally, the non-residential rate includes a minimum charge of one equivalent residential dwelling unit (EDU) per parcel. The EDU rate for fiscal year 2014-15 was \$587.71

The District collects Sewer Service Charges (SSC) from users via the Santa Barbara County assessor’s tax rolls.

**J) Long-Term Liabilities**

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond gain and losses or refunding are deferred and amortized over the life of the bonds using the effective interest method.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**K) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Significant estimates used in preparing these financial statements include useful lives of capitalized assets and net pension liability. It is at least reasonably possible that the significant estimates used will change within the next year.

**L) 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 has deferred outflow of resources relating to pension benefits.

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. The government has a deferred gain on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The district also has deferred inflows of resources relating to pension benefits that will be recognized in pension expense in future periods.

**M) Net Position**

GASB No. 63 requires that the difference between assets and deferred outflow of resources, and liabilities and deferred inflow 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.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

N) Pensions

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

O) Implementation of New Accounting Pronouncements

For the year ended June 30, 2015, the District implemented the following Governmental Accounting Standards Board (GASB) Pronouncements:

Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement amends paragraph 137 of Statement No. 68. The requirements of this Statement apply to all state and local governments that are required to apply the provisions of Statement No. 68 for defined benefit pensions. This statement recognizes that at the beginning of the period in which the provisions of Statement No. 68 are adopted, there may be circumstances in which it is not practical for a government to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions.

In such circumstances, the government should recognize a beginning deferred outflow of resources only for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year. Additionally, in those circumstances, no beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions should be recognized. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.



**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 3 - Cash and Investments**

Cash and investments are classified in the accompanying financial statements, at fair value, at June 30, 2015 as follows:

	<u>2015</u>
Statement of Net Position:	
Cash and investments	\$ 9,032,680
Restricted cash and investments	1,264,804
Statement of Fiduciary Assets and Liabilities:	
Restricted cash and investments	<u>1,398,231</u>
Total cash and investments	<u><u>\$ 11,695,715</u></u>

Cash and investments as of June 30, 2015 consists of the following:

	<u>2015</u>
Cash on hand	\$ 200
Deposits with financial institutions	426,385
Investments	9,208,462
Investments with fiscal agent	<u>2,060,668</u>
Total cash and investments	<u><u>\$ 11,695,715</u></u>

**Investments Authorized by the District's Investment Policy**

The District's investment policy authorizes investments selected on the basis of credit worthiness, financial strength, experience, and minimal capitalization. The District shall select only licensed brokers and dealers in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers, or other applicable self-regulatory organizations. The District is prohibited from investing in any funds in inverse floaters, range notes, interest-only strips derived from mortgage pools, or any investment which may result in a zero interest accrual if held to maturity. It is the District policy to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

**Investments Authorized by the District's Investment Policy (continued)**

The primary objectives of the District's investment activities in priority order are: safety, liquidity, and return on investments. Investments shall be chosen with judgment and care, considering the probable safety of their capital as well as the probable income to be derived. Although the District has pre-authorized investment categories per Resolution No. R-43, the only investments in practice are those in the local government investment pool administered by the State of California (LAIF) and the Santa Barbara County Investment Pool.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 3 - Cash and Investments (continued)**

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees, are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	None
Santa Barbara County Investment Pool	N/A	None	None
Money Market Mutual Funds	N/A	None	None

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. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. One of the ways that the District manages its exposure to interest rate 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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2015:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
LAIF	\$ 9,201,173	\$ 9,201,173	\$ -	\$ -	\$ -
Santa Barbara Investment Pool	7,289	7,289	-	-	-
Investments with Fiscal Agent: LAIF	2,060,668	2,060,668	-	-	-
Total	<u>\$ 11,269,130</u>	<u>\$ 11,269,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 3 - Cash and Investments (continued)**

**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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of June 30, 2015 for each investment type.

	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
LAIF	\$ 9,201,173	N/A	\$ -	\$ -	\$ -	\$ 9,201,173
Santa Barbara Investment Pool	7,289		-	-	-	7,289
Investments with Fiscal Agent: LAIF	<u>2,060,668</u>	N/A	-	-	-	<u>2,060,668</u>
Total	<u>\$11,269,130</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,269,130</u>

**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 California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

**Custodial Credit Risk**

The 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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair 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 the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2015, the District had deposits with financial institutions in excess of federal depository insurance limits of \$176,385, held in collateralized accounts.

**Investment with Fiscal Agent- Restricted Assets**

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.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 3 - Cash and Investments (continued)**

**Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at the amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

All temporary investments are with the Local Agency Investment Fund (LAIF) administered by the State Treasurer's Office. The yield of LAIF for the quarter ended June 30, 2015 was 0.28%. The estimated amortized cost and fair value of the LAIF Pool at June 30, 2015 was \$68,987,285,000. The District's share of the Pool at June 30, 2015 was approximately 0.0133 percent.

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each district may invest up to \$50,000,000 in the Fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments in LAIF are secured by the full faith and credit of the State of California. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes and asset-backed securities totaling \$1,205,901,000,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

**Note 4 - Restricted Assets**

Certain proceeds of the enterprise fund revenue bonds and Assessment District Bonds are classified as restricted assets on the statement of net position because their uses are limited by applicable bond covenants. For the fiscal year ended June 30, 2015 the following amounts are restricted:

	<u>2015</u>
Construction Fund:	
Cash and investments for the District's construction activities	\$ 80,755
Development Impact Fees:	
Cash and investments for future capital improvements	237,868
2012 Refunding Bonds:	
Cash and investments for bond principal and interest payments	<u>946,181</u>
Total cash and investments	<u>\$ 1,264,804</u>
Restricted cash and investments - current	\$ 927,868
Restricted cash and investments - non current	<u>336,936</u>
	<u>\$ 1,264,804</u>

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 5 - Schedule of Capital Assets**

Capital asset activity for the year was as follows:

	As Restated Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital assets, not depreciated:					
Land	\$ 233,619	\$ -	\$ -	\$ -	\$ 233,619
Construction in Progress	5,888,580	6,950,866	-	(5,300,688)	7,538,758
Total capital assets not depreciated	6,122,199	6,950,866	-	(5,300,688)	7,772,377
Capital assets, being depreciated:					
Buildings	2,521,265	-	(215,529)	-	2,305,736
Laboratory and Safety Equipment	78,410	-	(33,325)	-	45,085
Transportation Equipment	865,842	-	-	-	865,842
Office Furniture	1,112,569	-	(14,263)	59,673	1,157,979
Plant Equipment	18,969,003	4,319	(657,366)	39,343	18,355,299
Ocean Outfall Lines	301,369	-	-	-	301,369
Underground Lines	14,936,435	-	-	5,201,672	20,138,107
Total capital assets being depreciated	38,784,893	4,319	(920,483)	5,300,688	43,169,417
Less accumulated depreciation:					
Buildings	(1,152,739)	(88,034)	201,661	-	(1,039,112)
Laboratory and Safety Equipment	(66,002)	(1,706)	33,324	-	(34,384)
Transportation Equipment	(332,695)	(37,737)	-	-	(370,432)
Office Furniture	(1,045,598)	(20,426)	14,263	-	(1,051,761)
Plant Equipment	(9,143,635)	(443,000)	510,707	-	(9,075,928)
Ocean Outfall Lines	(153,646)	(7,364)	-	-	(161,010)
Underground Lines	(5,582,700)	(274,626)	-	-	(5,857,326)
Total accumulated depreciation	(17,477,015)	(872,893)	759,955	-	(17,589,953)
Total capital assets being depreciated, net	21,307,878	(868,574)	(160,528)	5,300,688	25,579,464
Total capital assets, net	\$27,430,077	\$6,082,292	\$(160,528)	\$ -	\$33,351,841

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 5 - Schedule of Capital Assets (continued)**

Construction in Progress

Project	2015
Aerobic Digester	\$ 7,256,253
Carpinteria Creek Suspended Line Crossing Restoration	80,389
Rincon Sewer Project	-
Computerized Maintenance Management System	-
Plum Street Sewer Replacement	125,137
PLC Replacement and Communication Upgrade	60,033
Maintenance Shop Cabinet	16,946
Total Construction in Progress	<u><u>\$ 7,538,758</u></u>

**Note 6 - Long-Term Liabilities**

The following table summarizes the changes in long-term liabilities for the year:

	Balance June 30, 2014	Additions/ Amortization	Retirements	Balance June 30, 2015	Due Within One Year	Long- Term Portion
2012 Wastewater Revenue Bonds	\$ 13,065,000	\$ -	\$ (670,000)	\$ 12,395,000	\$ 690,000	\$ 11,705,000
Total Revenue Bonds	13,065,000	-	(670,000)	12,395,000	690,000	11,705,000
Compensated Absences	130,119	86,818	(87,400)	129,537		129,537
Total Long-Term Liabilities	<u><u>\$ 13,195,119</u></u>	<u><u>\$ 86,818</u></u>	<u><u>\$ (757,400)</u></u>	<u><u>\$ 12,524,537</u></u>	<u><u>\$ 690,000</u></u>	<u><u>\$ 11,834,537</u></u>

2012 Wastewater Revenue Bonds

In December 2012, the District issued \$13,630,000 2012 Wastewater Revenue Bonds due in annual installments of \$135,000 to \$1,050,000 beginning August 1, 2013 and continuing through August 1, 2042. The bonds bear interest varying from 2.00% to 5.00%. The bonds are to provide financing for the construction of capital assets for the District and to refund the prior bonds. Principal and interest on the bonds are payable February 1st and August 1st of each year.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 6 - Long-Term Liabilities (continued)**

2012 Wastewater Revenue Bonds (continued)

The annual requirements to amortize 2012 revenue bonds are as follows:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 690,000	\$ 498,563	\$ 1,188,563
2017	715,000	470,463	1,185,463
2018	745,000	441,263	1,186,263
2019	775,000	410,863	1,185,863
2020	800,000	381,363	1,181,363
2021-2025	4,550,000	1,356,938	5,906,938
2026-2030	1,630,000	505,413	2,135,413
2031-2035	825,000	358,931	1,183,931
2036-2040	985,000	207,463	1,192,463
2041-2043	680,000	36,225	716,225
Total	<u>\$ 12,395,000</u>	<u>\$ 4,667,485</u>	<u>\$ 17,062,485</u>

Revenues Pledged

The District has pledged a portion of future sewer revenues and a portion of investment earnings to repay the District's Wastewater Revenue Series 2012. The District's Bonds are payable solely from sewer revenues and a portion of investment earnings. Total principal and interest remaining on the Wastewater Bonds are \$17,062,485, payable through fiscal year 2043.

**Note 7 - Defined Benefit Pension Plan**

General Information about the Pension Plan

**Plan Descriptions** – All full time employees are eligible to participate in Carpinteria Sanitary District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013 that are considered new members as defined by the Public Employees' Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan. As of the valuation date there were no eligible participants in the PEPRA plan. Accordingly, disclosures do not reflect the PEPRA plan.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 7 - Defined Benefit Pension Plan (continued)**

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, as discussed above. Members with five years of total service are eligible to retire at age 50 or 52 if in the PEPRM Miscellaneous Plan with statutorily reduced benefits. An optional benefit regarding sick leave was adopted. Any unused sick leave accumulates at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit, as well as the 1959 Survivor Benefit. The cost of living adjustments for all plans are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>
Hire date	Prior to January 1, 2013
Benefit formula	2% @ 55
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	50-63
Monthly benefits, as a % of eligible	1.4% to 2.4%
Required employee contribution rates	6.89%
Required employer contribution rates	11.48%

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for all Plans were as follows:

	<u>Miscellaneous</u>
Contributions – employer	\$ 93,616



**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 7 - Defined Benefit Pension Plan (continued)**

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*** As of June 30, 2015, Carpinteria Sanitary District reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 1,325,377

Carpinteria Sanitary District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

Carpinteria Sanitary District's proportion of the net pension liability was based on a projection of their long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. Carpinteria Sanitary District's proportionate share of the net pension liability for all Plans as of June 30, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	0.05354%
Proportion - June 30, 2014	0.05363%
Change - Increase (Decrease)	-(0.00009%)

For the year ended June 30, 2015, Carpinteria Sanitary District recognized pension expense of \$140,600. At June 30, 2015, Carpinteria Sanitary District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 154,985	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Changes in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	-	(20,956)
Net differences between projected and actual earnings on plan investments	-	(400,256)
	<u>\$ 154,985</u>	<u>\$ (421,212)</u>

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 7 - Defined Benefit Pension Plan (continued)**

\$154,985 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2016	\$ (107,549)
2017	(107,549)
2018	(106,050)
2019	(100,064)
2020	-
Thereafter	-
	<u>\$ (421,212)</u>

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actual Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by entry age and service (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 7 - Defined Benefit Pension Plan (continued)**

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.50% for all Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for all plans, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 7 - Defined Benefit Pension Plan (continued)**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Net Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

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

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

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents Carpinteria Sanitary District’s proportionate share of the net pension liability for all Plans, calculated using the discount rate for all Plans, as well as what Carpinteria Sanitary District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Miscellaneous		
1% Decrease		6.5%
Net Pension Liability	\$	2,274,302
Current Discount Rate		7.5%
Net Pension Liability	\$	1,325,377
1% Increase		8.5%
Net Pension Liability	\$	537,958

**Pension Plan Fiduciary Net Position**

Detailed information about all pension plan fiduciary net positions is available in the separately issued CalPERS financial reports.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 8 - Commitments**

The Carpinteria Unified School District pays sewer service charges for the Carpinteria High School and the Canalino School based on \$1.00 per the average daily attendance for the school year. It is estimated that this is less than the amount that would normally be billed.

**Note 9 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District participates in the liability insurance program organized by the California Sanitation Risk Management Authority (CSRMA). CSRMA is a Joint Powers Authority (JPA) created to provide a self-insurance program to wastewater agencies in the State of California.

CSRMA provides liability, property and workers' compensation insurance for approximately 46 wastewater agencies for losses in excess of the member districts' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. CSRMA is governed by a board composed of members from participating districts. The board controls the operations of CSRMA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member shares surpluses and deficiencies proportionately to its participation in CSRMA. Premiums paid to CSRMA include retrospective adjustments based on actual experience during the period of coverage. Settled claims have been immaterial and no claims liabilities have been reported in these financial statements as of June 30, 2015.

**Note 10 - Assessment District Bonds**

In February 2009, the District issued \$6,053,439 in Assessment District No. 2007-1 Limited Obligation Improvement Bonds to finance the acquisition and construction of public sanitary sewer improvements serving property within the Assessment District. The Bonds are secured by assessments levied on parcels within the Assessment District. The Bonds are not general obligations of the District. Neither, the faith and credit of the District, nor of either County, nor the State or any related political subdivision, is pledged to the payment of the Bonds. Therefore, these Bonds are not reflected as debt in the District's financial statements. In July 2012, the Assessment District bonds were refinanced through the issuance of bonds. As of June 30, 2015, the remaining balance on the bonds was \$5,130,000.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 11 - Contingencies**

Litigation

Certain claims, suits and complaints arising in the ordinary course of operation have been filed or are pending against the District. In the opinion of management and counsel, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involved such amounts, as would not have significant effect on the financial position or results of operations of the District if disposed of unfavorably.

**Note 12 - Prior Period Adjustment**

Net Pension Liability

Note 2 describes the GASB pronouncements Carpinteria Sanitary District is adopting for this and the prior fiscal years. There is a financial impact for the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*.

Implementation of GASB Statement No. 68 recognizes a liability for Carpinteria Sanitary District's proportionate share of the net pension liability of all employers for benefits provided through the California Public Employees' Retirement System (CalPERS). Additionally, Carpinteria Sanitary District is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows or resources and deferred inflows of resources related to pensions. The effect of this adjustment can be seen below. Because of all the information required to restate prior year was not available at the time the financial statements were available to be issued, comparative data is not presented.

An adjustment of \$1,605,989 was made to decrease the fiscal year 2014/2015 beginning net position. The effects on the July 1, 2014 balances was an increase in pension liability of \$1,754,243 and an increase in deferred outflow of resources of \$148,254. The net adjustment can be seen below.

Capitalized Interest

The District restated the July 1, 2014 beginning net position to correct a misstatement. The correction was made in order to properly capitalize interest costs incurred during the construction phase of capital assets for the fiscal years 2007/2008 through 2013/2014. These adjustments were made to conform with Financial Accounting Standards Board (FASB) Statement numbers 34 and 62, which applied to the District under its election to follow all FASB statement issued on or before November 30, 1989. These FASB standards were formally incorporated in the Governmental Accounting Standards Board's (GASB's) authoritative literature with the issuance of GASB Statement number 62, effective for the year ended June 30, 2013.

**CARPINTERIA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**Note 12 - Prior Period Adjustment (continued)**

An adjustment of \$1,032,535 was made to increase the fiscal year 2014/2015 beginning net position. The effect on the July 1, 2014 balances were to increase construction in progress by \$533,344, to increase net plant equipment by \$555,531, to increase accumulated depreciation by \$56,340, and to increase net assets (net investment in capital assets) by \$1,032,535. The net effect of this adjustment can be seen below.

The following table presents the net effect of the prior period adjustment on the June 30, 2015 financial statement balances.

Net position at July 1, 2014, as originally stated	\$ 27,576,948
Decrease in net position due to net pension liability	(1,605,989)
Increase in net position due to capitalized interest	<u>1,032,535</u>
Net position at July 1, 2014, as restated	<u><u>\$ 27,003,494</u></u>

**Note 13 - Subsequent Events**

Subsequent events have been evaluated through November 19, 2015, the date that the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**





**CARPINTERIA SANITARY DISTRICT  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF CARPINTERIA SANITARY DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
LAST 10 YEARS\***

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	<b>2015</b>
Proportion of the net pension liability	0.02130%
Proportionate share of the net pension liability	\$ 1,325,377
Covered - employee payroll	\$ 1,336,008
Proportionate share of the net pension liability as percentage of covered-employee payroll	99.20%
Plan fiduciary net position as a percentage of the total pension liability	81.47%

**Notes to Schedule:**

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**CARPINTERIA SANITARY DISTRICT  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF CARPINTERIA SANITARY DISTRICT'S CONTRIBUTIONS  
LAST 10 YEARS\***

	<b>2015</b>
Contractually required contribution (actuarially determined)	\$ 148,254
Contributions in relation to the actuarially determined contributions	\$ 148,254
Contribution deficiency (excess)	-
Covered-employee payroll	\$ 1,336,008
Contributions as a percentage of covered-employee payroll	11.10%

**Notes to Schedule:**

Valuation date: 6/30/2013

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

## **SUPPLEMENTARY INFORMATION**



**CARPINTERIA SANITARY DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENSES - MODIFIED ACCRUAL BASIS**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2015**

	Budget Amount		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>OPERATING REVENUES</b>				
District Sewer Service Charges	\$ 4,818,000	\$ 4,818,000	\$ 4,867,209	\$ (49,209)
Development Impact Fees	-	-	213,244	(213,244)
Other Miscellaneous Income	169,800	169,800	152,168	17,632
Total revenues	4,987,800	4,987,800	5,232,621	(244,821)
<b>OPERATING EXPENSES</b>				
Salaries and wages	1,461,100	1,461,100	1,542,723	(81,623)
Employee benefits	800,100	800,100	596,842	203,258
General operating expenses	246,400	246,400	236,290	10,110
Environmental and monitoring	59,500	59,500	37,856	21,644
Utilities	263,300	263,300	250,797	12,503
Sludge disposal	115,000	115,000	106,675	8,325
Supplies and equipment	231,200	231,200	222,407	8,793
Repairs and maintenance	191,500	191,500	156,972	34,528
Professional and contract services	150,400	150,400	181,753	(31,353)
Other expenses	43,200	43,200	38,127	5,073
Total operating expenses	3,561,700	3,561,700	3,370,442	191,258
Operating income (loss)	1,426,100	1,426,100	1,862,179	(436,079)
<b>NON-OPERATING REVENUES</b>				
<b>(EXPENSES)</b>				
Investment earnings	24,000	24,000	31,868	(7,868)
Taxes and assessments	507,900	507,900	538,836	(30,936)
Grant income/dedications	-	-	299,192	(299,192)
Refunds to property owners		-	(454,284)	454,284
Debt service	(1,192,500)	(1,187,700)	(882,542)	(305,158)
Capital improvements	(9,656,000)	(8,816,000)	(1,650,178)	(7,165,822)
Gain/loss on sale of capital assets			(160,529)	160,529
Total non-operating revenues	(10,316,600)	(9,471,800)	(2,277,637)	2,277,637
(expenses)				
Change in net position	\$ (8,890,500)	\$ (8,045,700)	(415,458)	\$ (7,630,242)
Net position, beginning of year, as previously stated			27,576,948	
Effect of prior period adjustment as a result of a change in accounting policy and correction of an error			(573,454)	
Net position, beginning of year, as restated			27,003,494	
Net position, end of year			26,588,036	
Reconciling difference between budgetary basis and accounting principles generally accepted in the United States of America (USGAAP)				
Principal Payments			670,000	
Depreciation and amortization expense			(845,436)	
Capital Improvements			1,650,178	
			1,474,742	
Net position, end of year (USGAAP basis)			\$ 28,062,778	

**CARPINTERIA SANITARY DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**YEAR ENDED JUNE 30, 2015**

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	Beginning Balance	Additions	Deletions	Ending Balance
<b>ASSETS</b>				
Cash with fiscal agent	\$ 459,310	\$ 1,288,810	\$ 349,889	\$ 1,398,231
Interest receivable	100	125	100	125
Total assets	<u>\$ 459,410</u>	<u>\$ 1,288,935</u>	<u>\$ 349,989</u>	<u>\$ 1,398,356</u>
<b>LIABILITIES</b>				
Due to bondholders	<u>\$ 459,410</u>	<u>\$ 1,288,810</u>	<u>\$ 349,864</u>	<u>\$ 1,398,356</u>
Total liabilities	<u><u>\$ 459,410</u></u>	<u><u>\$ 1,288,810</u></u>	<u><u>\$ 349,864</u></u>	<u><u>\$ 1,398,356</u></u>

## **STATISTICAL SECTION**

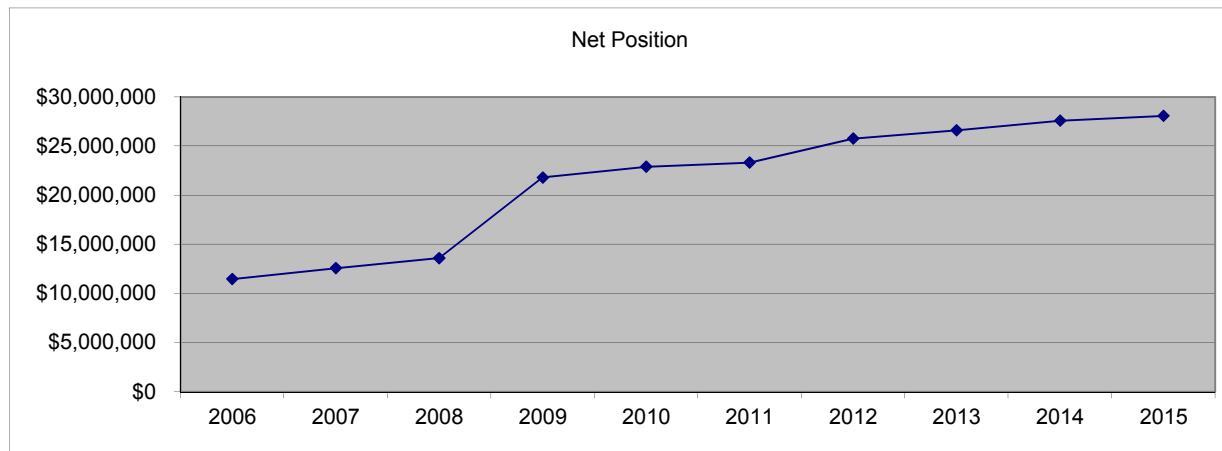




## CARPINTERIA SANITARY DISTRICT

### Statement of Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources & Net Position - Proprietary Fund Last Ten Fiscal Years

Fiscal Year Ended June 30	Current Assets	Restricted Assets	Capital Assets	Construction In Progress	Other Assets	Deferred Outflows of Resources	Totals	Current Liabilities	Noncurrent Liabilities	Total Liabilities	Deferred Inflows of Resources	Net Position
2006	\$5,341,928	\$5,104,483	\$15,913,749	\$584,504	\$383,558	\$ -	\$27,328,222	\$1,172,518	\$14,686,782	\$15,859,300	\$ -	\$11,468,922
2007	5,836,650	5,358,176	15,779,932	529,330	363,371	-	27,867,459	1,142,299	14,153,794	15,296,093	-	12,571,366
2008	5,995,539	4,972,044	15,581,390	1,608,592	343,184	-	28,500,749	1,205,096	13,699,837	14,904,933	-	13,595,816
2009	7,272,887	10,930,860	17,219,180	534,014	322,996	-	36,279,937	1,333,087	13,145,480	14,478,567	-	21,801,370
2010	8,623,082	9,339,866	17,189,577	1,284,476	302,810	-	36,739,811	1,285,031	12,571,196	13,856,227	-	22,883,584
2011	8,834,241	9,199,802	16,740,696	1,599,162	282,622	-	36,656,523	1,387,821	11,962,167	13,349,988	-	23,306,535
2012	9,242,172	7,497,740	16,367,583	5,577,199	262,435	-	38,947,129	1,868,452	11,326,960	13,195,412	-	25,751,717
2013	10,676,745	9,221,968	20,550,305	1,434,122	-	-	41,883,140	1,304,882	13,177,880	14,482,762	796,240	26,604,138
2014	9,311,061	7,704,386	21,042,306	5,355,236	-	-	43,412,989	2,561,656	12,505,601	15,067,257	768,784	27,576,948
2015	\$10,006,691	\$336,936	\$25,813,083	\$7,538,758	\$ -	\$154,985	\$43,850,453	\$1,465,222	\$13,159,914	\$14,625,136	\$1,162,539	\$28,062,778



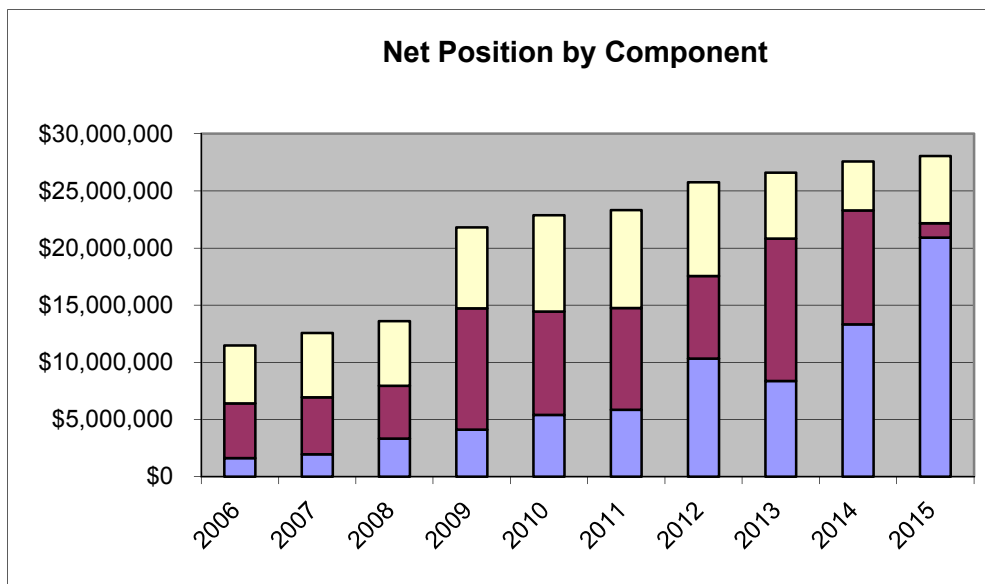
1. In 2013 the District refinanced debt services and the costs of bonds issuance was totally depreciated.  
Source: Carpinteria Sanitary District Financial Management

## CARPINTERIA SANITARY DISTRICT

### Net Position by Component

Last Ten Fiscal Years

Fiscal Year Ended June 30	Net Investment in Capital Assets	Restricted for Debt Service & Capital Acquisition	Unrestricted	Total Net Position
2006	\$1,625,029	\$4,777,470	\$5,066,424	\$11,468,923
2007	1,938,839	5,005,782	5,626,745	12,571,366
2008	3,332,360	4,625,166	5,638,290	13,595,816
2009	4,100,377	10,624,221	7,076,772	21,801,370
2010	5,389,225	9,041,972	8,452,387	22,883,584
2011	5,843,018	8,912,950	8,550,567	23,306,535
2012	10,318,366	7,223,247	8,210,104	25,751,717
2013	8,354,427	12,484,432	5,765,279	26,604,138
2014	13,332,542	9,966,308	4,278,098	27,576,948
2015	\$20,905,514	\$1,264,804	\$5,892,460	\$28,062,778

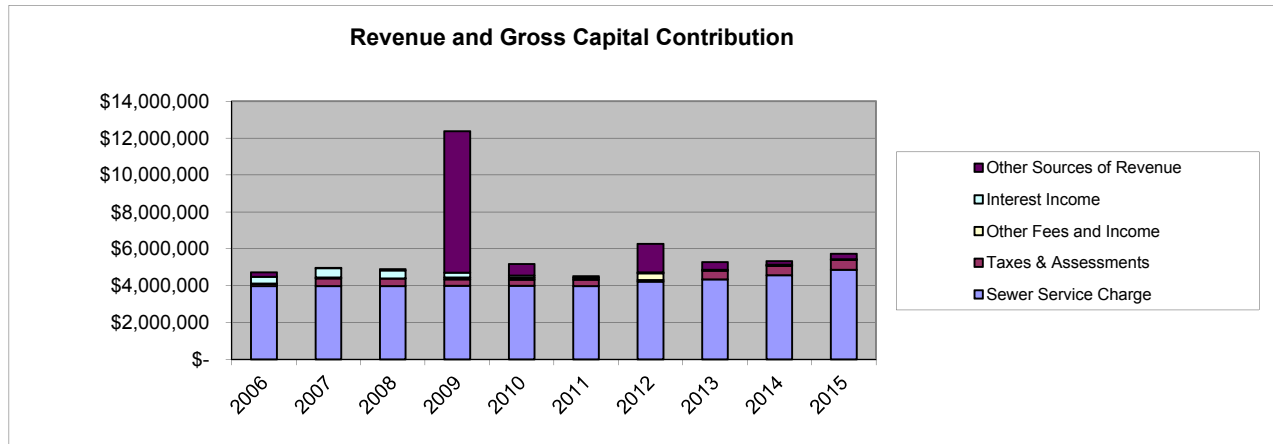


Source: Carpinteria Sanitary District Financial Management

## CARPINTERIA SANITARY DISTRICT

### Revenue and Gross Capital Contribution Last Ten Fiscal Years

Fiscal Year Ended June 30	Operating Revenue			Nonoperating Revenue				
	Sewer Service Charge Revenues	Development Impact Fees (DIF)	Other Misc. Revenue	Taxes & Assessments	Other Fees and Income	Interest Income	Other Sources of Fund/Grant (Note 1)	Totals
2006	\$ 3,980,602	\$ 133,886	\$ -	\$ 109,882	\$ 20,576	\$ 367,024	\$ 237,537	\$ 4,849,507
2007	3,978,589	39,313	-	422,543	37,363	511,937	12,845	5,002,590
2008	3,974,938	72,000	53,453	415,383	472	437,223	64,649	5,018,118
2009	3,993,503	33,250	108,745	347,249	110,128	254,840	7,673,297	12,521,012
2010	3,997,832	25,666	123,164	328,497	106,281	117,068	623,000	5,321,508
2011	3,973,417	2,400	105,118	347,357	111,055	79,890	-	4,619,237
2012	4,213,459	237,805	123,408	94,524	361,213	56,996	1,533,264	6,620,669
2013	4,338,000	149,408	156,884	464,158	-	51,250	417,984	5,577,684
2014	4,571,978	21,293	180,914	500,680	28,368	38,292	195,906	5,537,431
2015	\$ 4,867,209	\$ 213,244	\$ 152,168	\$ 538,836	\$ -	\$ 31,868	\$ 299,192	\$ 6,102,517



**Note 1:**

In 2009, the District received \$7,673,297 capital contribution from Assessment District 2007-1 bond proceeds.

In 2010, the District received \$623,000 capital contribution for dedication of infrastructure.

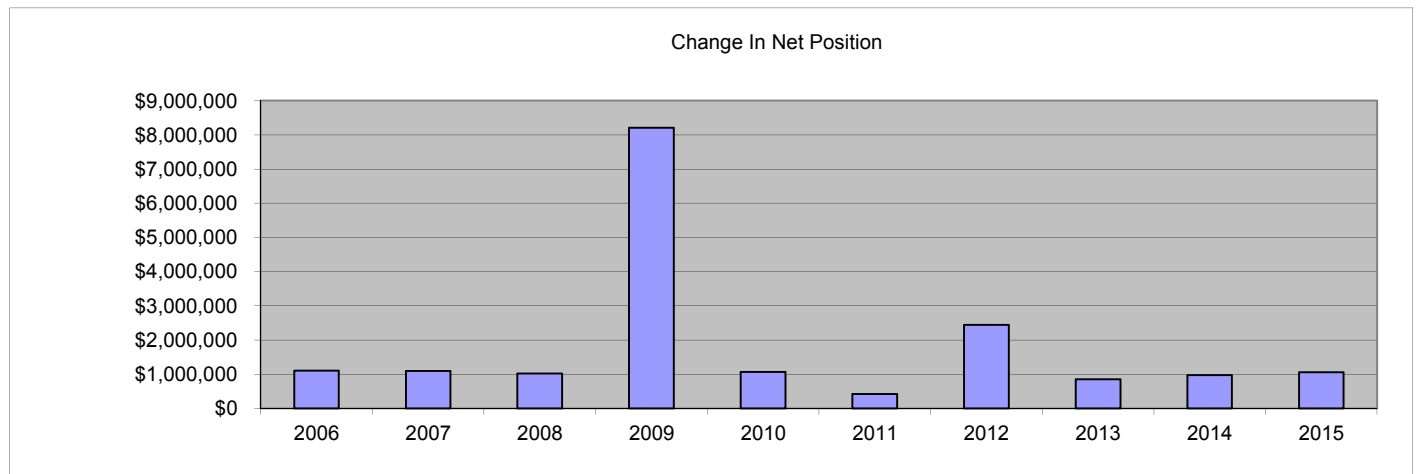
In 2012, the District had a rate adjustment.

Source: Carpinteria Sanitary District Financial Management

# CARPINTERIA SANITARY DISTRICT

## Change in Net Position Last Ten Fiscal Years

Fiscal Year Ended June 30	Operating Revenue	Nonoperating Revenue	Total Revenues	Operating Expenses	Nonoperating Expenses	Total Expenses	Change in Net Position	Beginning Net Position	Ending Net Position
2006	\$4,114,488	\$735,019	\$4,849,507	\$3,088,722	\$654,157	\$3,742,879	\$1,106,628	Ending Net Pos	\$11,468,923
2007	4,017,902	984,688	5,002,590	3,258,944	641,203	3,900,147	1,102,443	11,468,923	12,571,366
2008	4,046,938	971,180	5,018,118	3,365,515	628,153	3,993,668	1,024,450	12,571,366	13,595,816
2009	4,102,248	8,418,764	12,521,012	3,702,180	613,278	4,315,458	8,205,554	13,595,816	21,801,370
2010	4,262,991	1,058,517	5,321,508	3,646,916	609,251	4,256,167	1,065,341	21,801,370	22,883,584
2011	4,080,935	538,302	4,619,237	3,625,508	570,778	4,196,286	422,951	22,883,584	23,306,535
2012	4,574,672	2,045,997	6,620,669	3,626,979	548,508	4,175,487	2,445,182	23,306,535	25,751,717
2013	4,644,292	933,392	5,577,684	3,685,562	1,039,701	4,725,263	852,421	25,751,717	26,604,138
2014	4,774,185	763,246	5,537,431	4,025,607	539,014	4,564,621	972,810	26,604,138	27,576,948
2015	\$5,232,621	\$869,896	\$6,102,517	\$4,215,878	\$827,355	\$5,043,233	\$1,059,284	\$27,003,494	\$28,062,778



### Note 1:

In 2009, the District received \$7,673,297 capital contribution from Assessment District 2007-1 bonds proceeds.  
Source: Carpinteria Sanitary District Financial Management

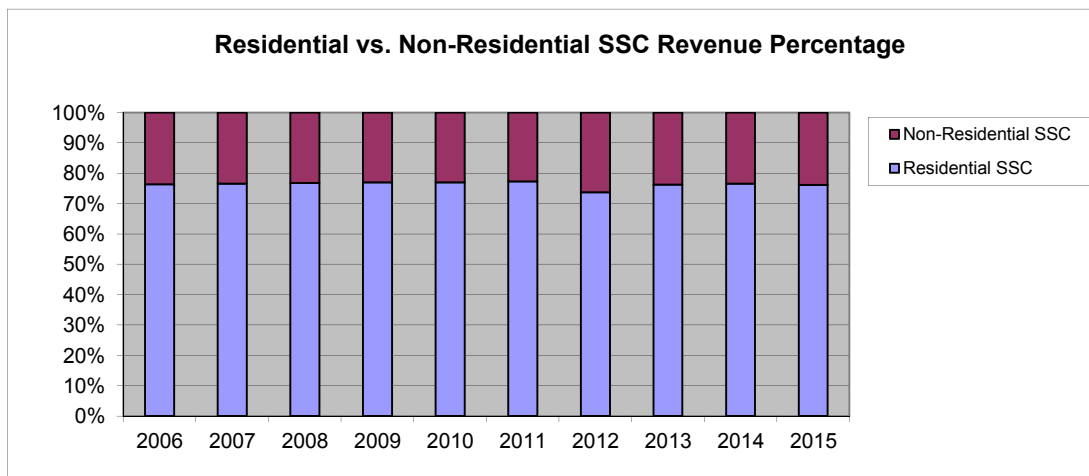
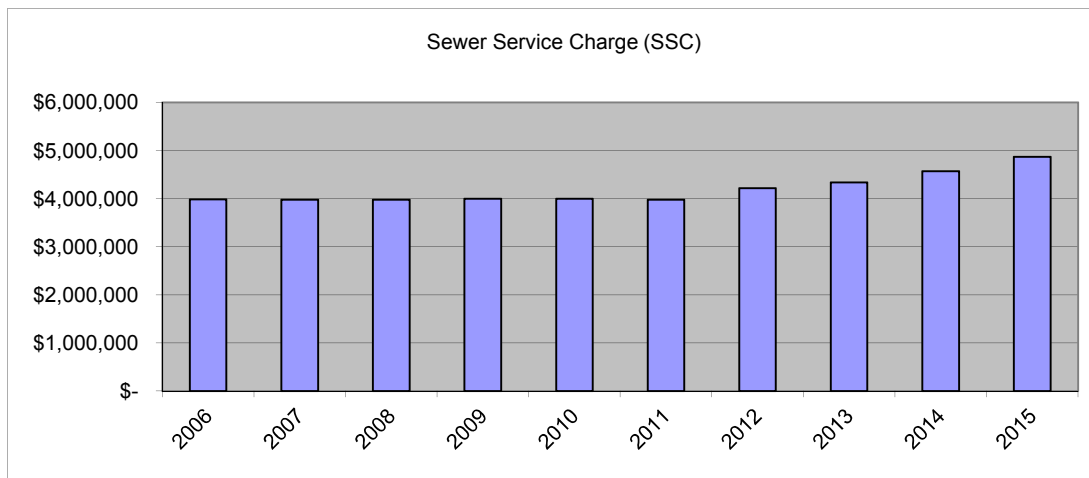
In 2015, beginning net assets was restated for GASB 68 and capitalized interest by (\$573,454)

# CARPINTERIA SANITARY DISTRICT

## Sewer Service Charge (SSC) Summary

Residential				Non-Residential			Total SSC Revenue
Fiscal Year Ended June 30	Number of Residential Units	Residential SSC Revenue	SSC Revenue Percentage	No. of Non-Residential Customers	Non-Residential SSC Revenue	SSC Revenue Percentage	
2006	5,926	\$ 3,038,121	76.3%	508	\$ 942,481	23.7%	\$ 3,980,602
2007	5,936	\$ 3,044,905	76.5%	533	\$ 933,684	23.5%	\$ 3,978,589
2008	5,947	\$ 3,050,872	76.8%	556	\$ 924,066	23.2%	\$ 3,974,938
2009	5,965	\$ 3,073,464	77.0%	563	\$ 920,039	23.0%	\$ 3,993,503
2010	5,980	\$ 3,080,168	77.0%	549	\$ 917,664	23.0%	\$ 3,997,832
2011	6,002	\$ 3,073,024	77.3%	552	\$ 900,393	22.7%	\$ 3,973,417
2012	6,113	\$ 3,104,549	73.7%	552	\$ 1,108,910	26.3%	\$ 4,213,459
2013	6,158	\$ 3,306,213	76.2%	530	\$ 1,031,787	23.8%	\$ 4,338,000
2014	6,226	\$ 3,501,652	76.6%	525	\$ 1,070,326	23.4%	\$ 4,571,978
2015	6,303	\$ 3,704,053	76.1%	525	\$ 1,163,156	23.9%	\$ 4,867,209

Rate increase in 2005 and a 4.5% incremental rate increase commencing in 2012.



Source: Carpinteria Sanitary District Financial Management

# Carpinteria Sanitary District

## Ten Highest Non-Residential Rate Payers Sewer Service Charge (SSC) Last Six Fiscal Years

2014/2015				2013/2014			
Parcel Number	Property Address	SSC Amount	Percentage of	Parcel Number	Property Address	SSC Amount	Percentage of
			Total Non-Residential				Total Non-Residential
001-070-063	1000 Casitas Pass Road	58,346.77	5.02%	001-070-063	1000 Casitas Pass Road	58,648.67	5.48%
001-070-009	5606 Carpinteria Ave.	52,120.48	4.48%	001-070-009	5606 Carpinteria Ave.	46,784.13	4.37%
003-520-003	State of California/State Park	47,283.27	4.07%	003-520-003	State of California/State Park	40,482.26	3.78%
004-036-024	4558 Carpinteria Ave.	43,235.35	3.72%	001-070-039	5550 Carpinteria Ave.	38,783.66	3.62%
001-070-039	5550 Carpinteria Ave.	41,505.67	3.57%	004-036-024	4558 Carpinteria Ave.	38,769.49	3.62%
004-105-007	5045 Sixth Street	39,134.02	3.36%	004-105-007	5045 Sixth Street	35,306.87	3.30%
004-013-016	4200 Via Real	37,707.83	3.24%	004-013-016	4200 Via Real	29,886.53	2.79%
001-070-060	1025 Casitas Pass Road	25,972.26	2.23%	001-070-060	1025 Casitas Pass Road	29,262.93	2.73%
003-263-028	850 Linden Ave.	25,448.68	2.19%	003-263-028	850 Linden Ave.	29,262.93	2.73%
001-190-038	1000 Cindy Lane	20,676.59	1.78%	001-190-038	1000 Cindy Lane	20,443.19	1.91%
Total Ten Rate Payers		391,430.92	33.65%	Total Ten Rate Payers		367,630.66	34.35%
Total Non-Residential		1,163,156.00		Total Non-Residential		1,070,326.00	
2012/2013				2011/2012			
Parcel Number	Property Address	SSC Amount	Percentage of	Parcel Number	Property Address	SSC Amount	Percentage of
			Total Non-Residential				Total Non-Residential
001-070-063	1000 Casitas Pass Road	57,391.25	5.56%	004-105-007	5045 Sixth Street	111,547.93	10.07%
001-070-009	5606 Carpinteria Ave.	42,326.11	4.10%	001-070-063	1000 Casitas Pass Road	55,991.46	5.05%
004-036-024	Vista De Santa Barbara MHP	38,452.49	3.73%	001-070-009	5606 Carpinteria Ave.	39,008.28	3.52%
001-070-039	5550 Carpinteria Ave.	36,790.09	3.57%	001-070-039	5550 Carpinteria Ave.	38,410.64	3.47%
004-105-007	5045 Sixth Street	36,694.49	3.56%	004-036-024	MHP	36,811.16	3.32%
003-520-003	State of California/State Park	30,952.21	3.00%	001-070-060	1025 Casitas Pass Road	28,451.33	2.57%
003-263-028	850 Linden Ave.	30,730.69	2.98%	004-013-016	4200 Via Real	27,630.03	2.49%
001-070-060	1025 Casitas Pass Road	28,975.71	2.81%	003-520-003	State of California/State Park	27,038.16	2.44%
004-013-016	4200 Via Real	27,852.16	2.70%	003-263-028	850 Linden Ave.	26,803.33	2.42%
003-510-001	State of California/State Park	23,420.93	2.27%	003-510-001	State of California/State Park	26,122.93	2.36%
Total Ten Rate Payers		353,586.13	34.27%	Total Ten Rate Payers		417,815.25	37.71%
Total Non-Residential		1,031,787.00		Total Non-Residential		1,107,910.00	
2010/2011				2009/2010			
Parcel Number	Property Address	SSC Amount	Percentage of	Parcel Number	Property Address	SSC Amount	Percentage of
			Total Non-Residential				Total Non-Residential
004-105-007	5045 Sixth Street	67,697.52	7.52%	004-105-007	5045 Sixth Street	64,165.94	6.99%
001-070-063	1000 Casitas Pass Road	56,772.41	6.31%	001-070-063	1000 Casitas Pass Road	56,022.12	6.10%
004-036-024	4558 Carpinteria Ave.	31,791.19	3.53%	004-036-024	4558 Carpinteria Ave.	33,192.11	3.62%
001-070-039	5550 Carpinteria Ave.	27,667.39	3.07%	003-263-028	850 Linden Ave.	28,767.69	3.13%
003-263-028	850 Linden Ave.	26,902.57	2.99%	001-070-039	5550 Carpinteria Ave.	28,336.33	3.09%
001-070-009	5606 Carpinteria Ave.	25,748.75	2.86%	001-070-060	1025 Casitas Pass Road	26,500.43	2.89%
001-070-060	1025 Casitas Pass Road	25,382.65	2.82%	001-070-009	5606 Carpinteria Ave.	25,033.86	2.73%
004-013-016	4200 Via Real	20,683.89	2.30%	004-013-016	4200 Via Real	22,001.56	2.40%
001-190-038	1000 Cindy Lane	18,110.85	2.01%	001-190-038	1000 Cindy Lane	20,858.76	2.27%
003-520-003	State of California/State Park	17,817.72	1.98%	001-190-095	6410 CINDY LN	18,515.18	2.02%
Total Ten Rate Payers		318,574.94	35.38%	Total Ten Rate Payers		323,393.98	35.24%
Total Non-Residential		900,393.00		Total Non-Residential		917,664.00	

## CARPINTERIA SANITARY DISTRICT

### Ratio of Annual Debt Service to Total Expenditures

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total Operating Expense	Ratio of Debt Service to Total Operating Expense
2006	\$570,000	\$654,028	\$1,224,028	\$3,088,722	39.63%
2007	580,000	641,203	1,221,203	3,258,944	37.47%
2008	595,000	628,153	1,223,153	3,365,515	36.34%
2009	615,000	613,278	1,228,278	3,702,180	33.18%
2010	635,000	592,368	1,227,368	3,646,916	33.65%
2011	655,000	570,778	1,225,778	3,625,508	33.81%
2012	675,000	548,508	1,223,508	3,626,979	33.73%
2013	675,000	548,508	1,223,508	3,685,562	33.20%
2014	565,000	622,698	1,187,698	4,025,607	29.50%
2015	\$670,000	\$514,038	\$1,184,038	\$4,215,878	28.09%

Interest stated on the table excludes interest capitalization.

Source: Carpinteria Sanitary District Financial Management.

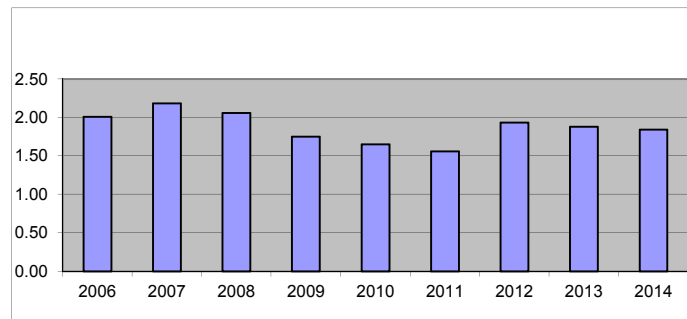


## CARPINTERIA SANITARY DISTRICT

### Debt Service Ratio

#### Last Ten Years

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1 Sewer Service Charge Revenues	3,980,602	3,978,589	3,974,938	3,993,503	3,997,832	3,973,417	4,213,459	4,338,000	4,571,978	4,867,209
2 Taxes & Assessments	243,768	461,856	540,836	489,244	477,317	454,875	455,737	464,158	500,680	538,836
3 Other Fees and Income	20,576	37,363	472	110,128	106,281	111,055	361,213	306,292	202,207	365,412
4 Interest Income	367,024	511,937	437,223	254,840	117,068	79,890	56,996	51,250	38,292	31,868
5 Totals	4,611,970	4,989,745	4,953,469	4,847,715	4,698,498	4,619,237	5,087,405	5,159,700	5,313,157	5,803,325
6 Other Sources of Fund/Grant/Dedications (1)	237,537	12,845	64,649	7,673,297	623,000	0	1,533,264	417,984	224,274	299,192
7 Total Revenues	4,849,507	5,002,590	5,018,118	12,521,012	5,321,498	4,619,237	6,620,669	5,577,684	5,537,431	6,102,517
8 Total Operating Expenses (2)	3,088,722	3,258,944	3,365,515	3,702,180	3,646,916	3,625,508	3,626,979	3,685,562	4,025,607	4,215,878
9 Operating Exp. Inc.(Dec.)	6.3%	5.5%	3.3%	10.0%	-1.5%	-0.6%	0.0%	1.6%	9.2%	4.7%
10 Revenue in Excess of Oper. Exp.	1,760,785	1,743,646	1,652,603	8,818,832	1,674,582	993,729	2,993,690	1,892,122	1,511,824	1,886,639
11 Scheduled Installment Payment	1,224,028	1,221,202	1,223,152	1,228,278	1,227,368	1,225,778	1,223,508	1,223,508	1,187,698	1,184,038
12 Capital Improvement Projects (CIP)	611,321	678,814	1,809,516	1,712,500	1,023,877	714,596	4,442,194	882,786	5,174,906	7,538,758
13 Debt Services Ratio (>1.25%), (3)	2.01	2.18	2.06	1.75	1.65	1.56	1.93	1.88	1.84	1.87



(1) - Other Source of Fund/Grant is excluded from Debt Services Ratio calculation.

(2) - Depreciation and amortization expenses are excluded from Debt Services Ratio calculation.

(3) - Ratio is calculated according to the 2012 Wastewater Revenue Refinancing Bonds agreement.

Source: Carpinteria Sanitary District Financial Management

# CARPINTERIA SANITARY DISTRICT

## Ratio of Outstanding Debt 2012 Wastewater Revenue Bond Last Ten Fiscal Years

Fiscal Year Ended June 30	Current Outstanding Debt	Long Term Outstanding Debt	Total Outstanding Debt	Median Family Income	Debt as a Percentage of Median Family Income	Population	Debt per Capita	Personal Income, Total	Debt Outstanding Percentage	Per Capita Personal Income	Unemployment Rate
2006	\$ 570,000	\$ 14,116,782	\$14,686,782	\$ 56,812	0.387%	14,106	1,041	\$ 511,609,200	2.9%	\$ 36,100	3.5%
2007	580,000	13,573,794	14,153,794	59,316	0.419%	14,092	1,004	543,735,500	2.6%	38,500	3.8%
2008	595,000	13,010,806	13,605,806	61,170	0.450%	14,235	956	589,392,300	2.3%	41,300	5.2%
2009	615,000	12,422,817	13,037,817	64,716	0.496%	14,376	907	595,091,700	2.2%	41,300	5.2%
2010	635,000	11,814,828	12,449,828	69,143	0.555%	13,087	951	600,006,400	2.1%	45,848	5.2%
2011	655,000	11,186,840	11,841,840	72,235	0.610%	13,041	908	411,352,400	2.9%	31,543	5.8%
2012	675,000	10,538,851	11,213,851	72,297	0.645%	13,076	858	422,376,600	2.7%	32,302	8.2%
2013	565,000	13,065,000	13,630,000	72,270	0.530%	13,099	1,041	589,455,000	2.3%	45,000	8.8%
2014	670,000	12,395,000	13,065,000	70,113	0.537%	13,442	972	639,839,200	2.0%	47,600	5.4%
2015	\$ 690,000	\$ 11,705,000	\$12,395,000	\$ 60,273	0.486%	13,547	915	\$ 673,285,900	1.8%	\$ 49,700	4.7%

Source: County of Santa Barbara  
California Department of Finance  
City of Carpinteria  
District's Financial Data  
California Home Town Locator

# CARPINTERIA SANITARY DISTRICT

## 2012 Wastewater Revenue Bonds-Debt Service Schedule

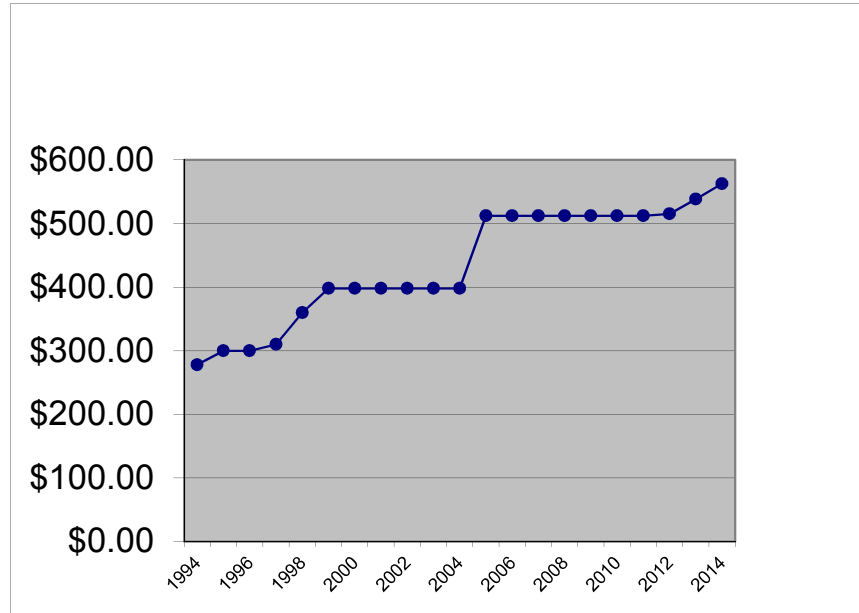
Date	Principal	Interest	Semiannual Total	Fiscal Total
8/1/2013	\$ 565,000.00	\$ 356,466.52	\$ 921,466.52	
2/1/2014		\$ 266,231.25	\$ 266,231.25	\$ 1,187,697.77
8/1/2014	\$ 670,000.00	\$ 266,231.25	\$ 936,231.25	
2/1/2015		\$ 256,181.25	\$ 256,181.25	\$ 1,192,412.50
8/1/2015	\$ 690,000.00	\$ 256,181.25	\$ 946,181.25	
2/1/2016		\$ 242,381.25	\$ 242,381.25	\$ 1,188,562.50
8/1/2016	\$ 715,000.00	\$ 242,381.25	\$ 957,381.25	
2/1/2017		\$ 228,081.25	\$ 228,081.25	\$ 1,185,462.50
8/1/2017	\$ 745,000.00	\$ 228,081.25	\$ 973,081.25	
2/1/2018		\$ 213,181.25	\$ 213,181.25	\$ 1,186,262.50
8/1/2018	\$ 775,000.00	\$ 213,181.25	\$ 988,181.25	
2/1/2019		\$ 197,681.25	\$ 197,681.25	\$ 1,185,862.50
8/1/2019	\$ 800,000.00	\$ 197,681.25	\$ 997,681.25	
2/1/2020		\$ 183,681.25	\$ 183,681.25	\$ 1,181,362.50
8/1/2020	\$ 830,000.00	\$ 183,681.25	\$ 1,013,681.25	
2/1/2021		\$ 167,081.25	\$ 167,081.25	\$ 1,180,762.50
8/1/2021	\$ 865,000.00	\$ 167,081.25	\$ 1,032,081.25	
2/1/2022		\$ 149,781.25	\$ 149,781.25	\$ 1,181,862.50
8/1/2022	\$ 905,000.00	\$ 149,781.25	\$ 1,054,781.25	
2/1/2023		\$ 127,156.25	\$ 127,156.25	\$ 1,181,937.50
8/1/2023	\$ 950,000.00	\$ 127,156.25	\$ 1,077,156.25	
2/1/2024		\$ 103,406.25	\$ 103,406.25	\$ 1,180,562.50
8/1/2024	\$ 1,000,000.00	\$ 103,406.25	\$ 1,103,406.25	
2/1/2025		\$ 78,406.25	\$ 78,406.25	\$ 1,181,812.50
8/1/2025	\$ 1,050,000.00	\$ 78,406.25	\$ 1,128,406.25	
2/1/2026		\$ 52,156.25	\$ 52,156.25	\$ 1,180,562.50
8/1/2026	\$ 135,000.00	\$ 52,156.25	\$ 187,156.25	
2/1/2027		\$ 49,456.25	\$ 49,456.25	\$ 236,612.50
8/1/2027	\$ 145,000.00	\$ 49,456.25	\$ 194,456.25	
2/1/2028		\$ 46,556.25	\$ 46,556.25	\$ 241,012.50
8/1/2028	\$ 150,000.00	\$ 46,556.25	\$ 196,556.25	
2/1/2029		\$ 44,306.25	\$ 44,306.25	\$ 240,862.50
8/1/2029	\$ 150,000.00	\$ 44,306.25	\$ 194,306.25	
2/1/2030		\$ 42,056.25	\$ 42,056.25	\$ 236,362.50
8/1/2030	\$ 155,000.00	\$ 42,056.25	\$ 197,056.25	
2/1/2031		\$ 39,731.25	\$ 39,731.25	\$ 236,787.50
8/1/2031	\$ 160,000.00	\$ 39,731.25	\$ 199,731.25	
2/1/2032		\$ 37,331.25	\$ 37,331.25	\$ 237,062.50
8/1/2032	\$ 165,000.00	\$ 37,331.25	\$ 202,331.25	
2/1/2033		\$ 34,356.25	\$ 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
Totals	\$ 13,630,000.00	\$ 5,812,591.52	\$ 19,442,591.52	\$ 19,442,591.52

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

## CARPINTERIA SANITARY DISTRICT

### History of Residential Sewer Service Charges

Fiscal Year Ended in June 30th	Actual SSC Charged	Cost per Month
1994	\$278.00	\$23.17
1995	\$300.00	\$25.00
1996	\$300.00	\$25.00
1997	\$310.00	\$25.83
1998	\$359.95	\$30.00
1999	\$398.00	\$33.17
2000	\$398.00	\$33.17
2001	\$398.00	\$33.17
2002	\$398.00	\$33.17
2003	\$398.00	\$33.17
2004	\$398.00	\$33.17
2005	\$512.00	\$42.67
2006	\$512.00	\$42.67
2007	\$512.00	\$42.67
2008	\$512.00	\$42.67
2009	\$512.00	\$42.67
2010	\$512.00	\$42.67
2011	\$512.00	\$42.67
2012	\$515.00	\$42.92
2013	\$538.18	\$44.85
2014	\$562.40	\$46.87
2015	\$587.71	\$48.98

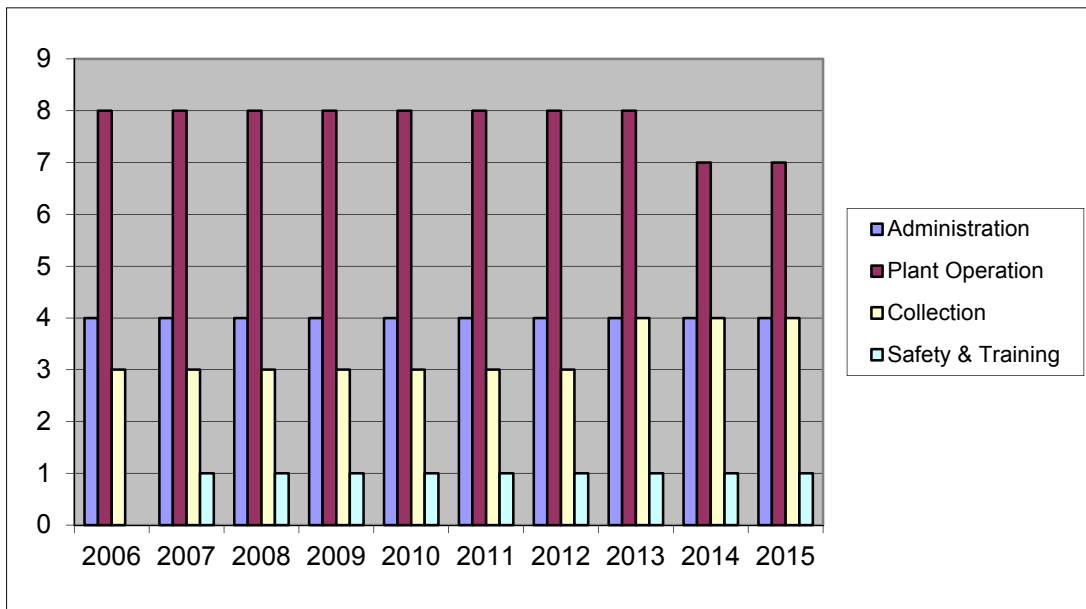


Source: Carpinteria Sanitary District Financial Management

## CARPINTERIA SANITARY DISTRICT

### Full-Time District Employees by Function

Fiscal Year Ended June 30	Administration	Plant Operation	Collection	Safety	Totals
2006	4	8	3	0	15
2007	4	8	3	1	16
2008	4	8	3	1	16
2009	4	8	3	1	16
2010	4	8	3	1	16
2011	4	8	3	1	16
2012	4	8	3	1	16
2013	4	8	4	1	17
2014	4	7	4	1	16
2015	4	7	4	1	16

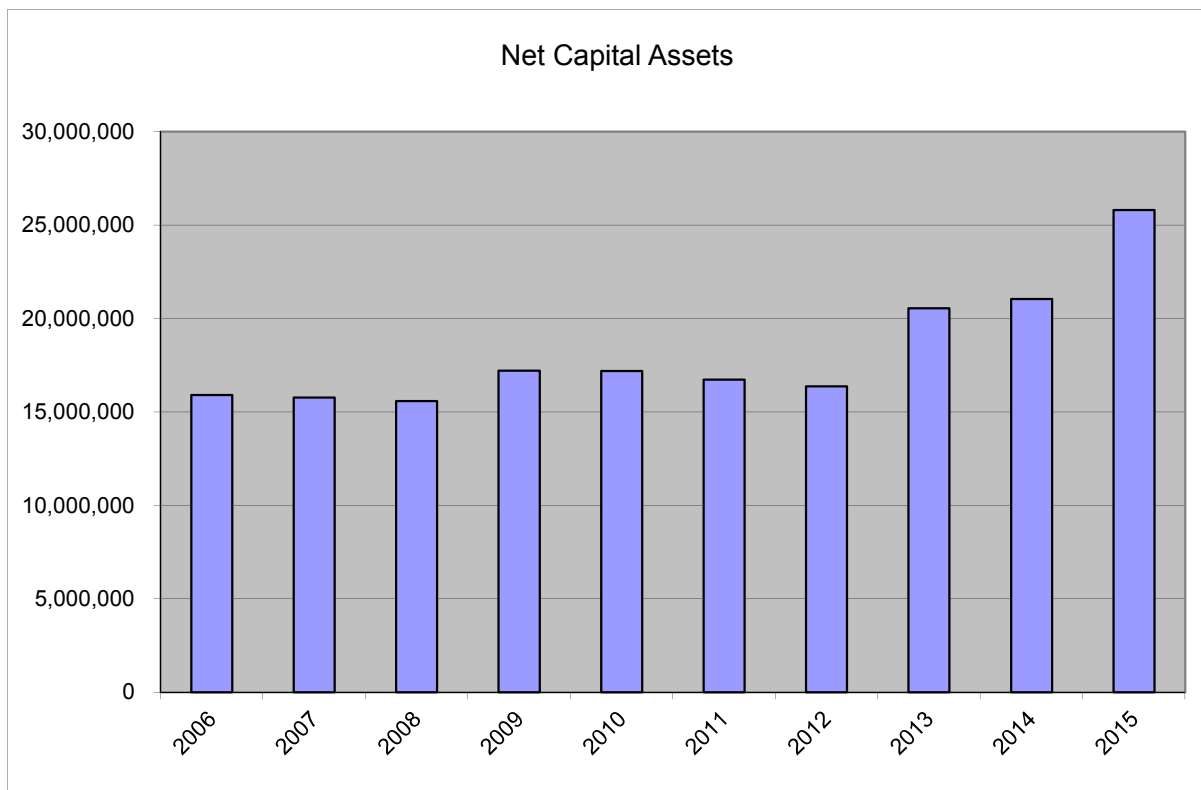


Source: Carpinteria Sanitary District Financial Management

## CARPINTERIA SANITARY DISTRICT

### Capital Assets Summary Last Ten Fiscal Years

Fiscal Year Ended June 30	Aquired Value	Accumulated Depreciation	Net Capital Assets
2006	27,400,047	11,486,298	15,913,749
2007	28,131,413	12,351,481	15,779,932
2008	28,369,683	12,788,293	15,581,390
2009	30,794,602	13,575,421	17,219,181
2010	31,403,031	14,213,455	17,189,576
2011	31,765,068	15,024,372	16,740,696
2012	32,229,224	15,861,641	16,367,583
2013	37,263,014	16,712,709	20,550,305
2014	38,462,981	17,420,675	21,042,306
2015	43,403,036	17,589,953	25,813,083



Source: Carpinteria Sanitary District Financial Management

# CARPINTERIA SANITARY DISTRICT

## Capital Assets Summary

	Aquired Value 6/30/2006	Accumulated Depreciation 6/30/2006	Aquired Value 6/30/2007	Accumulated Depreciation 6/30/2007	Aquired Value 6/30/2008	Accumulated Depreciation 6/30/2008	Aquired Value 6/30/2009	Accumulated Depreciation 6/30/2009	Aquired Value 6/30/2010	Accumulated Depreciation 6/30/2010
Land	233,619	-	233,619	-	233,619	-	233,619	-	233,619	-
Lab Equipment	36,604	36,604	36,604	36,604	46,157	35,157	46,157	39,157	40,087	37,087
Safety Equipment	23,507	23,507	23,507	23,507	21,265	21,265	21,265	21,265	21,265	21,265
Building	812,316	531,676	830,823	598,444	1,148,710	659,314	1,900,107	735,370	2,455,068	754,639
Autos & Mobile Equipment	483,968	388,691	524,497	399,618	562,038	412,072	622,462	358,277	643,795	403,644
Ocean Outfall	217,846	119,792	217,846	122,979	217,846	126,167	217,846	129,355	217,846	132,543
Plant	17,499,013	5,771,553	18,119,455	6,269,368	17,921,436	6,349,835	18,078,729	6,786,027	17,907,081	7,104,408
Underground Lines	7,219,994	4,244,202	7,219,994	4,379,111	7,228,894	4,501,571	8,684,700	4,644,745	8,902,700	4,814,665
Office Equipment & Furniture	873,178	370,274	925,067	521,848	989,716	682,911	989,716	861,224	981,570	945,205
Totals	27,400,047	11,486,298	28,131,413	12,351,481	28,369,683	12,788,293	30,794,602	13,575,421	31,403,031	14,213,455

Net of Capital Assets	<u>15,913,749</u>	<u>15,779,932</u>	<u>15,581,390</u>	<u>17,219,180</u>	<u>17,189,576</u>
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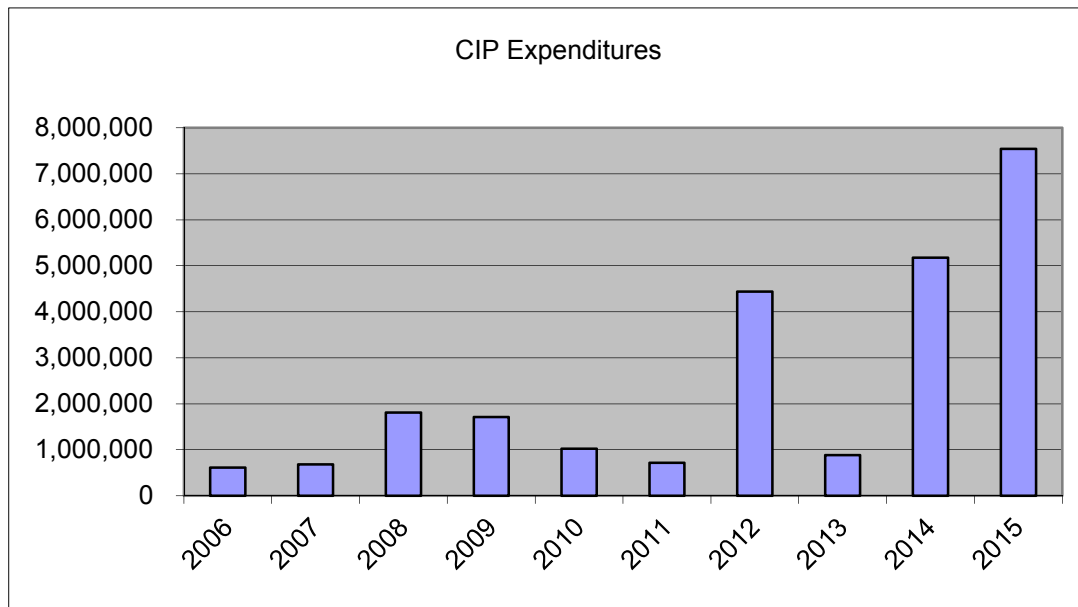
	Aquired Value 6/30/2011	Accumulated Depreciation 6/30/2011	Aquired Value 6/30/2012	Accumulated Depreciation 6/30/2012	Aquired Value 6/30/2013	Accumulated Depreciation 6/30/2013	Aquired Value 6/30/2014	Accumulated Depreciation 6/30/2014	Aquired Value 6/30/2015	Accumulated Depreciation 6/30/2015
Land	233,619	-	233,619	-	233,619	-	233,619	-	233,619	-
Lab Equipment	40,087	40,087	46,023	40,879	46,023	42,066	57,145	44,736	39,492	28,789
Safety Equipment	21,265	21,265	21,265	21,265	21,265	21,265	21,265	21,266	5,593	5,593
Building	2,455,068	851,771	2,501,697	949,167	2,501,697	1,053,494	2,521,265	1,152,739	2,305,736	1,039,112
Autos & Mobile Equipment	676,938	431,471	676,938	482,936	676,938	518,485	865,842	332,695	865,842	370,432
Ocean Outfall	217,846	135,731	301,369	138,918	301,369	146,282	301,369	153,646	301,369	161,010
Plant	17,907,081	7,594,505	18,235,150	8,079,623	18,351,008	8,580,031	18,413,472	9,087,295	18,355,299	9,075,930
Underground Lines	9,095,439	4,984,434	9,095,439	5,149,359	14,005,444	5,322,395	14,936,435	5,582,700	20,138,107	5,857,326
Office Equipment & Furniture	1,117,724	965,108	1,117,724	999,494	1,125,651	1,028,691	1,112,569	1,045,598	1,157,979	1,051,761
Totals	31,765,068	15,024,372	32,229,224	15,861,641	37,263,014	16,712,709	38,462,981	17,420,675	43,403,036	17,589,953

Net of Capital Assets	<u>16,740,696</u>	<u>16,367,583</u>	<u>20,550,305</u>	<u>21,042,306</u>	<u>25,813,083</u>
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Source: Carpinteria Sanitary District Financial Management

**CARPINTERIA SANITARY DISTRICT**  
 Capital Improvement Projects Expenditures  
 Last Ten Years

Fiscal Year Ended June 30	CIP Expenditures
2006	611,321
2007	678,814
2008	1,809,516
2009	1,712,500
2010	1,023,877
2011	714,596
2012	4,442,194
2013	882,786
2014	5,174,906
2015	7,538,758



Source: Carpinteria Sanitary District Financial Management

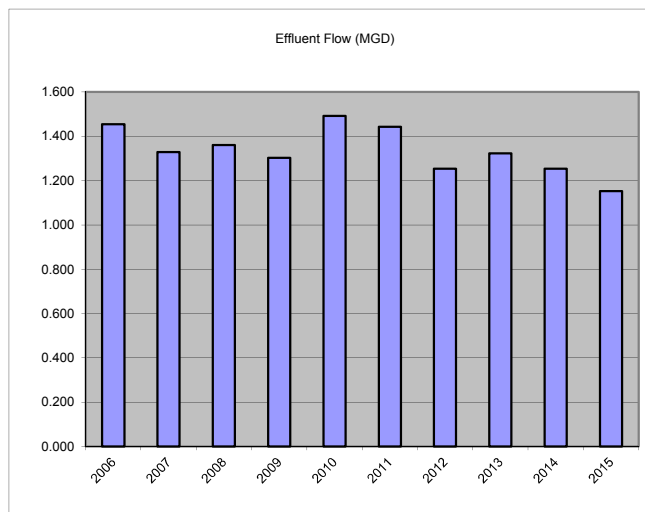
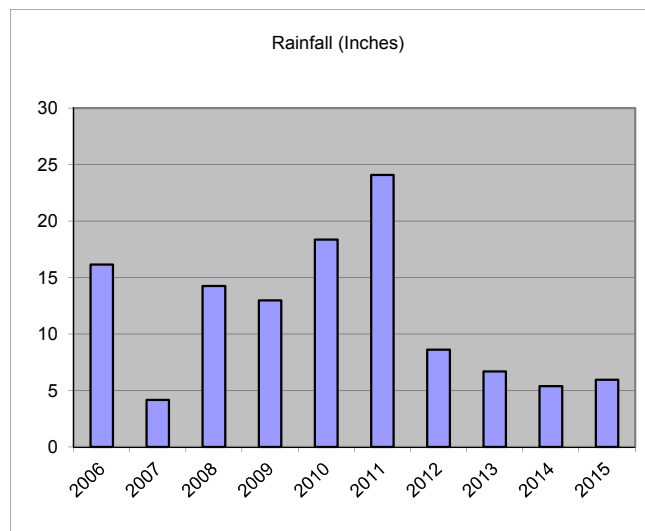


# CARPINTERIA SANITARY DISTRICT

## Treatment Plant Flow Data Last Ten Fiscal Years

### Average Daily Flows (MGD)

Fiscal Year Ended in June	Annual Rainfall (Inchs)	Effluent Flow (MGD)
2006	16.15	1.454
2007	4.17	1.329
2008	14.26	1.361
2009	12.99	1.302
2010	18.37	1.492
2011	24.1	1.443
2012	8.63	1.253
2013	6.68	1.323
2014	5.39	1.253
2015	5.94	1.153



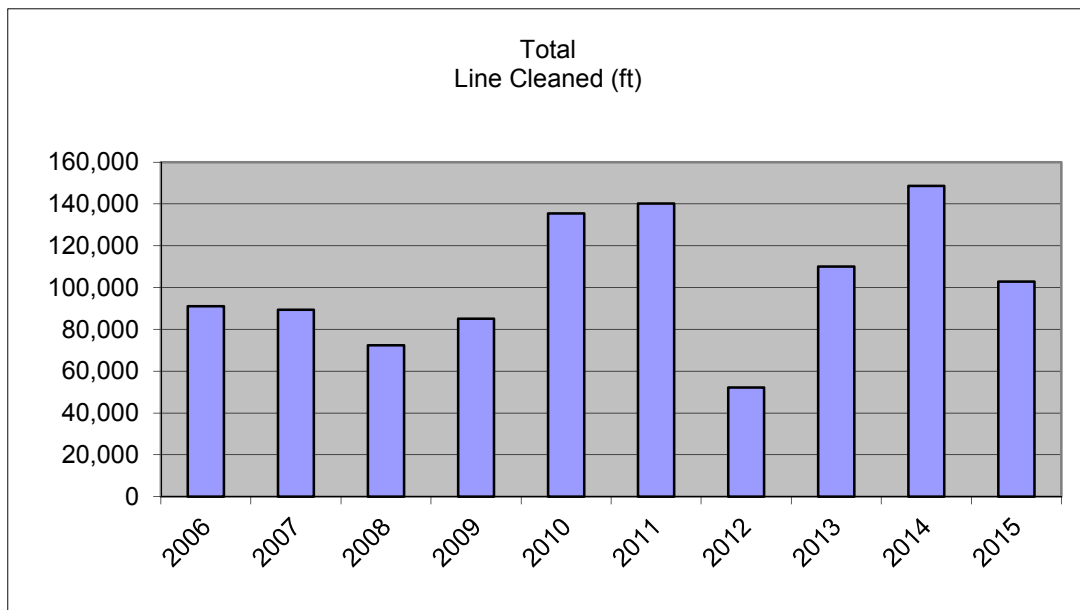
Source: Carpinteria Sanitary District Wastewater Management Data

## CARPINTERIA SANITARY DISTRICT

### Collection System Statistics

#### Pipeline Hydro Cleaning

Fiscal Year Ended June 30	Total Cleaned (ft)	Monthly Average (ft)
2006	91,065	7,589
2007	89,335	7,445
2008	72,435	6,036
2009	85,055	7,088
2010	135,502	11,292
2011	140,241	11,687
2012	52,145	4,345
2013	110,036	9,170
2014	148,648	12,387
2015	102,912	8,576

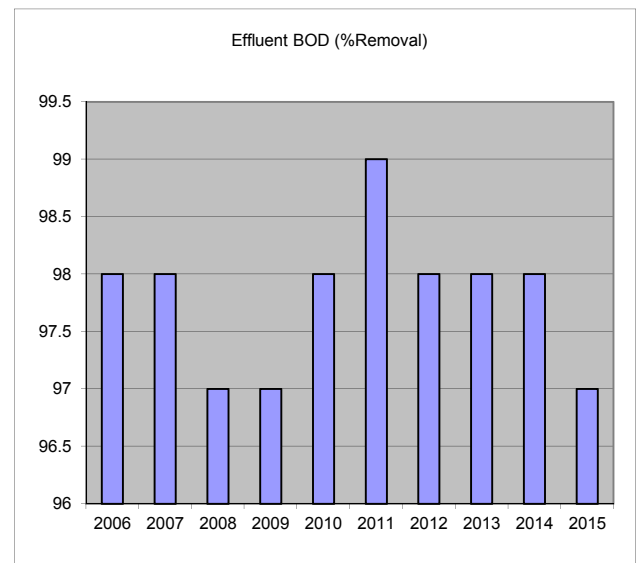
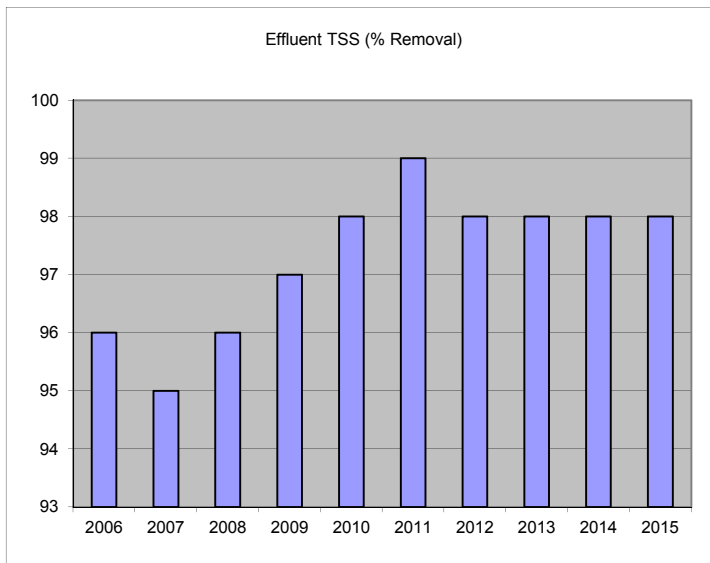
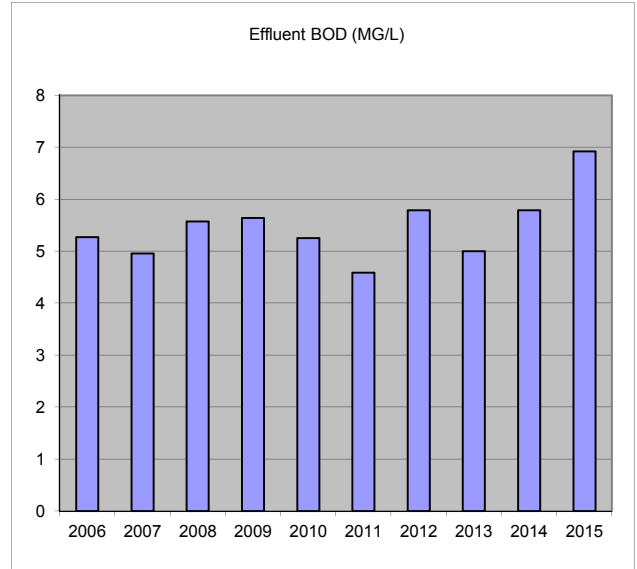
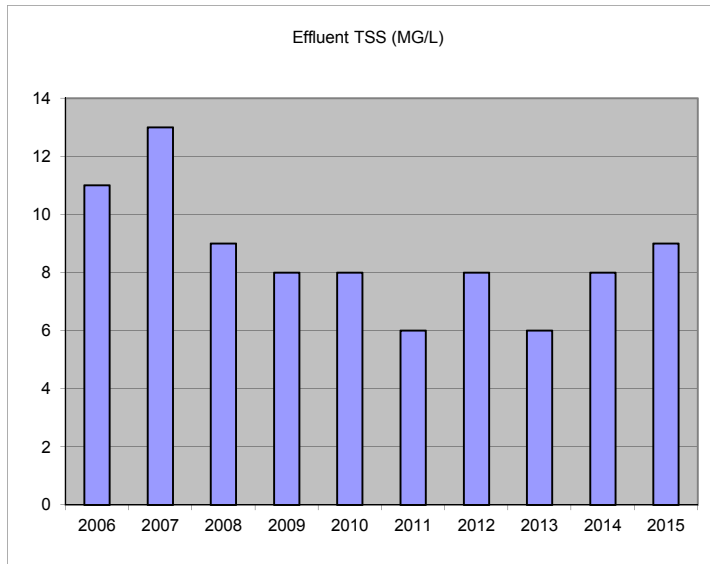


Source: Carpinteria Sanitary District Wastewater Management Database

# CARPINTERIA SANITARY DISTRICT

## Quality of Effluent Final Effluent Monthly Average Last Ten Fiscal Year

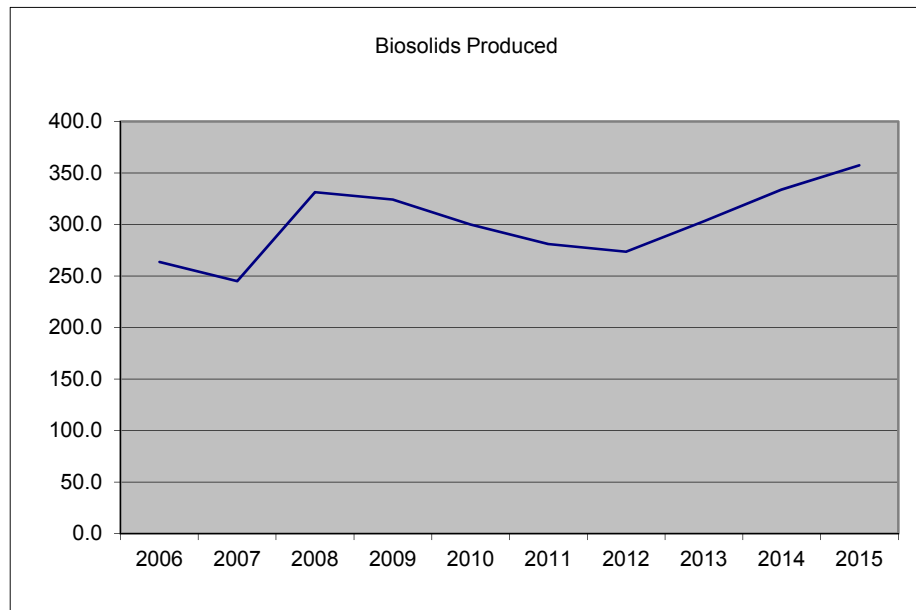
Fiscal Year Ended in June	Effluent TSS (MG/L)	Effluent BOD (MG/L)	Effluent TSS (% Removal)	Effluent BOD (% Removal)
2006	11	5.27	96	98
2007	13	4.96	95	98
2008	9	5.57	96	97
2009	8	5.64	97	97
2010	8	5.25	98	98
2011	6	4.59	99	99
2012	8	5.79	98	98
2013	6	5.00	98	98
2014	8	5.79	98	98
2015	9	6.92	98	97



## CARPINTERIA SANITARY DISTRICT

### Bio-Solids Produced Last Ten Years

Fiscal Year Ended June 30	Biosolids Produced in Tons
2006	263.8
2007	245.1
2008	331.5
2009	324.4
2010	300.0
2011	281.1
2012	273.8
2013	303.3
2014	333.9
2015	357.5



Source: Carpinteria Sanitary District

# CARPINTERIA SANITARY DISTRICT

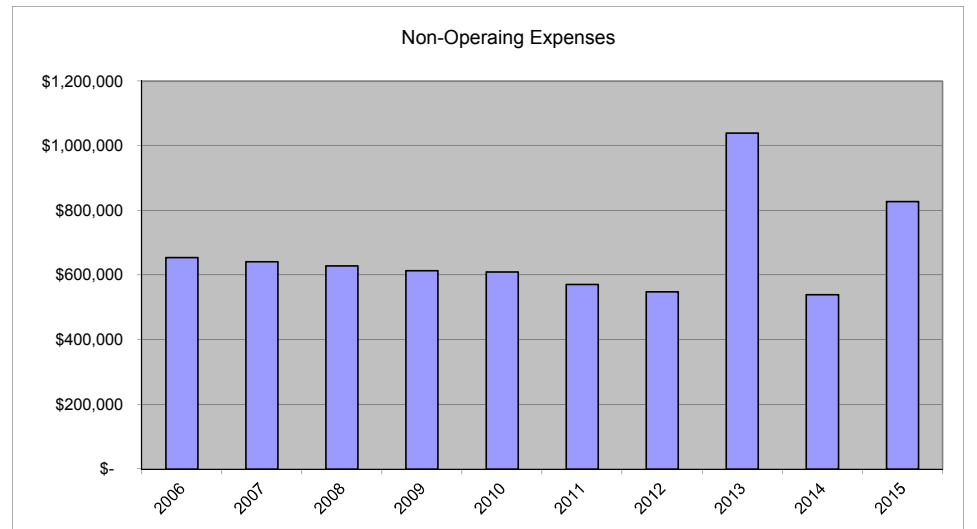
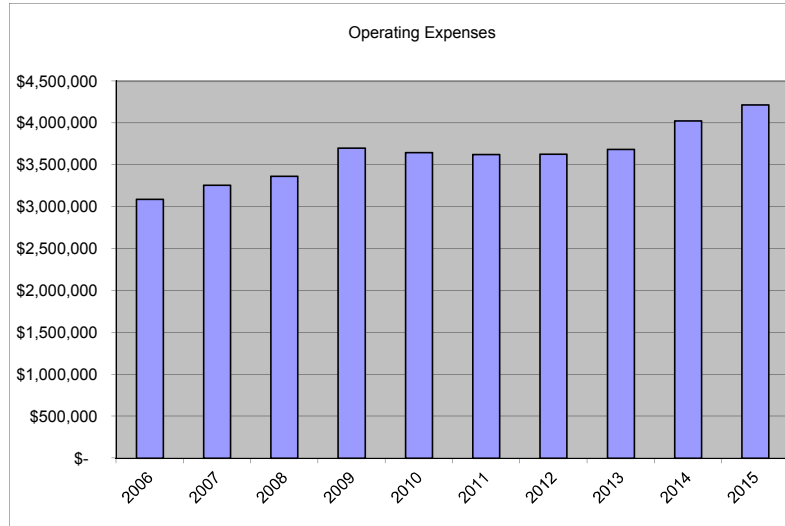
## Operating & Non-Operating Expenses Last Ten Fiscal Years

Operating												Non-Operating		
Fiscal Year Ended June 30	Salaries and Benefits	General Operating Expenses	Environmental Monitoring	Utilities	Sludge Disposal	Supplies and Equipment	Repairs and Maintenance	Professional Services	Depreciation Expense	Other Expenses	Total Operating	Interest Expense	Other	Total Non-Operating
2006	\$ 1,380,848	\$ 140,616	\$ 24,665	\$ 216,018	\$ 75,335	\$ 117,761	\$ 113,684	\$ 75,189	\$ 937,397	\$ 7,209	\$ 3,088,722	\$ 654,157	\$ -	\$ 654,157
2007	1,412,762	136,553	28,141	232,490	88,817	152,237	188,626	46,222	935,004	38,092	3,258,944	641,203	-	641,203
2008	1,472,062	153,851	34,027	228,582	105,837	120,187	139,236	83,125	927,687	100,921	3,365,515	628,153	-	628,153
2009	1,631,472	153,652	70,061	218,355	110,375	144,636	144,337	82,006	1,002,590	144,696	3,702,180	613,278	-	613,278
2010	1,718,238	178,240	40,055	211,723	98,311	186,190	137,413	86,294	976,335	14,117	3,646,916	592,368	16,883	609,251
2011	1,819,914	157,954	26,861	218,500	111,243	161,003	125,308	74,368	915,991	14,366	3,625,508	570,778	-	570,778
2012	1,813,517	171,996	37,878	196,309	94,425	144,738	142,639	109,114	904,467	11,896	3,626,979	548,508	-	548,508
2013	1,896,058	199,424	32,058	213,416	108,369	162,164	141,642	98,359	823,612	10,460	3,685,562	547,261	492,440	1,039,701
2014	2,085,557	193,093	75,685	233,785	106,177	137,581	103,163	156,521	922,417	11,628	4,025,607	539,014	-	539,014
2015	\$ 2,139,565	\$ 236,290	\$ 37,856	\$ 250,797	\$ 106,675	\$ 222,407	\$ 156,972	\$ 181,753	\$ 845,436	\$ 38,127	\$ 4,215,878	\$ 212,542	\$ 614,813	\$ 827,355

Note 1: Non-Operating Expenses ("Other" Category) includes gain or loss on disposal of capital assets

Note 2: In 2013, Bond Issuance Costs were fully amortized as the result of refinancing.

Note 3: In 2015, lower Interest expense due to Interest Capitalization

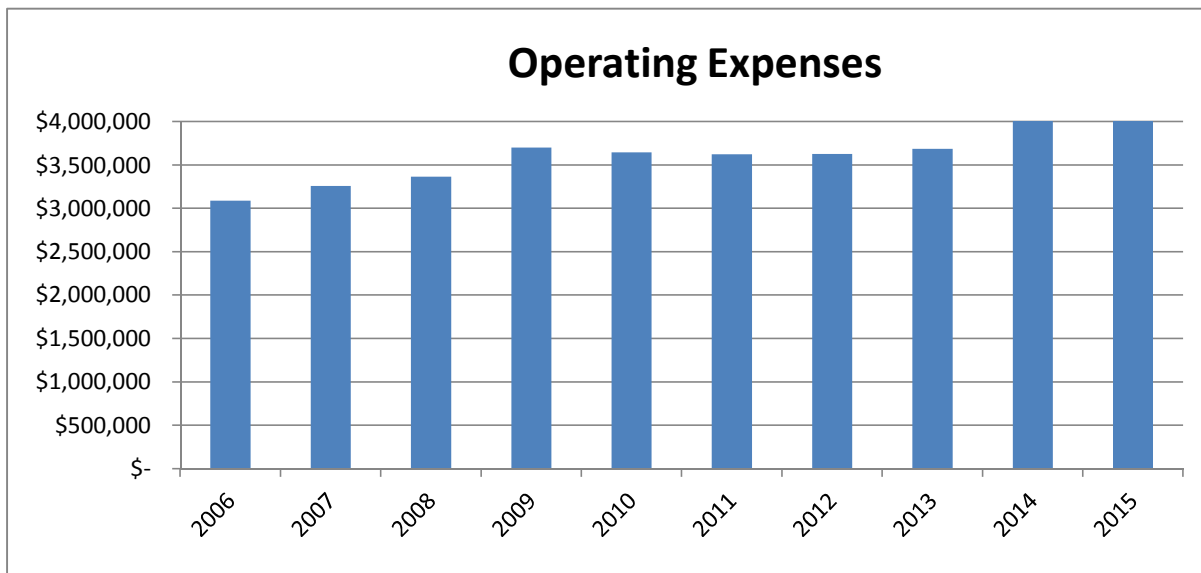


## CARPINTERIA SANITARY DISTRICT

### Operating Expenses By Department

Last Ten Fiscal Years

Fiscal Year Ended June 30	Administration	Operation	Safety & Training	Totals
2006	\$ 1,536,142	\$ 1,552,580	\$ -	\$ 3,088,722
2007	1,574,182	1,684,762	-	3,258,944
2008	1,745,193	1,620,322	-	3,365,515
2009	1,846,014	1,785,389	70,777	3,702,180
2010	1,740,321	1,866,929	39,666	3,646,916
2011	1,714,279	1,808,682	102,547	3,625,508
2012	1,689,632	1,823,989	113,358	3,626,979
2013	1,656,982	1,896,003	132,577	3,685,562
2014	1,826,807	2,066,563	132,237	4,025,607
2015	\$ 1,813,324	\$ 2,262,675	\$ 139,879	\$ 4,215,878



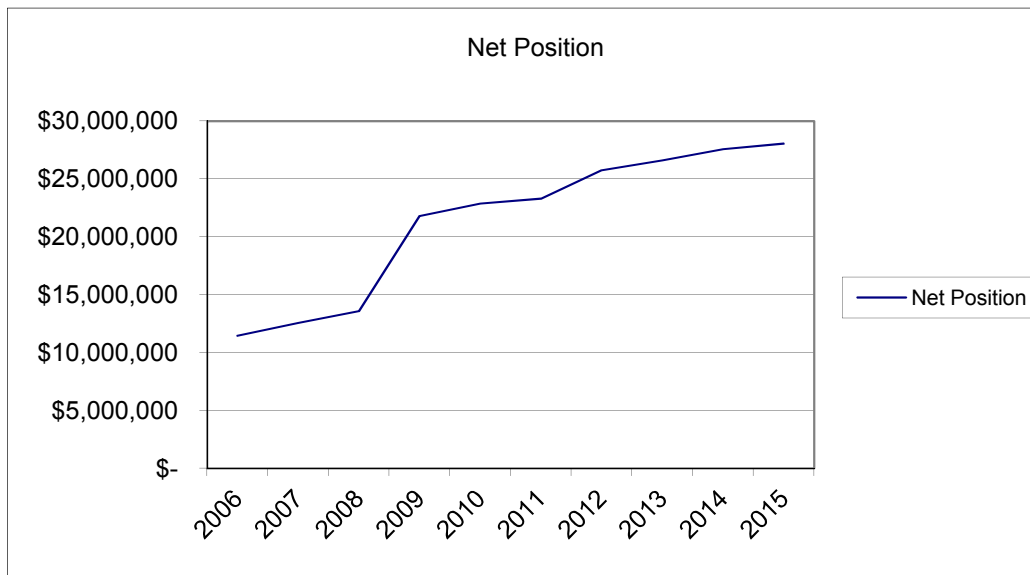
Source: Carpinteria Sanitary District Financial Management

## CARPINTERIA SANITARY DISTRICT

### Financial Trend Data

#### Last Ten Years

Fiscal Year Ended June 30	Assets and Deferred Inflows	Liabilities and Deferred Outflows	Net Position
2006	\$ 27,328,222	\$ 15,859,300	\$ 11,468,922
2007	27,867,459	15,296,093	12,571,366
2008	28,500,749	14,904,933	13,595,816
2009	36,279,937	14,478,567	21,801,370
2010	36,739,811	13,856,227	22,883,584
2011	36,656,523	13,349,988	23,306,535
2012	38,947,129	13,195,412	25,751,717
2013	41,883,140	15,279,002	26,604,138
2014	43,412,989	15,836,041	27,576,948
2015	\$ 43,850,453	\$ 15,787,675	\$ 28,062,778



Source: Carpinteria Sanitary District Financial Management

## CARPINTERIA SANITARY DISTRICT

### Demographics and Economic Statistics

#### Last Ten Fiscal Years

Fiscal Year Ended June 30	Population	Personal Income, Total	Per Capita Personal Income	Unemployment Rate
2006	14,106	\$ 511,609,200	36,100	3.50%
2007	14,092	543,735,500	38,500	3.80%
2008	14,235	589,392,300	41,300	5.20%
2009	14,376	595,091,700	41,300	5.20%
2010	13,087	600,006,400	41,300	5.20%
2011	13,041	411,352,400	31,543	5.80%
2012	13,076	422,376,600	32,302	7.90%
2013	13,099	589,455,000	45,000	6.30%
2014	13,442	639,839,200	47,600	5.40%
2015	13,547	\$ 673,285,900	49,700	4.70%

Source: County of Santa Barbara  
City of Carpinteria  
California Department of Finance



# CARPINTERIA SANITARY DISTRICT

## Principal Employers (Ten Largest) Last Five Fiscal Years (Unaudited)

Fiscal Year Ended June 30, 2015				Fiscal Year Ended June 30, 2014			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
Nusil Technology	403	1	2.52%	Nusil Technology	415	1	2.59%
Carpinteria Unified School District	339	2	2.12%	Lynda.com	410	2	2.56%
Lynda.com	300	3	1.88%	Carpinteria Unified School District	272	3	1.70%
DAKO Corporation	250	4	1.56%	DAKO Corporation	180	4	1.13%
AGIA, Inc.	210	5	1.31%	AGIA, Inc.	160	5	1.00%
Bega Lighting	130	6	0.81%	Helix Medical, Inc.	144	6	0.90%
Gigavac	119	7	0.74%	Plan Member Services	110	7	0.69%
Albertsons	110	8	0.69%	Bega Lighting	110	8	0.69%
CKE (Carl Karcher Enterprises)	110	9	0.69%	Albertsons	99	9	0.62%
Helix Medical, Inc.	90	10	0.56%	CKE (Carl Karcher Enterprises)	75	10	0.47%
Total	2061		12.88%	Total	1975		12.34%

Fiscal Year Ended June 30, 2013				Fiscal Year Ended June 30, 2012			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
Nusil Technology	391	1	2.44%	Nusil Technology	396	1	2.48%
Carpinteria Unified School District	350	2	2.19%	Carpinteria Unified School District	300	2	1.88%
DAKO Corporation	343	3	2.14%	Lynda.com	300	3	1.88%
Lynda.com	303	4	1.89%	DAKO Corporation	230	4	1.44%
AGIA, Inc.	161	5	1.01%	CKE Restaurants Inc.	165	5	1.03%
Helix Medical, Inc.	150	6	0.94%	AGIA, Inc.	164	6	1.03%
TE Connectivity	130	7	0.81%	Tyco Electronics	125	7	0.78%
CKE (Carl Karcher Enterprises)	110	8	0.69%	Clipper Windpower	100	8	0.63%
Albertsons	101	9	0.63%	Plan Member Services	100	9	0.63%
Plan Member Services	90	10	0.56%	Bega Lighting	90	10	0.56%
Total	2129		13.31%	Total	1970		12.31%

Fiscal Year Ended June 30, 2011				Fiscal Year Ended June 30, 2010			
Employer	Number Employees	Rank	Percentage of Total City Employment	Employer	Number Employees	Rank	Percentage of Total City Employment
Nusil Technology	354	1	4.70%	Nusil Technology	324	1	2.08%
Carpinteria Unified School District	272	2	3.61%	DAKO Corporation	320	2	2.05%
DAKO Corporation	230	3	3.05%	Carpinteria Unified School District	305	3	1.96%
Clipper Windpower	200	4	2.65%	Clipper Wind Power	183	4	1.17%
CKE Restaurants Inc.	170	5	2.26%	AGIA, Inc.	170	5	1.09%
AGIA, Inc.	158	6	2.10%	CKE Restaurants Inc.	165	6	1.06%
Lynda.com	155	7	2.06%	Helix Medical	163	7	1.04%
Tyco Electronics	150	8	1.99%	Pacific Scientific	130	8	0.83%
Helix Medical	146	9	1.94%	Tyco Electronics	117	9	0.75%
Plan Member Services	93	10	1.23%	Bega Lighting	102	10	0.65%
Total	1928		25.58%	Total	1979		12.69%

Source: City of Carpinteria, California Economic Forecast